

## TATA SIA AIRLINES LIMITED

CIN: U62200HR2013PLC111543

**Registered Office:** Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana - 122101

**Phone:** 0124 4515151

**Email:** [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com) **Website:** [www.airvistara.com](http://www.airvistara.com)

### MEETING OF THE SECURED CREDITORS OF TATA SIA AIRLINES LIMITED

*(convened pursuant to the order dated July 21, 2023 of the Hon'ble Chandigarh Bench of the National Company Law Tribunal at Chandigarh)*

#### DETAILS OF THE MEETING

<b>Day</b>	Saturday
<b>Date</b>	September 23, 2023
<b>Time</b>	10:30 A.M. (Indian Standard Time)
<b>Mode</b>	Meeting to be held through Video Conferencing or other audio visual means with remote e-voting facility being made available both prior to as well as during the meeting.

#### REMOTE E-VOTING PRIOR TO THE MEETING

<b>Commencing on</b>	Thursday, August 24, 2023 at 9:00 A.M. (Indian Standard Time)
<b>Ending on</b>	Friday, September 22, 2023 at 5:00 P.M. (Indian Standard Time)

#### DOCUMENTS ENCLOSED

S. No.	Contents	Page Nos.
1.	Notice of the meeting of the secured creditors of Tata SIA Airlines Limited (“ <b>Vistara</b> ”) as on March 31, 2023 (“ <b>Secured Creditors</b> ”) convened pursuant to the directions of the Hon'ble Chandigarh Bench of the National Company Law Tribunal at Chandigarh (“ <b>Tribunal</b> ”).	3 - 7
2.	Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	8 - 29
3.	Composite Scheme of Arrangement amongst Talace Private Limited (“ <b>Talace</b> ”) and Vistara and Air India Limited (“ <b>Air India</b> ”) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“ <b>Scheme</b> ”) as filed with the Tribunal, enclosed as <b>ANNEXURE-1</b> .	A1 - A28
4.	Order dated July 21, 2023 passed by the Hon'ble Tribunal in CA (CAA) No. 28/CHD/HRY/2023, directing, <i>inter alia</i> , convening the meeting of the Secured Creditors of Vistara, enclosed as <b>ANNEXURE-2</b> .	A29 - A44
5.	Report dated February 7, 2023 recommending the share exchange ratios for the proposed amalgamation of Talace and Vistara into Air India and valuation for the preferential allotment by Air India to Singapore Airlines Limited (“ <b>SIA</b> ”) read with the corrigendum dated June 2, 2023 and the clarification letter dated August 3, 2023, all issued by PwC Business Consulting Services LLP, Registered Valuer, enclosed as <b>ANNEXURE-3</b> .	A45 - A59
6.	Report dated March 13, 2023 on the valuation of shares for the preferential allotment of equity shares by Air India to SIA pursuant to the Foreign Exchange Management Act, 1999, issued by RBSA Capital Advisors LLP, SEBI registered Category I Merchant Banker, enclosed as <b>ANNEXURE-4</b> .	A60 - A79
7.	Report adopted by the board of directors of Talace pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as <b>ANNEXURE-5</b> .	A80 - A84
8.	Standalone, audited financials of Talace for the financial year ended March 31, 2023, enclosed as <b>ANNEXURE-6</b> .	A85 - A112
9.	Report adopted by the board of directors of Vistara pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as <b>ANNEXURE-7</b> .	A113 - A117
10.	Standalone, audited financials of Vistara for the financial year ended March 31, 2023, enclosed as <b>ANNEXURE-8</b> .	A118 - A175

<b>S. No.</b>	<b>Contents</b>	<b>Page Nos.</b>
11.	Report adopted by the board of directors of Air India pursuant to Section 232(2)(c) of the Companies Act, 2013, enclosed as <b>ANNEXURE-9</b> .	A176 - A182
12.	Standalone, audited financials of Air India for the financial year ended March 31, 2023, enclosed as <b>ANNEXURE-10</b> .	A183 - A244
13.	Certificate dated May 13, 2023 issued by the statutory auditor of Air India certifying that the accounting treatment in the Scheme is compliant with applicable accounting standards, enclosed as <b>ANNEXURE-11</b> .	A245 - A251

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH, AT CHANDIGARH  
COMPANY APPLICATION CA (CAA) NO. 28/CHD/HRY/2022  
(under Sections 230-232 of the Companies Act, 2013)  
IN THE MATTER OF THE COMPANIES ACT, 2013**

**AND**

**IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT AMONGST TALACE PRIVATE LIMITED AND  
TATA SIA AIRLINES LIMITED AND AIR INDIA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS**

**AND**

**IN THE MATTER OF:**

**Talace Private Limited**, a company incorporated under the Companies Act, 2013, having its registered office at 2<sup>nd</sup> Floor, Block 4, Vatika One On One, Industrial Estate, Gurugram, Haryana - 122007.

**...Transferor Company 1 / Applicant Company 1**

**AND**

**Tata SIA Airlines Limited**, a company incorporated under the Companies Act, 1956, having its registered office at Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector - 72, Gurugram, Haryana - 122101.

**...Transferor Company 2 / Applicant Company 2**

**AND**

**Air India Limited**, a company incorporated under the Companies Act, 1956, having its registered office at Block 4, Vatika One On One, Sector 16, NH 48, Industrial Estate, Gurugram, Haryana - 122007.

**...Transferee Company / Applicant Company 3**

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF TATA SIA AIRLINES LIMITED**

To,

All the secured creditors of Tata SIA Airlines Limited as on March 31, 2023 ("**Secured Creditors**")

NOTICE is hereby given that by an order dated the 21st day of July, 2023 in CA (CAA) No. 28/CHD/HRY/2023 ("**Order**"), the Hon'ble Chandigarh Bench of the National Company Law Tribunal at Chandigarh ("**Tribunal**"), has directed a meeting to be convened of the Secured Creditors of Tata SIA Airlines Limited ("**Vistara**" or "**Company**") for the purpose of considering, and if thought fit, approving the proposed composite scheme of arrangement ("**Scheme**") between Talace Private Limited ("**Talace**") and Vistara and Air India Limited ("**Air India**") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**").

TAKE FURTHER NOTICE that in pursuance of the Order and as directed therein, a meeting of the Secured Creditors of Vistara will be convened on Saturday, the 23rd day of September, 2023 at 10:30 A.M. (IST) ("**Meeting**") through video conferencing or other audio visual means ("**Video Conferencing**"), following the operating procedures (with requisite modifications as may be required) referred to in Circular No.14/2020 dated April 8, 2020 read with Circular Nos. 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs, Government of India. Further, there shall be no meeting requiring physical presence at a common venue. At such day, date and time, the said Secured Creditors of Vistara are requested to attend the Meeting.

TAKE FURTHER NOTICE that in compliance with the Order and pursuant to Section 230(4) read with Section 108 of the Act read with Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Compromise/Arrangement Rules**") and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and other applicable provisions, if any, of the Act, Vistara has provided the facility of remote e-voting prior to the Meeting as well as during the Meeting (to be held through Video Conferencing), so as to enable the Secured Creditors to consider and approve the Scheme.

TAKE FURTHER NOTICE that National Securities Depository Limited ("**NSDL**") shall be providing the facility of remote e-voting prior to the Meeting as well as during the Meeting (to be held through Video Conferencing). Remote e-voting facility prior to the Meeting shall commence on Thursday, August 24, 2023 at 9:00 A.M. (IST) and end on Friday, September 22, 2023 at 5:00 P.M. (IST) (both days inclusive). Further, facility for participation during the Meeting is also being provided by NSDL.

TAKE FURTHER NOTICE that the voting rights of the Secured Creditors shall be in proportion to the outstanding amount due to them as on March 31, 2023, being the cut-off date ("**Cut-off Date**"). The Secured Creditors are requested to read the instructions for remote e-voting prior to the Meeting and during the Meeting in the Notes below.

TAKE FURTHER NOTICE that since the Meeting is being held through Video Conferencing and there being no meeting requiring physical presence at a common venue, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Secured Creditors will not be available for the Meeting and hence, the proxy form, attendance slip and route map of the Meeting are not annexed to this Notice.

Copy of the notice in relation to the Meeting (“**Notice**”), together with the documents accompanying the same, including the explanatory statement under Sections 230(3) and 102 of the Act read with Rule 6(3) of the Compromise/Arrangement Rules (“**Explanatory Statement**”) and the Scheme can be obtained free of charge on any day (except Saturday, Sunday and public holidays) from the registered office of Vistara at Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101 during business hours. Vistara will furnish a copy of the Scheme/Notice within one day of any requisition of the Scheme/Notice made by any Secured Creditor, to Vistara by e-mail at [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com).

The Hon’ble Tribunal has appointed Hon’ble Mr. Justice M. M. Singh Bedi (Retd.), as the Chairperson of the Meeting and Mr. Dhananjay Singh, Advocate, as the Alternate Chairperson of the Meeting, including for any adjournment(s) thereof. The Tribunal has also appointed Mr. Ajay K Arora, practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof. The Scheme, if approved at the Meeting, will be subject to the subsequent approval of the Hon’ble Tribunal.

**TAKE NOTICE** that the following resolution is proposed under Section 230(3) of the Act and the provisions of the memorandum of association and the articles of association of Vistara, for the purpose of considering, and if thought fit, approving the Scheme:

*“**RESOLVED THAT**, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”), the applicable rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the provisions of the memorandum of association and the articles of association of Tata SIA Airlines Limited, the approval of the Chandigarh Bench of the Hon’ble National Company Law Tribunal at Chandigarh (“**Tribunal**”) and such other approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the board of directors of the Company (“**Board**”, which term shall be deemed to mean and include one or more committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the composite scheme of arrangement amongst Talace Private Limited and Tata SIA Airlines Limited and Air India Limited and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Act (“**Scheme**”) as enclosed to the notice of the Tribunal convened meeting of the secured creditors of Tata SIA Airlines Limited and placed before this meeting, be and is hereby approved.*

***RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the preceding resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the Tribunal while sanctioning the Scheme or by any authorities under applicable law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/ or making such adjustments in the books of accounts of Tata SIA Airlines Limited as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper.”*

Copies of the Explanatory Statement, the Scheme and other enclosures are enclosed and form part of this notice.

**For Tata SIA Airlines Limited**  
**Sd/-**  
**Niyant Maru**  
**(Authorized Signatory)**

Dated this 16th day of August, 2023.

**Registered Office:** Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101

**CIN:** U62200HR2013PLC111543

**Email:** [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com)

**Website:** [www.airvistara.com](http://www.airvistara.com)



**NOTES:**

1. Pursuant to the Order passed by the Hon'ble Tribunal and Circular No.14/2020 dated April 8, 2020 read with Circular Nos. 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs, Government of India, the Meeting of the Secured Creditors of the Company is being held through Video Conferencing without physical presence of the Secured Creditors at a common venue.
2. The Company is sending this Notice together with the documents accompanying the same including the Explanatory Statement and the Scheme in electronic form to those Secured Creditors whose e-mail IDs are registered with the Company. The physical copy of the Notice is being sent by permitted modes to those Secured Creditors whose e-mail IDs are not registered with the Company.
3. The Notice will be available on the website of the Company at [www.airvistara.com](http://www.airvistara.com) and NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
4. A person/entity who is not an secured creditor of the Company as on the Cut-off Date (i.e. March 31, 2023) should treat this Notice for information purposes only and such person/entity will not be entitled to vote.
5. The Secured Creditors are entitled to vote through remote e-voting facility made available both prior to as well as during the Meeting (which will be held through Video Conferencing).
6. Since the Meeting will be held through Video Conferencing, physical attendance of Secured Creditors is not required at a common venue. The proceedings of the Meeting shall however be deemed to be conducted at Taj Chandigarh, Block No. 9, Sector-17A, Chandigarh, 160017 which shall be the deemed venue of the Meeting.
7. Since the Meeting is being held through Video Conferencing and there being no requirement of physical attendance at a common venue, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Secured Creditors will not be available for the Meeting and hence, the proxy form, attendance slip and route map of the Meeting are not annexed to this Notice.
8. Institutional/Corporate Secured Creditors (i.e. other than individuals, HUF, NRI, etc.) of the Company are entitled to appoint an authorized representative for the purpose of participating and/or voting during the Meeting held through Video Conferencing. Further, such Institutional/Corporate Secured Creditors are required to send a scanned certified copy (pdf/ jpg format) of the respective board or governing body resolution, authorization, etc., authorizing their representative to attend the Meeting through Video Conferencing on their behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email to [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com), no later than 48 hours before the scheduled time of the Meeting. The Institutional/ Corporate Secured Creditors (i.e. other than individuals, HUFs, NRIs, etc.) can also upload their board resolution/power of attorney/authority letter, etc. by clicking on "Upload Board Resolution/Authority Letter", etc. displayed under "e-Voting" tab in their login.
9. The Secured Creditors can join the Meeting through Video Conferencing, 30 minutes before and within 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in notes to this Notice.
10. Pursuant to the Order passed by the Hon'ble Tribunal, Section 230(4) read with Section 108 of the Act read with Rule 6(3) (xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and other applicable provisions, if any, of the Act, the Company is providing remote e-voting facility prior to the Meeting as well as during the Meeting to the Secured Creditors to cast their votes (for or against) on the resolution set forth in this Notice.
11. The Company has appointed NSDL to provide remote e-voting facility prior to as well as during the Meeting to enable the Secured Creditors (or their authorized representatives, as the case may be) of the Company to cast their votes electronically.
12. It is clarified that casting of votes by remote e-voting (prior to the Meeting) does not disentitle an Secured Creditor from attending the Meeting. However, any Secured Creditor who has voted through remote e-voting prior to the Meeting cannot vote through remote e-voting during the Meeting. The Secured Creditors of the Company attending the Meeting through Video Conferencing who have not cast their vote through remote e-voting prior to the Meeting, shall be entitled to exercise their vote using the e-voting facility made available during the Meeting.
13. Voting rights shall be reckoned on the basis of the proportion of the outstanding amount due to Secured Creditors as on March 31, 2023 being the Cut-off Date.

14. In terms of the directions contained in the Order, the quorum of the Meeting shall be three secured creditors in number or 40% in value. Further, the Order also directs that in case the required quorum for the Meeting is not present at the commencement of the Meeting, then the Meeting shall be adjourned by 30 minutes and thereafter, the persons present shall be deemed to constitute the quorum. For the purposes of computing the quorum, the authorized representatives shall also be considered, subject to requisite documents being submitted in the manner described in this notice.
15. **The remote e-voting period (prior to the Meeting) commences on Thursday, August 24, 2023 at 9:00 A.M. and ends on Friday, September 22, 2023 at 5:00 P.M. The remote e-Voting module shall be disabled by NSDL for voting thereafter. During this period, the Secured Creditors as on March 31, 2023, being the Cut-off Date, may cast their vote (for or against) electronically. Once the vote on the resolution is cast by an Secured Creditor, such Secured Creditor shall not be allowed to change it subsequently.**
16. Secured Creditors will be assigned a Unique ID number which will be communicated via email along with this Notice to those Secured Creditors whose email IDs are registered with the Company. Unique ID number will be communicated via physical copy of the Notice to those Secured Creditors whose email ID are not registered with the Company.
17. **Instructions for remote e-voting and joining the Meeting are as under:**
  - a) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or mobile.
  - b) Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
  - c) A new screen will open. You will have to enter your User ID and Password and a Verification Code as shown on the screen.
  - d) Your User ID and Password details for casting your vote electronically and for attending the Meeting of the Secured Creditors through video conferencing are attached in the pdf file enclosed herewith. Please note that the password to open the pdf file is the Unique ID number mentioned above. The system will ask first time to reset your password.
  - e) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  - f) Now, you will have to click on "Login" button.
  - g) After you click on the "Login" button, Home page of e-Voting will open.
  - h) You will be able to see the EVEN no. of the Company.
  - i) Click on "EVEN" of Company to cast your vote.
  - j) Now you are ready for e-voting as the voting page opens.
  - k) Cast your vote by selecting appropriate options i.e. assent or dissent, and click on "Submit" and also "Confirm" when prompted.
  - l) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - m) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  - n) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
  - o) If you face any problems/experience any difficulty or If you forgot your password please feel free to contact toll free number 022-48867000/ 022-24997000 or contact on email-ID [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
18. **The instructions for the Secured Creditors for remote e-voting on the day of the Meeting are as under:**
  - a) The procedure for e-voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting prior to the Meeting.
  - b) Only those Secured Creditors, who will be present in the Meeting through Video Conferencing facility and have not casted their vote on the Resolution through remote e-voting prior to the Meeting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the day of the Meeting.

**19. Instructions for Secured Creditors for attending the Meeting through Video Conferencing are as under:**

- a) Secured Creditors will be provided with a facility to attend the Secured Creditors Meeting through Video Conferencing through the NSDL e-voting system. Secured Creditors may access the same at <https://www.evoting.nsdl.com> under shareholder / member login by using the remote e-voting credentials. The link for Video Conferencing will be available in shareholder / member login where the **EVEN** of Company will be displayed.
  - b) Secured Creditors may join the Meeting through laptops, smartphones, tablets and iPads for better experience. Further, Secured Creditors will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Secured Creditors will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
  - c) Secured Creditors are encouraged to submit their questions in advance with regard to the Scheme to be placed at the Meeting, from their registered email ID, mentioning their name, PAN and mobile number, to reach the Company's email ID at [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com) before 3:00 p.m. (IST) on Thursday, September 21, 2023.
20. The Tribunal has appointed Mr. Ajay K Arora, practicing Company Secretary, as the Scrutinizer, for the Meeting including for any adjournment(s) thereof, to scrutinize the voting at the Meeting and remote e-voting process, in a fair and transparent manner.
21. The Scrutinizer shall, after the conclusion of voting at the Meeting, first count the votes cast during the Meeting and, thereafter, unblock the votes cast through remote e-voting prior to the Meeting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days from the conclusion of the Meeting, a combined report of the total votes cast in favour or against, if any, to the Chairperson and/ or the Alternate Chairperson (as the case may be), who shall countersign the same and declare the result of the voting forthwith. The Scrutinizer's decision on the validity of the votes shall be final. The results along with the report of the Scrutinizer shall be displayed on the website of the Company at [www.airvistara.com](http://www.airvistara.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
22. The Chairperson shall at the end of discussions on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Secured Creditors who are present during the Meeting but have not cast their votes by availing the remote e-voting facility prior to the Meeting. The remote e-Voting module during the Meeting shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

**For Tata SIA Airlines Limited**

**Sd/-**

**Niyant Maru**

**(Authorized Signatory)**

Dated this 16th day of August, 2023.

**Registered Office:** Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101

**CIN:** U62200HR2013PLC111543

**Email:** [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com)

**Website:** [www.airvistara.com](http://www.airvistara.com)

**EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF TATA SIA AIRLINES LIMITED**

1. This explanatory statement is being furnished pursuant to Sections 230(3) and 102 of the Companies Act, 2013 (“**Act**”) read with Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**Rules**”) (the “**Explanatory Statement**”).
2. Pursuant to the order dated July 21, 2023 (“**Order**”) passed by the Hon’ble Chandigarh Bench of the National Company Law Tribunal at Chandigarh (“**Tribunal**”) under Section 230(1) of the Act in CA (CAA) No. 28/CHD/HRY/2023, a meeting of the secured creditors of Tata SIA Airlines Limited (“**Vistara**”) is being convened on Saturday, the 23rd day of September, 2023 at 10:30 A.M. (“**Meeting**”) through video conferencing or other audio visual means with remote e-voting facility being made available both prior to as well as during the Meeting, for the purpose of considering and, if thought fit, approving the composite scheme of arrangement amongst Talace Private Limited (i.e. the Transferor Company 1/ Applicant Company 1) (“**Talace**”) and Vistara (i.e. the Transferor Company 2/ Applicant Company 2) and Air India Limited (i.e. the Transferee Company/ Applicant Company 3) (“**Air India**”) and their respective shareholders under Sections 230-232 and other applicable provisions of the Act (“**Scheme**”). The Scheme as filed with the Tribunal and the Order are enclosed as **ANNEXURE-1** and **ANNEXURE-2**, respectively. Please refer to Paragraph Nos. 71 and 74 of this Explanatory Statement for the rationale and salient features of the Scheme, respectively.
3. Talace, Vistara and Air India are hereafter collectively referred to as the “**Companies**”, whereas, Talace and Vistara are hereafter collectively referred to as the “**Transferor Companies**”.
4. Capitalized terms which are used in this Explanatory Statement but which are not defined herein shall have the meaning assigned to them in the Scheme, unless otherwise stated.
5. In terms of the directions contained in the Order, the quorum of the Meeting shall be three secured creditors in number or 40% in value. Further, the Order also directs that in case the required quorum for the Meeting is not present at the commencement of the Meeting, then the Meeting shall be adjourned by 30 minutes and thereafter, the persons present shall be deemed to constitute the quorum.
6. For the purposes of computing the quorum, the authorized representatives shall also be considered, subject to requisite documents being submitted in the manner described in the notice.
7. In terms of the Order, the Tribunal has appointed Hon’ble Mr. Justice M. M. Singh Bedi (Retd.), as the Chairperson of the Meeting and Mr. Dhananjay Singh, Advocate, as the Alternate Chairperson of the Meeting, including for any adjournment(s) thereof. The Tribunal has also appointed Mr. Ajay K Arora, practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof.
8. The Scheme was placed before the respective Audit Committee’s of Vistara and Air India (“**Audit Committees**”) at their meetings, both held on February 7, 2023. On the basis of their evaluation and independent judgment and consideration of (i) the report dated February 7, 2023 recommending the share exchange ratios for the proposed amalgamation of Talace and Vistara into Air India and valuation for the preferential allotment by Air India to Singapore Airlines Limited (“**SIA**”) read with the corrigendum dated June 2, 2023, both issued by PwC Business Consulting Services LLP, Registered Valuer; and (ii) the report dated March 13, 2023 on the valuation of shares for the preferential allotment of equity shares by Air India to SIA pursuant to the Foreign Exchange Management Act, 1999, issued by RBSA Capital Advisors LLP, SEBI registered Category I Merchant Banker, both the Audit Committees approved and recommended the Scheme to the respective board of directors (“**Board**”) of Vistara and Air India. Talace does not have an audit committee. Copies of the valuation reports issued by PwC Business Consulting Services LLP, Registered Valuer and RBSA Capital Advisors LLP, SEBI registered Category I Merchant Banker are enclosed as **ANNEXURE-3** and **ANNEXURE-4**, respectively.
9. The Boards of each of the Companies at their respective meetings, all held on February 7, 2023, approved the Scheme and the filing thereof with the Tribunal.
10. The Scheme is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, for the (a) reorganisation and reduction of share capital of Air India; (b) amalgamation of Talace with Air India; (c) amalgamation of Vistara with Air India; and (d) preferential allotment of equity shares of Air India to SIA. Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected with the Scheme.
11. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the secured creditors of Vistara if the resolution mentioned in the notice has been approved at the Meeting by a majority of persons representing three-fourths in value of the secured creditors of Vistara as on March 31st, 2023, voting through remote e-voting facility made available both prior to as well as during the Meeting.

**Details of Talace as per Rule 6(3) of the Rules**

12. Details of Talace (i.e. Transferor Company 1 / Applicant Company 1)

<b>Talace Private Limited</b>	
Corporate Identification No. (CIN)	U74999HR2020PTC111111
Permanent Account No. (PAN)	AAICT0139L
Incorporation Date	August 12, 2020
Type of Company	Private Limited Company
Registered Office Address	2nd Floor, Block 4, Vatika One On One, Industrial Estate, Gurugram, Haryana - 122007
Email	enkapadia@tata.com
Stock Exchange(s) where securities of Talace are listed	The shares of Talace are not listed on any Stock Exchange.

13. Summary of the main objects as per the memorandum of association of Talace:

The main objects as set out in Clause III.(a) of the memorandum of association of Talace are as under:

- “1. To establish, maintain, operate, manage, lease, and invest in any transportation services including without limitation rapid transit, rail services, metro services, ropeway services, helicopter services, air transport services and all other forms of aerial or non-aerial work including any other business which facilitates or is auxiliary to or associated with such transport services/undertaking, for the carriage of passenger, baggage, mail, freight or merchandise of every kind of description or for any other purpose, domestic or international, as may be approved by the Government of India or such other competent authority to the extent required under law to be approved by the Government of India or such other competent authority.
2. To purchase, take on lease and / or hire or otherwise acquire, employ, maintain, work, manage and/or control and let on hire, charter, lease and/or demise every form of conveyance for the purpose of transporting or carrying passengers, baggage, mail, freight and merchandise of every kind and description, whether as principals, agents or otherwise.
3. To carry on the business of providing for self and/ or to other transport service providers / third parties, cabin service, ramp services, ground handling services, cargo/freight handling services, security functions and field operation services either by itself or through agency/ies, duly authorised by the regulatory authorities or through authorised contractors / or through any other duly authorised parties.”

14. Sub-clause 10 of Clause III.(B) of the memorandum of association of Talace permits the arrangement envisaged under the Scheme and the same has been extracted below:

“10. To invest in securities, or acquire, purchase, takeover and/or amalgamate business of companies which under existing circumstances, from time to time, may conveniently or advantageously be combined with the business of the Company, to amalgamate or merge with companies whose business is so acquired, purchased or taken over and/or to enter into agreement with the object of acquisition of such undertaking and/or business.”

15. Main business carried on by Talace:

Talace is the holding company of Air India, which holds, shareholding of: (i) 100% in Air India Express Limited; (ii) 100% in AIX Connect Private Limited (previously, AirAsia (India) Private Limited); and (iii) 50% in Air India SATS Airport Services Private Limited.

16. Details of change of name of Talace during the last five years:

There has been no change of name of Talace since its incorporation on August 12, 2020.

17. Details of change in registered office of Talace during the last five years:

The registered office of Talace was changed from Army & Navy Building, 148, MG Road, Opposite Kala Ghoda, Fort, Mumbai, Maharashtra – 400001 to 2nd Floor, Block 4, Vatika One On One, Industrial Estate, Gurugram, Haryana - 122007, with effect from March 1, 2023.



18. Details of change in objects of Talace during the last five years:

There has been no change in Talace's objects during the last five years.

19. Details of the capital structure of Talace including authorized, issued, subscribed and paid-up share capital:

Particulars	Amount (in ₹)
<b>Authorized Share Capital as on August 1, 2023</b>	
5,15,00,00,000 equity shares of ₹ 10/- each.	51,50,00,00,000
6,85,00,00,000 preference shares of ₹ 10/- each.	68,50,00,00,000
<b>Total</b>	<b>1,20,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital as on August 1, 2023</b>	
3,78,32,00,000 fully paid-up equity shares of ₹ 10/- each.	37,83,20,00,000
1,70,00,00,000 preference shares of ₹ 10 each	17,00,00,00,000
<b>Total</b>	<b>54,83,20,00,000</b>

Upon the Effective Date, Talace shall stand dissolved without being wound up.

20. Names of the promoters of Talace along with their addresses:

S.No.	Name of the Promoter	Address
1.	Tata Sons Private Limited	Bombay House, 24 Homi Mody Street, Fort, Mumbai, Maharashtra – 400001

21. Names of the directors of Talace as on August 1, 2023 along with their addresses:

S.No.	Name of the Director and Designation	Address
1.	Mr. Saurabh Mahesh Agrawal (Chairman and Non-Executive Director)	2103, Artesia Building, Hind Cycle Marg, Worli, Mumbai - 400030
2.	Mr. Nipun Aggarwal (Non-Executive Director)	Flat No 73, Tower A, Raheja Atlantis NH-8, Sector -31 Gurgaon, Sadar Bazar, Haryana 122001
3.	Mr. Eruch Noshir Kapadia (Non-executive Director)	R / 15, Cusrow Baug, 3rd Floor Shahid Bhagat Singh Road, Colaba, Mumbai 400039

22. The date of the board meeting at which the Scheme was approved by the Board of Talace including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was unanimously approved by the Board of Talace on February 7, 2023. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Names of the Directors (present at the board meeting)	Votes
1.	Mr. Saurabh Mahesh Agrawal	For the resolution
2.	Mr. Nipun Aggarwal	For the resolution
3.	Mr. Eruch Noshir Kapadia	For the resolution



All the directors of Talace were present and participated in the meeting and voted in favour of the resolution approving the Scheme. No director voted against the Scheme. Thus, the Scheme was approved unanimously by all the directors of Talace.

23. As on August 14, 2023, Talace has one unsecured creditor representing a total outstanding unsecured debt of ₹ 46.20 lakh. Talace does not have any secured creditors as on August 14, 2023.

24. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Talace and their respective relatives:

None of the directors and the key managerial personnel of Talace and their respective relatives have any material interests, financial or otherwise in the Scheme, except for Mr. Eruch Noshir Kapadia's nominee shareholding in Talace and Air India.

25. Disclosure about the effect of the Scheme on the following persons in relation to Talace:

<b>Effect of the Scheme on Stakeholders</b>
<b>(1) Promoter &amp; Non-Promoter Shareholders</b>
<p>Talace has two classes of shareholders (i.e. equity and preference shareholders) and holds 97.23% of the equity share capital of Air India.</p> <p>The entire equity and preference share capital of Talace is held by Tata Sons Private Limited ("<b>Tata Sons</b>").</p> <p><u>Amalgamation of Talace into Air India</u></p> <p>In terms of Clause 9.1 of Part III of the Scheme, upon the Effective Date and in consideration of the amalgamation of Talace with Air India, Air India shall issue and allot equity shares credited as fully paid-up to the extent indicated below to the shareholders of Talace holding shares and whose name appear in the register of members of Talace as a member of Talace, or whose names appear as the beneficial owners of the equity and preference shares of Talace in the records of the depositories, in each case, as on the Record Date in the following proportion:</p> <p><i>6.2709 fully paid-up equity shares of Air India of ₹ 4 each for every 1 equity share of Talace of ₹ 10 each and for every 1 preference share of Talace of ₹ 10 each.</i></p> <p>If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by Air India in accordance with the Scheme, the Board of Air India shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.</p> <p>In terms of Clause 9.8 of Part III of the Scheme, prior to the Effective Date, Talace and/or Air India shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.</p> <p>In terms of Clause 9.9 of Part III of the Scheme, if any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of Talace or Air India, that occurs after the date of approval of the Scheme by the Board of Talace and the Board of Air India, and on or before the Effective Date, the share exchange ratio mentioned under Clause 9.1 of Part III of the scheme shall be subject to equitable adjustments determined by the Boards of Talace and Air India.</p> <p>In terms of Clause 12.1 of Part III of the Scheme, upon the Effective Date and simultaneous to the equity shares being issued by Air India as per Clause 9.1 of Part III of the Scheme, the equity shares of Air India held by Talace and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of Air India shall stand reduced.</p>

**Preferential Allotment to SIA:**

In terms of Clause 24.1 of Part V of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by Air India to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, Air India shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of ₹ 4 each (“**Preferential Equity Shares**”) at a price of ₹ 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of Air India.

In terms of Clause 24.2 of Part V of the Scheme, the price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of Air India after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.

In terms of Clause 24.3 of Part V of the Scheme, the Subscription Amount shall be paid by SIA to Air India from the bank account of SIA.

Accordingly, upon the Effective Date, the equity and preference shareholder of Talace i.e. Tata Sons and the equity shareholders of Vistara i.e. Tata Sons and SIA will become equity shareholders of Air India.

**(2) Creditors**

In terms of Clause 5.8 of Part III of the Scheme, with effect from the Appointed Date, all debts, liabilities, contingent liabilities, provisions, duties and obligations of every kind, nature and description of Talace whether provided for or not in the books of Talace, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Appointed Date shall, pursuant to the order of the Tribunal or such other competent authority as may be applicable under Section 232 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to have been transferred to and vested in and assumed by Air India, so as to become as on the Appointed Date, the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of Clause 5.8.

In terms of Clause 5.9 of Part III of the Scheme, where any of the debt, liabilities, contingent liabilities, duties and obligations of Talace as on the Appointed Date, deemed to be transferred to Air India have been discharged by Talace, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Air India, and all loans raised and used and all liabilities and obligations incurred by Talace after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of Air India and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to Air India and shall become the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of Clause 5.9.

**(3) Depositors/ Deposit Trustee**

Not Applicable. As on date, Talace does not have any outstanding public deposits and therefore the effect of the Scheme on any depositors and deposit trustee does not arise.

**(4) Debenture Holders/ Debenture Trustee**

Not Applicable. As on date, Talace does not have any outstanding debentures and therefore the effect of the Scheme on any debenture holders and debenture trustee does not arise.

**(5) Employees and Key Managerial Personnel (“KMP”)**

In terms of Clause 6.1 of Part III of the Scheme, upon the Effective Date and with effect from the Effective Date, Air India undertakes to engage, without any interruption in service, all employees of Talace on terms and conditions no less favourable than those on which they are engaged by Talace as on the Effective Date. Air India undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by Talace with any of the aforesaid employees. Air India agrees that the services of all such employees with Talace prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

In terms of Clause 6.2 of Part III of the Scheme, the accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by Air India and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by Air India.

In terms of Clause 6.3 of Part III of the Scheme, Air India shall assume all rights, obligations and liabilities of Talace, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

**(6) Directors**

In terms of Clause 14.1 of Part III of the Scheme, upon the Effective Date, Talace shall stand dissolved without being wound up and accordingly, the Board and any committees thereof shall also cease to exist.

26. In compliance with the provisions of section 232(2)(c) of the Act, the Board of Talace has adopted a report, *inter-alia*, explaining the effect of the Scheme on their respective shareholders and key managerial personnel among others. A copy of the report adopted by the Board of Talace is enclosed as **ANNEXURE-5**.
27. The standalone, audited financials of Talace for the financial year ended March 31, 2023 is enclosed as **ANNEXURE-6**.
28. Talace does not have any investigations or proceedings pending against it under Sections 206 to 227 of the Act.
29. To the knowledge of Talace, no winding-up petition (including under Section 433 read with Section 434 of the Companies Act, 1956) and/ or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 are pending against Talace.
30. Talace has filed a copy of the Scheme with the Registrar of Companies, NCT of Delhi & Haryana pursuant to Section 232(2)(b) of the Act.

**Details of Vistara as per Rule 6(3) of the Rules**

31. Details of Vistara (i.e. Transferor Company 2 / Applicant Company 2)

<b>Tata SIA Airlines Limited</b>	
Corporate Identification No. (CIN)	U62200HR2013PLC111543
Permanent Account No. (PAN)	AAECT8346F
Incorporation Date	November 5, 2013
Type of Company	Public Limited Company
Registered Office Address	Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana - 122101.
Email	company.secretary@airvistara.com
Stock Exchange(s) where securities of Vistara are listed	The shares of Vistara are not listed on any Stock Exchange.

32. Summary of the main objects as per the memorandum of association of Vistara:

The main objects as set out in Clause III.(A) of the memorandum of association of Vistara are as under:

- “1. To establish, maintain, operate and manage air transport operations including air services, airlines and lines of aerial conveyances for the carriage of passengers, baggage, mail, freight or merchandise of every kind and description, on short-haul and long-haul flights on scheduled, nonscheduled and chartered domestic (including areas not otherwise accessible and difficult terrains) as well as international routes, as may be approved by the Government of India or such other competent authority, by and kinds of aircrafts, air planes and/or helicopters for commercial or other purposes, whether as principals, agents or otherwise, and to set up flying services, both as public and private carriers on national and international routes.
2. To purchase, take on lease and/or hire or otherwise acquire, employ, maintain, work, manage and/or control and let on hire, charter, lease and/or demise every form of aerial conveyance for the purpose of transporting or carrying passengers, baggage, mail, freight and merchandise of every kind and description, whether as principals, agents or otherwise on national and international routes.
3. To carry on the business of providing cabin service, ramp services, hangars, ground haul services, passenger services, air cargo handling services and field operation services either by itself or through agents or contractors.”

33. Sub-clause 17 of Clause III.(B) of the memorandum of association of Vistara permits the arrangement envisaged under the Scheme and the same has been extracted below:

“17) To acquire, purchase, takeover and/or amalgamate business of companies which under existing circumstances, from time to time, may conveniently or advantageously be combined with the business of the Company, to amalgamate or merge with companies whose business is so acquired, purchased or taken over and/or to enter into agreement with the object of acquisition of such undertaking and/or business.”

34. Main business carried on by Vistara:

Vistara is a full-service airline and a joint venture between Tata Sons and SIA, which operates under the brand of 'Vistara'. Vistara is engaged in the business of providing full service scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.

35. Details of change of name of Vistara during the last five years:

There has been no change of name of Vistara since its incorporation on November 5, 2013.

36. Details of change in registered office of Vistara during the last five years:

The registered office of Vistara was changed from Jeevan Bharti, Tower I, 10th Floor, 124 Connaught Circus, New Delhi - 110001 to Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101 with effect from March 1, 2023.

37. Details of change in objects of Vistara during the last five years:

There has been no change in Vistara's objects during the last five years.

38. Details of the capital structure of Vistara including authorized, issued, subscribed and paid-up share capital:

Particulars	Amount (in ₹)
<b>Authorized Share Capital as on August 1, 2023</b>	
12,00,00,00,000 equity shares of ₹ 10/- each.	1,20,00,00,00,000
<b>Total</b>	<b>1,20,00,00,00,000</b>
<b>Issued, Subscribed and Fully Paid-up Share Capital as on August 1, 2023</b>	
10,02,00,00,000 fully paid-up equity shares of ₹ 10/- each.	1,00,20,00,00,000
<b>Total</b>	<b>1,00,20,00,00,000</b>

Upon the Effective Date, Vistara shall stand dissolved without being wound up.

39. Names of the promoters of Vistara along with their addresses:

S.No.	Name of the Promoter	Address
1.	Tata Sons Private Limited	Bombay House, 24 Homi Mody Street, Fort, Mumbai, Maharashtra – 400001, India
2.	Singapore Airlines Limited	Airline House, 25 Airline Road, Singapore - 819829, Singapore

40. Names of the directors of Vistara as on August 1, 2023 along with their addresses:

S.No.	Name of the Director and Designation	Address
1.	Mr. Bhaskar Bhat (Chairman and Non-Executive Director)	Chaitanya Plot, Park Crescent, Indiranagar, 1st Stage, Bangalore – 560038, Karnataka
2.	Mr. Padmanabhan Sankaranarayanan (Non-Executive Director)	303 Kanchan Tower, Plot no 9, Sector 25, Nerul East, Navi Mumbai 400706.
3.	Mr. Lik Hsin Lee (Non-Executive Director)	14 The Inglewood, Singapore 575043

41. The date of the board meeting at which the Scheme was approved by the Board of Vistara including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was unanimously approved by the Board of Vistara on February 7, 2023. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Names of the Directors (present at the board meeting)	Votes
1.	Mr. Bhaskar Bhat	For the resolution
2.	Mr. Padmanabhan Sankaranarayanan	For the resolution
3.	Mr. Lik Hsin Lee	For the resolution
4.	Mr. Som Mittal	For the resolution
5.	Ms. Sangeeta Pendurkar	For the resolution

All the directors of Vistara were present and participated in the meeting and voted in favour of the resolution approving the Scheme. No director voted against the Scheme. Thus, the Scheme was approved unanimously by all the directors of Vistara.

