

# 20<sup>th</sup> ANNUAL REPORT

## 2023-24



**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](mailto:marketing.aiesl@aiesl.in); Website: [www.aiesl.in](http://www.aiesl.in)

CIN: U74210DL2004GOI125114

### Statutory Auditors

M/s AAJV and Associates  
Chartered Accountants

### Internal Auditors

M/s S.N. Kapur & Associates,  
Chartered Accountants

### Secretarial Auditors

M/s Saurabh Agrawal & Co.,  
Company Secretaries

### Tax Auditors

M/s Rajnish & Associates  
Chartered Accountants

### Bankers

State Bank of India (SBI)  
HDFC Bank  
ICICI Bank

### Registrar & Transfer Agent (RTA)

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





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## 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 Amit Kumar**  
**Chairman & Nominee Director**



**Shri Shobhit Gupta**  
**Nominee Director**



**Shri Padam Lal Negi**  
**Nominee Director**



**Shri Manoj Kumar**  
**Nominee Director**



**Smt. Nayonika Dutta**  
**Nominee Director**



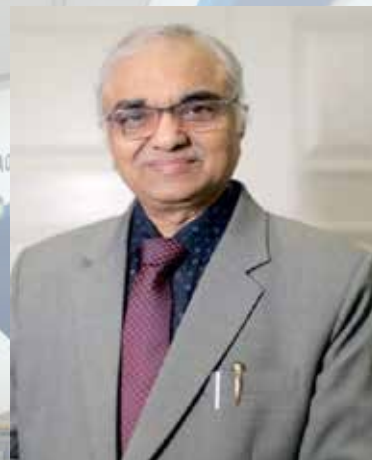
## ***KEY MANAGERIAL PERSONNEL (KMPs)***



**Shri Sharad Agarwal**  
**Chief Executive Officer**



**Ms. Sakshi Mehta**  
**Company Secretary**



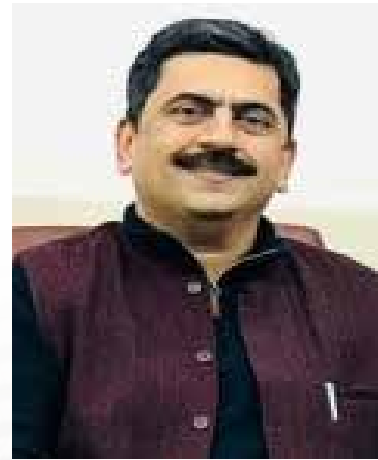
**Shri Rakesh Kumar Jain**  
**Chief Financial Officer**



## ***SENIOR MANAGEMENT***



**Shri B. Jena**  
**Executive Director (Engg.)- WB**



**Shri R.S. Thakur**  
**Executive Director (Engg.)- NB**



**Shri D.K. Talwar**  
**Executive Director (Engg.)- HQRS.**



**Shri Nitin Asthana**  
**Chief HR Officer**



**Shri Alok Agarwal**  
**GM (PPMM)- HQRS.**



**Shri V.P. Prajapati**  
**GM (Quality)- HQRS.**



## SENIOR MANAGEMENT



**Shri Sanjay Vaze**  
GM (WB) - WR



**Shri Shaikh Faiyaz**  
GM (E-SS) (WB) - WR



**Shri Sanjay Dwivedi**  
GM- Nagpur



**Shri Vikas Laxman Khawle**  
GM (WB)-WR



**Shri Rajesh Kumar Patidar**  
GM (E-SS)- NR



**Shri Suresh Thiruvambalam**  
GM (WB)- NR



**Shri Ravi Shankar Pucha**  
GM- HYD.



**Shri Avinash Dhanorkar**  
GM- WR



## CHAIRMAN ADDRESS



*Dear Shareholders,*

It gives me immense pleasure to present the Twentieth (20<sup>th</sup>) Annual Report of the Company for the year 2023-24. I would like to thank each one of you for making it convenient to attend this meeting.

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

### PERFORMANCE OF THE COMPANY

The financial performance of your company during FY 2023-24 was as under:

- The total revenue increased from Rs. 2044.78 crores in the previous year to Rs. 2180.35 crores in the current year i.e., an increase of approx. Rs.135.57 crores (which is 7% higher than the previous year).
- The total expenditure of the company increased from Rs.1418.81 crores to Rs.1552.45 crores in the same period with an increase of approx. Rs. 133.64 crores (i.e., approximately 9% from the previous year).
- The company has earned a net profit of Rs.254.98 crores in FY 2023-24 as compared to net profit of Rs. 643.39 crores in FY 2022-23.

As regards non-financial performance, in FY 2023-24, AIESL provided Line Maintenance Services to AIL Air India express, Fly 91 and Alliance Air along with various international operators namely, Kuwait Airways, Singapore Airlines, Quikjet, Pradhan Air, Manta Aviation, M Jets International, Buddha Air, Drukair, Akasa Air.

AIESL is also providing Base Maintenance/ Engine Maintenance Services to major customers such as Air India, Air India Express, Alliance Air, IAF, Pradhaan Air, Quikjet, Fly 91, Tashi Air, Spice Jet,



Global Aerotech, Willis Lease Finance Corporation Limited (WLFC), Sojitz India Private Limited, and Vman Aviation Services.

Further, AIESL is also providing services to the lessors for the aircraft maintenance, Storage Recovery, RTS and re-delivery for various groups at Delhi and Mumbai. Services to lessor also include BSI, Engine Storage/ Preservation and other related maintenance work. Prominent lessors to which AIESL provides active services are ICBC, Jackson Square Aviation (JSA), CCB Leasing, and Aviation Capital Group.

Your company has approval from 15 foreign Civil Aviation authorities namely EASA, FAA, Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Sri Lanka, CAA Nepal, CAA Malaysia, CAA of Bangladesh, PACA Oman, CAA of Egypt, etc. AIESL has applied for approval of CAA of Brunei.

AIESL NR has undertaken capability enhancement for CFM LEAP1A engine 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 & MAX aircraft which would be operated by Airlines in future.

## **STRENGTHS**

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

- Facilities are approved by DGCA/FAA/EASA with PAN India footprints at Major Airports, effectively one stop shop for all engineering requirements.
- Biggest player in Indian MRO in terms of Revenue, Infrastructure and Professional Manpower.
- Only MRO in India providing Heavy Maintenance Checks on Wide Body Aircrafts.
- Presence in the niche market of Engine Overhaul shop of CFM 56-5B / 7B, GE, P&W and Leap 1A/Leap 1B.
- Presence in Base Maintenance across 07 major airports across India i.e. Delhi, Mumbai, Nashik, Nagpur, Kolkata, Hyderabad, and Thiruvananthapuram.
- Presence in Line Maintenance over 101 stations at domestic and international locations
- Landing Gear Overhaul facilities for A320 and B737 Aircraft.
- Presence in Components Repair and Overhaul shops and APU overhaul shops.
- Presence in niche services like Modification/Structure Repair, NDT, Lease Rentals, Spare Support, CAMO Services, Training, etc.



- The only MRO in India with experience in handling diverse range of Aircraft models including A320 family. B737 NG / Max, B747, B777, B787 and ATRs.
- Jet Engine Overhaul facilities at 03 locations for CFM 56-5B/7B and GE Engines along with test cells.

The Government of India has introduced major benefits for the MRO industry. Some of the salient ones are:

- Resolution of issues regarding GST structure by uniformly allowing MRO import at 5% GST as against component specific duty which ranged up to 40%.
- Providing land on long-term lease to MRO facilities at airports as against short-term lease earlier. As MRO requires a long gestation period therefore, long term lease shall emerge MRO to incur CAPEX for upgradation of facilities.
- Removal of royalty charges on MRO services. Earlier, due to the royalty (with rates ranging between 10-20%), the MRO services in India becomes expensive and incompetent compared to foreign MROs.
- Procedures for grant of MRO approval have been liberalized by merging the safety and quality requirement into single regulation.

Further, the government is also working on liberalization of AME licensing procedures.

## **FUTURE PLANS**

We are in touch with Batik Air, Qatar Airways, Cham Wings, Air Astra, Royal Brunei, Thai Air Asia, US Bangla, Rom Cargo, Sky Angkor Airlines etc. for Line Maintenance Support.

In the coming few months, your company will be providing Base Maintenance services to US Bangla Air and DRDO for their A319 and A320 aircraft.

Further, we are in talks with Minsheng Financial Leasing Co. Ltd. (MSFL), CDB Aviation, for aircraft maintenance and redelivery etc.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2023-24**

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

As per the CSR provisions stipulated in the Companies Act, 2013, AIESL has spent Rs.9.10 crores for CSR activities during FY 2023-24 by contributing the same to the Prime Minister's National Relief Fund.

## **CORPORATE GOVERNANCE**

Your company follows the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), as applicable. The Company, based on self-evaluation, falls under an 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the past three



financial years 2021-22, 2022-2023 and 2023-2024. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FY 2021-22 and for the FY 2022-23 and 2023-24 DPE grading is awaited.

## **ACKNOWLEDGEMENT**

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

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

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

**Sd/-**

**Amit Kumar**

**Chairman**

## Directors' Report

Dear Members,

The Directors have pleasure in presenting their Twentieth (20<sup>th</sup>) Annual Report on business and operations including financial summary and highlights of the Company for the Financial Year ended 31<sup>st</sup> March 2024.

### 1. GENERAL INFORMATION

The Board of Directors of Air India Limited, the then parent company, in the year 2010, approved the hiving off of AI Engineering Services Limited [formerly known as 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 3<sup>rd</sup> Party Customer of domestic and international market.

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

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

Earlier, AIESL was the wholly owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AIESL was transferred from AI to AI Asset Holding Limited (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 31-03-2024	Financial Year ended 31-03-2023 (Restated)
Total Revenue	2180.35	2044.78
Total Expenses	1552.45	1418.81
Profit (Loss) before exceptional items	627.90	625.97
Add: Exceptional Items	-259.50	233.42
Profit (Loss) before tax	368.40	859.39
Less: Tax Expense including deferred tax	113.41	216
Profit after tax	254.99	643.39
Other Comprehensive Income	-19.26	1.04
Total Comprehensive Income	235.73	644.43
Balance of profit brought forward from previous year	-941.76	-1586.20
Balance carried to Balance Sheet	-706.03	-941.76



### 3. CAPITAL STRUCTURE

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

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

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

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

The Company has not revised its Financial Statements or Board Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013. However, the financial statements for FY 2022-23 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 31<sup>st</sup> March 2024.

### 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** amount to its reserves.

### 8. MAJOR EVENTS AND SIGNIFICANT ACHIEVEMENTS DURING FY 2023-24:

During the FY 2023-24, AIESL achieved the following landmarks:

- i) Facilities in Mumbai & Delhi received FAA Approval for carrying out Maintenance activity on A320 family aircraft up to 10 years check.
- ii) Received EASA Approval for its state-of-the-art Jet Engine Overhaul Complex at New Delhi.
- iii) Acquired EASA 145 approval to handle CFM56-5B and Leap 1A engines – Countries only facility with EASA Approval for these engines.
- iv) Received authorization to perform 15000 FH or 5500 FC or 36 MO Boeing MPD task, including modification, structural inspection, and repair on B737 MAX.
- v) Received CAYMAN approval for carrying out maintenance check on Ex Go Air Aircraft.
- vi) Nagpur MRO facility became the first MRO to perform a C-Check on an international wide body (WB) aircraft within remarkable 15 days TAT.
- vii) Inducted multiple B777 of KU Airways at the Mumbai facility for A Check.

- viii) EASA has approved Quick Turn (QT) repair of GENx Engines under B1 rating and various components of GENx Engine under C7 rating for Engine Overhaul Facility at AIESL MRO, Nagpur.
- ix) Inducted 1<sup>st</sup> Boeing 737 MAX Aircraft from one of our esteemed clients in India for 36 Month Check.
- x) Successfully returned the V2500 Engine of Global Aerotech after proving support on Maintenance work and performing engine testing within a short time span.
- xi) The Go-First aircraft, which had been grounded in Delhi for a year, has finally taken off to its destination. AIESL provided comprehensive end-to-end services to make this flight possible.
- xii) The JEOC team successfully performed onsite AGB + TGB replacement for international airline customers.
- xiii) The company became the only MRO in India with the expertise to OH the L/G of B737-800 and A320 family aircraft.
- xiv) AIESL Mumbai team achieved a significant milestone in replacing landing gear of a P8I aircraft at INS Rajali within a commendable span of 6 days.
- xv) AIESL Kolkata base conducted flawless C-Check for Tashi Air's Airbus A319 aircraft.
- xvi) AIESL collaborated with Boeing for developing a world class training facility in India.
- xvii) AIESL inducted its 1st C Check of A320 NEO under FAA Accreditation at Nagpur.

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

#### **I. NAGPUR MRO:**

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

Performance and achievements of Nagpur MRO during the FY 2023-24 are as given below:

#### **A. Base Maintenance**

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

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 aircraft and DGCA approval for Boeing 777, Airbus A320 and Boeing 737.



**During FY 2023-24**

- 'C' checks (B777 aircraft) carried out – 07
  - ✓ AIL aircraft- 02
  - ✓ Foreign Customer (KU AIRWAYS)- 05
- Phase checks (B777 aircraft) carried out - 25
- Isolation & other checks (B777 aircraft) carried out - 03
- '6Y' & Package checks (A320 Family) carried out - 01

Number of checks completed during the FY 2023-24 were **36** and include 05 B777 C' Checks aircraft of foreign customer "Kuwait Airways" and successfully returned to service. A total of **207 base maintenance checks** have been completed since inception.

**B. Engine Shop****GENx Engine Assembly**

- Quick Turn (QT) repairs were completed on two GENx Engines during F.Y. 2023-24.
- Total of **15 GENx Engines** Quick Turn repairs were completed since inception.

**Engine Test Cell**

- During the year 2023-24, a total of three GENx-1B engines were successfully tested.
- Total of 5 GENx-1B engines were successfully tested at Nagpur Engine Shop since inception.

**On Wing Support**

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

**C. Back Shops****(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 – 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 provides basic OJT Training for students of CAR 147 maintenance training institutes. Currently seven institutes have signed agreements with AIESL, Nagpur.

### **E. Induction of Apprentice**

Under the Compliance of the Apprentice Act-1961, 12 apprentices were inducted in FY 2023-24.

### **F. Future Plans**

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

## **II. TRIVANDRUM (TRV) MRO**

The TRV MRO facility consists of Base Maintenance, Line Maintenance of 21 stations - primarily servicing Air India Express' B737 aircraft and Shop Maintenance supporting oxygen charging, battery overhaul, and NDT shops. At the close of the FY 2023-24, Kerala Region was formed comprising Trivandrum MRO and 4 Line Stations of Kerala belt, namely LM-Trivandrum, Kochi, Calicut, Kannur and Agatti.

### **Key Achievements of TRV MRO:**

- i. Enhanced capability for major maintenance checks on A320-family aircraft up to 12 years.
- ii. FAA approval for B737NG and A320 family aircraft.
- iii. 6 yearly Major checks done on Air India A320 aircraft.
- iv. DGCA and FAA approval for B737-700/800/900 BCF and BDSF.
- v. Substantial revenues from freighter maintenance for SpiceJet.
- vi. The TRV MRO facility is also gearing up to obtain EASA approval for up to 12 yearly checks for B737 and A320 Family aircraft.

### **Base Maintenance Capacity and Approvals:**

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



- ii. Approval: Acquired approval for major checks on A320 family aircraft for 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. This is in addition to the existing for B737NG and B737 BDF / BDSF aircraft.

**Highlights of performance during the year 2023-24 are as under:**

- a) Base Maintenance -TRV MRO: The activity wise details of BMD in FY 23-24 are:
  - i. Phase checks: 306
  - ii. Monthly checks: 181
  - iii. Yearly checks: 28
  - iv. C Checks: 14
- b) Overhaul/ Repair Shops: The activity wise details of Overhaul Shops in FY 23-24 are:
  - i. Wheels (main & nose): 1415
  - ii. Brakes: 143
  - iii. Oxygen: 291
  - iv. Batteries: 138
- c) Line Maintenance: Under the Line Maintenance Division of Trivandrum, we have handled approx. 27,831 flights of various Airlines in FY 23-24.

**TRIVANDRUM MTO**

MTO, TRV is approved under DGCA and EASA for Boeing and Airbus fleets training. The facility acquired approval for B737 Max Type difference and A320 family CEO to NEO difference course during FY 23-24 and MTO, TRV conducted 6 MAX difference courses, One B737 B1.1 type course (DGCA approved) and one B737 B2 course (DGCA & EASA approved). Apart from this, around 20 Familiarization courses conducted for MAX alone to make service engineers competent to work.

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

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

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

The number of training courses conducted for FY 23-24 in MTO, TRV are the following:

Sl. No.	TYPE OF COURSE	NUMBER OF COURSES	NUMBER OF CANDIDATES
1	OFFLINE COURSE	79	973
2	ONLINE COURSE	87	1394
3	CAR147 BASIC COURSE	38	653

## **FUTURE PLANS**

### **Future Operations and Capabilities:**

- i. Expand capabilities to include B737-8/9 MAX aircraft under DGCA and FAA approval.
- ii. EASA approval for Base maintenance on B737 and A320 aircraft.
- iii. Composite material/structural repair approval.
- iv. Enhance COD (Component Overhaul Division) capabilities for B737-8/9 MAX and A320 NEO wheels and brakes.
- v. Cabin repair and refurbishment, heat exchanger cleaning, and testing.
- vi. Inclusion of MAX Training under the scope of EASA.
- vii. Full SCOPE B737-MAX Approval (Process already in final stage).
- viii. Enhance the MTO capability with the approvals of WIDE body aircraft including B787.
- ix. Addition of 2 more classrooms and upgradation of facility.

### **Proposed Future Projects:**

- i. Build a hangar on vacant land to house one WB or two NB Aircraft including Paint Facility to augment capacity.
- ii. Avionics accessories repair shop.
- iii. Galley inserts repair shop.
- iv. Cabin safety and survival equipment shop.
- v. Construction of an NB painting hangar with an annex building for ATEC and component overhaul.

## **III. JEOC (JET ENGINE OVERHAUL COMPLEX)**

- o 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 FY 2023-24 is as under:
  - ✓ Total no. of engines produced were 17 (07 M/s Air India, 02 M/s Air India Express, 03 engine testing of M/s Global Aerotech, and 05 M/s WLFC)
  - ✓ Production of 07 CFM 56-5B Engines as per MSA and additional work carried out including Lease return inspections, Video BSI, Nozzle change, inventory check, etc. on LEAP1A and CFM 56-5B engines.
  - ✓ Production of 02 CFM 56-5B engines of M/s Air India Express, testing of 03 V2500 Engines of M/s Global Aerotech, and Module swapping of 05 CFM 56-5B engines pertaining to M/s Willis, along with minor rectification work on components pertaining to M/s Indigo, M/s Vistara, and M/s Spice jet.

## **ACHIEVEMENTS DURING THE FISCAL**

- o JEOC got limited approval from SACAA (South African Civil Aviation Authority) as an Indian AMO (Approved Maintenance Organization) to carry out jobs pertaining to M/s Global Aerotech, South Africa. This will enable JEOC to target South African operators and customers to generate additional revenues.



- JEOC is continuing with the support for 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. There is an increase of more than 100% revenue pertaining to outside parties in the year 2023 -24.
- JEOC is on the path to enhance its capabilities on CFM LEAP 1A engine through liasioning and continuous discussions with M/s SAFRAN for technical knowhow, tooling, and infrastructure requirement.
- Test Cell upgradation process has also been initiated with an aim to generate additional revenues.

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

❖ **GROUP – A**

Key achievements for the Narrow Body, Western Region, Airbus Group during the 2023-24 fiscal years are summarized below:

**A. MRO CAPABILITIES of Western Region, Group A:**

➤ **Line Maintenance:**

- ✓ Handling 14 active Stations including Mumbai Base for Aircraft Certification.

➤ **Base Maintenance:**

- ✓ Base maintenance has DGCA approval for A320 (CFM & PW), A330(PW & GE) and ATR72 aircraft.

➤ **Base Maintenance Shops:**

- ✓ NDT Inspection/X-Ray
- ✓ Structure Repair shop
- ✓ Composites Repair shop
- ✓ Machine shop
- ✓ Painting Shop
- ✓ Tailoring Shop
- ✓ Carpentry Shop
- ✓ Airframe Accessories/Composites Overhaul shops
- ✓ Avionics Shops
  - Electrical & Overhaul Shops.
  - Instrument & Overhaul Shops.
  - Radio & Overhaul Shops.

- **Quality Assurance and Tech Services:**
  - ✓ Oil and Fuel Testing Laboratory
  - ✓ Licensing, Authorization
  - ✓ Audit, Tech. Library
- **Engineering Facilities:**
  - ✓ Upkeep and Maintenance of all Fabrication of Trestles etc.
  - ✓ Maintenance of utilities like electricity, compressed air, Central Air conditioning etc.
- **DGCA Approved Training Center - For AMEs and Service Engineers**
- **Production Planning and Material Management:**
  - ✓ Provisioning for Aircraft spare parts
  - ✓ 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 for Shift analysis 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, 400Flight Hours, Component Replacement (CR), Material Request (MR) in RAMCO System).
  - Tendering Process (House Keeping, Office Assistant, RAMP Vehicles & Staff Transportation Services, Handymen's Helper Services etc.).
  - AIL & AAAL Billing along with Revenue & Profitability for Western Region, Narrow Body, and Airbus Group.

