



19th ANNUAL REPORT 2022-23



AI ENGINEERING SERVICES LIMITED

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 G.S. Mathur & Co.,
Chartered Accountants

Secretarial Auditors

M/s J.P. Saini & Associates,
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



CONTENTS

1. Board of Directors	3
2. Key Managerial Personnel (KMPs)	4
3. Senior Management	5
4. Chairman's Speech	7
5. Directors' Report	11
6. Management Discussion & Analysis Report	41
7. Annual Report on Corporate Social Responsibility for FY 2022-23	69
8. Secretarial Audit Report	73
9. Comments of the Comptroller & Auditor General of India	80
10. Independent Auditors Report	81
11. Balance Sheet as at 31st March, 2023	106
12. Statement of Profit & Loss for the year ended 31st March, 2023	107
13. Cash Flow Statement for the year ended 31st March, 2023	108
14. Statement of Changes in Equity for the year ended 31st March, 2023	109
15. Notes forming part of the Financial Statements for the year ended 31st March, 2023	110

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 defense 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 Asangba Chuba Ao
Chairman & Nominee Director



Shri Padam Lal Negi
Nominee Director



Shri Rahul Jain
Nominee Director



Smt. Nayonika Dutta
Nominee Director

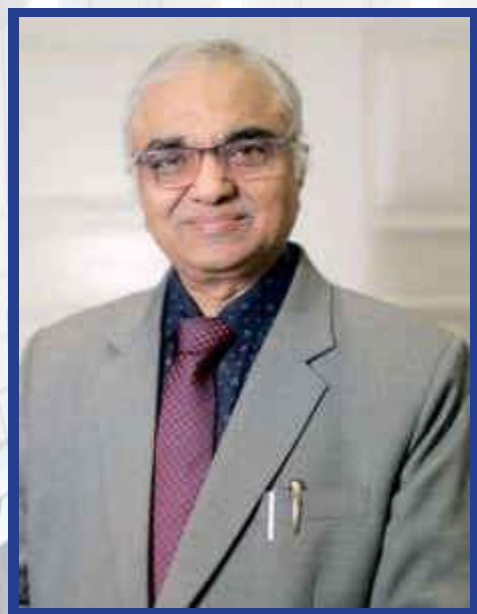
KEY MANAGERIAL PERSONNEL (KMPs)



Shri Sharad Agarwal
Chief Executive Officer



Ms. Sakshi Mehta
Company Secretary



Shri Rakesh Kumar Jain
Chief Financial Officer

SENIOR MANAGEMENT



Shri Anil Kumar Kapoor
Executive Director
(Engg.)- NB



Shri Sachin Hadaye
Executive Director
(Engg.)- HQRS.



Shri Satyavira K S
Executive Director
(Engg.)- WB



Shri Nitin Asthana
Chief HR Officer



Shri R S Thakur
GM (Quality)- HQRS.



Shri V P Prajapati
GM- HQRS.



Shri Alok Agarwal
GM (PPMM)- HQRS.



Shri Manoj Sharma
GM (LM)- HQRS



Shri D K Talwar
GM- WR (WB)

SENIOR MANAGEMENT



Shri Shaikh Faiyaz
GM- WR (WB)



Shri Prashant Gosavi
GM- Trivandrum



Shri Sanjay Dwivedi
GM- Nagpur



Shri Jena B
GM- WR (WB)



Shri Sanjay Manohar Vaze
GM- WR (WB)



Shri Rahul Chadha
GM- WR (NEC)



Shri Vikas Khawle
GM-WR (WB)



Shri Rajesh Kumar Patidar
GM (SS)- NR



Shri B Azhagappa
GM- NR



Shri Ravi Shankar Pucha
GM- HYD.



Shri Kaushik Bose
GM- ER

CHAIRMAN'S SPEECH



Dear Shareholders,

It gives me immense pleasure to present the Nineteenth Annual Report of the Company for the year 2022-23. 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 highlights of the company during the year:

PERFORMANCE OF THE COMPANY

The financial performance of your company during FY 2022-23 was as under:

- The operating revenue has increased from Rs. 1881.91 crores in the previous year to Rs. 1953.40 crores in the current year and the total revenue increased from Rs. 1906.52 crores to Rs. 2029.86 crores during the period i.e., an increase of approx. Rs. 123.34 crores (6.47%).
- As against this, the total expenditure of the company has increased from Rs. 1345.96 crores (restated) to Rs. 1418.81 crores in the same period with an increase of approx. Rs. 72.85 crores (5.41%).
- The company has earned a net profit of Rs.629.51 crores in FY 2022-23 as compared to net profit of Rs.829.26 crores (restated) in FY 2021-22.

As regards non-financial performance, in FY 2022-23, the Company handled around 450 aircraft. AIESL provided Line Maintenance Services to AIL Fleet along with various international operators namely, Jazeera Airways, OMAN Airways, Malaysian Airlines, Kuwait Airways, Tiger Scoot, China Airlines, MA Indo Airlines, Egypt Air etc. and Indian operators including Air Asia India, Go Air, SpiceJet, Fly Big, TATA Vistara.

The Company is providing MRO services to Defense as well private sector operators, wherever AIESL is having the capability. Your company carried out base maintenance work for Domestic operators namely – Air Asia India, TATA SIA Airlines, SpiceJet, GoAir, Indigo Airlines in 2022-23. In addition, AIESL carried out major maintenance work for Aviation Research Centre (ARC), Indian Air Force, Indian Navy, Indian Coast Guard and HAL. In 2022-23, AIESL undertook maintenance

of private party's aircraft like – Reliance RCDL, Taj Air Charters, Zoom Air, Club one Air and Blue dart Aircraft. In addition to this, AIESL inked an agreement with DRDO for maintenance of their A319 & A320 aircraft. As a part of Atmanirbhar Campaign, AIESL has collaborated with Boeing Defense for the Maintenance, Repair & Overhaul on key Boeing defense platforms in India including the P8I operated by Indian Navy & the 777 VIP aircraft operated by the Indian Air force.

Your company had approval from 13 foreign Civil Aviation authorities namely EASA, FAA, Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Sri Lanka, CAA Nepal, CAA Thailand, CAA Malaysia, CAA of Bangladesh and PACA Oman. AIESL has applied for approval of CAA of EGYPT.

In the Northern Region of AIESL, approval was granted by DGCA to conduct maintenance checks of B737 Aircraft in hangars of Delhi, and C-check of SpiceJet aircraft were conducted. Also, AIESL NR has undertaken capability enhancement for CFM LEAP1A aircraft checks and is looking forward to future demands. Similarly, in the Western Region of AIESL, agreement for Phase1 Check of Pratt & Whitney engines was completed for PW1100 engines of Airbus NEO aircraft. 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 and NEO aircraft which would be operated by Airlines in future.

STRENGTHS

Strengths of AIESL:

- Biggest player in Indian MRO in terms of Revenue, Infrastructure and Professional Manpower.
- One stop shop for end-to-end solutions for airlines.
- Presence in niche market of Engine Overhaul shop of CFM 56-5B / 7B, GE & P&W.
- Presence in Base Maintenance across major bases.
- Presence in LM over 100 stations at domestic and international locations.
- Presence in Components Repair and Overhaul.
- Presence in niche services like Modification/Structure Repair, NDT, Lease Rentals, Spare Support, CAMO Services, Training, etc.

Support for attracting investment

India needs to position itself strategically to attract investment from OEMs and large MRO service providers across the globe. Countries such as Singapore and Malaysia were quick in creating attractive investment policies and offering significant tax credits to OEMs. For instance, these countries offered tax credits on reinvestment, which effectively meant that an OEM already generating revenues in Singapore or Malaysia could re-invest in these countries and enjoy significant tax credits on 50–60 per cent of these investments. This policy has been the primary

reason for OEMs to invest in a close cluster of countries. India can consider the following steps to provide a fillip to the MRO industry and attract private investment into the sector:

- Introduction of weighted deduction for capital expenditure incurred by MRO service providers in relation to set-up/ operations of a facility in India.
- Extension of a concessional corporate tax rate of 15 per cent, recently introduced for new manufacturing companies, to MRO businesses as well; the extension to place India as a competitive investment destination amongst its Asian peers for global MRO players.
- Introduction of an income-tax holiday for a specified period for MRO business, similar to the tax break recently provided to aircraft leasing business operating in the International Financial Services Centre (IFSC).

Resolution of issues in the tax structure

To boost domestic MRO in India, the government has been trying to liberalize its tax and regulatory policies. Rationalizing the GST rate on MRO services to 5 per cent has been a welcome measure. However, the following uncertainties in tax structures still need attention:

- For supply of MRO services to domestic customers, refund of GST on inputs (goods) would be available given the inverted duty structure (i.e., a higher rate of GST on input than the output). However, refund of GST on input services is not available under the inverted duty structure scenario. Accordingly, accumulation of credit on this account would continue to be an area of concern.
- Refund of GST for MRO services (on account of export to offshore customers and inverted duty structure in a domestic scenario) involves a notable time and effort cost. This has an adverse impact on working capital requirements.

FUTURE PLANS

The company is planning to improve revenue generation by way of providing MRO services pertaining to Existing Capabilities to third parties (through aggressive marketing) and acquiring new Capabilities. AIESL plans to acquire EASA Base Maintenance Capability to capture Aircraft Redelivery Business. It intends to expand on its MRO Services to the Defense sector such as DRDO/IAF/Indian Navy. AIESL has already signed a Maintenance Agreement with DRDO for their fleet of A319 aircraft. To acquire EASA certifications for our Landing Gear Overhaul Capability and CFM 56-5B Engine Overhaul Capability, and also to upgrade ATEC Shop to service various components of A320 NEO Family Aircraft.

CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2022-23

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 contributed Rs.40.94 million as CSR expenditure in the Prime Minister's National Relief Fund during FY 2022-23.

CORPORATE GOVERNANCE

AIESL followed the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. 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 2020-21, 2021-2022 and 2022-2023. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FYs 2020-21 and 2021-22.

ACKNOWLEDGEMENT

I, on behalf of Board of Directors, express my heartfelt thanks for the valuable assistance and co-operation extended to the Company by the Ministry of Civil Aviation, AI Assets Holding Limited (holding company), major customers like IAF, DRDO, Air India Limited, Air India Express Limited, Alliance Air Aviation Limited etc., Auditors and vendors for their unstinted support. I also acknowledge the support extended by all other authorities including Banks and regulatory agencies. I would like to thank my colleagues on the Board for their valuable guidance.

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 to taking our Company forward and making it profitable.

We look forward to your continued support in this journey, as always.

Sd/-
(Asangba Chuba Ao)
Chairman

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Nineteenth (19th) Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended 31st March 2023 along with Report of Statutory Auditor and Comments of CAG thereon.

1. GENERAL INFORMATION

The Board of Directors of Air India Limited, the then parent company, in the year 2010, approved the hiving off of Air India 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 on 06-09-2012, 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:

Particulars	(Rs. in crore)	
	Financial Year ended 31-03-2023	Financial Year ended 31-03-2022 (Re-stated)
Total Revenue	2029.86	1906.52
Total Expenses	1418.81	1345.96
Profit (Loss) before exceptional items	611.05	560.56
Add: Exceptional Items	233.42	-
Profit (Loss) before tax	844.47	560.56
Less: Tax Expense including deferred tax	216.00	(261.84)
Profit after tax	628.47	822.40
Other Comprehensive Income	1.04	6.86
Total Comprehensive Income	629.51	829.26
Balance of profit brought forward from previous year	(1586.20)	(2415.46)
Balance carried to Balance Sheet	(956.69)	(1586.20)

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's 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 FY 2020-21 and FY 2021-22 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 2023.

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 2022-23:

During the FY 2022-23, AIESL achieved the following landmarks:

- i) EASA Approval for Delhi JEOC
- ii) EASA Approval for Maintenance Training Facilities at BOM and TRV
- iii) FAA Approval for A320 aircraft Base Checks at TRV, NAG & BOM, and successful commencement of work under the newly acquired approval.
- iv) Signing of maintenance support agreement for four A321 aircraft delivered to DRDO.
- v) Significant reduction in TAT for Base Checks being carried out, by optimizing the manpower resources and multiple shifts working.

The operations of the company are divided into various regions/ bases i.e., profit centers. Their performances, 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. Registration was completed in January 2023.

Performance and achievements of Nagpur MRO during the FY 2022-23 is as under:

A. **Base Maintenance**

Regulatory Approvals: DGCA approval for base maintenance of A320 family aircraft was extended to include A320NEO/LEAP-1A and scope enhanced up-to '12 year' check. FAA approval was extended in February 2023 for base maintenance of A320 family aircraft and the first '6 year' base check of A320 NEO was successfully completed in May 2023. With this, Nagpur base maintenance has FAA approval for Boeing 777 and Airbus A320 aircrafts and DGCA approval for Boeing 777, Airbus A320 and Boeing 737.

During FY 2022-23

- 'C' checks (B777 aircraft) carried out - 04.
- Phase checks (B777 aircraft) carried out - 08.
- Isolation & Other checks (B777 aircraft) carried out - 05.
- 'A' & Package checks (A320 Family) carried out - 02.

The number of checks completed during FY 2022-23 was 19 and includes one Boeing 777 aircraft which was retrieved from long term parking and successfully returned to service. A total of 153 base maintenance checks have been completed since inception.

B. **Engine Shop**

GEnx Engine Assembly

- Quick Turn (QT) repairs were completed on four GEnx Engines during FY. 2022-23.
- GEnx-1B repair facility was audited and approved by EASA as well as by FAA in November 2022.

Engine Test Cell

- During the year 2022-23, Engine Test Cell was made operational and brought on-stream. Two GEnx-1B engines, which were repaired in Nagpur Engine Shop, were successfully tested.

On Wing Support

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

C. **Back Shop**

(1) Component Overhaul Division (COD)

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 structural group earned revenue of Rs. 704.15 Lakhs during FY 2022-23.

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. Basic 147 OJT Training

MRO has earned revenue of Rs 185.56 Lakh in FY 2022-23 by providing basic OJT Training for students of CAR 147 maintenance training institutes. Currently seven institutes have signed agreements with AIESL, Nagpur.

E. Special Economic Zone Performance

During the financial year 2022-23, the Net Foreign Exchange Earning (NFE) of AIESL, Nagpur was Rs. 2,262.36 Lakhs. Cumulative NFE for the five-year period was positive at Rs. 1,197.62 lakhs.

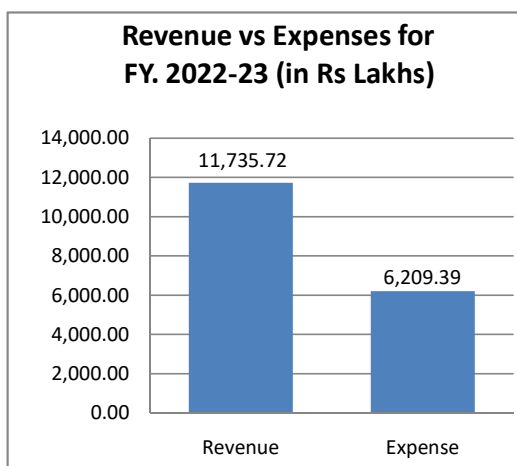
F. Future Plans

- EASA approval for base maintenance of A320 family aircraft.
- Increase capacity of CAR 147 OJT training for AME institutes
- Procurement of PRSV (Performance Restoration Shop Visit) tools for enhancing Engine Shop capability.
- Establishment of Battery/Accessories/ Electrical/Avionics/ IFE shops

G. Revenue & Expenses of MRO Nagpur for FY. 2022-2023:

Revenue	Rs. 11,735.72 Lakhs
Expenses *	Rs. 6,209.39 Lakhs

* Expenses include depreciation of building, plant & machinery, vehicles, tools & equipment, and CTC of employees



II. TRIVANDRUM (TRV) MRO

TRV MRO facility consists of Base Maintenance and Shop Maintenance. The Line Maintenance stations are also under TRV MRO. There is a total of 21 Line Stations managed by TRV MRO.

The AIESL TRV MRO facility was dedicated primarily to maintenance needs of B737 aircraft operated by Air India Express, which includes component overhaul and repair shop, Oxygen Charging, Battery Overhaul and NDT shops.

In the year 2022, AIESL TRV MRO acquired approval on A320 family aircraft to carry put major checks up to 12 years. The MRO has since then has carried out heavy checks on 12 Air India A320 CEO and NEO aircraft including six yearly checks under FAA certification.

During the year 2019-20, the MRO has done extensive work for 3rd party aircraft operated by SpiceJet and also aircraft owned by various lessors. The MRO has carried out major maintenance of 3rd party aircraft (SpiceJet) and Vistara earning a large part of the revenues in addition to revenues from AIXL.

However, during the year 2020-21, due to pandemic related slowdown in the airline industry, only 8 aircraft belonging to 3rd party i.e., Vistara and SpiceJet were carried out.

In the year 2021-22, due to the post pandemic recovery in aviation sector, AIESL TRV MRO regained the business from 3rd party (SpiceJet) and have completed major maintenance checks on SpiceJet aircraft totaling the number of aircraft serviced to 18 during the period from June 2019 till March 2022. The MRO has in total maintained 28 SpiceJet aircraft as of Aug 2023 and many are lined up. The MRO has earned substantial additional revenues without much additional increase in its cost.

The MRO has a base maintenance facility that accommodates two aircraft at any given time for major checks in twin hangers. The MRO can undertake two additional aircraft for maintenance in the open apron area of the MRO or in nose in position. One of the aircraft is generally long grounding undergoing either 12year/ 10year/ 6 year/8year check along with C1, C2 checks and other for phase checks and monthly checks.

The MRO also caters to several line maintenance aircraft requiring base maintenance facilities such as component changes, defect rectification, engine, and APU changes etc.

A. Major Achievements:

After acquiring US Regulator FAA approval for its B737NG aircraft for Base Maintenance and Shop Maintenance in the year 2020, the MRO acquired the FAA approval for A320 family aircraft for up to 10 years check.

TRV MRO is the first MRO to acquire FAA approval for B737 and A320 family aircraft. This A320 approval has culminated into timely taking up the contract of A320 NEO base maintenance job for Air India which was due for 6 yearly checks from Jan 2023.

TRV MRO Base and Shop obtained US Regulator FAA approval for its B737NG and A320 Family aircraft for Base Maintenance and Shop Maintenance in the year 2022.

With this approval, the MRO has earned credibility in the aircraft maintenance industry. MRO is now eyeing more 3rd party jobs under FAA certification to earn more revenue. The MRO has been doing extensive work on SpiceJet aircraft for major base maintenance jobs.

B. Base Maintenance (Production) Statistics: (April 2022 till March 2023)

- o **Phase checks - 238**
- o **Monthly checks- 167**
- o **Yearly Checks- 05**
- o **C Checks on AIX aircraft- 19**
- o **Spice Jet 6/8/12-yearly +C1, C2 checks- 10 aircraft.**
- o **6 Yearly Checks are carried out on 05 Air India A320 NEO aircraft under FAA certification.**

C. Component Overhaul Production: (April 2022 till March 2023)

Other than the base maintenance, the MRO COD shop performs wheels & brakes overhaul, Battery OVHL, Oxygen Charging etc. generating a substantial part of the revenues.

- o **Wheels (main & Nose)- 1136 Quantity (OVHL and Tyre Change)**
- o **Brakes - 152 Quantity (OVHL and Stack Change)**
- o **Oxygen - 204 Quantity (Charging)**
- o **Batteries - 116 Quantity (OVHL and Charging)**

D. Earnings for Year 2022-2023 were as under:

The facilities have earned combined revenues for BMD and COD shop of **Rs.76.08** Crores during April 2022-March 2023.

The overall revenue for FY 2022-23 from B737/A320 maintenance under TRV MRO administration including that of line maintenance, Mumbai Shops and 3rd party jobs was

recorded revenues at **Rs.124.74 Crores** against previous year's revenues at **Rs. 90.36 Crores** that includes work carried out for AI and SpiceJet aircraft owned by lessors.

The increase in the MRO revenue was attributed to extensive work on AI Express and 3rd party aircraft such as SpiceJet in the base maintenance and enhanced production in the shops. The MRO earned approx. Rs. 8.574 Cr revenues from SpiceJet and Rs. 5.9284 Cr from AI for their base maintenance checks at TRV. The total revenues include the MTO revenues of **Rs. 2.85 Cr** during the year.

The revenues for the 3rd party aircraft- 10 SpiceJet, 05 Air India A320 NEOs and one Indigo aircraft was **@Rs. 14.562 Crores** in addition to AIXL revenues.

However, again from April 2022 till date, the MRO has serviced 06 SpiceJet aircraft with the additional revenues of Rs. 5 Crores.