42. As on March 31, 2023, Vistara has a total of: (a) six secured creditors representing a total outstanding secured debt of ₹ 38,20,08,84,356.25; and (b) 289 unsecured creditors representing a total outstanding unsecured debt of ₹ 1,96,54,74,672.

43. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Vistara and their respective relatives:

None of the directors and the key managerial personnel of Vistara and their respective relatives have any material interests, financial or otherwise in the Scheme, except for Mr. Bhaskar Bhat's and Mr. Padmanabhan Sankaranarayanan's shareholding in Vistara.

44. Disclosure about the effect of the Scheme on the following persons in relation to Vistara:

<b>Effect of the Scheme on Stakeholders</b>
<b>(1) Promoter &amp; Non-Promoter Shareholders</b>
<p>Vistara has one class of shareholders (i.e. equity shareholders).</p> <p>Tata Sons Private Limited (“<b>Tata Sons</b>”) with its nominees and SIA hold 51% and 49% of the equity share capital of Vistara, respectively.</p>
<p><u>Amalgamation of Vistara into Air India</u></p> <p>In terms of Clause 19.1 of Part IV of the Scheme, upon the Effective Date and in consideration of the amalgamation of Vistara with Air India, Air India shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of Vistara holding shares and whose name appear in the register of members of Vistara as a member of Vistara, or whose names appear as the beneficial owners of the equity shares of Vistara in the records of the depositories, in each case, as on the Record Date in the following proportion:</p> <p><i>2.5487 fully paid-up equity shares of Air India of ₹ 4 each for every 1 share of Vistara of ₹ 10 each.</i></p> <p>If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by Air India in accordance with the Scheme, the Board of Air India shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.</p> <p>In terms of Clause 19.8 of Part IV of the Scheme, prior to the Effective Date, Vistara and/or Air India shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.</p> <p>In terms of Clause 19.9 of Part IV of the Scheme, if any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of Vistara or Air India, that occurs after the date of approval of the Scheme by the Board of Vistara and the Board of Air India, and on or before the Effective Date, the share exchange ratio mentioned under Clause 19.1 above shall be subject to equitable adjustments determined by the Boards of Vistara and Air India.</p> <p><u>Preferential Allotment to SIA:</u></p> <p>In terms of Clause 24 of Part IV of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by Air India to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, Air India shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of ₹ 4 each (“<b>Preferential Equity Shares</b>”) at a price of ₹ 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of Air India.</p> <p>The price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of Air India after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.</p> <p>The Subscription Amount shall be paid by SIA to Air India from the bank account of SIA.</p> <p>Accordingly, upon the Effective Date, Tata Sons and SIA (i.e. the equity shareholders of Vistara) will become equity shareholders of Air India.</p>



**(2) Creditors**

In terms of Clause 15.8 of Part IV of the Scheme, with effect from the Appointed Date, all debts, liabilities, contingent liabilities, provisions, duties and obligations of every kind, nature and description of Vistara whether provided for or not in the books of Vistara, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Appointed Date shall, pursuant to the order of the Tribunal or such other competent authority as may be applicable under Section 232 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to have been transferred to and vested in and assumed by Air India, so as to become as on the Appointed Date, the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of Clause 15.8.

In terms of Clause 15.9 of Part IV of the Scheme, where any of the debt, liabilities, contingent liabilities, duties and obligations of Vistara as on the Appointed Date, deemed to be transferred to Air India have been discharged by Vistara, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Air India, and all loans raised and used and all liabilities and obligations incurred by Vistara after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of Air India and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to Air India and shall become the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of Clause 15.9.

**(3) Depositors/ Deposit Trustee**

Not Applicable. As on date, Vistara does not have any outstanding public deposits and therefore the effect of the Scheme on any depositors and deposit trustee does not arise.

**(4) Debenture Holders/ Debenture Trustee**

Not Applicable. As on date, Vistara does not have any outstanding debentures and therefore the effect of the Scheme on any debenture holders and debenture trustee does not arise.

**(5) Employees and Key Managerial Personnel (“KMP”)**

In terms of Clause 16.1 of Part IV of the Scheme, upon the Effective Date and with effect from the Effective Date, Air India undertakes to engage, without any interruption in service, all employees of Vistara on terms and conditions no less favourable than those on which they are engaged by Vistara as on the Effective Date. Air India undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by Vistara with any of the aforesaid employees. Air India agrees that the services of all such employees with Vistara prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

In terms of Clause 16.2 of Part IV of the Scheme, the accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by Air India and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by Air India.

In terms of Clause 16.3 of Part IV of the Scheme, Air India shall assume all rights, obligations and liabilities of Vistara, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

**(6) Directors**

In terms of Clause 23.1 of Part IV of the Scheme, upon the Effective Date, Vistara shall stand dissolved without being wound up and accordingly, the Board and any committees thereof shall also cease to exist.

45. In compliance with the provisions of section 232(2)(c) of the Act, the Board of Vistara, has adopted a report, *inter-alia*, explaining the effect of the Scheme on their respective shareholders and key managerial personnel among others. A copy of the report adopted by the Board of Vistara is enclosed as **ANNEXURE-7**.

46. The standalone, audited financials of Vistara for the financial year ended March 31, 2023 is enclosed as **ANNEXURE-8**.
47. Vistara does not have any investigations or proceedings pending against it under Sections 206 to 227 of the Act.
48. To the knowledge of Vistara, no winding-up petition (including under Section 433 read with Section 434 of the Companies Act, 1956) and/ or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 are pending against Vistara.
49. Vistara has filed a copy of the Scheme with the Registrar of Companies, NCT of Delhi & Haryana pursuant to Section 232(2)(b) of the Act.

**Details of Air India as per Rule 6(3) of the Rules**

50. Details of Air India (i.e. Transferee Company / Applicant Company 3)

<b>Air India Limited</b>	
Corporate Identification No. (CIN)	U62200HR2007PLC111539
Permanent Account No. (PAN)	AACCN6194P
Incorporation Date	March 30, 2007
Type of Company	Public Limited Company
Registered Office Address	Block 4, Vatika One on One, Sector 16, NH 48, Industrial Estate, Gurugram, Haryana - 122007
Email	company.secretary@airindia.com
Stock Exchange(s) where securities of Air India are listed	The shares of Air India are not listed on any Stock Exchange.

51. Summary of the main objects as per the memorandum of association of Air India:

The main objects as set out in Clause IV(A) of the memorandum of association of Air India are as under:

- “1. To carry on business, in any part of the world as an airline and air transport and to provide air transport services and carry out all other forms of aerial work, whether on charter terms or otherwise, and to carry on any other trade or business or do anything which is calculated to facilitate or is auxiliary to or associated with such business.
2. To buy, sell, manufacture, recondition, repair, alter, improve, manipulate, prepare for market, let and take on hire, and generally deal in all kinds of aircraft and other apparatus of every description capable of being flown or navigated in the air whether powered or not and plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things.
3. To render and provide whether by itself or in association with other carriers all services and facilities as are necessary or desirable for the operation of air transport services in any part of the world including but not limited to maintenance, servicing and repairing of machinery and equipment, ground and ramp handling operations, communication, security, cleaning and facilitation, passenger and cargo handling and storage services, cabin cleaning, flight handling and despatch and training of personnel technical or otherwise.
4. To buy, sell or otherwise deal in manufacture, own, repair, maintain, service, garage, and store, vehicles (whether commercial or otherwise and whether mechanically propelled or not) machinery, tools, apparatus, equipment requisite for or ancillary to the operation, maintenance, repairs and servicing of aircraft, as also for the maintenance of repairs and servicing such vehicles and machinery, implements, equipment, components, apparatus and to deal in lubricants, fuels and all other things capable of being used with such aircraft, vehicles, machinery and equipment.
5. To provide courier and freighter services directly or through handling agents, delivery agents, monitoring agencies and /or franchises in India and /or abroad.
6. To provide for engine, maintenance and overhaul facilities of aircraft equipment and to render such services of an ancillary nature.
7. To also carry on business as a low cost carrier on all or any of its routes in addition to its full service operations.

8. *To provide or to do all or any of the activities relating to training, educating, imparting, coaching to students, cadets, pilots and technicians connected with Aviation in all respects of aircraft flying certification, aircraft flying licenses, aircraft maintenance engineering, aircraft electronics and awarding certificates, diploma, degree to persons, employed or desirous of being employed either by the Company or by any other persons.”*
52. Sub-clause 40 of Clause IV(B) of the memorandum of association of Air India permits the arrangement envisaged under the Scheme and the same has been extracted below:
- “40. Subject to the provision of the Companies Act, 2013 to amalgamate with or enter into any joint venture with or co-operate with or subsidise or assist in any way any company, firm or person, having similar objects to those of the Company.”*
53. Main business carried on by Air India:
- Air India is a subsidiary of Talace. Air India and its subsidiaries are engaged in the business of providing full service and low cost scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.
54. Details of change of name of Air India during the last five years:
- Air India was incorporated on March 30, 2007 under the provisions of the Companies Act, 1956 under the name “*National Aviation Company of India Limited*”. Thereafter, on November 24, 2010, its name was changed to its present name i.e. “*Air India Limited*”. Accordingly, there has been no change in the name of Air India during the last five years.
55. Details of change in registered office of Air India during the last five years:
- The registered office of Air India was changed from Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110001, India to Block 4, Vatika One On One, Sector 16, NH 48, Industrial Estate, Gurugram, Haryana – 122007, with effect from March 1, 2023.
56. Details of change in objects of Air India during the last five years:
- The amendment to the main objects of the Memorandum of Association of Air India Limited was approved in the 17th Annual General Meeting held on August 11, 2023 by adding the following clause:
- “To provide or to do all or any of the activities relating to training, educating, imparting, coaching to students, cadets, pilots and technicians connected with Aviation in all respects of aircraft flying certification, aircraft flying licenses, aircraft maintenance engineering, aircraft electronics and awarding certificates, diploma, degree to persons, employed or desirous of being employed either by the Company or by any other persons.”*
57. Details of the capital structure of Air India including authorized, issued, subscribed and paid-up share capital:

Particulars	Amount (in ₹)
<b>Authorized Share Capital as on August 1, 2023</b>	
36,00,00,00,000 equity shares of ₹ 10/- each	3,60,00,00,00,000
19,00,00,00,000 preference shares of ₹ 10/- each	1,90,00,00,00,000
<b>Total</b>	<b>5,50,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital as on August 1, 2023</b>	
35,36,02,20,000 equity shares of ₹ 10/- each	3,53,60,22,00,000
5,00,00,00,000 preference shares of ₹ 10/- each	50,00,00,00,000
<b>Total</b>	<b>4,03,60,22,00,000</b>

Upon the Effective Date, Tata Sons and SIA (i.e. the equity shareholders of Vistara) will become equity shareholders of Air India in the manner set out in the Scheme.

58. Names of the promoters of Air India along with their addresses:

S.No.	Name of the Promoter	Address
1.	Talace Private Limited	2nd Floor, Block 4, Vatika One On One, Gurugram, Haryana - 122007.

59. Names of the directors of Air India as on August 1, 2023 along with their addresses:

S.No.	Name of the Director and Designation	Address
1.	Mr. Natarajan Chandrasekaran (Chairman and Non-Executive Director)	4th Floor, Bombay House, 24 Homi Mody Street, Mumbai 400001
2.	Mr. Campbell Wilson (Executive Director)	6th Floor, Vatika One on One, Block IV, Sector 16, NH-48, Industrial Estate, Gurugram, Haryana, 122007
3.	Mr. Sanjiv Mehta (Independent Director)	E-5703, World Crest, S.B. Road, Near Kamala Mill, Lower Parel, Mumbai 400013
4.	Mrs. Alice Vaidyan (Independent Director)	283, Tahnee Heights, Napeansea Road, Mumbai 400006
5.	Mr. P.R. Ramesh (Independent Director)	532, Defence Colony, Sainikpuri, Secunderabad, Hyderabad - 500094, Telagana

60. The date of the board meeting at which the Scheme was approved by the Board of Air India including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was unanimously approved by the Board of Air India on February 7, 2023. The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Names of the Directors (present at the board meeting)	Votes
1.	Mr. Natarajan Chandrasekaran	For the resolution
2.	Mr. Campbell Wilson	For the resolution
3.	Mr. Sanjiv Mehta	For the resolution
4.	Mrs. Alice Vaidyan	For the resolution
5.	Mr. P R Ramesh	For the resolution

All directors present in the meeting participated and voted in favour of the resolution approving the Scheme. No director voted against the Scheme. Thus, the Scheme was approved unanimously by all the directors of Air India.

61. As on March 31, 2023, Air India (a) does not have any secured creditors; and (b) has 1,808 unsecured creditors representing a total outstanding unsecured debt of ₹ 211,84,71,16,439/-.

62. Disclosure about the effect of the Scheme on the material interests of directors and key managerial personnel of Air India and their respective relatives:

None of the directors and the key managerial personnel of Air India and their respective relatives have any material interests, financial or otherwise in the Scheme.

63. Disclosure about the effect of the Scheme on the following persons in relation to Air India:

Effect of the Scheme on Stakeholders
<b>(1) Promoter &amp; Non-Promoter Shareholders</b>
Air India has two classes of shareholders (i.e. equity and preference shareholders) and is a subsidiary of Talace.

Reorganisation and Reduction of share capital of Air India:

- (a) In terms of Clause 4.1 of Part II of the Scheme, upon the Effective Date and with effect from the Appointed Date, the reorganisation and reduction of the share capital of Air India shall be undertaken by:
- Writing down the total amount appearing in “Other Equity on Disinvestment” with a corresponding adjustment against the “Retained Earnings” of Air India, which has been considered prudent by the Board of Air India;
  - Cancelling/extinguishing ₹ 6 per share of the issued, subscribed and paid up equity share capital of Air India by setting off a sum of ₹ 2,12,16,13,20,000 against the “Retained Earnings” of Air India, without payment of any consideration or outflow or payment of funds of any kind to the shareholders of Air India;

resulting in the reduction of the issued, subscribed and paid up equity share capital of Air India from ₹ 3,53,60,22,00,000 consisting of 35,36,02,20,000 equity shares of ₹ 10 to ₹ 1,41,44,08,80,000 divided into 35,36,02,20,000 fully paid-up equity shares of ₹ 4 each.

Such reorganisation and reduction shall be effected by debiting the equity share capital and “Other Equity on Disinvestment”, and crediting the sums to “Retained Earnings”.

- (b) In terms of Clause 4.2 of Part II of the Scheme, the reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of Air India and its financial position. The aforesaid reorganisation and reduction does not involve payment of any consideration or out flow or payment of funds of any kind to the shareholders of Air India and the equity shareholders of Air India would continue to hold the same number of shares before and after the aforesaid reorganisation and reduction.
- (c) In terms of Clause 4.3 of Part II of the Scheme, consequent to the aforesaid reorganisation and reduction, the authorised and paid-up share capital of Air India shall be as under:

Share Capital	Amount (in ₹)
<b>Authorised Share Capital</b>	
90,00,00,00,000 equity shares of ₹ 4 each	3,60,00,00,00,000
19,00,00,00,00,000 preference shares of ₹ 10 each	1,90,00,00,00,000
<b>Total</b>	<b>5,50,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
35,36,02,20,000 equity shares of ₹ 4 each	1,41,44,08,80,000
5,00,00,00,00,000 preference shares of ₹ 10 each	50,00,00,00,000
<b>Total</b>	<b>1,91,44,08,80,000</b>

- (d) In terms of Clause 4.7 of Part II of the Scheme, prior to the Effective Date, if Air India undertakes issuance of any equity securities to any Person in accordance with Applicable Law, Clauses 4.1 and 4.3 of Part II of the Scheme shall stand automatically amended to reflect the revised details of share capital and accounting treatment in the books of Air India.

Amalgamation of Talace into Air India

- (a) In terms of Clause 9.1 of Part III of the Scheme, upon the Effective Date and in consideration of the amalgamation of Talace with Air India, Air India shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of Talace holding shares and whose name appear in the register of members of Talace as a member of Talace, or whose names appear as the beneficial owners of the equity and preference shares of Talace in the records of the depositories, in each case, as on the Record Date in the following proportion:

*6.2709 fully paid-up equity shares of Air India of ₹ 4 each for every 1 equity share of Talace of ₹ 10 each and for every 1 preference share of Talace of ₹ 10 each.*

- (b) If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by Air India in accordance with the Scheme, the Board of Air India shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.



- (c) If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of Talace or Air India, that occurs after the date of approval of the Scheme by the Board of Talace and the Board of Air India, and on or before the Effective Date, the share exchange ratio mentioned under Clause 9.1 of Part III of the Scheme shall be subject to equitable adjustments determined by the Boards of Talace and Air India.
- (d) Upon the Effective Date and simultaneous to the equity shares being issued by Air India as per Clause 9.1 of Part III of the Scheme, the equity shares of Air India held by Talace and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of Air India shall stand reduced.

*Amalgamation of Vistara into Air India*

- (a) In terms of Clause 19.1 of Part IV of the Scheme, upon the Effective Date and in consideration of the amalgamation of Vistara with Air India, Air India shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of Vistara holding shares and whose name appear in the register of members of Vistara as a member of Vistara, or whose names appear as the beneficial owners of the equity shares of Vistara in the records of the depositories, in each case, as on the Record Date in the following proportion:
- 2.5487 fully paid-up equity shares of Air India of ₹ 4 each for every 1 share of Vistara of ₹ 10 each.
- (b) If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by Air India in accordance with the Scheme, the Board of Air India shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.
- (c) If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of Vistara or Air India, that occurs after the date of approval of the Scheme by the Board of Vistara and the Board of Air India, and on or before the Effective Date, the share exchange ratio mentioned under Clause 19.1 of Part IV of the Scheme shall be subject to equitable adjustments determined by the Boards of Vistara and Air India.

Preferential Allotment to SIA:

- (a) In terms of Clause 24 of Part IV of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by Air India to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, Air India shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of ₹ 4 each (“**Preferential Equity Shares**”) at a price of ₹ 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of Air India.
- (b) The price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of Air India after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.
- (c) The Subscription Amount shall be paid by SIA to Air India from the bank account of SIA.

**(2) Creditors**

In terms of Clause 5.8 of Part III and Clause 15.8 of Part IV of the Scheme, with effect from the Appointed Date, all debts, liabilities, contingent liabilities, provisions, duties and obligations of every kind, nature and description of Talace and Vistara whether provided for or not in the books of Talace and Vistara, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Appointed Date shall, pursuant to the order of the Tribunal or such other competent authority as may be applicable under Section 232 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to have been transferred to and vested in and assumed by Air India, so as to become as on the Appointed Date, the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of Clause 5.8 and Clause 15.8.



In terms of Clause 5.9 of Part III and Clause 15.9 of Part IV of the Scheme, where any of the debt, liabilities, contingent liabilities, duties and obligations of Talace and Vistara as on the Appointed Date, deemed to be transferred to Air India have been discharged by Talace and Vistara, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Air India, and all loans raised and used and all liabilities and obligations incurred by Talace and Vistara after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of Air India and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to Air India and shall become the liabilities and obligations of Air India which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of Clause 5.9 and Clause 15.9.

**(3) Depositors/ Deposit Trustee**

Not Applicable. As on date, Air India does not have any outstanding public deposits and therefore the effect of the Scheme on any depositors and deposit trustee does not arise.

**(4) Debenture Holders/ Debenture Trustee**

Not Applicable. As on date, Air India does not have any outstanding debentures and therefore the effect of the Scheme on any debenture holders and debenture trustee does not arise.

**(5) Employees and Key Managerial Personnel (“KMP”)**

The Scheme will not have any effect on the employees (including KMPs) of Air India since the employees (including KMPs) of Air India shall remain with Air India and shall not be transferred pursuant to the Scheme.

**(6) Directors**

The Scheme will not have any effect on the directors since the Board shall continue to exist.

64. In compliance with the provisions of section 232(2)(c) of the Act, the Board of Air India, has adopted a report, *inter-alia*, explaining the effect of the Scheme on their respective shareholders and key managerial personnel among others. A copy of the report adopted by the Board of Air India is enclosed as **ANNEXURE-9**.
65. The standalone, audited financials of Air India for the financial year ended March 31, 2023 is enclosed as **ANNEXURE-10**.
66. Air India does not have any investigations or proceedings pending against it under Sections 206 to 227 of the Act.
67. To the knowledge of Air India, no winding-up petition (including under Section 433 read with Section 434 of the Companies Act, 1956) and/ or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 are pending against Air India.
68. Air India has filed a copy of the Scheme with the Registrar of Companies, NCT of Delhi & Haryana pursuant to Section 232(2)(b) of the Act.
69. **Relationship between the Companies that are parties to the Scheme**

All the Companies are part of the Tata Group, and are related to one another in the following manner:

Talace is a wholly owned subsidiary of Tata Sons, with Tata Sons (along with its individual nominee shareholder) holding 100% of the equity and preference share capital of Talace, aggregating: (a) 378,32,00,000 equity shares having a face value of ₹ 10/- each; and (b) 170,00,00,000 preference shares having a face value of ₹ 10/- each.

Talace is the holding company of Air India, which holds, shareholding of: (a) 100% (one hundred percent) in Air India Express Limited; (b) 100% (one hundred percent) in AIX Connect Private Limited (previously, AirAsia (India) Private Limited) and (c) 50% (fifty percent) in Air India SATS Airport Services Private Limited.

Vistara is a joint venture between Tata Sons and SIA, with Tata Sons and SIA (along with individual nominee shareholders) holding 51% and 49% of the equity share capital of Vistara, respectively, aggregating to Tata Sons and SIA respectively holding 511,01,99,988 and 490,98,00,000 equity shares having a face value of ₹ 10/- each.

## 70. Description of the Scheme

The Scheme is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act for the (a) reorganisation and reduction of share capital of Air India; (b) amalgamation of Talace with Air India; (c) amalgamation of Vistara with Air India; and (d) preferential allotment of equity shares of Air India to SIA. Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected with the Scheme.

## 71. Rationale and benefits of the Scheme

All the Companies are part of the Tata Group (Tata Sons Private Limited being the ultimate holding company for Air India, Talace and Vistara) and, other than Talace, are engaged in the similar line of business, i.e., aviation. The Tata Group is now desirous of consolidating operations of these companies as they are engaged in similar businesses to realise benefits of larger scale of operations, operational synergies and efficiencies. This would enhance the returns and benefits for all stakeholders of the Parties and their consumers. The benefits of the proposed consolidation include:

- (a) Streamlining of the corporate structure and consolidation of assets and liabilities of the group;
- (b) Strengthening of the combined entity in the industry in terms of network fleet and footprint, revenue, and business volume share for improved efficiencies;
- (c) Providing superior service and experience to customers both in domestic and international markets;
- (d) Enhanced organizational leadership, arising from the combination of people with diverse skills, talent and industry experience;
- (e) Cost saving through legal entity rationalisation and consolidation of support functions, and business processes; and
- (f) Efficient leverage of combined asset and capital base. The combined company shall have better borrowing capacity, to expand its business at a faster rate.

In consideration of the above-mentioned business rationale and related benefits, the Scheme is being proposed in accordance with the terms set out in the Scheme.

## 72. Appointed Date, Effective Date, Record Date and Share Exchange Ratio and Other Considerations:

Appointed Date: shall mean the opening hours of November 29, 2022.

Effective Date: shall mean the 10th business day from the completion of the last of the conditions set out in Clause 28 of Part VI of the Scheme. The Scheme shall be operative from the Effective Date and effective from the Appointed Date.

Please refer to Para 77(b) of the Explanatory Statement which sets out Clause 28 of Part VI of the Scheme titled 'Conditions Precedent to the Scheme'.

Record Date: shall mean the date mutually agreed between the Companies, for the purpose of determining names of shareholders of the Transferor Companies, as the case may be, who shall be entitled to receive shares of Air India upon the Effective Date.

## 73. Share Exchange Ratio / Consideration

The report dated February 7, 2023 recommending the share exchange ratios for the proposed amalgamation of Talace and Vistara into Air India and valuation for the preferential allotment by Air India to Singapore Airlines Limited ("SIA") read with the corrigendum dated June 2, 2023 ("**Valuation Report**"), both issued by PwC Business Consulting Services LLP, Registered Valuer, recommended the share exchange ratios for the amalgamation of Talace into Air India as:

- (i) 62,709 equity shares of Air India (of ₹ 10/- each fully paid up) for every 10,000 equity shares of Talace (of ₹ 10/- each fully paid up); and
- (ii) 62,709 equity shares of Air India (of ₹ 10/- each fully paid up) for every 10,000 preference shares of Talace (of ₹ 10/- each fully paid up).

The Valuation Report recommended the share exchange ratio for the amalgamation of Vistara into Air India as 25,487 equity shares of Air India (of ₹ 10/- each fully paid up) for every 10,000 equity shares of Vistara (of ₹ 10/- each fully paid up).

The Valuation Report also acknowledges that the face value of the equity shares of Air India shall be reduced from ₹ 10/- each to ₹ 4/- each prior to the amalgamation of Talace and Vistara into Air India. Accordingly, Clause 9.1 of Part III and Clause 19.1 of Part IV of the Scheme captures the share exchange ratios after taking into account the reduction of share capital of Air India.

For the purpose of the Preferential Allotment to SIA by Air India, valuation has been carried out by RBSA Capital Advisors LLP, SEBI Registered Category I Merchant Banker, pursuant to regulations issued under the Foreign Exchange Management Act, 1999.

The clarification letter dated August 3, 2023 to the Valuation Report, issued by PwC Business Consulting Services LLP, Registered Valuer, clarifies that while at the time of issuance of the Valuation Report the face value of the paid-up equity share of Air India was and continues to be ₹ 10 per equity share, the valuers have considered the reduction of face value of the paid-up equity share from ₹ 10 per equity share to ₹ 4 per equity share of Air India in their assumptions for arriving at the value per share of Air India, Talace and Vistara and the share exchange ratios as detailed in the Valuation Report.

As a result of reduction of the face value of the paid-up equity share of Air India as set out in the Scheme, there will not be any change in the recommended share exchange ratios for the amalgamation of Talace and Vistara with Air India. Therefore, the proposed share exchange ratios mentioned in the Scheme are consistent with the share exchange ratios recommended in the Valuation Report.

#### 74. Salient Features of the Scheme:

##### A. The Scheme is divided into the following parts:

PART I – definitions, interpretations, share capital and operation of Scheme;  
 PART II – reorganisation and reduction of share capital of Air India;  
 PART III – amalgamation of Talace with Air India;  
 PART IV – amalgamation of Vistara with Air India;  
 PART V – preferential allotment by Air India to SIA; and  
 PART VI – general terms and conditions.

##### B. Part I - Definitions, Interpretations, Share Capital and Operation of Scheme:

Clause 1.1.3 of Part I of the Scheme defines Appointed Date as shall mean opening hours of November 29, 2022, or such other date as may be agreed by the Boards of the respective Parties and approved by the Tribunal;

Clause 1.1.11 of Part I of the Scheme defines “Effective Date” as “shall mean the 10th (tenth) business day from the completion of the last of the conditions set out in Clause 28 of part VI of the Scheme. The Scheme shall be operative from the Effective Date and effective from the Appointed Date and any references in this Scheme to “upon this Scheme becoming effective” or “coming into effect of this Scheme” or “the Scheme becoming effective” or “Scheme becomes effective” or “effectiveness of this Scheme” or likewise, means and refers to the Effective Date;

Please refer to Para 77(b) of the Explanatory Statement which sets out Clause 28 of part VI of the Scheme titled ‘Conditions Precedent to the Scheme’.

##### C. Part II of the Scheme – Reorganisation and reduction of the share capital of Air India

In terms of Clause 4.1 of Part II of the Scheme, upon the Scheme becoming effective and with effect from the Appointed Date, the reorganisation and reduction of the share capital of Air India shall be undertaken by:

- (i) Writing down the total amount appearing in Other Equity on Disinvestment with a corresponding adjustment against the Retained Earnings of Air India, which has been considered prudent by the Board of Air India;
- (ii) Cancelling / extinguishing ₹ 6/- (Rupees Six) per share of the issued, subscribed and paid up equity share capital of Air India by setting off a sum of ₹ 2,12,16,13,20,000/- (Rupees Twenty One Thousand Two Hundred Sixteen Crores Thirteen Lacs Twenty Thousand Only) against the Retained Earnings of Air India, without payment of any consideration or outflow or payment of funds of any kind to the shareholders of Air India.

resulting in the reduction of the issued, subscribed and paid up equity share capital of Air India from ₹ 3,53,60,22,00,000/- (Rupees Thirty Five Thousand Three Hundred Sixty Crores Twenty Two Lacs Only) consisting of 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) equity shares of ₹ 10/- (Rupees Ten) to ₹ 1,41,44,08,80,000/- (Rupees Fourteen Thousand One Hundred Forty Four Crores Eight

Lacs Eighty Thousand Only) divided into 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) fully paid-up equity shares of ₹ 4/- (Rupees Four) each.

Please refer to Para 76 of the Explanatory Statement for additional details regarding the reorganisation and reduction of share capital of Air India.

**D. Part III of the Scheme - Amalgamation of Talace with Air India**

In terms of Clause 5.1 of Part III of the Scheme, with effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Applicable Laws, and subject to the provisions of this Scheme, Talace shall stand amalgamated with Air India as a going concern and the business of Talace (including all assets, property, liabilities and obligations of Talace) shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in Air India, so as to become, as and from the Appointed Date, the business (including assets, property, liabilities and obligations, as the case may be) of Air India, by virtue of operation of law, and in the manner provided in this Scheme.

In terms of Clause 9.1 of Part III of the Scheme, upon the Scheme becoming effective and in consideration of the amalgamation of Talace with Air India, Air India shall, without further application or deed, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of Talace holding shares and whose name appear in the register of members of Talace as a member of Talace, or whose names appear as the beneficial owners of the equity and preference shares of Talace in the records of the depositories, in each case, as on the Record Date in the following proportion:

*6.2709 (six point two seven zero nine) fully paid-up equity shares of Air India of ₹ 4/- (Rupees Four) each for every 1 (one) equity share of Talace of ₹ 10/- (Rupees Ten) each and for every 1 (one) preference share of Talace of ₹ 10/- (Rupees Ten) each.*

In terms of Clause 12.1 of Part III of the Scheme, upon the Scheme becoming effective and simultaneous to the equity shares being issued by Air India, the equity shares of Air India held by Talace and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of Air India shall stand reduced.

In terms of Clause 14.1 of Part III of the Scheme, on the Scheme becoming effective, Talace shall stand dissolved without winding up and the Board and any committees thereof of Talace shall without any further act, instrument or deed be and stand discharged. Pursuant to the Scheme coming into effect, the equity shares and all preference shares of Talace shall stand cancelled. On and from the Effective Date, the name of Talace shall be struck off from the records of the RoC.

**E. Part IV of the Scheme - Amalgamation of Vistara with Air India**

In terms of Clause 15.1 of Part III of the Scheme, with effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Applicable Laws, and subject to the provisions of this Scheme, Vistara shall stand amalgamated with Air India as a going concern and the business of Vistara (including all assets, property, liabilities and obligations of Vistara) shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in Air India, so as to become, as and from the Appointed Date, the business (including assets, property, liabilities and obligations, as the case may be) of Air India, by virtue of operation of law, and in the manner provided in this Scheme.

In terms of Clause 19.1 of Part III of the Scheme, upon the Scheme becoming effective and in consideration of the amalgamation of Vistara with Air India, Air India shall, without further application or deed, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of Vistara holding shares and whose name appear in the register of members of Vistara as a member of Vistara, or whose names appear as the beneficial owners of the equity and preference shares of Vistara in the records of the depositories, in each case, as on the Record Date in the following proportion:

*2.5487 (two point five four eight seven) fully paid-up equity shares of Air India of ₹ 4/- (Rupees Four) each for every 1 (one) share of Vistara of ₹ 10/- (Rupees Ten) each.*

In terms of Clause 23.1 of Part III of the Scheme, on the Scheme becoming effective, Vistara shall stand dissolved without winding up and the Board and any committees thereof of Vistara shall without any further act, instrument or deed be and stand discharged. Pursuant to the Scheme coming into effect, the equity shares and all preference shares of Vistara shall stand cancelled. On and from the Effective Date, the name of Vistara shall be struck off from the records of the RoC.

**F. Part V of the Scheme – Preferential allotment by Air India to SIA**

In terms of Clause 24.1 of Part V of the Scheme, as an integral part of the Scheme and upon this Scheme becoming effective, simultaneously with the allotment of equity shares by Air India to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, Air India shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 (Three Hundred Seventy Crores Twenty Three Lacs Thirty Eight Thousand One Hundred Twenty Nine Only) fully paid-up equity shares of face value of ₹ 4/- (Rupees Four) each (Preferential Equity Shares) at a price of ₹ 5.56/- (Rupees five point five six) per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% (Twenty Five Point One Percent) of the total issued and paid-up equity share capital of Air India.

The price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of Air India after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.

The Subscription Amount shall be paid by SIA to Air India from the bank account of SIA.

**YOU ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF. THE AFORESAID ARE ONLY SOME OF THE SALIENT EXTRACTS THEREOF.**

**75. Summary of the Valuation Report including basis of valuation of the Registered Valuer:**

Please refer to Paragraph No. 73 above dealing with *Share Exchange Ratio/ Consideration*.

**76. Details of capital or debt restructuring, if any:**

- (i) The Scheme does not contemplate any scheme of corporate debt restructuring as provided for under Section 230(2)(c) of the Act or any buy-back of shares within the meaning of Section 68 of the Act.
- (ii) In relation to the reorganisation and reduction of the share capital of Air India as contemplated under Part II of the Scheme, upon the Effective Date and with effect from the Appointed Date, the reorganisation and reduction of the share capital of Air India shall be undertaken by:
  - Writing down the total amount appearing in “Other Equity on Disinvestment” with a corresponding adjustment against the “Retained Earnings” of Air India, which has been considered prudent by the Board of Air India;
  - Cancelling/extinguishing ₹ 6 per share of the issued, subscribed and paid up equity share capital of Air India by setting off a sum of ₹ 2,12,16,13,20,000 against the “Retained Earnings” of Air India, without payment of any consideration or outflow or payment of funds of any kind to the shareholders of Air India.

resulting in the reduction of the issued, subscribed and paid up equity share capital of Air India from ₹ 3,53,60,22,00,000 consisting of 35,36,02,20,000 equity shares of ₹ 10 to ₹ 1,41,44,08,80,000 divided into 35,36,02,20,000 fully paid-up equity shares of ₹ 4 each.

Such reorganisation and reduction shall be effected by debiting the equity share capital and “Other Equity on Disinvestment”, and crediting the sums to “Retained Earnings”.

- (iii) the reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of Air India and its financial position. The aforesaid reorganisation and reduction does not involve payment of any consideration or cash out flow or payment of funds of any kind to the shareholders of Air India and the equity shareholders of Air India would continue to hold the same number of shares before and after the aforesaid reorganisation and reduction.



- (iv) consequent to the aforesaid reorganisation and reduction, the authorised and paid-up share capital of Air India shall be as under:

Share Capital	Amount (in ₹)
<b>Authorised Share Capital</b>	
90,00,00,00,000 equity shares of ₹ 4 each	3,60,00,00,00,000
19,00,00,00,00,000 preference shares of ₹ 10 each	1,90,00,00,00,000
<b>Total</b>	<b>5,50,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
35,36,02,20,000 equity shares of ₹ 4 each	1,41,44,08,80,000
5,00,00,00,00,000 preference shares of ₹ 10 each	50,00,00,00,000
<b>Total</b>	<b>1,91,44,08,80,000</b>

- (v) pursuant to the above, following entry is proposed to give effect to the reorganisation and reduction of share capital of the Applicant Company 3:

Equity Share Capital A/c Dr.  
 Other Equity on Disinvestment A/c Dr.  
 To Retained Earnings A/c Cr.

(Being reorganisation and reduction of share capital of the Transferee Company as per the Scheme as approved by Tribunal)

- (vi) That in relation to the amalgamation of Talace into Air India as contemplated under Part III of the Scheme, upon the Effective Date and simultaneous to the equity shares being issued by Air India, the equity shares of Air India held by Talace and its nominee shall be cancelled and extinguished without any further act or deed and accordingly, the share capital of Air India shall stand reduced.
- (vii) The Scheme does not contemplate any debt restructuring nor are any of the Companies undergoing any debt restructuring.

**77. Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:**

- a) The registered office of the Companies are situated in Gurugram, Haryana and accordingly, the joint first motion application was filed by the Companies with the Tribunal, on May 24, 2023. Consequently, the Tribunal pursuant to its order dated July 21, 2023, has directed, inter alia, that the respective meetings of the shareholders of the Companies, be dispensed with and that the meetings of the secured and unsecured creditors of Vistara and the meeting of the unsecured creditors of Air India, be convened on September 23, 2023.
- b) The Scheme shall become effective on the 10th business day from the completion of the last of the conditions set out in Clause 28 of Part VI of the Scheme titled "Conditions Precedent to the Scheme". Clause 28 of Part VI states that the Scheme shall be conditional upon and subject to, inter alia:
- the Scheme being approved by the requisite majorities in number and value of such classes of shareholders and/or creditors of the Companies as may be required as per the direction of the Tribunal;
  - the Scheme being sanctioned by the Tribunal as required under applicable law;
  - the consent of the Competition Commission of India ("CCI"), and the Directorate General of Civil Aviation (along with the Ministry of Civil Aviation, Government of India) as required under applicable law, and the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India as required under the provisions of the Indian foreign exchange regulations in connection with the transactions contemplated under the Scheme shall have been received; and
  - the certified copies of the order of the Tribunal sanctioning the Scheme being filed with the RoC by each of the Companies.
- c) The Proposed Transaction was notified to the CCI in Form II on April 18, 2023 and the approval is awaited. The proposed combination notified to CCI relates to (a) the amalgamation of Vistara into Air India, with Air India being



the surviving entity (“**Merged Entity**”); and (b) in consideration of the amalgamation, the acquisition of shares in the Merged Entity by SIA and Tata Sons; and (c) acquisition of additional shares in the Merged Entity by SIA pursuant a preferential allotment (“**Proposed Transaction**”). As a result of the Proposed Transaction. Tata Sons will hold at least 51% of the total issued and paid-up equity share capital of the Merged Entity and will continue to retain control over Air India and its subsidiaries, whereas SIA will hold a minority stake, i.e. 25.1% of the total issued and paid-up equity share capital of the Merged Entity.