#### ❖ **Group– B**

The overview of checks completed by Group B during FY 2023-24 is as below:

Details of the checks done at Mumbai

• Total 'D' checks carried out	– 0
• Total 'C' checks carried out	– 15
• Total phase checks carried out	– 44
• Total 'A' checks carried out	– 177



- Total transit checks carried out – 2,962
- Total Foreign Airline Handling – 0864
- Total Foreign Airline Certifications – 0624
- Foreign Airline Standby/ On Call Handling – 0672

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

Month / Year	PW4056	CFM56-7B	GE90	GENx	Total
Apr – 23 to Mar-24	-	13	11	8 *	32

\*Qty.1 Engine Tested in Nagpur Test Cell

The overview of checks completed by Group B during April 2024 - June 2024 is as below:  
Details of the checks done at Mumbai

- Total 'D' checks carried out – 0
- Total 'C' checks carried out – 2
- Total phase checks carried out – 6
- Total 'A' checks carried out – 46
- Total transit checks carried out – 718

**B.** The details on No. of APU Repaired / Overhauled in EOH (Mumbai) are as under:

Month / Year	131-9B	331-500B	APS 5000A	PWA 901A	Total
Apr – 23 to Mar-24	5	6	3	--	14

**C.** Third Party Work done during the period is as under:

KUWAIT AIRWAYS	Aircraft Check “ A”
Indian Navy	Floor Board
Specter Air	Replacement Of LPT
Reliance CDL	Differed Maintenance Task & Painting of Cowl
The Bombay Flying Club	B777-300 ER Ceiling Panel Weighing Removal & Reinstallation at Mumbai & Delhi
Tata SIA Airlines Ltd	Borescope Inspection of ESN 956853 & 'C' Check, Inventory Check
Serve Air Limited FZCO	Line Maintenance Task as Per AMM Task 79-00-00-200-804 At Cango
ACE Aviation VIII Ltd	Borescope Inspection of Engine RH & LH
SNV Aviation Pvt. Ltd.	Technical Manpower & Maintenance Work & Eddy Current on Engine No.2
Spice Jet Ltd.	LH & RH Main Landing Gear
The Boeing Company	P8I Landing Gear Removal & Installation in Rev C At Rajali
AerSale	Parking Of B747 Run Up Bay, Ampower & MRO Services

ARC	Carrying Out NDT Inspection Of Giii A/C G-2961
The Boeing Company	Maintenance MRP Task On IHOSs Aircraft K7066 & K7067
China Airlines	Technical Assistance At Mumbai On AOG Basis
Spice Jet Ltd.	Swapping Of LPT Module
Lufthansa Air	Hangar Space & Run Up Bay
SNV Aviation Pvt. Ltd.	FPI of Engine /Airframe parts

During the current year, as a major step towards integration, AIESL moved entire NB resources and approvals to WB side.

## V. DELHI BASE (NORTHERN REGION)

**Major events in the Northern Region (Group – A) during the Financial Year 2023-24 are as under:**

- A total Number of **5074** Third Party Certifications (Parties other than AI & group companies/AAAL/IAF) of Group–A aircraft were carried out at Delhi and its outstations.
- Major Check activity at Base Maintenance:**

At Base Maintenance, NR, the number of checks carried out on Airbus fleet of Air India, during 2023-24 is as follows:

○ 1A-Checks	-	57
○ 2A-Checks	-	54
○ 3A-Checks	-	53
○ 4A Checks	-	53
○ Packages(P1-P25)	-	01
○ Engine Change Activity	-	98
○ 6 Yearly check	-	0
○ 12 Yearly Check	-	0
○ 1B Check	-	8
○ 2B Check	-	1
○ 1C Check	-	11
○ Major Structural Repair on Aircraft	-	8

Additional Jobs Done: Weighment, Engine Trim Balancing, VBV snags, Detergent Water-wash, Rudder fitting Mod, FOAM WASH ETC TOTAL 372

**Major events in the Northern Region (Group – B) during the Financial Year 2023-24 are as under:**

- Total Number 9833 Transit Checks were carried out on B787/B777 flights.
- Major Check activity at Base Maintenance:**

At Base Maintenance, NR- Group – B, the number of checks carried out on Boeing fleet of Air India, during 2023-24 is as follows:

○ B787 A-Checks	-	155
○ B777 A-Checks	-	233
○ B777 150 Days Checks	-	03

## **VI. HYDERABAD BASE (SOUTHERN REGION):**

Highlights of performance during the year 2023-24, are as under:

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

AIESL Hyderabad has base maintenance capability for A320 (V2500, CFM56 & LEAP) and ATR72 types of aircraft.

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

### **a) Highlights of maintenance activity carried out in S/Region**

#### **➤ Line maintenance activity in S/Region:**

<b>A320 Family Aircraft</b>			<b>ATR72-600 Aircraft</b>		
Transit	-	25871	Transit	-	10734
Night Halt	-	1736	Night Halt	-	7
Lay Over Insp.	-	1127	Lay Over Insp.	-	1150
Weekly Insp.	-	612	Weekly Insp.	-	307
400FH Insp.	-	15	400FH Insp & Higher Check *	-	51
			BSI	-	30

#### **Note:**

- “1” Engine Change of ATR72-600 carried out in LM, BLR.
- Total No. of Engineering Certification of Clients (Air Asia Berhad / Air Vistara/ Indian Air force (AB)/Kuwait/Royal Nepal/ Qatar/ Scoot tiger Air) included in the transit Check.
- “71” Technical handling/Headset Support Services details excluded in the above table.
- \* - A & it's multiple/Yearly/4000FH & 8000FH Checks.
- AOG support provided to various foreign airlines (Air Asia Berhad, Malaysian Airlines etc).
- Hyderabad extends its manpower support to carry out A320F 6 yearly & Higher checks at TRV & NAG base of AIESL.



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

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

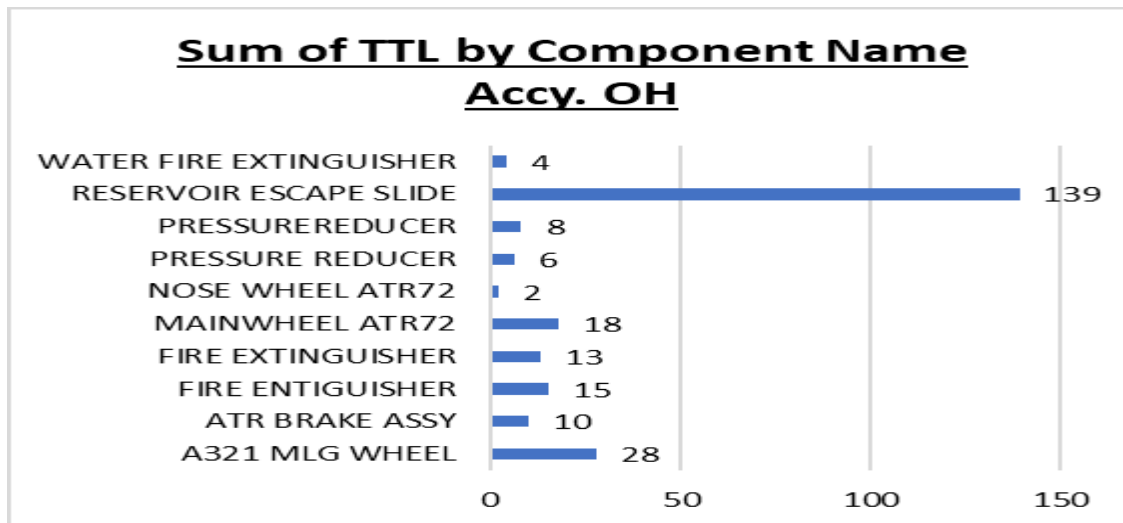
ATR FLEET												
Type Of Checks	Layover Checks	Weekly check	A1 to A9 (except A4/A8)	A4/A8	400 Hrs check	"C" Check	1 Yearly check	2 Yearly check	4 Yearly check	4000 Hrs Check	Engine Change	BSI
Total No of checks C/o	3	11	11	3	1	2	2	2	1	5	7	1

➤ **Production report on Overhaul shops at Hyderabad:**

The number of Components Serviced at Overhaul shops at AIESL, HYD for FY 2023-24 is as follows:

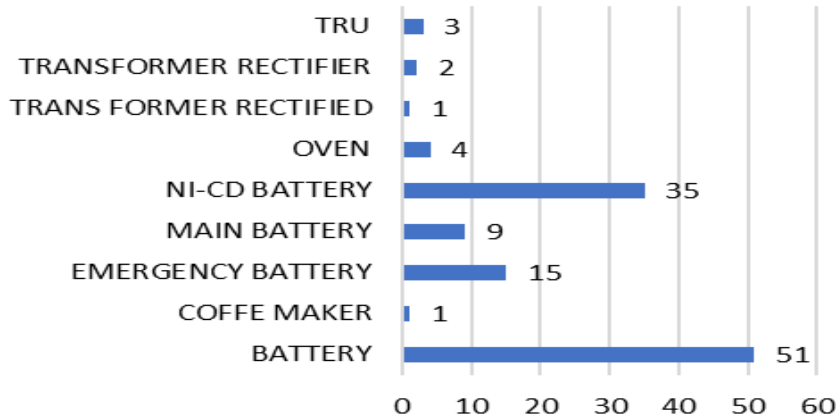
- Accy. OH Shop - 243
- Electrical OH Shop - 121
- Instrument OH shop - 1173
- Radio OH Shop - 760

**Component Wise Breakup for Each OH Shop (Graphs)**



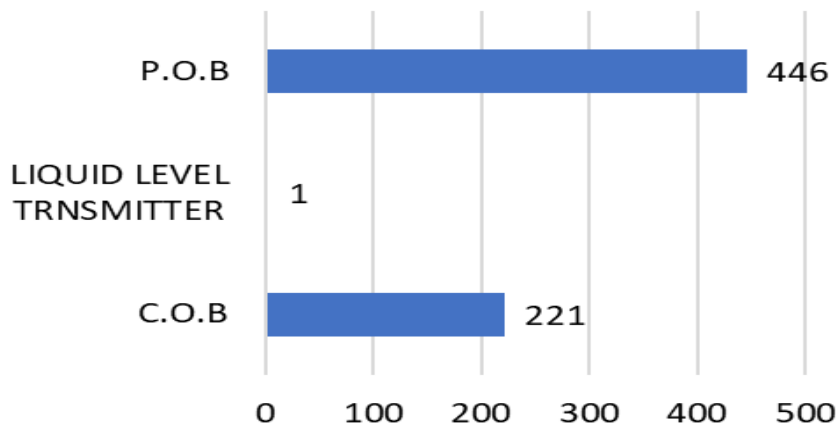
### Sum of TTL by Component

#### Name EL OH



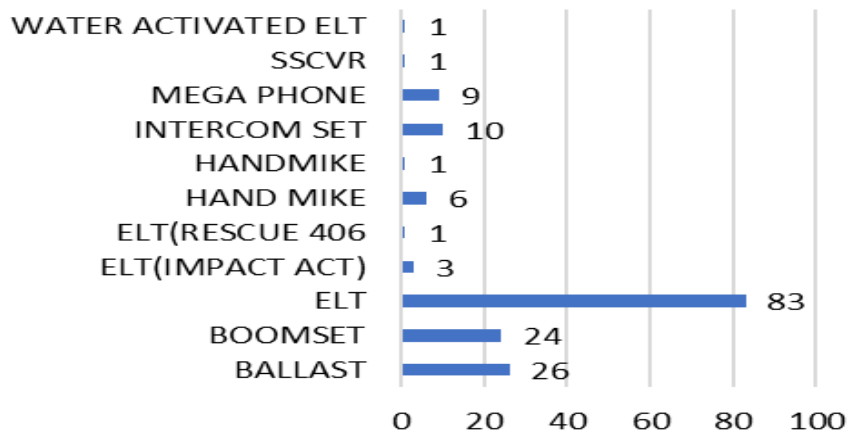
### Sum of TTL by Component Name

#### IN OH



### Sum of TTL by Component Name RD

#### OH



**b) Future Plans:**

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

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

**(i) BASE MAINTENANCE**

➤ **B737-700/800/900(CFM 56)**

Up to 48000FH Or 50000FC Or 12 Years MPD Tasks Including Modifications, Structural Inspection & Repair

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

Up to 15000FH or 5500FC or 36months MPD tasks including modifications, structural inspection & repair

➤ **A321 (CFM LEAP-1A)**

Up to 18000FH or 14400FC or 6 years (72months) MPD tasks including out of phase inspections (OOPS) along with modification, structural inspection & repair

**(ii) LINE MAINTENANCE**

➤ **B737-7/8/8200/9 (CFM LEAP-1B)**

Up to 12000FH/5500FC/36 months MPD tasks including modification and structural inspection

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

**VII. KOLKATA BASE (EASTERN REGION)**

Highlights of performance during the year 2023-24 were as under:

**A. Line Maintenance:**

➤ Certification of Airbus Flights (AI) at the base and outstations:

▪ Preflight at CCU	- 4332
▪ Lay Over Inspection	- 546
▪ Weekly Inspection	- 275
▪ 400FH Inspection	- 23
▪ Night Halt PF	- 783
▪ PF at Outstations (Domestic)	- 7039
▪ PF/TC at Outstations (International)	- 1309

➤ Certification of Wide body (AI) Aircraft at base:

▪ Preflight	- 11
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➤ Certification of B737 (AIX) Aircraft at base & Outstations:



- Preflight/Transit at CCU - 117
- Weekly Inspection at CCU - 05
- Preflight/Transit at Outstations - 867
- Certification of ATR flights at the base & outstations:
  - Transit Checks - 8777
  - Night Halt - 19
  - Lay Over Inspection - 1150
  - Weekly Inspection - 227
  - BSI - 03
  - 400FH Check - 09
- 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, M/s Air Aisa Berhad are provided at various Stations & CCU in Eastern Region.

## **B. Major Check activity at Base Maintenance:**

- At Base Maintenance, CCU, the number of checks carried out on A320 Family Aircraft B737 & ATR42/72 Aircraft during 2023- 24 is as follows:

### A320 Family (Major Checks) in 2023-24 at BM, ER

○ A-Checks	-	37
○ 3A- Check	-	03
○ 2A-checks	-	18
○ 4A-Checks	-	05
○ C1+C2 Check	-	01
○ Packages(P1-P31)	-	08
○ Packages (B1/B2)	-	04
○ Bridge Task	-	02
○ AIL Tasks	-	08
○ ARC	-	04
○ BSI	-	20
○ Engine Change	-	14

### ATR 42/72 (Major Checks) in 2023-24 at BM, ER

1) 1A to 10A Check	-	16
2) C Check	-	01
3) Yearly Check	-	17

4)	4R2/4R4 Check	-	04
5)	4000FH Check	-	02
6)	5000FH Check	-	03
7)	10000FH Check	-	01
8)	400FH Check	-	03
9)	ARC	-	01
10)	BSI	-	20
11)	Engine Change	-	06
12)	Layover Check	-	04
13)	Weekly Check	-	04
14)	Landing gear change	-	01

B737 Max (Major Checks) in 2023-24 at BM, ER

- 1) A Check - 01
- 2) 500FH Check- 01

**C. AIESL earned revenue by:**

- i. providing training facilities to outside agencies at ETS, Kolkata.
- ii. providing APU service & components of IAF.

**D. Production of Overhaul Shops:**

The number of components serviced at Overhaul shops AIESL, ER is as follows:

- i. Airframe Accy OH Shop

Aircraft Components	-	289
Life Jackets	-	2665
- ii. APU & Engine OH Shop

No. of APUs produced	-	11
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- iii. Electrical OH Shop

	-	194
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- iv. Instrument OH shop

Aircraft Components	-	457
(Including data conversion/readout etc.)		
No. of calibration	-	1515
- v. Radio OH Shop

	-	296
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**MAJOR ACHIEVEMENTS DURING THE FY 2023-2024**

**During FY 2023-24 Capability enhanced in the following Activity area at ER:**

**1. Base Maintenance:**

- a) ATR 42-500 (PWC PW120) Up to 4C check / 36000 FC / 15 yearly MPD Tasks and multiples including out of phase task, modifications, Structural inspection and repair.
- b) B737-700/800/900 (CFM56) Up to 48000 FH/ 36000 FC/ 12 Years MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.
- c) B737-7/8/9 including 8200 (CFM LEAP-1B) Up to 15000 FH/ 5500 FC/ 3 Years MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.

**2. Line Maintenance:**

- a) ATR 42-500/ 600 (PWC PW120): A Check and its multiple, MPD tasks up to 5000 FH/ 5000 FC/ 2 years including Out of Phase Tasks, Modifications, Structural Inspection & Repair
- b) B737-700/800/900 (CFM56): Up to 15000 FH/ 5500 FC/ 36 Months MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair
- c) B737-7/8/9 INCLUDING 8200 (CFM LEAP-1B): Up to 15000 FH/ 5500 FC/ 36 Months MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.

**3. APU Shop:**

- a) Honeywell APU 131-9A Oil Cooler (P/N: 160494-1) Overhaul & Testing (LEVEL 2)

**4. Battery Shop:**

- a) Aircraft Battery (P/N: 505CH2, 2726CH1, 024147-000, 40178-24, 416526/285CH) Overhaul, Repair, Inspection, Modification, Testing (LEVEL 3).

**5. Airframe Shop:**

- a) Honeywell Heat Exchanger (P/N: 2340356 Series)- Cleaning, Inspection & Testing (LEVEL 2).

**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. 39 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.

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 2023-24 are as under:

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

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

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

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

- Number of complaints of sexual harassment received in the year: 01
- Number of complaints disposed off during the year: 01
- Number of cases pending for more than ninety days: NIL
- Number of workshops or awareness programmes carried out in connection with prevention of sexual harassment: 6
- Remedial measures taken by the company: Various training programmes were conducted, and the employees were sensitized with respect to various provisions of the Act and policies.

## **13. MSME COMPLIANCE**

It always has been endeavour of AIESL to support Micro and Small Enterprises (MSEs) and local suppliers. AIESL has taken a number of steps including implementation of Public

Procurement Policy issued by the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2023-24 was Rs. 2580.20 lakh.

## 14. MANAGEMENT

### 14.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details regarding the constitution of Directors of the Company during FY 2023-24 are as given below:

S. No.	Name	Designation	Date of appointment	Date of cessation
1.	Shri Satyendra Kumar Mishra	Director (Elected as Chairman w.e.f. 01-03-2023 till 01-01-2024)	02-02-2017	01-01-2024
2.	****Shri Asangba Chuba Ao	Director (Elected as Chairman w.e.f. 01-01-2024)	01-01-2024	--
3.	Shri Padam Lal Negi	Director	18-01-2023	--
4.	*Smt. Parama Sen	Woman Director	11-02-2022	12-12-2023
5.	*Shri Rahul Jain	Director	12-12-2023	14-05-2024
6.	***Smt. Nayonika Dutta	Woman Director	12-02-2024	--

\* In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 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.*

\*\* Further, 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 pursuance of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 regarding the constitution of the Board of subsidiaries of

AIAHL inter alia AIESL, considering the requirement of one-woman director on the Board of the company as per Companies Act and to ensure that quorum is available for the functioning of the Board, the Boards of Subsidiaries of AIAHL are reconstituted and the below change took place on the Board of AIESL:

*Smt. Nayonika Dutta, Joint Director, MoCA had 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).*

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

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

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

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

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra & Shri Asangba Chuba Ao as Chairman in their respective tenures, Smt. Parama Sen and Shri Rahul Jain as Nominee Directors 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 Sharad Agarwal	CEO	01-05-2022	-
2.	Shri Rakesh Kumar Jain	CFO	20-05-2022	-
3.	Ms. Sakshi Mehta	Company Secretary	09-11-2021	-

## **14.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2023-24, five Board Meetings were held through video conferencing



as per the provisions of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, DPE (Corporate Governance) Guidelines 2010 and exemption provided by the Ministry of Corporate Affairs in this regard. As per Section 173 of Companies Act, 2013, the details of Board meetings are given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	84 <sup>th</sup>	09-06-2023	3	3
2.	85 <sup>th</sup>	05-09-2023	3	2
3.	86 <sup>th</sup>	04-12-2023	3	2
4.	87 <sup>th</sup>	20-12-2023	3	2
5.	88 <sup>th</sup>	11-03-2024	4	3

### 14.3 BOARD COMMITTEES:

The Company has the following Committees of the Board:

- a) Audit Committee
- b) Corporate Social Responsibility (CSR) Committee

#### A. Audit Committee

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

#### Composition of committee:

As on 31-03-2024, the following were the Members of the Audit Committee, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Padam Lal Negi, JS&FA, MoCA	Chairman
Shri Asangba Chuba Ao, CMD, AIAHL & JS, MoCA	Member
Shri Rahul Jain JS, DIPAM	Member

The Board has accepted the recommendations of the Audit Committee.

#### B. Corporate Social Responsibility (CSR) Committee

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

also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2024, the CSR Committee consisted of the following members, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Asangba Chuba Ao CMD, AIAHL & JS, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Shri Rahul Jain 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. 2023-24 is enclosed with this report.

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

##### APPOINTMENT POLICY:

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

##### REMUNERATION POLICY:

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

#### 14.5 PERFORMANCE EVALUATION

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

#### 14.6 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 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, and user departments.

#### **14.8 DISCLOSURE REGARDING FRAUDS**

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

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

Not Applicable as the Company do not have any Independent Director during the Financial Year 2023-24.