E. Comparative billing summary of AIXL during 2018-19, 2019-20, 2020-21 & 2021-22 were as under:

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-2023
Total revenues	INR 90,23,26,688	INR 136,49,36,735	INR 62,43,44,389	INR 90,36,88,740	INR 124,74,00,000

F. The achievements for the TRV MRO during the year 2022-23:

- The MRO enhanced its capability to carry out major maintenance checks on A320-Family aircraft for up to 12 years checks.
- TRV MRO received FAA approval on B737NG and A320 family aircraft to cover all 03 variants and its engines i.e. A319/320/321 fitted with V2500/ CFM56-7B/LEAP-1B engines to cover up to 10 years checks.
- The MRO has successfully carried out major checks on 05 Air India A320 aircraft.
- The MRO also received B737 -700/800/900 BDF and BDSF approval from DGCA and FAA.
- The MRO has subsequently carried out major maintenance work on numerous freighter aircraft belonging to SpiceJet and earned substantial amount of revenues for AIESL.
- The MRO enhanced its capability to carry out major maintenance checks on B737-700/800/900/900 ER aircraft up to 20 years checks.
- Gained trust from the Customers-Air India, SpiceJet and Indigo for carrying out major checks within the TAT and providing the best maintenance services. Earned approx. **Rs. 14.562 Cr for 2022-23.**

G. As future operations plan the MRO intends to enhance its capabilities in the following areas:

- o Inclusion of B737-8/9 MAX aircraft under DGCA and FAA approval for base and Line maintenance at TRV.

- o EASA approval for the MRO to include B737 and A320 aircraft.
- o Composite material/Structural repair-C20 approval for B737, A320 family structural group under DGCA/FAA/EASA approval.
- o Capability enhancement for COD wheels and Brakes by addition of overhaul and repair for B737- 8/9 Max and A320 NEO aircraft wheels and Brakes.
- o Cabin Repair and refurbishment/ Upholstery shop
- o Heat Exchanger Cleaning and Testing.

H. Proposed Shops in future:

- o Avionics Accessories repair shop
- o Galley Inserts (Oven, Coffee Maker, Boiler etc.) Repair shop
- o Cabin safety and survival equipment
- o The MRO has future plan to construct a NB painting hangar with annex building (with external investment) that can accommodate an aircraft painting cum maintenance hangar with annex building to accommodate ATEC and component overhaul shop in a vacant plot of approx. 2.79 Acres.

III. JEOC (JET ENGINE OVERHAUL COMPLEX)

JEOC, Delhi is an integral part of AIESL which contributes as a major part of its revenues in the company. The performance of JEOC, Delhi, during the FY **2022-23** is as under:

- Total no. of engines produced were **14** (12 for M/s Air India, 01 for M/s Go Air and 01 of M/s Air Asia)
- Revenues generated by JEOC from M/s Air India is approximately **INR 14 Crores**, which is based upon the production of 12 Engines and additional work carried out including Lease return inspections, Video BSI, Nozzle change, inventory check, etc. on LEAP1A and CFM 56-5B engines.
- Revenue generated during the year from Outside Parties, other than captive workload of M/s Air India was approximately **INR 4 Crores** (including rentals, spare sales, and labor man hours)
- Activity pertaining to warranty claims, filed by JEOC on behalf of M/s Air India is as under (**claims realized up to 10th October 2022**):

LEAP 1A	-	INR 6.82 Crores
CFM 56-5B	-	INR 14.12 Crores
Total	-	INR 20.94 Crores (Approx.)

ACHIEVEMENTS DURING THE FISCAL

- JEOC got its EASA approval with rating under B1 & C07 for EASA 145.0661. This rating is to carry out:

- Overhauling of CFM 56-5B Engines and its Modules
- Onwing & Inhouse BSI for LEAP 1A & CFM56-5B engines
- Overhauling of Fwd & Aft Engine Mount assemblies
- It is anticipated that EASA approval for JEOC may result in an increase of workload from various customers across the globe. Various GTAs with various operators and lessors for Engine overhaul and testing viz. WLFC (M/s Willis) and M/s Global Aerotech etc. are in the final stage of settlement.
- JEOC has been supporting Indian Air Force for JT8D engines and DRDO for CFM56-5B engines generating additional revenues to the company.
- Efforts are being made to enhance the outside party jobs through consistently approaching them with our current capabilities.
- JEOC has taken steps to enhance its capabilities on CFM LEAP engine through liasioning and continuous discussions with M/s SAFRAN for technical knowhow, tooling, and infrastructure requirement.
- JEOC is further preparing itself for capability enhancement of LEAP Engines. A Business plan to come out with a financial viability on CFM LEAP engine has also been made by JEOC team for the review of management.

IV. MUMBAI BASE (WESTERN REGION): The performance of Western Region (WR) during the period is as under:

➤ **GROUP - A**

Highlights of performance during the year 2022-23 (**Fleet –A**) is as under:

A. Major Check activity at Base Maintenance:

- At Base Maintenance- BOM, the number of checks carried out on A-320 FAMILY A/c during 2022- 23 is as follows:
 - o A-Checks - 44
 - o P-Check - 87
- By way of providing Engg. Hangar facilities for Aircrafts to Outside parties at MUMBAI-NEC BASE, we have earned revenue of **Rs. 973.69 Lakhs** (Excluding GST) during 2022-23 as per the invoices raised by Finance AIESL, WR.

B. Line Maintenance:

- Certification of Airbus Flights at the base and outstations:
 - Preflight Check - 23,233
 - Night Halt Check - 1,755
 - Layover Inspection - 1,383
 - Weekly Inspection - 929
 - 400FH Inspection - 100

➤ Certification of ATR flights at the base and outstations:

▪ Transit Checks	-	4,929
▪ Night Halt	-	137
▪ Lay Over Inspection	-	120
▪ Weekly Inspection	-	45
▪ 400FH Inspection	-	2

➤ Technical Certification provided to Client Airlines:

Engineering Certification of Client Airlines Aircraft (A320 Family A/c) of M/s TATA SIA Vistara, M/s Air Asia Ltd., M/s Qatar Airways, M/s Kuwait Airways, M/s Singapore Airlines, M/s Oman Air, M/s Star Airline, M/s Indonesian Airline, M/s Sri Lankan Airlines, M/s Spice Jet, M/s Royal Nepal Airline and VVIP Flights are provided at various Stations in Western Region Gr. A is as given below:-

Sr. No.	STATION	Name of Party	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL
1	MUMBAI	Sri Lankan Airlines	40	52	36	35	37	28	44	37	44	45	41	44	483
		Kuwait	4	5	4	5	11	10	17	16	37	32	16	14	171
		Royal Nepal Airlines	11	13	12	9	9	7	13	13	13	5	5	7	117
		Thai Smile	23	27	28	19									97
		FLY NAS							6	12	27	47	43	48	183
		GO AIRLINE							1						1
2	AHMEDABAD	Qatar Airways	20	23	22	21	22	21	22	25	27	23	20	22	268
		Kuwait	13	13	13	13	13	13	14	16	19	17	16	18	178
		VVIP FLIGHT						2							2
		HAJ FLIGHT				11									11
		VVIP						4	2	3					9
		Air Asia (India) Ltd.	1												1
Singapore Airline	12		21	22	21	22	22	21	23	22	20	22	228		
3	GOA	Vistara Airbus	131	134	134	134	65								598
4	NAGPUR	SPICE JET										1			1
5	BARODA	VVIP	1												1
6	RAJKOT	VVIP	1												1
7	SURAT	Air India Express Ltd.	8	8	9	9	8	8	9	9	13	13	12		106
		VVIP			1				3						4
8	JAMNAGAR	VVIP	2						1						3
		RCDL										3	13	6	22
		AZUR AIRLINE										1			1
9	BHUJ	AIR ASIA						2							2
TOTAL			267	275	280	278	186	113	156	151	206	209	186	181	2488

➤ Revenue earned from Third Party Certification in WR: The Third-party revenue from client airlines for certification of Flights during 2022-23, is of **Rs. 366.75 Lakhs** (Excluding GST).

C. MTO Engineering Training, NEC-MUMBAI: We have earned revenue of approx. **Rs. 1,043.23 Lakhs** (Excluding GST) during the period April 2022 to March 2023 by providing training facilities at NEC, MUMBAI.

- D.** Revenue from AIAHL-DRDO: During the period, we have earned revenue of **Rs. 191.60 Lakhs** (Excluding GST).
- E.** Production of Overhaul Shops: The number of **Components Serviced** at Overhaul shops at AIESL, MUMBAI-NEC for FY 2022-2023 is as follows:
- o AF Accy OH Shop - 918
 - o EM Shop - 34
 - o Electrical OH Shop - 541
 - o Instrument OH shop - 1173
 - o Radio OH Shop - 760
- F.** Revenue earned from AIL: The revenue from AIL for certification and major maintenance of aircraft during 2022-23, is **Rs. 13,543.98 Lakhs** (Excluding GST) as per billing by AIESL, WR Gr.A.
- G.** Revenue earned from AAAL: The revenue from AAAL for certification of ATR Flights during 2022-23, is **Rs. 411.88 Lakhs** (Excluding GST) as per billing by AIESL, WR Gr.A.
- H.** Total Earnings of AIESL, MUMBAI-NEC for FY 2022-2023 is as under:

Earnings	Amount in Lakhs (INR)
Revenue earned from maintenance of AIL Aircraft	13,543.98
Revenue earned from maintenance of AAAL Aircraft	411.88
Third party revenue from client airlines for certification of Flights	366.75
Revenue from Engineering Training School	1,043.23
Revenue from AIAHL-DRDO	191.60
Earnings by way of providing Engineering Hangar facilities to outside party Aircraft	973.69
Total Earnings in INR	16,531.13 Lakhs

I. MRO CAPABILITIES of Western Region, Group A:

- Line Maintenance: Handling 20 Stations including Base for Aircraft Certification
- Major Maintenance:
 - A/C at Base: - A330, 320Family
- Base Maintenance
 - NDT Inspection/X-Ray
 - Structure Repair shop
 - Composites Repair shop
 - Machine shop
 - Painting / Tailoring
- Airframe Accessories/Composites Overhaul shops
- Avionics Shops
 - Electrical & Overhaul Shops.
 - Instrument & Overhaul Shops.

- Radio & Overhaul Shops.
- Quality Assurance and Tech Services
 - QA & TS of A321 & 330 aircraft
 - Oil and Fuel Testing Laboratory
 - LICENSING, AUTHORISATION, AUDIT, TECH. LIBRARY
- Engineering Facilities
 - Upkeep and Maintenance of all Fabrication of Trestles etc.
 - Maintenance of utilities like electricity, compressed air, Central Air conditioning
- MTO Training Center - For AMEs and Service Engineers
 - Engg. Training School (DGCA Approved)
- Production Planning and Control:
 - Provisioning for a/c spare parts
 - Route planning for major checks
 - Budgeting and control
 - Billing for outside party
 - Progress control and work order cell
 - Maintenance & Material Planning
 - Insurance/ Warranty Claim Management
- Industrial Engineering:
 - Engineering Performance Monitoring
 - Productivity Analysis.
 - Fixation of Man-hours Norms for Maintenance Activities
 - Job costing/ Engineering Manpower Planning
 - Productivity Improvement Measures e.g., OT analysis/Shift systems etc.
 - Manpower Contract Monitoring
 - Special Studies
 - Regional Helpdesk (RHD) (Handling Flight Data related to various package Consist of Pre-Flight, Night-Halt, Lay-Over, Weekly, 400 Flight Hours, Component Replacement (CR), Material Request (MR) in RAMCO System)
 - Tendering Process (House Keeping, Office Assistant, RAMP Vehicles & Staff Transportation Services etc...)
 - AIL & AAAL BILLING along with Revenue & Profitability for WR Gr-A.

❖ **GROUP – B**

The overview of checks completed by Group B during FY 2022-23 is as below:

Details of the checks done at Mumbai

- Total 'D' checks carried out – 0
- Total 'C' checks carried out – 18
- Total phase checks carried out – 37
- Total 'A' checks carried out – 153
- Total transit checks carried out – 1,870

A. The details on No. of engines Repaired / Overhauled in EOH (Mumbai) are as under:

Month / Year	PW4056	CFM56-7B	GE90	GENx	Total
Apr – 22 to Mar-23	-	9	4	21	34

B. Earnings from Third Party were Rs. 796 lacs. Third Party Work done during the period is as under:

- CFM56-7B Replacement of stage 1 & 4 disk and LPT Module of Spectre Cargo.
- Borescope Inspection of Jet Airways Engine.
- Maintenance of 2 Nos B777 aircraft used for VVIP operation.

V. DELHI BASE (NORTHERN REGION)

Major events at Northern Region (Narrow Body) during the Financial Year 2022-23 are as under:

- A total Number of 6856 Third Party Certifications (Parties other than AI & group companies/AAAL/IAF) of NB a/c were carried out at Delhi and its outstations.
- AIESL, Northern Region generated a total Revenue of 961.07 Cr. INR during the financial year 2022-23.

(Revenue distribution is

- towards AIL fleet: 645.86 Cr. (Narrow Body – 386.76 Cr., Wide Body – 259.10 Cr.)
- towards AAAL fleet: 23.67 Cr.,
- towards AIXL fleet: 8.16 Cr.,
- towards SESF (total network): 246.22 Cr.,
- towards IAF: 13.5 Cr., &
- Parties other than AI & group companies/AAAL/IAF: 23.66 Cr.

- **Major Check activity at Base Maintenance:**

At Base Maintenance, NR, the number of checks carried out on Airbus fleet of Air India, during 2022- 23 is as follows:

o 1A-Checks	-	41
o 2A-Checks	-	48
o 3A-Checks	-	41
o 4A Checks	-	46
o Packages(P1-P25)	-	41(*)
o Engine Change Activity	-	62
o 6 Yearly check	-	1
o 12 Yearly Check	-	1
o 1B Check	-	9
o 2B Check	-	4
o 1C Check	-	6
o Major Structural Repair on Aircraft	-	5

(*): Package task discontinued on A320 NEO Aircraft by Air India w.e.f. Sept'22 & replaced with 'B' and 'C' Checks

Major events at Northern Region (Wide Body) during the Financial Year 2022-23 are as under:

- AIESL, Northern Region generated a total Revenue of 961.07 Cr. INR during the financial year 2022-23.
(Revenue distribution is
 - towards AIL fleet: 645.86 Cr. (Narrow Body – 386.76 Cr., Wide Body – 259.10 Cr.)
- Total Number 7893 Transit Checks were carried out on Air India’s B787/B777 flights.
- **Major Check activity at Base Maintenance:**
At Base Maintenance, NR-Wide Body, the number of checks carried out on Boeing fleet of Air India, during 2022- 23 is as follows:
 - o B787 A-Checks - 93
 - o B777 A-Checks - 184

VI. HYDERABAD BASE (SOUTHERN REGION):

Highlights of performance during the year 2022-23 (Fleet –A), are as under:

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

a) Capability of Hyderabad Hangar

A320 (IAE V2500)

Up to “8C” Check and 12 years Check, 20 years’ tasks, including OOP tasks.

A319/A320/A321 (CFM56)

“A” Check and its 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)

“A” Check and its multiple and up to 144 Months/45000 FH/36000 FC inspections including OOP tasks along with modification, structural repair and inspection.

ATR 72-212A (PWC PW120)

All MPD tasks up to “4C” Check 70,000 flight landings, 46,000 flight hours, 15 years including modifications, structural inspection, repair and OOP tasks.

- Also offer specialized services like A320 Engine change, Borescope inspection of Engines, Ram Air Turbine Test, Magnetic Particle & Fluorescent Particle Inspection, Eddy current test & ultrasonic testing.

b) **Highlights of maintenance activity carried out in S/Region, Fleet-A**

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

At Base Maintenance, HYD, the number of checks carried out during 2022- 23 is as follows:

AIRBUS FLEET	ATR FLEET
A Checks - 20	A Checks – 7
P Checks (P1 to P 25)- 35	400 & Above FH Checks – 9
6 yearly (P14)- 1	Yearly Checks - 8
12 Yearly (P17) - 1	
Engine Change Activity – 1	

➤ **Line maintenance activity in S/Region, Fleet-A:**

A320 Fmly A/C of AIL	ATR A/c of AAAL	Client Airlines
Transit : 15297	Transit : 9235	Engineering Certification : 2500
Night Halt : 885	Night Halt : 740	Technical handling/ Headset Support Service : 348
Lay Over Insp : 658	Lay Over Insp : 664	
Weekly Insp : 453	Weekly Insp : 275	
400FH Insp : 37	400FH Insp : 35	
	A Checks : 6	

c) **Details of revenue earned during FY 2022-23 for S/Region, Fleet-A**

SI No.	Description	Amount in INR (In Lakhs)
1	Revenue earned from maintenance of A320 Family A/c of AIL	8096.46
2	Revenue earned from maintenance of ATR A/c of AAAL	1950.25
3	Revenue earned from engineering certification of Third-party client flights (Qatar, Kuwait, Royal Nepal, TATA SIA, Air Asia Berhad, Scoot Tiger Air Etc.)	367.35
4	Revenue earned from maintenance of A319 Aircraft in Bengaluru for CABS(DRDO)	1586.86
5	Revenue earned from technical handling/Headset Support Service provided to clients	40 (Approx.)
6	Revenue earned Through aircraft component servicing of outside parties at Hyderabad	7.84
7	Revenue earned from AME trainees/On Job Trainees (6 months & 1 month On Job Training etc.) / CAR147 basic MTO students	28.25
8	Earnings by way of providing Engineering Hangar facilities at Chennai to outside party Aircraft	112.64
9	Miscellaneous revenue (Loaning of equipment, scrap sale, Sang rectification and AOG technical Support etc.)	32.69
	Total Revenue earned during FY 2022-23	12222.34

d) Major Achievements:

- Integration of manpower and facility of all overhaul shops (AF & AV shops) has ensured better utilization of manpower & reduced cost of operation.

VII. KOLKATA BASE (EASTERN REGION) Highlights of performance during the year 2022-23 (Fleet –A), were as under:**A. Line Maintenance:**

- Certification of Airbus Flights (AI) at the base and outstations:
 - Preflight at CCU - 5436
 - Lay Over Inspection - 440
 - Weekly Inspection - 212
 - 400FH Inspection - 17
 - Night Halt PF - 981
 - PF at Outstations - 8537
- Certification of Wide body (AI) Aircraft at base (as per IOCC report):
 - Preflight - 54
- Certification of ATR flights at the base & outstations:
 - Transit Checks - 8226
 - Night Halt - 548
 - Lay Over Inspection - 516
 - Weekly Inspection - 211
- Technical Certification provided to Client Airlines:

Engineering Certification of Client Airlines Aircraft (A320 family A/c) of M/s Air Vistara, M/s Air Asia, M/s Biman Bangladesh & M/s Singapore Airlines are provided at various Stations & CCU in Eastern Region as given under:

No. of Third party Certifications done during 2022-2023 (Airbus Group)															
Sl. No.	Station	Airlines	APR'22	MAY'22	JUN'22	JUL'22	AUG'22	SEP'22	OCT'22	NOV'22	DEC'22	JAN'23	FEB'23	MAR'23	Total
1	Bhubaneshwar	Vistara	100	93	119	130	138	138	155	-	-	-	-	-	873
2	Ranchi	Vistara	60	62	59	31	31	31	31	30	31	33	28	31	458
3	Guwahati	Vistara	120	94	92	94	89	89	93	90	60	-	-	-	821
4	Bagdogra	Vistara	29	62	57	61	61	61	61	60	62	62	58	62	696
5	Dibrugarh	Vistara	51	54	49	31	31	31	54	52	52	54	48	52	559
6	Portblair	Vistara	22	22	30	18	18	18	27	20	25	27	20	23	270
		Air Asia	4	3	-	-	-	-	-	-	-	-	-	-	-
7	Agartala	Vistara	-	-	-	-	-	-	-	-	-	-	-	-	0
8	Patna	Vistara	60	60	60	62	62	62	61	51	54	45	46	55	678
9	Kathmandu	Vistara	30	31	30	31	31	31	31	45	62	62	56	62	502
10	Kolkata	Air Asia	-	-	-	-	-	-	-	-	-	18	28	31	77
Total			476	481	496	458	461	461	513	348	346	301	284	316	4941

No. of Third party Certifications done during 2022-2023 (Foreign Airlines)															
Sl. No.	Station	Airlines	APR'22	MAY'22	JUN'22	JUL'22	AUG'22	SEP'22	OCT'22	NOV'22	DEC'22	JAN'23	FEB'23	MAR'23	Total
1	CCU	BIMAN BANGLADESH	34	38	38	32	31	31	30	30	33	31	29	36	393
2	CCU	SINGAPORE AIRLINES	30	30	30	31	31	31	31	30	31	31	28	31	365
Total			64	68	68	63	62	62	61	60	64	62	57	67	758

- Revenue earned from Third Party Certification: The third-party revenue from client airlines for certification of Flights during 2022-23, is Rs. 828.31 Lakhs (Excluding GST) as per the invoices raised by finance AIESL, ER.

B. Major Check activity at Base Maintenance:

- At Base Maintenance, CCU, the number of checks carried out on A320 Family A/c and ATR42/72 A/c during 2022- 23 is as follows:

A320 Family (Major Checks) in 2022-23 at BM, ER

o	A-Checks	-	46
o	2A-checks	-	21
o	4A-Checks	-	12
o	Packages(P1-P31)	-	68
o	P25- 12 Yrs Check	-	05
o	ARC	-	11
o	BSI	-	26

ATR 42/72 (Major Checks) in 2022-23 at BM, ER

1)	1A to 10A Check	-	15
2)	Yearly Check	-	08
3)	4000FH Check	-	02
4)	5000FH Check	-	05
5)	8000FH Check	-	02
6)	10000FH Check	-	04
7)	400FH Check	-	05
8)	ARC	-	01
9)	BSI	-	16
10)	Engine Change	-	01

- By way of providing Engg. Hangar facilities for Aircrafts of outside parties at Kolkata, we have earned revenue of Rs. 117.56 Lakhs (Excluding GST) during 2022-23 as per the invoices raised by Finance AIESL, ER.
 - A revenue of Rs. 13.30 Lakhs (Excluding GST) during 2022-23 through miscellaneous works like Loaning of equipment, Fixed charges etc.
- C. Engineering Training School, Kolkata: We have earned revenue of approx. Rs.91.97 Lakhs (Excluding GST) during the period April 2022 to March 2023 by providing training facilities to outside agencies at ETS, Kolkata.