- d) Air India has obtained a certificate dated May 13, 2023 from its statutory auditor certifying that the accounting treatment in the Scheme is compliant with applicable accounting standards, enclosed as **ANNEXURE 11**.
- e) The Scheme does not in any way violate, override or circumvent any provision of the Act and the rules and regulations issued thereunder.

78. **Inspection of Documents:** Copies of the following documents will be open for inspection to the secured creditors of Vistara at its registered office at Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101 on all days except Saturday, Sunday and public holidays between 11:00 A.M. and 1:00 P.M.:

- a) Certificate of incorporation, the certificate for commencement of business, certificate of change of registered office along with the memorandum of association and articles of association of each of the Companies;
- b) Annual reports of the Companies for the last three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021;
- c) Extracts of the resolutions, all dated February 7, 2023 passed by the board of directors’ of the Companies, inter alia, approving the Scheme;
- d) Extracts of the resolutions, all dated February 7, 2023 passed by the Audit Committee’s of Vistara and Air India, recommending the Scheme;
- e) Consolidated, audited financials of Air India for the financial year ended March 31, 2023;
- f) any other contracts or agreements material to the Scheme; and
- g) Paper books filed in CA (CAA) No. 28/CHD/HRY/2022 including the joint first motion application along with annexures.

**For Tata SIA Airlines Limited**  
**Sd/-**  
**Niyant Maru**  
**(Authorized Signatory)**

Dated this 16th day of August, 2023.

**Registered Office:** Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana – 122101

**CIN:** U62200HR2013PLC111543

**Email:** [nclt.meeting@airvistara.com](mailto:nclt.meeting@airvistara.com)

**Website:** [www.airvistara.com](http://www.airvistara.com)

# **ANNEXURES 1 TO 11**

**COMPOSITE SCHEME OF ARRANGEMENT**

**AMONGST**

**TALACE PRIVATE LIMITED**

**AND**

**TATA SIA AIRLINES LIMITED**

**AND**

**AIR INDIA LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013**



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**(A) DESCRIPTION OF PARTIES**

1. **Talace Private Limited** (CIN: U74999HR2020PTC111111) is a private limited company incorporated under the Act (*as defined hereinafter*) having its registered office at 2nd Floor, Block-4, Vatika, One on One, Gurugram, Haryana, 122007, India (*hereinafter* referred to as the “**Transferor Company 1**”). The Transferor Company 1 is the holding company of Air India Limited which holds, shareholding of: (i) 100% (one hundred percent) in Air India Express Limited; (ii) 100% (one hundred percent) in AIX Connect Limited (previously, AirAsia (India) Private Limited) and (iii) 50% (fifty percent) in Air India SATS Airport Services Private Limited.
2. **TATA SIA Airlines Limited** (CIN: U62200HR2013PLC111543) is a company incorporated under the Companies Act, 1956 having its registered office at Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector – 72, Gurugram, Haryana 122101, India (*hereinafter* referred to as the “**Transferor Company 2**”). The Transferor Company 2 is a full-service airline and a joint venture between Tata Sons Private Limited and SIA (*as defined hereinafter*) which operates under the brand of Vistara. The Transferor Company 2 is engaged in the business of providing full service scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.
3. **Air India Limited** (CIN: U62200HR2007PLC111539) is a company incorporated under the Companies Act, 1956 having its registered office at Block 4, Vatika One on One, Sector 16, NH 48, Gurugram, Haryana 122007, India (*hereinafter* referred to as the “**Transferee Company**”). The Transferee Company is a subsidiary of the Transferor Company 1. The Transferee Company and its subsidiaries are engaged in the business of providing full service and low cost scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.

**(B) OVERVIEW OF THE SCHEME**

1. This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 read with other applicable provisions of the Act (*as defined hereinafter*) and provides for:
  - (a) Reorganisation and reduction of share capital of the Transferee Company;
  - (b) Amalgamation of Transferor Company 1 with the Transferee Company and the dissolution of Transferor Company 1 without winding up;
  - (c) Amalgamation of Transferor Company 2 with the Transferee Company and the dissolution of Transferor Company 2 without winding up; and
  - (d) Preferential allotment of equity shares by the Transferee Company to SIA (*as defined hereinafter*).
2. This Scheme also provides for various other matters consequent and incidental thereto.

**(C) RATIONALE AND BENEFITS OF THE SCHEME****1. Benefits of the Scheme**

All the above companies are part of the Tata Group (Tata Sons Private Limited being the ultimate holding company for the Transferee Company, Transferor Company 1 and the Transferor Company 2) and, other than Transferor Company 1, are engaged in the similar line of business, i.e., aviation. The Tata Group is now desirous of consolidating operations of these companies as they are engaged in similar businesses to realise benefits of larger scale of operations, operational synergies and efficiencies. This would enhance the returns and benefits for all stakeholders of the Parties and their consumers. The benefits of the proposed consolidation include:

- (a) Streamlining of the corporate structure and consolidation of assets and liabilities of the group;
- (b) Strengthening of the combined entity in the industry in terms of network fleet and footprint, revenue, and business volume share for improved efficiencies;
- (c) Providing superior service and experience to customers both in domestic and international markets;
- (d) Enhanced organizational leadership, arising from the combination of people with diverse skills, talent and industry experience;



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- (e) Cost saving through legal entity rationalisation and consolidation of support functions, and business processes; and
- (f) Efficient leverage of combined asset and capital base. The combined company shall have better borrowing capacity, to expand its business at a faster rate.

In consideration of the above-mentioned business rationale and related benefits, this Scheme is being proposed in accordance with the terms set out hereunder.

## 2. Reorganisation and reduction of share capital of the Transferee Company

- (a) As on 31 December 2022, the Transferee Company has accumulated losses reflecting in the books under the head "Retained Earnings" as debit balance of INR 9,12,59,31,29,248 (Indian Rupees Ninety One Thousand Two Hundred Fifty Nine Crores Thirty One Lacs Twenty Nine Thousand Two Hundred Forty Eight Only). The Transferee Company also has an amount of INR 7,09,88,89,35,371 (Indian Rupees Seventy Thousand Nine Hundred Eighty Eight Crores Eighty Nine Lacs Thirty Five Thousand Three Hundred Seventy One Only) standing to the credit of "Other Equity on Disinvestment".
- (b) **Background:**
- (i) The Ministry of Civil Aviation, Government of India issued a preliminary information memorandum dated January 27, 2020 inviting expressions of interest from interested bidders for the strategic disinvestment of the Transferee Company through the transfer of management control and sale of 100% (one hundred percent) of the equity share capital of the Transferee Company held by the Government of India. Subsequently, the Transferor Company 1 was selected as the successful bidder for the acquisition of the Transferee Company. On January 27, 2022, Transferor Company 1 acquired 100% (one hundred percent) of the shares of the Transferee Company from Government of India by way of a duly executed share purchase agreement ("Air India Strategic Disinvestment").
- (ii) Post the acquisition of the Transferee Company, several transformational initiatives have been undertaken in the Transferee Company including appointment of a new chief executive officer and management team, modernisation and expansion of the operating fleet, improvement of on-time performance, enhancement of customer experience including upgradation and launch of new customer interface including website, mobile application as well as proactive customer notification systems, setting up a new age technology platform, and upgradation of internal systems.
- (c) The Transferee Company is in the midst of an operational and financial turnaround. Due to huge accumulated losses of prior years, the Transferee Company is of the view that its financial statements are not reflective of such turnaround in the business and do not reflect its true financial health. Therefore, it is necessary to restructure the share capital of the Transferee Company through a reorganisation and reduction.
- (d) The restructuring of the share capital is proposed to be done by:
- o Reorganisation - Writing down the total amount appearing in "Other Equity on Disinvestment" with a corresponding adjustment against the "Retained Earnings" of the Transferee Company, which has been considered prudent by the Board of the Transferee Company;
  - o Reduction - As an integral part of the Scheme, cancelling/extinguishing INR 6 (Indian Rupees Six) per share of the issued, subscribed and paid up equity share capital of the Transferee Company by setting off a sum of INR 2,12,16,13,20,000 (Indian Rupees Twenty One Thousand Two Hundred Sixteen Crores Thirteen Lacs Twenty Thousand Only) against the "Retained Earnings" of the Transferee Company, without payment of any consideration or outflow or payment of funds of any kind to the shareholders of the Transferee Company;

resulting in the reduction of the issued, subscribed and paid up equity share capital of the Transferee Company from INR 3,53,60,22,00,000 (Indian Rupees Thirty Five Thousand Three Hundred Sixty Crores Twenty Two Lacs Only) consisting of 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) equity shares of INR 10 (Indian Rupees Ten) to INR 1,41,44,08,80,000 (Indian Rupees Fourteen Thousand One Hundred Forty Four Crores Eight Lacs Eighty Thousand Only) divided into 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) fully paid-up equity shares of INR 4 (Indian Rupees Four) each.



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- (c) The reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of the Transferee Company and its financial position.

### 3. Amalgamation of the Transferor Company 1 with the Transferee Company

- (a) The Transferor Company 1 and the Transferee Company are part of the same group of entities. The Transferor Company 1 is the holding company of the Transferee Company. The proposed amalgamation would lead to streamlining of the shareholding structure of the group by reducing the number of layers of shareholding, and thereby optimising value to the shareholders.
- (b) The proposed amalgamation will prevent cost duplication that can erode financial efficiencies of the holding structure and the resultant operations would be substantially cost-efficient. The synergies created by the amalgamation would increase operational efficiency.
- (c) The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.
- (d) A consolidation of the Transferor Company 1 and the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital.

### 4. Amalgamation of the Transferor Company 2 with the Transferee Company

- (a) The Transferor Company 2 and the Transferee Company are part of the same group of entities.
- (b) The Transferee Company, along with its subsidiaries, is a domestic and international airline offering both full-service and low-cost service to its customers.
- (c) The Transferor Company 2 is a full-service airline.
- (d) The Transferee Company and the Transferor Company 2 have significant complementarities and synergies, and their consolidation shall generate significant business synergies thereby enhancing all stakeholders' value.
- (e) The proposed amalgamation would enable optimum utilization of existing assets such as aircraft (current and order book), landing and parking slots at airports, traffic rights on international routes, efficient network planning, potentially resulting in improvement in operational efficiencies and scale, and leading to an improvement in financial performance.
- (f) The proposed amalgamation would provide an opportunity to utilize the pool of skilled and experienced manpower available with the Transferor Company 2 and the Transferee Company.
- (g) The proposed amalgamation would provide an integrated international / domestic footprint which would significantly enhance customer proposition.
- (h) The proposed amalgamation would provide an opportunity to fully utilize strong assets, capabilities and infrastructure.
- (i) The proposed amalgamation would help to achieve a high growth and profitable business through optimisation of its route network and resource utilisation for greater economies of scale, bring enhanced flexibility and agility for capturing demand across market segments, and tap on a larger consumer base and network.
- (j) The proposed amalgamation would create a single unified airline entity with a stronger capital and asset base having greater capacity for conducting its operations more efficiently and competitively in domestic and international routes.

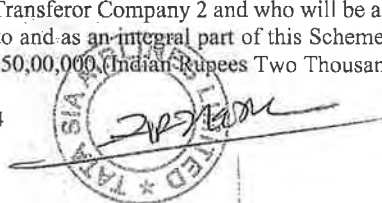
#### Preferential allotment to SIA

SIA, which is an existing shareholder of the Transferor Company 2 and who will be allotted equity shares in the Transferee Company pursuant to and as an integral part of this Scheme, proposes to make an additional investment of INR 20,58,50,00,000 (Indian Rupees Two Thousand Fifty Eight



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Crores and Fifty Lakhs) to fund the ongoing capital requirements of the Transferee Company and help it unlock its significant potential to achieve a leadership position amongst airlines globally.

The Scheme is in the best interest of the shareholders, creditors and all other stakeholders of the Parties and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

**(D) OPERATION OF THE SCHEME**

1. This Scheme provides for:

- (a) Reorganisation of the share capital of the Transferee Company is proposed by writing down the total amount appearing in "Other Equity on Disinvestment" with a corresponding adjustment against the "Retained Earnings" of the Transferee Company as provided for in Part II of the Scheme. Further, as an integral part of Part II of the Scheme, reduction of the share capital of the Transferee Company is proposed by reducing the face value of its equity shares from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share by setting it off against the "Retained Earnings". There shall be no payment of any consideration or outflow or payment of any funds of any kind from the Transferee Company as a result of the reduction of face value of the equity shares of the Transferee Company. Hence, the sequence of events shall be as follows: (i) debiting "Other Equity on Disinvestment" and crediting the "Retained Earnings", and (ii) debiting the equity share capital by INR 6 (Indian Rupees Six) per equity share and crediting the same to "Retained Earnings".
- (b) Immediately after the reorganisation and reduction of the share capital of the Transferee Company, the amalgamation of the Transferor Company 1 with the Transferee Company will be carried out in the manner set out in Part III of the Scheme. As consideration for the amalgamation, the Transferee Company shall issue equity shares (as described under Clause 9 below) to the shareholders of the Transferor Company 1 as appearing in the register of members as a member of the Transferor Company 1, or whose names appear as the beneficial owners of the equity shares of the Transferor Company 1 in the records of the depositories, in each case, as on the Record Date (as defined hereinafter);
- (c) Immediately after the amalgamation of the Transferor Company 1 with the Transferee Company, the amalgamation of Transferor Company 2 with the Transferee Company will be carried out in the manner set out in Part IV of the Scheme. As consideration for the amalgamation, the Transferee Company shall issue equity shares (as described under Clause 19 below) to the shareholders of the Transferor Company 2 as appearing in the register of members as a member of the Transferor Company 2, or whose names appear as the beneficial owners of the equity shares of the Transferor Company 2 in the records of the depositories, in each case, as on the Record Date; and
- (d) Immediately after the amalgamation of the Transferor Company 2 with the Transferee Company, the Transferee Company shall allot additional equity shares to SIA by way of preferential allotment as an integral part of the Scheme, in the manner set out in Part V of the Scheme.

2. The reorganisation and reduction of the share capital of the Transferee Company, the amalgamation of the Transferor Company 1 and the Transferor Company 2 with the Transferee Company shall take place sequentially with effect from the Appointed Date (as defined hereinafter) and the preferential allotment of additional equity shares to SIA will take place immediately thereafter in the manner specified in Part V of this Scheme, in each case, pursuant to and in accordance with the Scheme and the provisions of Sections 230 to 232 read with other applicable provisions of Applicable Law (as defined hereinafter).

**(E) PARTS OF THE SCHEME:**

1. This Scheme is divided into the following parts:

- (a) **PART I** deals with the definitions, interpretations, share capital of the Transferor Companies (as defined hereinafter) and the Transferee Company (as defined hereinafter) and operation of the Scheme;
- (b) **PART II** deals with the reorganisation and reduction of share capital of the Transferee Company and other related matters;



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- (c) **PART III** deals with the amalgamation of the Transferor Company 1 with the Transferee Company and other related matters;
- (d) **PART IV** deals with the amalgamation of the Transferor Company 2 with the Transferee Company and other related matters;
- (e) **PART V** deals with preferential allotment to SIA and other related matters; and
- (f) **PART VI** deals with the general terms and conditions that would be applicable to this Scheme.

**PART I OF THE SCHEME**  
**DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME**

**1. DEFINITIONS**

- 1.1 In this Scheme, unless inconsistent with the subject or context thereof (i) terms defined in Para A (*Description of Parties*) above shall have the same meanings throughout this Scheme; (ii) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; and (iii) the following expressions, wherever used (including in Para A (*Description of Parties*) above) shall have the meanings ascribed hereunder:
- 1.1.1 “**Act**” shall mean the Companies Act, 2013 and the rules framed under such statute and includes any alterations, modifications and amendments made to such a statute or any re-enactment of such statute;
- 1.1.2 “**Applicable Laws**” means (i) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, tax laws, notifications, guidelines or policies of any applicable country and/or jurisdiction including such rules and regulations issued by the RBI, CCI, DGCA, MoCA and any other Governmental Authority, in each case having the force of law; (ii) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Governmental Authority; and (iii) international treaties, conventions and protocols, as may be in force from time to time;
- 1.1.3 “**Appointed Date**” shall mean opening hours of November 29, 2022, or such other date as may be agreed by the Boards of the respective Parties and approved by the Tribunal;
- 1.1.4 “**Board**” in relation to the Parties, shall mean the Board of Directors of such Party, and shall include a committee of directors or any person authorized by such Board of Directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;
- 1.1.5 “**CCI**” shall mean the Competition Commission of India;
- 1.1.6 “**Claims**” shall mean in relation to a Person, any action, demand, legal action, claim, proceeding, suit, litigation, prosecution, mediation or arbitration whether civil, criminal, administrative or investigative and whether formal or informal, made or brought by or against the Person;
- 1.1.7 “**Consent**” shall mean any notice, consent, approval, authorization, waiver, permit, grant, concession, clearance, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to, as the case may be, by any Person (including any Governmental Authority);
- 1.1.8 “**Designated Bank Account**” shall mean the bank account of the Transferee Company for receipt of Subscription Amount, the details of which shall be informed by the Transferee Company to SIA, 10 (ten) days prior to the Effective Date;
- 1.1.9 “**DGCA**” shall mean the Directorate General of Civil Aviation, Ministry of Civil Aviation, Government of India;
- 1.1.10 “**DPIIT**” shall mean the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India;



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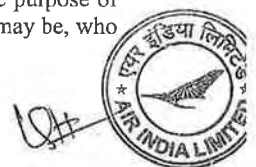


- 1.1.11 **“Effective Date”** shall mean the 10<sup>th</sup> (tenth) business day from the completion of the last of the conditions set out in Clause 28. The Scheme shall be operative from the Effective Date and effective from the Appointed Date and any references in this Scheme to **“upon this Scheme becoming effective”** or **“coming into effect of this Scheme”** or the **“Scheme becoming effective”** or **“Scheme becomes effective”** or **“effectiveness of this Scheme”** or likewise, means and refers to the Effective Date;
- 1.1.12 **“Encumbrance”** shall mean any mortgage, pledge, charge (whether fixed or floating), assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, right of set-off, counterclaim or banker's lien, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of Applicable Law, privilege or priority of any kind having the effect of security or any interest, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Indian Law or agreement, arrangement or obligation to create any of the foregoing, whether imposed by contract, understanding or Applicable Law; and **“Encumber”** shall mean to create any one of them;
- 1.1.13 **“Governmental Authority(ies)”** shall mean any government or regulatory agency, court, judicial or quasi-judicial authority, instrumentality or authority or any entity or body exercising executive, administrative, legislative, taxing, judicial, quasi-judicial or regulatory (including anti-trust) functions in any jurisdiction (within or outside India), and includes without limitation, the Government of India, the RBI, the Ministry of Finance, MoCA, DPIIT, the CCI, the Competition and Consumer Commission of Singapore, any aviation authority having jurisdiction over a Party, its aircraft or engines or its operations, such as the DGCA;
- 1.1.14 **“Indian Foreign Exchange Regulations”** shall mean the Foreign Exchange Management Act, 1999, including, rules, regulations, notifications, circulars, directions (including master directions), policies and other subordinate legislation framed thereunder (including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019), the extant Consolidated Foreign Direct Investment Policy effective from October 15, 2020 published by the DPIIT, and press notes issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time, press notes and press releases notified by the RBI as amendments to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and clarifications issued under any of them from time to time;
- 1.1.15 **“INR”** shall mean Indian Rupee, the lawful currency of the Republic of India;
- 1.1.16 **“IT Act”** shall mean the Indian Income-tax Act, 1961 read along with Income-tax Rules, 1962 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.1.17 **“MoCA”** means the Ministry of Civil Aviation, Government of India.
- 1.1.18 **“Parties”** shall mean collectively each of the Transferor Companies and the Transferee Company and **“Party”** shall mean each of them, individually;
- 1.1.19 **“Person”** shall mean and includes any natural person, limited or unlimited liability company, corporation, limited or unlimited liability partnership firm, proprietorship firm, Hindu undivided family, trust, union, association or Governmental Authority or any other entity that may be treated as a person under Applicable Laws;
- 1.1.20 **“Preferential Equity Shares”** shall have the meaning ascribed to the term in Clause 24.1;
- 1.1.21 **“Proceedings of the Transferor Company 1”** shall have the meaning ascribed to the term in Clause 7.1;
- 1.1.22 **“Proceedings of the Transferor Company 2”** shall have the meaning ascribed to the term in Clause 17.1;
- 1.1.23 **“RBI”** means the Reserve Bank of India;
- 1.1.24 **“Record Date”** shall mean date mutually agreed between the Parties, for the purpose of determining names of shareholders of the Transferor Companies, as the case may be, who



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shall be entitled to receive shares of the Transferee Company upon this Scheme coming into effect;

- 1.1.25 “**RoC**” shall mean the relevant Registrar of Companies having jurisdiction over the respective Party;
- 1.1.26 “**Scheme**” or “**the Scheme**” or “**this Scheme**” shall mean this composite scheme of arrangement among Talace Private Limited, Air India Limited, TATA SIA Airlines Limited, and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Act in its present form or with such modification(s), if any made, as per provisions of the Scheme from time to time, and wherever required with the appropriate approvals and sanction of the Tribunal and Governmental Authority, as may be required under the Act, and/or under Applicable Law;
- 1.1.27 “**SIA**” means Singapore Airlines Limited, a company incorporated under the laws of Singapore and having its registered office at Airline House, 25 Airline Road, Singapore - 819829, Singapore;
- 1.1.28 “**SIA Merger Shares**” means the equity shares of the Transferee Company that shall be issued and allotted to SIA upon the Scheme becoming effective in consideration of the amalgamation of the Transferor Company 2 with the Transferee Company, in accordance with Clause 19.1 hereof;
- 1.1.29 “**Subscription Amount**” means INR 2058,50,00,000 (Indian Rupees Two Thousand Fifty Eight Crores and Fifty Lakhs);
- 1.1.30 “**Transferor Companies**” means, together, the Transferor Company 1 and the Transferor Company 2.
- 1.1.31 “**Tribunal**” shall mean the relevant bench of the National Company Law Tribunal having jurisdiction over the Transferor Companies, and the Transferee Company.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, or other Applicable Laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

## 1.2 Interpretation

In this Scheme, the following rules shall apply unless the context otherwise requires:

- 1.2.1 Where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- 1.2.2 The terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words refer to this entire Scheme or specified Clauses of this Scheme, as the case may be;
- 1.2.3 The captions, headings, bold typeface, index, titles and schedule headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation thereof;
- 1.2.4 References to clauses and sub-clauses are to clauses and sub-clauses of this Scheme unless otherwise specified;
- 1.2.5 Words of any gender are deemed to include those of the other gender;
- 1.2.6 Any singular term in this Scheme shall be deemed to include the plural, and any plural term the singular;
- 1.2.7 Whenever the words “include”, “includes” or “including” are used in this Scheme, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import;
- 1.2.8 “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form;



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- 1.2.9 References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof;
- 1.2.10 References to any statute, rule, regulation or treaty are to such statute, rule regulation or treaty as amended, modified, replaced or supplemented from time to time in accordance with Applicable Law. References to any statute shall be deemed to refer to such statute and to any rules or regulations promulgated thereunder;
- 1.2.11 References to any Person include the successors and permitted assigns of that Person;
- 1.2.12 References to "days" shall be to calendar days unless otherwise indicated;
- 1.2.13 Time is of the essence in the performance of the respective obligations of the Parties. If any time period specified herein is extended, such extended time shall also be of the essence; and
- 1.2.14 Any reference to "subsidiary" means subsidiary as defined under the Act.

## 2. SHARE CAPITAL

- 2.1 The authorized, issued, subscribed and paid-up share capital of the Transferor Company 1 as on March 30, 2023 is as under:

Share Capital	Amount (in INR)
<b>Authorised Share Capital</b>	
515,00,00,000 equity shares of INR 10 each	5150,00,00,000
685,00,00,000 preference shares of INR 10 each	6850,00,00,000
<b>Total</b>	<b>12000,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
378,32,00,000 equity shares of INR 10 each	3783,20,00,000
170,00,00,000 preference shares of INR 10 each	1700,00,00,000
<b>Total</b>	<b>5483,20,00,000</b>

- 2.2 The authorised, issued, subscribed and paid-up share capital of the Transferor Company 2 as on March 30, 2023 is as under:

Share Capital	Amount (in INR)
<b>Authorised Share Capital</b>	
1200,00,00,000 equity shares of INR 10 each	12000,00,00,000
<b>Total</b>	<b>12000,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1002,00,00,000 equity shares of INR 10 each	10020,00,00,000
<b>Total</b>	<b>10020,00,00,000</b>

- 2.3 The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on March 30, 2023 is as under:



Share Capital	Amount (in INR)
Authorised Share Capital	
3600,00,00,000 equity shares of INR 10 each	36000,00,00,000
1900,00,00,000 preference shares of INR 10 each	19000,00,00,000
<b>Total</b>	<b>55000,00,00,000</b>
Issued, Subscribed and Paid-up Share Capital	
3536,02,20,000 equity shares of INR 10 each	35360,22,00,000
500,00,00,000 preference shares of INR 10 each	5000,00,00,000
<b>Total</b>	<b>40360,22,00,000</b>

The Transferee Company is a subsidiary of the Transferor Company 1.

### 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 29 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

## PART II OF THE SCHEME REORGANISATION AND REDUCTION OF THE SHARE CAPITAL OF THE TRANSFEEE COMPANY

### 4. REORGANISATION AND REDUCTION OF SHARE CAPITAL OF THE TRANSFEEE COMPANY

4.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the reorganisation and reduction of the share capital of the Transferee Company shall be undertaken by:

- o Writing down the total amount appearing in "Other Equity on Disinvestment" with a corresponding adjustment against the "Retained Earnings" of the Transferee Company, which has been considered prudent by the Board of the Transferee Company;
- o Cancelling/extinguishing INR 6 (Indian Rupees Six) per share of the issued, subscribed and paid up equity share capital of the Transferee Company by setting off a sum of INR 2,12,16,13,20,000 (Indian Rupees Twenty One Thousand Two Hundred Sixteen Crores Thirteen Lacs Twenty Thousand Only) against the "Retained Earnings" of the Transferee Company, without payment of any consideration or outflow or payment of funds of any kind to the shareholders of the Transferee Company;

resulting in the reduction of the issued, subscribed and paid up equity share capital of the Transferee Company from INR 3,53,60,22,00,000 (Indian Rupees Thirty Five Thousand Three Hundred Sixty Crores Twenty Two Lacs Only) consisting of 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) equity shares of INR 10 (Indian Rupees Ten) to INR 1,41,44,08,80,000 (Indian Rupees Fourteen Thousand One Hundred Forty Four Crores Eight Lacs Eighty Thousand Only) divided into 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) fully paid-up equity shares of INR 4 (Indian Rupees Four) each.

Such reorganisation and reduction shall be effected by debiting the equity share capital and "Other Equity on Disinvestment", and crediting the sums to "Retained Earnings".

4.2 The reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of the Transferee Company and its financial position. The aforesaid reorganisation and reduction does not involve payment of any consideration or out flow or payment of funds of any kind to the shareholders of the Transferee Company and the equity shareholders of the Transferee Company would continue to hold the same number of shares before and after the aforesaid reorganisation and reduction.





- 4.3 Consequent to the aforesaid reorganisation and reduction, the authorised and paid-up share capital of the Transferee Company shall be as under:

Share Capital	Amount (in INR)
Authorised Share Capital	
9000,00,00,000 equity shares of INR 4 each	36000,00,00,000
1900,00,00,000 preference shares of INR 10 each	19000,00,00,000
<b>Total</b>	<b>55000,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
3536,02,20,000 equity shares of INR 4 each	14144,08,80,000
500,00,00,000 preference shares of INR 10 each	5000,00,00,000
<b>Total</b>	<b>19144,08,80,000</b>

- 4.4 Pursuant to the above, following entry is proposed to give effect to the reorganisation and reduction of share capital of the Transferee Company:

Equity Share Capital A/c	Dr.
Other Equity on Disinvestment A/c	Dr.
To Retained Earnings A/c	Cr.

(Being reorganisation and reduction of share capital of the Transferee Company as per the Scheme as approved by Tribunal)

- 4.5 The reorganisation and reduction under this Part II of the Scheme shall be effected as an integral part of the Scheme (without having to follow the process under Section 66 of the Act separately) and such reorganisation and reduction does not involve diminution of liability, or payment of any consideration to any shareholder of any paid up share capital of the Transferee Company or any gain or loss for the Transferee Company, or transfer or vesting of any properties and/or liabilities to or in favour of the Transferee Company. The reorganisation and reduction would neither have any adverse impact on or alter, vary or affect the rights of creditors/banks/financial institutions of the Transferee Company.
- 4.6 The approvals including approvals from the shareholders of the Transferee Company received pursuant to the provisions of the Sections 230 to 232 of the Act under this Scheme shall be deemed to be sufficient approval(s) for giving effect to the provisions of this Part II of the Scheme under other related provisions of the Act (if any) including for consequent alteration in the memorandum of association of the Transferee Company as set out below. The Transferee Company shall not, nor shall be obliged to, (i) call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reorganisation and reduction of the share capital of the Transferee Company; or (ii) obtain any additional approvals/compliances under Section 66 of the Act in terms of the Explanation to Section 230(12) of the Act.
- 4.7 Prior to the Effective Date, if the Transferee Company undertakes issuance of any equity securities to any Person in accordance with Applicable Law, Clauses 4.1 and 4.3 shall stand automatically amended to reflect the revised details of share capital and accounting treatment in the books of the Transferee Company.
- 4.8 The Transferee Company shall not be required to add the words "And Reduced" as a suffix to its name consequent upon such reduction.



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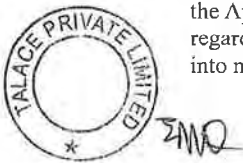
## 4.9 ACCOUNTING TREATMENT

Upon the Scheme becoming effective, the Transferee Company shall account for the Part II of Scheme in its books/financial statements with effect from the Appointed Date, in accordance with the accounting entries mentioned in Clause 4.4 above as per generally acceptable accounting principles and applicable accounting policies/practices and the Scheme as may be approved by the Tribunal.

**PART III OF THE SCHEME  
AMALGAMATION OF THE TRANSFEROR COMPANY 1 WITH THE TRANSFEEE  
COMPANY AND OTHER RELATED MATTERS**

**5. TRANSFER AND VESTING OF ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 1 WITH THE TRANSFEEE COMPANY**

- 5.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Applicable Laws, and subject to the provisions of this Scheme, the Transferor Company 1 shall stand amalgamated with the Transferee Company as a going concern and the business of the Transferor Company 1 (including all assets, property, liabilities and obligations of Transferor Company 1) shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become, as and from the Appointed Date, the business (including assets, property, liabilities and obligations, as the case may be) of the Transferee Company, by virtue of operation of law, and in the manner provided in this Scheme.
- 5.2 All the assets and properties of the Transferor Company 1, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred by the Transferor Company 1 to the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.
- 5.3 All immovable properties of the Transferor Company 1, whether freehold or leasehold or leave and license and any documents of title, rights and easements in relation thereto, shall stand transferred and vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, without any further act, instrument or deed and without any Consent of any third party. Upon the Scheme coming into effect, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties (whether freehold or leasehold) comprised in the Transferor Company 1, in favour of the Transferee Company, shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme.
- 5.4 Notwithstanding anything contained in this Scheme, if the Board of the Transferee Company so decides, the concerned parties shall execute and register or cause so to be done, separate deeds of conveyance or deed of assignment of lease in respect of any immovable properties of the Transferor Company 1, whether owned or leased, whether executed before or after the Effective Date, in the favour of the Transferee Company, for the purpose of inter alia, payment of stamp duty, and vesting with the Transferee Company. Each of the immovable properties, only for the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a consideration determined in accordance with Applicable Law. The execution of such conveyance shall form an integral part of the Scheme.
- 5.5 With respect to the assets of the Transferor Company 1 other than those referred to in Clause 5.2 and 5.3 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 1, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company. With regard to the licenses/ leases of the properties, the Transferee Company will be entitled to enter into novation agreements, if it is so required.



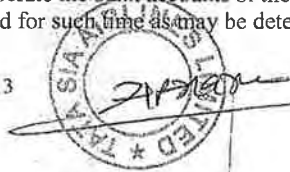
- 5.6 In respect of any assets owned by the Transferor Company 1 as on the Effective Date, other than those mentioned in the foregoing clauses, including all documents, deeds, agreements, mortgages, pledges, guarantees, actionable claims, contingent assets, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any with the local and other authorities, bodies corporate, customers etc., the Transferor Company 1 shall, if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1 to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 5.7 All the brands and trademarks owned by the Transferor Company 1 including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company by operation of law. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company.
- 5.8 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, provisions, duties and obligations of every kind, nature and description of the Transferor Company 1 whether provided for or not in the books of the Transferor Company 1, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Appointed Date shall, pursuant to the order of the Tribunal or such other competent authority as may be applicable under Section 232 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to have been transferred to and vested in and assumed by the Transferee Company, so as to become as on the Appointed Date, the liabilities and obligations of the Transferee Company which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause 5.8.
- 5.9 Where any of the debt, liabilities, contingent liabilities, duties and obligations of the Transferor Company 1 as on the Appointed Date, deemed to be transferred to the Transferee Company have been discharged by the Transferor Company 1, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company 1 after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of this Clause 5.9.
- 5.10 Unless otherwise agreed between the Transferor Company 1 and the Transferee Company, the transfer of all the assets of the Transferor Company 1, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company 1 or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements, if any, (to which the Transferor Company 1 is a party) related to any assets of the Transferor Company 1 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so transferred. The absence of any formal amendment or approval which may be required by a lender or a third party shall not affect the operation of the above.

On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company 1 have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company 1 in the name of the Transferor Company 1 and for such time as may be determined to be necessary



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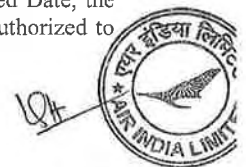
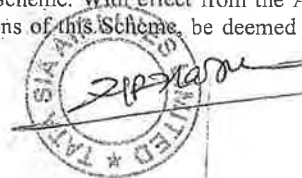
by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 1 after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.

- 5.12 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 5 and upon the effectiveness of this Scheme, the Transferor Company 1 and the Transferee Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.
- 5.13 Benefits of any and all corporate approvals as may have already been taken by the Transferor Company 1, whether being in the nature of compliances or otherwise under Applicable Laws, shall automatically be to the benefit of the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.
- 5.14 With effect from the Appointed Date, all the Consents held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 1, pursuant to the provisions of Section 232 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the Transferor Company 1 in the Transferee Company without any hindrance and the Consents shall be appropriately mutated by the Governmental Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- 5.15 All contracts, deeds, bonds, agreements, indemnities (including but not limited to indemnity payments pursuant to Air India Strategic Disinvestment), guarantees, insurance policies or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the Transferor Company 1, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company 1, or to the benefit of which the Transferor Company 1 may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents of the Transferee Company. Such properties and rights described hereinabove shall stand transferred to the Transferee Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company 1. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company 1, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company 1's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company shall be the successor in the interest of the Transferor Company 1 in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company 1 (and not by any of its successors), shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company 1.
- 5.16 Without prejudice to the other provisions of this Scheme, the Transferee Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company 1 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to



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execute any such writings on behalf of the Transferor Company 1 and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company 1.

- 5.17 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company 1, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 1 to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.
- 5.18 All unutilised tax credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under laws pertaining to Taxes, including income-tax, wealth tax, sales tax / value added tax, service tax, central goods and service tax, integrated goods and service tax, State goods and service tax, Union Territory goods and service tax, goods and service tax, compensation cess, excise duty, customs duty or any other levy of similar nature, which the Transferor Company 1 is eligible and entitled to, shall be transferred and available to the Transferee Company as an integral part of the Scheme.
- 5.19 This Scheme has been drawn up to comply with the conditions relating to 'Amalgamation' as specified under Section 2(1B) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the section 2(1B) of the IT Act at a later date including resulting from an amendment of Applicable Law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

## 6. EMPLOYEES

- 6.1 Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company 1 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 1 as on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 1 with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company 1 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 6.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.
- 6.3 The Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company 1, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

## 7. LEGAL PROCEEDINGS

- 7.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature including proceedings under tax laws (hereinafter called the "Proceedings of the Transferor Company 1") by or against the Transferor Company 1 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings of the Transferor Company 1 may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 1 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate or defend any legal proceeding for and on behalf of the Transferor Company 1.



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**8. TAXES/ DUTIES/ CESS**

Without prejudice to the foregoing, upon the effectiveness of the Scheme and with effect from the Appointed Date, by operation of law pursuant to the order of the Tribunal:

- 8.1 all taxes (including but not limited to disputed tax demands, advance tax, tax deducted at source, tax collected at source, goods and services tax, input tax credit, minimum alternate tax credits, securities transaction tax, value added tax, sales tax, service tax or any taxes of similar nature etc. withheld/paid in any jurisdiction (including India)) payable by or refundable to the Transferor Company 1, including all or any refunds or disputed tax demands, if confirmed, or Claims shall be treated as the tax liability or refunds/Claims, as the case may be, of the Transferee Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Transferor Company 1, shall, be available to the Transferee Company. If the Transferor Company 1 is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any tax law or Applicable Law, the Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Transferor Company 1 (including but not limited to input tax credit under goods and services tax laws), the same shall be transferred to the Transferee Company in accordance with the Applicable Law.
- 8.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, tax on buy back, goods and services tax, customs duties, if any, paid by the Transferor Company 1 shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.
- 8.3 if the Transferor Company 1 is entitled to any benefits under incentive schemes and policies under tax laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Transferee Company.
- 8.4 the Transferor Company 1 and Transferee Company are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, equalisation levy return, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, input credits including input tax credit under goods and services tax laws, sales tax, service tax, value added tax, etc., credit of foreign taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.
- 8.5 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 1, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company 1, to recover or realise the same, stands transferred to the Transferee Company.