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 5<sup>th</sup> July 2017, an exemption has been given to unlisted wholly owned subsidiary companies from appointing Independent Director.

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

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

#### **17. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

## 18. DETAILS OF DEPOSITS

The Company has not accepted any public deposit during the year ended 31<sup>st</sup> March 2024 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 2023-24. The details of Related Party Transactions in form AOC-2 are attached, which forms part of this report.

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

## 21. DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The company has spent Rs.91.00 million (out of which Rs.2,600/- was pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2) for CSR activities during FY 2023-24 by contributing the same to the Prime Minister's National Relief Fund, i.e. 2% of average net profit during the immediately preceding three financial years as per the approval of the Board. The same has also been certified by the Chief Financial Officer (CFO) of the company which is enclosed with this report.

## 22. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

Executives	: 443
Staff	: 4874
Total	: 5317
Technical out of the above were	: 4330
Employees on deputation from other subsidiaries:	Nil
Employees on deputation to other companies:	Nil



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

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

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

**(B) Foreign currency exchange differences between earnings and Outgo**

Particulars	Amount in INR
Earnings	979.58 Millions
Outgo	2147.71 Millions

## 24. RISK MANAGEMENT

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

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 to identifying, assessing, and mitigating risks to ensure our position as a trusted leader in the aviation MRO industry. Risk owners are responsible for ensuring risks are current, complete, and included in planning, management, and control processes. They evaluate potential variances in forecast results and manage risks and opportunities through mitigation measures. AIESL has successfully navigated various risks through proactive measures and strategic initiatives.

AIESL's comprehensive risk management framework ensures that all potential risks are identified, assessed, and managed effectively. Through proactive measures, regulatory compliance, and strategic marketing efforts, AIESL is well-positioned to mitigate risks and capitalize on opportunities for sustainable growth.

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 genuine concern, are not applicable to the Company.

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

## **27. AUDITORS**

### **STATUTORY AUDITORS**

The Comptroller & Auditor General of India (CAG) had appointed M/s AAJV & Associates, Chartered Accountants, as Statutory Auditors of the Company for the FY 2023-24.

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

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

### **SECRETARIAL AUDITOR**

Your Company had appointed M/s Saurabh Agrawal & Co., Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2023-24. 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. Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2023-24.

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

The comments of Comptroller and Auditor General (C&AG) of India on the Financial Statements for the year ending 31<sup>st</sup> March 2024, have not been received as on the date of the report. However, the same upon its receipt, and management replies thereon, if any, would be annexed with the financial statements in the Annual Report for FY 2023-24.

## **29. COMPLIANCE WITH SECRETARIAL STANDARDS**

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

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

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

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

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

### 32. ANNEXURES TO THE REPORT:

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

#### A. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### B. REPORT ON CORPORATE GOVERNANCE

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

#### C. EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3), Section 134(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the year ended 31-03-2024 will be available on the website of the Company i.e., <https://www.aiesl.in/AnnualReturn.aspx>

#### D. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2023-24 the related party transactions were with the holding company and other group companies, and were approved in terms of the Companies Act, 2013. The details of Related Party Transactions in form AOC-2 are enclosed in this report as 'Annexure – C'.

#### E. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The CSR Policy, Annual Report on CSR Activities and CSR utilization certificate by CFO for the F.Y 2023-24 is enclosed as 'Annexure – D', 'Annexure – E' & 'Annexure – E-1' respectively.

### 33. ACKNOWLEDGEMENTS

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

Your Board of Directors take this opportunity to record their appreciation of the continuous support and contribution from all the employees of the Company. Your Board of Directors also takes this opportunity to convey their gratitude and sincere thanks for the cooperation



and assistance received from the Shareholders during the period under report. The Board of Directors acknowledges your confidence and continued support and looks forward to the same in the future as well.

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

**Date: 14-05-2025  
Place: New Delhi**

**Sd/-  
Amit Kumar  
Chairman  
DIN: 11001643**



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ANALYSIS OF FINANCIAL PERFORMANCE:

#### Revenue

Total revenue earned during FY 2023-24 was Rs. 2180.35 crores as against Rs 2044.78 crores during FY 2022-23 i.e., an increase of approx. Rs. 135.57 crores (7.00%).

#### Expenditure

The total expenditure incurred during FY 2023-24 was Rs. 1552.45 Crores as compared to the previous year's figure of Rs 1418.81 Crores (restated), i.e., an increase of approx. Rs. 133.64 crores (9.00%).

### INDUSTRY ANALYSIS

#### Overview

The Indian Maintenance, Repair, and Overhaul (MRO) industry is a crucial segment of the aviation sector, providing essential services to ensure the airworthiness of aircraft. With the rapid expansion of the aviation industry in India, the MRO sector has seen significant growth. However, it faces challenges such as high import duties on spare parts, limited infrastructure, and competition from global MRO hubs.

#### Market Size and Growth

- **Market Size (2023):** The Indian MRO market was valued at approximately USD 1.7 billion in 2023.
- **Projected Growth:** The market is expected to grow at a CAGR of 10% to reach USD 4.33 billion by 2030.
- **Fleet Growth:** India's commercial aircraft fleet is expected to grow from around 700 aircraft in 2023 to over 1,200 by 2030.

#### Key Drivers

- **Rising Air Traffic:** Increasing passenger traffic and cargo movement boost the demand for MRO services.
- **Expansion of Fleet:** Major airlines expanding their fleets, requiring more maintenance and overhaul services.
- **Government Initiatives:** Policies such as the UDAN scheme and the National Civil Aviation Policy (NCAP) 2016 promote regional connectivity and support the MRO industry.
- **Cost Advantage:** Lower labor costs in India compared to global MRO hubs offer a competitive edge.

## Challenges

- **High Taxation:** Import duties on spare parts and equipment can be as high as 18%, making it costlier to operate in India.
- **Infrastructure:** Limited MRO infrastructure and facilities in comparison to established global hubs like Singapore and Dubai.
- **Regulatory Hurdles:** Complex regulatory requirements can delay operations and increase costs.
- **Skilled Workforce:** Shortage of skilled MRO professionals can hamper service quality and efficiency.

## Recent Developments

- **Policy Reforms:** The Indian government reduced GST on MRO services from 18% to 5%, effective from April 2021, to make Indian MRO services more competitive globally.
- **Infrastructure Expansion:** New MRO facilities are being developed in Bengaluru, Hyderabad, and Delhi to cater to the growing demand.
- **Technological Advancements:** Adoption of digital technologies like predictive maintenance, IoT, and AI to enhance efficiency and reduce downtime.

## Future Outlook

- **Investment Opportunities:** Increased private and foreign investments in the MRO sector due to favorable policies and growing market potential.
- **Technological Integration:** Greater integration of advanced technologies to improve service offerings and operational efficiency.
- **Sustainability Focus:** Emphasis on sustainable practices and green technologies to meet global environmental standards and attract eco-conscious clients.

## Aircraft MRO

The Asia Pacific maintenance, repair, and operations (MRO) market is expected to witness 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%.

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 is estimated at USD 40.15 billion in 2024, and is expected to reach USD 54.68 billion by 2029, growing at a CAGR of 6.37% during the forecast period (2024-2029). 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 liberalized 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 utilization-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 aeroengine. 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 entails procurement of around 3400 to 4000 engines. The Indian Armed Forces are embarked on the largest helicopter procurement programmes and their requirements aim at strengthening the military helicopter assets through the procurement of 1000 plus rotary-wing platforms including attack, utility, multi-role, and airlift platforms by the end of 2027.

### **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 Kilometers (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**

Potential of the MRO Sector in India:

The Maintenance, Repair, and Overhaul (MRO) sector in India is poised for significant growth, driven by the expanding civil aviation market, government initiatives, and increasing demand for aircraft maintenance services.

#### **Market Size and Growth**

The Indian MRO industry was valued at approximately USD 1.7 billion in 2021 and is projected to grow at a compound annual growth rate (CAGR) of 8.9%, reaching around USD 4.0 billion by 2031. According to CRISIL Ratings, India's annual MRO revenue could grow more than threefold to USD 55-60 billion by fiscal 2028, up from roughly USD 18 billion.

## Key Drivers of Growth

### Expanding Aviation Market:

India is the seventh-largest civil aviation market globally and is expected to become the third largest by 2026. This growth will drive demand for MRO services to support the increasing number of aircraft .

The country has more than 1,000 aircraft on order, making it a significant market for commercial passenger planes and consequently increasing the need for major maintenance checks.

### Government Initiatives:

The Indian government has reduced the Goods and Services Tax (GST) on MRO services from 18% to 5%, providing a boost to the domestic MRO sector .

Policy reforms, such as amending the definition of the “place of supply” of services and aligning the dividend distribution tax regime, are expected to further support the sector’s growth by attracting foreign investments and retaining skilled labor.

### Cost and Talent Advantages:

India offers significant cost advantages due to lower labor costs and a large talent pool of skilled professionals. However, many of these professionals currently work abroad, and incentivizing their return is crucial for the sector’s development .

### Challenges and Opportunities

While the Indian MRO sector holds immense potential, it faces several challenges, including the need to reduce dependence on foreign MRO services, resolve tax anomalies on imports of materials and tools, and develop adequate infrastructure and capabilities domestically. Addressing these issues will be critical to realizing the sector’s full potential.

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

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

## **DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY**

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The company has spent Rs.91.00 million (out of which Rs.2,600/- was pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2) for CSR activities during FY 2023-24 by contributing the same to the Prime Minister’s National Relief Fund, i.e. 2% of average net profit during the immediately preceding three financial years.

## **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 S.N. Kapur & Associates were appointed as Internal Auditors for the financial year 2023-24.

### **CAUTIONARY STATEMENT:**

Statements made in the Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on 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 the Board of Directors  
of AI Engineering Services Limited**

**Sd/-**

**Amit Kumar**

**Chairman**

**DIN: 11001643**

**Date: 14-05-2025**

**Place: New Delhi**



## CORPORATE GOVERNANCE REPORT

### 1. Company’s Philosophy on Code of Corporate Governance

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

### 2. Board of Directors

AI Engineering Services Limited (AIESL) is a Public Sector Undertaking and a wholly owned subsidiary of AI Assets Holding Limited (AIAHL), a Government of India Undertaking. Its directors are appointed by the holding company / administrative ministry. The administrative ministry, i.e., The Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIESL from time to time. Accordingly, the composition of the Board as on 31-03-2024 is given below:

#### a) Composition of Board as on 31<sup>st</sup> March 2024

S. No.	Name of Director	Designation
1.	Shri Asangba Chuba Ao Chairman & Managing Director (CMD), AI Assets Holding Limited and Jt. Secretary (JS), 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.	Shri Rahul Jain Joint Secretary, Department of Investment and Public Assets Management (DIPAM)	Nominee Director
4.	Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation	Nominee Director (Woman Director)

\*In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 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.*

**\*\*Further**, 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 pursuance of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIESL, considering the requirement of one-woman director on the Board of the company as per Companies Act and to ensure that quorum is available for the functioning of the Board, the Boards of Subsidiaries of AIAHL are reconstituted and the below change took place on the Board of AIESL:

*Smt. Nayonika Dutta, Joint Director, MoCA had 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).*

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

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

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

*Shri Amit Kumar, CMD-AIAHL, appointed as Nominee Director and Chairman, in his ex-officio capacity, on the Board of AI Engineering Services Limited ('the Company') w.e.f. 13-03-2025*

*i.e. from the date he obtained his Director Identification Number (DIN) and Shri Asangba Chuba Ao ceased from the Board of the Company w.e.f. 11-03-2025.*

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra & Shri Asangba Chuba Ao as Chairman in their respective tenures, Smt. Parama Sen and Shri Rahul Jain as Nominee Directors 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 2023-24:**

- i) Five Meetings of the Board were held during the financial year 2023-24 as per the details given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	84 <sup>th</sup>	09-06-2023	3	3
2.	85 <sup>th</sup>	05-09-2023	3	2
3.	86 <sup>th</sup>	04-12-2023	3	2
4.	87 <sup>th</sup>	19-12-2023	3	2
5.	88 <sup>th</sup>	11-03-2024	4	3

- ii) Leave of absence was granted in terms of section 167(1) (b) of the Companies Act, 2013.
- iii) Details of attendance of the Directors at the Board Meetings held during FY 2023-24 and in the last Annual General Meeting (AGM):

Name of the Director	Academic Qualification	No. of Board Meetings during 2023-24		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	21-12-2023	27-03-2024 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri S.K. Mishra, Director (from 02-02-2017 to 01-01-2024) <i>[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 till 01-01-2024]</i>	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	4	4	YES	N.A.	<b>Chairman &amp; Managing Director:</b> 1 AIAHL w.e.f. 01-03-2023  <b>Chairman:</b> 4 w.e.f. 01-03-2023 [AIESL, AIASL, AAAL & HCI]  <b>Director:</b> 3 [AIAHL (w.e.f. 22-01-2018), AIESL (w.e.f. 02-02-2017) & AIASL (w.e.f. 02-02-2017)]	<b>Chairman:</b> 5 A. <u>CSR Committee:</u> 2 [AIESL (w.e.f. 13-03-2023) & AIASL (w.e.f. 14-03-2023)]  B. <u>HR Committee:</u> 1 (AAAL)  C. <u>Flight Safety Committee:</u> 1 (AAAL)  D. <u>Nomination &amp; Remuneration Committee:</u> 1 (AIAHL)  <b>Member:</b> 6  A. <u>Audit Committee:</u> 4 [AIAHL, AIESL, AIASL & AAAL]  B. <u>CSR Committee:</u> 2 [AIESL (before 13-03-2023) & AIASL (before 14-03-2023)]
Smt. Parama Sen, Woman Director (from 11-02-2022 till 12-12-2023)	MSC Physics, IA&AS (1994)	3	1	N.A.	N.A.	<b>Director:</b> 4 [AIAHL, AIESL, AIASL & NFHCL]	<b>Member:</b> 5 A. <u>Audit Committee:</u> 2 [AIESL & AIASL] B. <u>CSR Committee:</u> 2 (AIESL & AIASL) C. <u>Nomination &amp; Remuneration Committee</u> (NRC): 1 [AIAHL]
Shri Padam Lal Negi, Director (w.e.f. 18-01-2023)	IDAS 1992, MA (Pol. Science) & MA (Sociology)	5	5	YES	YES	<b>Director:</b> 7 [AAI, AIAHL, AIESL, AIASL, PHL, IREDA & SECI]	<b>Chairman:</b> 3 <u>Audit Committee:</u> 3 [AIAHL, AIESL & AIASL]  <b>Member:</b> 2 <u>CSR Committee:</u> 2 [AIESL & AIASL]



Shri Asangba Chuba Ao (w.e.f. 01-01-2024 to 11-03-2025)	MA (Eng Litt.) & MA (Pub. Adm)	1	1	N.A.	YES	<b><u>Chairman &amp; Managing Director:</u> 1</b> AIAHL w.e.f. 01-01-2024  <b><u>Chairman</u> 4</b> w.e.f. 01-01-2024 [AIESL, AIASL, HCI, AAAL]  <b><u>Director:</u> 6</b> [PHL, Rohini Heliport Limited, AAAL (w.e.f. 18-01-2023), AIAHL, AIESL, AIASL]	<b><u>Chairman:</u> 3</b> <u>Audit Committee:</u> 1 [AAAL] <u>CSR Committee:</u> 2 [AIESL & AIASL] <b><u>Member:</u> 7</b> A. <u>Audit Committee:</u> 2 [AIESL & AIASL] B. <u>Nomination &amp; Remuneration Committee:</u> 2 [AIAHL, PHL] C. <u>HR Committee:</u> 1 (AAAL) D. <u>Stakeholders Relationship Committee:</u> 1 [AIAHL] E. <u>Flight Safety Committee:</u> 1 (AAAL)
Shri Rahul Jain (from 12-12-2023 to 14-05-2024)	CA, IAS	2	0	YES	No	<b><u>Director:</u> 6</b> [AIAHL, AIESL, AIASL, NFMCL, ITC Limited, NLMCL]	<b><u>Member:</u> 7</b> <u>Audit Committee:</u> 2 [AIESL, AIASL] <u>CSR Committee:</u> 2 [AIESL, AIASL] <u>Nomination &amp; Remuneration Committee:</u> 1 [AIAHL] <u>Stakeholders Relationship Committee:</u> 1 [AIAHL] <u>Body of persons acting as Administrator/ Board of Advisers:</u> 1 [NFMCL]
Smt. Nayonika Dutta (w.e.f. 12-02-2024)	Master's Degree in Economics	1	1	N.A.	YES	<b><u>Director:</u> 3</b> [AIESL, AIASL, AAAL]	<b><u>NIL</u></b>

**Notes:**

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

**3. Board Procedures:**

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

#### 4. Code of Conduct:

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

#### 5. Board Committees:

##### Audit Committee

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

##### a) Composition of committee:

As on 31-03-2024, 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 Asangba Chuba Ao, CMD, AIAHL & JS, MoCA	Member
Shri Rahul Jain JS, DIPAM	Member

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

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To examine the financial statement and the auditors' report thereon;
- To approve or any subsequent modification of transactions of the company with related parties;

- v. To scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the company, wherever it is necessary;
- vii. To evaluate internal financial controls and risk management systems;
- viii. To monitor the end use of funds raised through public offers and related matters.

**b) Meetings of committee:**

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

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	36 <sup>th</sup>	09-06-2023	3
2	37 <sup>th</sup>	05-09-2023	2
3	38 <sup>th</sup>	19-12-2023	3
4	39 <sup>th</sup>	11-03-2024	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 OM's issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2024, the CSR Committee consisted of the following members, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Asangba Chuba Ao CMD, AIAHL & JS, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Shri Rahul Jain JS, DIPAM	Member

There was 1 CSR Committee meeting held during FY 2023-24.

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	03 <sup>rd</sup>	20-12-2023	2



## 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:

<b>AGM / EGM</b>	<b>Date and time of the Meeting</b>	<b>Venue of the meeting</b>	<b>Special Resolution</b>
18 <sup>th</sup> Adjourned AGM	27-03-2024 At 1130 Hrs	Regd. Office: 2 <sup>nd</sup> Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	No
18 <sup>th</sup> AGM	21-12-2023 At 1100 Hrs	Regd. Office: 2 <sup>nd</sup> Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	No
17 <sup>th</sup> Adjourned AGM	30-01-2023 At 1230 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
17 <sup>th</sup> AGM	30-12-2022 at 1200 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
04 <sup>th</sup> EGM	14-01-2022 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
16 <sup>th</sup> AGM	13-12-2021 at 1430 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 the Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time-bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the previous three financial years 2021-22, 2022-23 and 2023-24. The DPE has also awarded 'Excellent' grading to AIESL for compliance with DPE Corporate Governance Guidelines during FY 2021-22 and for the FY 2022-23 and 2023-24 DPE grading is awaited.

**8. CEO/CFO Certification**

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

**9. Certificate for Compliance with Corporate Governance Guidelines**

This Report duly complies with the legal requirements in respect of data that should be disclosed in a Corporate Governance Report for FY 2023–24.

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

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

**Date: 14-05-2025**

**Place: New Delhi**

**Sd/-  
Amit Kumar  
Chairman  
DIN: 11001643**

**'ANNEXURE – B-1'**

**CODE OF CONDUCT**

**DECLARATION**

Pursuant to DPE guidelines on Corporate Governance for CPSEs, all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct, as adopted by the Board of Directors, for the year ended 31<sup>st</sup> March 2024.

**Sd/-**

**Sharad Agarwal**

**Chief Executive Officer**

**Date: 14-05-2025**

**Place: New Delhi**

**TO WHOMSOEVER IT MAY CONCERN****Dated: 24-03-2025**

We have reviewed the financial statements and the cash flow statement for the year 2023–24 and that to the best of our knowledge and belief:

- (A) (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (2) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit committee:
  - (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the entity’s internal control system over financial

**Sd/-**

**Rakesh Kumar Jain**  
**Chief Financial Officer**

**Sd/-**

**Sharad Agarwal**  
**Chief Executive Officer**



**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE UNDER DPE GUIDELINES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024*****[Pursuant to para 8.2.1 of the DPE Guidelines 2010]***

To

The Members

AI ENGINEERING SERVICES LIMITED

(CIN: U74210DL2004GOI125114)

2nd Floor, CRA Building, Safdarjung Airport Area,

Safdarjung Airport, Central Delhi, India, 110003

We have examined the relevant books, records and statements in connection to the compliance with the conditions of Corporate Governance of AI ENGINEERING SERVICES LIMITED (CIN: U74210DL2004GOI125114) for the year ended on 31<sup>st</sup> march, 2024 as stipulated in “Guidelines on Corporate Governance Norms for Central Public Sector Enterprises, as enunciated by the Department of Public Enterprises (DPE).

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

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 except that the functional Directors are more than 50% and at least one-third of the Board Members shall be Independent Directors.