- D. Revenue from IAF: During the period, we have earned revenue of Rs.120.13 Lakhs (Excluding GST) from APU servicing & components of IAF.
- E. Production of Overhaul Shops: The number of components serviced at Overhaul shops AIESL, ER is as follows:
- | | | | |
|------|--|---|------|
| i. | AF Accy OH Shop
(Including Servicing Life Jackets) | - | 3706 |
| ii. | APU & Engine OH Shop | - | 82 |
| iii. | Electrical OH Shop | - | 303 |
| iv. | Instrument OH shop
(Including Calibration of Items) | - | 2283 |
| v. | Radio OH Shop | - | 452 |
- F. Revenue earned from AIL: The revenue from AIL for certification and major maintenance of aircraft (including Additional jobs/callouts) during 2022-23, is of Rs. 15570.14 Lakhs (Excluding GST) as per JBA raised by IE Bombay, AIESL.
- G. Revenue earned from AAAL: The revenue from AAAL for certification of ATR Flights during 2022-23, is of Rs. 1647.77 Lakhs (Excluding GST) as per billing by AIESL, ER.
- H. Total earnings of AIESL, Kolkata for FY 2022-23 were as under:

Earnings	Amount (INR)
Revenue earned from maintenance of AIL Aircraft	Rs. 15570.14 Lakhs
Revenue earned from maintenance of AAAL Aircraft	Rs 1647.77 Lakhs
Third party revenue from client airlines for certification of Flights	Rs. 828.31Lakhs
Revenue from Engineering Training School, Kolkata	Rs. 91.97 Lakhs
Revenue from IAF	Rs. 120.13 Lakhs
Earnings by way of providing Engineering Hangar facilities to outside party Aircraft	Rs. 117.56 Lakhs
Earnings by carrying out Miscellaneous works	Rs. 13.30 Lakhs
Total Earnings	Rs. 18389.18 Lakhs

VIII. OVERSEAS OPERATIONS:

A. KATHMANDU

AIESL through its Branch Office at Kathmandu is providing Line Maintenance Services to Air India Ltd and TATA SIA for their A320 Fleet. AIESL is already having one office in the Terminal Building and has signed agreement with M/s Buddha Air for space on the airside for smooth operation of Line Maintenance. Initially, we do have the capability for A320 and there is huge scope for catering the Line Maintenance of B737 fleet. Oman Air and Air Asia has already shown their interest in us for Line Maintenance. Presently AIESL is handling approx. 32 flights/week.

We have also hired one consultant at KTM to meet the taxation and other finance-related requirements.

B. SAIFZONE –

AIESL has set up its branch office in Sharjah (SHJ) in 2017 for providing Line Maintenance services to AI and AIX aircraft. Further, AIESL has extended its flight handling operation at Dubai and Ras-AL Khaima. The AIESL UAE operation has become profitable in its second year of operation. Further AIESL has planned of expanding its network to Abu Dhabi Airport for LM handling of AI and AIX aircraft and also in process of expanding the LM handling activity of Indian register aircraft at UAE.

But Due to Covid-19 pandemic, the further expansion was hindered and AIESL UAE branch profitability was adversely affected due to Seize in flight operation or limited operation of flight under bubble agreement/Vande Bharat Mission.

With normalization of Covid-19 Pandemic Guidelines and ease in travel ban, the flight operation is now normalized, and flight frequency has also increase. This has resulted in increase in revenue.

Now AIESL is again looking forward for expansion of its footprint in UAE and looking for expansion of its network at Abu Dhabi Airport.

Based on the potential business at MALE, AIESL is also planning to open a Branch Office at MALE (Maldives) for providing Line Maintenance Services.

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 2022-23 are as under:

- No. of RTI Applications received during the year: **51**
- No. of RTI Applications disposed off during the year: **31**
- No. of RTI Applications pending as on the end of FY: **20**

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: **NIL**
- Number of complaints disposed off during the year: NIL
- 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: 03
- Remedial measures taken by the company: Female Security Staff Deployed at workplaces and Time to Time Counselling are being done. Female security staffs are deployed through a third party to take care of female employees' security and M/s R.N Majumdar & Associates, solicitor, is appointed as third party in case of receiving any harassment case.

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 2022-23 was Rs.897.36 lakh.

14. MANAGEMENT

14.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details regarding the constitution of Directors of the Company during the FY 2022-23 are as given below:

S. No.	Name	Designation	Date of appointment	Date of cessation
1.	*Shri Vikram Dev Dutt	Chairman	27-01-2022	28-02-2023
2.	***Shri Satyendra Kumar Mishra	Director (Elected as Chairman w.e.f. 01-03-2023)	02-02-2017	-
3.	Shri Vimlendra Anand Patwardhan	Director	20-03-2020	14-12-2022
4.	**Smt. Parama Sen	Woman Director	11-02-2022	-
5.	Shri Rajeshsingh Shrinarayan Sharma (Rajesh Singh)	Director	14-12-2022	18-01-2023
6.	Shri Padam Lal Negi	Director	18-01-2023	-

- * The Ministry of Civil Aviation (MoCA) vide its order dated 28-02-2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding

Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the following changes took place on the Board of AIESL:

Shri Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 28-02-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 had nominated and elected Shri Satyendra Kumar Mishra, as the Chairman on the Board of AIESL w.e.f. 01-03-2023 and passed the requisite resolution on 13-03-2023 till any further instruction from the MoCA/Holding Company.

- ** Further, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIESL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIESL:

Smt. Parama Sen ceased as Nominee Director from the Board of AIESL w.e.f. 12-12-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/02/2023-24 dated 13-12-2023 had appointed Shri Rahul Jain as the Nominee Director on the Board of AIESL w.e.f. 12-12-2023 and passed the requisite resolution on 13-12-2023.

- *** Thereafter, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIESL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIESL:

Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 01-01-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIESL w.e.f. 01-01-2024 and passed the requisite resolution on 07-02-2024 till any further instruction from the MoCA/Holding Company.

Also, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 read with order issued by MoCA dated 26-02-2024, the following changes took place on the Board of AIESL:

Smt. Nayonika Dutta, Joint Director, MoCA, has been appointed as Nominee Director on the Board of AIESL w.e.f. 12-02-2024 (i.e. from the date she obtains her Director Identification Number).

Shri Asangba Chuba Ao holds two positions on the Board of AIESL i.e., CMD, AIAHL and JS, MoCA as on the date of this report.

The Board placed on record its appreciation for the valuable services rendered by Shri Vikram Dev Dutt as Chairman, Shri Satyendra Kumar Mishra as Chairman & Nominee Director, Shri Vimlendra Anand Patwardhan as Nominee Director & Shri Rajesh Singh Shrinarayan Sharma as Nominee Director on the Board and Board Level Committees of the Company during their tenure.

KEY MANAGERIAL PERSONNEL (KMP):

S. No	Name	Designation	Date of appointment	Date of cessation
1.	Shri Jose Mathew	CEO	30-07-2021	30-04-2022
2.	Shri Sharad Agarwal	CEO	01-05-2022*	-
3.	Shri Gopal Krishan Valecha	CFO	09-11-2021	20-05-2022
4.	Shri Rakesh Kumar Jain	CFO	20-05-2022	-
5.	Ms. Sakshi Mehta	Company Secretary	09-11-2021	-

* *Shri Sharad Agarwal, the then ED (Engg.), had been assigned the charge of CEO of the Company w.e.f. 01-05-2022 as an interim arrangement till the recruitment of a regular CEO. Thereafter, Shri Sharad Agarwal has been appointed as CEO of the Company w.e.f. 01-10-2022 after the completion of recruitment process of a regular CEO.*

14.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2022-23, eight 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.	76 th	06-04-2022	4	3
2.	77 th	20-05-2022	4	3
3.	78 th	01-07-2022	4	4
4.	79 th	13-09-2022	4	4
5.	80 th	20-10-2022	4	3
6.	81 st	27-12-2022	4	3
7.	82 nd	18-01-2023	4	2
8.	83 rd	17-03-2023	3	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 the 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. Thereafter, in pursuance to the OM dated 28-02-2023 issued by the MoCA, the Audit Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023.

Composition of committee:

As on 31-03-2023, 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 Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Member
Smt. Parama Sen JS, DIPAM	Member

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. Thereafter, pursuant to the OM dated 28-02-2023 issued by the MoCA, the CSR Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises (DPE).

As on 31-03-2023, the CSR Committee consisted of following members, in ex-officio capacity:

Particulars of Director	Position held in the Committee
Shri Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Smt. Parama Sen JS, DIPAM	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. 2022-23 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 being paid to the Directors of the Company. The remuneration paid to the KMPs is disclosed in the 'Extract of 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 confirm 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 judgments 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, user departments.

14.8 DISCLOSURE REGARDING FRAUDS

There were no frauds 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 2022-23.

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 till the date of the report except change in registered office of the company. The registered office of the company has been changed from 'Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001' to '2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003'.

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 2023 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 2022-23. 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 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 company has spent Rs. 40.94 million as CSR activities during FY 2022-23 i.e. 2% of average net profit during the immediately preceding three financial years.

22. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

Industrial Relations were peaceful during the year:

No. of employees under various categories were as under:

- Executives : 504 (462 Permanent + 42 Contractual)
- Staff : 4324 (1639 Permanent + 2389 Contractual + 296 Retired)
- Total : 4828 (2101 Permanent + 2431 Contractual + 296 Retired)
- Technical out of the above were: 3987 (1974 Permanent + 1747 Contract + 266 Retired)
- Employees on deputation from other subsidiaries: 0
- Employees on deputation to other companies: 167

Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of details of employees of the Company is not applicable to AIESL being a Government Company, pursuant to Notification No. G.S.R.463(E) Dated 5th June 2015 issued by the Ministry of Corporate Affairs.

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 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 difference earnings and Outgo

Particulars	Amount in INR
Earnings	724.4 Lacs
Outgo	352.3 Lacs

24. RISK MANAGEMENT

A comprehensive Risk Management Policy with the vision to manage and mitigate the risks pertaining to the Company was formulated and the same has been approved by the Board

of Directors in its 74th meeting held on 06-01-2022 is available at the Company's website at link: <https://www.aiesl.in/RiskManagementPolicy.aspx>

We understand that the aviation Maintenance, Repair, and Overhaul (MRO) sector is quite challenging due to its dynamic and uncertain nature. Our primary focus is on ensuring safety, reliability, and operational excellence. We are actively engaged in managing potential risks to maintain operational safety, protect our reputation, and uphold the trust of our stakeholders.

We are dedicated in identifying, assessing, and mitigating risks to ensure our position as a trusted leader in the aviation MRO industry.

We express our gratitude to our dedicated team and stakeholders for their support in upholding the high standards of risk management.

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 a genuine concern, are not applicable to the Company.

However, the Vigilance Department of 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 2022-23.

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 J.P. Saini & Associates, Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2022-23. 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 S.N. Kapoor & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2022-23.

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

The NIL comments dated 23-02-2024 of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of the Company for the year ended 31st March 2023 are 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 certificate / reports etc. are annexed and forms 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, an extract of Annual Return in Form MGT-9 is enclosed to this Report as 'Annexure – C'. Further, the Annual Return is available on Company's website at link <https://www.aiesl.in/AnnualReturn.aspx>

D. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2022-23 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 – D**'.

E. Corporate Social Responsibility (CSR):

The Annual Report on CSR Activities for the F.Y 2022-23 is enclosed as '**Annexure – E**'.

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 Board of Directors
of AI Engineering Services Limited**

**Date: 11-03-2024
Place: New Delhi**

**Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE:

Revenue

Total revenue earned during FY 2022-23 was Rs.2029.86 crores as against Rs.1906.52 crores during FY 2021-22 i.e., an increase of approx. Rs. 123.34 crores (6.47%).

Expenditure

The total expenditure incurred during FY 2022-23 was Rs.1418.81 Crores as compared to the previous year's figure of Rs 1345.96 Crores (restated), i.e., an increase of approx. Rs. 72.85 crores (5.41%).

INDUSTRY ANALYSIS

The Indian MRO industry is still in its nascent stages, but it is growing rapidly. The Indian government is supportive of the industry and has taken a number of steps to promote its growth, such as reducing the goods and service tax (GST) on MRO services from 18% to 5% in 2020.

The Indian MRO market is expected to grow from US\$1.4 billion in 2023 to US\$4.5 billion by 2033, registering a CAGR of 8.9%. This growth is being driven by a number of factors, including:

- Growing fleet size: India's commercial aircraft fleet is expected to grow from around 700 aircraft in 2023 to over 1,300 aircraft by 2033. This growth in fleet size will drive demand for MRO services.
- Government support: The Indian government is supportive of the MRO industry and has taken a number of steps to promote its growth.
- Cost advantage: India offers a significant cost advantage over developed countries in terms of labor and other costs. This makes India an attractive destination for MRO services.

In 2016, the forecast by the International Air Transport Association (IATA) made India the third-largest market globally for civil aviation. However, India was the third largest globally by 2023, earlier than predicted, despite the pandemic crippling the aviation industry globally. The civil aviation market in India is now the fastest growing in the world; the recent orders for 500 aircraft by IndiGo and 470 by Air India are indicators of this growth trajectory.

Aircraft MRO

The Asia Pacific maintenance, repair, and operations (MRO) market is expected to witness a robust growth in the forecast period due to the growing adoption of professional services. The region is considered a manufacturing hub for spare parts that are then supplied to other

countries, owing to its cost-effectiveness, thus providing a great boost to the growth of the maintenance, repair, and operations (MRO) industry. In addition, the market is expected to witness a significant demand due to standardization of equipment and services within critical manufacturing operations. Industry reports identify India as the seventh-largest civil aviation market in the world. It is set to become the world's third largest by 2026, representing a significant expansion scope for MRO facilities in India. About 90 percent MRO requirements in India are currently met through imports. India's indigenous MRO sector is in a nascent stage but carries a significant growth potential. The sector's growth will mainly be fueled by a growing aviation industry (expected to generate nearly 90,000 jobs and save about US\$ 2 billion in foreign exchange). Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services.

Market Trends

The Indian MRO industry size is expected to increase from US\$ 1.7 billion in 2021 to US\$ 4.0 billion by 2031, at a compound annual growth rate (CAGR) of 8.9 percent against the expected global CAGR of 5.6 percent. With more than 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. This translates into demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts. India is also poised to become a large defence aircraft market, propelling demand for military MRO capabilities as well.

From the lens of the aviation industry, three main initiatives would contribute immensely to drive sustainable growth of the MRO sector:

Becoming MRO integrators by taking the lead in setting up MRO facilities in the country. In addition, MRO players could leverage relationships with aircraft OEMs & international airlines to establish robust MRO infrastructure.

Consider revising & streamlining workforce certification to comply with regulation of the US's Federal Aviation Authority & European Union Aviation Safety Agency. This will facilitate the entry of new people into industry & boost talent availability.

Despite the pandemic leaving a considerable dent in global aviation, the opening up of the skies in recent weeks has offered hope to the airline sector. The industry is hopeful of a steady revival.

With the sector beginning to open up, hope hinges for the global Commercial Aircraft Maintenance Repair and Overhaul (MRO) market, which was badly impacted by grounding of aircraft and airlines shelving most MRO activity.

Industry sources now indicate that the Global MRO sector is looking to record a steady expansion at a rate of 6% over the seven-year period from 2022 to 2029, globally and in India the sector is expected to grow even faster at around 8.9%.

Over the last decade, Southeast Asia has emerged as a key player in the expanding state-of-the-art aviation infrastructure, which came up in several countries like Singapore, Malaysia, and Indonesia.

MRO players from Singapore have established themselves as dominant players in the industry over the years and have managed to brace the Covid-19 impact with minimal setbacks. Following the success of Singapore in the industry, players from countries, like Indonesia, Malaysia, and Thailand are trying to replicate the success of Singaporean players and are also developing their MRO capabilities.

Currently Singapore is leading the aircraft MRO market in Southeast Asia. The aviation sector has emerged as the major contributor to the development of the Singaporean economy. Despite its relatively small size, Singapore has been one of the fastest-growing aviation markets in the region over the years, driven by the huge tourist inflow and growing business travel into the country. A lesson that India is waiting to follow with the thrust to the domestic MRO sector.

Despite Indian aviation growing steadily in the last twenty years, India lacks proper MRO facilities for various reasons, the most significant being the high taxes imposed on the provision of MRO services in India. 90% of the Indian MRO work is outsourced to countries like Singapore, UAE, Sri Lanka, and others. Indian MROs are left vying for the remaining 10%.

There are 8 major players in the Indian market viz., AIESL, Air Works, Indamer Private Limited, Deccan Charter, Taj Air, Bird ExecuJet, GMR Aero Technic Limited and Max MRO Private Limited who have the skills to carry out MRO operations on most aircrafts which operate in Indian skies. Together they have managed to ensure timely maintenance and overhaul services for their customers.

Aviation Industry reports identify India entering the Top Ten countries list only recently and India emerged as the fourth largest civil aviation market in the world in 2019. It is set to become the world's third largest by 2024. The steady rise promises a significant expansion scope for MRO facilities in India. The sector's growth will mainly be fueled by a growing aviation industry. Analysts say "Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services".

Reports say that the Indian MRO industry size estimated at USD 1.7 billion in 2021 is likely to cross USD 4 billion by 2030. With over a 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. The industry says that this shall create a demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts.

Competitive Landscape

The Indian MRO industry is highly competitive, with players competing on factors such as price, quality, and turnaround time. The domestic players are facing increasing competition from the

foreign players, who have a technological advantage and are able to offer a wider range of services.

However, the domestic players have a number of advantages over the foreign players, including:

- Better understanding of the Indian market
- Stronger relationships with Indian airlines
- Lower labor costs

The Indian government is supportive of the domestic MRO industry and has taken a number of steps to promote its growth, such as reducing the GST on MRO services from 18% to 5% in 2020.

Overall, the competitive landscape of the Indian MRO industry is dynamic and evolving. The domestic players are facing increasing competition from the foreign players, but they have several advantages that can help them to compete effectively.

At present, India outsources 90 percent MRO services to countries such as Singapore, UAE, and Sri Lanka. An MRO ecosystem in the country is needed to cater to the rising number of civil and defense aircraft and optimize turnaround time. Moreover, with many aircraft parts especially safety-related equipment falling under the Dangerous Goods (DG) category, the need to keep such product maintenance within India boosts demand for MRO services in the country. India will reap many benefits from a competitive MRO sector. Airlines will be able to save on fuel and logistic costs, and conserve foreign exchange. Indian lessors will be able to offer competitive prices on wet leases, supporting the country's efforts to develop aircraft financing and leasing. India is trying to develop this sector by notifying aircraft leasing and aircraft financing in the International Financial Services Centre (IFSC) at GIFT City. Finally, creating an MRO ecosystem will benefit the economy by creating job opportunities. There are 8 major players operating in the Indian MRO Market including AI Engineering Services Ltd, Air Works India (Engineering) Pvt. Ltd, Deccan Charters Limited, Indamer Aviation Pvt. Ltd, Max MRO Pvt Ltd, Taj Air, Bird ExecuJet and GMR Aero Technic Ltd. With these 8 players capturing a major chunk of the market and AIESL having the highest of the total revenue generated, the market nature has been concentrated. Most of these players provide line maintenance, heavy maintenance, and component overhaul. AIESL is the only player extending full-fledged engine overhaul facility in India. AIESL is the market leader, followed by Air Works which has the second highest share in the market revenue. Air Works has a global presence however provides MRO services only in India.

The prominent players in the aircraft engine MRO market are Lufthansa Technik, Rolls-Royce Holding PLC, Raytheon Technologies Corporation, General Electric Company, and Safran SA. The major engine MRO providers are entering into long-term partnerships or forming joint ventures to grow their engine MRO customers. The regional jet, which is a small aircraft with usually less than 150 seats, is observing heightened demand for short-haul flights within a certain area, country, or continent. Reportedly, regional aviation surpassed 700 billion available seat kilometers of annual air traffic globally. Regional aviation is known to have shown the strongest traffic in the last two

decades. It has been speculated that regional airports and smaller passenger aircraft will be in high demand after the Covid-19 pandemic due to the rise of tier-2 & tier-3 cities, urbanization, and migration of the population away from metro cities. On account of these factors, the regional jets segment in the commercial aircraft MRO market will capture a sizeable share of around 10% by 2027.

Engine MRO:

The aircraft engine MRO market size was valued at \$32.04 Billion by 2028 from \$22.15 Billion in 2021; it is expected to grow at a CAGR of 5.7% during 2022-2028.

Asia-Pacific has experienced a significant growth in the total aircraft fleet over the past decade which has increased the demand for engine MRO services. This has resulted in several MRO service providers from the US and Europe establishing their maintenance facilities in this region. Also, in order to reduce the overseas maintenance cost, several airlines have partnered with engine MRO service providers to develop in-house capabilities.

The global & Asia-Pacific Aircraft Engine MRO market growth is driven by the resuming of grounded aircraft after 2020 and expected future delivery of aircraft.