**9. CONSIDERATION**

- 9.1 Upon the Scheme becoming effective and in consideration of the amalgamation of the Transferor Company 1 with the Transferee Company, the Transferee Company shall, without further application or deed, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company 1 holding shares and whose name appear in the register of members of the Transferor Company 1 as a member of the Transferor Company 1, or whose names appear as the beneficial owners of the equity and preference shares of the Transferor Company 1 in the records of the depositories, in each case, as on the Record Date in the following proportion:

*6.2709 (six point two seven zero nine) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) equity share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each and for every 1 (one) preference share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each.*

If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme, the Board



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of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.

- 9.3 The equity shares to be issued to the shareholders of the Transferor Company 1 in the Transferee Company pursuant to Clause 9.1 and Clause 9.2 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws.
- 9.4 The equity shares to be issued and allotted by the Transferee Company in terms of this Scheme shall rank pari passu in all respects and shall have the same rights attached to the then existing equity shares of the Transferee Company.
- 9.5 The equity shares to be allotted as per clause 9.1 above shall be issued in dematerialized form in accordance with the Applicable Law.
- 9.6 The issue and allotment of the equity shares by the Transferee Company, as provided in this Scheme, is an integral part of the Scheme, and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42 and 62 of the Act and any other applicable provisions of the Act were duly complied with.
- 9.7 In the event the equity shares are required to be issued and allotted to such shareholders of the Transferor Company 1, being non-residents, the issue of such shares shall be in accordance with the provisions of the Indian Foreign Exchange Regulations (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).
- 9.8 Prior to the effectiveness of the Scheme, the Transferor Company 1 and/or the Transferee Company shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.
- 9.9 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company 1 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 1 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio mentioned under Clause 9.1 above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 1 and the Transferee Company.

## 10. SAVING OF CONCLUDED TRANSACTIONS

- 10.1 The transfer of the assets and liabilities of the Transferor Company 1 under Clause 5 above, the effectiveness of contracts and deeds under Clause 5.15, Clause 5.16 and Clause 5.17 above and the continuance of proceedings under Clause 7 above, shall not affect any transaction or proceedings already concluded by the Transferor Company 1 on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company 1 in respect thereto, as if done and executed on its behalf.

## 11. VALIDITY OF EXISTING CORPORATE AUTHORISATIONS, ETC.

- 11.1 Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company 1, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Applicable Law, then such limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of the Transferee Company.

## 12. CANCELLATION OF EQUITY SHARES OF THE TRANSFEE COMPANY HELD BY THE TRANSFEROR COMPANY 1

- 12.1 Upon the Scheme becoming effective and simultaneous to the equity shares being issued by the Transferee Company as per clause 9.1 above, the equity shares of the Transferee Company held by the Transferor Company 1 and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of the Transferee Company shall stand reduced.



- 12.2 The reduction of equity share capital of the Transferee Company as provided in Clause 12.1 as set out above, shall be effected as per the provisions of Sections 230 to 232 of the Act and any other provision of Applicable Law.
- 12.3 The approvals including approvals from the shareholders of the Transferee Company received pursuant to the provisions of the sections 230 to 232 of the Act under this Scheme shall be deemed to be sufficient approval(s) for giving effect to the provisions of this Clause 12 under other related provisions of the Act. The Transferee Company shall not, nor shall be obliged to, (i) call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of the equity share capital of the Transferee Company; or (ii) obtain any additional approvals/compliances under Section 66 of the Act in terms of the Explanation to Section 230(12) of the Act.
- 12.4 The reduction of the equity share capital of the Transferee Company shall be effected as an integral part of the Scheme (without having to follow the process under Section 66 of the Act separately) and the same does not involve a diminution of liability or out flow. The reduction of the equity share capital of the Transferee Company in the manner contemplated in this Scheme would not have any impact on the shareholding pattern of the Transferee Company nor would it have any adverse impact on the creditors or employees of the Transferee Company.
- 12.5 The Transferee Company shall not be required to add the words "And Reduced" as a suffix to its name consequent upon such reduction.

### 13. ACCOUNTING TREATMENT

- 13.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme in its books / financial statements with effect from the Appointed Date, in accordance with Indian Accounting Standard 103 (Ind - AS 103) and / or any other applicable Ind - AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles and guidance as available from time to time.

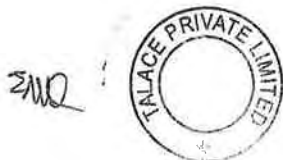
### 14. DISSOLUTION OF THE TRANSFEROR COMPANY 1

- 14.1 On the Scheme becoming effective, the Transferor Company 1 shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company 1 shall without any further act, instrument or deed be and stand discharged. Pursuant to the Scheme coming into effect, the equity shares and all preference shares of the Transferor Company 1 shall stand cancelled. On and from the Effective Date, the name of the Transferor Company 1 shall be struck off from the records of the RoC.

## PART IV OF THE SCHEME AMALGAMATION OF THE TRANSFEROR COMPANY 2 WITH THE TRANSFEEE COMPANY AND OTHER RELATED MATTERS

### 15. TRANSFER AND VESTING OF ENTIRE BUSINESS OF THE TRANSFEROR COMPANY 2 WITH THE TRANSFEEE COMPANY

- 15.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Applicable Laws, and subject to the provisions of this Scheme, the Transferor Company 2 shall stand amalgamated with the Transferee Company as a going concern and the business of the Transferor Company 2 (including all assets, property, liabilities and obligations of Transferor Company 2) shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the business (including assets, property, liabilities and obligations, as the case may be) of the Transferee Company, by virtue of operation of law, and in the manner provided in this Scheme.
- 15.2 All assets and properties of the Transferor Company 2, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company 2 to the Transferee Company upon coming into effect of this Scheme and with effect from the Appointed Date, and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.



- 15.3 All immovable properties of the Transferor Company 2 whether freehold or leasehold or leave and license and any documents of title, rights and easements in relation thereto, shall stand transferred and vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company without any further act, instrument or deed and without any Consent of any third party. Upon the Scheme coming into effect, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties (whether freehold or leasehold) comprised in the Transferor Company 2, in favour of the Transferee Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme.
- 15.4 Notwithstanding anything contained in this Scheme, if the Board of the Transferee Company so decides, the concerned parties shall execute and register or cause so to be done, separate deeds of conveyance or deed of assignment of lease in respect of any immovable properties of the Transferor Company 2, whether owned or leased, whether executed before or after the Effective Date, in the favour of the Transferee Company, for the purpose of inter alia, payment of stamp duty, and vesting with the Transferee Company. Each of the immovable properties, only for the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a consideration determined in accordance with Applicable Law. The execution of such conveyance shall form an integral part of the Scheme.
- 15.5 With respect to the assets of the Transferor Company 2 other than those referred to in Clause 15.2 and 15.3 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 2, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company. With regard to the licenses/ leases of the properties, the Transferee Company will be entitled to enter into novation agreements, if it is so required.
- 15.6 In respect of any assets owned by the Transferor Company 2 as on the Effective Date, other than those mentioned in the foregoing clauses, including all documents, deeds, agreements, mortgages, pledges, guarantees, actionable claims, contingent assets, sundry debtors, outstanding loans, advances, whether recoverable in cash or kind or for value to be received and deposits, if any with the local and other authorities, bodies corporate, customers etc., the Transferor Company 2 shall, if so required by the Transferee Company, and the Transferee Company may, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2 to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 15.7 All the brands and trademarks owned by the Transferor Company 2 including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company by operation of law. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company.
- 15.8 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, provisions, duties and obligations of every kind, nature and description of the Transferor Company 2 whether provided for or not in the books of the Transferor Company 2, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Appointed Date shall, pursuant to the order of the Tribunal or such other competent authority as may be applicable under Section 232 and other applicable provisions of the Act, without any further act or deed, be transferred or deemed to have been transferred to and vested in and assumed by the Transferee Company, so as to become as on the Appointed Date, the liabilities and obligations of the Transferee Company which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this Clause 15.8.



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- 15.9 Where any of the debt, liabilities, contingent liabilities, duties and obligations of the Transferor Company 2 as on the Appointed Date, deemed to be transferred to the Transferee Company have been discharged by the Transferor Company 2, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company 2 after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act, deed, matter or thing shall stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which undertakes to meet, discharge and satisfy the same and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such loans and liabilities have arisen in order to give effect to the provisions of this Clause 15.9.
- 15.10 Unless otherwise agreed between the Transferor Company 2 and the Transferee Company, the transfer of all the assets of the Transferor Company 2, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company 2 or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements, if any, (to which the Transferor Company 2 is a party) related to any assets of the Transferor Company 2 shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so transferred. The absence of any formal amendment or approval which may be required by a lender or a third party shall not affect the operation of the above.
- 15.11 On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company 2 have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company 2 in the name of the Transferor Company 2 and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 2 after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.
- 15.12 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 15 and upon the effectiveness of this Scheme, the Transferor Company 2 and the Transferee Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.
- 15.13 Benefits of any and all corporate approvals as may have already been taken by the Transferor Company 2, whether being in the nature of compliances or otherwise under Applicable Laws, shall automatically be to the benefit of the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.
- 15.14 With effect from the Appointed Date, all the Consents held or availed of by, and all rights and benefits that have accrued to, the Transferor Company 2 including those relating to landing and parking slots at airports, route licenses, traffic rights on international routes and frequent flyer programs, pursuant to the provisions of Section 232 of the Act and under Applicable Laws, shall without any further act, instrument or deed; be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the Transferor Company 2 in the Transferee Company without any hindrance and the Consents shall be appropriately mutated by the Governmental Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.



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- 15.15 All contracts including those relating to maintenance, repair and overhaul, aircraft leases; and those executed with airport authorities, deeds, bonds, agreements, indemnities, guarantees, insurance policies or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the Transferor Company 2, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company 2, or to the benefit of which the Transferor Company 2 may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents of the Transferee Company. Such properties and rights described hereinabove shall stand transferred to the Transferee Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company 2. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company 2, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company 2's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company shall be the successor in the interest of the Transferor Company 2 in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company 2 (and not by any of its successors), shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company 2.
- 15.16 Without prejudice to the other provisions of this Scheme, the Transferee Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company 2 is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company 2 and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company 2.
- 15.17 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company 2, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company 2 to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.
- 15.18 All unutilised tax credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under laws pertaining to Taxes, including income-tax, wealth tax, sales tax / value added tax, service tax, central goods and service tax, integrated goods and service tax, State goods and service tax, Union Territory goods and service tax, goods and service tax compensation cess, excise duty, customs duty or any other levy of similar nature, which the Transferor Company 2 is eligible and entitled to, shall be transferred and available to the Transferee Company as an integral part of the Scheme.
- 15.19 This Scheme has been drawn up to comply with the conditions relating to 'Amalgamation' as specified under the IT Act, specifically Section 2(1B) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the section 2(1B) of the IT Act at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

## 16. EMPLOYEES

Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company 2 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 2 as on the Effective Date. The Transferee



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Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 2 with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company 2 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

16.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.

16.3 The Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company 2, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

## 17. LEGAL PROCEEDINGS

17.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature including proceedings under tax laws (hereinafter called the "Proceedings of the Transferor Company 2") by or against the Transferor Company 2 is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings of the Transferor Company 2 may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company 2 as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate or defend any legal proceeding for and on behalf of the Transferor Company 2.

## 18. TAXES/ DUTIES/ CESS

Without prejudice to the foregoing, upon the effectiveness of the Scheme and with effect from the Appointed Date, by operation of law pursuant to the order of the Tribunal:

18.1 all taxes (including but not limited to disputed tax demands, advance tax, tax deducted at source, tax collected at source, goods and services tax, input tax credit, minimum alternate tax credits, securities transaction tax, value added tax, sales tax, service tax or taxes of similar nature etc. withheld/paid in any jurisdiction (including India)) payable by or refundable to the Transferor Company 2, including all or any refunds or disputed Tax demands, if confirmed, or Claims shall be treated as the tax liability or refunds/Claims, as the case may be, of the Transferee Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Transferor Company 2, shall, be available to the Transferee Company. If the Transferor Company 2 is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any tax law or Applicable Law, the Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Transferor Company 2 (including but not limited to input tax credit under goods and services tax laws), the same shall be transferred to the Transferee Company in accordance with the Applicable Law.

18.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, tax on buy back, goods and services tax, customs duties, if any, paid by the Transferor Company 2 shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

18.3 if the Transferor Company 2 is entitled to any benefits under incentive schemes and policies under tax laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Transferee Company.





- 18.4 the Transferor Company 2 and the Transferee Company are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, input credits including input tax credit under goods and services tax laws, sales tax, service tax, value added tax, etc., credit of foreign taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.
- 18.5 in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company 2, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company 2, to recover or realise the same, stands transferred to the Transferee Company.

## 19. CONSIDERATION

- 19.1 Upon the Scheme becoming effective and in consideration of the amalgamation of the Transferor Company 2 with the Transferee Company, the Transferee Company shall, without further application or deed, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company 2 holding shares and whose name appear in the register of members of the Transferor Company 2 as a member of the Transferor Company, or whose names appear as the beneficial owners of the equity shares of the Transferor Company 2 in the records of the depositories, in each case, as on the Record Date in the following proportion:

***2.5487 (two point five four eight seven) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) share of Transferor Company 2 of INR 10 (Indian Rupees Ten) each.***

- 19.2 If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme, the Board of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.
- 19.3 The equity shares to be issued to the shareholders of the Transferor Company 2 in the Transferee Company pursuant to Clause 19.1 and 19.2 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws.
- 19.4 The equity shares to be issued and allotted by the Transferee Company in terms of this Scheme shall rank pari passu in all respects and shall have the same rights attached to the then existing equity shares of the Transferee Company.
- 19.5 The equity shares to be allotted as per clause 19.1 above shall be issued in dematerialized form in accordance with the Applicable Laws.
- 19.6 The issue and allotment of the equity shares by the Transferee Company, as provided in this Scheme, is an integral part of the Scheme, and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42 and 62 of the Act and any other applicable provisions of the Act were duly complied with.
- 19.7 In the event the equity shares are required to be issued and allotted to such shareholders of the Transferor Company 2, being non-residents, the issue of such shares shall be in accordance with the provisions of the Indian Foreign Exchange Regulations (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).
- 19.8 Prior to the effectiveness of the Scheme, the Transferor Company 2 and/or the Transferee Company shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.
- 19.9 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company 2 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 2 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio



mentioned under Clause 19.1 above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 2 and the Transferee Company.

## 20. SAVING OF CONCLUDED TRANSACTIONS

- 20.1 The transfer of the assets and liabilities of the Transferor Company 2 under Clause 15 above, the effectiveness of contracts and deeds under Clause 15.15, Clause 15.16 and Clause 15.17 above and the continuance of proceedings under Clause 17 above, shall not affect any transaction or proceedings already concluded by the Transferor Company 2 on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company 2 in respect thereto, as if done and executed on its behalf.

## 21. VALIDITY OF EXISTING CORPORATE AUTHORISATIONS, ETC.

- 21.1 Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company 2, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Applicable Law, then such limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of the Transferee Company.

## 22. ACCOUNTING TREATMENT

- 22.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme in its books / financial statements with effect from the Appointed Date, in accordance with Indian Accounting Standard 103 (Ind - AS 103) and / or any other applicable Ind - AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles and guidance as available from time to time.

## 23. DISSOLUTION OF THE TRANSFEROR COMPANY 2

- 23.1 On the Scheme becoming effective, the Transferor Company 2 shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company 2 shall without any further act, instrument or deed be and stand discharged. Pursuant to the Scheme coming into effect, the equity shares and all preference shares of the Transferor Company 2 shall stand cancelled. On and from the Effective Date, the name of the Transferor Company 2 shall be struck off from the records of the RoC.

## PART V OF THE SCHEME PREFERENTIAL ALLOTMENT TO SIA

### 24. ISSUE AND ALLOTMENT OF EQUITY SHARES BY TRANSFEE COMPANY ON A PREFERENTIAL BASIS TO SIA

- 24.1 As an integral part of the Scheme and upon this Scheme becoming effective, simultaneously with the allotment of equity shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, the Transferee Company shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 (Three Hundred Seventy Crores Twenty Three Lacs Thirty Eight Thousand One Hundred Twenty Nine Only) fully paid-up equity shares of face value of INR 4 each (Indian Rupees Four) ("Preferential Equity Shares") at a price of INR 5.56 (Indian Rupees five point five six) per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% (Twenty Five Point One Percent) of the total issued and paid-up equity share capital of the Transferee Company.

- 24.2 The price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of the Transferee Company after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.



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- 24.3 The Subscription Amount shall be paid by SIA to the Transferee Company from the bank account of SIA.
- 24.4 The issue and allotment of the equity shares by the Transferee Company pursuant to this Clause 24 is an integral part of the Scheme, and the Consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the issuance and allotment of the Preferential Equity Shares to SIA and no further resolutions, approvals or authorisations of the shareholders of the Transferee Company under Sections 42 and 62 of the Act and/or any other Applicable Law, or any other actions or deeds, or the execution of any instruments would be separately required, in connection with the issuance and allotment of the Preferential Equity Shares to SIA.

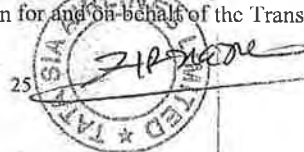
**PART VI OF THE SCHEME  
GENERAL TERMS AND CONDITIONS**

**25. BUSINESS UNTIL EFFECTIVE DATE:**

- 25.1 With effect from the Appointed Date and until Part III of the Scheme becoming effective,
- 25.1.1 the Transferor Company 1 shall be deemed to have been carrying on, and to be carrying on, all business and activities of the Transferor Company 1 for and on account of and in trust for the Transferee Company;
- 25.1.2 All profits or income arising or accruing to the Transferor Company 1 and all tax paid thereon or losses including tax losses, arising or incurred by the Transferor Company 1 for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Transferee Company;
- 25.1.3 All assets howsoever acquired by the Transferor Company 1 for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company;
- 25.1.4 Any of the rights, powers, authorities or privileges exercised by the Transferor Company 1 shall be deemed to have been exercised by the Transferor Company 1 for and on behalf of, and in trust for, the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company 1 shall be deemed to have been undertaken for and on behalf of the Transferee Company; and
- 25.1.5 The Transferor Company 1 and Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the appropriate Governmental Authorities concerned as are necessary under any law for such Consents, approvals and sanctions which the Transferor Company 1 and Transferee Company may require to carry on the business of the Transferor Company 1 to give effect to the Scheme.
- 25.2 With effect from the Appointed Date and until Part IV of the Scheme becoming effective:
- 25.2.1 the Transferor Company 2 shall be deemed to have been carrying on, and to be carrying on, all business and activities of the Transferor Company 2 for and on account of and in trust for the Transferee Company;
- 25.2.2 All profits or income arising or accruing to the Transferor Company 2 and all tax paid thereon or losses including tax losses, arising or incurred by the Transferor Company 2 for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Transferee Company;
- 25.2.3 All assets howsoever acquired by the Transferor Company 2 for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company;
- 25.2.4 Any of the rights, powers, authorities or privileges exercised by the Transferor Company 2 shall be deemed to have been exercised by the Transferor Company 2 for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company 2 shall be deemed to have been undertaken for and on behalf of the Transferee Company; and



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- 25.2.5 The Transferor Company 2 and Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the appropriate Governmental Authorities concerned as are necessary under any law for such Consents, approvals and sanctions which the Transferor Company 2 and Transferee Company may require to carry on the business of the Transferor Company 2 to give effect to the Scheme.

## 26. CONSOLIDATION OF AUTHORISED SHARE CAPITAL

- 26.1 As an integral part of the Scheme and upon this Scheme becoming effective, and taking into account the capital reorganisation and reduction in Part II of the Scheme in the share capital of the Transferee Company, the authorized share capital of each of the Transferor Company 1 and Transferor Company 2 shall stand transferred to and be amalgamated/combined with the authorized share capital of the Transferee Company. Consequently, Clause VI of the memorandum of association of the Transferee Company shall, upon this Scheme becoming effective, pursuant to the provisions of Section 13 and other applicable provisions, if any of the Act and without any act, instrument or deed be and stand altered, modified and amended as follows:

“VI. *The Authorised Share Capital of the Company is Rs. 79000,00,00,000 (Indian Rupees Seventy Nine Thousand Crore Only) divided into 13287,50,00,000 (Thirteen Thousand Two Hundred Eighty Seven Crore and Fifty Lakhs Equity Shares of Rs. 4 (Indian Rupees Four) each and 2585,00,00,000 (Two Thousand Five Hundred and Eighty Five crore Preference Shares of Rs. 10 (Indian Rupees Ten) each.*”

For the avoidance of doubt, it is clarified that, in case the authorised share capital of the Transferee Company, Transferor Company 1 and Transferor Company 2 undergoes any change, either as a consequence of any corporate actions or otherwise, then Clause VI of the Memorandum of Association of the Transferee Company shall automatically stand modified / adjusted automatically accordingly to take into account the effect of such change:

- 26.2 The fees or stamp duty, if any, paid by each of the Transferor Company 1 and Transferor Company 2 on their respective authorized share capital shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital, and the Transferee Company shall not be required to pay any fee/ stamp duty for the increase of the authorized share capital in compliance with Section 232(3)(i) of the Act. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the RoC and no separate procedure or instrument or deed shall be required to be followed under the Act.
- 26.3 The approval of this Scheme by shareholders of the Transferee Company under sections 230 to 232 of the Act, whether at a meeting or otherwise, or any dispensation of the same by the Tribunal, shall be deemed to have been an approval under section 13, section 61 and 64 or any other applicable provisions under the Act and no further resolution(s) would be required to be separately passed in this regard.

## 27. APPLICATION TO TRIBUNAL

- 27.1 The Parties shall make all necessary applications and/ or petitions under the Sections 230 to 232 of the Act and/ or other applicable provisions of the Applicable Law to the Tribunal or Governmental Authority to seek approval for this Scheme and all matters ancillary or incidental thereto.
- 27.2 A Party shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for such Consents which a Party may require to own the assets and/ or liabilities of the Transferor Companies and to carry on the business of the Transferor Companies.

## 28. CONDITIONS PRECEDENT TO THE SCHEME

- 28.1 Unless otherwise decided and agreed by and between the Board of each of the Parties, this Scheme shall be conditional upon and subject to:
- 28.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of shareholders and/ or creditors of the Parties as may be required as per the direction of the Tribunal;



- 28.1.2 the Scheme being sanctioned by the Tribunal as required under Applicable Law;
- 28.1.3 the Consent of the CCI, and the DGCA (along with the MoCA) as required under Applicable Law, and DPIIT as required under the provisions of the Indian Foreign Exchange Regulations in connection with the transactions contemplated under the Scheme shall have been received;
- 28.1.4 satisfaction (or waiver in writing) of such other conditions precedent as may be mutually agreed between the Parties in writing; and
- 28.1.5 the certified copy/(ies) of the order of the Tribunal sanctioning the Scheme being filed with the RoC by each of the Parties.

## 29. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 29.1 The Boards of the Parties may jointly make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate.
- 29.2 Subject to Clause 29.1, for the purposes of giving effect to this Scheme or any modification hereof, the Boards of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

## 30. ORDER OF IMPLEMENTATION OF THE SCHEME

- 30.1 The Scheme shall be made effective in the order as contemplated below:
- 30.1.1 Part II of the Scheme shall be made effective in priority to Part III; thereafter,
- 30.1.2 Part III of the Scheme shall be made effective in priority to Part IV; thereafter,
- 30.1.3 Part IV of the Scheme shall be made effective immediately after the implementation of Part III of the Scheme.
- 30.1.4 Part V of the Scheme shall be made effective immediately after the implementation of Part IV of the Scheme and simultaneously with the allotment of equity shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme.
- 30.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Governmental Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Parties may have under or pursuant to all Applicable Law.
- 30.3 The shareholders of the Parties and such other classes of Persons relating to the Parties, if any, as the case may be, by approving this Scheme, shall also be deemed to have resolved and accorded all relevant Consents under the Act or otherwise to the same extent applicable to all the matters related or arising pursuant to the Scheme.
- 30.4 It is hereby clarified that the effectiveness and implementation of Part II, Part III, Part IV and Part V of the Scheme are interdependent on each other and the Scheme shall not take effect unless each of Part II, Part III, Part IV and Part V take effect simultaneously and in the sequence set out in Clause 30.1 above.

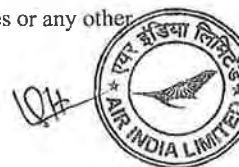
## 31. NON-RECEIPT OF APPROVALS AND WITHDRAWAL OF THIS SCHEME

- 31.1 Any Party shall be at liberty to withdraw from this Scheme at any time subject to the prior written consent of the Parties.
- 31.2 In the event of the Scheme not being sanctioned by the Tribunal on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme unless otherwise mutually agreed in writing amongst the Parties.

- 31.3 In the event of withdrawal of the Scheme under Clause 31.1 or Clause 31.2 above, except as otherwise agreed between the Parties no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other



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Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

**32. FACILITATION PROVISION**

32.1 Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, Consent, contract, agreement and rights and benefits arising therefrom pertaining to the Transferor Companies are transferred, vested, recorded, effected and/ or perfected, in the records of any Governmental Authority or otherwise, in favour of the Transferee Company, the Transferee Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the property, asset, Consent, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the Consent, contract or agreement.

**33. COSTS, CHARGES & EXPENSES**

33.1 All respective costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the respective Parties. However, the stamp duty payable on the Scheme and other documents to be executed in connection with the implementation of the Scheme shall be borne by the Transferee Company.

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**THE NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH, CHANDIGARH**

**CA (CAA) No. 28/CHD/HRY of 2023  
(1<sup>st</sup> Motion)**

**Under Sections 230 to 232 of the  
Companies Act, 2013 read with Rules  
3 and 5 of the Companies  
(Compromises, Arrangements and  
Amalgamations) Rules, 2016**

**IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT OF:**

**Talace Private Limited**

with its registered office at  
2nd Floor, Block 4, Vatika One On One,  
Gurugram, Haryana - 122007.  
CIN: U74999HR2020PTC111111  
PAN: AAICT0139L

...Applicant Company No. 1/Transferor Company No. 1

And

**Tata SIA Airlines Limited**

with its registered office at  
Intellion Edge, Tower A, 9th & 10th Floor,  
South Peripheral Road, Sector – 72,  
Gurugram, Haryana - 122101.  
CIN: U62200HR2013PLC111543  
PAN: AAECT8346F

...Applicant Company No. 2/Transferor Company No. 2

And

**Air India Limited**

with its registered office at  
Block 4, Vatika One On One,  
Gurugram, Haryana – 122007.  
CIN: U62200HR2007PLC111539  
PAN: AACCN6194P

...Applicant Company No. 3/Transferee Company

**Order delivered on: 21.07.2023**

**Coram: HON'BLE MR. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)  
HON'BLE MR. SUBRATA KUMAR DASH, MEMBER (TECHNICAL)**

For the Applicant Companies: Mr Atul V. Sood, Advocate  
Mr Bharat Apte, Advocate

**Per: Subrata Kumar Dash, Member (Technical)**

**JUDGEMENT**

1. This is a joint First Motion Application filed by the Applicant Companies namely; **Talace Private Limited** (Transferor Company No. 1), **Tata SIA Airlines Limited** (Transferor Company No. 2) and **Air India Limited** (Transferee Company) under Sections 230 to 232 of the Companies Act, 2013, read with Rules 3 and 5 of the Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 (the Rules) in relation to the Composite Scheme of Arrangement between **Talace Private Limited** (Transferor Company No. 1), **Tata SIA Airlines Limited** (Transferor Company No. 2) and **Air India Limited** (Transferee Company) and their respective shareholders. The said Scheme is attached as Annexure-A1 of the Application.

2. The Applicant Companies have prayed for dispensing with the requirement of convening the meetings of the Equity Shareholders of each of the Applicant Companies; and Preference Shareholders of the Transferor Company No. 1 and the Transferee Company. It is further prayed to convene the separate meetings of Secured Creditors of the Transferor Company No. 2; and Unsecured Creditors of the Transferor Company No. 2 and the Transferee Company.

3. The Applicant Company No. 1/Transferor Company No. 1 is the holding company of the Transferee Company which holds, shareholding of: (i) 100% (one hundred percent) in Air India Express Limited; (ii) 100% (one hundred percent) in AIX Connect Limited (previously, AirAsia (India) Private Limited) and (iii) 50% (fifty percent) in Air India SATS Airport Services Private Limited.

4. The Applicant Company No. 2/Transferor Company No. 2 is a full-service airline and a joint venture between Tata Sons Private Limited and Singapore

Airlines Limited, which operates under the brand of Vistara. The Transferor Company No. 2 is engaged in the business of providing full-service scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.

5. The Applicant Company No. 3/Transferee Company is a subsidiary of the Transferor Company No. 1. The Transferee Company and its subsidiaries are engaged in the business of providing full-service and low-cost scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.

6. It is submitted that the respective registered offices of each of the Applicant Companies are situated in the State of Haryana, and hence, the jurisdiction of each of the Applicant Companies falls within this Bench.

7. The rationale of the Scheme is given below:

- i. All the above Applicant Companies are part of the Tata Group (Tata Sons Private Limited being the ultimate holding company for the Transferee Company, Transferor Company No. 1 and the Transferor Company No. 2) and, other than Transferor Company No. 1, all companies are engaged in the similar line of business, i.e., aviation.
- ii. The Tata Group is now desirous of consolidating the operations of these companies as they are engaged in similar line of business to realise benefits of larger scale of operations, operational synergies and efficiencies. This would enhance the returns and benefits for all stakeholders of the Parties and their consumers. The benefits of the proposed consolidation include:

- a. Streamlining of the corporate structure and consolidation of assets and liabilities of the group;
- b. Strengthening of the combined entity in the industry in terms of network fleet and footprint, revenue, and business volume share for improved efficiencies;
- c. Providing superior service and experience to customers both in domestic and international markets;
- d. Enhanced organizational leadership, arising from the combination of people with diverse skills, talent and industry experience;
- e. Cost saving through legal entity rationalisation and consolidation of support functions, and business processes; and
- f. Efficient leverage of combined asset and capital base. The combined company shall have better borrowing capacity, to expand its business at a faster rate.

8. It is stated that the Board of Directors of each of the Applicant Companies in their meetings, all held on 07.02.2023, have considered and unanimously approved the proposed Composite Scheme of Arrangement subject to sanctioning of the same by this Tribunal. The copies of the respective Board Resolutions of Transferor Company No. 1, Transferor Company No. 2 and Transferee Company are attached with the application as Annexures A5, A16, and A29, respectively.

9. The appointed date of the Scheme shall be 29.11.2022 and the Effective Date has been defined in Clause 1.1.11 of Part-I of the Scheme to mean the 10th (tenth) business day from the completion of the last of the conditions set out in Clause 28 of the Scheme.

10. Each of the Applicant Companies have filed their respective standalone, Audited Financial Statements for the year ended 31.03.2023 which are attached as Annexures A43, A44 and A45, respectively of the CA No. 119 of 2023.

11. It is submitted that no corporate debt restructuring is envisaged in the proposed Scheme of Arrangement.

12. It is further submitted that in pursuance of the proviso to Section 230(7) and Section 232(3) of the Act, the Transferee Company has filed a certificate dated 13.05.2023 issued by its Statutory Auditor certifying that the Scheme is in compliance with the Accounting Standards under Section 133 of the Act and the same is attached with the application as Annexure A36.

13. It is further submitted that as per the Valuation Report/Share Entitlement Ratio Report dated 07.02.2023 submitted by PwC Business Consulting Services LLP, Registered Valuer, registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV-E/02/2022/158 is attached as Annexure A40 of the application. The Share Entitlement Ratio for the mergers as mentioned in the Scheme is given below:

“a. The Transferee Company will issue 6.2709 (six point two seven zero nine) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) equity share of Transferor Company No. 1 of INR 10 (Indian Rupees Ten) each and for every 1 (one) preference share of Transferor Company No. 1 of INR 10 (Indian Rupees Ten) each.

b. The Transferee Company will issue 2.5487 (two point five four eight seven) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) share of Transferor Company No. 2 of INR 10 (Indian Rupees Ten) each.”

14. It is submitted that the Scheme (Annexure-A1) also takes care of the interest of the staff/workers and employees of Transferor Company No. 1 and Transferor Company No. 2, by virtue of Clauses 6 and 16 of the Scheme.

15. It is submitted that all the Applicant Companies are closely held un-listed Group Companies.

16. It is deposed by the respective authorised representatives of the Applicant Companies that each of the Applicant Companies are regulated by the sectoral regulators and statutory authorities as mentioned in the Affidavits submitted by the authorised representatives as Annexures A10, A23, and A37 with the application.

17. It is deposed by the authorised representative of the Transferor Company No. 1 that there are no material investigations, legal proceedings/litigations pending against Transferor Company No. 1 under the Companies Act, 2013, or any other applicable law. Moreover, there are no proceedings or investigations pending against the Transferor Company No. 1 under Sections 206 to 227 of the Companies Act, 2013. The Affidavit executed by the authorised representative of Transferor Company No. 1 is submitted as Annexure-A11 with the application.

18. It is also deposed by the authorised representative of the Transferor Company No. 2 that there are certain material investigations and legal proceedings/litigations pending against the Transferor Company No. 2 which are limited to those mentioned in the Affidavit submitted by the authorised representative of Transferor Company No. 2 as Annexure-A24 with the application, and besides those mentioned therein, there are no material investigations or proceedings/litigations pending against the Transferor Company No. 2. Moreover, there are no proceedings or investigations pending against Transferor Company No. 2 under Sections 206 to 227 of the Companies Act, 2013.

19. It is deposed by the authorised representative of the Transferee Company that there are certain material investigations and legal proceedings/litigations pending against the Transferee Company which are limited to those mentioned



in the Affidavit submitted by the authorised representative of the Transferee Company as Annexure-A38 with the application, and besides those mentioned therein, there are no material investigations or proceedings/litigations pending against the Transferee Company. Moreover, there are no proceedings or investigations pending against the Transferee Company under Sections 206 to 227 of the Companies Act, 2013.

20. The Applicant Companies have furnished the following documents:
- i. Composite Scheme of Arrangement (Annexure-A1 of the application).
  - ii. Copies of Master Data, Certificate of Incorporation along with Memorandum and Articles of Association of the Applicant Companies (Annexures A2, A13, A26 respectively of the application).
  - iii. List of Equity and Preference Shareholders of the Transferor Company No. 1 as on 01.03.2023 along with consent affidavits (Annexures A7 of the application).
  - iv. List of Equity Shareholders of the Transferor Company No. 2 as on 01.03.2023 along with consent affidavits (Annexures A19 of the application).
  - v. List of Equity and Preference Shareholders of the Transferee Company as on 30.03.2023 along with consent affidavits (Annexures A32 of the application).
  - vi. Certificates issued by Dhanbhoora & Company, Chartered Accountants certifying that the Transferor Company No. 1 has no Secured Creditors and Unsecured Creditors as on 31.01.2023 (Annexures A8 and A9 respectively of the application).

- vii. List of Secured Creditors, Unsecured Creditors and Unsecured Creditors (having outstanding balances of over Rs. 10 Lakh) of the Transferor Company No. 2 as on 31.01.2023 duly certified by AKN & Co., Chartered Accountants (Annexures A20, A21 and A22 respectively of the application).
- viii. Certificate issued by Thakur, Vaidyanath Aiyar & Co., Chartered Accountants certifying that the Transferee Company has no Secured Creditors as on 31.01.2023 (Annexure-A33 of the application).
- ix. List of Unsecured Creditors and Unsecured Creditors (having outstanding balances of over Rs. 10 Lakh) of the Transferee Company as on 31.01.2023 duly certified by Thakur, Vaidyanath Aiyar & Co., Chartered Accountants (Annexures A34 and A35 respectively of the application).
- x. Certificate of the Statutory Auditor of the Transferee Company to the effect that the Accounting treatment proposed in the Scheme is in conformity with Section 133 of the Companies Act, 2013 (Annexure-A36 of the application).
- xi. Audited Financial Statements as on 31.03.2023 of each of the Applicant Companies (Annexures A43, A44 and A45 respectively of the application).
- xii. Report on Valuation of Shares & Share Entitlement Ratio (Annexure A40 of the application).
- xiii. Corrigendum dated 02.06.2023 to the Report on Valuation of Shares & Share Entitlement Ratio which is attached as Annexure A46 of the CA No. 119 of 2023,

xiv. Copy of the acknowledgement of the e-filing made with the Competition Commission of India (Annexure-A42 of the application).

21. The Applicant Companies have furnished the details of the Shareholders, Secured Creditors and Unsecured Creditors which are as follows:

Name of the Applicant Companies	Shareholders along with their consent on affidavit				Creditors along with their consents on affidavit			
	Equity Shareholder	Consent submitted on Affidavit	Preference Shareholders	Consent submitted on Affidavit	Secured Creditors	Consent submitted on Affidavit	Unsecured Creditors	Consent submitted on affidavit
Transferor Company No. 1	2 (Two)	100% in value	1 (One)	1 (One)	Nil	NA	Nil	NA
Transferor Company No. 2	8 (Eight)	100% in value	Nil	NA	5	Meetings to be Convened	328 (Three hundred twenty-eight)	Meetings to be Convened
Transferee Company	8 (Eight)	100% in value	1 (One)	1 (One)	Nil	NA	1624 (One thousand six hundred twenty-four)	Meetings to be Convened

22. Accordingly, the directions of this Bench in the present case are as under:

**I. In relation to Applicant Company No. 1/Transferor Company No. 1:**

- a. The meeting of the Equity Shareholders of Applicant Company No. 1 /Transferor Company No. 1 is dispensed herewith, keeping in view that all the Equity Shareholders have given their consents by way of affidavits;
- b. The meeting of the Preference Shareholders of Applicant Company No. 1 /Transferor Company No. 1 is dispensed herewith, keeping in view that all the Preference Shareholders have given their consents by way of affidavits;

- c. Since there are no Secured and Unsecured Creditors in Applicant Company No. 1/Transferor Company No. 1. Therefore, the requirement of convening the meeting of Secured Creditors does not arise; and

**II. In relation to Applicant Company No. 2/Transferor Company No. 2:**

- a. The meeting of the Equity Shareholders of Applicant Company No. 2/Transferor Company No. 2 is dispensed herewith, keeping in view that all the Equity Shareholders have given their consents by way of affidavits;
- b. Since there are no Preference Shareholders of Applicant Company No. 2/Transferor Company No. 2, the requirement of convening the meeting of Preference Shareholders does not arise;
- c. The meeting of the Secured Creditors of the Applicant Company No. 2/Transferor Company No. 2 be convened as prayed for on 23.09.2023 at 10:30 AM through video conferencing with the facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Secured Creditors shall be 3 in number or 40% in value; and
- d. The meeting of the Unsecured Creditors of the Applicant Company No. 2/Transferor Company No. 2 be convened as prayed for on 23.09.2023 at 12:30 PM through video conferencing with the facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Unsecured Creditors shall be 132 in number or 40% in value.