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

**For Saurabh Agrawal & Co****Company Secretaries****Peer Review No. 3020/2023****Firm Registration No. P2002DE043100****Sd/-****Saurabh Agrawal****Partner****FCS No.: 5430****C.P. No.: 4868****Place: New Delhi****Date: 31-12-2024****UDIN: F005430F003532206**

**‘ANNEXURE – C’****FORM NO. AOC-2**

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

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

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

**2. Details of contracts or arrangements or transactions at arm's length basis.**

All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business which were duly approved in 87<sup>th</sup> Board meeting held on 20-12-2023. The details of contracts /arrangements / transactions at arm's length basis are as follows:

<b>Name of related party &amp; Nature of Relationship</b>	<b>Duration of Transaction</b>	<b>Nature of transaction</b>	<b>Amount (In Millions)</b>
Alliance Air Aviation Limited (AAAL)	1st April 2023 – 31st March 2024	Revenue from MRO Services	577.34
		Other Income (Interest)	210.70
		<b>Total Revenue (Income)</b>	<b>788.04</b>
		Expenditure	-
		<b>Total Expenditure</b>	<b>-</b>
AI Airport Services Limited (AIASL)	1st April 2023 – 31st March 2024	<b>Revenue from MRO Services (Total Income)</b>	<b>28.81</b>
		Handling charges	120.87
		Manpower Cost	2.57
		Interest on outstanding dues	1.36
		<b>Total Expenditure</b>	<b>124.80</b>
Hotel Corporation of India (HCI) (Centaur Hotels)	1st April 2023 – 31st March 2024	Hotel Room charges and others (staff on duty)	18.48
		<b>Total Expenditure</b>	<b>18.48</b>
AI Assets Holding Ltd. (AIAHL) Holding Company	1st April 2023 – 31st March 2024	<b>Amount receivable for Security services (Total Income)</b>	<b>23.56</b>
		Interest on outstanding dues	1,840.76
		Rent Exp	396.72
		Reimbursement	38.84
		<b>Total Expenditure</b>	<b>2276.32</b>

<b>Total Income (A)</b>	<b>840.41</b>
<b>Total Expenditure (B)</b>	<b>2419.60</b>
<b>Total Amount (A+B)</b>	<b>3260.01 Equivalent to Rs 326 Cr.</b>

**Note:**

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

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

**Sd/-  
Amit Kumar  
Chairman  
DIN: 11001643**

**Date: 14-05-2025  
Place: New Delhi**

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF AI ENGINEERING SERVICES LIMITED (AIESL)**

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*(As amended by the Board w.e.f. 04<sup>th</sup> June 2024)*

**1. Preamble:**

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

**2. Definitions:**

In this Policy unless the context otherwise requires:

- a) **“Act”** means the Companies Act, 2013 and rules made thereunder.
- b) **“Administrative overheads”** means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
- c) **“Corporate Social Responsibility (CSR)”** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:
  - i. activities undertaken in pursuance of normal course of business of the company
  - ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
  - iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
  - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
  - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- d) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;
- e) **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- f) **“Net Profit”** means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -



- i. Any profit arising from any overseas branch or branches of the company whether operated as a separate company or otherwise;
  - ii. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act
- g) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

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

### 3. **Objective and CSR Vision:**

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

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

### 4. **Scope of CSR Activities:**

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

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and

- maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
  - vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependent including widows;
  - vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
  - viii. contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
  - ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
  - (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
  - x. rural development projects;
  - xi. slum area development.
- Explanation - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- xii. disaster management, including relief, rehabilitation, and reconstruction activities.

The Company would select and undertake CSR activities out of the theme listed in Schedule VII (as mentioned above) of the Companies Act, 2013, as amended from time to time. The themes in the scope of CSR policy must be interpreted liberally to capture the essence of the subjects enumerated in Schedule VII of the Act. Any modification in Schedule VII of the Act or directions from the Department

of Public Enterprises (DPE) or the Ministry of Civil Aviation (MoCA) shall also deem to have been incorporated (wherever the same shall be mandatory) in the scope of CSR policy of the Company from the date of such change being notified by the Government.

**5. CSR Committee:**

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

**6. Responsibility of CSR Committee:**

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

**7. CSR Working Team**

Members of CSR Working Team shall be:

- i. Chief Executive Officer
- ii. Chief Financial Officer
- iii. Chief HR Officer
- iv. Company Secretary

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

The roles and responsibilities of the CSR Working Committee include:

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

**8. Responsibility of Board of Directors:**

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

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

## 9. **Annual spends/Allocation of Funds:**

- a. The Company would spend not less than 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- b. The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year. An annual action plan in pursuance of its CSR policy, which shall include the following, namely: -
  - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - (iv) monitoring and reporting mechanism for the projects or programmes; and
  - (v) details of need and impact assessment, if any, for the projects undertaken by the company:

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

## 10. **Administration/Implementation of CSR Projects**

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

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
  - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
  - (c) any entity established under an Act of Parliament or a State legislature; or
  - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- 2) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
  - 3) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
  - 4) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
  - 5) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## **11. Monitoring & Reporting of CSR Activities**

- a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head;
- b. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis;
- c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area;
- d. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis;
- e. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder; and



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

## 12. **Conclusion:**

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

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

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## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FINANCIAL YEAR (FY) 2023-24

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

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

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year in their respective tenure
1.	*Shri S.K. Mishra	Chairman (till 01-01-2024)	1	1
2.	*Shri Asangba Chuba Ao	Chairman (w.e.f. 01-01-2024)	1	0
3.	Shri Padam Lal Negi	Member	1	1
4.	Smt. Parama Sen	Member (till 12-12-2023)	1	0
5.	Shri Rahul Jain	Member (w.e.f. 12-12-2023)	1	0

\* In pursuance to the OM dated 02-02-2024 issued by the MoCA, the CSR Committee of AIESL was reconstituted by the AIESL Board by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024, in compliance with the applicable provisions, whereby Shri Asangba Chuba Ao, Chairman & Nominee Director, AIESL, had become the Chairman of the CSR Committee vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024.

\*\* The CSR Committee met once during the year i.e. 20-12-2023.

**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:**

<b>S. No</b>	<b>Particulars</b>	<b>Weblink</b>
1.	Composition of CSR Committee	<a href="https://www.aiesl.in/Composition-of%20CSR-Committee.aspx">https://www.aiesl.in/Composition-of%20CSR-Committee.aspx</a>
2.	CSR Policy	<a href="https://www.aiesl.in/CSRPolicy.aspx">https://www.aiesl.in/CSRPolicy.aspx</a>
3.	Project approved by the Board	<a href="#">Not Applicable*</a>

*\*The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification 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.4,55,00,16,955.34**

**7. (a) Two percent of average net profit of the company as per section 135(5): Rs.9,10,00,339.11**

**(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.9,10,00,339.11**

**8. (a) CSR amount spent or unspent for the financial year: Rs.9,10,00,339.11**

Total Amount Spent for the Financial Year. (Amount in Rs.)	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
*9,10,02,950/- in the Prime Minister's National Relief Fund	-	-	-	-	-

\*The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification of the Board.

**(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).	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	
				State	District						Name	CSR Registration number
1.	-	-	-	-	-	-	-	-	-	-	-	-

**(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).	Location of the project.		Amount spent for the project (inRs.).	Mode of implementation Direct (Yes/ No).	Mode of implementation-Through implementing agency.	
				State	District.			Name.	CSR Registration number.
-	-	-	-	-	-	-	NA	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 (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	9,10,00,339.11
(ii)	Total amount spent for the Financial Year	9,10,02,950
(iii)	Excess amount spent for the financial year [(ii)-(i)]	*Refer note-1
(iv)	Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any	-
(v)	Amount available for set-off in succeeding financial years. [(iii)-(iv)]	-

**\*Note-1:** The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification of the Board.

9. (a) Details of Unspent CSR amount for the preceding three financial years: Rs.2576.87/- (pertaining to FY 2022-23 which was left inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2, therefore, the company made a course correction and had spent Rs.2,600/- by contributing to the Prime Minister's National Relief Fund on 31-03-2024).
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

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

1. 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

*\*The CSR utilization certificate for the FY 2023-24 as provided by the Chief Financial Officer of the Company is placed as 'Annexure E-1' to this Report.*

**For AI Engineering Services Limited**

**Sd/-**  
**Amit Kumar**  
**Chairman of CSR Committee**

**Sd/-**  
**Sakshi Mehta**  
**Company Secretary**

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

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

**‘ANNEXURE – E-1’****TO WHOMSOEVER IT MAY CONCERN**

Date: 03-04-2025

This is to certify that funds amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- is pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal), so disbursed for Corporate Social Responsibility (CSR) activity by contributing the same to Prime Minister's National Relief Fund, as per the approval / ratification of the Board in its meetings held on 20-12-2023 & 04-06-2024 respectively as per the rule 4 of Companies (CSR Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

Details of CSR expenditure are as follows:

<b>Particulars</b>	<b>Rs.</b>
Amount Outlay (Budgeted)	9,10,02,950.00*
Amount spent on:	
27.03.2024	1000.00
30.03.2024	9,09,99,000.00
31.03.2023	2,950.00*
Amount unspent	Nil
Excess amount spent	Nil

*\*The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- during the FY 2023-24 (out of which Rs.2,600/- is pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024).*

**For AI Engineering Services Limited**

Sd/-

**Rakesh Kumar Jain**

**Chief Financial Officer**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31<sup>st</sup> March 2024**

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

**To**  
**The Members**  
**AI ENGINEERING SERVICES LIMITED**  
**(CIN: U74210DL2004GOI125114)**  
**2<sup>nd</sup> Floor, CRA Building, Safdarjung Airport Area,**  
**Safdarjung Airport, Central Delhi, India, 110003**

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

Based on our verification of the **AI ENGINEERING SERVICES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications provided to us and the representations made by the Management. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2024 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable as the Securities of the Company are not listed on any Stock Exchange;
- (iii) The Depositories Act, 1956 and the regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: Not Applicable to the Company during the Audit Period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable to the Company during the Audit Period;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable to the Company during the Audit Period;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable to the Company during the Audit Period;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable to the Company during the Audit Period;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable to the Company during the Audit Period;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable to the Company during the Audit Period;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable to the Company during the Audit Period; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable to the Company during the Audit Period.;

(vi) In the aviation sector, the following laws are specifically applicable to the Company:

- Aircraft Act, 1934
- Civil Aviation Requirements issued by DGCA

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

We have also examined with:

- i) Applicable Secretarial Standards issued by the Institute of Company Secretaries of India; and
- ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - **Not Applicable to the Company during the Audit Period.**

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

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

#### **We further report that:**

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

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

The company was granted an extension of time vide order 15<sup>th</sup> September, 2023 for the purpose of holding Annual General Meeting (which was due to be held on or before 30<sup>th</sup> September, 2023 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on Dec. 21, 2023. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 27<sup>th</sup> March 2024.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent within prescribed time limit, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

**For Saurabh Agrawal & Co.**

**Company Secretaries**

**Peer Review No. 3020/2023**

**Firm Registration No. P2002DE043100**

**Sd/-**

**CS Saurabh Agrawal**

**Partner**

**FCS: F5430; C.P. No.: 4868**

**Date: 31-12-2024**

**Place: New Delhi**

**UDIN: F005430F003532096**

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



**‘ANNEXURE A’**

To  
The Members  
**AI ENGINEERING SERVICES LIMITED**  
(CIN: U74210DL2004GOI125114)  
2nd Floor, CRA Building, Safdarjung Airport Area,  
Safdarjung Airport, Central Delhi, India, 110003

Our Secretarial Audit Report for the financial year 31<sup>st</sup> March, 2024 is to be read along with this letter.

➤ **Management Responsibility**

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

➤ **Auditor's Responsibility**

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

➤ **Disclaimer**

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

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

**Date: 31-12-2024**  
**Place: New Delhi**  
**UDIN: F005430F003532096**

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

## MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2023-24

Sl. No.	Audit Observations	Management Reply
<b>A</b>	The Board of Directors of the Company, audit committee and Remuneration committee are not duly constituted with proper balance of Independent Directors as per provision of DPE Guidelines on Corporate Governance 2010. Further, the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not required to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014 as amended.	This is a statement of fact.
<b>B</b>	The company was granted an extension of time vide order 15 <sup>th</sup> September 2023 for the purpose of holding Annual General Meeting (which was due to be held on or before 30 <sup>th</sup> September 2023 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on Dec. 21, 2023. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 27 <sup>th</sup> March 2024.	<p>This is a statement of fact.</p> <p>The Financial Statements of the Company for FY 2022-23 were approved by the Board in its 87<sup>th</sup> meeting held on 20-12-2023 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&amp;AG) for their comments thereon.</p> <p>The Nil comments of C&amp;AG received vide its letter dated 23-02-2024 and the same were noted by the Audit Committee and Board in their respective meetings held on 11-03-2024.</p> <p>Thereafter, the audited financial statements of the company for the FY 2022-23 were adopted in the Adjourned 18<sup>th</sup> AGM of the company held on 27-03-2024.</p>

## **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 31<sup>st</sup> March 2024, 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 to be read with Emphasis and Key Note Matter are 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 31<sup>st</sup>, 2024, 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 subject to issues pointed in Emphasis of Matter and key audit matter 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*

AIESL has been using two software for maintaining accounts RAMCO for Billing, material

movement, inventory and Financial accounts are maintained on SAP which is not interlinked. Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only. RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data. Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value. In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/ confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.

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.

3. Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value. Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27/- has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.
4. MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.
5. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports.
6. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways, one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better

control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05/-) not accounted by company properly out of Rupees 1956056851.98/- Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing.

7. Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALAICHELVAN of Rupees 1631471.75 since 2012 and S D AUGUSTINE DIVAKAR of Rupees 148276 since 2018 recoverable. The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process.
8. Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year.
9. Company has two oversees establishments in Dubai & Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu.
10. Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due.
11. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.
12. 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.
13. Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per note 36 & Note no-31 as details of figure mentioned are not from SAP and worked manually which cannot be verified.
14. Company has not complied with Ind AS 36 on *Impairment of assets*.
15. A) Company does not have proper system of reconciliation of Trade receivable, Deposits received, deposits paid and trade payable hence we are unable to comment for correctness of its due and payable amount.  
  
B) Company does not maintain TDS/TCS receivable details on real time Customer wise of Rupees 660991189.34 and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rupees 9218690 is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments

for salary & others which remain unconsumed Rupees 5121512.30 /- from so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS.

C) Good & Service Tax (GST) has Opening Negative Liability of 5,70,27,933/- which has still closing balance of 8,26,31,887/- besides GST accounts net debit balances of 34,27,83,762.19/- which is in the process of reconciliation with the returns filed and statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available.

16. As per the policy of the company, for the physical verification of PPE, the Company has appointed

A) 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 11th Jul, 2024 showing unidentified not found 25 items having WDV of ₹ 1.12 million as per Report and found 6857 excess items.

B) Professional firm Kolkata report dated 22<sup>nd</sup> jul 2024 not found 82, excess found 1059

C) Thiruvanthapuram report dated 15<sup>th</sup> jul, 2024 not found 11 , excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.

Further, as per report submitted, 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

17. Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 ( P.Y. Prior period income 175.66 million & Prior period expenses 517.49 million). The book of 2022-2023 has been restated and consequential adjustments / disclosure has been made in respective years.

Our Opinion is 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.	<p>AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only . RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR &amp; Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO &amp; SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.</p>
2.	<p>Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value. Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27/- has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.</p>
3.	<p>MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.</p>
4.	<p>Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports.</p>

5.	Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05/-) not accounted by company properly out of Rupees 1956056851.98/- Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing.
6.	Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year.
7.	Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due.

### **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 we have given our comments in emphasis and key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e ) The company, being a government company, is exempt from the provisions of section 164 (2) of the Companies Act, 2013 vide Notification no GSR 463 (E) dated 05-06-2015 from Ministry of Corporate Affairs.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure B”**. Our report expresses qualified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- (g) The provisions of Section 197 read with schedule V of Companies Act 2013 relating to managerial remuneration are not applicable to the Company, being a Government Company in terms of MCA notification no. GSR 463 ( E ) dated June 5, 2015.
- (h) We have come across adverse remarks relating maintenance of accounts and other matters connected therewith hence we have made comment stated in *emphasis & key audit matter* and point v of 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 22 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 31<sup>st</sup>, 2024, 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 comments stated in Emphasis and Key audit matter synopsis given as below :-
- The Company has SAP for maintenance of accounts and RAMCO for billing, material management and Inventory. Material movement data is not maintained properly in RAMCO Software which has chances of leakage/pilferage of records and basic reports of software are also not correct and not readily available on real time basis. Company has to take all reports from Consultant and there is no in-house system to take & cross checks reports. Integration of data of both software also needs review. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.
  - Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31<sup>st</sup> March 2024 in back date during our audit period.
  - The Company has no system of calculation of Interest on outstanding of Inter Company balances. The same has been done manually.
- b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender Company). On the basis of information and explanation given to us, company has not availed 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. 086306**  
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**  
**Date : 26-03-2025**

## Annexure – A to the Independent Auditor’s Report

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

- i (a) i) The Company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets.
- 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) 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) Land	208.54	Air India Ltd.	No	8.4.2022	Refer Note no. 2.1 of financial Statements
b) Building	2654.47	Air India Ltd.	No	8.4.2022	Refer Note no. 2.1 of financial Statements
c) Jet 9D Test House	10.42	Air India Ltd.	No	01.04.2019	Refer Note no. 2.2 of financial Statements

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of property, plant and equipment (including the right of use assets) or intangible assets or both has been done by the company of it’s during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii a) As per information and explanations given to us, There is no system of Physical verification of inventory and there are negative balances in the inventory which has been adjusted from positive inventory value. We are unable to comment on the appropriateness of coverage and procedure of such verification by the management. Company has made provision of 50 Crore in the stocks in the previous year and there is no efforts to clarify or write off the inventory shown as asset with provision of write off. We are also unable to

comment on the shortages 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 31<sup>st</sup> March 2024 of more than six months from the date they became payable are as below:

<b>Nature of Statutory Dues</b>	<b>Amount Outstanding for more than 6 months as on 31<sup>st</sup> March 2024 (Rs. In millions)</b>
Goods and Service Tax	28.78
VAT	3.67
PF	9.09

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	63.38
4	2018-19	TDS	184.58
5	2019-20	TDS	323.77
		<b>Total</b>	<b>644.74</b>

\*Interest u/s 220(2) on the above demand as on 31<sup>st</sup> March, 2024 will be ₹ 314.55 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 income to the tune of Rs. 149.22 million and last year 175.66 million and has been booked in current year. (*Refer note no. 24 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 not considered as they does not give any discrepancy or input on stock , physical verification of asset , ageing , debit credit balances of same parties , employees old balances etc. . Compliance of the internal audit reports and audit committee findings needs lot of improvement.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
  - (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
  - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
  - (d) As represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, data is not generated from SAP Software as such we are unable to comment, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) The Company is not required to transfer amounts to a fund specified in Schedule VII of the Companies Act in compliance with second proviso to sub section (5) of section 135 of the Act. Accordingly, requirement to report on Clause 3(xx) (a) and (b) of the Order is not applicable to the Company
- (xxi) The Company is not required to prepare consolidated financial statements. Accordingly, requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

**For and on behalf of**  
**AAJV and Associates**  
**Chartered Accountants**  
**Firm Registration No. 007739N**

**Sd/-**  
**CA Ajay K Bajaj**  
**Partner**  
**Membership No. 086306**  
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**  
**Date : 26-03-2025**



## **Annexure – B to the Independent Auditor’s Report**

**Referred to in paragraph 2(g) under “Report on other legal and regulatory requirements” of our report of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of AI Engineering Services Limited (“the Company”) as of March 31<sup>st</sup>, 2024 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, 2024:

- i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries. Accounting books in SAP are not freeze as some entries are passed even after the signing of Balance sheet. Internal control for freeze of one year financial statement and passing of the entry rights are with one person which needs check to control by senior position person.
- ii) There should be maker checker process to have better control process. One single entry of Rs 5,99,27,09,319.87/- (SAP Document No 8103013661) passed and then corrected by reversal which should have been check by the approval authority .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 31<sup>st</sup> March 2024 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 31<sup>st</sup>, 2024 standalone financial statements of the Company, and these material weaknesses do affect our opinion on the standalone financial statements of the Company.

**For and on behalf of  
AAJV and Associates  
Chartered Accountants  
Firm Registration No. 007739N**

**Sd/-  
CA Ajay K Bajaj  
Partner  
Membership No. 086306  
UDIN- 25086306BMJPGQ3089**

**Place : Faridabad  
Date : 26-03-2025**

## Compliance Certificate

We have conducted the audit of accounts of AI Engineering Services Limited for the year ended 31st March, 2024 in accordance with the directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions issued to us.

**For and on behalf of**  
**AAJV and Associates**  
**Chartered Accountants**  
**Firm Registration No. 007739N**

**Sd/-**  
**CA Ajay K Bajaj**  
**Partner**  
**Membership No. 086306**  
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**  
**Date : 26-03-2025**

## Management Replies on Statutory Auditors' Report for the FY 2023-24

### 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. 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 committees 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 followed by reminder vide mail dated 10.05.2024. Response from DPE to the said letter is still awaited.</p>
<p>2. a) As per para 9 of Ind-AS 2 on Inventories: AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only . RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified . Automatic data entry's control of SAP GRIR &amp; Supplier suspense reconciliation is also not done by the company.Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value . In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO &amp; SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value,</p>	<p>a) Majority of the inventories had been transferred by the then Air India Limited (AIL) 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.  Both RAMCO and SAP software were managed by the erstwhile holding company Air India Limited till September' 23. Moreover, material management functions for AIESL were also being discharged by Air India Limited. Configuration of Material masters, GL masters, flow of information from RAMCO to SAP etc were also managed by Air India Limited employees and ERP manager/ consultants of the then holding company.  Moreover, the finance team also comprised of the AIL Personnel, who were put on deputation to AIESL. No physical verification of inventory items was carried for quite some time. Many items, which were in the nature of assets were also included in inventory. Some inconsistent practices got developed among the users resulting in further imbalances and mismatches in the inventory accounting and balances.  In the absence of reconciliation of physical and book balance for several years, the problem got far from resolution.  During the current year, certain actions for resolution of the problem were undertaken. These included:</p>

we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.