The Indian aerospace industry is one of the fastest growing aerospace markets in the world. With a long history spanning six decades, the country has an excellent pool of resources matching global standards. India's liberalised economy offers sound opportunities for international companies that look to outsource manufacturing as well as maintenance, repair, and overhaul (MRO) activities. While forecasters predict that engines will remain the largest and fastest-growing sector of the commercial jet MRO business over the next decade, the market is becoming increasingly competitive and its dynamics more complicated. Aero-engine OEMs have targeted the aftermarket for well over a decade and have captured a large portion of the MRO business. This trend is set to continue and will make life harder for other MRO providers.

The key players of global aircraft engines MRO market are GE Aviation (US), Rolls-Royce (UK), Pratt & Whitney (US), Lufthansa Technik (Germany), Safran Aircraft Engines (Paris), SIA Engineering Company (Singapore), Air France Industries KLM Engineering & Maintenance (France), MTU Aero Engines (Germany), ST Aerospace (Singapore) and Delta TechOps (US).

OEM Domination in Engine MRO:

Aero-engine manufacturers have offered the business model using utilisation-based selling, i.e., availability-based contracts. This has allowed OEMs to expand their core business as manufacturers to MRO service providers. OEM MRO now supports all the operational requirements of the aero-engine. This situation results in shifting risks and uncertainties to the service provider from customers. Many approaches have been conducted to minimize risks and uncertainties, such as enhanced sensor technology application regarding health monitoring and prognosis in real time. This data is then utilized to take the advantages from condition-based philosophy of

maintenance. Through this philosophy, OEMs have secured their position in the aftermarket MRO service provision.

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 entail 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.

OPPORTUNITIES AND THREATS:

According to IATA India is expected to become the third-largest aviation market by 2026. Accelerated vaccination drive, along with a higher rate of economic activity, soared India's domestic air passenger traffic in July 2021 on a year-on-year basis. In July 2021, India's domestic air passenger volume by Revenue Passenger Kilometres (RPK), was one of the highest amongst major aviation markets, such as Australia, Brazil, China, Japan, Russia, and the US. The RPK growth in the country increased by 123 per cent in July 2021 compared with that in July 2020. Demand for aircraft repair services and maintenance will also go up.

India's MRO industry is estimated at US\$ 1.7 billion in size in 2021. It is expected to reach US\$ 4.0 billion by 2031 at a CAGR of 8.9 per cent.

Engine maintenance is the most lucrative of the four MRO industry segments (airframe, engine, component, and line) and engines and airframes constitute 50–55 per cent of the work by value.

Potential of the MRO sector

With more than 1,000 aircraft currently on order, India is set to become the third-largest buyer of commercial passenger planes in the world, after the US and China. This translates into demand for 200–300 major maintenance checks (A to D checks) annually, representing a massive opportunity for MRO service providers in India. In June 2020, IndiGo announced its plans to replace its aging A320CEOs with more fuel-efficient A320NEOs by end-2022 or early 2023. SpiceJet has more than 200 B737 MAX aircraft on order, while Go Air has over 100 A320NEOs, which are yet to be delivered. Almost every aircraft needs MRO services before leaving the fleet to meet the redelivery conditions laid out in the leasing contract. In India, airlines operate aircraft built by global players, such as Boeing, Airbus, ATR, Embraer, and Dornier. Moreover, most aircraft are sent abroad for major MRO services, highlighting the long-pending demand

for an MRO industry in India. The Indian Air Force (IAF) has signed a contract to purchase 24 phased-out Mirage 2000 fighter aircraft valued at US\$ 31.6 million. The acquisition of these phased-out aircraft would provide the spares and airframes needed to improve the serviceability of Mirage-2000s in the Indian fleet. Further, these spares can be cost-effective and beneficial in case of supply chain issues. The spares and airframe obtained from the phase out aircraft may make the difference between a swift return to active service or an extended MRO. Further, India has cost and talent advantages over its global counterparts. In India, the cost of MRO workforce ranges between US\$ 30-35 per hour, almost 60 per cent lower than that in Western Europe or the US (although comparable with wage rates in China or Indonesia). India also has a large pool of engineering talent, particularly useful in the labor-intensive MRO industry with its high skill requirements. Developed countries face a dwindling availability of high-quality engineering talent, apart from an aging workforce. This provides a highly lucrative opportunity for Indian engineering talent to migrate to the West – a factor to consider in keeping or attracting talent to the MRO industry in India. Multiple players, including Boeing, Airbus, Hindustan Aeronautics Limited (HAL), and Pratt & Whitney, plan to set up repair facilities in India. For instance, Boeing India has collaborated with Air Works to make India a repair development and sustainment hub. Airbus has signed a Memorandum of Understanding (MoU) with GMR Group to explore collaboration opportunities across aviation services, technologies, and innovation. HAL has signed a MoU with AI Engineering Services Limited (AIESL) to provide MRO services.

New Initiatives:

The government's recent policy for Maintenance Repair & Overhaul Services has focused on leasing of land for MRO through open tenders & abolishing royalty charged by AAI. Besides this, the government has also announced that land allotment for entities setting up MRO facilities will be done for 30 years instead of the current short-term period of 3 to 5 years. The step will boost the MRO sector with stability & certainty.

As a part of its aim to make INDIA a global MRO –Hub, Ministry is focusing on military & civil convergence. Eight airports namely *Begumpet (Telangana)*, *Bhopal (Madhya Pradesh)*, *Chennai (Tamil Nadu)*, *Chandigarh, Delhi, Juhu (Maharashtra)*, *Kolkata (West Bengal)* and *Tirupati (Andhra Pradesh)* has been identified to push the MRO activities.

The key advantage that India has is the availability of low-cost MRO manpower, which gives India an added advantage from the rest of the MRO hubs in the world such as USA, Europe, Singapore, and others.

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 SN Kapoor & Associates were appointed as Internal Auditors for the financial year 2022-23.

Cautionary Statement:

Statements made in Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on Business environment & industry scenario as also future outlook, wherever mentioned, is 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 statutes as well as other incidental factors having impact on the business environment.

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

**Date: 11-03-2024
Place: New Delhi**

**Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220**

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., Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIESL from time to time. Accordingly, the composition of the Board as on 31-03-2023 is given below:

a) Composition of Board as on 31st March 2023

S. No.	Name of Director	Designation
1.	Shri Satyendra Kumar (S.K.) Mishra Chairman & Managing Director (CMD), AI Assets Holding Limited and Jt. Secretary (JS), AI Division, Ministry of Civil Aviation	Chairman & Nominee Director
2.	Shri Padam Lal Negi Jt. Secretary & Financial Adviser (JS&FA), Ministry of Civil Aviation	Nominee Director
3.	Smt. Parama Sen Additional Secretary, Department of Investment and Public Assets Management (DIPAM)	Nominee Director (Woman Director)

In pursuance of OM dated 14-12-2022 issued by MoCA regarding the constitution/reconstitution of the Board of subsidiaries of AIAHL inter alia AIESL, the below changes took place on the Board of AIESL:

Shri Vimlendra Anand Patwardhan ceased to be Director on the Board of AIESL and Shri Rajesh Singh Shrinarayan Sharma (Rajesh Singh), Joint Secretary & Financial Adviser (JS&FA), MoCA, had been appointed on the Board of AIESL w.e.f.14-12-2022.

Further, in pursuance of OM dated 18-01-2023 issued by MoCA regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIESL, the below change took place on the Board of AIESL:

Shri Rajesh Singh Shrinarayan Sharma (Rajesh Singh), ceased to be a Director on the Board of AIESL and Shri Padam Lal Negi, Joint Secretary & Financial Advisor (JS&FA), MoCA, had been appointed on the Board of AIESL w.e.f. 18-01-2023.

Thereafter, MoCA vide order dated 28-02-2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the following changes took place on the Board of AIESL:

Shri Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 28-02-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 had nominated and elected Shri Satyendra Kumar Mishra, as the Chairman on the Board of AIESL w.e.f. 01-03-2023 and passed the requisite resolution on 13-03-2023 till any further instruction from the MoCA/Holding Company.

The Board placed on record its appreciation for the valuable services rendered by Shri Vikram Dev Dutt as Chairman, Shri Vimlendra Anand Patwardhan as Nominee Director & Shri Rajesh Singh Shrinarayan Sharma as Nominee Director on the Board and Board Level Committees of the Company during their tenure.

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 2022-23:

i) Eight Meetings of the Board were held during the financial year 2022-23 as per details given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	76 th	06-04-2022	4	3
2.	77 th	20-05-2022	4	3
3.	78 th	01-07-2022	4	4
4.	79 th	13-09-2022	4	4
5.	80 th	20-10-2022	4	3
6.	81 st	27-12-2022	4	3
7.	82 nd	18-01-2023	4	2
8.	83 rd	17-03-2023	3	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 the FY 2022-23 and in last Annual General Meeting (AGM):

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri Vikram Dev Dutt, Chairman (From 27-01-2022 to 28-02-2023)	B.Tech. & PGDM, IAS (UT:93)	7	7	YES	YES	Chairman & Managing Director: 1 AIAHL till 28-02-2023 Chairman: 4 till 28-02-2023 [AIESL, AIASL, AAAL & HCI] Director: 1 (PBSPL)	Chairman: 4 A. <u>CSR Committee:</u> 2 (AIESL & AIASL) B. <u>HR Committee:</u> 1 (AAAL) C. <u>Flight Safety Committee:</u> 1 (AAAL) Member: 4 <u>Audit Committee:</u> 4 (AIAHL, AIESL, AIASL & AAAL)

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri S.K. Mishra, Director (from 02-02-2017 to 01-01-2024) (AIESL Board had nominated and elected Shri S.K. Mishra as Chairman of the Board w.e.f. 01-03-2023 and consequently become the Chairman of CSR Committee w.e.f. 13-03-2023)	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	8	8	YES	YES	<p>Chairman & Managing Director: 1 AIAHL w.e.f. 01-03-2023</p> <p>Chairman: 4 w.e.f. 01-03-2023 [AIESL AIASL, AAAL & HCI]</p> <p>Director: 3 [AIAHL (w.e.f. 22-01-2018), AIESL (w.e.f. 02-02-2017 & AIASL (w.e.f. 02-02-2017)]</p>	<p>Chairman: 5 A. <u>CSR Committee:</u> 2 [AIESL (w.e.f. 13-03-2023) & AIASL (w.e.f. 14-03-2023)]</p> <p>B. <u>HR Committee:</u> 1 (AAAL)</p> <p>C. <u>Flight Safety Committee:</u> 1 (AAAL)</p> <p>D. <u>Nomination & Remuneration Committee:</u> 1 (AIAHL)</p> <p>Member: 6</p> <p>A. <u>Audit Committee:</u> 4 [AIAHL, AIESL, AIASL, & AAAL]</p> <p>B. <u>CSR Committee:</u> 2 [AIESL (before 13-03-2023) & AIASL (before 14-03-2023)]</p>
Shri V.A. Patwardhan, Director (From 20-03-2020 to 14-12-2022)	B. Com, IA & AS Officer, 1996 Batch.	5	5	N.A.		<p>Director: 6 [AIAHL, AIESL, AIASL, PHL, IREDA & SECI]</p>	<p>Chairman: 5 A. <u>Audit Committee:</u> 3 [AIAHL, AIESL & AIASL]</p> <p>B. <u>Nomination & Remuneration Committee (NRC):</u> 1 [IREDA]</p>

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
							<p>C. <u>Stakeholder Relationship Committee</u>: 1 [IREDA] Member: 10 A. <u>Audit Committee</u>: 4 [PHL, AAI, SECI & IREDA] B. <u>CSR Committee</u>: 2 [AIESL & AIASL] C. <u>Remuneration Committee</u>: 2 [SECI & AAI] D. <u>NPA & Stressed Asset Resolution Committee</u>: 1 [IREDA] E. <u>Risk Management Committee</u>: 1 [IREDA]</p>
Smt. Parama Sen, Woman Director (from 11-02- 2022 to 12-12- 2023)	MSC Physics, IA&AS (1994)	8	3	YES	YES	Director : 4 [AIAHL, AIESL, AIASL & NPHCL]	Member : 5 A. <u>Audit Committee</u> : 2 [AIESL & AIASL] B. <u>CSR Committee</u> : 2 (AIESL & AIASL) C. <u>Nomination & Remuneration Committee (NRC)</u> : 1 [AIAHL].

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri RajeshSingh Shrinarayan Sharma (Shri Rajesh Singh), Director (From 14-12-2022 to 18-01-2023)	B.SC (Geology, Mathematics); M.Sc (Geology), IIT; PG Diploma in Public Policy Management	2	1	YES	N.A.	Director: 7 [AIAHL, AIESL, AIASL, PHL, NIEI, NICSII & DIC]	Chairman: 2 Audit Committee: 2 [AIESL & AIASL] Member: 2 CSR Committee: 2 [AIESL & AIASL]
Shri Padam Lal Negi, Director (w.e.f. 18-01-2023)	IDAS 1992	1	1	N.A.	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]

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) PBSPL – Port Blair Smart Projects Limited
- g) NFHCL – National Financial Holdings Company Limited
- h) PHL – Pawan Hans Limited
- i) SECI – Solar Energy Corporation of India Limited
- j) IREDA – Indian Renewable Energy Development Agency Limited
- k) NIEI – National Internet Exchange of India
- l) NICSI – National Informatics Centre Services Incorporated
- m) DIC – Digital India Corporation

3. Board Procedures:

The meetings of the Board were generally held at the AIESL office 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 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 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 the 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. Thereafter, in pursuance to the OM dated 28-02-2023 issued by the MoCA, the Audit Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023.

a) Composition of committee:

As on 31-03-2023, 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 Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Member
Smt. Parama Sen JS, DIPAM	Member

b) 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.

c) Meetings of committee:

The Audit Committee had met seven 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 present
1	29 th	05-04-2022	3
2	30 th	20-05-2022	3
3	31 st	01-07-2022	3
4	32 nd	13-09-2022	3
5	33 rd	20-10-2022	3
6	34 th	18-01-2023	2
7	35 th	17-03-2023	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. Thereafter, pursuant to the OM dated 28-02-2023 issued by the MoCA, the CSR Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises (DPE).

As on 31-03-2023, the CSR Committee consisted of following members, in ex officio capacity:

Particulars of Director	Position held in the Committee
Shri Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Smt. Parama Sen JS, DIPAM	Member

There were 2 CSR Committee meetings held during FY 2022-23.

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	01 st	18-01-2023	2
2	02 nd	17-03-2023	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
17 th Adjourned AGM	30-01-2023 At 1230 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
17 th AGM	30-12-2022 at 1200 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
04 th EGM	14-01-2022 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
16 th AGM	13-12-2021 at 1430 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
15 th Adjourned AGM	23-02-2021 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
15 th AGM	29-12-2020 at 1630 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
EGM	13-07-2020 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes

M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

7. Disclosures and Statutory Compliances: -

Adequate Disclosures pertaining to 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 2020-21, 2021-22 and 2022-23. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FYs 2020-21 and 2021-22.

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

**Date: 11-03-2024
Place: New Delhi**

**Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220**

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 2023.

Sd/-

(Sharad Agarwal)

Chief Executive Officer

AI Engineering Services Limited

Date: 11-03-2024

Place: New Delhi

FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on 31-03-2023.

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U74210DL2004GOI125114
2	Registration Date	11-03-2004
3	Name of the Company	AI ENGINEERING SERVICES LIMITED (AIESL) <i>(formerly known as Air-India Engineering Services Limited)</i>
4	Category/Sub-category of the Company	Company Limited by shares/Union Government Company
5	Address of the Registered office & contact details	*2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003, Ph. No: 011-24600763
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083

* *The registered office of the company has been changed from 'Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001' to '2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003' in June 2023.*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) –

Sr No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Technical Handling, MRO, and Other Services	9987	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	AI Assets Holding Limited 2 nd Floor, AI Administration Building, Safdarjung Airport, Safdarjung AirPort, Central Delhi, Delhi, India, 110003.	U74999DL2018GOI328865	Holding	100%	2 (46)

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	166,666,500	-	166,666,500	100	166,666,500	-	166,666,500	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	166,666,500	-	166,666,500	100	166,666,500	-	166,666,500	100	0.00
B. Public Shareholding	Not Applicable								
1. Institutions									
a) Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify Foreign Banks)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non-Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2): -	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	166,666,500	-	166,666,500	100	166,666,500	-	166,666,500	100	0.00

* **Bodies Corporate: 100% Shareholding is with Body Corporate i.e., AI Assets Holding Limited (a Govt. of India Undertaking) along with its Nominees w.e.f.12-01-2022.**

B) Shareholding of Promoter

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	AI Assets Holding Limited along with its nominees	166,666,500	100	NIL	166,666,500	100	NIL	0.00

Shareholding of Promoters: The Company is wholly-owned subsidiary of AI Assets Holding Limited – with 166,666,500 Equity Shares of Rs.10/- each w.e.f. 12-01-2022, and the Entire Shareholding held by Indian Promoters.

C) Change in Promoters' Shareholding (please specify if there is no change):

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
AI Assets Holding Limited	166,666,500	100%		
At the end of the year				
AI Assets Holding Limited			166,666,500	100%

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

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NOT APPLICABLE				
2					

E) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL				
	[Note: Equity Shares are held by Nominees of Holding Company (i.e., AI Assets Holding Limited) only, which includes directors also]				
	Total				

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

(In Rs Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Figures In Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
	There were no Managing, Whole Time Directors in the Company during the year 2022-23 except the CEO. The details of CEO have been provided under KMP.						NIL
1	Gross salary	-	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission as % of profit others specify.	-	-	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc)	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-
	Ceiling as per the Act						

B. Remuneration to other directors – Not Applicable

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Figures in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CEO		CS	CFO		
		Shri Jose Mathew (from 01.04.2022 to 30.04.2022)	Shri Sharad Agarwal (from 01.05.2022 to 31.03.2023)	Ms. Sakshi Mehta (from 01.04.2022 to 31.03.2023)	Shri Gopal Krishan Valecha (from 01.04.2022 to 20.05.2022)	Shri Rakesh Kumar Jain (from 20.05.2022 to 31.03.2023)	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,05,600	44,40,686	9,73,200	4,00,000	21,29,032	83,48,518
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	3,21,057	-	-	1,65,940	4,86,997
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission						
	- as % of profit						
	Others, specify.						
5	Others: (PF, DCS, House Perks tax etc)						
	Total	4,05,600	47,61,743	9,73,200	4,00,000	22,94,972	88,35,515

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

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

**Date: 11-03-2024
Place: New Delhi**

**Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220**

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 on an 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 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in 80th Board meeting held on 20-10-2022. 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 2022 – 31st March 2023	Revenue from MRO Services	586.7
		Other Income (Interest)	173.45
		Total Revenue (Income)	760.15
		Expenditure	-
		Total Expenditure	-
AI Airport Services Limited (AIASL)	1st April 2022 – 31st March 2023	Revenue from MRO Services (Total Income)	12.42
		Handling charges	200.82
		Manpower Cost	3.26
		Interest on outstanding dues	21.87
		Total Expenditure	225.95
Hotel Corporation of India (HCI) (Centaur Hotels)	1st April 2022 – 31st March 2023	Hotel Room charges and others (staff on duty)	16.38
		Total Expenditure	16.38
AI Assets Holding Ltd. (AIAHL) Holding Company	1st April 2022 – 31st March 2023	Amount receivable for Security services (Total Income)	15.05
		Interest on outstanding dues	1,865.56
		Rent Exp	467.35
		Reimbursement	69.22
		Total Expenditure	2,402.13

Name of related party & Nature of Relationship	Duration of Transaction	Nature of transaction	Amount (In Millions)
Total Income (A)			787.62
Total Expenditure (B)			2,644.46
Total Amount (A+B)			3,432.08 Equivalent to Rs 343.2 Cr.

Note:

- 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 Board of Directors
of AI Engineering Services Limited**

Date: 11-03-2024
Place: New Delhi

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)
FOR FY 2022-23**

[as per the requirement of the Companies (CSR Policy) Rules, 2014]

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 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
1.	*Shri Vikram Dev Dutt	Chairman (Ceased to be Chairman w.e.f. 28-02-2023)	2	1
2.	*Shri S.K. Mishra	Member (Designation changed from Member to Chairman w.e.f. 13-03-2023)	2	2
3.	Shri Vimlendra Anand Patwardhan	Member (Ceased to be Member w.e.f. 14-12-2022)	2	0
4.	** Shri. Rajesh Singh Shrinarayan Sharma	Member (Member from 19.12.2022 to 18.01.2023)	2	0
5.	**Shri Padam Lal Negi	Member (Member w.e.f. 30.01.2023)	2	1
6.	Smt. Parama Sen	Member	2	1

* *Shri. Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board & CSR Committee of AIESL w.e.f. 28-02-2023. Further, in pursuant to the OM dated 28-02-2023 issued by the Ministry of Civil Aviation (MoCA), the CSR Committee of AIESL was reconstituted by the AIESL Board on 13-03-2023 by passing a Circular Resolution having ref. no. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder, and the guidelines formulated by the Department of Public Enterprises, whereby Shri Satyendra Kumar Mishra has become the Chairman of the CSR Committee w.e.f. 13-03-2023.*

** *The CSR Committee met two times during the year i.e. 18-01-2023, and 17-03-2023. Shri Vimlendra Anand Patwardhan did not attend any meeting during FY 2022-23 as no meeting was held during his tenure. Further, Shri Vikram Dev Dutt and Shri Padam Lal Negi attended one meeting of CSR Committee as held during their respective tenures and Shri RajeshSingh Shrinarayan Sharma did not attend the meeting dated 18-01-2023 held during his tenure.*

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.	Project approved by the Board	Not Applicable*

* *The entire CSR expenditure amounting to Rs.40.94 million for the FY 2022-23 had been done by contribution in the Prime Minister’s National Relief Fund during FY 2022-23 (i.e., Rs.1000/- on 29-03-2023 & Rs.40939000/- on 31-03-2023) as per the approval of the Board.*

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):

Not Applicable (NA).