**III. In relation to Applicant Company No. 3/Transferee Company:**

- a. The meeting of the Equity Shareholders of Applicant Company No. 3/Transferee Company is dispensed herewith, keeping in view that all the Equity Shareholders have given their consents by way of affidavits;
  - b. The meeting of the Preference Shareholders of Applicant Company No. 3/Transferee Company is dispensed herewith, keeping in view that all the Preference Shareholders have given their consents by way of affidavits;
  - c. Since there are no Secured Creditors in Applicant Company No. 3/Transferee Company, the requirement of convening the meeting of Secured Creditors does not arise; and
  - d. The meeting of the Unsecured Creditors of the Applicant Company No. 3/Transferee Company be convened as prayed for on 23.09.2023 at 02:30 PM through video conferencing with the facility of remote e-voting, subject to notice of the meeting being issued. The quorum of the meeting of the Unsecured Creditors shall be 650 in number or 40% in value;
- IV.** In case the required quorum as noted above for the meetings is not present at the commencement of the meeting, the meeting shall be adjourned by 30 minutes and thereafter the persons shall be deemed to constitute the quorum.
- V.** Justice Mr. M.M. Singh Bedi (Rtd), Advocate, address: #164, Sector 11, Chandigarh, Mobile No. 9780008126, Email id: bedimms@gmail.com, is appointed as the common Chairperson for the meeting to be called

under this order. An amount of ₹ 2,00,000/- (Two Lakh Rupees only) be paid for his services as the Chairperson.

- VI.** Mr. Dhananjay Singh, Advocate, Address: Chamber No. 36, Punjab and Haryana High Court, Chandigarh, Mobile No. 8901523999, Email id: [advdhananjays@gmail.com](mailto:advdhananjays@gmail.com), is appointed as the common Alternate Chairperson for the meeting to be called under this order. An amount of ₹1,25,000/- (One Lakh Twenty Five Thousand Rupees only) be paid for his services as the Alternate Chairperson.
- VII.** Mr Ajay K Arora, Practicing Company Secretary, address: SCO 64-65, 1st Floor, Sector 17-A, Chandigarh, Mobile No. +91 9814006492, e-mail id: [ajaykcs@gmail.com](mailto:ajaykcs@gmail.com), is appointed as the Scrutinizer for the above meeting to be called under this order. An amount of ₹1,00,000/- (One Lakh Rupees only) be paid for his services as the Scrutinizer.
- VIII.** It is further directed that individual notices of the said meetings shall be sent by the Transferor Company No. 2 to its respective Secured Creditors and Unsecured Creditors and by Transferee Company to its Unsecured Creditor through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meetings, indicating the day, date, the place and time as aforesaid, together with a copy of the Scheme, copy of the explanatory statement with Share Entitlement Ratio as discussed in para 13 of this order required to be sent under the Companies Act, 2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.



- IX.** It is further directed that along with the notices, the Applicant Companies shall also send, statements explaining the effect of the scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the Scheme of Arrangement on any material interests of the Directors of the Company, if any, as provided under sub-section (3) of Section 230 of the Act.
- X.** It is also directed that the Financial Statements of the Applicant Companies not older than 6 months from the date of the meetings be also circulated for the aforesaid meetings in terms of Section 232 (2) (e) of the Act.
- XI.** The Transferor Company No. 2 and the Transferee Company shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meetings, indicating the day, date and place and time of the meetings as aforesaid, to be published in “Business Standard” (English, All India Edition) and “Business Standard” (Hindi, All India Edition); The publication shall indicate the time within which copies of the Scheme of Arrangement shall be made available to the concerned persons, free of charge from the registered offices of the Transferor Company No. 2 and the Transferee Company. The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Transferee Company in accordance with the second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016. The

Transferor Company No. 2 and the Transferee Company shall also publish the notice of the meeting on their websites, if any.

- XII.** It shall be the responsibility of the Transferor Company No. 2 and the Transferee Company to ensure that the notices are sent under the signature and supervision of the Director/Authorized Representative of the company on the basis of Board resolutions and that they shall file their affidavits in the Tribunal at 7 days before the date fixed for the meetings.
- XIII.** Voting is allowed on the proposed Scheme through a remote e-voting process in compliance with the guidelines issued by the Ministry of Corporate Affairs in this regard.
- XIV.** The Scrutinizer's report will contain his/her findings on compliance to the directions given in Para VIII to XIII above.
- XV.** The Chairperson shall be responsible to report the result of the meetings to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7 (seven) working days of the conclusion of the meetings. The Chairperson would be fully assisted by the authorized representative/Company Secretary of the respective Applicant Companies and the Scrutinizer, who will assist the Chairperson and Alternate Chairperson in preparing and finalizing the report.
- XVI.** The Applicant Companies shall individually and in compliance of sub-section (5) of Section 230 of the Act and Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 send

notices in Form No. CAA-3 along with copy of the Scheme, Explanatory Statement and the disclosures mentioned in Rule 6 of the “Rules” to (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi; (b) the Registrar of Companies, N.C.T. of Delhi and Haryana; (c) the Official Liquidator, attached to the High Court of Punjab & Haryana; (d) the Income Tax Department through its nodal office and the jurisdictional assessment office of each of the Applicant Companies by mentioning the PAN number of the Applicant Companies; (e) Competition Commission of India; (f) the Reserve Bank of India; (g) Ministry of Civil Aviation; and (h) the Directorate General of Civil Aviation, stating that report on the same, if any, shall be sent to this Tribunal within a period of 30 days from the date of receipt of such notice and copy of such report shall be simultaneously sent to the Applicant Companies, failing which it shall be presumed that they have no objection to the proposed Scheme.

**XVII.** The Applicant Companies shall furnish a copy of the Scheme free of charge within one day of any requisition for the Scheme made by any Creditor entitled to attend the meeting as aforesaid.

**XVIII.** The authorized representatives of the Applicant Companies shall each furnish an affidavit of service of notice of meetings and publication of advertisement and compliance of all directions contained herein at least a week before the proposed meeting.

**XIX.** All the aforesaid directions are to be complied with strictly in accordance with the applicable laws including forms and formats contained in the Rules as well as the provisions of the Companies Act, 2013 by the Applicant Companies.

23. With the aforesaid directions, this First Motion Application stands disposed of. A copy of this order be supplied to the learned counsel for the Applicant Companies who in turn shall supply a copy of the same to the Chairperson, Alternate Chairperson and the Scrutinizer immediately.

Sd/-

**(Subrata Kumar Dash)**  
**Member (Technical)**

July 21, 2023  
SA/VN

Sd/-

**(Harnam Singh Thakur)**  
**Member (Judicial)**

**Dated: 7 February 2023**

**To**

Board of Directors  
**Air India Limited**  
Airlines House,  
113, Gurudwara Rakabganj  
Road,  
New Delhi 110001

Board of Directors  
**Talace Private Limited**  
Army & Navy Building,  
148, M G Road,  
Opposite Kala Ghoda, Fort,  
Mumbai 400001

Board of Directors  
**TATA SIA Airlines Limited**  
Jeevan Bharti, Tower 1,  
10th Floor 124 Connaught  
Circus,  
New Delhi 110001

**Subject: Recommendation of the Share Exchange Ratio for the proposed amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited and valuation for the preferential allotment by Air India Limited to Singapore Airlines**

Dear Sirs / Madams,

We refer to our engagement letter dated 4 November 2022, whereby Board of Directors of Air India Limited ('AI' or 'Transferee Company'), Talace Private Limited ('Talace' or 'Transferor Company 1') and TATA SIA Airlines Limited ('Vistara' or 'Transferor Company 2') (hereinafter collectively referred to as 'you' or 'Clients' or 'Specified Companies'), have appointed us, PwC Business Consulting Services LLP ('PwC BCS'), to recommend a) the share exchange ratios ('Share Exchange Ratio(s)') for the proposed amalgamation of Talace and Vistara into AI ('Amalgamation') and b) valuation for preferential allotment of fully paid up equity shares by the Transferee Company to Singapore Airlines Ltd. pursuant to and as a part of the Scheme ('Preferential Allotment'). The proposed Amalgamation and Preferential Allotment are together referred to as 'Transaction'.

PwC BCS has been hereinafter referred to as the 'Valuer' or 'we' or 'us' in this report ('Valuation Report' or 'Report').

## **BACKGROUND OF COMPANIES**

Air India Limited is a company incorporated under the Companies Act, 1956, having corporate identification number ('CIN'): U62200DL2007PLC161431 (hereinafter referred to as the 'Transferee Company'). Its registered office is located at Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110001, India. The Transferee Company is a subsidiary of Transferor Company 1. The Transferee Company is engaged in the business of providing air transport services and carrying out all other forms of aerial work, whether on charter terms or otherwise.

Talace Private Limited is a private limited company incorporated under the Companies Act, 2013, having corporate identification number ('CIN'): U74999MH2020PTC343695 (hereinafter referred to as the 'Transferor Company 1'). Its registered office is located at Army & Navy Building, 148, M G Road, Opposite Kala Ghoda, Fort, Mumbai 400001, India. The Transferor Company 1 is a wholly owned subsidiary of Tata Sons Private Limited. The Transferor Company 1 is a holding company of Air India Limited.

TATA SIA Airlines Limited is a company incorporated under the Companies Act, 1956, having corporate identification number ('CIN'): U62200DL2013PLC259904 (hereinafter referred to as the 'Transferor Company 2'). Its registered office is located at 10th Floor, Jeevan Bharti, Tower 1, 124 Connaught Circus, New Delhi 110001, India. The Transferor Company 2 is a full-service airline and a joint venture between Tata Sons Private Limited and Singapore Airlines Limited which operates under the brand of



Vistara. Tata Sons Private Limited holds 51% equity stake and the remaining 49% equity stake is held by Singapore Airlines Limited.

## SCOPE AND PURPOSE OF THIS REPORT

We understand that, pursuant to a Composite Scheme of Arrangement (the proposed 'Scheme'), inter alia, the following is proposed to be undertaken: a) reduce and reorganize share capital of the Transferee Company, b) amalgamate Talace and Vistara into AI and c) undertake the Preferential Allotment under the provisions of Section 230 to 232 of the Companies Act, 2013, read with other provisions of the Companies Act, 2013 and applicable laws and rules issued thereunder, as may be applicable. We understand that Preferential Allotment shall also be undertaken in accordance with the provisions of the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("Foreign Exchange Regulations").

For the aforesaid purpose, the Board of Directors of AI, Talace and Vistara have appointed PwC BCS to provide a Registered Valuer Report recommending a) the Share Exchange Ratio for the proposed amalgamation of Talace and Vistara into AI, on a going concern basis with 7 February 2023 being the Valuation Date and b) valuation of equity shares of AI for the Preferential Allotment, for the consideration of the Board of Directors (including audit committees and committees of Independent Directors, as applicable) of the Specified Companies under the provisions of Section 230 to 232 of the Companies Act, 2013, the Foreign Exchange Regulations (as applicable) and other applicable laws and rules issued thereunder, as may be applicable, and other relevant laws, rules and regulations. Further, once the Scheme gets approval by the NCLT, if required, this Report may be used for filing with the RBI/ its Authorized Dealer Bank.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of AI, Talace and Vistara.

As per the Scheme, we understand that the Appointed Date for the Transaction is 29 November 2022.

The Report will be used by AI, Talace and Vistara only for the purpose, as indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

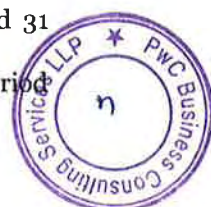
The scope of our services is to conduct a valuation of AI, Talace and Vistara and to recommend Share Exchange Ratios for the proposed Amalgamation and valuation of shares for the Preferential Allotment in accordance with generally accepted professional standards.

This Report is our deliverable for the above engagement. This Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the management(s) of AI, Talace and Vistara (collectively referred to as 'Management') and gathered from public domain:

- considered audited/ provisional standalone historical financial information of Vistara for the years ended 31 March 2020, 31 March 2021, 31 March 2022 and for the 9 month period ended 31 December 2022, as made available;
- considered provisional standalone historical financial information of Talace for the 9 month period ended 31 December 2022, as made available;





- Considered provisional combined historical financial information of AI, Air India Express Limited ('AIXL'), AIX Connect Private Limited ('AIXC') (formerly known as AirAsia India Private Limited) and Air India SATS Airport Services Private Ltd ('AI SATS') for the 9 month period ended 31 December 2022 ('Combined Financials'), as made available. The Management of AI has represented that there should not be material differences between the consolidated financials of AI as on 31 December 2022 and the Combined Financials;
- considered the consolidated projected financials (comprising projected financial statements) for 10 years ending 31 March 2032 of AI and their material subsidiaries/ joint ventures/ associate companies and considered the projected financials (comprising projected financial statements) for 5 years ending 31 March 2027 of Vistara (together referred to as 'Financial Projections');
- discussions with the management(s) of AI, Talace and Vistara in connection with their business operations of the respective companies, their perception of historical and expected future performance, macro-economic parameters and key value drivers;
- comparable companies and transactions, to the extent information on comparable companies/ transactions is available in the public domain;
- draft of proposed Composite Scheme of Arrangement to amalgamate Talace and Vistara with and into AI;
- the International Valuation standards (effective January 31, 2022) published by the International Valuation Standards Council;
- other information and documents that we considered necessary for the purpose of this engagement.

During the discussions with the management(s) of AI, Talace and Vistara, we have also obtained explanations and information considered reasonably necessary for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual accuracies / omissions are avoided in our final report.

## PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- requested and received financial and qualitative information from the Management;
- used data available in public domain related to AI, Talace and Vistara and their peers;
- discussions (physical/ over call) with the management(s) of AI, Talace and Vistara and their respective key subsidiaries/ joint ventures/ associate companies to understand the business, key value drivers, historical financial performance and projected financial performance of the respective companies;
- researched publicly available market data including economic factors and industry trends that may impact the valuation;
- carried out analysis of valuation multiples of comparable companies/ comparable transactions using information available in public domain (to the extent available) and / or proprietary databases subscribed by us or our network firms;
- selection of well accepted valuation methodology/(ies) as considered appropriate by us;
- arrived at values of AI, Talace and Vistara in order to determine the Share Exchange Ratios for the Transaction.

## SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or PwC network firms.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) and are based on the balance sheets of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies as at 31 December 2022 and other information provided by the the Management. The Management has represented that the impact of COVID-19 on the business operations of the companies have been considered/ factored



in the projections. The Management has represented that the business activities of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies have been carried out in the normal and ordinary course between 31 December 2022 and the date hereof and that no material adverse change has occurred in their respective operations and financial position between 31 December 2022 and the Report date. Further, we have taken into account such valuation parameters and other information over such period, as we considered appropriate and relevant, up to a date close to the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of, date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by/ on behalf of the Clients (or its representatives). In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by/ on behalf of the Clients (or its representatives). Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not require us to conduct any financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

Also, with respect to explanations and information sought from/ on behalf of the Clients (or its representatives), we have been given to understand by the Clients that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/ on behalf of the Clients (or its representatives). The Management of the Clients have indicated to us that they have understood that any material omissions, inaccuracies, or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Clients (or its representatives) and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. Also, we assume no responsibility for technical information (if any) furnished by/ on behalf of the Clients (or its representatives).

The Report assumes that the AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that these companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies. Our conclusion of value assumes that the assets and liabilities of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the claims of AI, Talace and Vistara and their subsidiaries/ joint ventures/ associate companies to title of assets has been made for the purpose of this Report and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the



assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We must emphasize that the projected financial information has been prepared by the managements of the respective companies and provided to us for the purpose of our analysis. The fact that we have considered the projected financial information in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the projected financial information relates to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. We express no opinion as to how closely the actual results will correspond to those projected/ forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of the Management.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Clients (or its representatives) in this regard.

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the Transaction.

We owe responsibility to only the Boards of Directors of the Clients that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Clients. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Clients, its directors, employees, or agents. In no circumstances shall the liability of a Valuer, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the proposed Transaction. In addition, this Report does not in any manner address the prices at which AI, Talace and Vistara's equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders/ creditors of either AI, Talace and Vistara should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Transaction. Our Report and the opinion/ valuation analysis contained herein is not and nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Clients and have no current or expected interest in the Clients or its assets. The fee for the engagement is not contingent upon the results reported.

This valuation Report is subject to the laws of India.





Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.

## SHARE CAPITAL DETAILS OF THE COMPANIES

### Air India Limited

The existing issued and subscribed equity share capital of AI is INR 32,665.2 crore consisting of 3,266.5 crore equity shares of \*face value of INR 10 /- each. Further, the company is in the process of raising INR 2,695 crores through issues of equity shares of INR 10/- each through a rights issue. As discussed with the Management, the deemed shareholding pattern of AI for the purpose of this Scheme is as follows:

<b>Shareholding pattern</b>		
<b>Shareholder</b>	<b>No of Shares</b>	<b>% Share Holding</b>
Talace Private Limited	34,38,02,63,400	97.2%
SBICAP Trustee Company Limited	97,99,56,600	2.8%
<b>Total</b>	<b>35,36,02,20,000</b>	<b>100.0%</b>

Source: Management

\*The Scheme provides for reduction and reorganisation of the share capital of the Transferee Company by reducing the face value of its equity shares from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share, in the manner set out in the Scheme prior to amalgamation of Talace and Vistara into AI.

### Talace Private Limited

The issued and subscribed equity share capital of Talace is INR 1,100.2 crore consisting of 110.0 crore equity shares of face value of INR 10 /- each. Further, the company is in the process of raising INR 2,683 crores through issues of equity shares of INR 10/- each through a rights issue. As discussed with the Management, the deemed shareholding pattern of Talace for the purpose of this scheme is presented in the table below. Additionally, the company has issued 170.0 crore preference shares of face value of INR 10 /- each.

<b>Shareholding pattern</b>		
<b>Shareholder</b>	<b>No of Shares</b>	<b>% Share Holding</b>
<b>Equity Shareholders</b>		
Tata Sons Private Limited	3,78,32,00,000	100.0%
<b>Preference Shareholders</b>		
Tata Sons Private Limited <sup>1</sup>	1,70,00,00,000	100.0%

Source: Management

<sup>1</sup> On 25 January 2022, Talace had allotted by way of rights issue, 170,00,00,000; 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCNRPS") of INR 10 each at par aggregating to INR 1,700 crores to Tata Sons Private Limited. For this Scheme, the preference shareholders of Talace have agreed to consider OCNRPS at par with the equity shares of Talace in all respects.



### TATA SIA Airlines Limited

The issued and subscribed equity share capital of Vistara is INR 10,020.0 crore consisting of 1,002.0 crore equity shares of face value of INR 10 /- each. The shareholding pattern of Vistara is as follows:

<b>Shareholding pattern</b>		
<b>Shareholders</b>	<b>No of Shares</b>	<b>% Share Holding</b>
Tata Sons Private Limited	5,11,02,00,000	51.0%
Singapore Airlines Limited	4,90,98,00,000	49.0%
<b>Total</b>	<b>10,02,00,00,000</b>	<b>100.0%</b>

Source: Management

Our Report and recommendation of the Share Exchange Ratio considers the above shareholding pattern, in discussions with Management of AI, Talace and Vistara.

### **APPROACH & METHODOLOGY - BASIS OF TRANSACTION**

The proposed Composite Scheme of Arrangement under the provisions of Section 230 to 232 of the Companies Act, 2013 contemplates a) an amalgamation of Talace and Vistara with AI and b) Preferential Allotment of equity shares in AI to Singapore Airlines Ltd.

Arriving at the Share Exchange Ratio for the proposed amalgamation of Talace and Vistara with AI, and valuation for the Preferential Allotment would require determining the valuation of AI, Talace and Vistara, based on different valuation approaches explained herebelow and various qualitative factors relevant to AI, Talace and Vistara.

There are several commonly used and accepted valuation approaches for determining the value of shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value (NAV) Method
2. Income Approach
  - Discounted Cash Flow (DCF) Method
3. Market Approach
  - Market Price Method
  - Comparable Companies' Multiples (CCM) Method
  - Comparable Companies' Transaction Multiples ('CTM') Method

#### **Asset Approach - Net Asset Value (NAV) method**

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A Scheme of Amalgamation would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.



## Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

### *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies' / business' capital – both creditors and shareholders.

### *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

**Market Approach:** Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price (MP) Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple (CCM) method**

Under this method, value of a business / company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Comparable Companies' Transaction Multiples (CTM) Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.





It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies (i.e. AI, Talace and Vistara and their respective subsidiaries/ joint ventures/ associate companies). In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of AI, Talace and Vistara and their respective subsidiaries/ joint ventures/ associate companies, and other factors which generally influence the valuation of the above companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Out of the above methods, we have used approaches / methods, as considered appropriate. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

#### **BASIS OF SHARE EXCHANGE RATIO**

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of a share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single share exchange ratio. The Share Exchange Ratio rendered in this Report only represent our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the share exchange ratio at which the Transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the Transaction and input of other advisors.

The Share Exchange Ratio has been arrived at on the basis of equity valuation (on a per share basis) of AI, Talace and Vistara based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for Amalgamation. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the current analysis, the amalgamation of Talace and Vistara with AI is proceeded with, on the assumption that AI and Vistara would amalgamate as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation/ merger, with the values arrived at on the net asset basis being of limited relevance. Hence, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio. As per the latest available financial statements provided, we understand that Talace holds investments in equity shares of AI and has certain other assets and liabilities. Talace is a holding company with no business operations. We have hence considered the Net Assets Value method for valuation of equity shares of Talace under the Asset Approach. We have considered it appropriate to give weightage to the Asset Approach in arriving at the Share Exchange Ratio for Talace.





Given the nature of the businesses of AI and Vistara, and the fact that we have been provided with projected financials for AI and Vistara and their material subsidiaries/ joint ventures/ associate companies, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the value of the equity shares of AI and Vistara for the purpose of arriving at the Share Exchange Ratio.

Within the DCF Method, equity values per share for AI and Vistara are computed as follows:

- Enterprise values for AI and Vistara are computed separately using DCF Method
- To arrive at the total value available to the equity shareholders for AI and Vistara, value arrived as above is adjusted, as appropriate, for debt, cash and cash equivalents and surplus assets as appearing in the balance sheet at 31 December 2022, contingent liabilities and other matters.
- Minority interest pertaining to AI SATS is reduced from the enterprise value of AI.
- The total value of equity is then divided by number of equity shares as at 7 February 2023, to arrive at the value per equity share.

Talace is a holding company with no business operations. We have hence not considered the DCF method for valuation of equity shares of Talace under the Income Approach. Further as discussed above, preference shares have been considered at par with equity shares in all respects.

For our analysis under Market Approach, given that the companies are not listed on any stock exchange we have not considered the Market Price Method. Since the current operations, and the operations in the next two years, for AI and Vistara, are not in stable state, we have not considered the Comparable Companies' Multiples (CCM) Method to arrive at the fair value of the shares of AI and Vistara for the purpose of arriving at the Share Exchange Ratio. Further, Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of comparable transactions in this space.

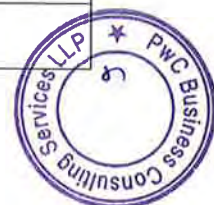
For our final analysis and recommendation we have considered the values arrived under the Income Approach and Asset Approach, to arrive at the value of the equity shares of AI, Talace and Vistara for the purpose of the Transaction.

We have considered appropriate weights to the values arrived at under the Income and Asset Approaches.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Exchange Ratio for the Transaction whose computation is as under.

The below table summarises workings for the value per share of AI, Talace and Vistara, and the Share Exchange Ratios as derived by us.

Valuation Approach	AI		Talace		Vistara	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	2.15	NA	35.83	100%	0.26	NA
Income Approach - DCF Method	5.56	100%	NA	NA	14.16	100%
Market Approach - Market Price Method	NA	NA	NA	NA	NA	NA
<b>Value per Equity Share</b>	<b>5.56</b>		<b>35.84</b>		<b>14.16</b>	
<b>Share Exchange Ratio (rounded off)</b>			<b>6.2709</b>		<b>2.5487</b>	



In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Exchange Ratios for the amalgamation of Talace with AI as under:

**62,709 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 equity shares of Talace (of INR 10/- each fully paid up).<sup>2</sup>**

**62,709 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 preference shares of Talace (of INR 10/- each fully paid up).<sup>2</sup>**

We recommend the Share Exchange Ratio for the amalgamation of Vistara with AI as under:

**25,487 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 equity shares of Vistara (of INR 10/- each fully paid up).<sup>2</sup>**

Further, based on the above considerations, in our opinion, the equity value of AI, as at the Valuation Date is INR 5.56 (INR Five Rupees and Fifty Six paisa) per equity share of INR 10/- each.<sup>2</sup>

Respectfully submitted,

PwC Business Consulting Services LLP  
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158



Neeraj Garg  
Partner  
IBBI Membership No.: IBBI/RV/02/2021/14036

Date: 7 February 2023  
Place: Mumbai

RVN – IOVRVF/PWC/2022-2023/1487



<sup>2</sup> The Scheme provides for reduction and reorganisation of the share capital of the Transferee Company by reducing the face value of its equity shares from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share, in the manner set out in the Scheme.



**02 June 2023**

**To,**

**The Board of Directors,  
Air India Limited**  
Block 4, Vatika One On One,  
Sector 16, NH 48, Gurugram,  
Haryana - 122007

**The Board of Directors,  
Talace Private Limited**  
2nd Floor, Block 4,  
Vatika One On One, Gurugram,  
Haryana - 122007

**The Board of Directors,  
TATA SIA Airlines Limited**  
Intellion Edge, Tower A, 9th &  
10th Floor, South Peripheral  
Road, Sector – 72, Gurugram,  
Haryana - 122101.

**Sub: Corrigendum to the report titled 'Recommendation of the Share Exchange Ratio for the proposed amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited and valuation for the preferential allotment by Air India Limited to Singapore Airlines' dated 7 February 2023**

Dear Sir / Madam,

We refer to our report titled 'Recommendation of the Share Exchange Ratio for the proposed amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited and valuation for the preferential allotment by Air India Limited to Singapore Airlines' dated 7 February 2023 issued to the Board of Directors of Air India Limited, Talace Private Limited and TATA SIA Airlines Limited ('Fair Equity Share Exchange Ratio Report' or 'Report').

PwC Business Consulting Services LLP is hereinafter referred to as 'PwC BCS' or 'Valuer' or 'we' or 'us' in this corrigendum to the Report ('Corrigendum to the Report').

We are issuing the Corrigendum to the Report for rectifying a typographical error in the Value per Share of Talace Private Limited mentioned in the Report.

**Value per share of Talace Private Limited mentioned in the Report dated 7 February 2023 on page no. 10 was as follows:**

The below table summarises workings for the value per share of AI, Talace and Vistara, and the Share Exchange Ratios as derived by us.

Valuation Approach	AI		Talace		Vistara	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	2.15	NA	<u>35.83</u>	100%	0.26	NA
Income Approach - DCF Method	5.56	100%	NA	NA	14.16	100%
Market Approach - Market Price Method	NA	NA	NA	NA	NA	NA

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Registered Office : 11-A, Sucheta Bhawan, 1<sup>st</sup> Floor, Vishnu Digambar Marg, New Delhi, 110 002.



Recommendation of fair exchange ratio for the proposed Amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited

<b>Value per Equity Share</b>	<b>5.56</b>		<b>35.84</b>		<b>14.16</b>	
<b>Share Exchange Ratio (rounded off)</b>			<b>6.2709</b>		<b>2.5487</b>	

The above should be replaced with the following language:

The below table summarises workings for the value per share of AI, Talace and Vistara, and the Share Exchange Ratios as derived by us.

Valuation Approach	AI		Talace		Vistara	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	2.15	NA	<u>34.84</u>	100%	0.26	NA
Income Approach - DCF Method	5.56	100%	NA	NA	14.16	100%
Market Approach - Market Price Method	NA	NA	NA	NA	NA	NA
<b>Value per Equity Share</b>	<b>5.56</b>		<b><u>34.84</u></b>		<b>14.16</b>	
<b>Share Exchange Ratio (rounded off)</b>			<b>6.2709</b>		<b>2.5487</b>	

No amendment other than those stated above has been made in the Report previously shared with you. The above change does not have any impact on the fair equity exchange ratio recommended in the report.

This Corrigendum to the Report should be read in conjunction with our Report dated 7 February 2023 and is subject to the scope limitations enunciated in the Report.

We request you to file this Corrigendum to the Report along with the above referred Report.

Respectfully submitted,

**PwC Business Consulting Services LLP**

Registered Valuer

Registration No. IBBI/RV\_E/02/2022/158

Neeraj

**Neeraj Garg**

Partner

IBBI Membership No.: IBBI/RV/02/2021/14036

Date: 02 June 2023

RVN: IOVRVF/PWC/2022-2023/1639





3 August 2023

To,

**The Board of Directors,  
Air India Limited**  
Airlines House,  
113, Gurudwara Rakabganj Road,  
New Delhi 110001

**The Board of Directors,  
Talace Private Limited**  
Army & Navy Building,  
148, M G Road,  
Opposite Kala Ghoda, Fort,  
Mumbai 400001

**The Board of Directors,  
TATA SIA Airlines  
Limited**  
Jeevan Bharti, Tower 1,  
10th Floor 124 Connaught  
Circus,  
New Delhi 110001

**Sub: Clarification to our Report titled ‘Recommendation of the Share Exchange Ratio for the proposed amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited and valuation for the preferential allotment by Air India Limited to Singapore Airlines’ dated 7 February 2023, read with the corrigendum to the Report dated 2 June 2023**

Dear Sir / Madam,

We refer to our Report titled ‘Recommendation of the Share Exchange Ratio for the proposed amalgamation of Talace Private Limited and TATA SIA Airlines Limited into Air India Limited and valuation for the preferential allotment by Air India Limited to Singapore Airlines’ dated 7 February 2023 issued to the Board of Directors of Air India Limited (“AI” or “**Transferee Company**”), Talace Private Limited (“**Talace**” or “**Transferor Company 1**”) and TATA SIA Airlines Limited (“**Vistara**” or “**Transferor Company 2**”) read with the corrigendum to the said Report dated 2 June 2023 (collectively, the ‘**Report**’).

PwC Business Consulting Services LLP is hereinafter referred to as ‘PwC BCS’ or ‘Valuer’ or ‘we’ or ‘us’ in this clarification to the Report (‘**Clarification to the Report**’).

We have recommended the following Share Exchange Ratios in our Report:

***In relation to amalgamation of Talace with AI:***

- *62,709 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 equity shares of Talace (of INR 10/- each fully paid up).\**
- *62,709 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 preference shares of Talace (of INR 10/- each fully paid up).\**

***In relation to amalgamation of Vistara with AI:***

*25,487 equity shares of AI (of INR 10/- each fully paid up) for every 10,000 equity shares of Vistara (of INR 10/- each fully paid up).\**

n

PwC Business Consulting Services LLP, 252 Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028.  
T : +91 (22) 66691500, F: + 91 (22) 66547801 / 04 / 07 / 08, [www.pwc.com/india](http://www.pwc.com/india)

LLPIN : AAO-9288 Registered with limited liability  
Registered Office : 11-A, Sucheta Bhawan, 1<sup>st</sup> Floor, Vishnu Digambar Marg, New Delhi, 110 002.



*\*The note mentioned in the Report is reproduced as "The Scheme provides for reduction and reorganization of the share capital of the Transferee Company by reducing the face value of its equity shares from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share, in the manner set out in the Scheme".*

Clause 9.1 of Part III and Clause 19.1 of Part IV of the Composite Scheme of Arrangement amongst Talace and Vistara and AI and their respective shareholders (the "Scheme") set out the following Share Exchange Ratios:

***In relation to amalgamation of Talace with AI:***

***6.2709 (six point two seven zero nine) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) equity share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each and for every 1 (one) preference share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each.***

***In relation to amalgamation of Vistara with AI:***

***2.5487 (two point five four eight seven) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) share of Transferor Company 2 of INR 10 (Indian Rupees Ten) each.***

The Scheme *inter alia* provides for reduction of face value of the paid-up equity share of AI from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share.

This is to clarify that while at the time of issuance of the Report, the face value of the paid-up equity share of AI was and continues to be INR 10 (Indian Rupees Ten) per equity share, we have considered the reduction of face value of the paid-up equity share from INR 10 (Indian Rupees Ten) per equity share to INR 4 (Indian Rupees Four) per equity share of AI in our assumptions for arriving at the value per share of AI, Talace and Vistara and the Share Exchange Ratios as detailed in our Report.

As a result of reduction of the face value of the paid-up equity share of AI as set out in the Scheme, there will not be any change in the recommended Share Exchange Ratios for the amalgamation of Talace and Vistara with AI. Therefore, the proposed Share Exchange ratios mentioned in the Scheme, are consistent with the Share Exchange Ratios recommended by us in the Report.

No amendment has been made in the Report previously shared with you. This is only a clarification and does not have any impact on the fair Share Exchange Ratios recommended in the Report.

This clarification to the Report should be read in conjunction with our Report dated 7 February 2023 and Corrigendum to the Report dated 2 June 2023 and is subject to the scope limitations enunciated in the Report.

Yours faithfully,

NEERA Digitally signed  
by NEERAJ GARG  
Date: 2023.08.03  
17:01:05 +05'30'  
J GARG

**Neeraj Garg**  
**Partner**

PwC Business Consulting Services LLP  
PAN No. AAXFP2728B  
LLPIN (Registration Number): AAO-9288



# RBSA Capital Advisors LLP

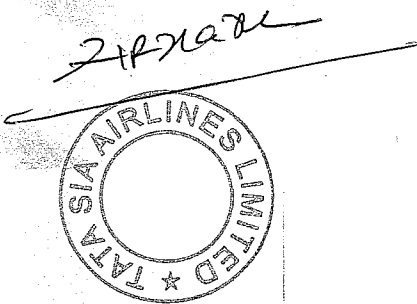
VALUATION | INVESTMENT BANKING | RESTRUCTURING | ADVISORY SERVICES  
TRANSACTION SERVICES | TRANSACTION TAX

**Private and Confidential**

**Valuation of the equity shares of Air India Limited  
pursuant to FEMA Regulations**

**March 2023**

3/10





774

# RBSA Capital Advisors LLP

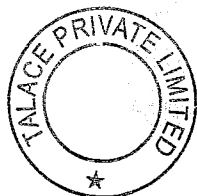
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*[Handwritten signature]*



# RBSA Capital Advisors LLP

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Report Ref No: RCA2223AMDREP03006

13/03/2023

**Air India Limited**

Airlines House,  
113 Gurudwara Rakabganj Road,  
New Delhi, 110001

**Talace Private Limited**

Army & Navy Building  
148, M G Road  
Fort, Mumbai 400001

**TATA SIA Airlines Limited**

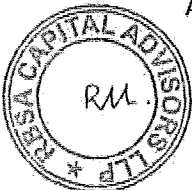
Jeevan Bharti, Tower I, 10<sup>th</sup> Floor,  
124 Connaught Circus,  
New Delhi 110001

Dear Sirs,

We refer to our engagement letter dated February 8, 2023 wherein Air India Limited, TATA SIA Airlines Limited and Talace Private Limited (together referred to as the "Specified Companies"/ the "Clients") have appointed RBSA Capital Advisors LLP ("RBSA" / "We"), a Category I Merchant Banker registered with the Securities and Exchange Board of India ("SEBI"), for carrying out the valuation of the equity shares of Air India Limited in connection with the Proposed Transaction (as defined below), pursuant to FEMA Regulations (as defined below).

**1. Preamble**

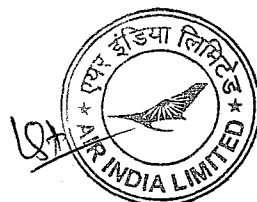
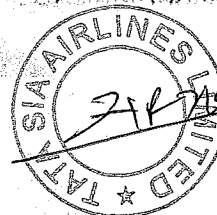
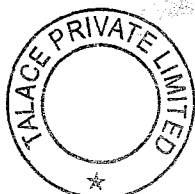
- 1.1. Air India Limited ("AIL") is engaged in the business of providing full service and low cost scheduled passenger airline services, cargo belly-hold services and certain other allied businesses. Air India Express Limited ("AIEL") and AIX Connect Private Limited (previously, AirAsia (India) Private Limited) ("AIX Connect") are wholly owned subsidiaries of AIL. Air India SATS Airport Services Private Limited ("AISATS") is a 50:50 joint venture between AIL and SATS Ltd. (Singapore Airport Terminal Services). AIL, AIEL, AIX Connect and AISATS are together referred to as the "AIL Group".
- 1.2. TATA SIA Airlines Limited ("TSAL") is a 51:49 joint venture between Tata Sons Private Limited ("TSPL") and Singapore Airlines Limited ("SIA") and operates under the brand 'Vistara'. TSAL is engaged in the business of providing full service scheduled passenger airline services, cargo belly-hold services and certain other allied businesses. SIA is a company incorporated under the laws of Singapore and has its registered office at Airline House, 25 Airline Road, Singapore - 819829, Singapore.
- 1.3. Talace Private Limited ("TPL") is the holding company of AIL. Apart from investment in AIL, TPL does not have any other material assets or liabilities.
- 1.4. Equity shares of the Specified Companies are not listed on any stock exchanges. TSPL is the ultimate holding company of the Specified Companies.
- 1.5. Composite Scheme of Arrangement:
  - 1.5.1. We understand that on February 7, 2023, the Board of Directors of the Specified Companies have approved a composite scheme of arrangement between the Specified Companies and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme"). The Scheme inter-alia envisages the following:



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Head Office: 912, Venus Atlantis Corporate Park, Anandnagar Main Road, Prahaladnagar, Ahmedabad - 380015 Tel: +91 79 4050 6000  
Corporate Office: 1121, Solitaire Corp. Park, Chakala, Andheri Kurla Road, Andheri (E), Mumbai - 400 093 Tel: +91 22 6130 6000

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- (a) Reduction and reorganisation of share capital of AIL;
- (b) Amalgamation of TPL with AIL and the dissolution of TPL without winding up;
- (c) Amalgamation of TSAL with AIL and the dissolution of TSAL without winding up; and
- (d) Preferential allotment of equity shares by AIL to SIA.