- b) 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.

- i) AIESL engaged independent RAMCO and SAP consultant wef Oct' 2023.
- ii) Separate material management department has been setup in AIESL.
- iii) A dedicated finance person retired from AIL has been engaged for regular interaction with RAMCO, MMD team for regular monitoring and correction.
- iv) Users have been strictly advised not to include spares/ materials brought by the customers in the AIESL inventory.
- v) Items earlier included in inventory have been capitalized during 2022-23 and 2023-24. Further action for 2024-25 is also under progress.
- vi) Suitable controls have been put in place in RAMCO to ensure that all accounting entries for transactions recorded in RAMCO are posted in SAP without any exception.
- vii) The existing provision of Rs 50 crores (created in 2022-23) is maintained to take care of any reduction in value of inventory.
- viii) A physical verification of all inventory items at all the stations is planned on 31st March 2025 in order to establish the correct value of inventory items.

With the above actions, it is expected that the issues will be considerably resolved during the financial year 2024-25.

Liability for material received is booked at the time of receipt of material in RAMCO. Such entries are credited to an intermediate account and later on moved to vendors account on receipt of invoice.

- b) As per para 9 of Ind-AS 2 on Inventories "Inventories shall be measured at cost or net realizable value.

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><b>Further, as per para 25 “Cost Formula” The cost of inventories, other than those dealt with in paragraph 23</b> (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.), <b>shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula.</b> 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> <p>The valuation of the inventory has been done by us on weighed average basis as permitted.</p>
<p>3. Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases Assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27 as been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.</p>	<p>Asset capitalization is a separate process from the payment of the vendor’s invoices and action is carried out by a separate section. There is generally gap between date of acquisition, date of payment and the date of capitalization since the details such as vendor invoices, material receipt including material description and assets codes as well as incidental costs such as custom duty, handling charges etc are available at different sources and some time is required for collection and collation of the same. During the year, there were delays in completing the process. However, the same was completed as per prescribed accounting procedures and standards. As per accounting policy of the company, duly disclosed vide note no. 2(a)-2(ii) ‘Depreciation on addition to assets is provided for the full year of acquisition and no depreciation is provided in the year of disposal’.</p> <p>Further, as disclosed vide note 2(a)-iv, in respect of some assets (imported tools), the company has capitalized freight and handling charges for ₹0.64 million on estimation basis, which is in line with the Frequently Asked Question no -10 of Educational Material on Ind AS 16.</p> <p>The company has capitalized Property, Plant &amp; Equipment based on the value of purchase order due to mismatch in few invoice values of the vendor as compared to the purchase order (USD 11,361), since the assets have been received and put into use but payment has yet to be made by the company to the vendor due to discrepancies in the invoices etc. This has been disclosed in note2(a).v</p>

	<p>During the physical verification of assets, few tools have been identified as surplus. Since some of these surplus items were found to be part of inventory, the same have been removed from inventory and capitalized the historical value as appearing in RAMCO software. . For the rest of the surplus items, required action for suitable adjustments are to be carried out in coming years along with reconciliation/ verification of inventory items. This has been disclosed in note no. 2 (a). iii.</p>
<p>4. MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.</p>	<p>Then Air India Ltd was maintaining centralized vendor master having all vendor details including MSME / MSE status. A dedicated team was managing the vendor master. In AIESL there is no dedicated SAP team managing the vendor master, hence the vendor data in SAP may not be updated with all details. In view of the same, details of MSME vendor maintained by the PPMM department is consider for identifying, cases of delayed payment for provisioning of interest.</p> <p>Effort shall be made to put in a system for updating the vendor data in SAP.</p>
<p>5. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports.</p>	<p>In some of the customer accounts both open debit and credit line items exist. For the purpose of computing the ageing, the same have been adjusted manually on FIFO basis. This is also disclosed vide note no. 6.1 (ii) )</p>
<p>6. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05) not accounted by company properly out of Rupees 1956056851.98 Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing.</p>	<p>In cases of accrued revenue as on 31<sup>st</sup> March, the company accounted revenue as unbilled revenue by debiting the customer account in cases of billing done during first quarter of the subsequent year. In other cases outstanding recoveries is debited instead of customer account. However, this shall be reviewed for necessary corrective action.</p> <p>Due to intra departmental communication gap, there have been few errors in advising billing action for supplies and services provided to IAF SESF flights. Total amount of such missed billing was for Rs. 53.84 crores out of which Rs. 14.92 crores pertained to 2022-23. Necessary billing action for the same is in process.</p> <p>Necessary action has also been taken to avoid such errors in future.</p>

<p>7. Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALACHELVAN of Rupees 1631471.75 since 2012 and S D AUGUSTINE DIVAKAR of Rupees 148276 since 2018 recoverable. The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process.</p>	<p>Prior to disinvestment of Air India in 2021-22, a number of intercompany entries were transferred to the company by Air India. Some of these pertained to previous years for which sufficient supporting detail were not available. In case of Shri R Kalichelvan amounting to Rs 16.31 Lacs, the entry was transferred by Air India in 2021 whereas Shri R Kalichelvan superannuated in 2015. On referring the matter to Air India Ltd, it has been communicated by them that they do not have any supporting details at present. As an interim adjustment, the same has been charged to expenses during the financial year 2023-24.</p> <p>There are both Dr and credit amount lying in the account of Sh S D Augustine Divakar and no outstanding against him is as on 31.03.2024.</p> <p>There are some more outstanding amount against the employees largely pertaining to the transfers from M/s Air India. The same have been adjusted/ recovered during the last two years. Action for balance items is in progress. The balance as on 31.03.2024 has been charged to expenses during the year.</p>
<p>8. Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year.</p>	<p>In respect of space occupied, company has entered into lease agreements with respective Airport Operators. However, the agreements with AAI has expired and pending renewal. MIAL had originally leased land and space to erstwhile Air India Ltd and was billing AIESL at the same rate after disinvestment of Air India Ltd. In 2022-23 MIAL provided a draft lease agreement which is yet to be executed as the proposed rates are on higher side and not accepted by AIESL.</p> <p>In the year 2022-23 provision of Rs.39.58 crores was made in the books towards increased rentals. Since the rates have not been accepted, in the year 2023-24 no fresh provision was considered necessary as it was felt that provision made in 2022-23 would be sufficient to cater to potential upward revision. Accordingly, after adjusting lease rental expenditure of Rs.7.70 crores, the balance provision of Rs. 31.88 crores out of the provision made in 2022-23 have been retained in the books.</p> <p>The company has year wise details of provisions as per the balance sheet.</p>

<p>9. Company has two overseas establishments in Dubai &amp; Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu.</p>	<p>All financial transactions for Kathmandu are carried out directly from India only.</p> <p>At Dubai, there is only a small office which is also under closure at present. Except a few customer and bank balance, there are no other assets/liabilities.</p>
<p>10. Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due.</p>	<p>In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of approx. 87% of total receivables have been reconciled.</p> <p>The balances shown in balance sheet are customer wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.</p> <p>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are accounted in the main GL account of the customer and all the balances are grouped.</p> <p>Some customers and vendors have responded and wherever the customer/ vendor 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>11. 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 crystallized 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>12. 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 amendments in MSA have been carried-out during Mar-22 itself.</p>
<p>13. Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per note 36 &amp; Note no-31 as details of figure mentioned are not from SAP and worked manually which cannot be verified.</p>	<p>There are no standard reports in SAP for this purpose. The details have been compiled based on invoices for income and expense booked during the respective years.</p>
<p>14. 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>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.</p> <p><b>A.</b> 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> <p><b>EXTERNAL FACTOR</b></p> <p>(a) there are observable indications that the assets’ 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><b>INTERNAL FACTOR</b></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>B.</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> <p>In the opinion of the management above indicators are not visible.</p> <p>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.</p>
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	<p>As per management opinion, the company is having only one CGU i.e. providing MRO service and the carrying amount of assets in the books of the company may be less than its recoverable amount.</p>
<p>15.</p> <p>A. Company does not have proper system of reconciliation of Trade receivable, Deposits received, deposits paid and trade payable hence we are unable to comment for correctness of its due and payable amount.</p> <p>B. Company does not maintain TDS/TCS receivable details on real time Customer wise of Rupees 660991189.34 and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rupees 9218690 is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments for salary &amp; others which remain unconsumed Rupees 5121512.30 /- from so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS.</p> <p>C. Good &amp; Service Tax (GST) has Opening Negative Liability of 5,70,27,933/- which has still closing balance of 8,26,31,887/- besides GST accounts net debit balances of 34,27,83,762.19 which is in the process of reconciliation with the returns filed and statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available.</p>	<p>A) In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of approx. 87% of total receivables have been reconciled.</p> <p>The balances shown in balance sheet are customer wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.</p> <p>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are accounted in the main GL account of the customer and all the balances are grouped.</p> <p>Some customers and vendors have responded and wherever the customer/ vendor 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>B) TDS/TCS are accounted Customer wise at the time of accounting of the receipts itself based as per the details from the customers. However, in cases of delay in receipts of details from the customers, the same are accounted only at the time of receipt of details. At the year end, on the basis of 26 AS details, accounting of TDS credits are also done for the balance amount.</p> <p>C) Good &amp; 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 and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of reconciliation and approval from appropriate authority.</p>

<p>16. As per the policy of the company, for the physical verification of PPE, the Company has appointed</p> <p>A) 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 11th Jul, 2024 showing unidentified not found 25 items having WDV of ₹ 1.12 million as per Report and found 6857 excess items.</p> <p>B) Professional firm Kolkata report dated 22<sup>nd</sup> jul 2024 not found 82, excess found 1059</p> <p>C) Thiruvanthapuram report dated 15<sup>th</sup> jul, 2024 not found 11 , excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.</p> <p>Further, as per report submitted, 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>16. ( A to C) The details of physical verification of assets and resultant surplus/shortages has been stated at para 2(a )- iii of notes to accounts.</p>
<p>17. Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 ( P.Y. Prior period income 175.66 million &amp; Prior period expenses 517.49 million). The book of 2022-2023 has been restated and consequential adjustments / disclosure has been made in respective years.</p>	<p>17. This is a statement of fact as disclosed vide note 24 of notes to accounts.</p>

### Management response to Key Audit Matters.

Key Audit Matters	Management Response
<p>1. AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only .RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data. Inventory valuation for balance sheet has been taken a</p>	<p>Management response to this key audit matter has already been provided at Sl.No 2(a) of the Emphasis of the matter.</p>

<p>value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified . Automatic data entry's control of SAP GRIR &amp; Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO &amp; SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.</p>	
<p><b>2.</b> Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases Assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value . Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27 has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.</p>	<p>Management response to this key audit matter has already been provided at Sl.No 3 of the Emphasis of the matter.</p>

<p>3. MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.</p>	<p>Management response to this key audit matter has already been provided at SI.No 4 of the Emphasis of the matter.</p>
<p>4. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports.</p>	<p>Management response to this key audit matter has already been provided at SI.No 5 of the Emphasis of the matter.</p>
<p>5. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF not accounted by company properly. Rupees 1956056851.98. Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing.</p>	<p>Management response to this key audit matter has already been provided at SI.No 6 of the Emphasis of the matter.</p>
<p>6. Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year.</p>	<p>Management response to this key audit matter has already been provided at SI.No 8 of the Emphasis of the matter.</p>
<p>7. Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizablity and payment due.</p>	<p>Management response to this key audit matter has already been provided at SI.No 10 of the Emphasis of the matter.</p>

**BALANCE SHEET AS AT 31ST MARCH 2024**

(₹ in million)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023 (Restated)*
<b>ASSETS :</b>			
<b>1) Non-current Assets</b>			
(i) Property, Plant & Equipment	2 (a)	5,089.36	5,482.69
(ii) Right of use assets	2 (b)	40.35	53.80
(iii) Capital Work-in-Progress	2 (a)	1,137.68	1,137.68
(iv) Financial Assets:			
a) Others Financial Assets	3	1.00	0.06
(v) Deferred tax assets (net)	4	1,739.26	1,550.14
(vi) Income Tax Assets	4	-	-
		<b>8,007.64</b>	<b>8,224.36</b>
<b>2) Current Assets</b>			
i) Inventories	5	183.96	104.39
ii) Financial Assets:			
a) Trade Receivables	6	12,764.27	8,315.66
b) Cash and Cash Equivalents	7	2,213.27	397.84
c) Bank Balance other than (b) above	8	2,401.38	3,628.88
d) Other Financial Assets	3	25.12	14.97
iii) Current Tax Assets	4	330.52	886.67
iv) Other Current Assets	9	833.31	840.91
		<b>18,751.82</b>	<b>14,189.31</b>
<b>TOTAL</b>		<b>26,759.46</b>	<b>22,413.68</b>
<b>EQUITY AND LIABILITIES :</b>			
<b>1) Equity</b>			
i) Equity Share Capital	10	1,666.67	1,666.67
ii) Other Equity	11	-7,060.37	-9,417.65
		<b>-5,393.71</b>	<b>-7,750.99</b>
<b>2) Liabilities:</b>			
<b>Non Current Liabilities</b>			
i) Financial Liabilities			
a) Lease liabilities	2 (c)	33.14	46.27
b) Trade Payables	13	-	-
c) Other Financial Liabilities	14	20,822.96	21,739.44
ii) Non-Current Provisions	12	6,284.77	3,773.08
iii) Other Liabilities		-	-
		<b>27,140.88</b>	<b>25,558.78</b>
<b>Current Liabilities</b>			
i) Financial Liabilities			
a) Lease liabilities	2 (c)	13.12	11.31
b) Trade Payables	13		
- MSME		48.04	31.30
- Other than MSME		2,198.03	1,390.60
c) Other Financials Liability	14	954.83	757.97
ii) Current Provisions	12	1,376.74	1,466.99
iii) Other Current Liabilities	15	421.52	947.72
		<b>5,012.29</b>	<b>4,605.88</b>
<b>TOTAL</b>		<b>26,759.46</b>	<b>22,413.68</b>

Notes no. 1-40 forming integral part of the Financial Statement

\*Refer note 24 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

For and on behalf of the Board of Directors

AAJV and Associates  
Chartered Accountants  
FRN : 007739NSd/-  
Amit Kumar  
Chairman  
DIN 11001643Sd/-  
Padam Lal Negi  
Director  
DIN 10041387Sd/-  
CA Ajay K Bajaj  
Partner  
M.No. 086306  
UDIN : 25086306BMJPGQ3089Sd/-  
Sharad Agarwal  
Chief Executive OfficerSd/-  
Rakesh Kumar Jain  
Chief Financial OfficerPlace : New Delhi  
Date : 26-03-2025Sd/-  
Sakshi Mehta  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ in million)

Particulars	Note No.	2023-24	2022-23 (Restated)*
<b>Income</b>			
I Revenue from Operations	16	20,879.83	19,683.24
II Other Income	17	923.70	764.59
<b>III Total Income (I+II)</b>		<b>21,803.53</b>	<b>20,447.83</b>
<b>IV Expenses</b>			
i Employee Benefit Expenses	18	7,653.24	6,855.75
ii Finance Costs	19	1,856.64	1,920.84
iii Depreciation and Amortization Expense	2(a) & 2(b)	610.36	592.73
iv Other Expenses	20	5,404.27	4,818.79
<b>Total Expenditure (i+ii+iii+iv)</b>		<b>15,524.50</b>	<b>14,188.11</b>
<b>Total Expenditure After Prior Period Adj</b>		<b>15,524.50</b>	<b>14,188.11</b>
<b>V Profit/ (Loss) before Exceptional Items and Tax (III-IV)</b>		<b>6,279.03</b>	<b>6,259.72</b>
VI Exceptional Items	26	-2,595.03	2,334.21
<b>VII Profit/ (Loss) before Extraordinary Items and Tax (V+VI)</b>		<b>3,684.00</b>	<b>8,593.93</b>
<b>VIII Tax Expenses :</b>			
i) Current Tax		1,407.22	338.97
ii) Deferred Tax Expense/(Income)		-189.12	1,652.73
iii) Tax Adjustment relating to earlier year		-83.97	168.31
<b>IX Profit/ (Loss) after Tax for the period (IX-X)</b>		<b>2,549.87</b>	<b>6,433.92</b>
<b>X Other Comprehensive Income</b>			
Actuarial Gain/(Loss) on Defined benefit obligation		-192.59	10.42
<b>Total Comprehensive Income</b>		<b>2,357.28</b>	<b>6,444.35</b>
<b>XI Earning per Share of Rs. 10 each</b>			
Basic	21	15.30	38.60
Diluted	21	15.30	38.60

Notes no. 1-40 forming integral part of the Financial Statement

\*Refer note 24 for details regarding the restatement as a result of error or omission

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sd/-  
Amit Kumar  
Chairman  
DIN 11001643

Sd/-  
Padam Lal Negi  
Director  
DIN 10041387

Sd/-  
CA Ajay K Bajaj  
Partner  
M.No. 086306  
UDIN : 25086306BMJPGQ3089

Sd/-  
Sharad Agarwal  
Chief Executive Officer

Sd/-  
Rakesh Kumar Jain  
Chief Financial Officer

Sd/-  
Sakshi Mehta  
Company Secretary

Place : New Delhi  
Date : 26-03-2025



## **CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024**

### **Accounting Policy**

Cash flows are reported using the indirect method as set out in the Indian Accounting Standard 7 (IndAS-7) on "Cash Flow Statements", where by profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(₹ in million)

	Particulars	As at March 31, 2024		As at March 31, 2023	
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net (Loss) / Profit Before Taxes and Exceptional Items:		6,279.03		6,259.72
	<u>Adjustment for :</u>				
	Depreciation and amortisation expenses	610.36	-	592.73	-
	(Loss) / Profit from sale of Property Plant & Equipments (Net)	0.86		8.23	
	Interest on Call & Fixed Deposit	-376.18		-154.01	
	Interest Expense	1,852.18		1,915.49	
	Interest on lease liabilities	4.46		5.35	
	Provision for Expected Credit Loss	73.23		142.72	
	Provision no Longer Required	21.16		15.76	
	Provision for Inventory Reconciliation	-		500.00	
	Net unrealised exchange gain	45.31		67.62	
	Re-measurement of employee benefits obligations	-192.59		10.42	
	Other Adjustments	-2,511.05	-472.27	2,165.90	5,270.23
	<b>Operating (Loss) / Profit Before Working Capital Changes</b>		<b>5,806.76</b>		<b>11,529.95</b>
	<u>Change in Assets &amp; Liabilities</u>		-		-
	Trade and Other Receivables	-4,567.16		-2,991.51	
	Trade and Other Payables	824.18		-2,010.23	
	Other Financial Assets & Other Assets	1,920.11		-4,386.09	
	Other Financial Liabilities & Other Liabilities	-2,104.92	-3,927.79	-4,518.25	-13,906.08
	<b>Cash flow from operations</b>		<b>1,878.97</b>		<b>-2,376.13</b>
	Net Income Tax (Paid)\Refund		-188.01		266.61
	<b>Net Cash Flow (used in)/ from Operating Activities</b>		<b>1,690.96</b>		<b>-2,109.52</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Acquisition of Fixed Assets	-206.67		-150.12	
	Sale of Property Plant & Equipments (Net)	2.23		0.00	
	Interest Income	344.68	140.25	103.09	-47.03
	<b>Net Cash Flow used in Investing Activities</b>		<b>140.25</b>		<b>-47.03</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Hire Charges of Right of Use Assets	-15.77		-15.02	
	<b>Net Cash Flow from/(used in) Financing Activities</b>		<b>-15.77</b>		<b>-15.02</b>

	<b>Net increase/ (Decrease) in Cash and Cash equivalents</b>		1,815.43		-2,171.57
	<b>Cash and Cash equivalents (Opening balance)</b>		<b>397.84</b>		<b>2,569.40</b>
	<b>Cash and Cash equivalents (Closing balance)</b>		<b>2,213.27</b>		<b>397.84</b>
	<b>Component of Cash and Cash Equivalents</b>				
	Cash in hand	0.46		0.60	
	Balance in Current Account	32.71		83.83	
	Other Deposit Account	2,180.10		313.40	
	Draft/Chq. In Hand	-	<b>2,213.27</b>	-	<b>397.84</b>

**Notes no. 1-40 forming integral part of the Financial Statement**

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sd/-  
Amit Kumar  
Chairman  
DIN 11001643

Sd/-  
Padam Lal Negi  
Director  
DIN 10041387

Sd/-  
CA Ajay K Bajaj  
Partner  
M.No. 086306  
UDIN : 25086306BMJPGQ3089

Sd/-  
Sharad Agarwal  
Chief Executive Officer

Sd/-  
Rakesh Kumar Jain  
Chief Financial Officer

Sd/-  
Sakshi Mehta  
Company Secretary

Place : New Delhi  
Date : 26-03-2025

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2024

A. Equity Share Capital	As at 31.03.2024		As at 31.03.2023	
	No. of Share	₹ in million	No. of Share	₹ in million
Balance at the beginning of the reporting period	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
Changes in equity share capital during the year				
Add: Equity Shares allotted during the year	-	-	-	-
Less: Buybacks	-	-	-	-
Balance at the end of reporting period	<b>166.67</b>	<b>1,666.67</b>	<b>166.67</b>	<b>1,666.67</b>

(₹ 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	
<b>Opening Balance as at 1 April 2022</b>	-15,862.00	-	<b>-15,862.00</b>
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	6,284.71	-	<b>6,284.71</b>
Add/Less: Prior Period Adjustments	149.22	-	<b>149.22</b>
Other Comprehensive Income/(loss)	-	10.42	<b>10.42</b>
<b>Balance as at 31 March 2023</b>	<b>-9,428.08</b>	<b>10.42</b>	<b>-9,417.65</b>
<b>Opening Balance as at 1 April 2023</b>	-9,417.65	-	<b>-9,417.65</b>
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	2,549.87	-	<b>2,549.87</b>
Add/Less: Prior Period Adjustments	-	-	-
Other Comprehensive Income/(loss)	-	-192.59	<b>-192.59</b>
<b>Balance as at 31 March 2024</b>	<b>-6,867.78</b>	<b>-192.59</b>	<b>-7,060.37</b>

Notes no. 1-40 forming integral part of the Financial Statement

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sd/-  
Amit Kumar  
Chairman  
DIN 11001643

Sd/-  
Padam Lal Negi  
Director  
DIN 10041387

Sd/-  
CA Ajay K Bajaj  
Partner  
M.No. 086306  
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Sd/-  
Sharad Agarwal  
Chief Executive Officer

Sd/-  
Rakesh Kumar Jain  
Chief Financial Officer

Sd/-  
Sakshi Mehta  
Company Secretary

Place : New Delhi  
Date : 26-03-2025

## Overview & Notes forming part of the financial statements as at and for the year ended March 31, 2024

### NOTE “1” : OVERVIEW

#### A. Corporate Information

AI Engineering Services Limited (a wholly owned subsidiary of AI Assets Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U74210DL2004GOI125114. The Company has changed its name from Air India Engineering Services Limited to AI Engineering Services Limited dated 3rd August, 2020. The registered office of the company is situated at: 2nd Floor, CRA Building, Safdarjung Airport, New Delhi - 110003. The company secured DGCA approval for providing MRO services from 1st January, 2015. The company is providing aircraft engineering related services, Line Maintenance Services and MRO services to Indian and Foreign parties, mainly airlines.