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. 2,047.12 million

7. (a) **Two percent of average the net profit of the company as per section 135(5):**
Rs.40.94 million

(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:** NA

(d) **Total CSR obligation for the financial year (7a+7b-7c):** Rs.40.94 million

8. (a) CSR amount spent or unspent for the financial year: Rs.40.94 million

Total Amount Spent for the Financial Year. (Rs. in million)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer
40.94 in the Prime Minister's National Relief Fund	-	-	-	-	-

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	State.	District.	Location of the project.	Project duration.	The amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation	Mode of Implementation-Through Implementing Agency
1.												Name CSR Registration number.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	State	District.	Location of the project.	Amount spent for the project (in Rs.).	Mode of implementation on Direct (Yes/No).	Mode of implementation-Through implementing agency.
							NA		Name. CSR Registration number.
									NA NA

(d) Amount spent in 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 (Rs. in million)
(i)	Two percent of average net profit of the company as per section 135(5)	40.94
(ii)	Total amount spent for the Financial Year	40.94
(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 setoff in succeeding financial years. [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: NA
- (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
- (d) Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5) : NA

For AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman of CSR Committee

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

(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
 2nd Floor, CRA Building, Safdarjung Airport Area,
 Safdarjung AirPort, New Delhi – 110003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Engineering Services Limited** (CIN: U74210DL2004GOI125114) (hereinafter called the Company or AIESL). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **AI Engineering Services Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 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:

A. I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the company for the financial year ended on 31st March, 2023 according to the applicable provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made there under subject to the following observations:

a) *During the period under review the Company has complied with the provisions of Companies Act, 2013, ('the Act') and the rules made thereunder, as applicable, and 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. However, as per DPE Guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of independent directors, setting up of audit committee and Remuneration committee, respectively wherein the constitution of both the committees is required to be done by the independent directors. The Company has applied to the DPE for seeking the said exemption.*

- b) *The company was granted an extension of time vide order dt. Sept 9, 2022, for the purpose of holding AGM (which was due to be held on or before Sept 30, 2022 by 3 months on the application filed vide SRN F23908106 on 06-09-2022 under section 96 of the Companies Act, 2013. And the AGM of the company was held on Dec. 30, 2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on Jan 30, 2023.*
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company)
- (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) Regulation, 2011; (Not applicable to the company)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the company)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company)
- (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)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the company)
- (vi) In aviation sector, following laws are specifically applicable to the Company:
- Aircraft Act, 1934
 - Civil Aviation Requirements issued by DGCA

I further report, that the company carried the compliance of aforesaid CAR under aviation laws and the compliance by the Company of such aviation laws have not been reviewed in this Audit which have been subject to review by DGCA and other designated professionals/ authorities.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M. No. 18(8)/2005-GM dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India.
- c) Being unlisted company, company was not require to enter into any listing agreements with Stock exchange(s).

I have examined the framework, processes and procedures of compliance with respect to laws applicable to the company on test basis.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Regulation) Act, 2013: The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

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

During the period under review and as per the explanations and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the observation made therein.

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance and where the Board meetings are called at shorter notice, presence of at least one Nominee director is ensured, agenda and detailed notes on agenda were sent 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.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the Company

commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. It is informed that the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

I further report that during the audit period, there are no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For J P Saini & Associates
Company Secretaries**

**Sd/-
(Jiwan Parkash Saini)
Proprietor**

**Date: Sept. 07, 2023
Place: New Delhi
UDIN: F003671E000967194**

**FCS No: 3671
CP No: 2100**

Note_1: Specific non compliances / observations / audit qualification, reservation or adverse remarks has been reported in respect of the above at appropriate place.

Note_2: This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To,

The Members,
AI Engineering Services Limited
2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung AirPort, New Delhi-110003.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process 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. I believe that the process and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
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.

**For J P Saini & Associates
Company Secretaries**

**Sd/-
(Jiwan Parkash Saini)
Proprietor
FCS No: 3671
CP No: 2100**

**Date: Sept. 07, 2023
Place: New Delhi**

MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2022-23

Sl. No.	Audit Observations	Management Reply
A	<p>During the period under review the Company has complied with the provisions of Companies Act, 2013, ('the Act') and the rules made thereunder, as applicable, and 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. However, as per DPE Guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of independent directors, setting up of audit committee and Remuneration committee, respectively wherein the constitution of both the committees is required to be done by the independent directors. The Company has applied to the DPE for seeking the said exemption.</p>	<p>This is a statement of fact.</p>
B	<p>The company was granted an extension of time vide order dt. Sept 9, 2022, for the purpose of holding AGM (which was due to be held on or before Sept 30, 2022 by 3 months on the application filed vide SRN F23908106 on 06-09-2022 under section 96 of the Companies Act, 2013. And the AGM of the company was held on Dec. 30, 2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on Jan 30, 2023.</p>	<p>This is a statement of fact.</p> <p>The Financial Statements of the Company for FY 2021-22 were approved by the Board in its 80th meeting held on 20-10-2022 based on the recommendations of the Audit Committee.</p> <p>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.</p> <p>The comments of C&AG were received vide letter dated 03-01-2023 and the same along with management replies were placed before the Audit Committee and Board in their respective meetings held on 18-01-2023.</p>

Sl. No.	Audit Observations	Management Reply
		Thereafter, the audited financial statements of the company for the FY 2021-22 were adopted in the Adjourned 17 th AGM of the company held on 30-01-2023.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AI ENGINEERING SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2023 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 on 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 20 December 2023.

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 2023 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/-
(Rajiv Kumar Pandey)
Director General of Audit (Infrastructure)
New Delhi**

**Place: New Delhi
Dated: 23-02-2024**

INDEPENDENT AUDITOR'S REPORT

To the Members of

AI Engineering Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of AI Engineering Services Limited (formerly known as Air India Engineering Services Ltd.) ("the Company"), which comprise the balance sheet as at 31st March 2023, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the 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, 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 (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2023, and profits, changes in equity and other comprehensive income and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.

2. A) As per para 9 of Ind-AS 2 on *Inventories*
- Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.
- B) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software “Ramco” is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided 50 crores provision of shortage of inventory but there is no system of physical verification of inventory.
3. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.
4. Company has calculated Interest Payable/Receivable on average balance of Inter Companies. The Company has not calculated Interest as per MSA with various Inter Companies.
5. Company has not complied with Ind AS 36 on *Impairment of assets*.
6. A) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. (Refer note no. 29(iii) to notes to accounts.)
- B) Trade receivable, deposits received, deposits paid and trade payable are subject to confirmations. (Refer note no. 29(i) to notes to accounts.)
- C) The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS.
- D) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. (Refer note no. 29(ii) to notes to accounts.)
7. As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of ₹ 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.
8. Prior period expenses to the tune of Rs. 517.49 million Prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made in respective years. (Refer Note No. 28 to notes to accounts.)

Our Opinion is not qualified in respect of these matters

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 of 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key audit matter
1.	Inventory valuation and Accounting Inventory accounting has been maintained on “Ramco” software whereas financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of 604.39 million as per SAP has many entries in negative since 01.04.2022 which is not acceptable in accounting. Management has provided provision of 500 million. on estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.
2.	The Government of India vide letter dated 16 th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back 233.42 cr of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.
3.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30.10.23 with net income and has claimed refund of 86.08 cr which has been taken defective by income tax department. Now company has made provision of income tax payable 33.90 cr Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.

Information Other than the Financial Statements and Auditor’s Report Thereon

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 report that fact. We have nothing to report in this regard.

Management Responsibilities 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 are therefore the 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:
 - 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, proper books of account as required by law have been kept by the Company 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 an unmodified 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 not come across any qualification, reservation or adverse remarks relating maintenance of accounts and other matters connected therewith hence we are not making any comment under this para except few observations stated in *emphasis of matter* para and in *Annexure B* 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 27 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
 - b) 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;
 - c) 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 mis-statement.
 - v) 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, 2023, 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.

Yes, the company has the system in place to process all the accounting transactions through IT system except as stated below:-

- The Company has SAP for maintenance of accounts. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.
- Account codes created may be used by end users appropriately. Booking of entries in correct heads may be ensured to avoid rectification entries.
- 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 any loans. Hence 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. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

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.
- 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 been carried out by a professional firm of Chartered Accountants.
- (c) According to the information and explanations given to us, physical verification of tangible assets has been carried out, but consequential effect has not been given in books of accounts. *Refer note no.30(a) to notes to accounts.*
- (d) 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	2644.05	Air India Ltd.	No	8.4.2021	Refer Note no. 2(a) 1 of financial Statements
b) Jet 9D Test House	10.42	Air India Ltd.	No	01.04.2019	Refer Note no. 2(a) 2 of financial Statements

- (f) 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 its during the year.
- (g) 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, the exercise of physical verification of inventory is conducted on once in two years. But physical verification has not been conducted by the management. Hence, we are unable to comment on the appropriateness of coverage and procedure of such verification by the management. We are also unable

to comment on any discrepancies of 10% or more, if found, in the aggregate for each class of inventory and its consequential effect in the books of account.

- (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 not given any loans to director and any other party 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 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 2023 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 2023 (Rs. In millions)
Interest on Goods and Service Tax	41.61
Interest on Service Tax	299.87
Professional tax	0.055

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 (millions)
1	2015-16	TDS	28.41
2	2016-17	TDS	44.60
3	2017-18	TDS	62.29
4	2018-19	TDS	184.58
5	2019-20	TDS	323.78
		Total	643.66

* Interest u/s 220(2) on the above demand as on 31st March, 2023 will be ₹ 237.49 million.

- (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 expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs. 175.66 million and has been booked in current year. (*Refer note no. 28 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 wilful 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 notes 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 considered by us. Compliance of the internal audit reports was pending till the finalization of audit reports and hence any consequential impact, if any, on the financial statements has not been taken into account.
- (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, nothing has come to our attention, 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. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

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, 2023 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, 2023:

- i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.
- ii) There should be maker checker process to have better control process. There are lot of repetitive corrective entries which should be avoided.
- iii) 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.
- iv) The Company did not have effective system of reconciliation of balance with other parties.
- v) 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 over financial reporting were operating effectively as of 31st March 2023 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, 2023 standalone financial statements of the Company, and these material weaknesses do not 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. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

Compliance Certificate

We have conducted the audit of accounts of AI Engineering Services Limited for the year ended 31st March, 2023 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 AAJV and Associates
Chartered Accountants
FRN-007739N

Sd/-
(Ajay K. Bajaj)
Partner
M. No. - 86306

Date : 20-12-2023

MANAGEMENT REPLIES ON STATUTORY AUDITORS' REPORT FOR THE FY 2022-23

AIESL Response to Emphasis of Matter

AUDIT OBSERVATION	MANAGEMENT REPLY
<p>1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.</p>	<p>This is a statement of fact.</p> <p>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 by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.</p>
<p>2. a) As per para 9 of Ind-AS 2 on <i>Inventories</i> Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.</p> <p>b) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided 50 crores provision of shortage of inventory but there is no system of physical verification of inventory.</p>	<p>a) As per para 9 of Ind-AS 2 on <i>Inventories</i> "Inventories shall be measured at cost or net realizable value."</p> <p>However, as per para 21 "Techniques for the measurement of cost" Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.</p> <p>Further, as per para 25 "Cost Formula" The cost of inventories, other than those dealt with in paragraph 23 (para – 23 The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects shall be assigned by using specific identification of their individual costs.), shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.</p>

AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>b) i. The majority of the inventories had been transferred by the then Air India Limited to the company in the financial year 2017-18 (approx. Rs. 415.59 million). This was only book transfer and no physical handover-takeover had taken place. Further, RAMCO system was designed and largely managed by the officials of the then holding company officials since Material Management Department (MMD) and Finance for AIESL operations comprised mainly of Air India officials.</p> <p>ii. The configuration of material masters / GL masters, impacting flow of information from RAMCO to SAP, requires relook and redesign for correct capturing of the material movement transactions and correct reflection in the SAP accounting software. Further, Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) has not been carried for the above-mentioned reasons. Further, physical verification of Inventory of materials in the nature of stores and spares has not been carried out in the past for quite some time in the absence of adequate and experienced officers in various areas.–The discrepancies in various masters and interface design and configuration, caused imbalances in the GL balances. Such discrepancies are proposed to be resolved during the year by a cross functional team.</p> <p>iii. Impact of such discrepancies is not ascertainable at this stage. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for Rs 500.00 million (representing around 83% of the closing balance) has been made for likely reduction in the value of inventory considering the impact changes in the categories of inventory from revenue to capital (as depreciation on capitalized assets), obsolescence, shortages as well as any other similar write down etc.</p>

AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>iv. Further, during the current financial year the company has taken control of RAMCO software for AIESL transactions independent of Air India. The process of reviewing the masters as well as review of accounting interface configuration in SAP is also being undertaken for correct accounting reflection in the books of accounts and related controls.</p>
<p>3. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.</p>	<p>As per the accounting procedure of the company, any invoice in the SAP will be booked on appropriate approval from the concerned officials. However as per GAAP, at the end of the year the company has accounted the expenses on estimated basis to the extent it has been crystalized on which TDS has not been deducted and deposited.</p> <p>Further as per the decision in case of Subex Ltd. Vs. DCIT (Karnataka High court) and in other various High Court decision and Income Tax Appellate Tribunal, no withholding tax is required to be deducted on year end provisions if payees not identified, amount is not certain and provision is reversed next year. Hence keeping the above point TDS has not been deducted on provisions. However, TDS has been deducted and deposited at the time of accounting of approved invoices in SAP.</p>
<p>4. Company has calculated Interest Payable/ Receivable on average balance of Inter Companies. The Company has not calculated Interest as per MSA with various Inter Companies.</p>	<p>As per the decision taken by the top management of 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 amendment in MSA have been carried-out during Mar-22 itself.</p>
<p>5. Company has not complied with Ind AS 36 on <i>Impairment of assets</i>.</p>	<p>As per para 63 of Ind AS – 16 “Property, Plant and Equipment”</p> <p><i>To determine whether an item of property, plant and equipment is impaired, an entity applies Ind AS 36, Impairment of Assets. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.</i></p> <p>A. Now as per Ind AS 36 “Impairment of Assets” first entity has to identify an asset that may be impaired. For the indication that an asset may be impaired, an entity shall consider para 12 of Ind AS 36 i.e., a minimum of the following: -</p>

AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>EXTERNAL FACTOR</p> <p>(a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.</p> <p>(b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.</p> <p>(c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.</p> <p>(d) the carrying amount of the net assets of the entity is more than its market capitalisation.</p> <p>INTERNAL FACTOR</p> <p>(e) evidence is available of obsolescence or physical damage of an asset.</p> <p>(f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.</p> <p>(g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.</p>
	<p>B. As per para 13 of Ind AS 36, an entity may identify other indications that an asset may be impaired and these would also require the entity to determine the asset's recoverable amount.</p> <p>An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.</p>

AUDIT OBSERVATION	MANAGEMENT REPLY
	<p>In the opinion of the management above indicators are not visible.</p> <p><i>Further, As per para 59 of the Ind AS 36, If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.</i></p> <p>As per management opinion, the carrying amount of assets in the books of the company may be less than its recoverable amount.</p>
<p>6. A) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. <i>(Refer note no. 29(iii) to notes to accounts.)</i></p> <p>B) Trade receivable, deposits received, deposits paid and trade payable are subject to confirmations. <i>(Refer note no. 29(i) to notes to accounts.)</i></p> <p>C) The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS.</p> <p>D) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. <i>(Refer note no. 29(ii) to notes to accounts.)</i></p>	<p>A) & B): The company has carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority</p> <p>The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% receivables of the company and reconciliation has been completed and balance confirmations have been obtained.</p> <p>In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.</p> <p>C) & D): Good & Service Tax (GST), Tax deducted at source and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.</p>

AUDIT OBSERVATION	MANAGEMENT REPLY
<p>7. As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of ₹ 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.</p>	<p>This is as per Notes to accounts for the financial year 2021-22. However, action for writing off the shortage has been completed. Further action for verification of the pending items will be carried out during the financial year 23-24.</p> <p>Further, during the current year physical verification of 73% of total quantities (94% of the Net book value) have been carried out. In this regard reference may be made to para no. 30a (i),(ii),(iii)& (iv) of our notes to accounts.</p>
<p>8. Prior period expenses to the tune of Rs. 517.49 million Prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made. <i>(Refer Note No. 28 to notes to accounts.)</i></p>	<p>This is a statement of fact and the appropriate Correction of prior period errors in accordance with Ind AS 8 “Accounting policies, changes in accounting estimates and errors” have been made in the books of accounts and disclosed as note no. 28 to notes to accounts.</p>

AIESL response to Key Audit Matters

S. No.	Key audit matter	Auditor's response	Management Response
1.	Inventory valuation and Accounting Inventory accounting has been maintained on "Ramco" software where as financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of 604.39 million as per SAP has many entries in negative since 01.04.2022 which is not acceptable in accounting. Management has provided provision of 500 million. on estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.		Our response to this key audit matter has already been provided at serial no. 2b of the Emphasis of Matter.
2.	The Government of India vide letter dated 16 th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back 233.42 cr of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.		This is a statement of fact. The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16 th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15 th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million which had been accounted for based on the actuary valuation. This is also disclosed in note no. 34(b)(ii).

S. No.	Key audit matter	Auditor's response	Management Response
3.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30.10.23 with net income and has claimed refund of 86.08 cr which has been taken defective by income tax department. Now company has made provision of income tax payable 33.90 cr Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.		The income tax return was filed based on the draft financials due to non-finalization of the audit and it was filed based on the latest data available till 31 st October, 2023 so as to avoid filing default. However, ITR has been taken as defective by the department and the same can be rectified within 15 days. Further, as per the finalized accounts, a refund of Rs.80.82 Crores is expected and revised returns will be filed in due course based on the finalized accounts for which the last date is 31 st December, 2023 as per the income tax act and rules.