The Scheme is awaiting the shareholders' and other regulatory approvals.

- 1.5.2. As a consideration for the amalgamation of TPL and TSAL with AIL, AIL shall issue fully paid-up equity shares of INR 4/- (Indian Rupees Four) (post reduction) each to the shareholders of TPL and TSAL, respectively, based on the share exchange ratios specified in the Scheme.
- 1.5.3. As part of the Scheme, AIL proposes to issue equity shares to SIA on preferential basis ("Proposed Transaction"). In this context, the management of Specified Companies (together referred to as the "Management") has approached RBSA Capital Advisors LLP, a Category 1 Merchant Banker registered with the Securities and Exchange Board of India, to carry out valuation of equity shares of AIL as at February 7, 2023 ("Valuation Date"), on a 'going concern value' premise, on the basis that TPL and TSAL have been merged into AIL, pursuant to Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, notified by Central Government and as amended from time to time (together referred to as "FEMA Regulations").
- 1.6. We have carried out the valuation of the equity shares of AIL, on the basis that TPL and TSAL have been merged into AIL, as at the Valuation Date adopting internationally accepted pricing methodology, in connection with the Proposed Transaction pursuant to FEMA Regulations and our approach, along with the valuation conclusions, are detailed in this Report.

## 2. Overview of the Specified Companies

### 2.1. Air India Limited

2.1.1. AIL is a full-service airline operating in domestic and international markets. AIL provides domestic and international air transport services, which primarily includes passenger and cargo services and other related services.

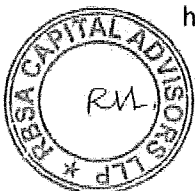
### 2.1.2. AIL Subsidiaries:

- AIEL, a wholly owned subsidiary of AIL is India's first international budget carrier and was launched in 2005 to meet the demand for affordable services on short and medium-haul routes connecting smaller towns in India directly to the Gulf and southeast Asian regions.
- AIX Connect was incorporated in March 2013 and became a wholly owned subsidiary of AIL in November 2022. AIX Connect is a low-cost airline headquartered in Bengaluru, Karnataka.

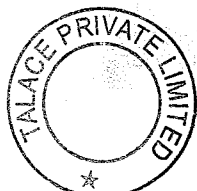
### 2.1.3. AIL Joint Venture:

AISATS was established in 2010 as a 50:50 joint venture between AIL and Singapore Airport Terminal Services (SATS Ltd), Headquartered in Mumbai, AISATS operates at the Delhi, Bengaluru, Hyderabad, Thiruvananthapuram and Mangaluru airports. AISATS' offerings include services for ground handling, passenger handling, cargo handling, ramp management, load control & flight operations, and aircraft interior cleaning.

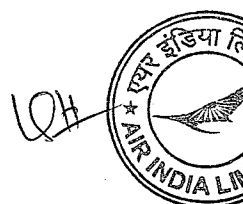
2.2. TSAL is a 51:49 joint venture between TSPL and SIA and operates under the brand 'Vistara'. TSAL is engaged in the business of providing full service scheduled passenger airline services, cargo belly-hold services and certain other allied businesses.



Signature



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2.3. Talace Private Limited ("TPL") is the holding company of AIL. Apart from investment in AIL, TPL does not have any other material assets or liabilities.

2.4. Disinvestment of AIL

2.4.1. The Ministry of Civil Aviation, Government of India had issued a preliminary information memorandum dated January 27, 2020, inviting expressions of interest from interested bidders for the strategic disinvestment of AIL through the transfer of management control and sale of 100% of the equity share capital of AIL held by the Government of India. Subsequently, TPL was selected as the successful bidder for the acquisition of AIL. On January 27, 2022, TPL acquired 100% equity shares of AIL from Government of India through a duly executed share purchase agreement.

2.4.2. We understand from the management of AIL that, post the acquisition of AIL, several transformational initiatives have been undertaken by AIL including appointment of a new chief executive officer and management team, modernisation and expansion of the operating fleet, improvement of on-time performance, enhancement of customer experience including upgradation and launch of new customer interface including website, mobile application as well as proactive customer notification systems, setting up a new age technology platform, and upgradation of internal systems.

2.5. AIL Group

2.5.1. Extracts of the unaudited consolidated summarized Income Statement and balance sheet of AIL Group for the 9 months period ended December 31, 2022, provided by the management of AIL are as under:

Consolidated summarized Income Statement		(In INR Cr.)
Particulars for period ended	Dec 31, 2022	
No of Months	9	
Total Revenues	30,088.0	
Total Expenses	(30,703.0)	
<b>EBITDAR</b>	<b>(615.0)</b>	
Lease Rentals	(1,614.0)	
<b>EBITDA</b>	<b>(2,229.0)</b>	
Depreciation	(1,784.0)	
<b>EBIT</b>	<b>(4,013.0)</b>	
Other Income	46.0	
Finance Cost	(836.0)	
<b>PBT</b>	<b>(4,803.0)</b>	

Source: Information provided by the management of AIL

Consolidated summarized Balance Sheet:		(In INR Cr.)
Particulars as at	Dec 31, 2022	
Fixed assets (net)	31,554.9	
ROU Assets	10,353.7	
Other non-current assets	3,679.4	
Receivables	1,514.8	
Inventories	970.5	
Cash and Cash Equivalents	5,559.7	
Other current assets	1,726.3	
<b>Total Assets</b>	<b>55,359.3</b>	



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Consolidated summarized Balance Sheet:		(In INR Cr.)
Particulars as at	Dec 31, 2022	
Net-worth	5,337.4	
Borrowings	22,070.6	
Lease Liabilities	12,869.1	
Other Liabilities and Provisions	11,084.6	
Payables	3,997.6	
<b>Total Liabilities</b>	<b>55,359.3</b>	

Source: Information provided by the management of AIL

2.5.2. Extracts of Standalone audited Income statement and Balance Sheet of AIL as for the year ended March 31, 2022, and Standalone provisional income statement and balance sheet of AIL for nine months period ended December 31, 2022, are as under:

AIL Standalone Income Statement		(In INR Cr.)	
Particulars for the year/ period ended	Mar 31, 2022	Dec 31, 2022	
	No of months	12	9
	Audited	Provisional	
Revenue from Operations	17,105.2	22,961.7	
Expenses	(18,583.5)	(24,090.2)	
<b>EBITDA</b>	<b>(1,478.3)</b>	<b>(1,128.5)</b>	
Depreciation	(4,188.0)	(2,324.8)	
Finance cost	(3,871.9)	(747.4)	
Other Income	2,710.7	77.3	
<b>EBT and Exceptional Item</b>	<b>(6,827.5)</b>	<b>(4,123.4)</b>	
Exceptional Item *	(2,530.0)	(210.1)	
<b>EBT</b>	<b>(9,357.5)</b>	<b>(4,333.5)</b>	
Tax Expenses	(199.0)	-	
<b>PAT</b>	<b>(9,556.5)</b>	<b>(4,333.5)</b>	

Source: Information provided by the management of AIL

\* Exceptional Item pertains to provision for impairment of assets in FY 2022 and VRS Cost in YTD Dec 2022

AIL Standalone Balance Sheet		(In INR Cr.)	
Particulars as at	Mar 31, 2022	Dec 31, 2022	
	Audited	Provisional	
Fixed assets (net)	29,716.1	27,124.9	
ROU Assets	7,111.2	7,211.2	
Other non-current assets	5,431.5	8,049.1	
Receivables	1,531.7	1,204.1	
Inventories	642.7	667.6	
Cash	2,164.6	1,021.1	
Other current assets	2,661.9	4,308.5	
<b>Total Assets</b>	<b>49,259.8</b>	<b>49,586.5</b>	
Net worth	16,847.1	12,510.5	
Borrowings	13,812.5	16,313.0	
Lease Liabilities	8,072.7	9,026.2	
Payables	2,928.5	3,053.7	
Other Liabilities & Provisions	7,599.1	8,683.2	
<b>Total Liabilities</b>	<b>49,259.8</b>	<b>49,586.5</b>	

Source: Information provided by the management of AIL



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### 2.5.3. Shareholding Pattern

The equity shares of AIL are not listed on any stock exchange. The shareholding pattern of AIL as at the Valuation Date, **before** the scheme of amalgamation is as follows:

Particulars	No. of Equity shares*	% Holding
Talace Private Limited	34,380,263,400	97.23%
SBICAP Trustee Company Limited (on behalf of Air India Employee Settlement Trust)	979,956,600	2.77%
<b>Total</b>	<b>35,360,220,000</b>	<b>100.00%</b>

\* Face value INR 10 each.

Source: Information provided by the management of AIL

### 2.6. TATA SIA Airlines Limited

2.6.1. Extracts of the Standalone audited Income statement and Balance Sheet of TSAL for the year ended March 31, 2022, and Standalone provisional Income statement and Balance Sheet of TSAL for the nine months ended December 31, 2022, are as under:

#### TSAL Standalone Income Statement (In INR Cr.)

Particulars for the year/ period ended No of months	Mar 31, 2022	Dec 31, 2022
	Audited	Provisional
Revenue from Operations	5,226.5	8,670.9
Expenses	(5,716.2)	(8,965.8)
<b>EBITDA</b>	<b>(489.7)</b>	<b>(294.9)</b>
Depreciation	(1,132.9)	(934.3)
Finance cost	(633.7)	(599.7)
Other Income	224.8	195.6
<b>EBT</b>	<b>(2,031.5)</b>	<b>(1,633.3)</b>
Tax Expenses	-	-
<b>PAT</b>	<b>(2,031.5)</b>	<b>(1,633.3)</b>

Source: Information provided by the management of TSAL

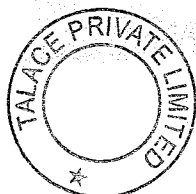
#### TSAL Standalone Balance Sheet (In INR Cr.)

Particulars as at	Mar 31, 2022	Dec 31, 2022
	Audited	Provisional
Fixed assets (net)	4,624.6	5,508.4
ROU Assets	8,246.4	9,408.6
Other non-current assets	31.9	53.4
Receivables	454.6	489.3
Inventories	200.3	224.5
Cash	840.7	1,605.7
Other current assets	1,036.8	1,384.9
<b>Total Assets</b>	<b>15,435.3</b>	<b>18,674.8</b>
Net worth	1,249.0	265.7
Borrowings	1,779.1	2,714.5
Lease Liabilities	9,515.2	11,650.0
Payables	1,063.4	1,394.5
Other Liabilities & Provisions	1,828.5	2,650.0
<b>Total Liabilities</b>	<b>15,435.3</b>	<b>18,674.8</b>

Source: Information provided by the management of TSAL



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## 2.6.2. Shareholding pattern

The equity shares of TSAL are not listed on any stock exchange. The shareholding pattern of TSAL as at the Valuation Date is as under:

Particulars	No of Equity shares*	% Holding
Tata Sons Private Limited	5,110,200,000	51.00%
SIA	4,909,800,000	49.00%
<b>Total</b>	<b>10,020,000,000</b>	<b>100.00%</b>

\* Face value INR 10 each

Source: Information provided by the management of TSAL

## 2.7. Talace Private Limited

2.7.1. Extracts of the Standalone audited Income statement and Balance Sheet of TPL for the year ended March 31, 2022, and Standalone provisional Income statement and Balance Sheet of TPL for the nine months ended December 31, 2022, are as under:

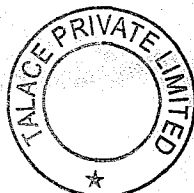
TPL Standalone Income Statement		(In INR Cr.)	
Particulars for the year/ period ended	Mar 31, 2022	Dec 31, 2022	
No of months	12	9	
	Audited	Provisional	
Revenue from operations	0.4	0.8	
Expenses	(29.5)	(7.7)	
<b>EBITDA</b>	<b>(29.1)</b>	<b>(6.9)</b>	
Finance cost	(12.9)	(54.4)	
<b>PBT</b>	<b>(42.0)</b>	<b>(61.3)</b>	
Tax expenses	(0.0)	(0.1)	
<b>PAT</b>	<b>(42.0)</b>	<b>(61.4)</b>	

Source: Information provided by the management of TPL

TPL Standalone Balance Sheet		(In INR Cr.)	
Particulars as at	Mar 31, 2022	Dec 31, 2022	
	Audited	Provisional	
Investments	2,749.7	2,749.7	
Cash and Cash Equivalents	0.1	0.0	
Investments	17.1	13.9	
Other current assets	-	0.4	
<b>Total Assets (A)</b>	<b>2,766.9</b>	<b>2,764.1</b>	
Net worth	1,407.3	1,395.9	
Borrowings	1,313.7	1,368.1	
Deferred tax liabilities (net)	0.0	0.1	
Other Current liabilities	45.9	-	
<b>TOTAL LIABILITIES (B)</b>	<b>2,766.9</b>	<b>2,764.1</b>	

Source: Information provided by the management of TPL

In January 2023, TSPL has subscribed to rights issue of TPL aggregating to ~INR 2,683 Cr. Subsequently TPL has subscribed to right issue of AIL aggregating to ~INR 2,695 Cr.



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## 2.7.2. Shareholding pattern

The shareholding pattern of TPL as at the Valuation Date is as under:

Particulars	Equity Shares *		OCNRPS *	
	No. of shares	% Holding	No. of shares	% Holding
Tata Sons Private Limited	378,32,00,000	100.00%	170,00,00,000	100.00%
<b>Total</b>	<b>378,32,00,000</b>	<b>100.00%</b>	<b>170,00,00,000</b>	<b>100.00%</b>

\* Face value INR 10 each

Source: Information provided by the management of TPL

## 2.8. Going concern:

- 2.8.1. As informed by the Management, the historical performance of AIL and its subsidiaries were adversely impacted by the restrictions imposed on domestic and international flights during the Covid 19 pandemic, significant volatility in the airline revenue and fuel prices, and other global macroeconomic conditions.
- 2.8.2. The revenues of AIL have grown significantly in first half of FY23 and significant liabilities have been paid-off after the divestment. The Management has undertaken several transformational initiatives and AIL is in the midst of an operational and financial turnaround. The Management is confident of its ability to generate cash inflows from operations and also raise long term funds to meet its obligations on due dates.
- 2.8.3. Further, as per undertaking provided by the TPL in the share purchase agreement, TPL shall ensure continuity of business of AIL of providing air transport services on a 'going concern basis' for a period of three years from the date of transfer of control. Based on the undertaking by TPL, and in combination of other improvements mentioned above, the management of TPL believes that AIL will be able to continue as a 'going concern' in the foreseeable future.

## 2.9. Key developments subsequent to December 31, 2022;

### 2.9.1. ESOP Scheme:

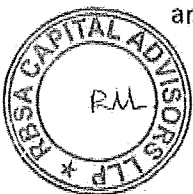
Management has represented that in January 2023, AIL had initiated the Employee Share Benefit Scheme for eligible employees in accordance with the share purchase agreement signed as part of the divestment process ("ESOP Scheme"). As required under this ESOP scheme, 3.0% of the equity share capital of AIL purchased by TPL during divestment were transferred to SBICAP Trustee Company Limited, the trustee to the ESOP Scheme.

### 2.9.2. Rights issue to TPL:

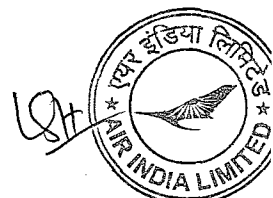
Management has represented that in February 2023, AIL issued 269.5 crore equity shares of face value INR 10, at par, to TPL on a rights basis.

### 2.9.3. Repayment of Loans, OCDs and OCNRPS given by Tata Sons at AIX Connect:

Management has represented that AIX Connect has repaid INR 2,695 Cr. to TSPL towards repayment of Shareholder loans, redemption of 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCNRPS") and the Optionally Convertible and Redeemable Debentures ("OCD") and accrued interest.



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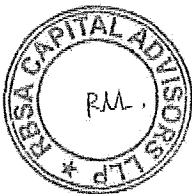
### 3. Industry Outlook

- 3.1. The airline industry was adversely impacted by the temporary halt in operations at the peak of the Covid-19 pandemic and the subsequent rise in aviation turbine fuel (ATF) prices. As per ICRA, Indian airline companies reported losses of ~ INR 235 billion in FY22. However, with steady recovery in passenger traffic, fare hikes and lower interest burden, the losses for FY23 are projected to be lower at INR 150-170 Mn.
- 3.2. India's aviation industry is experiencing growth due to the rise in demand from the country's increasingly upward-mobile middle class. As per IATA (International Air of Transport Association), domestic traffic in India reached ~85.7% of its pre-Covid year level in 2022. International traffic increased by ~152.7% over 2021 levels and reached ~62.2% of 2019 levels.
- 3.3. In January 2023, the domestic aviation industry operated at a passenger load factor ("PLF") of ~90% as against a PLF of ~65% in January 2022 and 86% in January 2020. In February 2023, leading aircraft manufacturer Boeing stated that India's domestic airline travel has recovered to ~98% of the pre-pandemic levels and that the industry has transitioned from recovery to growth stage.
- 3.4. To develop India into an international aviation hub, the government plans to invest ~US\$ 1.83<sup>1</sup> billion on airport infrastructure and navigation services by 2026.
- 3.5. While passenger traffic is poised to show healthy growth over the next few years, profitability in the aviation sector will be determined by the airlines' efforts to ensure fare hikes proportionate to their input cost increase.

### 4. Sources of Information

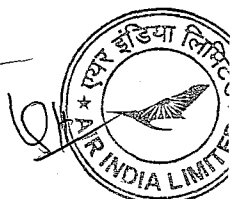
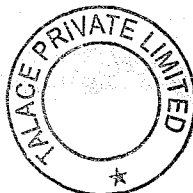
For carrying out the valuation of the equity shares of AIL, we have relied upon the following sources of information provided by the Management and/ or available in public domain:

- Standalone audited financial statements of the Specified Companies for the year ending March 31, 2022, and standalone unaudited/ provisional financial statements of the Specified Companies for the 9 months period ended December 31, 2022;
- Unaudited/ provisional consolidated summarized income statement and balance sheet of AIL Group for the 9 months period ended December 31, 2022;
- Composite scheme of arrangement between the Specified Companies and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme").
- Projected income statement, working capital and capital expenditure requirement of AIL Group and TSAL, which the management of the respective companies believes to be their best estimate of the expected operating performance of the AIL Group and TSAL, respectively ("Management Projections");
- Discussions with the senior management of the Specified Companies regarding past and current business, operations, financial condition, and prospects of the Specified Companies .
- Information obtained from public domain and subscribed databases.
- In addition to the above, we have also obtained such other explanations, which we considered relevant for the purpose of our analysis.



<sup>1</sup> Source: <https://www.ibef.org/industry/indian-aviation>

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## 5. Procedures

The procedures used in our valuation included such substantive steps as we considered necessary under the circumstances, including, the following:

- Considered standalone audited financial statements of the Specified Companies for the year ending March 31, 2022, and standalone unaudited/ provisional financial statements of the Specified Companies for the 9 months period ended December 31, 2022;
- Considered consolidated unaudited/ provisional summarized income statement and balance sheet of AIL Group for the 9 months period ended December 31, 2022;
- Analysis of Management Projections;
- Considered the share exchange ratio as per the Scheme;
- Discussions and correspondence with the Management/ their representatives;
- Considered information available in public domain and subscribed databases; and
- Such other analyses, reviews, and inquiries, as we considered necessary.

## 6. Valuation Approaches and Methodology

6.1. Valuation of equity shares of AIL has been carried out in connection with the Proposed Transaction, pursuant to the FEMA Regulations.

6.2. Equity Shares of AIL are not listed on any stock exchange. FEMA Regulations allow usage of any internationally accepted pricing methodology to determine the price of an unlisted company, on an arms-length basis.

6.3. Valuation of equity shares of AIL has been carried out in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India ("ICAI VS").

6.4. Fair value basis has been adopted as the basis for valuation. Fair Value has been defined as per ICAI VS as under:

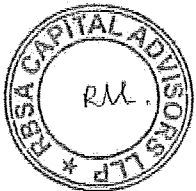
*"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."*

*Premise of Value refers to the conditions and circumstances of how an asset is deployed. Valuation of AIL has been carried out on a 'going concern value' premise.*

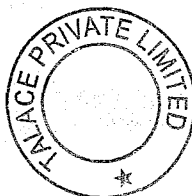
6.5. The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the business value, which can be considered in the present case, to the extent relevant and applicable, and subject to the availability of detailed information, to arrive at the business enterprise value and equity value:

### 6.6. Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.



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## 6.6.1. Market Price Method:

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

## 6.6.2. Comparable Companies Multiple (CCM) Method:

Under this method, one attempts to measure the value of the shares / business by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business - to the relevant financial parameter of business (based on past and / or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate the factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

## 6.6.3. Comparable Transaction Multiple (CTM) Method:

Under Comparable Transaction Method, the value of shares / business is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject business. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

## 6.7. Income Approach – Discounted Cash Flow (“DCF”)

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Such DCF analysis involves determining the following:

### Estimating future free cash flows:

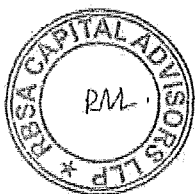
Free cash flows are the cash flows expected to be generated by the business/ assets that are available to the providers of the company's capital – both debt and equity.

### Appropriate discount rate to be applied to cash flows i.e., the cost of capital:

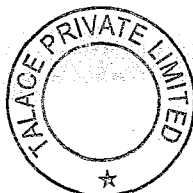
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

## 6.8. Asset Approach

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.



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### 7. Key Valuation Consideration:

#### 7.1. Composite Scheme of Arrangement:

The Scheme between Specified Companies and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013 envisages the following:

##### 7.1.1. Reduction and reorganisation of share capital of AIL:

The Scheme provides for restructuring and reorganisation of AIL's share capital by reducing the face value of its equity shares from INR 10 per equity share to INR 4 per equity share.

##### 7.1.2. Amalgamation of TPL with AIL:

Post reduction of face value from INR 10 per equity share to INR 4 per equity share, the Scheme envisages amalgamation of TPL into AIL. The Scheme provides for the share exchange ratio in the proportion of 6.2709 (six point two seven zero nine) fully paid-up equity shares of AIL of INR 4 each for every 1 (one) equity share of TPL of INR 10 each and for every 1 (one) OCNRPS of TPL of INR 10 each.

##### 7.1.3. Amalgamation of TSAL with AIL:

Post above, the Scheme envisages amalgamation of TSAL into AIL. The Scheme provides for the share exchange ratio in the proportion of 2.5487 (two point five four eight seven) fully paid-up equity shares of AIL of INR 4 each for every 1 (one) equity share of TSAL of INR 10 each.

##### 7.1.4. Preferential allotment of equity shares by AIL to SIA:

As an integral part of the Scheme and upon the Scheme becoming effective, simultaneously with the allotment of equity shares by AIL to the shareholders of TPL and TSAL, AIL proposes to issue and allot SIA on a preferential basis 3,702,338,129 (Three Hundred Seventy Crores Twenty Three Lacs Thirty Eight Thousand One Hundred Twenty Nine Only) fully paid-up equity shares of face value of INR 4 each (Indian Rupees Four) at a price of INR 5.56 (Indian Rupees five point five six) per equity share. It is envisaged that after the consummation of the Scheme, SIA shall hold an aggregate of 25.1% of the total issued and paid-up equity share capital of AIL.

### 7.2. Shareholding Pattern

#### 7.2.1. The shareholding pattern of AIL after the Scheme of amalgamation, but before the preferential allotment to SIA is as follows:

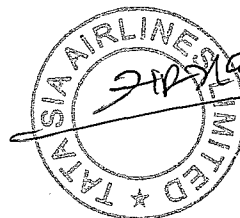
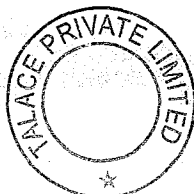
Particulars	Equity shares *	% Holding
TSPL	47,40,89,65,620	77.84%
SIA	12,51,36,07,260	20.55%
SBICAP Trustee Company Limited (the trustee to the ESOP Scheme)	97,99,56,600	1.61%
<b>Total</b>	<b>60,90,25,29,480</b>	<b>100.00%</b>

\* Face value INR 4 each.

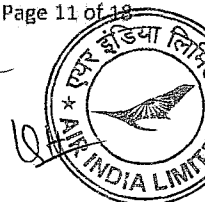
Source: Management Information and the Scheme



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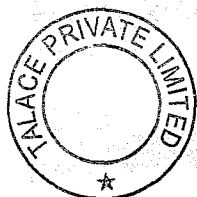
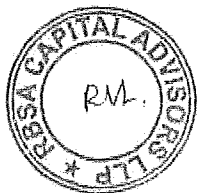
### 7.3. Management Projections:

We understand from the Management that the projected income, working capital and capital expenditure requirement of AIL Group and TSAL have been prepared by the management of the respective companies, considering inter-alia the following and represents their best estimate of the expected operating performance of the respective companies as at date:

- Business outlook;
- Competitive scenario;
- Capital expenditure and operating working capital requirements;
- Other factors as considered relevant.

### 7.4. Valuation Approach/ methodology adopted for valuation of equity shares of AIL and TSAL:

- 7.4.1. Based on the undertaking of support given by TPL, revival in the airline industry post Covid-19 and the discussions with the Management, the valuation of AIL is carried out on a 'going concern value' premise, on an arms-length basis using internationally accepted pricing methodology.
- 7.4.2. Equity shares/ equity shares of AIL and TSAL are not traded on any stock exchanges. Accordingly, the Market Price method has not been adopted for valuation.
- 7.4.3. AIL and TSAL have been incurring losses in the recent past. There are no listed companies with operating characteristics similar to AIL and TSAL. Considering the aforementioned, CCM method has not been adopted for valuation of AIL and TSAL.
- 7.4.4. The revenues of AIL have grown significantly in first half of FY23 and significant liabilities have been paid-off pursuant to the disinvestment. The Management has undertaken several transformational initiatives and AIL is in the midst of an operational and financial turnaround. Details of comparable transactions involving other comparable companies/ businesses with similar operating characteristics and stage of operations as AIL and TSAL, if any, were not readily available in public domain. Accordingly, CTM method has not been adopted for valuation of AIL and TSAL.
- 7.4.5. AIL and TSAL are expected to make operating profits going forward. The historical book value of the capital employed of AIL does not reflect its earnings value. Valuation of AIL and TSAL is carried out on a 'going concern value' premise. Accordingly, Asset Approach has not been adopted for the valuation of equity shares of AIL and TSAL.
- 7.4.6. The management of AIL and TSAL have provided the projected income statement, working capital and capital expenditure requirement of the respective companies, which represents their best estimate of the expected performance of AIL and TSAL, respectively. Accordingly, we have adopted Income approach - Discounted cash flow method, for the valuation of AIL and TSAL.
- 7.4.7. We note that the management of AIL Group have provided the financial projection for the period 1 January 23 – 31 March 2032 and the management of TSAL have provided financial projection for the period 1 January 23 – 31 March 2027. Considering the aforementioned, financial projections of TSAL were extrapolated up to FY32 considering inter-alia tapering down of revenue growth to normative levels and assuming a similar operating margin.
- 7.4.8. Adjustments, as appropriate, are made to the Enterprise Value, for debt/debt like items, cash and cash equivalents, rights issue subsequent to December 31, 2022, contingent liabilities, brought forward tax losses, minority interest in AISATS, equity shares to be issued pursuant to the Scheme and other matters, as appropriate, to arrive at the equity value of AIL.



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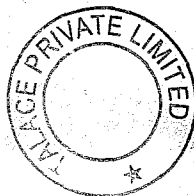


### 8. Scope, Assumptions, Exclusions and Limitations

- 8.1. RBSA has been appointed in its capacity as Category I Merchant Banker registered with Securities and Exchange Board of India by the Management to carry out the valuation of equity shares of AIL as on the Valuation Date, on the basis that TPL and TSAL have been merged into AIL, pursuant to the FEMA Regulations.
- 8.2. The basis of value applied in this engagement is fair value. Fair Value has been defined as per the valuation standards issued by the Institute of Chartered Accountants of India ("ICAI VS") as, "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 valuation date."
- 8.3. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement letter; (ii) the Valuation Date; (iii) financial statements of the Specified Companies for the period ended December 31, 2022; (iv) Management Projections of the AIL Group and TSAL; (v) the Scheme; and (vi) other information provided by/ on behalf of the Management and information obtained from public domain and subscribed databases. We have been informed by the Management that the business activities of the Specified Companies have been carried out in the normal and ordinary course between December 31, 2022, and the Report date and except to the extent specifically informed to us, no material changes have occurred in their respective operations and financial position between December 31, 2022, and the Report date. We understand from the Management that considering inter-alia the pending regulatory approvals, etc., projected consolidated financial statements of AIL Group and TSAL as approved by their respective Board of Directors, are presently not available. Considering the aforementioned, the valuation of AIL and TSAL is carried out on the basis of stand-alone performances of each of the Specified Companies and is subject to this premise.
- 8.4. Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our valuation will have to be tempered by the exercise of judicious discretion and judgment taking into accounts all the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value. There is, therefore, no indisputable single value and while we normally express our opinion on the value as falling within a likely range, considering the nature, purpose, and requirement of the engagement we have provided a single point value by adopting a value at the mid-point of our valuation range. While we have provided our opinion on valuation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.
- 8.5. The final responsibility for determination of the terms of the Proposed Transaction shall be with the Management of the Specified Companies who shall take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors, if any. The actual price achieved for the Proposed Transaction may be higher or lower than our estimate of value depending upon the circumstances of the transaction, the nature of the business, etc. The knowledge, negotiating ability and motivation of buyers and sellers and the applicability of discount or premium for control will also affect actual price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which Proposed Transaction will take place.



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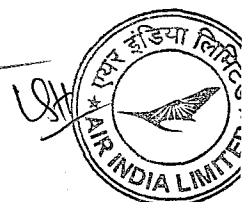
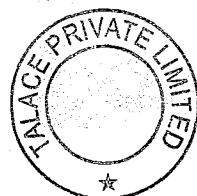
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- 8.6. Our valuation is based on the market, financial and other information provided by the Management and other information that was publicly available or sourced from subscribed databases, which have been relied upon for the purpose of valuation. The Management has represented to us that the information provided for valuation is complete, accurate, true, and correct to the best of their knowledge. We have relied on the Management representation concerning the financial data and operational data. We have carried out relevant analyses and evaluations through discussions, calculations, and such other means, as appropriate.
- 8.7. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercise, our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. Accordingly, we express no audit opinion or any other form of assurance on the Information provided.
- 8.8. The Management has indicated us, and they understand that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/conclusion. Accordingly, we assume no responsibility for any errors in the information provided by the Management and their impact on the Report. We reserve our right to alter our conclusions, if it is found that the information provided to us by the Management was not reliable, accurate or complete.
- 8.9. We have relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 8.10. Valuation analysis may contain and/ or are based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point of time. During the course of the valuation, we were provided with both written and verbal information We have evaluated the information provided to us by the Specified Companies through inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Accordingly, such information, estimates or opinions are not offered as our predictions or our assurance that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of the predicted results as it is dependent on actions, plans and assumptions of the Management.
- 8.11. Our Report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.
- 8.12. This Report has been prepared for the purpose as stated herein and should not be relied upon for any other purpose. This Report is only for the sole use of the Specified Companies and is restricted for the purpose indicated in the engagement letter. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. Unless required by law, it



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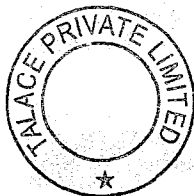
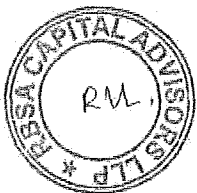
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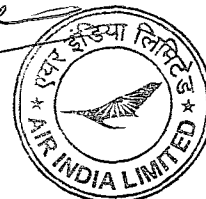
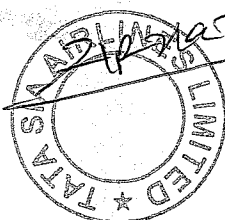


shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any such third party to whom the Report is disclosed or otherwise made available. We do not take any responsibility for the unauthorized use of this Report.

- 8.13. We owe responsibility only to the Specified Companies that have appointed RBSA under the terms of the engagement letter. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other third party to the Specified Companies. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Specified Companies, their directors, employees, or agents. In no circumstances shall the liability of RBSA, its partners, directors, or employees, relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to RBSA in respect of the fees charged by it for these services.
- 8.14. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance to the Specified Companies, invest / divest shares of the Specified Companies, if any, shall do so after seeking their professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Specified Companies) chooses to place reliance on any matters included in the Report, they shall do so at their own risk and without recourse to RBSA. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so. RBSA accepts no responsibility or liability to any other party (including Permitted Recipient), in connection with this Report. It is clarified that reference to this Report in any document and / or filing or possession of this Report by any party, shall not be deemed to be an acceptance by RBSA of any responsibility or liability to any person / party other than the Specified Companies. RBSA accepts no duty, obligation, liability, or responsibility to any party, other than the Specified Companies with respect to the services and/ or this Report.
- 8.15. Our valuation is primarily from a business perspective and does not consider various legal and other corporate structures beyond the limited information provided to us by the Management. Valuation is based on business, economic, market and other conditions as they existed as of the Valuation Date. Subsequent events or circumstances that could affect the conclusions set forth in our valuation include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition, and results of operations of the Specified Companies. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Specified Companies and any other matter, which may have an impact on our opinion, on the valuation analysis as on the Valuation Date. Due to possible changes in market forces and circumstances, this Report can only be regarded as relevant as at the Valuation Date. RBSA is under no obligation to update, revise or reaffirm the valuation.
- 8.16. We have provided draft copy/ workings of this Report to the Management, who have confirmed to the best of their knowledge and belief that the factual information contained within this document is correct and that there are no material omissions.



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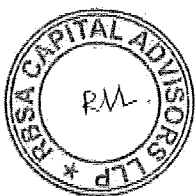
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- 8.17. The Report assumes that the Specified Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Specified Companies will be managed in a competent and responsible manner. Further, unless specifically stated, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the financial statements provided to us. Valuation may be significantly influenced by adverse legal, title or ownership, encumbrance issues; we reserve our right to alter the conclusions should any such issues are brought to our knowledge at a later date.
- 8.18. In performing the valuation analysis set forth herein, we have made certain assumptions with respect to industry performance and general business and economic conditions, many of which are outside the control of the relevant Specified Companies and subject to change.
- 8.19. The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 8.20. The fee for our services is not contingent upon the results/ value conclusion of the engagement. This Report is subject to laws of India.
- 8.21. We do not have any financial interest in the Specified Companies, nor do we have any conflict of interest in carrying out this valuation. Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.
- 8.22. Certain clarifications were provided by the Management orally, without confirmations in writing. We have assumed that such verbal information or clarifications provided to us is reliable, accurate and complete in all respects. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this Report comes to light that has a material impact on the conclusions herein.

## 9. Deliverables

- 9.1. Our report can be used by the Specified Companies only for the purpose set out in the engagement letter and is not intended for general circulation or publication and is not to be reproduced without prior written consent. We understand that this Report may be submitted to jurisdictional National Company Law Tribunal or other Indian regulatory or judicial authorities as may be required under law, Authorised Dealer Bank(s), Reserve Bank of India, Department for Promotion of Industry and Internal Trade and Ministry of Civil Aviation, on a 'need to know' basis in connection with Proposed Transaction (together referred to as the "Permitted Recipients"), RBSA accepts no responsibility or liability to any other party (including, Permitted Recipients) to whom Report may be shown or who may acquire a copy of the Report.
- 9.2. In no event shall we be liable for any loss, damage, cost, or expense arising in any way from fraudulent acts, misrepresentations, or willful default on the part of the Specified Companies, their directors, shareholders, employees or agents. In no circumstances shall the liability of RBSA, its partners, directors, or employees, relating to services provided in connection with the engagement set out in this letter (or variation or addition thereto) exceed the amount paid to us in respect of the fees charged for those services.



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## 10. Conclusion

Based on the analysis of the data/ information provided by the Management, key consideration, the Scheme and other factors mentioned in the Report as well as analysis of industry macroeconomic trends, fair value of the equity shares of AIL, on the assumption that TPL and TSAL have been merged into AIL, pursuant to FEMA Regulations, is INR 5.54 per equity share as of the Valuation Date.

We thank you for the cooperation extended to us by your team during the course of this engagement.

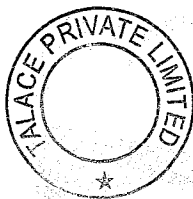
**For RBSA Capital Advisors LLP**  
SEBI Registered Category I Merchant Banker  
Registration Code: INM000011724

*R. Shah*

Ravishu Vinod Shah  
Partner  
Date: 13/03/2023



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## Annexure 1: Calculation of value per share of AIL

Particulars		(In INR Cr) Amount	
Business Enterprise Value of AIL Group as of December 31, 2022 #	(a)	33,572.6	
<b>Add/ (Less): Adjustments relating to AIL Group</b>			
Borrowings as of Dec 31, 2022		(22,070.6)	
Cash and cash equivalent as of Dec 31, 2022		5,204.7	
Rights issue of equity shares by AIL subsequent to Dec 31, 2022		2,695.0	
Repayment of OCDs/ OCRPS by AIX Connect subsequent to Dec 31, 2022*		(1,034.6)	
Other adjustments ##		1,227.1	
<b>Sub-total</b>	(b)	(13,978.4)	
<b>Equity Value of AIL Group as of the Valuation Date</b>	<b>c = (a) + (b)</b>	<b>19,594.2</b>	
<b>Add: Adjustments</b>			
Equity value of TSAL		14,159.2	Refer Note 1
Assets of TPL (other than investment in AIL)		2.3	
<b>Sub-total</b>	<b>d</b>	<b>14,161.4</b>	
<b>Equity Value (after considering amalgamation of TPL and TSAL)</b>	<b>e = (c + d)</b>	<b>33,755.6</b>	
No of equity shares of AIL (post amalgamation of TPL and TSAL) **		6,090.3	Refer Note 2
<b>Equity value per share (In INR)</b>		<b>5.54</b>	

# After deducting aircraft lease rentals

## Includes non-current investment, assets held for sale, redelivery liability, PV of tax savings on carry forward losses at the end of terminal year, contingent liabilities (net of tax), minority interest, stub period adjustment, etc.