The Financial Statements have been approved for issue in accordance with a resolution of the Board of directors passed in its meeting held on 26-03-2025.

#### B Material Accounting Policies

A summary of the material accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements. It allows for an understanding as to how material transactions, other events and conditions are reported.

##### i) Compliance with Ind AS

The Financial Statements of the company for the year ended 31st March 2024 have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### ii) Basis of Preparation & Presentation of Financial Statement

The financial statements have been prepared and presented on going concern basis and under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

All assets and liabilities have been classified as current (within 12 months) and non-current (after 12 months) as per the Company’s operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as “The Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

##### iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the Balance Sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **C. Use of Estimates, Judgements & Assumptions**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

### **D. 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.

### **E. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment

is made in accordance with IND AS-36. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

#### **F. New Standards, Interpretations and Amendments Adopted by the Company**

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

#### **G. Threshold Limit**

The Company has adopted following materiality threshold limits in the classification of expenses/incomes and disclosure:

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
- Restatement based on individual limits	₹ in million	80
- Restatement based on overall limits		1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	₹ in million	80
Procurement of Property, Plant and Equipments	INR	₹ 5,000.00



## Notes to Financial Statements For The Year Ended March 31, 2024

### NOTE “2(a)” : PROPERTY, PLANT AND EQUIPMENT

#### Accounting Policy

#### 1. Property Plant & Equipment

- 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.
- Physical Verification of Assets

Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every three years in the below mentioned order and the discrepancies, if any, observed are dealt with in the books of accounts accordingly.

S. No.	Location	Year
1	Delhi and Kolkata	2023-24
2	Hyderabad, Thiruvanthapuram and all other small locations	2024-25
3	Mumbai and Nagpur	2025-26

#### 2. Depreciation / Amortization

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

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at	Additions	Other	Disposals /	As at	As at	For	Deductions/	Total Upto	As at	As at
		April 01, 2023		Adjustments	Adjustments	March 31, 2024	April 01, 2023	the year	Adjustments	March 31, 2024	March 31, 2024	March 31, 2023
TANGIBLE ASSETS :												
a)	Land	208.54	-	-	-	208.54	-	-	-	-	208.54	208.54
b)	Buildings	2,654.47	2.72	-	-	2,657.19	211.38	103.33	-	314.71	2,342.49	2,443.09
c)	Plant & Equipment											
	Workshop Equipment, Instruments,	2,553.05	182.33	-	7.09	2,728.29	1,421.03	233.30	6.26	1,648.07	1,080.22	1,132.02
	Machinery and Plants	1,934.77	3.92	-	0.01	1,938.68	410.06	185.50	0.01	595.55	1,343.13	1,524.71
	GH & Ramp Equipment	0.86	-	-	-	0.86	0.36	0.18	-	0.54	0.32	0.50
d)	Furniture & Fixtures	64.03	1.31	-	2.29	63.04	26.78	11.23	0.22	37.79	25.26	37.25
e)	Electrical Fittings	218.81	1.42	-	-	220.22	103.05	51.57	-	154.62	65.61	115.76
f)	Computer System	23.50	11.12	-	0.76	33.86	14.04	7.69	0.56	21.16	12.69	9.46
g)	Vehicles	12.61	1.85	-	-	14.46	8.24	1.65	-	9.89	4.58	4.38
h)	Office Equipment	20.18	2.00	-	-	22.17	13.19	2.46	-	15.65	6.52	6.99
TOTAL FOR TANGIBLE ASSETS		7,690.80	206.67	-	10.15	7,887.33	2,208.11	596.91	7.05	2,797.97	5,089.36	5,482.69
Capital Work-in-Progress (Refer Note No. 2(a).i)		1,137.68	-	-	-	1,137.68	-	-	-	-	1,137.68	1,137.68

## Notes to Financial Statements For The Year Ended March 31, 2024

Total Capital Work-in-Progress	1,137.68	-	-	-	1,137.68	-	-	-	-	1,137.68	1,137.68
Grand Total	8,828.48	206.67	-	10.15	9,025.01	2,208.11	596.91	7.05	2,797.97	6,227.03	6,620.37

**Note 2(a).i:** GENx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of ₹ 1137.68 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the Board of the then Air India Limited and AIESL. The project was started in the year 2017 by the then Air India Limited. During the FY 2022-23 a capital budget provision of ₹ 600 million for the completion of the under-construction facilities was proposed by the company and the board had approved the same subject to the novation of the agreements with PMC and contractors in favour of AIESL which was earlier entered into by Air India Limited and GBSA with GE so that offset credit USD million could be made available to AIESL. However, none of the above-mentioned contracts could be novated in favour of AIESL hence no capital expenditure for the subject work was incurred during the financial year. Further, considering the negligible changes of any further headway in this regard, no provision for the same was made in the capital budget for the financial year 2024-25. Further necessary action in this regard will be taken on review and approval from competent authority.

**Note 2(a).ii:** The above Property, Plant and Equipment includes building Jet 9D Test House which has been transferred from the then Air India Limited to the company as on 1st April, 2019. The building has been constructed by the then Air India Limited and book transfer to the company at carrying value of ₹ 10.42 million.

### Note 2(a).iii: Physical Verification & Reconciliation

The company has completed physical verification of assets, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register at Delhi, Thiruvananthapuram and Kolkata (Previous Year Mumbai and Nagpur) locations. Accordingly, the company has completed physical verification of majority of total quantities of PPE / assets of the company. Details for the physical verification of Delhi, Thiruvananthapuram and Kolkata location are as under: -

S. No.	Location	Surplus Quantities	Unidentified Quantities
1	Delhi	6,857.00	24.00
2	Thiruvananthapuram*	1,978.00	48.00
3	Kolkata	1,063.00	82.00

\* As per policy of the Company, the physical verification of Thiruvananthapuram location is due in 2024-25 however the same has been completed in 2023-24.

The unidentified items in all three locations having value of ₹ 1.62 million has been adjusted appropriately with the approval of the competent authority. Further, the surplus assets will be capitalised after its reconciliation with the items of inventory, stores and spares as appearing in the books of the company as it might be possible that the surplus assets may include in inventory, stores and spares of the company.

**Note 2(a).iv:** In respect of some assets (imported tools), the company has captained freight and handling charges for ₹ 0.64 million on estimation basis.

**Note 2(a).v:** In few cases, the company has capitalised Property, Plant & Equipment based on the value of purchase order due to mismatch in the invoice value of the vendor as compared to purchase order (USD 11,361). However, assets have already been received and put to use but payment has not yet been made by the Company to the vendor. Further, the company was previously using material management system having common interface with the then holding company (Air India Limited) as a result of which the purchase order contains details of the then holding company and the vendor has also issued the invoice in the name of the then holding company and the same is under process for rectification.

## Notes to Financial Statements For The Year Ended March 31, 2024

### NOTE “2(b)” : RIGHT OF USE ASSETS

#### Accounting Policies

##### 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:

- the contract involves the use of an identified asset,
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- 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.

(₹ in million)	
Particulars	Land
<b>Year ended March 31, 2024</b>	
<b>Gross carrying amount</b>	
Balance as at April 1, 2023	67.24
Transition impact on adoption of Ind AS 116	-
Additions	-
Deletions	-
<b>Balance as at March 31, 2024</b>	<b>67.24</b>
<b>Accumulated depreciation</b>	
Balance as at April, 1, 2023	13.45
Additions	13.45
Deletions	-

## Notes to Financial Statements For The Year Ended March 31, 2024

<b>Balance as at March 31, 2024</b>	<b>26.90</b>
<b>Net carrying amount as at March 31, 2024</b>	<b>40.35</b>
<b>Particulars</b>	<b>Land</b>
<b>Year ended March 31, 2023</b>	
<b>Gross carrying amount</b>	
Balance as at April 1, 2022	-
Transition impact on adoption of Ind AS 116	-
Additions	67.24
Deletions	-
<b>Balance as at March 31, 2023</b>	<b>67.24</b>
<b>Accumulated depreciation</b>	
Balance as at April, 1, 2022	-
Additions	13.45
Deletions	-
<b>Balance as at March 31, 2023</b>	<b>13.45</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>53.80</b>

**Note 2(b).i:** The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

### NOTE “2(c)” : LEASE LIABILITIES

The following is the break-up of current and non-current lease liabilities as at March 31, 2024 and March 31, 2023:

	(₹ in million)	
<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Lease liabilities on initial recognition as on 1st April</b>	<b>57.57</b>	<b>67.24</b>
Additions	-	-
Interest accrued	4.46	5.35
Lease principal payments	11.31	9.67
Lease interest payments	4.46	5.35
Reversal	15.77	15.02
As at 31st March:-		
Current Lease Liabilities	13.12	11.31
Non-Current Lease Liabilities	33.14	46.27
<b>TOTAL</b>	<b>46.27</b>	<b>57.57</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2024:

	(₹ in million)	
<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Less than 1 year	13.12	11.31
1- 5 Years	33.14	46.27
More than 5 years	-	-
<b>At March 31, 2023</b>	<b>46.27</b>	<b>57.57</b>

**Note 2(c).i:** The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## Notes to Financial Statements For The Year Ended March 31, 2024

### NOTE “3” : OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non - Current	Current	Non - Current	Current
Bank Deposits - (With more than 12 Months maturity) (Refer Note No. 22.ii)	1.00	-	0.06	-
Security Deposits	-	25.12	-	14.94
Other Non Trade Receivable	-	-	-	0.03
<b>TOTAL</b>	<b>1.00</b>	<b>25.12</b>	<b>0.06</b>	<b>14.97</b>

### NOTE “4” : INCOME TAXES

#### Accounting Policy

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

#### **Current income tax**

Provision for current tax, if any, is made in accordance with the provisions of Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized in respect for carry forward tax losses, un-availed tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be adjusted. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Significant management judgment is required to determine the probability of deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## Notes to Financial Statements For The Year Ended March 31, 2024

### 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.

(₹ in million)

Income tax expense in the statement of Profit and Loss comprises:

Particulars	2023-24	2022-23
Current Tax	1,407.22	338.97
Deferred Tax Expense/(Income)	-189.12	1,652.73
Tax Adjustment relating to earlier year*	-83.97	168.31
<b>TOTAL</b>	<b>1,134.13</b>	<b>2,160.00</b>

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

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit / (Loss) before tax	6,279.03	6,259.72
Total Taxable Income (A)	5,445.61	7,459.22
Carry Forward Loss (B)	-	6,112.40
Net Taxable Income (A-B)	5,445.61	1,346.82
Effective Income Tax Rate (%)	25.168	25.168
Loss brought forward	-	-
Income tax recognized in the statement of profit and loss	1,407.22	338.97

The details of income tax assets and income tax liabilities as at March 31, 2024 and March 31, 2023:

(₹ in million)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non - Current	Current	Non - Current	Current
Total Advance payment for Income Tax and TDS	-	1,737.74	-	1,225.63
Less: Provision for Tax	-	1,407.22	-	338.97
<b>Total</b>	<b>-</b>	<b>330.52</b>	<b>-</b>	<b>886.67</b>

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2024 is as follows:

(₹ in million)

Particulars	As at March 31st, 2024	As at March 31st, 2023
<b>Deferred tax liabilities on account of (DTL)</b>		
Depreciation	90.38	73.06
<b>Total deferred tax liability</b>	<b>90.38</b>	<b>73.06</b>
<b>Deferred tax asset on account of (DTA)</b>		
Provision for doubtful advances	-	-
Provision for expected credit loss	168.40	150.33



## Notes to Financial Statements For The Year Ended March 31, 2024

Provision for employee benefits	1,033.59	1,056.78
Net ROU/Lease Liability	11.64	14.49
40A(i) 30% expenses	31.77	176.14
43B(h) Disallowances	4.60	-
Provision for Inventory obsolescence/reco.	125.84	125.84
Other tax disallowances / (allowances)	453.78	99.61
<b>Total deferred tax asset</b>	<b>1,829.63</b>	<b>1,623.20</b>
<b>Net deferred tax asset</b>	<b>1,739.26</b>	<b>1,550.14</b>

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.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	(₹ in million)	
	As at March 31 <sup>st</sup> , 2024	As at March 31 <sup>st</sup> , 2023
Deferred tax asset (net)	1,829.63	1,623.20
Deferred tax liability (net)	90.38	73.06

### NOTE "5" : INVENTORIES

#### Accounting Policy

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.

Particulars	(₹ in million)	
	As at March 31, 2024	As at March 31, 2023
Stores and Spare Parts	17.42	17.46
Loose Tools	402.76	431.60
Fuel, Gas, Coal, Oil and lubricants	0.55	0.55
Non-Aircraft Inventory	6.38	6.38
Other Inventory	256.84	148.40
<b>Total</b>	<b>683.96</b>	<b>604.39</b>
Less : Provision for Inventory Reconciliation (Refer Note No. 5.i)	500.00	500.00
<b>Total</b>	<b>183.96</b>	<b>104.39</b>

#### Note 5.i: 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

## Notes to Financial Statements For The Year Ended March 31, 2024

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 ₹ 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.

**Note 5.ii:** The Company has been using FEDAI monthly average foreign exchange rate for conversion of forex transaction. However, due to delinked procedure from common material management system (RAMCO) with the then holding company (Air India Limited), the company has used November, 2023 monthly average foreign exchange rate for subsequent three months also in RAMCO even though were the exchange rates updated in SAP. The impact of the same are as under:

Particulars	Increase	Decrease	Net Impact
Spares Purchases	0.00	-0.05	-0.05
Capital purchases	0.00	-0.05	-0.05
IAF purchases - Consumption	0.01	-0.04	-0.03
<b>Total</b>	<b>0.01</b>	<b>-0.13</b>	<b>-0.12</b>

### NOTE "6" : TRADE RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, Considered Good	-	-
Unsecured, Considered Good	12,764.27	8,315.66
Trade Receivables having significant increase in Credit Risk	669.10	597.30
Trade Receivables - Credit Impaired	-	-
<b>Total</b>	<b>13,433.37</b>	<b>8,912.95</b>
Less : Allowance for Doubtful	669.10	597.30
<b>Total</b>	<b>12,764.27</b>	<b>8,315.66</b>

### Note 6.i: Trade receivable ageing schedule

(₹ in million)

As at March 31, 2024		Outstanding for the following period from due date of payment					
Particulars	Unbilled Receivable	Less than 6 month	6 month - 1 year	1 - 2 years	2-3 years	More than 3 years	Total
Undisputed trade receivable - considered good	1,956.06	5,409.70	2,850.77	811.91	1,705.95	29.90	12,764.27
Undisputed trade receivable - which have significant increase in credit risk	-	6.23	2.78	53.89	12.71	593.48	669.10
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
<b>Net trade receivables</b>	<b>1,956.06</b>	<b>5,415.93</b>	<b>2,853.54</b>	<b>865.80</b>	<b>1,718.66</b>	<b>623.37</b>	<b>13,433.37</b>

## Notes to Financial Statements For The Year Ended March 31, 2024

(₹ in million)

As at March 31, 2023		Outstanding for the following period from due date of payment					
Particulars	Unbilled Receivable	Less than 6 month	6 month - 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed trade receivable - considered good	2,730.03	3,280.87	434.24	1,750.62	99.06	20.83	8,315.66
Undisputed trade receivable - which have significant increase in credit risk	-	27.19	14.96	16.79	6.19	532.17	597.30
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
<b>Net trade receivables</b>	<b>2,730.03</b>	<b>3,308.06</b>	<b>449.20</b>	<b>1,767.42</b>	<b>105.25</b>	<b>553.00</b>	<b>8,912.95</b>

- The credit period on sales of services ranges from 30 to 60 days with or without security.
- The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty however the offset has been adjusted on FIFO basis.
- Trade receivables from related parties' details has been described in note 29 E.
- Trade receivables does not include any receivables from directors and officers of the company.
- Trade receivables does not include any amount of receivables from struck off companies.

### NOTE "7" : CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Balances with Banks</b>		
a) In Current Accounts	32.71	83.83
b) In Deposit Accounts (Maturity less than 3 months)	2,180.10	313.40
C) Cash in Hand	0.46	0.60
<b>Cheques, Drafts on Hand</b>	-	-
<b>Total</b>	<b>2,213.27</b>	<b>397.84</b>

**Note 7.i:** The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned.

**Note 7.ii:** The Company has requested for the confirmation of the balances from the bank as on 31st March 2024. 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, 2024.

## Notes to Financial Statements For The Year Ended March 31, 2024

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

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Balance with Banks</b>		
In Margin Money Deposits (3 < Maturity < 12) (Refer Note No. 22.ii)	240.99	1.00
Other Fixed Deposits (3 < Maturity < 12)	2,160.39	3,627.88
<b>Total</b>	<b>2,401.38</b>	<b>3,628.88</b>

### NOTE "9" : OTHER - CURRENT ASSET

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid Expenses	272.38	122.69
Advances Recoverable in Cash or Kind	167.17	264.85
Petty Cash	0.00	0.02
GST TDS Receivable	5.70	4.30
Interest accrued on FDRs	88.42	56.93
GST Input	299.62	392.11
<b>Total</b>	<b>833.31</b>	<b>840.91</b>

### NOTE "10" : EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	₹ in million	Number of shares	₹ in million
<b>a) AUTHORISED</b>				
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
	<b>1,000.00</b>	<b>10,000.00</b>	<b>1,000.00</b>	<b>10,000.00</b>
<b>b) ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES</b>				
1666,66,500 Equity Shares of Rs. 10 each	166.67	1,666.67	166.67	1,666.67
	<b>166.67</b>	<b>1,666.67</b>	<b>166.67</b>	<b>1,666.67</b>

#### c) Reconciliation of number of shares :

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	₹ in million	Number of shares	₹ in million
Equity Shares at the beginning of the year	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	<b>166.67</b>	<b>1,666.67</b>	<b>166.67</b>	<b>1,666.67</b>

#### d) Rights Preferences and restriction attached to equity shares

- i The company has single class of shares i.e. Equity Shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share

## Notes to Financial Statements For The Year Ended March 31, 2024

- ii In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- iii There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the company from incorporation date to the date of Balance Sheet.

- iv Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).

### e) Details of Shares held by the Holding Company

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	₹ in million	Number of shares	₹ in million
Shares held by Holding Company				
AI Assets Holding Limited*	166.67	1,666.67	166.67	1,666.67

\*from January 12, 2022

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	₹ in million	Number of shares	₹ in million
AI Assets Holding Limited**	166.67	1,666.67	166.67	1,666.67

\*\*from January 12, 2022

### g) Promoter's shareholding

Name of Promoter	As at 31-Mar-24		As at 31-Mar-23	
	Number of shares held	%	Number of shares held	%
AI Assets Holding Limited	166.67	100%	166.67	100%

#### Note:

The number of shares held and percentage of holding represents the shares held in the individual capacity.

Promoter here means promoter as defined in the Companies Act, 2013, as amended.

### NOTE "11" : OTHER EQUITY

Particulars	As at 31-Mar-24		As at 31-Mar-23	
<b>Surplus / (Deficit) in Profit and Loss Account:</b>				
Balance as per last Balance Sheet		-9,417.65		-15,862.00
Profit / (Loss) for the year	2,549.87		6,284.71	
Less:				
Transfer to General Reserve	-		-	
Add/Less: Prior Period Adjustments	-		149.22	
<b>Other comprehensive income</b>				
Add: Acturial Gain/(Loss) on Defined benefit obligation	-192.59		10.42	
Net Surplus		2,357.28		6,444.35
<b>Total Reserves &amp; Surplus</b>		<b>-7,060.37</b>		<b>-9,417.65</b>

(₹ in million)

## Notes to Financial Statements For The Year Ended March 31, 2024

### 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 “12” : PROVISIONS

#### Accounting Policy

- 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
- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
- 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.