BALANCE SHEET AS AT 31ST MARCH 2023

(₹ in million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022 (Restated)*	As at April 1, 2021 (Restated)*
ASSETS :				
1) Non-current Assets				
(i) Property, Plant & Equipment	2 (a)	5,482.69	5,923.07	530.98
(ii) Right of use assets	2 (b)	53.80	-	-
(iii) Capital Work-in-Progress	2 (a)	1,137.68	1,134.69	109.53
(iv) Financial Assets:				
a) Others Financial Assets	3	0.06	0.06	0.06
(v) Deferred tax assets (net)	4	1,550.14	3,202.87	-
(vi) Income Tax Assets	10	-	-	-
		8,224.36	10,260.69	640.57
2) Current Assets				
i) Inventories	5	104.39	606.22	749.92
ii) Financial Assets:				
a) Trade Receivables	6	8,166.44	5,534.49	12,799.78
b) Cash and Cash Equivalents	7	397.84	2,569.40	4.83
c) Bank Balance other than (b) above	8	3,628.88	1.00	33.75
d) Other Financial Assets	9	14.97	8.37	3.91
iii) Current Tax Assets	10	886.67	1,046.73	751.65
iv) Other Current Assets	11	840.91	158.87	186.27
		14,040.10	9,925.08	14,530.11
TOTAL		22,264.46	20,185.77	15,170.68
EQUITY AND LIABILITIES :				
1 Equity				
i) Equity Share Capital	12	1,666.67	1,666.67	1,666.67
ii) Other Equity	13	-9,566.87	-15,862.00	-24,154.55
		-7,900.20	-14,195.33	-22,487.89
2 Liabilities:				
Non Current Liabilities				
i) Financial Liabilities				
a) Lease liabilities	19	46.27	-	-
b) Trade Payables	15	-	-	-
c) Other Financial Liabilities	16	21,739.44	21,582.90	-
ii) Non-Current Provisions	14	3,773.08	6,415.01	6,645.63
iii) Other Liabilities		-	-	-
		25,558.78	27,997.91	6,645.63
Current Liabilities				
i) Financial Liabilities				
a) Lease liabilities	19	11.31	-	-
b) Trade Payables	15			
- MSME		31.30	35.84	36.23
- Other than MSME		1,875.47	3,881.17	5,930.61
c) Other Financials Liability	16	648.16	767.36	19,371.58
ii) Current Provisions	17	1,466.99	1,376.70	2,668.03
iii) Other Current Liabilities	18	572.65	322.13	3,006.49
		4,605.88	6,383.20	31,012.94
TOTAL		22,264.46	20,185.77	15,170.68

Significant Accounting Policies and Notes forming part of the Financial Statement

1
2-54

The accompanying notes are an integral part of the Financial Statements
*Refer note 29 for details regarding the restatement as a result of error or omission

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Place : New Delhi
Date : 20-12-2023

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

		(₹ in million except EPS)		
Particulars	Note No.	2022-23	2021-22 (Restated)*	2020-21 (Restated)*
Income				
I	Revenue from Operations	20	19,534.02	18,819.09
II	Other Income	21	764.59	246.13
III	Total Income (I+II)		20,298.61	19,065.21
IV Expenses				
i	Employee Benefit Expenses	22	6,855.75	6,013.99
ii	Finance Costs	23	1,920.84	1,525.23
iii	Depreciation and Amortization Expense	2(a) & 2(b)	592.73	613.45
iv	Other Expenses	24	4,818.79	5,306.96
	Total Expenditure (i+ii+iii+iv)		14,188.11	13,459.63
	Total Expenditure After Prior Period Adj		14,188.11	13,459.63
V	Profit/ (Loss) before Exceptional Items and Tax (III-IV)		6,110.50	5,605.58
VI	Exceptional Items	34(b)(ii)	2,334.21	-
VII	Profit/ (Loss) before Extraordinary Items and Tax (V+VI)		8,444.71	5,605.58
VIII	Tax Expenses :			
	i) Current Tax		338.97	584.52
	ii) Minimum alternate tax credit entitlement		-	(583.16)
	iii) Deferred Tax		1,652.73	(2,619.71)
	iv) Short provision for tax relating to previous years		168.31	-
IX	Profit/ (Loss) after Tax for the period (IX-X)		6,284.71	8,223.93
X	Other Comprehensive Income			
	Actuarial Gain/(Loss) on Defined benefit obligation		10.42	68.62
	Total Comprehensive Income		6,295.13	8,292.55
XI	Earning per Share of Rs. 10 each			
	Basic	25	37.71	49.34
	Diluted	25	37.71	49.34

Significant Accounting Policies

1

Notes forming part of the Financial Statement

2-54

*Refer note 28 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 the Board of Directors

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739NSd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790Sd/-
Padam Lal Negi
Director
DIN 10041387Sd/-
CA Ajay K BajajSd/-
Sharad AgarwalSd/-
Sakshi MehtaSd/-
Rakesh Kumar JainPartner
M.No. 086306
UDIN : 230863068GXMKK8419

Chief Executive Officer

Company Secretary

Chief Financial Officer

Place : New Delhi

Date : 20-12-2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(₹ in million)

Particulars	As at		As at		As at	
	March 31, 2023		March 31, 2022 (Restated)*		April 1, 2021 (Restated)*	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net (Loss) / Profit Before Taxes and Exceptional Items:		6,110.50		5,605.58		-400.24
Adjustment for :						
Depreciation and amortisation expenses	592.73		613.45		146.55	
(Loss) / Profit from sale of Property Plant & Equipments (Net)	8.23		-		0.02	
Interest on Call & Fixed Deposit	-154.01		-4.09		-1.97	
Interest Expense	1,915.49		1,525.23		1,561.59	
Interest on lease liabilities	5.35		-		-	
Provision for Expected Credit Loss	142.72		10.70		98.46	
Provision for Bad & Doubtful Advances	-		24.54		-	
Provision no Longer Required	15.76		27.01		172.28	
Provision for Inventory Reconciliation	500.00		-		-	
Net unrealised exchange gain	67.62		36.52		19.50	
Remeasurement of employee benefits obligations	10.42		68.62		215.21	
Other Adjustments	2,165.90	5,270.23	0.06	2,302.04	-	2,211.64
Operating (Loss) / Profit Before Working Capital Changes		11,380.73		7,907.63		1,811.39
Change in Assets & Liabilities						
Trade and Other Receivables	-2,842.30		7,218.07		13,768.59	
Trade and Other Payables	-2,010.23		-2,049.84		1,450.40	
Other Financial Assets & Other Assets	-4,437.00		-431.75		153.66	
Other Financial Liabilities & Other Liabilities	-2,602.76	-11,892.28	-1,227.62	3,508.85	-15,618.18	-245.53
Cash flow from operations		-511.55		11,416.48		1,565.86
Income Tax (Paid)\Refund		266.61		-300.00		-
Net Cash Flow (used in)/ from Operating Activities		-244.94		11,116.48		1,565.86
B. CASH FLOW FROM INVESTING ACTIVITIES						
Acquisition of fixed assets	-150.12		-7,030.77		-83.69	
Sale of Property Plant & Equipments (Net)	0.00		-		-	
Interest Income	154.01	3.89	4.09	-7,026.68	1.97	-81.72
Net Cash Flow used in Investing Activities		3.89		-7,026.68		-81.72
C. CASH FLOW FROM FINANCING ACTIVITIES						
Hire Charges of Right of Use Assets	-15.02		-		-	
Interest Expense	-1,915.49		-1,525.23		-1,561.59	
Net Cash Flow from/(used in) Financing Activities		-1,930.51		-1,525.23		-1,561.59
Net increase/ (Decrease) in Cash and Cash equivalents		-2,171.57		2,564.57		-77.44
Cash and Cash equivalents (Opening balance)		2,569.40		4.83		82.28
Cash and Cash equivalents (Closing balance)		397.84		2,569.40		4.83
Component of Cash and Cash Equivalents						
Cash on hand	0.60		0.36		0.17	
Balance in Current Account	83.83		1,244.08		4.60	
Other Deposit Account	313.40		1,324.97		-	
Draft/Chq. In Hand	-	397.84	-	2,569.40	0.06	4.83

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 (IndAS-7) on "Cash Flow Statements", and present cash flows by operating, investing and financing activities.

As per our report of even date attached

For and on behalf of the Board of Directors

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
CA Ajay K Bajaj
Partner

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

M.No. 086306
UDIN : 230863068GXMKK8419

Place : New Delhi
Date : 20-12-2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2023

A. Equity Share Capital	As at 31.03.2023		As at 31.03.2022		As at 01.04.2021	
	No. of Share in million	₹ in million	No. of Share in million	₹ in million	No. of Share in million	₹ in million
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

(₹ in million)

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 2020	-23,969.52	-	-23,969.52
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	-167.27	-	-167.27
Add/Less: Prior Period Adjustments (net)	-232.97	-	-232.97
Other Comprehensive Income/(loss)	-	215.21	215.21
Balance as at 31 March 2021	-24,369.76	215.21	-24,154.55
Opening Balance as at 1 April 2021	-24,154.55	-	-24,154.55
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	8,371.17	-	8,371.17
Add/Less: Prior Period Adjustments	-147.24	-	-147.24
Other Comprehensive Income/(loss)	-	68.62	68.62
Balance as at 31 March 2022	-15,930.62	68.62	-15,862.00
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	-	-	-
Other Comprehensive Income/(loss)	-	10.42	10.42
Balance as at 31 March 2023	-9,577.29	10.42	-9,566.87

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739NSd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419Place : New Delhi
Date : 20-12-2023

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790Sd/-
Sharad Agarwal
Chief Executive OfficerSd/-
Padam Lal Negi
Director
DIN 10041387Sd/-
Sakshi Mehta
Company SecretarySd/-
Rakesh Kumar Jain
Chief Financial Officer

Notes forming part of the financial statements as at and for the year ended March 31, 2023

NOTE “1”

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 Standalone Financial Statements for the year ended 31st March, 2023 have been approved by the Board of directors of the Company in their meeting held on 20 December, 2023.

B. ACCOUNTING CONVENTION

The Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as “Financial Statements”).

i. Statement of Compliance and basis of preparation and presentation:

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 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, under the historical cost convention except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below. 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.

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 into 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 is determined on such a basis, except for leasing transactions that are within the scope of Ind

AS 17, 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.

ii. **Functional Currency**

Currency of the primary economic environment in which the Company operates (“the Functional Currency”) is Indian Rupee (Rs.) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (Rs.) The Financial Statements are presented in Indian Rupee (INR) which is Company’s Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

iii. **Current and non-current classification**

The Company being in service sector, there is no specific operating cycle; 12 months period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in the Company’s normal operating cycle. It is held primarily for the purpose of providing services;
- It is expected to be realized within 12 months after the reporting date; or

- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of providing services;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

iv. Recent accounting pronouncement i.e., Standards issued but not yet effective:

The 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

a. Ind AS 1, Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

b. Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

c. Ind AS 12, Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

v. Critical accounting estimates / judgments:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

- a) Impairment of Assets
- b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized
- c) Basis of classification of a Property as Investment Property
- d) Basis of classification of Non-Current Assets held for sale
- e) Estimation of Costs of Re-delivery
- f) Recognition of Deferred Tax Assets
- g) Recognition and measurement of defined benefit obligations
- h) Judgment required to ascertain lease classification
- i) Measurement of Fair Values and Expected Credit Loss (ECL)
- j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

C. SIGNIFICANT ACCOUNTING POLICIES**1. 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 two years and the discrepancies if any observed are dealt with in the books of accounts accordingly.

2. DEPRECIATION / AMORTIZATION

- i. 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.

- ii. Depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.
- iii. 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.

3. 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.

4. REVENUE RECOGNITION

- i. 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.
- ii. Revenue from Operations
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.
In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognised on the basis of actual Block Hours flown.
In case of other contracts for Line Maintenance services, revenue is being recognised based on number of flights handled.
- iii. Revenue from the training services is recognized when the training services has been initiated to provide.
- iv. 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.
- v. 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.
- vi. The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.
- vii. Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

5. INVENTORIES

Inventories primarily consist of stores and spares and loose tools. 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.

6. EMPLOYEE BENEFITS

- 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.

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.

7. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying amount of assets is tested for impairment in terms of Ind AS-36 so as to determine:

- a) the provision for impairment loss, if any; and
- b) the reversal of impairment loss recognized in previous periods, if any,

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

8. TAXES ON INCOME

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current Tax

Provision for current tax, if any, is made in accordance with the provisions of Income Tax Act, 1961.

ii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that tax able profits will be available against which those deductible temporary differences can be utilized. 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company and the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT credit entitlement'.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

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.

The Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction program of the company that the assets will be realized in the future.

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.

9. 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, its 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 of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the 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 arise 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.

Onerous contracts

- f) 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.

10. 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.

11. 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:

- (a) **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.
- (b) **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.

(c) **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.

(iv) **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

(v) **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.

(vi) **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.

a) **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.

b) 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.

(iv) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(v) 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.

12. 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.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

14. 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.

15. 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

16. 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	80.00
- Restatement based on overall limits	Million	1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	Million	80.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE “2” : PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at April 01, 2022	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions/ Adjustments	Total Upto March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS :												
a)	Land	180.00	28.54	-	-	208.54	-	-	-	-	208.54	180.00
b)	Buildings	2,654.73	3.04	-	3.30	2,654.47	108.62	103.07	0.31	211.378107	2,443.09	2,546.11
c)	Plant & Equipment											
	Workshop Equipment, Instruments,	2,551.70	98.60	-	97.25	2,553.05	1,294.24	217.186	90.39	1,421.03	1,132.02	1,257.46
	Machinery and Plants	1,951.68	1.98	-	18.88	1,934.77	240.26	187.62	17.83	410.06	1,524.71	1,711.42
	GH & Ramp Equipment	0.86	-	-	-	0.86	0.18	0.18	-	0.36	0.50	0.68
d)	Furniture & Fixtures	60.52	3.84	-	0.33	64.03	15.54	11.32	0.08	26.78	37.25	44.98
e)	Electrical Fittings	218.79	0.03	-	0.02	218.81	51.62	51.43	0.00	103.05	115.76	167.17
f)	Computer System	14.22	9.49	-	0.21	23.50	9.55	4.69	0.20	14.04	9.46	4.67
g)	Vehicles	12.61	-	-	-	12.61	6.79	1.44	-	8.24	4.38	5.82
h)	Office Equipment	15.68	4.60	-	0.11	20.18	10.92	2.33	0.07	13.19	6.99	4.76
	TOTAL FOR TANGIBLE ASSETS	7,660.79	150.12	-	120.11	7,690.80	1,737.72	579.28	108.89	2,208.11	5,482.69	5,923.07
	Capital Work-in-Progress	1,134.69	2.99	-	-	1,137.68	-	-	-	-	1,137.68	1,134.69
	Total Capital Work-in-Progress	1,134.69	2.99	-	-	1,137.68	-	-	-	-	1,137.68	1,134.69
	Grand Total	8,795.49	153.11	-	120.11	8,828.48	1,737.72	579.28	108.89	2,208.11	6,620.37	7,057.76
	PREVIOUS YEAR	1,765.89	7,140.29	109.53	1.17	8,795.49	1,125.38	613.45	1.11	1,737.72	7,057.76	640.50

NOTE “2(A).1”

The above Property, Plant and Equipment includes assets of MRO Nagpur, which includes Airframe maintenance facility, Engine Test facility for GE / GENx engines, lease hold land and under construction Engine workshop amounts to Rs Nil (PY: Rs 6,740.0 million) [including Engine Workshop CWIP amounting to Rs Nil (PY: Rs 1,134.7 million)], which has been book transferred from the then holding company (Air India Limited) to the company at book value as on 31st March, 2021 without any physical handover-takeover. In line with the MoCA direction and strategic disinvestment of the then Air India Limited, the BoD in 64th Board meeting dated 7th December, 2020 agreed to take over Nagpur MRO from AI. Further an additional expenditure of Rs. 2.99 million was accounted for during 22-23 by AIESL.

NOTE “2(A).2”

GENx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of Rs. 1134.69 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the respective Boards. During the FY 2022-23 a capital budget provision of Rs. 600 million for the completion of the under-construction facilities was approved. However, no significant capital expenditure was incurred in the project, considering non-novation of the contract earlier entered into by the then Air India Limited with OEM and the construction contractors.

NOTE “2(A).3”

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 Rs. 10.42 million.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE 2 (B) : RIGHT TO USE OF ASSETS

(₹ in Millions)

Particulars	Land
Year ended March 31, 2023	
Gross carrying amount	
Balance as at April 1, 2022	-
Transition impact on adoption of Ind AS 116	-
Additions	67.24
Deletions	-
Balance as at March 31, 2023	67.24
Accumulated depreciation	
Balance as at April 1, 2022	-
Additions	13.45
Deletions	-
Balance as at March 31, 2023	13.45
Net carrying amount as at March 31, 2023	53.80
Year ended March 31, 2022	
Gross carrying amount	
Balance as at April 1, 2021	-
Additions	-
Deletions	-
Balance as at March 31, 2022	-
Accumulated depreciation	
Balance as at April 1, 2021	-
Additions	-
Disposals	-
Balance as at March 31, 2022	-
Net carrying amount as at March 31, 2022	-

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

NOTE "3" : OTHER FINANCIAL ASSET (NON CURRENT)

(₹ in million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Bank Deposits - (With more than 12 Months maturity)	0.06	0.06	0.06
TOTAL	0.06	0.06	0.06

NOTE "4" : DEFERRED TAX ASSETS (NET)

(₹ in million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Deferred tax liabilities on account of (DTL)			
Depreciation	73.06	26.46	-
Total deferred tax liability	73.06	26.46	-
Deferred tax asset on account of (DTA)			
Provision for doubtful advances	-	8.57	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Provision for expected credit loss	150.33	195.66	-
Unabsorbed depreciation & losses	-	826.31	-
MAT Credit Assets	-	583.16	-
Provision for employee benefits	1,056.78	1,615.64	-
Net ROU/Lease Liability	14.49	-	-
40A(i) 30% expense	176.14	-	-
Provision for Inventory obsolescence/reco.	125.84	-	-
Other tax disallowances	99.61	-	-
Total deferred tax asset	1,623.20	3,229.33	-
Net deferred tax asset	1,550.14	3,202.87	-

NOTE "5" : INVENTORIES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Stores and Spare Parts	17.46	17.51	18.53
Loose Tools	431.60	418.27	414.07
Fuel, Gas, Coal, Oil and lubricants	0.55	0.65	1.19
Non-Aircraft Inventory	6.38	6.38	6.38
Other Inventory	148.40	163.41	309.75
Total	604.39	606.22	749.92
Less : Provision for Inventory Reconciliation	500.00	-	-
TOTAL	104.39	606.22	749.92

NOTE "6" : TRADE RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Secured, Considered Good	-	-	-
Unsecured, Considered Good	8,166.44	5,534.49	12,799.78
Trade Receivables having significant increase in Credit Risk	597.30	559.91	549.21
Trade Receivables - Credit Impaired	-	-	-
Total	8,763.74	6,094.40	13,348.99
Less : Allowance for Doubtful	597.30	559.91	549.21
TOTAL	8,166.44	5,534.49	12,799.78

Trade receivable ageing schedule

(₹ in million)

As at March 31, 2023	Particulars	Unbilled Dues	Outstanding for the following period from due date of payment				Total	
			Less than 6 month	6 month - 1 year	1 -2 years	2-3 years		More than 3 years
	Undisputed trade receivable - considered good	2,580.81	3,280.87	434.24	1,750.62	99.06	20.83	8,166.44
	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	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in million)

As at March 31, 2023	Outstanding for the following period from due date of payment						Total
Particulars	Unbilled Dues	Less than 6 month	6 month - 1 year	1 -2 years	2-3 years	More than 3 years	Total
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	2,580.81	3,308.06	449.20	1,767.42	105.25	553.00	8,763.74

(₹ in million)

As at March 31, 2022	Outstanding for the following period from due date of payment						Total
Particulars	Unbilled Dues	Less than 6 month	6 month - 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed trade receivable - considered good	2,732.54	861.32	1,305.31	42.84	239.89	352.59	5,534.49
Undisputed trade receivable - which have significant increase in credit risk	-	-	-	5.88	261.23	292.80	559.91
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	2,732.54	861.32	1,305.31	48.72	501.12	645.40	6,094.40

(₹ in million)

As at March 31, 2021	Outstanding for the following period from due date of payment						Total
Particulars	Unbilled Dues	Less than 6 month	6 month - 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed trade receivable - considered good	3,652.88	6,254.94	2,163.40	330.35	169.52	228.69	12,799.78
Undisputed trade receivable - which have significant increase in credit risk	-	0.01	0.12	286.36	116.32	146.39	549.21
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	3,652.88	6,254.95	2,163.52	616.70	285.84	375.08	13,348.99

- 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.
- iii. Trade receivables from related parties' details has been described in note 38.A.VII
- 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

NOTE "7" : CASH AND CASH EQUIVALENTS

Particulars	(₹ in million)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balances with Banks			
a) In Current Accounts	83.83	1,244.08	4.60
b) In Deposit Accounts (Maturity less than 3 months)	313.40	1,324.97	-
c) Cash in Hand	0.60	0.36	0.17
Cheques, Drafts on Hand	-	-	0.06
TOTAL	397.84	2,569.40	4.83

NOTE "8" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in million)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balance with Banks			
In Margin Money Deposits (3 < Maturity < 12)	3,628.88	1.00	33.75
TOTAL	3,628.88	1.00	33.75

NOTE "9" : OTHERS FINANCIAL ASSETS

Particulars	(₹ in million)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advances			
Secured - Considered Good	-	-	-
Unsecured-Considered Good (Inter Company)	-	-	-
Security Deposits	14.94	8.37	3.91
Other Non Trade Receivable	0.03	-	-
TOTAL	14.97	8.37	3.91

NOTE "10" : CURRENT TAX ASSETS

Particulars	(₹ in million)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Total Advance payment for Income Tax and TDS	1,225.63	1,640.49	751.65
Less: Provision for Tax	338.97	593.76	-
TOTAL	886.67	1,046.73	751.65

NOTE "11" : OTHER - CURRENT ASSET

Particulars	(₹ in million)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Prepaid Expenses	122.69	32.44	11.78
Advances Recoverable in Cash or Kind	264.85	120.41	170.59
Petty Cash	0.02	0.01	-
GST TDS Receivable	4.30	-	-
Interest accrued on investment	56.93	6.01	3.91
GST Input	392.11	-	-
TOTAL	840.91	158.87	186.27

Notes forming part of the financial statement as at and for the year ended March 31, 2023

NOTE "12" : EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
a) AUTHORISED						
1000,000,000 Equity Shares (Previous Year : 10,000,000) 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 :

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
Equity Shares at the beginning of the year	16,66,66,500.00	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	16,66,66,500.00	1,666.67	166.67	1,666.67	166.67	1,666.67

d) Rights Preferences and restriction attached to equity shares

The company has single class of shares i.e. Equity Shares having a par value of Rs. 10 per share as per. Eachholder of equity shares is entitled to one vote per share

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.

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.

e) Details of Shares held by the Holding Company

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
Shares held by Holding Company						
Air India Limited*	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
AI Assets Holding Limited**	166.67	1,666.67	166.67	1,666.67	-	-

*upto January 12, 2022

**from January 12, 2022

f) **Details of Shareholders holding more than 5%**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
AI Assets Holding Limited**	166.67	1,666.67	166.67	1,666.67	-	-
Air India Limited*	-	-	-	-	166.67	1,666.67

g) **Details of Shares Issued & Allotted as fully paid up pursuant to contract without payment being received in cash**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
1666,16,500 Equity Shares of Rs. 10 each were allotted towards the WDV of engineering assets transferred by the Holding Company Air India Limited as on 1st April 2014 towards capital infusion in terms of clause 5 (a) MoU entered between Air India Limited & Air India Engineering Services Limited dated 05th April, 2013)	NIL	NIL	NIL

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).

h) **Promoter's shareholding***

Name of Promoter	As at 31-Mar-23		As at 31-Mar-22		As at 01-April-21	
	Number of shares held in million	%	Number of shares held in million	%	Number of shares held in million	%
AI Assets Holding Limited	166.67	100%	166.67	100%	-	0%
Air India Limited	-	0%	-	0%	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.