\* Difference between amount repaid and amount recognised as borrowings under Ind AS as of Dec 31, 2022

\*\* Including employee stock options

### Note 1: Equity value of TSAL

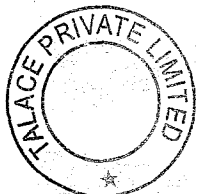
Particulars	(In INR Cr) Amount
Business Enterprise Value of TSAL as of December 31, 2022 #	15,008.2
<b>Add/(Less): Adjustments relating to TSAL</b>	
Cash and cash equivalent as of December 31, 2022	1,609.3
Borrowings as of December 31, 2022	(2,739.4)
Other adjustments ^	281.1
<b>Equity Value of TSAL as of December 31, 2022</b>	<b>14,159.2</b>

# After deducting aircraft lease rentals

^ Includes advance tax (net), contingent liabilities (net of tax), stub period adjustment

### Note 2: Number of Equity Shares of AIL

Particulars	No. of Shares
Existing number of shares	3,266.5
Add: Shares issued to TPL on right basis	269.5
<b>Total number of equity shares (post TPL Infusion)</b>	<b>3,536.0</b>
Add: Shares to be issued on amalgamation of TPL and TSAL (as per the Scheme)	5,992.3
Less: Shares to be cancelled post amalgamation of TPL with AIL	(3,438.0)
<b>Total number of equity shares post amalgamation of TPL and TSAL (in Cr)</b>	<b>6,090.3</b>



# TALACE PRIVATE LIMITED

(CIN) U74999HR2020PTC111111

Registered Office: 2nd Floor, Block 4, Vatika, One on One, Gurugram, Haryana, 122007

Email: [talace@tata.com](mailto:talace@tata.com)

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TALACE PRIVATE LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF TALACE PRIVATE LIMITED**

## 1. **Background**

- 1.1. The Board of Directors (“**Board**”) of Talace Private Limited (“**Transferor Company 1**”) has at its meeting held on February 7, 2023, approved the composite scheme of arrangement (“**Scheme**”) amongst the Transferor Company 1 and Tata SIA Airlines Limited (“**Transferor Company 2**”) and Air India Limited (“**Transferee Company**”) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Companies Act**”).
- 1.2. Capitalized terms used but not defined in this report shall have the meanings as ascribed to such terms under the Scheme.
- 1.3. The Scheme provides for:
- (i) reorganisation and reduction of share capital of the Transferee Company;
  - (ii) amalgamation of the Transferor Company 1 with the Transferee Company and the dissolution of the Transferor Company 1 without winding up (“**Amalgamation-1**”);
  - (iii) amalgamation of the Transferor Company 2 with the Transferee Company and the dissolution of the Transferor Company 2 without winding up (“**Amalgamation-2**”); and
  - (iv) preferential allotment of equity shares by the Transferee Company to Singapore Airlines Limited (“**SIA**”) (“**Preferential Allotment**”).
- 1.4. In terms of Section 232(2)(c) of the Companies Act, a report from the directors of the Transferor Company 1, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferor Company 1, laying out in particular, the share exchange ratios and specifying any special valuation difficulties, if any, is required to be appended with the notice of the meeting of shareholders and/or creditors, if such meeting is directed to be convened by the Chandigarh Bench of the National Company Law Tribunal (“**NCLT**”).
- 1.5. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Companies Act and in this connection, the following documents were presented before the Board:
- (i) the proposed Scheme;

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- (ii) Report on the recommendation of the share exchange ratios for Amalgamation-1 and Amalgamation-2 and valuation report for the Preferential Allotment dated February 7, 2023 read with corrigendum to the report dated June 2, 2023, issued by PwC Business Consulting Services LLP (an IBBI registered valuer) (“**Share Exchange Ratios Report**”);
  - (iii) Report on the valuation of the equity shares of the Transferee Company pursuant to regulations issued under the Foreign Exchange Management Act, 1999 dated March 13, 2023 issued by RBSA Capital Advisors LLP (a SEBI registered Category I merchant banker); and
  - (iv) Certificate dated May 13, 2023 issued by the Statutory Auditor of the Transferee Company confirming that the accounting treatment in the Scheme is in compliance with applicable accounting standards.
- 1.6. The Board noted the rationale for the Scheme, as set forth in detail in the Scheme, and is therefore not reiterated in this report.
- 1.7. The Appointed Date under the Scheme shall mean the opening hours of November 29, 2022, whereas, the Effective Date under the Scheme shall mean the 10<sup>th</sup> (tenth) business day from the completion of the last of the conditions set out in Clause 28 of Part VI of the Scheme.

## **2. Effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferor Company 1:**

### **2.1. Effect of the Scheme on Employees / Key Managerial Personnel / Directors of the Transferor Company 1:**

- (i) In terms of Clause 6.1 of Part III of the Scheme, upon the Effective Date and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company 1 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 1 as on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 1 with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company 1 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- (ii) In terms of Clause 6.2 of Part III of the Scheme, the accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.

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- (iii) In terms of Clause 6.3 of Part III of the Scheme, the Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company 1, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.
- (iv) In terms of Clause 14.1 of Part III of the Scheme, upon the Effective Date, the Transferor Company 1 shall stand dissolved without being wound up and accordingly, the Board and any committees thereof shall also cease to exist.

## 2.2. Effect of the Scheme on Promoter and Non-Promoter Shareholders of the Transferor Company 1:

- (i) The Transferor Company 1 has two classes of shareholders (i.e. equity and preference shareholders) and holds 97.23% of the equity share capital of the Transferee Company.
- (ii) The entire equity and preference share capital of the Transferor Company 1 is held by Tata Sons Private Limited (“Tata Sons”).
- (iii) *Amalgamation-1:*

- (a) In terms of Clause 9.1 of Part III of the Scheme, upon the Effective Date and in consideration of the amalgamation of the Transferor Company 1 with the Transferee Company, the Transferee Company shall issue and allot equity shares credited as fully paid-up to the extent indicated below to the shareholders of the Transferor Company 1 holding shares and whose name appear in the register of members of the Transferor Company 1 as a member of the Transferor Company 1, or whose names appear as the beneficial owners of the equity and preference shares of the Transferor Company 1 in the records of the depositories, in each case, as on the Record Date in the following proportion:

***6.2709 (six point two seven zero nine) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) equity share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each and for every 1 (one) preference share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each.***

If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with the Scheme, the Board of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.

- (b) In terms of Clause 9.8 of Part III of the Scheme, prior to the Effective Date, the Transferor Company 1 and/or the Transferee Company shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.
- (c) In terms of Clause 9.9 of Part III of the Scheme, if any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share



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capital of the Transferor Company 1 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 1 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio mentioned under Clause (a) above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 1 and the Transferee Company.

- (d) In terms of Clause 12.1 of Part III of the Scheme, upon the Effective Date and simultaneous to the equity shares being issued by the Transferee Company as per Clause (a) of Part III of the Scheme, the equity shares of the Transferee Company held by the Transferor Company 1 and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of the Transferee Company shall stand reduced.
- (iv) *Preferential Allotment to SIA:*
- (a) In terms of Clause 24.1 of Part V of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, the Transferee Company shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of INR 4 each (“**Preferential Equity Shares**”) at a price of INR 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of the Transferee Company.
- (b) In terms of Clause 24.2 of Part V of the Scheme, the price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of the Transferee Company after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.
- (c) In terms of Clause 24.3 of Part V of the Scheme, the Subscription Amount shall be paid by SIA to the Transferee Company from the bank account of SIA.
- (v) Accordingly, upon the Effective Date, Tata Sons (i.e. the equity and preference shareholder of the Transferor Company 1) will become an equity shareholder of the Transferee Company.

### 3. **Valuation:**

- 3.1. The Share Exchange Ratios Report recommended the share exchange ratios for Amalgamation-1 as:

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- (i) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 1 (of INR 10/- each fully paid up); and
  - (ii) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 preference shares of the Transferor Company 1 (of INR 10/- each fully paid up).
- 3.2. The Share Exchange Ratios Report recommended the share exchange ratio for Amalgamation-2 as 25,487 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 2 (of INR 10/- each fully paid up).
- 3.3. The Share Exchange Ratios Report also acknowledges that the face value of the equity shares of the Transferee Company shall be reduced from INR 10/- each to INR 4/- each prior to Amalgamation-1 and Amalgamation-2. Accordingly, Clause 9.1 of Part III and Clause 19.1 of Part IV of the Scheme captures the share exchange ratios after taking into account the reduction of share capital of the Transferee Company.
- 3.4. For the purpose of the Preferential Allotment to SIA by the Transferee Company, valuation has been carried out by RBSA Capital Advisors LLP, SEBI Registered Category I Merchant Banker, pursuant to regulations issued under the Foreign Exchange Management Act, 1999.
- 3.5. No special valuation difficulties were reported by the valuers.

#### 4. Adoption of the Report by the Board

- 4.1. The Board has adopted this report after noting and considering the information set forth in this report.

**By order of the Board of Directors of Talace Private Limited**

**Eruch N. Kapadia**  
**Director**  
**DIN: 02230412**

**Date:** July 12 2023

**Place:** Mumbai



**INDEPENDENT AUDITORS' REPORT**

To the Members of Talace Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Talace Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, and the statement of Profit and Loss including other comprehensive income, 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 "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

We draw your attention to Note no 1 of the financial statements of the Company on the composite scheme of arrangement that provides for amalgamation of the Company with Air India Limited which is in process of seeking approval from the relevant regulatory authorities. The scheme will become effective on receipt of required approvals from regulatory authorities, shareholders and the creditors of the parties, being sanctioned by the National Company Law Tribunal and completion of other formalities as required under law.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 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.

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing our opinion under section 143(3)(i) of the Companies Act, 2013 on whether the company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and



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

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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) Pursuant to MCA notification dated 13th June 2017, reporting on adequacy of the internal financial controls with reference to the financial statements is exempted for this company.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigations as at 31 March 2023 which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 27 to the financial statements
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023 – Refer Note 29 to the financial statements; and
    - 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(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries





(b) The management has represented that, other than as disclosed in notes to financial statements, no funds have been received by the company from any person(s) or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries- Refer note 33 to the financial statements,

(c) Based on such audit procedures we have 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 (a) and (b) contain any material misstatement.

v. No dividend declared or paid during the year by the company, therefore compliance requirements of section 123 of the Companies Act, 2013 is not applicable for the current year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

Since the Company is a private limited company, the provisions of Section 197 of the Companies Act, 2013 are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

  
  
R. Suriyanarayanan  
Partner  
Membership No. 201402  
UDIN: 23201402BGYBUG1900

Place of Signature: Mumbai

Date: 24 May 2023

## Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Talace Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2023.

- (i)
- a. There are no Property, Plant and Equipment, hence reporting under clause 3(i)(a), 3(i)(b), 3(i)(c) and 3(i)(d) of the Order is not applicable.
  - b. As per the information and explanation provided to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)
- a. The Company does not any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
  - b. Based on our audit procedures & according to the information and explanation given to us, the Company has not been sanctioned loan in excess of five crore rupees from banks or financial institution on the basis of security of current assets and hence the question of filing quarterly returns or statements by the company with such banks or financial institutions does not arise. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii)
- (a) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in, 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 as follows:
- (A) Subsidiaries, joint ventures and associates:
- | Particulars                                     | Investment (Amount in Lakhs) |
|---|------------------------------|
| Investment made during the year<br>- Subsidiary | 2,68,300                     |
- (b) Based on our audit procedures and according to the information and explanation given to us, the investments made, are not prejudicial to the Company's interest.
- (c) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans and advances in the nature of loans, therefore requirements of clause sub clauses (c), (d), (e) and (f) of clause 3(iii), is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of, making investment.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.





- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii)
- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, and any other statutory dues as applicable with the appropriate authorities.
- According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, and any other statutory dues were in arrears, as at 31 March 2023 for a period of more than six months from the date they became payable.
- There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.
- (ix)
- (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the Company has not obtained terms loans during the financial year, therefore the requirements of clause 3(ix)(c) is not applicable to it.
- (d) According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiary company. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x)
- (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been



complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

- (xi)
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government
- (c) The Whistle Blower mechanism is not applicable to the company as on Balance sheet date hence reporting under this clause is not required.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered with the related parties during the year are in compliance with Section 177 and Section 188 of the Act to the extent applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24).
- (xiv)
- (a) Since the company has not met the applicable thresholds defined under section 138 of the Companies Act 2013, the requirement of Internal Audit is not applicable for the reporting year.
- (b) As internal audit not applicable for the reporting year, reporting under clause (xiv)(b) is not applicable.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) Reserve Bank of India has granted exemption from the requirement of registration as Core Investment Company till December 31, 2024 and as on the balance sheet date the Company continues to fulfill the conditions laid down while granting the exemption, hence the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) Reserve Bank of India has granted exemption from the requirement of registration as Core Investment Company till December 31, 2024 and as on the balance sheet date the Company continues to fulfill the conditions laid down while granting the exemption.
- (d) Based on our audit procedures and according to the information and explanations given to us, there are 7 Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period
- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred operating cash losses of Rs. 5,417.22 lakhs in the financial year and Rs. 1,667.35 lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this

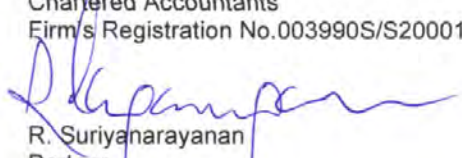




clause is not applicable.

- (xix) As stated in Note 1, the Board of the Company has approved a composite scheme re-organization and reduction of share capital of Air India Limited, amalgamation of the Company with Air India Limited, amalgamation of Tata SIA Airlines Limited with Air India Limited. As on date, the Company is in the process of seeking approvals for the said Scheme from the relevant regulatory authorities. Based on the current liquidity position of the Company, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability 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 spend any amount as CSR under section 135. Therefore, reporting under this clause is not applicable.
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135. Accordingly, paragraph 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

  
R. Suriyanarayanan  
Partner  
Membership No.201402  
UDIN: 23201402BGYBUG1900



Place of Signature: Mumbai  
Date: 24 May 2023


**Talace Private Limited**  
**CIN: U74999HR2020PTC111111**  
**Balance Sheet as at 31 March 2023**

(All amounts are in INR lakhs, unless otherwise specified)

(₹ in lakhs)

Particulars	Notes	As at 31 March, 2023	As at 31 March, 2022
<b>I. ASSET</b>			
<b>(1) Financial Assets</b>			
Cash and Cash Equivalents	3	9.22	10.59
Investments	4	5,36,387.26	2,76,681.59
Loans and Advance	5	0.10	0.10
<b>Total Financial Asset</b>		<b>5,36,396.58</b>	<b>2,76,692.28</b>
<b>(2) Non Financial Asset</b>			
Other Non Financial Asset	6	31.26	-
<b>Total Non Financial Asset</b>		<b>31.26</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>5,36,427.84</b>	<b>2,76,692.28</b>
<b>LIABILITY AND EQUITY</b>			
<b>LIABILITY</b>			
<b>(1) Financial Liabilities</b>			
Trade and Other Payables	7		
(i) total outstanding dues of micro enterprises and small enterprises		7.33	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		136.21	3,640.33
Borrowings	8	1,38,591.59	1,31,366.44
<b>Total Financial Liabilities</b>		<b>1,38,735.13</b>	<b>1,35,006.77</b>
<b>(2) Non-Financial Liabilities</b>			
Deferred tax liabilities (net)	9	2.08	2.45
Other Non Financial Liabilities	10	9.90	954.00
<b>Total Non-Financial Liabilities</b>		<b>11.98</b>	<b>956.45</b>
<b>(3) Equity</b>			
a. Ordinary Share Capital	11	3,78,320.00	1,05,020.00
b. Other Equity	12	19,360.73	35,709.06
<b>Total Equity</b>		<b>3,97,680.73</b>	<b>1,40,729.06</b>
<b>TOTAL LIABILITY AND EQUITY</b>		<b>5,36,427.84</b>	<b>2,76,692.28</b>
<b>See accompanying Notes to the Financial Statements</b>			

In terms of our report attached  
**For PKF Sridhar & Santhanam LLP**  
Chartered Accountants

  
**R. Suriyanarayanan**  
Partner  
Membership No : 201402  
UDIN:23201402BGYBUG1900



Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

  
**Saurabh Agarwal**  
Director  
DIN: 02144558

  
**Eruch N. Kapadia**  
Director  
DIN: 02230412

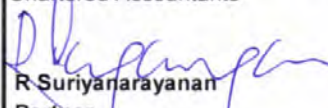
  
**Manjiree Vaze**  
Company Secretary  
ACS: 16028

Talace Private Limited  
CIN: U74999HR2020PTC111111  
Statement of Profit and Loss for the year ended 31 March 2023

(₹ in lakhs)

Particulars	Notes	For the year ended 31 March, 2023	For the year ended 31 March, 2022
<b>Revenue from operations</b>			
Interest Income		-	-
Net Gain on Fair Value Changes	13	70.77	38.33
<b>Total Revenue from Operation</b>		<b>70.77</b>	<b>38.33</b>
<b>Other Income</b>	14	<b>18.34</b>	-
<b>Total Income</b>		<b>89.11</b>	<b>38.33</b>
<b>Expenses</b>			
Employee Benefit Expense	15	-	1,587.12
Finance Cost	16	7,225.15	1,293.60
Other expenses	17	963.57	1,359.69
Loss on transfer of Investment	19	8,249.10	-
<b>Total Expenses</b>		<b>16,437.82</b>	<b>4,240.41</b>
<b>Loss before tax</b>		<b>(16,348.71)</b>	<b>(4,202.08)</b>
Tax expense:			
(1) Current Tax		-	-
(2) Deferred Tax	9	(0.38)	2.45
<b>Loss for the year</b>		<b>(16,348.33)</b>	<b>(4,204.53)</b>
<b>Other Comprehensive Income for the year</b>		-	-
<b>Total Comprehensive Loss for the year</b>		<b>(16,348.33)</b>	<b>(4,204.53)</b>
<b>Earnings per equity share</b>	18	<b>(1.10)</b>	<b>(2.03)</b>
Basic and Diluted (Face Value of Rs 10 each)			
<b>Significant Accounting Policies</b>	2		

In terms of our report attached  
For PKF Sridhar & Santhanam LLP  
Chartered Accountants


  
R. Suriyanarayanan  
Partner  
Membership No : 201402  
UDIN:23201402BGYBUG1900




Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

  
Saurabh Agarwal  
Director  
DIN: 02144558

  
Eruch N. Kapadia  
Director  
DIN: 02230412

  
Manjiree Vaze  
Company Secretary  
ACS: 16028



Talace Private Limited  
CIN: U74999HR2020PTC111111  
Statement of Cash Flow for the year ended 31 March 2023

(₹ in lakhs)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
<b>A. Cash flow from operating activities</b>		
Loss before tax	(16,348.71)	(4,202.08)
<b>Adjustments for:</b>		
Fair value gain on mutual fund	(8.55)	(10.19)
Profit on redemption of mutual fund	(62.22)	(28.14)
Loss on Transfer of Shares	8,249.10	
Share Issue expenses	0.15	314.28
Exchange Loss	(18.34)	
Finance Cost	7,225.15	1,293.60
Operating Loss before Working Capital Changes	(963.42)	(2,632.53)
<b>Changes in working capital:</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Financial asset	-	(0.10)
Non Financial asset	(31.26)	-
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade and other payables	(3,478.45)	11.36
Other Non-Financial Liabilities	(944.09)	953.92
Cash (used in) / generated from operations before tax expense	(5,417.22)	(1,667.35)
Taxes paid (net of refund)	-	-
<b>Net cash flow (used in) / generated from operating activities (A)</b>	<b>(5,417.22)</b>	<b>(1,667.35)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of mutual fund	(1,500.00)	(6,980.00)
Proceeds from sale of mutual fund	3,116.00	5,306.65
Investment in subsidiary company	(2,69,500.00)	(2,71,342.14)
<b>Net cash flow (used in) / generated from investing activities (B)</b>	<b>(2,67,884.00)</b>	<b>(2,73,015.49)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from Issue of Equity Share Capital (net of share issue expenses)	2,73,299.85	1,04,685.72
Proceeds from Issue of Optionally Convertible Non Cumulative Redeemable Preference Shares	-	1,70,000.00
<b>Net cash flow (used in) / generated from financing activities (C)</b>	<b>2,73,299.85</b>	<b>2,74,685.72</b>
<b>Net Increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(1.37)</b>	<b>2.88</b>
Cash and cash equivalents at the beginning of the year	10.59	7.71
<b>Cash and cash equivalents at the end of the year (Refer Note 3)</b>	<b>9.22</b>	<b>10.59</b>

**Notes:**

- (i) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS-7 on "Statement of Cash Flows".  
(ii) Figures in brackets represent outflow.

In terms of our report attached  
For PKE Sridhar & Santhanam LLP  
Chartered Accountants

R Suriyanarayanan  
Partner  
Membership No : 201402  
UDIN:23201402BGYBUG1900

Place : Mumbai  
Date : May 24, 2023



For and on behalf of the Board of Directors

*Saurabh Agarwal*

Saurabh Agarwal  
Director  
DIN: 02144558

*Eruch N. Kapadia*  
Eruch N. Kapadia  
Director  
DIN: 02230412

*Manjiree Vaze*  
Manjiree Vaze  
Company Secretary  
ACS: 18028

Talace Private Limited  
Statement of Changes in Equity for the year ended 31 March, 2023

A. Equity Share Capital

Summary of Share Capital	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Balance at the beginning of the year	1,05,02,00,000	1,05,020.00	2,00,000	20.00
Changes in Equity share capital due to prior year errors	-	-	-	-
Reinstated Balances	-	-	-	-
Shares issued and subscribed during the year	2,73,30,00,000	2,73,300.00	1,05,00,00,000	1,05,000.00
<b>Shares outstanding at the end of the year</b>	<b>3,78,32,00,000</b>	<b>3,78,320.00</b>	<b>1,05,02,00,000</b>	<b>1,05,020.00</b>

B. Other Equity

Particulars	Reserves and surplus	Equity Component of Compound Financial Instruments	Total
	Retained Earnings		
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Opening Balance as on 1 April, 2021	(13.57)	-	(13.57)
Loss for the year	(4,204.53)	-	(4,204.53)
Other Comprehensive Income for the year	-	-	-
Issue of optionally convertible non-cumulative redeemable preference shares	-	39,927.16	39,927.16
<b>Balance as at 31 March, 2022</b>	<b>(4,218.10)</b>	<b>39,927.16</b>	<b>35,709.06</b>
<b>Opening Balance as on 1 April, 2022</b>	<b>(4,218.10)</b>	<b>39,927.16</b>	<b>35,709.06</b>
Loss for the year	(16,348.33)	-	(16,348.33)
Other Comprehensive Income for the year	-	-	-
<b>Balance as at 31 March, 2023</b>	<b>(20,566.43)</b>	<b>39,927.16</b>	<b>19,360.73</b>

See accompanying notes to the financial statements

In terms of our report attached

For PKF Sridhar & Santhanam LLP  
Chartered Accountants

R Suriyanarayanan  
Partner  
Membership No : 201402  
UDIN:23201402BGYBUG1900



Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

Saurabh Agarwal  
Director  
DIN: 02144558

Eruch N. Kapadia  
Director  
DIN: 02230412

Manjiree Vaze  
Company Secretary  
ACS: 16028



**Talace Private Limited**  
**Notes forming part of the financial statements**

**1 Background**

Talace Private Limited ("the Company") is an Indian private limited company incorporated on 12 August, 2020. The principal activity of the Company is to carry maintain, operate, manage, lease, and invest in any transportation services including without limitation rapid transit, rail services, metro services, ropeway services, helicopter services, air transport services and all other forms of aerial or non-aerial work. The company is a subsidiary of Tata Sons Private Limited.

The Company had submitted a bid for acquisition of Air India Limited at an enterprise value of Rs 18,000 crores which was declared successful by the Government of India. The Company completed the acquisition of Air India Limited and currently its holding company. On 7th February 2023, the Board of the Company has approved a composite scheme of arrangement under section 230 to 232 and other applicable provisions of the Companies Act 2013, with Air India Limited (subsidiary of the Company) and Tata SIA Airlines Limited (subsidiary of Tata Sons Private Limited) ("the Scheme"). The Scheme will enable the companies to realize greater synergies between their businesses, yield beneficial results and avail pooled resources in the interest of maximizing value to the shareholders and other stakeholders. The Scheme provides for re-organisation and reduction of share capital of Air India Limited, amalgamation of the Company with Air India Limited, amalgamation of Tata SIA Airlines Limited with Air India Limited with effect from 29th November 2022 or such other date as may be agreed between the respective parties and approved by the National Company Law Tribunal. As on date, the Company is in the process of seeking approvals for the said Scheme from the relevant regulatory authorities.

The Company has been granted exemption from registering as Core Investment Company with the Reserve Bank of India till 31st December 2024.

**2 Basis of Preparation**

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standard ('Ind AS'), notified under section 133 of the Companies Act, 2013 together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs.

The preparation of the said standalone financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed.

The Financial Statements have been prepared on an accrual basis and under historical cost basis, except for the financial assets and liabilities which have been measured at fair value as set out in these accounting policies

All amounts are in Indian Rupees Lakhs.

**Significant Accounting Policies:**

**2.1 Financial Instruments**

**i) Financial Assets**

**Initial recognition and measurement**

Investment in subsidiaries are recorded at transaction costs plus costs that are attributable to the acquisition of the investment. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, for an item not at fair value through profit and loss (FVTPL).

**Classification and subsequent measurement**

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- Fair value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair value through Other Comprehensive Income (FVOCI) – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the





**Talace Private Limited**  
**Notes forming part of the financial statements**

**Financial assets: Subsequent measurement and gains and losses**

(a) Financial assets at FVTPL:

-These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(b) Financial assets at amortised cost:

-These assets are subsequently measured at amortised cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(c) Debt investments at FVOCI:

-These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(d) Equity investments at FVOCI:

-These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the company's statement of financial position) 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost;
- Financial assets measured at FVTOCI;

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**ii) Financial liabilities**

**Initial recognition and measurement**

All financial liability is initially measured at fair value minus transaction costs that are directly attributable to its issue, for an item not measured at fair value through profit and loss (FVTPL).

**Classification, subsequent measurement and gains and losses:**

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.





### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **iii) 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 settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **2.2 Cash and cash equivalents**

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

## **2.3 Revenue Recognition**

Other income comprises, dividend income and gain/ (losses) on disposal of investments. Dividend income is recognized when the right to receive payment is established.

## **2.4 Taxation**

### **Current income tax**

Current income assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on the taxable profit for the year which may differ from ' Profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

### **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences, the carry forward of any unused tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized, if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

## **2.5 Earnings Per Share**

Basic Earnings per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

## **2.6 Provisions and Contingent Liabilities**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent asset being a possible asset that arises from past events, the existence of which 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, is not recognized but disclosed in the financial statements.



## 2.7 Optionally Convertible Non Cumulative Redeemable Preference Shares

Optionally Convertible Non Cumulative Redeemable Preference Shares ('OCNRPS') are separated into liability and equity components based on the terms of the contract.

On issuance of the OCRPS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

## 2.8 Recent Accounting Pronouncements

### i. Amended standards adopted by the Company:

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Onerous contracts - costs of fulfilling a contract: The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

The above amendment is essentially a clarification and did not have any significant impact in the financial statements of the Company.

### ii. New accounting standards / amendments notified but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2015, by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The effective date for adoption of the above amendments is annual periods beginning on or after April 1, 2023. The Company does not expect the above amendments to have any significant impact in its financial statements.





3 Cash and Cash Equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Balances with Banks		
(i) In Current Accounts	9.22	10.59
<b>Total</b>	<b>9.22</b>	<b>10.59</b>

4 Investments

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
<b>Mutual Funds-Quoted</b>		
-At Fair Value through Profit or Loss	166.45	1,711.68
<b>Equity Shares</b>		
Subsidiary - Unquoted - At Amortised Cost	5,36,220.81	2,74,969.91
<b>Total</b>	<b>5,36,387.26</b>	<b>2,76,681.59</b>

	As at 31 March, 2023	As at 31 March, 2022
List-1 Unquoted Investment		
(a) Equity Shares (Fully Paid)		
(i) Subsidiary		
- Air India Limited #	5,36,220.81	2,74,969.91
34,38,02,63,400 # (31 March 2022: 32,66,52,20,000) equity shares of Rs. 10 each		
# On 25 January, 2023 the Company has transferred 3% of shares acquired in Air India Limited to the Air India Employee Settlement Trust [Refer Note 19].		
Of these shares 8,08,50,000 shares, being 3% of the shares allotted pursuant to right issue on 6th February 2023 is to be offered to Air India Employee Settlement Trust at Rs. 10 per share.		
List-2 Quoted Investments		
Mutual Funds	166.45	1,711.68
40,133 units (31 March 2022: 50,936) of TATA Liquid Fund Direct Plan - Growth		

5 Loans and Advance

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
<b>A:</b>		
(a) Security Deposit (At Amortised Cost)	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>0.10</b>
<b>B: Loans in India</b>	<b>0.10</b>	<b>0.10</b>
<b>C: UnSecured</b>	<b>0.10</b>	<b>0.10</b>
The Company has not given loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:		
(a) repayable on demand or		
(b) without specifying any terms or period of repayment		

6 Other Non Financial Asset

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
<b>Unsecured and Considered Good:</b>		
GST Tax Credit Receivables	1,085.04	510.14
Less: Provision for doubtful tax credit receivable	(1,085.04)	(510.14)
Others	31.26	-
<b>Total</b>	<b>31.26</b>	<b>-</b>



Talace Private Limited  
Notes forming part of the financial statements

7 Trade Payables

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Trade and Other Payables		
Due to micro and small enterprises	7.33	
Due to Others		
Payable to related parties	46.20	1,842.94
Payable to others	90.01	1,797.39
<b>Total</b>	<b>143.54</b>	<b>3,640.33</b>

Trade Payable Ageing Schedule	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Undisputed dues of Micro and Small enterprises	7.33	-
Undisputed dues of Creditors other than Micro and Small enterprises	-	-
- Unbilled and Not due	-	-
- Outstanding for:		
- Less than one year	136.21	3,640.33
Disputed Dues - MSME	-	-
Disputed Dues - others	-	-

The disclosures relating to Micro and Small Enterprises based on the information / intimation received by the Company from suppliers and to the extent such parties have been identified as Micro and Small enterprises, are as under:

	As at 31 March, 2023	As at 31 March, 2022
(a) Principal amount remaining unpaid to supplier as at the end of the accounting year	-	-
(b) Interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

8 Borrowings

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Secured	-	-
Unsecured		
Liability Component of Preference Shares	1,38,591.59	1,31,366.44
<b>Total (A)</b>	<b>1,38,591.59</b>	<b>1,31,366.44</b>
Liabilities in India	1,38,591.59	1,31,366.44
Liabilities Outside India	-	-
<b>Total (B)</b>	<b>1,38,591.59</b>	<b>1,31,366.44</b>

**Preference Shares**

On January 25, 2022 the Company has allotted by way of rights issue, 170,00,00,000 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares (OCNPRS) of Rs. 10 each at par carrying a tenor of five years aggregating to Rs. 1700 crores to Tata Sons Private Limited. Refer note 11 for further terms and conditions relating to this OCNPRS.



Talace Private Limited  
Notes forming part of the financial statements

9 Income Tax  
(a) Tax Expense

Particulars	(₹ in lakhs)	
	As at 31 March, 2023	As at 31 March, 2022
<b>(a) Amounts recognised in Profit and Loss</b>		
(i) Current income tax	-	-
(ii) <b>Deferred Income Tax Liability / (Asset) (Net)</b> -Origination and reversal of temporary differences	(0.38)	2.45
<b>Total Tax Expense</b>	(0.38)	2.45
<b>(b) Reconciliation of Effective Tax Rate</b>		
Profit before tax	(16,348.71)	(4,202.08)
Tax using the Company's domestic tax rate 25.168%	(4,114.64)	(1,057.58)
<b>Tax effect of:</b>		
Current year losses on which no deferred tax is recognised	71.56	527.12
Non deductible expense	144.69	128.39
Permanent differences:		
-Share issue expenses	3.46	79.10
-Notional Interest cost on compound Financial Instrument	1,818.43	325.57
-Loss on transfer of Investment	2,076.13	
Pre operative expenses allowed on amortised basis	-	(0.04)
Recognition of other temporary differences on which no deferred tax was created earlier	-	(0.11)
<b>Income tax expense</b>	(0.38)	2.45
<b>Deferred Tax (Asset)/Liability</b>	2.08	2.45

(b) Unrecognised Deferred Tax Assets

Particulars	(₹ in lakhs)	
	As at 31 March, 2023	As at 31 March, 2022
Unused tax losses for which no deferred tax asset has been recognized	2,694.46	2,095.86
GST Tax Credit	1,085.04	510.14
Potential Tax Benefit	951.22	655.88

10 Other Non-Financial Liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Statutory Payables - TDS	-	927.40
Statutory Payables - GST Liability	9.90	26.60
<b>Total</b>	9.90	954.00





**Talace Private Limited**  
**Notes forming part of the financial statements**

**11 Share capital**

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
(a) Authorized				
Equity shares of ₹ 10 each	5,15,00,00,000	5,15,000.00	1,15,02,50,000	1,15,025.00
Preference shares of ₹ 10 each	6,85,00,00,000	6,85,000.00	1,80,00,00,000	1,80,000.00
(b) Issued Subscribed and fully paid up				
Equity shares of ₹ 10 each	3,78,32,00,000	3,78,320.00	1,05,02,00,000	1,05,020.00
Preference Shares				
Equity component of optionally convertible non-cumulative redeemable preference shares (OCNRPS):	1,70,00,00,000	39,927.16	1,70,00,00,000	39,927.16

**Notes:**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Equity shares of ₹ 10 each fully paid up				
Opening Balance	1,05,02,00,000	1,05,020.00	2,00,000	20.00
Issued during the year	2,73,30,00,000	2,73,300.00	1,05,00,00,000	1,05,000.00
Closing Balance	3,78,32,00,000	3,78,320.00	1,05,02,00,000	1,05,020.00

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Preference shares of ₹ 10 each fully paid up				
Opening Balance	1,70,00,00,000	1,70,000.00	-	-
Issued during the year	-	-	1,70,00,00,000	1,70,000.00
Closing Balance	1,70,00,00,000	1,70,000.00	1,70,00,00,000	1,70,000.00

(ii) Details of shares held by the holding company:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
Equity shares				
Tata Sons Private Limited	3,78,32,00,000	3,78,320.00	1,05,02,00,000	1,05,020.00
Preference shares				
Tata Sons Private Limited	1,70,00,00,000	1,70,000.00	1,70,00,00,000	1,70,000.00

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Tata Sons Private Limited (Including joint holding)	3,78,32,00,000	100.00%	1,05,02,00,000	100.00%
Preference shares				
Tata Sons Private Limited	1,70,00,00,000	100.00%	1,70,00,00,000	100.00%

(iv) Details of shares held by promoters:

Name of the Promoter	As at 31 March, 2022	Change During the year	As at 31 March, 2023	% of total Shares
Tata Sons Private Limited (Including joint holding)	1,05,02,00,000	2,73,30,00,000	3,78,32,00,000	100.00%



**Talace Private Limited**  
**Notes forming part of the financial statements**

Notes: cont'd

**(v) Terms / rights attached to equity shares:**

The Company has only one class of equity shares which carry one vote per share held, rank pari pasu inter se and are subject to the rights, preferences and restrictions under the Companies Act, 2013.

**(v) Terms/rights attached to optionally convertible non-cumulative redeemable preference shares**

On January 25, 2022 the Company has allotted by way of rights issue, 170,00,00,000 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares (OCNRPS) of Rs. 10 each at par aggregating to Rs. 1700 crores to Tata Sons Private Limited.

**Redemption:**

The Company shall have the right to redeem the OCNRPSs any time after its issuance at the Investment Amount upon giving Tata Sons no less than three (3) working days prior written notice and stating in such notice the date on which the redemption shall occur for value.

If the OCNRPSs are not redeemed in accordance with above and Tata Sons does not exercise its right to convert the OCNRPSs, then the OCNRPSs shall be mandatorily redeemed (Investment Amount) after the expiry of five year tenor.

**Conversion:**

At any time after issuance, Tata Sons Private Limited shall have the option to convert the OCNRPS in to equity shares and the Company shall issue equity shares in lieu of the OCNRPS to Tata Sons Private Limited, within 15 days from the date of issuance of the conversion notice by Tata Sons Private Limited. The number of equity shares to be issued by the Company upon conversion of the OCNRPS shall be based on the following formulae:

No. of Equity Shares = (Investment Amount)/ (Higher of (i) Face Value of equity share; or (ii) FMV of the equity shares determined in accordance with the applicable provisions of the Income Tax Act at time of conversion of OCNRPS; or (iii) FMV of the equity shares as determined in accordance with the applicable provisions of the Companies Act, 2013 at time of conversion of OCNRPS.

The presentation of the liability and equity portions of these shares is explained in the summary of significant accounting policies. Also refer note 8 for liability component.





12 Other Equity

Particulars	As at 31 March, 2023	As at 31 March 2022
	₹ in Lakhs	₹ in Lakhs
<b>(a) Retained earnings</b>		
Opening balance	(4,218.10)	(13.57)
Loss for the year	(16,348.33)	(4,204.53)
Other Comprehensive Income for the year	-	-
<b>Closing balance</b>	<b>(20,566.43)</b>	<b>(4,218.10)</b>
<b>(b) Equity Component of Compound Financial Instruments</b>	<b>39,927.16</b>	<b>39,927.16</b>
<b>Total</b>	<b>19,360.73</b>	<b>35,709.06</b>

**(a) Retained Earnings**

Retained earnings represent the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained Earnings is a free reserve.