(₹ in million)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-Current	Current	Non-Current	Current
<b>Provision for Employee Benefits</b>				
a) Gratuity (Refer Note No. 18.i.b)	1,872.62	529.90	1,891.95	543.19
b) Leave Encashment	1,264.53	383.59	1,302.84	407.54
c) Other Benefits	3,147.62	-	578.28	-
<b>Provision other than Employee Benefits</b>				
a) Other than employees	-	463.24	-	516.25
<b>TOTAL</b>	<b>6,284.77</b>	<b>1,376.74</b>	<b>3,773.08</b>	<b>1,466.99</b>

### NOTE “13” : TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023
Due to Micro and Small Enterprises	48.04	31.30
Others Payables	2,198.03	1,390.60
<b>TOTAL</b>	<b>2,246.07</b>	<b>1,421.90</b>

#### Note 13.1: Ageing of Trade Payables

As at March 31, 2024

(₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	45.05	2.34	0.51	0.14	48.04
(i) Undisputed dues (Others)	1,929.83	215.71	28.74	23.75	2,198.03
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-



## Notes to Financial Statements For The Year Ended March 31, 2024

<b>Total</b>	<b>1,974.88</b>	<b>218.05</b>	<b>29.25</b>	<b>23.89</b>	<b>2,246.07</b>
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**As at March 31, 2023**

**(₹ in million)**

<b>Particulars</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) Undisputed dues (MSME)	30.98	0.17	-	0.16	31.30
(i) Undisputed dues (Others)	71.82	411.12	771.48	136.18	1,390.60
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
<b>Total</b>	<b>102.80</b>	<b>411.28</b>	<b>771.48</b>	<b>136.34</b>	<b>1,421.90</b>

- i. Trade payable are normally settled within 30 to 60 days  
ii. Trade payable to related parties has been disclosed in Note 29 E.

### NOTE “14” : OTHER FINANCIAL LIABILITY

**(₹ in million)**

<b>Particulars</b>	<b>As at March 31, 2024</b>		<b>As at March 31, 2023</b>	
	<b>Non - Current</b>	<b>Current</b>	<b>Non - Current</b>	<b>Current</b>
Security Deposit	-	39.32	-	30.42
Earnest Money Deposit	-	1.62	-	4.93
Loan & Advances	-	142.34	-	175.34
Payable to Employees	-	646.31	-	455.41
Inter company Payable/Receivable	20,822.96	-	21,739.44	-
Others	-	125.23	-	91.87
<b>TOTAL</b>	<b>20,822.96</b>	<b>954.83</b>	<b>21,739.44</b>	<b>757.97</b>

### NOTE “15” : OTHER CURRENT LIABILITIES

**(₹ in million)**

<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Statutory Dues	302.12	572.65
Unspent Grant-in-Aid from GoI (Refer Note No. 15.1)	119.40	375.07
<b>TOTAL</b>	<b>421.52</b>	<b>947.72</b>

#### Note 15.1: Government Grant

As per the decision of Government of India (MoCA), a scheme has been approved for providing grant for SESF expenses. In line with the said scheme, summary of grant received by the company and its utilization during the financial year 2023-24 are as under: -

**(₹ in Million)**

<b>Particulars</b>	<b>FY 2023-24</b>	<b>FY 2022-23</b>
Opening Un-spent Grant-in-aid	375.07	338.90
Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	-	393.10
Grant utilized for SESF Expenses	255.67	356.93
<b>Total Unspent Grant in Aid</b>	<b>119.40</b>	<b>375.07</b>

## Notes to Financial Statements For The Year Ended March 31, 2024

### NOTE “16” : REVENUE FROM OPERATIONS

#### Accounting Policies

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.

Revenue from the training services is recognized when the training services has been initiated to provide.

(₹ in million)

Sr. No.	Particulars	2023-24	2022-23
1	<b>Sales of Services</b>		
	Technical Handling Services Reveune	7,196.89	5,555.29
	Other Servicing Revenue	12,565.24	13,391.57
		<b>19,762.13</b>	<b>18,946.87</b>
2	<b>Other Operating Revenue</b>		
	Engineering Training Reveune	157.73	67.36
		<b>157.73</b>	<b>67.36</b>
3	<b>Incidental Revenue</b>		
		959.96	669.01
		<b>959.96</b>	<b>669.01</b>
	<b>Total reveune from operation</b>	<b>20,879.83</b>	<b>19,683.24</b>

#### 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

## Notes to Financial Statements For The Year Ended March 31, 2024

### NOTE “17” : OTHER INCOME

#### Accounting Policies

Other income is comprised primarily of interest income, dividend income, gain/loss on investments and exchange gain / loss on forward and options contracts and on translation of foreign currency assets and liabilities.

i. 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.

ii. 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.

iii. The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.

iv. Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

v. Foreign Currency Monetary Item

a. Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates).

b. 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.

vi. Government Grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the net profit in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

(₹ in million)

Sr. No.	Particulars	2023-24	2022-23
1	Interest Income	635.54	343.99
2	Grant-In-Aid Revenue (Refer Note No. 15.1)	255.67	356.93
3	Other Income	32.49	63.67
	<b>TOTAL</b>	<b>923.70</b>	<b>764.59</b>

### NOTE “18” : EMPLOYEE BENEFIT EXPENSES

#### Accounting Policies

**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.

## Notes to Financial Statements For The Year Ended March 31, 2024

**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.

(₹ in million)

Sr. No.	Particulars	2023-24	2022-23
1	Salaries, Wages & Bonus	6,550.93	5,976.59
2	Contribution to Provident and Other Funds	300.80	297.67
3	Staff Welfare Expenses	283.29	161.40
4	Provision for Gratuity	242.97	261.20
5	Provision for Leave Encashment	275.25	158.89
	<b>TOTAL</b>	<b>7,653.24</b>	<b>6,855.75</b>

### Note 18.i: Employees Benefit Plans

#### a. Defined Contribution Plan

Employees' provident fund: The company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹ 300.80 million (previous year: ₹ 297.67 million)

#### b. Defined benefit plans

**Gratuity:** Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

**Disclosure statement as per Ind AS of gratuity:**
**(₹ in million)**

S.No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Type of Benefit	Gratuity	Gratuity
2	Country	India	India
3	Reporting Currency	INR	INR
4	Reporting Standard	Indian Accounting	Indian Accounting
5		Standard 19 (Ind AS 19)	Standard 19 (Ind AS 19)
6	Funding Status	Unfunded	Unfunded
7	Starting Period	01-04-2023	01-04-2022
8	Date of Reporting	31-03-2024	31-03-2023
9	Period of Reporting	12 Months	12 Months
10	Reference ID	915080	788472
11	<b>Assumptions (Previous Period)</b>	<b>FY 2022-23</b>	<b>FY 2021-22</b>
i	Expected Return on Plan Assets	N.A.	N.A.
ii	Rate of Discounting	7.50%	7.23%
iii	Rate of Salary Increase	5.50%	5.50%
iv	Rate of Employee Turnover	2.00%	2.00%
v	Mortality Rate During Employment	Indian Assured Lives Mortality	Indian Assured Lives Mortality
vi		(2012-14) Urban	(2012-14) Urban
12	<b>Assumptions (Current Period)</b>	<b>FY 2023-24</b>	<b>FY 2022-23</b>
i	Expected Return on Plan Assets	N.A.	N.A.
ii	Rate of Discounting	7.22%	7.50%
iii	Rate of Salary Increase	5.50%	5.50%
iv	Rate of Employee Turnover	2.00%	2.00%
v	Mortality Rate During Employment	Indian Assured Lives Mortality	Indian Assured Lives Mortality
		2012-14 (Urban)	2012-14 (Urban)
		<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
13	<b>Table Showing Change in the Present Value of Defined Benefit Obligation</b>		
	<b>Present Value of Benefit Obligation at the Beginning of the Period</b>	<b>2,435.14</b>	<b>2,716.91</b>
i	Interest Cost	181.03	192.95
ii	Current Service Cost	61.93	68.25
iii	Past Service Cost	-	-
iv	Liability Transferred In/ Acquisitions	-	-
v	(Liability Transferred Out/ Divestments)	-	-
vi	(Gains)/ Losses on Curtailment	-	-
vii	(Liabilities Extinguished on Settlement)	-	-
viii	(Benefit Paid Directly by the Employer)	-468.18	-532.55
ix	(Benefit Paid From the Fund)	-	-
x	The Effect Of Changes in Foreign Exchange Rates	-	-
xi	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-

xii	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	29.07	-25.57
xiii	Actuarial (Gains)/Losses on Obligations - Due to Experience	163.53	15.14
	<b>Present Value of Benefit Obligation at the End of the Period</b>	<b>2,402.52</b>	<b>2,435.14</b>
14	<b>Table Showing Change in the Fair Value of Plan Assets</b>		
	<b>Fair Value of Plan Assets at the Beginning of the Period</b>	-	-
i	Interest Income	-	-
ii	Contributions by the Employer	-	-
iii	Expected Contributions by the Employees	-	-
iv	Assets Transferred In/Acquisitions	-	-
v	(Assets Transferred Out/ Divestments)	-	-
vi	(Benefit Paid from the Fund)	-	-
vii	(Assets Distributed on Settlements)	-	-
viii	Effects of Asset Ceiling	-	-
ix	The Effect of Changes In Foreign Exchange Rates	-	-
x	Return on Plan Assets, Excluding Interest Income	-	-
	<b>Fair Value of Plan Assets at the End of the Period</b>	-	-

		<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
15	<b>Amount Recognized in the Balance Sheet</b>		
i	(Present Value of Benefit Obligation at the end of the Period)	-2,402.52	-2,435.14
ii	Fair Value of Plan Assets at the end of the Period	-	-
iii	Funded Status (Surplus/ (Deficit))	-2,402.52	-2,435.14
	<b>Net (Liability)/Asset Recognized in the Balance Sheet</b>	<b>-2,402.52</b>	<b>-2,435.14</b>
16	<b>Net Interest Cost for Current Period</b>		
i	Present Value of Benefit Obligation at the Beginning of the Period	2,435.14	2,716.91
ii	(Fair Value of Plan Assets at the Beginning of the Period)	-	-
iii	Net Liability/(Asset) at the Beginning	2,435.14	2,716.91
iv	Interest Cost	181.03	192.95
v	(Interest Income)	-	-
	<b>Net Interest Cost for Current Period</b>	<b>181.03</b>	<b>192.95</b>
16	<b>Expenses Recognized in the Statement of Profit or Loss for Current Period</b>		
i	Current Service Cost	61.93	68.25
ii	Net Interest Cost	181.03	192.95
iii	Past Service Cost	-	-
iv	(Expected Contributions by the Employees)	-	-



v	(Gains)/Losses on Curtailments And Settlements	-	-
vi	Net Effect of Changes in Foreign Exchange Rates	-	-
	<b>Expenses Recognized</b>	<b>242.97</b>	<b>261.2</b>
17	<b>Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period</b>		
i	Actuarial (Gains)/Losses on Obligation For the Period	192.59	-10.42
ii	Return on Plan Assets, Excluding Interest Income	-	-
iii	Change in Asset Ceiling	-	-
	<b>Net (Income)/Expense For the Period Recognized in OCI</b>	<b>192.59</b>	<b>-10.42</b>
		<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
18	<b>Balance Sheet Reconciliation</b>		
i	<b>Opening Net Liability</b>	2,435	<b>2,716.91</b>
ii	Expenses Recognized in Statement of Profit or Loss	243	261.2
iii	Expenses Recognized in OCI	193	-10.42
iv	Net Liability/(Asset) Transfer In	-	-
v	Net (Liability)/Asset Transfer Out	-	-
vi	(Benefit Paid Directly by the Employer)	-468	-532.55
vii	(Employer's Contribution)	-	-
	<b>Net Liability/(Asset) Recognized in the Balance Sheet</b>	<b>2,402.52</b>	<b>2,435.14</b>
19	<b>Category of Assets</b>		
i	Government of India Assets	-	-
ii	State Government Securities	-	-
iii	Special Deposits Scheme	-	-
iv	Debt Instruments	-	-
v	Corporate Bonds	-	-
vi	Cash And Cash Equivalents	-	-
vii	Insurance fund	-	-
viii	Asset-Backed Securities	-	-
ix	Structured Debt	-	-
x	Other	-	-
xi	<b>Total</b>	<b>-</b>	<b>-</b>
20	<b>Other Details</b>		
i	No of Members in Service	4,789	4,503
ii	Per Month Salary For Members in Service	250.99	220.34
iii	Weighted Average Duration of the Defined Benefit Obligation	6	5
iv	Average Expected Future Service	14	12
v	Defined Benefit Obligation (DBO) - Total	2,402.52	2,435.14
vi	Defined Benefit Obligation (DBO) - Due but Not Paid	34.93	21.35
vii	Expected Contribution in the Next Year	-	-
21	<b>Maturity Analysis of the Benefit Payments</b>		
	<b>Projected Benefits Payable in Future Years From the Date of Reporting</b>		
i	1st Following Year	529.90	543.19
ii	2nd Following Year	278.70	256.14

iii	3rd Following Year	415.71	441.64
iv	4th Following Year	298.91	381.54
v	5th Following Year	207.64	272.3
vi	Sum of Years 6 To 10	687.93	679.81
vii	Sum of Years 11 and above	1,241.68	933.88
22	<b>Sensitivity Analysis</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
	<b>Defined Benefit Obligation on Current Assumptions</b>	2,402.52	<b>2,435.14</b>
i	Delta Effect of +1% Change in Rate of Discounting	-99.83	-89.24
ii	Delta Effect of -1% Change in Rate of Discounting	111.73	98.11
iii	Delta Effect of +1% Change in Rate of Salary Increase	72.29	61.43
iv	Delta Effect of -1% Change in Rate of Salary Increase	-73.08	-63.76
v	Delta Effect of +1% Change in Rate of Employee Turnover	16.53	15.08
vi	Delta Effect of -1% Change in Rate of Employee Turnover	-18.11	-16.23
vii	The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.		
viii	The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.		
ix	Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognized in the balance sheet.		
x	There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		
23	<b>Notes</b>		
	<p>Gratuity is payable as per entity's scheme as detailed in the report.</p> <p>Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).</p> <p>All above reported figures of OCI are gross of taxation.</p> <p>Salary escalation &amp; attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand &amp; supply of the employees.</p> <p>Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition &amp; death in respective year for members as mentioned above.</p> <p>Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.</p> <p>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.</p> <p>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.</p>		
24	<b>Qualitative Disclosures</b> <b>Para 139 (a) Characteristics of defined benefit plan</b>		

	<p>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.</p> <p>Gratuity is paid from entity as and when it becomes due and is paid as per entity scheme for Gratuity.</p> <p><b>Para 139 (b) Risks associated with defined benefit plan</b></p> <p>Gratuity is a defined benefit plan and entity is exposed to the Following Risks:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><b>Para 139 (c) Characteristics of defined benefit plans</b></p> <p>During the year, there were no plan amendments, curtailments and settlements.</p> <p><b>Para 147 (a)</b></p> <p>Gratuity plan is unfunded.</p>
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**NOTE "19" : FINANCE COST**

(₹ in million)

Sr. No.	Particulars	2023-24	2022-23
1	Interest Expenses	1,852.18	1,915.49
2	Interest expense on lease liability	4.46	5.35
	<b>TOTAL</b>	<b>1,856.64</b>	<b>1,920.84</b>

**NOTE "20" : OTHER EXPENSES**

(₹ in million)

Sr. No.	Particulars	2023-24	2022-23
1	Insurance Expenses	171.97	167.31
2	Consumable Exp Relating to Stores & Spares	1,606.39	631.87
3	Handling Charges	158.51	208.70
4	Communication Charges	9.70	9.24
5	Travelling Expenses	186.03	206.24
6	Rent	1,078.60	1,087.24
7	Rates and Taxes	55.55	160.09
8	Repair Maintenance:		
	i) Buildings	29.18	33.51
	ii) Others	978.04	699.32
9	Hire of Transport	211.30	150.25
10	Fees to DGCA	4.05	1.20
11	Electricity & Heating Charges	292.68	296.07
12	Water Charges	12.22	16.34
13	Publicity & Sales Promotion	2.25	3.07
14	Printing and Stationery	8.31	6.73
15	Professional & Legal Charges	36.00	23.91
16	<b>Auditors' Remuneration and Expenses</b>		
	i) Audit Fees	0.40	0.40

	ii) Other Expenses	0.04	0.03
17	Other Audit Expenses	0.23	0.69
18	Bank Charges	6.57	0.49
19	SESF Expenses (Refer Note No 15.I)	255.67	356.93
20	Exchange Variation	60.80	-
21	Loss on Sale of Assets/Scrap	0.86	8.23
22	Provision for Doubtful Receivable & Advances	73.23	142.72
23	Provision for Inventory Reconciliation (Expenses)	-	500.00
24	CSR Expenses	91.00	40.94
25	Other Misc. Expenses	74.66	67.28
	<b>TOTAL</b>	<b>5,404.27</b>	<b>4,818.79</b>

**NOTE “21” : EARNING PER SHARE****Accounting Policy**

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.

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

Particulars	2023-24	2022-23
Profit available for appropriation as per Statement of Profit & Loss	2,549.87	6,433.92
Weighted average No. of equity shares outstanding during the year	166.67	166.67
Basic and Diluted EPS	15.30	38.60
Face value per equity share	10	10

**NOTE “22” : CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS****Accounting Policy**

**i. 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.

**ii. Contingent assets** are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

**Onerous contracts:** An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

**22.i. Contingent liabilities (to the extent not provided for)**

Claims against the company not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

(₹ in million)

Sr no.	Description	Balance as on March 31, 2024	Balance as on March 31, 2023
(i)	Income Tax Demand Notices received by the Company which are under appeal (*).	644.74	643.65
(ii)	Other Claims on account of Staff**/Civil/Arbitration Cases pending in Courts	Amount not ascertainable	Amount not ascertainable
	<b>Total</b>	<b>644.74</b>	<b>643.65</b>

**Explanatory statement in respect of other contingent liabilities:****\*Income Tax (TDS) Demand Notices received by the Company which are under appeal:**

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	42.68	20.70	63.38	Appeal was filed before CIT(A) on 28.08.2020.
2017-18	135.72	48.86	184.58	Appeal was filed before CIT(A) on 28.08.2020.
2018-19	261.11	62.67	323.77	Appeal was filed before CIT(A) on 28.08.2020.
<b>Total</b>	<b>483.74</b>	<b>161.00</b>	<b>644.74</b>	

\*Interest u/s 220(2) on the above demand as on 31<sup>st</sup> March, 2024 will be ₹ 314.55 million (Previous Year ₹ 237.49 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.

**22.ii. Guarantee given by the Company:**

The company has given Performance Guarantee (BG) amounting to ₹ 58.79 million (previous year ₹ 1.00 million) to Bangalore International Airport Limited (BIAL) amounting to ₹ 2.00 million, Center For Airborne Systems (CABS) ₹ 10.00 million, INS Garuda ₹ 0.06 million and Ministry of Defence ₹ 46.73 million for due performance of the obligation under the contract and ₹ 183.14 million to President of India against advance.

**NOTE "23" : DISINVESTMENT STATUS**

In view of the NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. An ex-facto approval was given by Union Cabinet in Feb 2019 for formation

of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. Based on the above decisions, Air India Limited (AIL) has been disinvested. Further, the Ministry of Civil Aviation (MoCA) vide its letter no. 17046/56/2019-AI dated 31st December, 2021 has conveyed the decision of AISAM for transferring of the four subsidiaries (AIASL, AAAL, AIESL and HCI) of the then Air India Limited to the AI Assets Holding Limited.

As per the decision of AISAM for transferring of the investments in subsidiaries, in the financial year 2021-22, the shares of the company (AIESL) were transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of the shares of AIESL was executed on 10th January, 2022. Considering the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of the company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f 12th January, 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company / Holding Company of AI Engineering Services Limited.

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.

#### **NOTE “24” : CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH IND-AS 8 “ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS”**

During the year 2023-24, 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	31 <sup>st</sup> March, 2023 (as previously reported)	Increase/ (decrease) due to correction of error	31 <sup>st</sup> March, 2023 (restated)
<b>Balance sheet (extract)</b>			
Trade Receivables	8,763.74	149.22	8,912.95
Total Current Assets	14,040.10	149.22	14,189.31
Other Equity	-9,566.87	149.22	-9,417.65
Total Equity	-7,900.20	149.22	-7,750.99
<b>Statement of Profit and loss (extract)</b>			
Revenue from Operations	19,534.02	149.22	19,683.24
Total Income	20,298.61	149.22	20,447.83
Profit/ (Loss) after Tax for the period	6,284.71	149.22	6,433.92
Total comprehensive Income for the year	6,295.13	149.22	6,444.35

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a increase of ₹0.89 per share.

#### **NOTE “25” : RECONCILIATION / CONFIRMATION**

(i) The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process. 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 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.

(iii) The company has some reconciled balances and 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 ledgers mainly due to legendry transfer entries in supplier suspense accounts, GRIR accounts, security deposit from vendors etc. from the then holding company (Air India Ltd. prior to disinvestment), the company is in the process of forming a committee for the reconciliation of the same 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.