NOTE "13" : OTHER EQUITY

Particulars	As at 31-Mar-23		As at 31-Mar-22		As at 01-April-21	
	(₹ in million)		(₹ in million)		(₹ in million)	
			(Restated)*		(Restated)*	
Surplus / (Deficit) in Profit and Loss Account:						
Balance as per last Balance Sheet		-15,862.00		-24,154.55		-23,969.52
Profit / (Loss) for the year	6,284.71		8,371.17		-167.27	
Less:						
Transfer to General Reserve	-		-		-	
Add/Less: Prior Period Adjustments	-		-147.24		-232.97	
Other comprehensive income						
Add: Actuarial Gain/(Loss) on Defined benefit obligation	10.42		68.62		215.21	
Net Surplus		6,295.13		8,292.55		-185.03
Total Reserves & Surplus		-9,566.87		-15,862.00		-24,154.55

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.

NOTE “14” : NON-CURRENT PROVISIONS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision for Employee Benefits			
a) Gratuity	1,891.95	2,092.49	2,296.62
b) Leave Encashment	1,302.84	1,465.06	1,595.03
c) Medical	-	2,241.44	2,241.44
d) Other Benefits	578.28	616.02	512.54
TOTAL	3,773.08	6,415.01	6,645.63

NOTE “15” : TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Due to Micro and Small Enterprises	31.30	35.84	36.23
Others Payables	1,875.47	3,881.17	5,930.61
TOTAL	1,906.78	3,917.00	5,966.84

NOTE “15.1” : AGEING OF TRADE PAYABLES

As at March 31, 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
(i) Undisputed dues (Others)	165.00	772.19	775.28	163.00	1,875.47
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	195.97	772.36	775.28	163.16	1,906.78

As at March 31, 2022

(₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	35.67	0.14	0.03	-	35.84
(i) Undisputed dues (Others)	2,243.84	1,060.58	493.48	83.14	3,881.17
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	2,279.50	1,060.72	493.51	83.14	3,917.00

As at March 31, 2021

(₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	34.73	0.35	0.09	1.06	36.23
(i) Undisputed dues (Others)	4,059.03	467.81	1,367.39	36.39	5,930.61
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	4,093.76	468.16	1,367.48	37.44	5,966.84

i. Trade payable are normally settled within 30 to 60 days

ii. Trade payable to related parties has been disclosed in Note 38.A.VII

NOTE “16” : Other Financial liability

(₹ in million)

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	Non - Current	Current	Non - Current	Current	Non - Current	Current
Security Deposit	-	30.42	-	30.91	-	23.42
Earnest Money Deposit	-	4.93	-	4.02	-	4.10
Loan & Advances	-	175.34	-	134.18	-	124.33
Payable to Employees	-	345.60	-	360.55	-	461.65
Inter company Payable/Receivable	21,739.44	-	21,582.90	152.06	-	18,654.24
Others	-	91.87	-	85.64	-	103.85
TOTAL	21,739.44	648.16	21,582.90	767.36	-	19,371.58

NOTE “17” : CURRENT PROVISIONS

(₹ in million)

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
Provision			
For employees Benefits			
a) Gratuity	543.19	624.42	779.73
b) Leave Encashment	407.54	437.63	463.28
c) Medical	-	92.76	92.76
d) Other Benefits	-	-	-
e) Other than employees	516.25	221.88	1,332.25
TOTAL	1,466.99	1,376.70	2,668.03

NOTE “18” : OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at	As at	As at
	March 31, 2022	March 31, 2022	April 01, 2021
Statutory Dues	572.65	322.13	3,006.49
others	-	-	-
TOTAL	572.65	322.13	3,006.49

NOTE “19” :Lease liabilities

(₹ in million)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Lease liabilities on initial recognition as on 1st April	67.24	-
Additions	-	-
Interest accrued	5.35	-
Lease principal payments	9.67	-
Lease interest payments	5.35	-
Reversal	15.02	-
As at 31st March:-		
Current Lease Liabilities	11.31	-
Non-Current Lease Liabilities	46.27	-
TOTAL	57.57	-

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 :

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Less than 1 year	11.31	-	-
1- 5 Years	46.27	-	-
More than 5 years	-	-	-
At March 31, 2023	57.57	-	-

Notes

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.

NOTE “20” : REVENUE FROM OPERATIONS

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Sales of Services			
	Technical Handling Services Reveune	5,555.29	4,107.13	1,705.79
	Other Servicing Revenue	13,252.77	13,970.17	9,182.51
		18,808.06	18,077.30	10,888.31
2	Other Operating Revenue			
	Engineering Training Reveune	67.36	108.35	170.21
		67.36	108.35	170.21
3	Incidental Revenue			
		658.60	633.44	530.97
		658.60	633.44	530.97
	Total reveune from operation	19,534.02	18,819.09	11,589.49

NOTE “21” : OTHER INCOME

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Interest Income	343.99	215.13	218.95
2	Grant-In-Aid Revenue (Refer Note - 31)	356.93	-	-
3	Other Income	63.67	31.00	211.96
	TOTAL	764.59	246.13	430.90

NOTE “22” : EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Salaries, Wages & Bonus	5,976.59	5,024.73	5,562.77
2	Contribution to Provident and Other Funds	297.67	254.98	309.04
3	Staff Welfare Expenses	161.40	256.70	421.63
4	Provision for Gratuity	261.20	255.80	470.94
5	Provision for Leave Encashment	158.89	221.77	146.68
	TOTAL	6,855.75	6,013.99	6,911.07

NOTE “23” : FINANCE COST

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Interest Expenses	1,915.49	1,525.23	1,561.59
2	Interest expense on lease liability	5.35	-	-
	TOTAL	1,920.84	1,525.23	1,561.59

NOTE “24” : OTHER EXPENSES

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Insurance Expenses	167.31	71.51	54.65
2	Material Consumed-Aircraft	631.87	2,105.81	972.22
3	Handling Charges	208.70	349.67	162.24
4	Communication Charges	9.24	8.08	9.34
5	Travelling Expenses	206.24	157.12	92.75
6	Rent	1,087.24	1,268.52	1,051.18
7	Rates and Taxes	160.09	61.62	125.23
8	Repair Maintenance:			
	i) Buildings	33.51	45.42	18.58
	ii) Others	699.32	552.98	261.19
9	Hire of Transport	150.25	108.89	128.80
10	Fees to DGCA	1.20	1.28	3.17
11	Electricity & Heating Charges	296.07	297.34	307.83
12	Water Charges	16.34	14.96	43.49
13	Publicity & Sales Promotion	3.07	0.64	0.57
14	Printing and Stationery	6.73	5.75	6.58
15	Professional & Legal Charges	23.91	18.96	10.67
16	Auditors' Remuneration and Expenses			
	i) Audit Fees	0.40	0.33	0.33
	ii) Other Expenses	0.03	0.03	0.03
17	Other Audit Expenses	0.69	1.15	0.85
18	Bank Charges	0.49	0.99	0.61
19	SESF Expenses (Refer Note - 31)	356.93	-	-
20	Loss on Sale of Assets/Scrap	8.23	0.06	0.02
21	Provision for Doubtful Receivable & Advances	142.72	139.16	98.46
22	Provision for Inventory Reconciliation (Expenses)	500.00	-	-
23	CSR Expenses	40.94	-	-
24	Other Expenses	67.28	96.69	452.62
	TOTAL	4,818.79	5,306.96	3,801.43

NOTE “25” : EARNING PER SHARE

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard - 33

Particulars	2022-23	2021-22	2020-21
Profit available for appropriation as per Profit & Loss Account	6,285	8,224	-400.24
Weighted average No. of equity shares outstanding during the year	166.67	166.67	166.67
Basic and Diluted EPS	37.71	49.34	-2.40
Face value per equity share	10	10	10

Notes forming part of the financial statements as at and for the year ended March 31, 2023**26. DISINVESTMENT PROCESS:**

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.

The government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. 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.

27. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND CAPITAL COMMITMENT:**a. 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.	Description	Balance as on March 31, 2023	Balance as on March 31, 2022	Balance as on April 01, 2021
(i)	Income Tax Demand Notices received by the Company which are under appeal (*).	643.65	642.20	641.71
(ii)	Other Claims on account of Staff**/Civil/ Arbitration Cases pending in Courts	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable
	Total	643.66	642.20	641.71

Explanatory Statement in respect of 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 210(1A)	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	42.09	20.20	62.29	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	323.78	Appeal was filed before CIT(A) on 28.08.2020.
Total	483.15	160.51	643.66	

* Interest u/s 220(2) on the above demand as on 31st March, 2023 will be ₹ 237.49 (Previous Year ₹ 160.43 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.

b. Capital Commitments

Capital Commitments are in respect of estimated amount of contracts remaining to be executed on Capital Account is ₹ NIL. (Previous Year ₹ NIL)

c. Performance Guarantee given by the company

The company has given Performance Guarantee (BG) to Bangalore International Airport Limited (BIAL) amounting to ₹ 1.00 million (previous year ₹ 1.00 million) for due performance of the obligation under the contract with BIAL.

28. CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH INDAS 8 “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS”

During the year 2022-23, 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	As at March 31 st , 2022		
	31 st March, 2022 (as previously reported)	Increase/ (decrease) due to correction of error	31 st March, 2022 (restated)
Balance sheet (extract)			
Property, Plant & Equipment	5887.08	36.00	5,923.0
Total Non-current Assets	10,224.70	36.00	10,260.70
Inventories	684.54	-78.32	606.22
Current Tax Assets	1085.04	-38.31	1,046.73
Other Current Assets	160.67	-1.80	158.87
Total Current Assets	10,043.51	-118.43	9,925.08
Total Assets	20,268.21	-82.44	20,185.77
Other Equity	-15,481.79	-380.21	-15,862.00
Total Equity	-13,815.12	-380.21	-14,195.33
Trade Payables	4,080.55	-163.54	3,917.00
Other Financials Liability	613.51	153.85	767.36
Current Provisions	1,369.11	7.59	1,376.70
Other Current Liabilities	22.26	299.87	322.13
Total current liabilities	6,085.42	297.78	6,383.20
Total equity and liabilities	20,268.21	-82.44	20,185.77
Statement of Profit and loss (extract)			
Depreciation and Amortization Expense	606.42	7.02	613.45
Staff Welfare Expenses	256.41	0.29	256.70
Other Expenses	5,167.03	139.92	5,306.96
Total Expenditure	13,312.39	147.24	13,459.63
Profit/ (Loss) after Tax for the period	8,371.17	-147.24	8,223.94
Total comprehensive Income for the year	8439.79	-147.24	8,292.56
Cash Flow Statement (extract)			
Operating (Loss) / Profit Before Working Capital Changes	8,047.84	-140.21	7,907.63

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 decrease of ₹0.89 per share.

Particulars	As at April 01 st , 2021		
	31 st March, 2021 (as previously reported)	Increase/ (decrease) due to correction of error	1 st April, 2021 (restated)
Balance sheet (extract)			
Property, Plant & Equipment	487.96	43.02	530.98
Total Non-current Assets	597.55	43.02	640.57

Particulars	As at April 01 st , 2021		
	31 st March, 2021 (as previously reported)	Increase/ (decrease) due to correction of error	1 st April, 2021 (restated)
Inventories	828.24	-78.32	749.92
Current Tax Assets	780.72	-29.07	751.65
Total Current Assets	14,639.30	-107.39	14,530.11
Total Assets	15,236.85	-66.17	15,170.68
Other Equity	-23,921.58	-232.97	-24,154.55
Total Equity	-22,254.92	-232.97	-22,487.89
Trade Payables	6,094.44	-163.83	5,930.61
Other Financials Liability	19,340.82	30.76	19,371.58
Other Current Liabilities	2,706.62	299.87	3,006.49
Total current liabilities	30,846.14	166.81	31,012.95
Total equity and liabilities	15,236.85	-66.17	15,170.68
Statement of Profit and loss (extract)			
Revenue from Operations	11,600.19	-10.70	11,589.49
Other Income	255.24	175.66	430.90
Total Revenue	11,855.43	164.97	12,020.40
Depreciation and Amortization Expense	115.20	31.35	146.55
Other Expenses	3,434.84	366.59	3,801.43
Total expenses	12,022.69	397.94	12,420.63
Total comprehensive Income for the year	47.94	-232.97	-185.03
Cash Flow Statement (extract)			
Operating (Loss) / Profit Before Working Capital Changes	1,840.73	-29.34	1,811.39
Net Cash Flow (used in)/ from Operating Activities	1,601.02	-35.15	1,565.86
Net Cash Flow used in Investing Activities	-116.87	35.15	-81.72

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 decrease of ₹1.40 per share.

29. CONFIRMATIONS/RECONCILIATIONS

- (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.

In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% (Previous year 75.57%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the

consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

- (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 carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

Cash and Bank Balances

- 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.
- II. The Company has requested for the confirmation of the balances from the bank as on 31st March 2023. 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, 2023.

30. PHYSICAL VERIFICATION & RECONCILIATION

a. Property, Plant and Equipment (PPE)

The company has completed physical verification of property, plant, and equipment and reconciliation of the same with the balances appearing in fixed assets register at Delhi, Mumbai and Nagpur locations. Accordingly, the company has completed physical verification of 73% of total quantities and as per value, it comprises 94% net book value of total net book value PPE of the company. Details for the same are as under: -

- i. As per the policy of the company, physical verification of the assets of the company will be done on rotational basis so that every asset will be verified every two years. Accordingly, the company has appointed independent agency for the physical verification, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register for Nagpur and Mumbai location. The physical verification report has been submitted by the agency vide dated 26th June, 2023 for both the location. During verification no. of surplus assets were found which are physically available but not in fixed asset register and few items were unidentified / not found during verification.
- ii. The unidentified items having a value of Rs. 8.07 million has been adjusted appropriately with the approval of competent authority.
- iii. Further, the company has identified 108 items amounting to ₹ 72.6 million which are appearing in inventory in the books of the company which have now been transferred from inventory to property, plant and equipment.
- iv. Furthermore, the balance 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.

- v. Further, in the financial year 2021-22 the physical verification of property, plant and equipment of HQ and NR (Delhi location) had been conducted and a report was submitted dated 17th August, 2022 and according to the report, 41 items having WDV of ₹ 0.83 million have not been identified. The shortage/unidentified assets were further searched by the officials of the company and 7 assets have been found/identified in the Northern Region location and the balance 34 unidentified assets having value of ₹ 0.16 million has been adjusted by the company.

b. Physical Verification of Inventory

Physical verification of Inventory of materials in the nature of stores and spares has not been carried out. The major value of inventory was book transferred by the then Holding company Air India Limited without any physical verification at AIESL. While reviewing the same during the year, it has been found that a large number of items are in the nature of assets (mainly tools) which have been included in the inventory. Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) is not carried out. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for Rs 500.00 million has been made for likely reduction in the value of inventory considering the impact of depreciation on capitalized assets, obsolescence, shortages as well as any other similar write down etc.

31. 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 2022-23 are as under: -

S. No.	Particulars	FY 2022-23	FY 2021-22
1.	Opening Un-spent Grant-in-aid	338.90*	-
2.	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	393.10	338.90
3.	Grant utilized for SESF Expenses	356.93	
Total Unspent Grant in Aid		375.07	338.90*

* LC for Rs. 242.01 was opened on 10.03.2022. However, the payment to the vendor was released in April'2022.

32. 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.

33. 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 March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Air India Ltd.	14,070.49	12,101.08	6,251.77
IAF	2,878.71	4,455.45	2,815.84

34. 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 ₹ 297.67 million (previous year: ₹ 254.98 million)

b. Defined benefit plans

- i. **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: -

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Unfunded	Unfunded
Starting Period	01-04-22	01-04-21
Date of Reporting	31-03-23	31-03-22
Period of Reporting	12 Months	12 Months
Reference ID	788472	678458
Assumptions (Previous Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.23%	6.85%
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2006-08) Ultimate
Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.50%	7.23%

Particulars	As at March 31, 2023	As at March 31, 2022
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

	As at March 31, 2023	As at March 31, 2022
Table Showing Change in the Present Value of Defined Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Period	2,716.91	3,076.35
Interest Cost	192.95	199.46
Current Service Cost	68.25	80.95
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-532.55	-571.23
(Benefit Paid From the Fund)	-	-
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-1.03
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-25.57	-39.90
Actuarial (Gains)/Losses on Obligations - Due to Experience	15.14	-27.69
Present Value of Benefit Obligation at the End of the Period	2,435.14	2,716.91
Table Showing Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Period	-	-
Interest Income	-	-
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	-	-

	As at March 31, 2023	As at March 31, 2022
Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	-2,435.14	-2,716.91
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	-2,435.14	-2,716.91
Net (Liability)/Asset Recognized in the Balance Sheet	-2,435.14	-2,716.91
Net Interest Cost for Current Period		
Present Value of Benefit Obligation at the Beginning of the Period	2,716.91	3,076.35
(Fair Value of Plan Assets at the Beginning of the Period)	-	-
Net Liability/(Asset) at the Beginning	2,716.91	3,076.35
Interest Cost	192.95	199.46
(Interest Income)	-	-
Net Interest Cost for Current Period	192.95	199.46
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	68.25	80.95
Net Interest Cost	192.95	199.46
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	261.20	280.41
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	-10.42	-68.62
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	-10.42	-68.62

	As at March 31, 2023	As at March 31, 2022
Balance Sheet Reconciliation		
Opening Net Liability	2,716.91	3,076.35
Expenses Recognized in Statement of Profit or Loss	261.20	280.42
Expenses Recognized in OCI	-10.42	-68.62
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-532.55	-571.23
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	2,435.14	2,716.91
Category of Assets		
Government of India Assets	-	-

	As at March 31, 2023	As at March 31, 2022
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	-	-
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	-	-
Other Details		
No of Members in Service	4,503	4,860.00
Per Month Salary For Members in Service	220.34	234.31
Weighted Average Duration of the Defined Benefit Obligation	5.00	5.00
Average Expected Future Service	12.00	12.00
Defined Benefit Obligation (DBO) - Total	2,435.14	2,716.91
Defined Benefit Obligation (DBO) - Due but Not Paid	21.35	48.17
Expected Contribution in the Next Year	-	-
Maturity Analysis of the Benefit Payments		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	543.19	624.42
2nd Following Year	256.14	288.31
3rd Following Year	441.64	406.48
4th Following Year	381.54	422.00
5th Following Year	272.30	364.34
Sum of Years 6 To 10	679.81	808.37
Sum of Years 11 and above	933.88	917.00
Sensitivity Analysis		
	As at March 31, 2023	As at March 31, 2022
Defined Benefit Obligation on Current Assumptions	2,435.14	2,716.91
Delta Effect of +1% Change in Rate of Discounting	-89.24	-98.52
Delta Effect of -1% Change in Rate of Discounting	98.11	108.17
Delta Effect of +1% Change in Rate of Salary Increase	61.43	70.28
Delta Effect of -1% Change in Rate of Salary Increase	-63.76	-72.73
Delta Effect of +1% Change in Rate of Employee Turnover	15.08	14.01
Delta Effect of -1% Change in Rate of Employee Turnover	-16.23	-15.03

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.

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.

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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.

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.

- ii. **Post-retirement medical benefits:** The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not

envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million which had been accounted for based on the actuary valuation.

c. Other long term employees' benefits

i. Compensated Absence

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during employment or on separation from the company due to death, retirement or resignation. The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

ii. Bonus

Bonus is payable to employees as per the provisions of the Payment of Bonus Act, 1965 and the provision for the same has been made in the current financial year.

35. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code become effective.

36. THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT

The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as MSME. The system has been enhanced to capture more details of MSME Vendors, such as certificate number, name of the entrepreneur, type of organization, date of commencement, bank details, etc. Accordingly, 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 and relied upon by the Auditor. 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)

Sr. No.	Particulars	31 st March, 2023	31 st March, 2022	01 st April, 2021
a.	Principal amount due and remaining unpaid	31.30	35.84	36.23
b.	Interest due on above	0.25	0.02	0.04
c.	Payment made beyond the appointed day during the year	-	-	-
d.	Interest paid	-	-	-
e.	Interest due and payable for the period of delay	-	-	-
f.	Interest accrued and remaining unpaid	0.25	0.02	0.04
g.	Amount of further interest remaining due and payable in succeeding years	-	-	-

37. INCOME TAX

In terms of the provisions of Section 115BAA of the Indian Income tax 1961, which provide for an option of lower rate of 22% plus applicable surcharge for a domestic company (as against higher rate of about 30%) plus applicable surcharge and cess for any previous year relevant to the assessment year beginning on or after 1st April 2020, subject to no deduction or exemptions allowed under specified sections, no carry forward or set off of past year losses, or set off losses or unabsorbed depreciation in amalgamation being available to the company, and such option once exercised to continue forever. Considering the tax impact on the company, provision based on lower rate u/s Sec 115BAA has been made in the books of account as on 31st March 2023: -

(₹ in Million)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 01st April 2021
Current tax			
Current tax	338.97	584.52	-
Short / (excess) provision of tax of earlier years*	168.31	-	-
Total	507.28	584.52	-
Deferred Tax			
Minimum alternate tax credit entitlement	-	(583.16)	-
Deferred tax Income (excluding MAT)	-	(2,619.71)	-
Deferred tax Expense	1,652.73	-	-
Total	1,652.73	(3,202.87)	-

* This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

(₹ in Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 01 April 2021
Profit / (Loss) before tax	6,110.50	5,752.82	(212.31)
Enacted tax rate applicable to the company (MAT)	-	17.472%	-
Expected income tax expense at enacted tax rate as stated above	-	584.52	-
Tax effect of:			
Expenses not deductible in determining taxable profits	-	6.16	-
Loss brought forward or unabsorbed depreciation whichever is less or both as may be applicable	-	(440.12)	-
Impact of Re-measurement of employee benefits obligations	-	11.99	-
Delay in payment of advance tax	-	1.36	-
Income tax recognized in the statement of profit and loss	-	584.52	-

* During the year the company has adopted the lower tax rate u/s 115BAA.

38. Deferred tax assets/liabilities

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 IndAS 12 "Income Taxes" Deferred Tax assets / Liabilities have been created.

(₹ in Million)

Particulars	As at March 31 st , 2023	As at March 31 st , 2022	As at April 01 st , 2021
Deferred tax liabilities on account of (DTL)			
Depreciation	73.06	26.46	-
Total deferred tax liability	73.06	26.46	-
Deferred tax asset on account of (DTA)			
Provision for doubtful advances	-	8.57	-
Provision for expected credit loss	150.33	195.66	-
Provision for inventory reconciliation	125.84	-	-
Lease liability	14.49	-	-
Unabsorbed depreciation & losses	-	826.31	-
MAT Credit Entitlement	-	583.16	-
40A(i) 30% expense	176.14	-	-
Other tax disallowances	99.61	-	-
Provision for employee benefits	1056.78	1,615.64	-
Total deferred tax asset	1,623.20	3,229.33	-
Net deferred tax asset	1,550.14	3,202.87	-

Deferred tax asset / (liability) recognized are as under: -

(₹ in Million)

Particulars	As at March 31 st , 2023	As at March 31 st , 2022	As at April 01 st , 2021
Deferred tax asset (net)	1,623.20	3,229.33	-
Deferred tax liability (net)	73.06	26.46	-

39. RELATED PARTY TRANSACTIONS

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2021-22.

A. List of Related parties:

- 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 Company	Relationship
1	AI Assets Holding Limited	Holding Company w.e.f. 12 th January, 2022.

ii. Others:

Sr. No	Name of Company	Relationship
1	Airport Authority of India	Entity under same control by the Government
2	Ministry of Civil Aviation	

iii. 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	Air India Express Limited (AIEL)	Fellow Subsidiary till 12 th January, 2022
4	Alliance Air Aviation Limited (AAAL)	Fellow Subsidiary

iv. Board of Directors

S. No.	Name of Director	Designation	Remark
1.	Shri Vikram Dev Dutt	Chairman & Managing Director, AI Assets Holding Limited	Chairman, AIESL (From 27.01.2022 to 28.02.2023)
3.	Shri Satyendra Kumar Mishra	CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation	Chairman, AIESL (w.e.f. 01.03.2023) & Nominee Director, AIESL (w.e.f. 02.02.2017)
4.	Shri Vimlendra Anand Patwardhan	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (From 20.03.2020 to 14.12.2022)
4.	Shri Rajeshsingh Shrinarayan Sharma (Shri Rajesh Singh)	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (From 14.12.2022 to 18.01.2023)
5.	Shri Padam Lal Negi	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (w.e.f. 18.01.2023)
6.	Smt. Parama Sen	Additional Secretary (Former Joint Secretary), Department of Investment & Public Asset Management	Nominee Director (Woman Director), AIESL (w.e.f. 11.02.2022)

v. Key Managerial Personnel

S. No	Name of Key Managerial Personnel	Designation
1.	Shri Jose Mathew	Chief Executive Officer From 30.07.2021 to 30.04.2022
2.	Shri Sharad Agarwal	Chief Executive Officer w.e.f. 01.05.2022
3.	Shri Gopal Krishan Valecha	Chief Financial Officer From 09.11.2021 to 20.05.2022
4.	Shri Rakesh Kumar Jain	Chief Financial Officer w.e.f. 20.05.2022
5.	Ms. Sakshi Mehta	Company Secretary w.e.f. 09.11.2021

vi. 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 2022-23, remuneration and perquisites is ₹5.17 Million (PY ₹4.17 Million) for Chief Executive Officer, ₹2.70 Million (PY ₹2.43 Million) for Chief Financial Officer and ₹0.97 Million (PY ₹1.24 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.
- vii. 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	2022-23 (₹ in Million)	2021-22 (₹ in Million)
1.	Air India Ltd (AIL) Revenue from operation Expenditure Interest on dues to AI Rent Premises Electricity & Heating Charges Cost of goods Sold Salaries - Staff / Hire of Man power Staff Medical Expenses Maintenance of IT Equipment Salaries - Casual Labour Other Expenses Total Expenditure		8739.90 955.26 912.18 201.07 9.09 (-)285.17 163.16 31.63 4.17 202.45 2193.85
	Closing Balance (Payable) / Receivable		(14,215.567)
2.	Alliance Air Aviation Limited (AAAL) Income Revenue from operation Other Income (Interest) Expenditure Total Expenditure Closing Balance (Payable) / Receivable	586.70 173.45 -	506.35 134.93 5.8 1,718.13
3.	AI Airport Services Limited (AIASL) Revenue from Operation Expenditure Handling Charges Manpower Cost Interest on dues AIASL Closing Balance (Payable) / Receivable	12.42 200.82 3.26 21.87 6.62	14.12 238.34 2.99 68.33 (514.54)
4.	Air India Express Limited (AIXL) Income Revenue from operation Other Income (Interest) Expenditure Total Expenditure Closing Balance (Payable) / Receivable		708.27 30.50 3.8 154.32

S. No.	Name of the Entities and Nature of transactions	2022-23 (₹ in Million)	2021-22 (₹ in Million)
5.	Air India SATS Airport Services Private Limited (AISATS) Revenue from operation Expenditure Handling Charges Hire of Manpower on contract Hire / Lease of Equipment Other Expense Closing Balance (Payable) / Receivable	Cease to be related party w.e.f. 12 th January, 2022	0.20 81.72 18.72 5.76 5.65 (636.45)
6.	Centaur Hotel (HCI) Expenditure Hotel Expenses- Staff on Duty Closing Balance (Payable) / Receivable	16.38 (3.79)	13.45 (7.2)
7.	AI Assets Holding Limited (AIAHL) Holding Company Expense Interest on outstanding payables to AIAHL Rent Reimbursement Others (Receivable) Closing Balance as on 31st March (Payable) / Receivable	1865.56 467.35 69.22 15.05 (21,739.44)	407.27 - - - (21,582.90)

40. 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 ₹40.94 million (Previous Year Nil).

Corporate Social Responsibility Expenditure: -

S. No.	Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
1.	Amount required to be spent by the company during the year	40.94	-
2.	Amount of expenditure incurred on: (i) Construction/acquisition of any asset (ii) On purposes other than (i) above	- 40.94	-
3.	Shortfall at the end of the year	-	-
4.	Total of previous years shortfall	-	-
5.	Reason for shortfall	-	-

S. No.	Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
	Nature of CSR activities	Contribution to Prime Minister's National Relief Fund	-
	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:	Nil	-

41. Following are the details of foreign currency exchange differences earned and expended by the Company during the Financial Year 2022-23.

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Foreign Currency Exchange Earnings	72.44	36.52	58.21
Foreign Currency Exchange expended	35.23	33.21	19.50
Net Foreign Exchange Earnings	37.21	3.31	38.71

42. 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 by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

43. INTEREST ON DELAYED PAYMENT OF SERVICE TAX

Service tax for the period from April-2014 to June-2017 was paid by the company after the respective monthly due dates due to liquidity issues and the company had paid the interest for the late payment of service tax only for the financial year 2014-15 and the matter brought to the notice of the company on appearance before DGGI for the unpaid interest on the late payment of service tax. Accordingly, the company has identified ₹299.87 million of interest liability on late payment of service tax and the said amount has also been verified and certified by independent firm of Chartered Accountants and accordingly the company has provided the liability for the same in the books of accounts. The same has been included in restated figures under the head "Other Expenses" for the financial year 2020-21.

44. REMUNERATION TO AUDITORS

The details of the Statutory audit fees and expenses of the Auditors:

(₹ in Million)

Particulars	2022-23	2021-22
Statutory Audit Fees – For the Year	0.40	0.33
Out-of-Pocket expenses	0.04	0.03
Total	0.44	0.36

45. ADDITIONAL REGULATORY INFORMATION

a) Loans and advances to specified persons ₹ Nil (Previous Year ₹ Nil) which are repayable on demand or without specifying any terms or period of repayment.

b) Title deeds of Immovable Property not held in the name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	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	Property held since which date	Reason for not being held in the name of the company
PPE	i. Building	2,644.05	Air India Limited	No	8 th April, 2021	Refer Note 2(a).1
	ii. Jet 9D Test House	10.42	Air India Limited	No	1 st April, 2019	Refer Note 2(a).3
Investment property	Land	-	-	-	-	-
	Building	-	-	-	-	-
Non-current asset held for sale	Land	-	-	-	-	-
	Building	-	-	-	-	-
Others		-	-	-	-	-

c) Capital Work-in-progress (CWIP)

CWIP ageing schedule are as under: -

CWIP	₹ 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

Refer Note No-2(a).1 & 2.

d) Details of Benami property held:

There is no benami property held by the Company, hence, not applicable.

e) Willful Defaulter

Not Applicable

f) Relationship with Struck-off Companies:

The Company has no outstanding balances as on 31.03.2022 (prev period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

g) Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction with Registrar of Companies.

h) 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.

i) Disclosure of Ratios

Current ratio (₹ in millions)			
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Total current assets	14,040	9,925	14,530
Total current liabilities	4,606	6,383	31,013
Ratio	3.05	1.55	0.47
% change	96%	232%	
Reason	Due to increase in current assets and decrease in current liability as compared to previous year.		

Debt equity ratio (₹ in millions)			
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Total debt	-	-	-
Shareholder's equity	-7,900	-14,195	-22,488
Ratio	-	-	-
% change	-	-	-
Reason	There are no debts other than amount payable to the holding company (Rs. 21,739 million).		

Debt service coverage ratio (₹ in millions)			
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Earnings available for debt service (EBIDTA)	8,624	7,744	1,308
Total debt	-	-	-
Ratio	-	-	-
% change	-	-	-
Reason	There are no debts other than amount payable to the holding company (Rs. 21,739 million).		

Return on equity (₹ in millions)			
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Net profits after tax	6,285	8,224	-400
Average Shareholders' equity	-11,048	-18,342	-22,395
Ratio	-0.57	-0.45	0.02
% change	-27%	-2609%	
Reason	Due to decreased net profit during the year and improvement in average shareholders' equity		

Inventory turnover ratio (₹ in millions)			
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Cost of goods sold	631.87	2,105.81	972.22
Average inventory	355.31	678.07	751.27
Ratio	1.78	3.11	1.29
% change	-43%	140%	
Reason	Consumption of stores is not directly related to the inventory held		

Trade receivable turnover ratio		(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
Revenue from operations	19,534	18,819	11,589	
Closing trade receivables	8,166	5,534	12,800	
Ratio	2.39	3.40	0.91	
% change	-30%	276%		
Reason	Due to increase in trade receivables.			

Trade payable turnover ratio		(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
Other expenses	4,819	5,307	3,801	
Closing trade payables	1,907	3,917	5,967	
Ratio	2.53	1.35	0.64	
% change	87%	113%		
Reason	Due to decrease in other expenses and decrease in closing trade payables			

Net capital turnover ratio		(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
Revenue from operations	19,534	18,819	11,589	
Working capital	9,434	3,542	-16,483	
Ratio	2.07	5.31	-0.70	
% change	-61%	-856%		
Reason	Mainly due to increase in working capital (Debtors and bank balance) as compared to previous year.			

Net profit ratio		(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
Net Profit for the year	6,285	8,224	-400	
Revenue from operation	19,534	18,819	11,589	
Ratio	0.32	0.44	-0.03	
% change	-26%	-1365%		
Reason	Due to lower profit as compared to previous year.			

Return on capital employed		(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021	
Profit before exceptional item & tax plus finance cost	8,031	7,131	1,161	
Capital employed	17,659	13,803	-15,842	
Ratio	0.45	0.52	-0.07	
% change	-12%	805%		
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	(₹ in millions)		
Particular	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
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)

j) Compliance with approved Scheme(s) of Arrangements

No approved scheme of arrangement is there, hence, not applicable.

k) Utilization of Borrowed funds and share premium

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

46. Fair value measurement and financial instruments

a. 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 2022, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

b. Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As on 31 March, 2023

(₹ In Million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets	-	-	-	-	-	-	-
Non-Current	-	-	-	-	-	-	-
Others	-	-	0.06	0.06	-	-	-
Current	-	-	-	-	-	-	-
Trade Receivable*	-	-	8,166.44	8,166.44	-	-	-
Cash & Cash Equivalents*	-	-	3,97.84	3,97.84	-	-	-
Bank Balance other than above	-	-	3,628.88	3,628.88	-	-	-
Others Financial Assets	-	-	14.97	14.97	-	-	-
Total	-	-	12,208.13	12,208.13	-	-	-
Financial liabilities	-	-	-	-	-	-	-
Non-Current	-	-	-	-	-	-	-
Lease Liabilities	-	-	46.27	46.27	-	-	-
Other Financial Liabilities	-	-	21,739.44	21,739.44	-	-	-
Total	-	-	21,785.71	21,785.71	-	-	-
Current	-	-	-	-	-	-	-
Lease Liabilities	-	-	11.31	11.31	-	-	-
Trade Payable*	-	-	-	-	-	-	-
a. MSME	-	-	31.30	31.30	-	-	-
b. Other than MSME	-	-	1,875.47	1,875.47	-	-	-
c. Other Financial Liabilities	-	-	648.16	648.16	-	-	-
Total	-	-	2,566.24	2,566.24	-	-	-

As on 31 March, 2022 (Restated)

(₹ In Million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets	-	-	-	-	-	-	-
Non-Current	-	-	-	-	-	-	-
Others	-	-	0.06	0.06	-	-	-
Current	-	-	-	-	-	-	-
Trade Receivable*	-	-	5,534.49	5,534.49	-	-	-
Cash & Cash Equivalents*	-	-	2,569.40	2,569.40	-	-	-
Bank Balance other than above	-	-	1.00	1.00	-	-	-
Others Financial Assets	-	-	8.37	8.37	-	-	-
Total	-	-	8,113.26	8,113.26	-	-	-
Financial liabilities	-	-	-	-	-	-	-
Non-Current	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	21,582.90	21,582.90	-	-	-
Total	-	-	21,582.90	21,582.90	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Current							
Trade Payable*							
a. MSME	-	-	35.84	35.84	-	-	-
b. Other than MSME	-	-	3,881.17	3,881.17	-	-	-
c. Other Financial Liabilities	-	-	7,67.36	7,67.36	-	-	-
Total	-	-	4,684.37	4,684.37	-	-	-

As on 01, April, 2021 (Restated)

(₹ In Million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others	-	-	0.06	0.06	-	-	-
Current							
Trade Receivable*	-	-	12,799.78	12,799.78	-	-	-
Other Financial Assets	-	-	3.91	3.91	-	-	-
Cash & Cash Equivalents*	-	-	4.83	4.83	-	-	-
Bank Balance other than above	-	-	33.75	33.75	-	-	-
Total	-	-	12,842.27	12,842.27	-	-	-
Financial liabilities							
Non-Current	-	-	-	-	-	-	-
Current							
Trade Payable*							
a. MSME			36.23	36.23			
b. Other than MSME	-	-	5,930.61	5,930.61	-	-	-
c. Other Financial Liabilities	-	-	19,371.58	19,371.58	-	-	-
Total	-	-	25,338.42	25,338.42	-	-	-

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.

47. 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 of 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.

48. 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 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. The Board of Directors reviews and agrees policies for managing each of these risks, which summarized below:

(i) Credit Risk

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, 2023	As at March 31, 2022	As at March 31, 2021
Government Company past due more than three years	100.00 %	100.00 %	100.00 %
Group Company	0.00 %	0.00 %	0.00 %
Other Parties past due greater than one year and up to three years	3.90%	4.30%	10.96%
Other Parties past due more than three years	100.00 %	100.00 %	100.00 %
Specific Credit Risk impairment on individual basis	100.00 %	100.00 %	100.00 %

The Company's exposure to credit risk for trade receivables is as follows: (₹ in Million)

Particulars	As at 31 st March 2023		As at 31 st March 2022	
	Gross Carrying ₹	Loss Allowance	Gross Carrying ₹	Loss Allowance
Debts not due	-	-	-	-
Debts over due	8,763.74	5,97.30	6,094.40	559.91
Total	8,763.74	5,97.30	6,094.40	559.91

Movement in the allowance for impairment in respect of trade receivables:

(₹ in Million)

Particulars	For the year ended 31 st March 2023	For the year ended 31 st March 2022	For the year ended 01 st April 2021
Balance at the beginning of the Year	559.91	549.21	446.97
Movement during the year	37.39	10.70	102.24
Balance at the end of the Year	597.30	559.91	549.21

(ii) Liquidity Risk

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 other 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 may enable it to meet its future known obligation in the ordinary course of business.

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.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual cash flow are gross and undiscounted, and includes interest accrued but not due on building.

As at 31st March 2023

(₹ in Million)

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	1,906.78	1,906.78	-	-	-	1,906.78
Other Financial Liabilities	6,48.16	6,48.16	-	-	-	6,48.16

As at 31st March 2022

(₹ in Million)

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	3,917.00	3,917.00	-	-	-	3,917.00
Other Financial Liabilities	7,67.36	7,67.36	-	-	-	7,67.36

As at 31st March 2021

(₹ in Million)

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	5,966.84	5,966.84	-	-	-	5,966.84
Other Financial Liabilities	19,371.58	19,371.58	-	-	-	19,371.58

(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 currency from the company's operating activities.

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2023 and 31 March 2022 are as below:

As at 31st March 2023

Particulars	AED	AUD	BDT	CNY	EUR	GBP	HKD	JPY	KRW	KWD	LKR	NPR	OMR	SAR	SEK	SGD	USD
Cash & Cash Equivalents	0.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Other Financial Assets	0.24	0.05	0.03	0.06	0.01	0.01	0.59	-	-	-	-	0.95	-	0.03	-	0.05	0.25
Trade Receivables	-0.02	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	22.72
Total Financial Assets	1.01	0.05	0.03	0.06	0.02	0.01	0.59	-	-	-	-	0.95	-	0.03	-	0.05	22.99
Other Financial Liabilities	-0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	0.03	-	-	-	-0.06	-0.01	-	-	-	-0.00	-0.08	-	-	-	-	-0.01	-1.63
Total Financial Liabilities	0.03	-	-	-	-0.06	-0.01	-	-	-	-0.00	-0.08	-	-	-	-	-0.01	-1.63

As at 31st March 2022

Particulars	AED	AUD	BDT	CNY	EUR	GBP	HKD	JPY	KRW	KWD	LKR	NPR	OMR	SAR	SEK	SGD	USD
Cash & Cash Equivalents	0.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Other Financial Assets	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	4.52
Trade Receivables	0.37	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	12.70
Total Financial Assets	0.56	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	17.24
Other Financial Liabilities	-0.13	-0.13	-0.03	-0.16	-0.06	-0.02	-1.30	-	-9.39	-	-	-1.50	-0.00	-0.07	-0.01	-0.06	-0.03
Trade Payables	-0.20	-	-	-	0.05	0.01	-	0.40	-	0.00	0.08	-	-	-	-	0.02	2.57
Total Financial Liabilities	-0.33	-0.13	-0.03	-0.16	-0.02	-0.02	-1.30	0.40	-9.39	0.00	0.08	-1.50	-0.00	-0.07	-0.01	-0.04	2.54

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 ₹s 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 31 st March, 2023	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL
Effect in INR (before tax)	Profit or Loss	
For the year ended on 31 st March, 2022	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL
Effect in INR (before tax)	Profit or Loss	
For the year ended on 31 st March, 2021	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL

49. 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, 2023, is ₹Nil (₹ Nil as on 31st March, 2022).

- 50.** 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.
- 51.** The company is in process of transfer of hangars constructed on the land leased by Airport Authority of India or land owned by the holding company at various locations in India. This process is likely to complete in due course.
- 52.** The name of company has been changed from Air-India Engineering Services Limited to AI Engineering Services Limited w.e.f. 03-08-2020.
- 53.** The company has changed the policy of recognizing revenue from the training services i.e. from when the fees has been received to when the training services has been initiated to provide and as a result of this ₹0.88 million has been transferred to advance Received from Customers.
- 54.** 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

For and on behalf of the Board of Directors

**AAJV and Associates
Chartered Accountants
FRN : 007739N**

**Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790**

**Sd/-
Padam Lal Negi
Director
DIN 10041387**

**Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419**

**Sd/-
Sharad Agarwal
Chief Executive Officer**

**Sd/-
Sakshi Mehta
Company Secretary**

**Sd/-
Rakesh Kumar Jain
Chief Financial Officer**

**Place : New Delhi
Date : 20-12-2023**





AI ENGINEERING SERVICES LIMITED

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



@AIESL_MRO



@AIESL



@aiesl_mro



@AIESL_MRO