#### NOTE “26” : EXCEPTIONAL ITEMS

i. The Department of Public Enterprises, Ministry of Heavy Industries, vide notification No. W-08/005/2016-DPE(WC) dated 9th June, 2016, had appointed 3rd Pay Revision Committee (PRC) with an aim to provide employees of CPSE's with suitable working conditions, emoluments and incentives to motivate them to strive for the profitability of the company. The committee submitted its report on 21st November, 2016 and recommended to implement the same. The company has initiated the process for the implementation of 3rd PRC for eligible categories of employees and estimated ₹ 2,532.60 million towards implementation and a provision of ₹ 2,532.60 million has been made in the books of accounts in the FY 2023-24. Further, a committee has been constituted for the negotiation with the concerned stake holders. Additional liability of ₹ 62.42 million has also been made for FTE wage increase as per approval from competent authority. Both provisions for total amounting to ₹ 2,595.02 has been classified as exceptional items.

ii. 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 in the FY 2022-23 which had been accounted for based on the actuary valuation.

#### NOTE “27” : INTERNAL CONTROL

The Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

#### NOTE “28” : 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 April 01, 2024	For the year ended March 31, 2023
Air India Ltd.	13,214.76	14,070.49
IAF	4,377.46	2,878.71

**NOTE “29” : DUES TO MICRO, SMALL& MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:**

The dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course

		(₹ in million)
Particulars	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Principal amount due and remaining unpaid	48.04	31.30
Interest due on over due amounts	0.82	0.25
Payment made beyond the appointed day during the year	-	-
Interest paid	-	-
Interest due and payable for the period of delay	0.82	0.25
Interest accrued and remaining unpaid	0.82	0.25
Amount of further interest remaining due and payable in succeeding years	-	-

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the company.

**NOTE “30” : RELATED PARTY DISCLOSURES**

Disclosure of the names and designations of the related parties as required by the Ind AS 24 “Related Party Disclosures”, during the year 2023-24:

**A. List of related parties :** (As identified by the management, unless otherwise stated)

**i. In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India) :**

Sr. No.	Name of the company	Relationship
1	AI Assets Holding Limited (w.e.f. January 12, 2022)	Holding company

**ii. List of Fellow Subsidiary Companies**

Sr. No.	Name of Company	Relationship
1	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary
2	Air India Airport Services Limited (AIASL)	Fellow Subsidiary
3	Alliance Air Aviation Limited (AAAL)	Fellow Subsidiary

**iii. Others**

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

**B. Board of Directors**

S. No.	Name of Director	Designation
1	Shri. Asangba Chuba Ao	CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation
		Chairman & Nominee Director, AIESL (w.e.f. 01.01.2024)
2	Shri Satyendra Kumar Mishra	Chairman, AIESL (w.e.f. 01.03.2023 to 01.01.2024)
		Nominee Director, AIESL (w.e.f. 02.02.2017 to 01.01.2024)
3	Shri Padam Lal Negi	Joint Secretary & Financial Advisor, Ministry of Civil Aviation
		Nominee Director, AIESL (w.e.f. 18.01.2023)
4	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 to 12.12.2023)
5	Shri Rahul Jain	Joint Secretary, Department of Investment & Public Asset Management
		Nominee Director, AIESL (w.e.f. 12.12.2023 to 14.05.2024)
6	Smt. Nayonika Dutta	Joint Director, Ministry of Civil Aviation
		Nominee Director, AIESL (w.e.f. 12.02.2024)

**C. Key Managerial Personnel**

S. No	Name of Key Managerial Personnel	Designation
1	Shri Sharad Agarwal	Chief Executive Officer w.e.f. 01.05.2022
2	Shri Rakesh Kumar Jain	Chief Financial Officer w.e.f. 20.05.2022
3	Ms. Sakshi Mehta	Company Secretary w.e.f. 09.11.2021

**D. Transaction with Key Managerial Person (KMP)**

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer, Chief Financial Officer and Company Secretary. During the year 2023-24, remuneration and perquisites is ₹ 5.36 Million (PY ₹5.17 Million) for Chief Executive Officer, ₹2.83 Million (PY ₹2.70 Million) for Chief Financial Officer and ₹ 1.01 Million (PY ₹ 0.97 Million) for Company Secretary.

ii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives during the year.

**E.** In term of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. significantly controlled and influenced entities (Government of India) and other than government related parties:

S. No.	Name of the Entities and Nature of transactions	2023-24 (₹ in million)	2022-23 (₹ in million)
1	<b>AI Assets Holding Limited (AIAHL) Holding Company</b>		
	<b><u>Expense</u></b>		
	Interest on outstanding payables to AIAHL	1,840.76	1,865.56
	Rent	396.72	467.35
	Reimbursement to AIAHL from AIESL	38.84	69.22
	<b><u>Income</u></b>		
	Reimbursement from AIAHL to AIESL	23.56	15.05
	<b>Closing Balance as on 31<sup>st</sup> March (Payable) / Receivable</b>	<b>-20,822.99</b>	<b>-21,739.44</b>
2	<b>Alliance Air Aviation Limited (AAAL)</b>		
	<b><u>Income</u></b>		
	Revenue from operation	577.34	586.70
	Other Income (Interest)	210.70	173.45
	<b><u>Expenditure</u></b>		
	Total Expenditure	-	-
	<b>Closing Balance (Payable) / Receivable</b>	<b>2,584.75</b>	<b>2,309.77</b>

<b>3</b>	<b>AI Airport Services Limited (AIASL)</b>		
	<b>Revenue from Operation</b>	28.81	12.42
	<b>Expenditure</b>		
	Handling Charges	120.87	200.82
	Manpower Cost	2.57	3.26
	Interest on dues AIASL	1.36	21.87
	<b>Closing Balance (Payable) / Receivable</b>	<b>-38.14</b>	<b>6.62</b>

<b>4</b>	<b>Centaur Hotel (HCI)</b>		
	<b>Expenditure</b>		
	Hotel Expenses- Staff on Duty	18.48	16.38
	<b>Closing Balance (Payable) / Receivable</b>	<b>-7.67</b>	<b>-3.79</b>

**NOTE “31” : FOLLOWING ARE THE DETAILS OF FOREIGN CURRENCY EARNED AND EXPENDED BY THE COMPANY DURING THE YEAR**

(₹ in million)

<b>Particulars</b>	<b>For the year ended March 31, 2024</b>	<b>For the year ended March 31, 2023</b>
Foreign exchange earnings	979.58	1254.99
Foreign exchange expended	2,147.71	737.99
<b>Net foreign exchange earnings</b>	<b>(1,168.14)</b>	<b>517</b>

**NOTE “32” : 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 ₹91.00 million (Previous Year ₹40.94 million). Corporate Social Responsibility Expenditure: -

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Amount required to be spent by the company during the year	91.00	40.94
Amount of expenditure incurred	-	-
<b>Nature of CSR activities</b>		
a) Construction / acquisition of any assets	-	-
b) On purpose other than 1 above	91.00	40.94
Shortfall at the end of the year / period	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities :	Contribution to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund

**NOTE “33” : 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.

**NOTE “34” : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III**

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

**(ii) Details of benami property held**

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

**(iii) Wilful defaulter**

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Compliance with number of layers of companies**

The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

**(v) Compliance with approved scheme(s) of arrangements**

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(vi) Utilisation of borrowed funds and share premium**

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

**(vii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(viii) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.



**(ix) Title deeds of immovable properties not held in name of the company**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value ( ₹ in million)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Reason for not being held in the name of the company
<b>PPE</b>	i. Building	2,644.05	Air India Limited and held since 8th April, 2021	No	Refer Note 2(a).1
	ii. Jet 9D Test House	10.42	Air India Limited and held since 1st April, 2019	No	Refer Note 2(a).3
<b>Investment property</b>	Land	-	-	-	-
	Building	-	-	-	-
<b>Non-current asset held for sale</b>	Land	-	-	-	-
	Building	-	-	-	-
<b>Others</b>		-	-	-	-

**(x) Capital Work-in-progress (CWIP)**

<b>CWIP</b>	<b>₹ in million in CWIP for a period of</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	1,137.68	1,137.68

**(xi) Registration of charges or satisfaction with Registrar of Companies (ROC)**

No charge created hence not applicable

**(xii) Relationship with Struck off Companies:**

The Company has no outstanding balances as on 31.03.2024 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

## (xiii) Ratios

(₹ in million)

Current ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Total current assets	18,751.82	14,189.31
Total current liabilities	5,012.29	4,605.88
Ratio	3.74	3.08
% change	21%	96%
Reason	Due to increase in current assets (mainly increase in Trade Receivable) as well as current liability as compared to previous year.	
Debt equity ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Total debt	-	-
Shareholder's equity	-5,393.71	-7,750.99
Ratio	-	-
% change	-	-
Reason	There are no debts.	
Debt service coverage ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Earnings available for debt service (EBIDTA)	8,746.02	8,773.29
Total debt	-	-
Ratio	-	-
% change	-	-
Reason	There are no debts.	
Return on equity		
Particular	As at March 31, 2024	As at March 31, 2023
Net profits after tax	2,549.87	6,433.92
Average Shareholders' equity	-6,572.35	-11,047.77
Ratio	-0.39	-0.57
% change	-32%	-27%
Reason	Due to decrease net profit made during the year comapred to previous year and improvement in average shareholders' equity	
Inventory turnover ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Cost of goods sold	1,606.39	631.87
Average inventory	144.18	355.31
Ratio	11.14	1.78
% change	526%	-43%
Reason	Consumption of stores is not directly related to the inventory held	

Trade receivable turnover ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Revenue from operations	20,879.83	19,683.24
Closing trade receivables	12,764.27	8,315.66
Ratio	1.64	2.37
% change	-31%	-30%
Reason	Due to increase in revenue as compared to previous year as well as trade receivables.	
Trade payable turnover ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Other expenses	5,404.27	4,818.79
Closing trade payables	2,246.07	1,421.90
Ratio	2.41	3.39
% change	-29%	87%
Reason	Due to increase in other expenses and increase in closing trade payables.	
Net capital turnover ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Revenue from operations	20,879.83	19,683.24
Working capital	13,739.53	9,583.44
Ratio	1.52	2.05
% change	-26%	-61%
Reason	Mainly due to increase in working capital (Debtors and bank balance) as compared to previous year.	
Net profit ratio		
Particular	As at March 31, 2024	As at March 31, 2023
Net Profit for the year	2,549.87	6,433.92
Revenue from operation	20,879.83	19,683.24
Ratio	0.12	0.33
% change	-63%	-26%
Reason	Due to lower profit in view of tax expense impact as compared to previous year.	
Return on capital employed		
Particular	As at March 31, 2024	As at March 31, 2023
Profit before exceptional item & tax plus finance cost	8,135.67	8,180.56
Capital employed	21,747.17	17,807.80
Ratio	0.37	0.46
% change	-19%	-12%
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			
Particular	As at March 31, 2024		As at March 31, 2023
Income from investment	Nil		Nil
Closing balance of investment	Nil		Nil
Ratio	Nil		Nil
% change	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)			

### **NOTE “35” : FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

#### **Accounting Policy**

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.

**NOTE 35.i. Capital Management**

The Company's objective when managing capital is to:

- 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
- Maintain an optimal capital structure of debt and equity balance.
- The capital structure of the Company consists of total equity of the Company.
- 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.
- During the financial year ended 31 March 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

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

(₹ in million)													
Financial assets and liabilities as at March 31, 2024	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets													
Trade receivables	-	12,764.27	12,764.27	-	-	-	-	-	-	-	-	12,764.27	12,764.27
Other financial assets	1.00	25.12	26.12	-	-	-	-	-	-	-	-	26.12	26.12
Cash and cash equivalents	-	2,213.27	2,213.27	-	-	-	-	-	-	-	-	2,213.27	2,213.27
Bank balances other than cash and cash equivalents	-	2,401.38	2,401.38	-	-	-	-	-	-	-	-	2,401.38	2,401.38
Total financial assets	1.00	17,404.04	17,405.04	-	-	-	-	-	-	-	-	17,405.04	17,405.04
Financial liabilities													
Lease liabilities	33.14	13.12	46.27	-	-	-	-	-	-	-	-	46.27	46.27
Trade payables	-	2,246.07	2,246.07	-	-	-	-	-	-	-	-	2,246.07	2,246.07
Other financial liabilities	20,822.96	954.83	21,777.80	-	-	-	-	-	-	-	-	21,777.80	21,777.80
Total financial liabilities	20,856.11	3,214.03	24,070.14	-	-	-	-	-	-	-	-	24,070.14	24,070.14



Financial assets and liabilities as at March 31, 2023	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>													
Trade receivables	-	8,315.66	8,315.66	-	-	-	-	-	-	-	-	8,315.66	8,315.66
Other financial assets	0.06	14.97	15.04	-	-	-	-	-	-	-	-	15.04	15.04
Cash and cash equivalents	-	397.84	397.84	-	-	-	-	-	-	-	-	397.84	397.84
Bank balances other than cash and cash equivalents	-	3,628.88	3,628.88	-	-	-	-	-	-	-	-	3,628.88	3,628.88
<b>Total financial assets</b>	<b>0.06</b>	<b>12,357.35</b>	<b>12,357.41</b>	-	-	-	-	-	-	-	-	<b>12,357.41</b>	<b>12,357.41</b>
<b>Financial liabilities</b>													
Lease liabilities	46.27	11.31	57.57	-	-	-	-	-	-	-	-	57.57	57.57
Trade payables	-	1,421.90	1,421.90	-	-	-	-	-	-	-	-	1,421.90	1,421.90
Other financial liabilities	21,739.44	757.97	22,497.41	-	-	-	-	-	-	-	-	22,497.41	22,497.41
<b>Total financial liabilities</b>	<b>21,785.71</b>	<b>2,191.17</b>	<b>23,976.88</b>	-	-	-	-	-	-	-	-	<b>23,976.88</b>	<b>23,976.88</b>

The companies' receivable/payable to holding company and its subsidiaries have been contracted at market rate of interest, which resets at regular intervals.

Accordingly, the carrying value of such borrowings (including interest accrued) approximates fair value.

\* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature.

#### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**NOTE “36” : FINANCIAL RISK MANAGEMENT**

The company has exposure to following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk – a. Foreign currency and b. Interest rate

The company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. A board of directors reviews and agrees policies for managing each of these risks, which summarized below:

**(i) Credit risk management**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approval and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business. Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its Group Companies and for which the Management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from Group Companies. Apart from Group Company, in respect of government and other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated, except for IAF-SESF. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicates a low credit risk. Hence, trade receivables are considered to be a single class of financial assets. Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are more than 36 months past due. Further, the company has also made credit risk impaired on individual basis based on the current status of the party on going concern. The provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is providing using following rates:

Bucket	As at	As at
	March 31, 2024	March 31, 2023
Government Company past due more than three years	100.00%	100.00%
Group Company	0.00%	0.00%
Other Parties past due greater than one year and up to three years	2.26%	3.90%
Other Parties past due more than three years	100.00%	100.00%
Specific Credit Risk impairment on individual basis	100.00%	100.00%

The Company's exposure to credit risk for trade receivables is as follows:

(₹ in million)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	Gross Carrying ₹	Loss Allowance	Gross Carrying ₹	Loss Allowance
Debts not due	-	-	-	-
Debts over due	13,433.37	669.10	8,912.95	597.30
<b>Total</b>	<b>13,433.37</b>	<b>669.10</b>	<b>8,912.95</b>	<b>597.30</b>

The movement in allowance for Expected credit loss is as follows:

(₹ in million)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Balance at the beginning of the Year	597.30	559.91
Movement during the year	71.80	37.38
<b>Balance at the end of the Year</b>	<b>669.10</b>	<b>597.30</b>

## (ii) Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

The company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of ₹ Nil (March 31, 2021: Nil; April 1, 2020: Nil) will enable it to meet its future known obligation in the ordinary course of business. However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

The company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual maturity is based on the earliest date on which the company may be required to pay:

## Exposure to liquidity risk

As at March 31, 2024

(₹ in million)

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
<b>Current</b>					
Trade Payables	2,246.07	2,246.07	-	-	2,246.07
Other Financial Liabilities	1,001.10	967.96	33.14	-	1,001.10

As at March 31, 2023

(₹ in million)

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
<b>Current</b>					
Trade Payables	1,421.90	1,421.90	-	-	1,421.90
Other Financial Liabilities	815.54	769.28	46.27	-	815.54

**(iii) Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**(a) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any borrowings.

**(b) Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

**Exposure to foreign currency risk**

The summary of quantitative data about the company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2024 and March 31, 2023 are as below:

As at March 31, 2024

(₹ in million)

Particulars	AED	AUD	BDT	CNY	EUR
Cash & Cash Equivalents	0.85	-	-	-	-
Other Financial Assets	0.01	-	-	-	-
Trade Receivables	-0.03	-	-	-	0.01
<b>Total Financial Assets</b>	<b>0.83</b>	-	-	-	<b>0.01</b>
Other Financial Liabilities	-	-	-	-	-
Trade Payables	-0.01	-	-	-	-0.34
<b>Total Financial Liabilities</b>	<b>-0.01</b>	-	-	-	<b>-0.34</b>
Particulars	GBP	HKD	JPY	LKR	NPR
Cash & Cash Equivalents	-	-	-	-	-
Other Financial Assets	-	-	-	-	-
Trade Receivables	-	-	-	-	-
<b>Total Financial Assets</b>	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Trade Payables	0.01	-	-0.07	0.08	0.04
<b>Total Financial Liabilities</b>	<b>0.01</b>	-	<b>-0.07</b>	<b>0.08</b>	<b>0.04</b>

Particulars	SAR	SEK	SGD	USD	
Cash & Cash Equivalents	-	-	-	0.00	
Other Financial Assets	-	-	-	-	
Trade Receivables			-	9.53	
<b>Total Financial Assets</b>	-	-	-	<b>9.54</b>	
Other Financial Liabilities	-	-	-	0.95	
Trade Payables	-	-	0.00	-10.98	
<b>Total Financial Liabilities</b>	-	-	<b>0.00</b>	<b>-10.030</b>	

**As at March 31, 2023**
**(₹ in million)**

Particulars	AED	AUD	BDT	CNY	EUR
Cash & Cash Equivalents	0.78	-	-	-	-
Other Financial Assets	0.24	0.05	0.03	0.06	0.01
Trade Receivables	-0.02	-	-	-	0.01
<b>Total Financial Assets</b>	<b>1.01</b>	<b>0.05</b>	<b>0.03</b>	<b>0.06</b>	<b>0.02</b>
Other Financial Liabilities	0	-	-	-	-
Trade Payables	0.03	-	-	-	-0.06
<b>Total Financial Liabilities</b>	<b>0.03</b>	-	-	-	<b>-0.06</b>
Particulars	GBP	HKD	JPY	LKR	NPR
Cash & Cash Equivalents	-	-	-	-	-
Other Financial Assets	0.01	0.59	-	-	0.95
Trade Receivables	-	-	-	-	-
<b>Total Financial Assets</b>	<b>0.01</b>	<b>0.59</b>	-	-	<b>0.95</b>
Other Financial Liabilities	-	-	-	-	-
Trade Payables	-0.01	-	-	-0.08	-
<b>Total Financial Liabilities</b>	<b>-0.01</b>	-	-	<b>-0.08</b>	-
Particulars	SAR	SEK	SGD	USD	
Cash & Cash Equivalents	-	-	-	0.01	
Other Financial Assets	0.03	-	0.05	0.25	
Trade Receivables	-	-	-	22.72	
<b>Total Financial Assets</b>	<b>0.03</b>	-	<b>0.05</b>	<b>22.99</b>	
Other Financial Liabilities	-	-	-	-	
Trade Payables	-	-	-0.01	-1.63	
<b>Total Financial Liabilities</b>	-	-	<b>-0.01</b>	<b>-1.63</b>	

**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 <sup>st</sup> March, 2024	Strengthening	Weakening
5% Movement	NIL	NIL
Effect in INR (before tax)	Profit or Loss	
For the year ended on 31 <sup>st</sup> March, 2023	Strengthening	Weakening
5% Movement	NIL	NIL

**NOTE “37” : 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, 2024, is ₹Nil (₹ Nil as on 31st March, 2023).

**NOTE “38” :** The company is in the process of transfer of hangars and associate buildings owned by the holding company constructed on the land leased by Airport Authority of India or other airport operators at various locations in India. This process will complete in due course.

**NOTE “39” :** AIESL has signed a Long-Term Maintenance Agreement (LTMA) with Indian Air Force (IAF) on 4th March, 2021 for the purpose of operation and maintenance of Special Extra Section Flights (SESF) two B-777 ER Aircraft for a period of five years from the effective date. The effective date of LTMA is 28th March, 2021

**NOTE “40” : Previous Year figures** have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

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

**Sd/-**  
**CA Ajay K Bajaj**  
**Partner**  
**M.No. 086306**  
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**  
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**  
**Amit Kumar**  
**Chairman**  
**DIN 11001643**

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

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

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

**Sd/-**  
**Sakshi Mehta**  
**Company Secretary**



**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 2024**

The preparation of financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based in independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 March 2025.

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 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the  
Comptroller and Auditor General of India**

**Sd/-**

**(Pramod Kumar)**

**Addl. Dy. Comptroller and Auditor General  
(Infrastructure), New Delhi**

**Place: New Delhi**

**Dated: 16-05-2025**









## AI ENGINEERING SERVICES LIMITED

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