13 Net Gain on Fair Value Changes

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Net Gain/ (Loss) on Financial Instruments at Fair Value Through Profit or Loss		
- Investments in Mutual Funds	70.77	38.33
<b>Total</b>	<b>70.77</b>	<b>38.33</b>
Fair Value changes:		
- Realised	62.22	28.14
- Unrealised	8.55	10.19
<b>Total</b>	<b>70.77</b>	<b>38.33</b>

14 Other Income

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Exchange Gain	18.34	-
<b>Total</b>	<b>18.34</b>	<b>-</b>

15 Employee Benefit Expense

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Staff Costs	-	1,587.12
<b>Total</b>	<b>-</b>	<b>1,587.12</b>

16 Finance Cost

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Interest on Compound Financial Instruments	7,225.15	1,293.60
<b>Total</b>	<b>7,225.15</b>	<b>1,293.60</b>



Talace Private Limited  
Notes forming part of the financial statements

17 Other expenses

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Rates and Taxes	593.50	813.74
Auditors' Remuneration	9.16	8.69
Professional Fees	360.54	537.07
Finance / Bank Charges	0.37	0.19
<b>Total</b>	<b>963.57</b>	<b>1,359.69</b>

**Note:**

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	₹ in Lakhs	₹ in Lakhs
Payments to the auditors comprises:		
As auditors - statutory audit	8.16	4.59
Other Services	-	3.57
For Certification	1.00	0.53
<b>Total</b>	<b>9.16</b>	<b>8.69</b>

18 Loss Per Share (Basic):

Particulars	(₹ in lakhs)	
	As at 31 March, 2023	As at 31 March, 2022
Loss for the Year after tax attributable to the equity shareholders	(16,348.33)	(4,204.53)
Weighted average number of shares outstanding during the year	1,48,63,61,644	20,67,75,342
Basic Loss per Share (Per Equity Share of ₹ 10 each)	(1.10)	(2.03)

19 Transfer of Investment to Air India Employee Settlement Trust

In terms of the Share Purchase Agreement (SPA) between the GOI, Air India Limited and the Company, Air India Limited with the support of the Company, is required to adopt an Employee stock option scheme ("ESOP Scheme"), with terms and conditions that are market standard for companies, which gives Eligible Employees as defined in the SPA as of the Closing Date, the right to purchase at a future date, up to an aggregate of 3% (three percent) of the Purchaser Shares acquired by the Company ("ESOP Shares"), at an exercise price which shall not be higher than 1/3rd (one-third) of the Per Share Purchase Consideration. Air India has implemented the scheme through Air India Employee Settlement Trust / "ESOP Trust" solely for the purpose of holding the ESOP equity shares in trust for providing all economic benefits of such equity shares to its eligible employees. Pursuant to the SPA, the company has transferred 3% of 32,66,52,20,000 shares i.e., 97,99,56,600 shares to the ESOP trust on 25th January 2023 free of cost. Pursuant to this, the company has charged off proportionate cost of Rs. 8249.10 Lakhs to Statement of Profit and Loss and reduced from Investments.



**Talace Private Limited**  
**Notes forming part of the financial statements**  
**20 Related Party Transactions:**

The disclosures of transactions with related parties as defined in Ind AS 24 'Related Party Disclosures' are given below:

**(a) Related Parties**

Holding Company - Tata Sons Private Limited  
Subsidiary Company- Air India Limited  
Joint Venture of the Holding Company- Tata Industries Limited

**(b) Key Management Personnel:**

- Mr. Saurabh Agrawal, Director
- Mr. Nipun Aggarwal, Director
- Mr. Eruch Kapadia, Director
- Mrs. Manjiree Vaze (w.e.f. 7 Feb 2023)

**(c) Transactions with Related Parties:**

(₹ in lakhs)

Particulars of Transaction	For the year ended 31 March, 2023	For the year ended 31 March, 2022
<b>Transactions during the year:</b>		
<b>Holding Company</b>		
Issue of share capital	2,73,300.00	1,05,000.00
Issue of preference share capital	-	1,70,000.00
GST on Guarantee Comission	46.20	-
<b>Subsidiary Company</b>		
Investment	2,69,500.00	2,74,969.91
<b>Joint Venture of the Holding Company</b>		
Reimbursement of expenses	-	12.12
<b>Outstanding Balances:</b>		
<b>Investments in Subsidiary</b>		
Outstanding at the end of the year	5,36,220.81	2,74,969.91
<b>Outstanding Payables</b>		
Holding Company- Expense	46.20	1,842.94
Holding Company- 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares (Face Value of Shares issued)	1,700.00	1,700.00
Joint Venture of the Holding Company	-	10.91





21 Contingent Liabilities

There are no contingent liabilities as on 31 March, 2023.

22 Financial Risk Management objectives and policies

(a) Credit risk

The Company has no debtors and has invested in Mutual Funds, thus the Company does not foresee credit risk.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Based on the current liquidity position of the Company, the Company expects that the outflow commitments of the Company for the next four years to be within the funding, the Company has already obtained and has concluded that there is no immediate threat to the Company to continue as a going concern.

Exposure to liquidity risk:

The table below analyses the Company's financial liabilities into relevant maturity analysis based on their contractual maturities for all financial liabilities.

PARTICULARS	Carrying Amount	Contractual cash flows		Total Contractual Cash Flows
		1 year or less	More than 1 year	
Trade and Other Payables	143.54	143.54	-	143.54
Borrowings 5% Optionally Convertible Non-Cumulative Redeemable Preference Shares - Liability Component of Compound Financial Instrument	1,38,591.59	-	1,38,591.59	1,38,591.59
Other Financial Liabilities	-	-	-	-
<b>TOTAL</b>	<b>1,38,735.13</b>	<b>143.54</b>	<b>1,38,591.59</b>	<b>1,38,735.13</b>

(c) Market Risk

The Company has no foreign currency exposure and does not have hedge position in currency market thus the Company does not foresee market risk.

(d) Interest Rate Risk

The Company currently does not have variable interest borrowing. Thus, the Company does not foresee interest risk.

23 Fair Value of Financial Assets and Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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 or 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. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values 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.



Talace Private Limited  
Notes forming part of the financial statements

(₹ in lakhs)

31st March 2023	Carrying Amount	Fair value		
	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
(a) Cash and Cash Equivalents	9.22	-	-	-
(b) Investment in Mutual Funds		166.45	-	-
(c) Investment	5,36,220.81			
(c) Loans and Advances	0.10	-	-	-
<b>Total</b>	<b>5,36,230.13</b>	<b>166.45</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>				
(a) Borrowings	1,38,591.59	-	-	-
(b) Trade Payables	143.54	-	-	-
<b>Total</b>	<b>1,38,735.13</b>	<b>-</b>	<b>-</b>	<b>-</b>

31st March 2022	Carrying Amount	Fair value		
	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
(a) Cash and Cash Equivalents	10.59	-	-	-
(b) Investment in Mutual Funds		1,711.68	-	-
(c) Investment	2,74,969.91			
(d) Loans and Advances	0.10	-	-	-
<b>Total</b>	<b>2,74,980.60</b>	<b>1,711.68</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>				
(a) Borrowings	1,31,366.44	-	-	-
(b) Trade Payables	3,640.33	-	-	-
<b>Total</b>	<b>1,35,006.77</b>	<b>-</b>	<b>-</b>	<b>-</b>

24 RATIOS

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Sr. No	Particulars	Numerator	Denominator	For the year ended 31 March, 2023	For the year ended 31 March, 2022
1	Capital to Risk-weighted Assets Ratio (CRAR)	Tier 1 capital + Tier 2 capital	Aggregate risk weighted assets	67%	36%
2	Tier I CRAR	Tier 1	Aggregate risk weighted assets	NA	NA
3	Tier II CRAR	Tier 2	Aggregate risk weighted assets	NA	NA
4	Liquidity Coverage Ratio	High quality liquid asset amount	Total net cash flow amount	12823%	59747%



(₹ in lakhs)

	As at 31 March, 2023			As at 31 March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>I. ASSETS</b>						
<b>(i) Financial Asset</b>						
(a) Cash and Cash Equivalents	9.22		9.22	10.59		10.59
(b) Investment	166.45	5,36,220.81	5,36,387.26	1,711.68	274,969.91	2,76,681.59
(c) Loans and Advances	0.10		0.10	0.10		0.10
<b>Total Financial Assets</b>	<b>175.77</b>	<b>5,36,220.81</b>	<b>5,36,396.58</b>	<b>1,722.37</b>	<b>2,74,969.91</b>	<b>2,76,692.28</b>
<b>(ii) Non-Financial Asset</b>						
(a) Other Non-Financial Assets	31.26	-	31.26	-	-	-
<b>Total Non Financial Assets</b>	<b>31.26</b>	<b>-</b>	<b>31.26</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>207.03</b>	<b>5,36,220.81</b>	<b>5,36,427.84</b>	<b>1,722.37</b>	<b>2,74,969.91</b>	<b>2,76,692.28</b>
<b>II. LIABILITIES</b>						
<b>(1) Financial Liabilities</b>						
<b>(a) Trade Payables</b>						
(i) total outstanding dues of micro enterprises and small enterprises	7.33		7.33	-		-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	136.21		136.21	3,640.33		3,640.33
(b) Borrowing	-	1,38,591.59	1,38,591.59		1,31,366.44	1,31,366.44
<b>Total Financial Liabilities</b>	<b>143.54</b>	<b>1,38,591.59</b>	<b>1,38,735.13</b>	<b>3,640.33</b>	<b>1,31,366.44</b>	<b>1,35,006.77</b>
<b>(2) Non Financial Liabilities</b>						
(a) Deferred Tax Liabilities (Net)	-	2.08	2.08	-	2.45	2.45
(b) Other-Non Financial Liabilities	9.90	-	9.90	954.00	-	954.00
<b>Total Non Financial Liabilities</b>	<b>9.90</b>	<b>2.08</b>	<b>11.98</b>	<b>954.00</b>	<b>2.45</b>	<b>956.45</b>
<b>TOTAL LIABILITIES</b>	<b>153.44</b>	<b>1,38,593.67</b>	<b>1,38,747.11</b>	<b>4,594.33</b>	<b>1,31,368.89</b>	<b>1,35,963.22</b>





**26 Capital Management**

The Company has adequate cash and bank balances. The company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any debt, the maintenance of debt equity ratio etc. is not of any relevance to the Company.

27 As at March 31, 2023, the Company did not have any outstanding long term derivative contracts (previous year: NIL).

28 Whistle Blower Mechanism is not applicable to the Company.

29 For the year ended March 31, 2023, the company is not required to transfer any amount (previous year: NIL) to the Investor Education & Protection Fund.

**30 Other Statutory Information**

i. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

ii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iii. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered disclosed as income, during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any of relevant provisions of the Income Tax Act, 1961.

iv. The Company does not have any Benami property where any proceeding has been initiated or pending against the company to holding any Benami property.

v. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013.

31 The Company has availed exemption from the preparation of Consolidated Financial Statements pursuant to the Notification dated 27th July, 2016, issued by the Ministry of Corporate Affairs.

32 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(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

33 Other than as disclosed below, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Funding Party	Relationship with Talace Private Limited	Nature of Investment	Date	₹ in lakhs	Remarks
Tata Sons Private Limited	Holding Company	Investment in Equity Shares	06-Feb-23	2,68,300	Invested in Air India Limited
<b>Total</b>				<b>2,68,300</b>	

34 Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification.

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants

**R Suriyanarayanan**  
Partner  
Membership No : 201402  
UDIN:23201402BGYBUG1900



*Saurabh Agarwal*

**Saurabh Agarwal**  
Director  
DIN: 02144558

*Eruch N. Kapadia*  
**Eruch N. Kapadia**  
Director  
DIN: 02230412

*Manjiree Vaze*

**Manjiree Vaze**  
Company Secretary  
ACS: 16028

Place : Mumbai  
Date : May 24, 2023



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF TATA SIA AIRLINES LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF TATA SIA AIRLINES LIMITED**

**1. Background**

- 1.1. The Board of Directors (“**Board**”) of Tata SIA Airlines Limited (“**Transferor Company 2**”) has at its meeting held on February 7, 2023, approved the composite scheme of arrangement (“**Scheme**”) amongst Talace Private Limited (“**Transferor Company 1**”) and the Transferor Company 2 and Air India Limited (“**Transferee Company**”) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Companies Act**”). Further, the Audit Committee of the Transferor Company 2 has at its meeting held on February 7, 2023, approved the Scheme.
- 1.2. Capitalized terms used but not defined in this report shall have the meanings as ascribed to such terms under the Scheme.
- 1.3. The Scheme provides for:
- (i) reorganisation and reduction of share capital of the Transferee Company;
  - (ii) amalgamation of the Transferor Company 1 with the Transferee Company and the dissolution of the Transferor Company 1 without winding up (“**Amalgamation-1**”);
  - (iii) amalgamation of the Transferor Company 2 with the Transferee Company and the dissolution of the Transferor Company 2 without winding up (“**Amalgamation-2**”); and
  - (iv) preferential allotment of equity shares by the Transferee Company to Singapore Airlines Limited (“**SIA**”) (“**Preferential Allotment**”).
- 1.4. In terms of Section 232(2)(c) of the Companies Act, a report from the directors of the Transferor Company 2, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferor Company 2, laying out in particular, the share exchange ratios and specifying any special valuation difficulties, if any, is required to be appended with the notice of the meeting of shareholders and/or creditors, if such meeting is directed to be convened by the Chandigarh Bench of the National Company Law Tribunal (“**NCLT**”).
- 1.5. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Companies Act and in this connection, the following documents were presented before the Board:

**TATA SIA AIRLINES LIMITED**

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- (i) the proposed Scheme;
  - (ii) Report on the recommendation of the share exchange ratios for Amalgamation-1 and Amalgamation-2 and valuation report for the Preferential Allotment dated February 7, 2023 read with corrigendum to the report dated June 2, 2023, issued by PwC Business Consulting Services LLP (an IBBI registered valuer) (“**Share Exchange Ratios Report**”);
  - (iii) Report on the valuation of the equity shares of the Transferee Company pursuant to regulations issued under the Foreign Exchange Management Act, 1999 dated March 13, 2023 issued by RBSA Capital Advisors LLP (a SEBI registered Category I merchant banker); and
  - (iv) Certificate dated May 13, 2023 issued by the Statutory Auditor of the Transferee Company confirming that the accounting treatment in the Scheme is in compliance with applicable accounting standards.
- 1.6. The Board noted the rationale for the Scheme, as set forth in detail in the Scheme, and is therefore not reiterated in this report.
- 1.7. The Appointed Date under the Scheme shall mean the opening hours of November 29, 2022, whereas, the Effective Date under the Scheme shall mean the 10<sup>th</sup> (tenth) business day from the completion of the last of the conditions set out in Clause 28 of Part VI of the Scheme.

**2. Effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferor Company 2:**

**2.1. Effect of the Scheme on Employees / Key Managerial Personnel / Directors of the Transferor Company 2:**

- (i) In terms of Clause 16.1 of Part IV of the Scheme, upon the Effective Date and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company 2 on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 2 as on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company 2 with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company 2 prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- (ii) In terms of Clause 16.2 of Part IV of the Scheme, the accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such



provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.

- (iii) In terms of Clause 16.3 of Part IV of the Scheme, the Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company 2, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.
- (iv) In terms of Clause 23.1 of Part IV of the Scheme, upon the Effective Date, the Transferor Company 2 shall stand dissolved without being wound up and accordingly, the Board and any committees thereof shall also cease to exist.

2.2. Effect of the Scheme on Promoter and Non-Promoter Shareholders of the Transferor Company 2:

- (i) The Transferor Company 2 has one class of shareholders (i.e. equity shareholders).
- (ii) Tata Sons Private Limited ("**Tata Sons**") and SIA hold 51% and 49% of the paid-up equity share capital of the Transferor Company 2, respectively.
- (iii) *Amalgamation-2:*
  - (a) In terms of Clause 19.1 of Part IV of the Scheme, upon the Effective Date and in consideration of the amalgamation of the Transferor Company 2 with the Transferee Company, the Transferee Company shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company 2 holding shares and whose name appear in the register of members of the Transferor Company 2 as a member of the Transferor Company, or whose names appear as the beneficial owners of the equity shares of the Transferor Company 2 in the records of the depositories, in each case, as on the Record Date in the following proportion:

***2.5487 (two point five four eight seven) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) share of Transferor Company 2 of INR 10 (Indian Rupees Ten) each.***

If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with the Scheme, the Board of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.



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- (b) In terms of Clause 19.8 of Part IV of the Scheme, prior to the Effective Date, the Transferor Company 2 and/or the Transferee Company shall be entitled to issue any equity securities to any Person in accordance with Applicable Law and in a manner as agreed amongst them in writing, for furthering their respective business operations.
- (c) In terms of Clause 19.9 of Part IV of the Scheme, if any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company 2 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 2 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio mentioned under Clause 1 **Error! Reference source not found.** above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 2 and the Transferee Company.
- (iv) *Preferential Allotment to SIA:*
- (a) In terms of Clause 24.1 of Part V of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, the Transferee Company shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of INR 4 each (“**Preferential Equity Shares**”) at a price of INR 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of the Transferee Company.
- (b) In terms of Clause 24.2 of Part V of the Scheme, the price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of the Transferee Company after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.
- (c) In terms of Clause 24.3 of Part V of the Scheme, the Subscription Amount shall be paid by SIA to the Transferee Company from the bank account of SIA.
- (v) Accordingly, upon the Effective Date, Tata Sons and SIA (i.e. the equity shareholders of the Transferor Company 2) will become equity shareholders of the Transferee Company.

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**3. Valuation:**

- 3.1. The Share Exchange Ratios Report recommended the share exchange ratios for Amalgamation-1 as:
- (i) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 1 (of INR 10/- each fully paid up); and
  - (ii) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 preference shares of the Transferor Company 1 (of INR 10/- each fully paid up).
- 3.2. The Share Exchange Ratios Report recommended the share exchange ratio for Amalgamation-2 as 25,487 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 2 (of INR 10/- each fully paid up).
- 3.3. The Share Exchange Ratios Report also acknowledges that the face value of the equity shares of the Transferee Company shall be reduced from INR 10/- each to INR 4/- each prior to Amalgamation-1 and Amalgamation-2. Accordingly, Clause 9.1 of Part III and Clause 19.1 of Part IV of the Scheme captures the share exchange ratios after taking into account the reduction of share capital of the Transferee Company.
- 3.4. For the purpose of the Preferential Allotment to SIA by the Transferee Company, valuation has been carried out by RBSA Capital Advisors LLP, SEBI Registered Category I Merchant Banker, pursuant to regulations issued under the Foreign Exchange Management Act, 1999.
- 3.5. No special valuation difficulties were reported by the valuers.

**4. Adoption of the Report by the Board**

- 4.1. The Board has adopted this report after noting and considering the information set forth in this report.

**By order of the Board of Directors of Tata SIA Airlines Limited**

**Bhaskar Bhat**  
**Chairman**

**Date:** 20/07/2023

**Place:** Gurugram

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**INDEPENDENT AUDITOR'S REPORT****To The Members of Tata SIA Airlines Limited  
Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Tata SIA Airlines Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Emphasis of Matter**

We draw attention to Note 45 of the financial statements which describes about the proposed merger of the Company with Air India Limited on a going concern basis. As at the date of approval of the financial statements, the Company is in the process of filing of the Scheme with Hon'ble National Company Law Tribunal (the "NCLT").

Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the 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.

### **Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 control 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 with reference to financial statements 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 the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

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

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best



of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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 financial statements - Refer Note 39 of the financial statements.;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 43 to the financial statements.;
  - iii. There were no amounts which were 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(s) or entity(ies), 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), 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 by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.;
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.; and
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.: 015125N)



Anup Kumar Sharma  
(Partner)  
Membership No. 063828  
UDIN: 23063828BGXOWM1168

Place: Gurugram  
Date: May 04, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Tata SIA Airlines Limited ("the Company") as at March 31, 2023 in conjunction with our audit of the 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 with reference to financial statements based on the internal control with reference to financial statements 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 (the "Guidance Note"). 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 respective 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, 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 with reference to financial statements.





**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 015125N)



Anup Kumar Sharma  
(Partner)  
(Membership No. 063828)  
UDIN: 23063828BGXOWM1168

Place: Gurugram  
Date: May 04, 2023

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.  
  
The Company has maintained proper records showing full particulars of intangible assets.
  - b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) The Company does not have any immovable properties (other than properties where the Company is lessee). In respect of immovable properties that have been taken on lease and disclosed in the financial statements (as right-of use assets) as at the balance sheet date, the lease agreements are duly executed in favour of the Company.
  - d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
  - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder in 2015) and rules made thereunder.
- ii. a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.



- b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties (other than loan to employees) during the year, and hence reporting under clause (iii) of the Order is not applicable.
- iv. The Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of section 185 or 186 of the Companies Act and hence reporting under clause (iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Service Tax, duty of Custom and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Service Tax, duty of Custom and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained.



- (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) The Company did not have any subsidiary or associate or joint venture company during the year and hence, reporting under clauses (ix)(e) and (ix)(f) of the Order are not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year covering specific processes scoped in for review as per Internal Audit plan covering period upto September 2022 and December 2022, as applicable, for the period under audit.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group has more than one CIC as part of the Group. There are six CICs forming part of the Group.
- xvii. The Company has incurred cash losses (loss after tax and before depreciation for property, plant and equipment (other than right of use assets) and amortisation for intangible assets [Rs. 11,976.11] million during the financial year covered by our audit and [Rs. 18,658.72] million in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date (refer Notes 42 and 45 to the financial statements and emphasis of matter included in our report). 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. The Company has incurred losses during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.015125N)



Anup Kumar Sharma  
(Partner)  
(Membership No. 063828)  
UDIN: 23063828BGXOWM1168

Place: Gurugram  
Date: May 04, 2023



**TATA SIA AIRLINES LIMITED**  
**Balance Sheet as at March 31, 2023**  
**(All amounts are in ₹ million unless otherwise stated)**

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	47,056.54	22,004.63
(b) Right of use assets	6	110,920.96	82,464.49
(c) Capital work-in-progress	7	1,910.70	2,240.80
(d) Intangible assets	8	219.88	218.17
(e) Intangible assets under development	9	9.85	57.74
(f) Financial Assets			
i) Other financial assets	10	2,013.36	1,321.22
(g) Non-current tax assets	11	717.30	303.98
(h) Other non-current assets	12	16,958.17	21,729.96
<b>Total Non-current assets</b>		<b>179,806.76</b>	<b>130,340.99</b>
<b>Current assets</b>			
(a) Inventories	13	2,372.02	2,002.77
(b) Financial assets			
(i) Investments	14	11,603.23	-
(ii) Trade receivables	15	5,306.16	4,546.20
(iii) Cash and cash equivalents	16	6,537.94	8,406.84
(iv) Other financial assets	10	10,629.91	3,201.28
(c) Other current assets	12	7,530.13	5,857.95
<b>Total Current assets</b>		<b>43,979.39</b>	<b>24,015.04</b>
<b>Total Assets</b>		<b>223,786.15</b>	<b>154,356.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	17	100,200.00	93,700.00
(b) Other Equity	18	(95,180.21)	(81,209.53)
<b>Total equity</b>		<b>5,019.79</b>	<b>12,490.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	34,039.81	16,089.90
(ii) Lease liabilities	20	122,567.27	86,378.82
(iii) Other financial liabilities	21	11,084.62	5,638.19
(b) Provisions	22	950.52	618.34
<b>Total Non-current liabilities</b>		<b>168,642.22</b>	<b>108,725.25</b>



**TATA SIA AIRLINES LIMITED**  
**Balance Sheet as at March 31, 2023**  
**(All amounts are in ₹ million unless otherwise stated)**

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>Liabilities</b>			
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	3,747.64	1,701.07
(ii) Lease liabilities	20	12,051.43	8,773.07
(iii) Trade payables	24		
- Due to micro and small enterprises		19.85	47.15
- Due to others		16,935.08	10,586.92
(iv) Other financial liabilities	21	2,104.63	3,260.76
(b) Provisions	22	93.93	243.13
(c) Other current liabilities	23	15,171.58	8,528.21
<b>Total Current liabilities</b>		<b>50,124.14</b>	<b>33,140.31</b>
<b>Total Equity and Liabilities</b>		<b>223,786.15</b>	<b>154,356.03</b>

See accompanying notes forming part of the financial statements (1-48)

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**TATA SIA Airlines Limited**

  
Anup Kumar Sharma  
Partner

  
Bhaskar Bhat  
Chairman  
DIN No.00148778  
Place: Bangalore

  
Som Mittal  
Director  
DIN No.0074842  
Place: Noida



  
Niyant Maru  
Chief Financial Officer  
Place: Gurugram

  
Vinod Kannan  
Chief Executive Officer  
Place: Gurugram

  
Smriti Sharma  
Company Secretary  
Membership No.31744  
Place: Gurugram

Place: Gurugram  
Date: May 04, 2023

Date: May 04, 2023



**TATA SIA AIRLINES LIMITED**

**Statement of Profit and Loss for the year ended March 31, 2023**

(All amounts are in ₹ million unless otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from operations	25	117,839.78	52,265.09
II Other income	26	7,133.91	2,934.94
<b>III Total income (I + II)</b>		<b>124,973.69</b>	<b>55,200.03</b>
<b>IV Expenses</b>			
(a) Aircraft fuel costs		51,951.15	20,296.65
(b) Aircraft and engine lease rentals	20	189.81	322.22
(c) Aircraft maintenance and other costs	27	30,127.15	17,958.35
(d) Employee benefit expenses	28	8,672.88	6,450.82
(e) Selling expenses	29	10,693.21	4,517.28
(f) Finance costs	30	8,429.11	6,337.08
(g) Depreciation and amortisation expense	31	12,792.76	11,328.55
(h) Other expenses	32	16,051.01	8,304.02
<b>Total expenses (IV)</b>		<b>138,907.08</b>	<b>75,514.97</b>
<b>V Loss before tax (III - IV)</b>		<b>(13,933.39)</b>	<b>(20,314.94)</b>
VI Tax expense			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>VII Loss for the year (V - VI)</b>		<b>(13,933.39)</b>	<b>(20,314.94)</b>
<b>VIII Other comprehensive (loss)/income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	34	(36.97)	(11.08)
Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>IX Total comprehensive (loss)/income (VII + VIII)</b>		<b>(13,970.36)</b>	<b>(20,326.02)</b>
<b>Earnings/(Loss) per equity share of face value of ₹ 10 each</b>	33		
(1) Basic (in ₹)		(1.45)	(2.35)
(2) Diluted (in ₹)		(1.45)	(2.35)

See accompanying notes forming part of the financial statements (1-48)

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

Anup Kumar Sharma  
Partner



For and on behalf of the Board of Directors of  
**TATA SIA Airlines Limited**

Bhaskar Bhat  
Chairman  
DIN No.00148778  
Place: Bangalore

Som Mittal  
Director  
DIN No.0074842  
Place: Noida

Niyant Maru  
Chief Financial Officer  
Place: Gurugram

Vinod Kannan  
Chief Executive Officer  
Place: Gurugram

Smriti Sharma  
Company Secretary  
Membership No.31744  
Place: Gurugram

Date: May 04, 2023

Place: Gurugram  
Date: May 04, 2023



**TATA SIA AIRLINES LIMITED**
**Cash Flow Statement for the year ended March 31, 2023**
**(All amounts are in ₹ million unless otherwise stated)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flows from operating activities</b>		
<b>Loss before tax for the year</b>	(13,933.39)	(20,314.94)
<b>Adjustments for:</b>		
Depreciation and amortisation	12,792.76	11,328.55
Finance costs	8,429.11	6,337.08
Interest income from financial assets measured at amortised cost	(89.84)	(106.45)
Interest income from fixed deposits	(334.86)	(175.77)
Interest Income from lease receivable	(15.34)	-
Gain on sale and leaseback of owned assets	(671.15)	(780.32)
Property, plant and equipment discarded	4.35	11.97
Allowance for doubtful trade receivables (net)	0.11	-
Fair value gain on derivative contracts (net)	(898.52)	(651.38)
Gain on current investments at fair value through profit or loss	(111.13)	-
Liabilities no longer required written back	(76.43)	-
Unrealised foreign exchange loss	10,954.26	4,321.36
<b>Operating cash flows before movements in working capital</b>	<b>29,983.32</b>	<b>20,285.04</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in trade receivables	(753.93)	(2,975.92)
(Increase)/Decrease in inventories	(369.25)	(330.27)
(Increase)/Decrease in other financial assets	(7,103.74)	(632.20)
(Increase)/Decrease in other assets	(1,674.17)	(1,457.96)
Increase/(Decrease) in trade payables	5,968.22	3,044.68
Increase/(Decrease) in provisions	89.05	81.66
Increase/(Decrease) in other financial liabilities	3,990.52	381.97
Increase/(Decrease) in other liabilities	6,647.99	4,449.59
<b>Cash generated from operations</b>	<b>6,794.69</b>	<b>2,561.55</b>
Net income tax paid	22,844.62	2,531.65
	(406.79)	(269.79)
<b>Net cash flows from operating activities (A)</b>	<b>22,437.83</b>	<b>2,261.86</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(24,579.10)	(9,872.81)
Proceeds from sale and leaseback of owned assets	4,549.92	3,295.49
Interest received from deposits	318.55	188.21
Interest received on finance lease receivables	15.34	-
Proceeds from finance lease receivables	84.14	-
Investments in mutual funds	(20,548.97)	-
Proceeds from sale of mutual funds	9,056.87	-
<b>Net cash flow used in investing activities (B)</b>	<b>(31,103.25)</b>	<b>(6,389.11)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity shares	6,500.00	17,150.00
Proceeds from long-term debt	20,428.64	2,475.08
Repayments of long-term debt	(2,207.72)	(1,635.54)
Principal payment of lease liabilities	(10,353.76)	(9,014.86)
Share issue expenses	(0.32)	(0.96)
Interest paid	(7,562.56)	(5,795.08)
<b>Net cash flows from financing activities (C)</b>	<b>6,804.28</b>	<b>3,178.64</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1,861.14)</b>	<b>(948.61)</b>
Cash and cash equivalents at the beginning of the year	8,406.84	9,352.32
Effect of exchange rate change on the balance of cash and cash equivalents held in foreign currencies	(7.76)	3.13
<b>Cash and cash equivalents at the end of the year</b>	<b>6,537.94</b>	<b>8,406.84</b>



**TATA SIA AIRLINES LIMITED**  
**Cash Flow Statement for the year ended March 31, 2023**  
**(All amounts are in ₹ million unless otherwise stated)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and cash equivalents comprise (cont'd):		
Cash on hand	5.46	4.16
Balances with banks:		
Current accounts- in India	230.13	175.63
Current accounts- in Overseas	1,130.60	544.23
Exchange Earners Foreign Currency (EEFC) accounts	212.17	502.87
Deposits with original maturity of upto 3 months	4,959.58	7,179.95
	<b>6,537.94</b>	<b>8,406.84</b>

**See accompanying notes forming part of the financial statements (1-48)**

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**TATA SIA Airlines Limited**

Anup Kumar Sharma  
Partner

Bhaskar Bhat  
Chairman  
DIN No.00148778  
Place: Bangalore

Som Mittal  
Director  
DIN No.0074842  
Place: Noida

Niyant Maru  
Chief Financial Officer  
Place: Gurugram

Vinod Kannan  
Chief Executive Officer  
Place: Gurugram

Smriti Sharma  
Company Secretary  
Membership No.31744  
Place: Gurugram

Place: Gurugram  
Date: May 04, 2023

Date: May 04, 2023





**TATA SIA AIRLINES LIMITED**  
**Statement of Changes in Equity for the year ended March 31, 2023**  
**(All amounts are in ₹ million unless otherwise stated)**

**A. Equity Share Capital**

	<u>Number of shares</u>	<u>Amount</u>
<b>Balance at April 1, 2021</b>	7,655	76,550
Changes in equity share capital during the year	1,715	17,150
<b>Balance at March 31, 2022</b>	<b>9,370</b>	<b>93,700</b>
Changes in equity share capital during the year	650	6,500
<b>Balance at March 31, 2023</b>	<b>10,020</b>	<b>100,200</b>

**B. Other Equity**


	<u>Retained earnings</u>	<u>Total</u>
<b>Balance as at April 1, 2021</b>	(60,882.55)	(60,882.55)
Loss for the year	(20,314.94)	(20,314.94)
Other comprehensive loss for the year	(11.08)	(11.08)
Share issue costs	(0.96)	(0.96)
<b>Balance as at March 31, 2022</b>	<b>(81,209.53)</b>	<b>(81,209.53)</b>
Loss for the year	(13,933.39)	(13,933.39)
Other comprehensive loss for the year	(36.97)	(36.97)
Share issue costs	(0.32)	(0.32)
<b>Balance at March 31, 2023</b>	<b>(95,180.21)</b>	<b>(95,180.21)</b>


See accompanying notes forming part of the financial statements (1-48)

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**TATA SIA Airlines Limited**

  
Anup Kumar Sharma  
Partner

  
Bhaskar Bhat  
Chairman  
DIN No.00148778  
Place: Bangalore

  
Som Mittal  
Director  
DIN No.0074842  
Place: Noida



  
Niyant Maru  
Chief Financial Officer  
Place: Gurugram

  
Vinod Kannan  
Chief Executive Officer  
Place: Gurugram

  
Smriti Sharma  
Company Secretary  
Membership No.31744  
Place: Gurugram

Place: Gurugram  
Date: May 04, 2023

Date: May 04, 2023

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## TATA SIA AIRLINES LIMITED

### Notes forming part of the financial statements for the year ended March 31, 2023

(All amounts are in ₹ million unless otherwise stated)

#### 1. General information

Tata SIA Airlines Limited ('the Company'), having CIN U62200DL2013PLC259904 was incorporated on November 5, 2013 and commenced business on November 28, 2013. The business activities of the Company consist of scheduled passenger air transport services, belly hold cargo services, aircraft subleasing and other allied services in the aviation sector, either by itself or through agents or contractors. The registered office of the Company is situated at Intellion Edge, Tower A, 9th & 10th Floor, South Peripheral Road, Sector -72, Gurugram Haryana -122101, India.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2023.

#### 2. Application of new and revised Indian Accounting Standards

##### Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

##### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

##### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any material impact in its financial statements.

##### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any material impact in its financial statements.

#### 3. Summary of significant accounting policies

##### 3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements are prepared on accrual and going concern basis.

##### 3.2 Basis of accounting and preparation of financial statements

The financial statements have been prepared on accrual basis under the historical cost basis except for certain financial instruments and defined benefit plans that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In addition, for financial reporting purposes, fair value measurements are categorised 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 measurement 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.

The accounting policies have been consistently applied, by the Company, to all the periods presented in the said financial statements, except in case of adoption of any new standards and amendments, if any during the year.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to confirm to such current year's grouping / classifications. There is no impact on Equity or Net Loss due to these regrouping / reclassifications.



**TATA SIA AIRLINES LIMITED**

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

(All amounts are in ₹ million unless otherwise stated)

**3.3 Property, plant and equipment**Recognition and measurement

- (i) Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. In certain cases, the Company receives credit notes from the suppliers of equipment used in aircrafts and such credit notes can be utilized against future services to be rendered by such suppliers. An amount equivalent to the fair value of such credit notes is reduced from the cost of underlying asset at the time initial recognition and accounted as an advance to suppliers. The Company recognizes expenses as and when such services are rendered by the suppliers and adjusts it against advance to suppliers' balance. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. Items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS 16 when they meet the definition of property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Company has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircrafts.

- (ii) Capital work in progress includes the cost of property, plant and equipment that are not yet ready for their intended use and the cost of assets not put to use as at the balance sheet date. It is carried at cost, net of accumulated impairment loss, if any.
- (iii) The cost of improvement to leased aircraft (accounted as Right of Use), if recognition criteria are met, have been capitalised and disclosed separately as "Leasehold Improvement-Aircraft".

Subsequent Cost

- (iv) Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

Depreciation/Amortisation

- (v) Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Statement of Profit and Loss. Depreciation on all property, plant and equipment is provided on the straight line method over the estimated useful life of the assets at rates specified in Schedule II to the Companies Act, 2013 except in respect of the following certain categories of assets in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period. Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned aircraft and are depreciated over the expected lives between major overhauls and remaining useful life of the aircraft, whichever is lower.

The estimated useful lives are as mentioned below:

Type of Assets	Useful life
Owned aircraft and engines	20 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Electrical equipment	10 years
Computer equipment	3-6 years
Plant and Machinery #	5-15 years
Major inspection and overhaul of aircraft	6-12 years

Owned aircraft and spare engines are depreciated over period of 20 years on straight line basis with residual value of 5%. Residual value for assets other than owned aircraft and spare engines have been considered as nil.

# Includes galleys with a useful life of eight years and fan blades with a useful life of five years.

- The Leasehold improvement of premises and leased aircraft is amortized on straight line basis over the period of lease or their estimated life, whichever is lower.

- All assets costing ₹ 5,000 or below are depreciated in full by way of a one-time depreciation charge.

The estimated useful life, depreciation method, residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives have been revised, the unamortized depreciable amount is charged over the revised remaining useful lives of the assets.

- (vi) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**3.4 Intangible assets**

Recognition and measurement

Intangible assets that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of Intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Useful lives of Intangible assets

Estimated useful lives of the intangible asset are as follows:

Computer software	3 years
Trademark	10 years

**Intangible assets under development**

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development. It is carried at cost, less any accumulated impairment loss, if any.

**3.5 Impairment of Non-Financial assets**

The Company assesses at each reporting date whether there are indicators that the property, plant and equipment (including capital work in progress and capital advances), right of use assets and intangibles assets with definite useful lives may be impaired and that the carrying values may not be recoverable. An asset's recoverable value is higher of an asset's or cash generating unit's (CGU) fair values less cost of disposal and its value in use. In assessing the recoverable value, the Company uses value in use (VIU) method, in which the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money.

**3.6 Inventories**

Till March 31, 2022, aircraft fuel was valued on first-in first-out basis. From the current year the company has changed its policy of valuing aircraft fuel from first-in first out basis to moving average basis. Regular aircraft spare parts and other supplies (which are not recorded as property, plant and equipment) are valued at the lower of cost (on moving average basis) or net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all expenses incurred in bringing the goods to their present location and condition, including levies, transit insurance and receiving charges. In respect of reusable items such as rotables, tooling etc., net realisable value takes into consideration provision for obsolescence and wear and tear based on the estimated useful life of the aircraft and also the provisioning for non-moving / slow moving items.

**3.7 Employee Benefits**

Recognition and measurement of defined contribution plans

Payment to defined benefit contribution plan viz. provident fund are recognized as an expense when employees have rendered services entitling them to the contributions.

(ii) Recognition and measurement of defined benefit plans

For defined benefit plan, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans.

Termination benefits are immediately recognized in the Statement of Profit and Loss. A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.





## TATA SIA AIRLINES LIMITED

### Notes forming part of the financial statements for the year ended March 31, 2023

(All amounts are in ₹ million unless otherwise stated)

#### (iii) Recognition and measurement of Short-term and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries, in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company provides for the liability towards other long-term employee benefits in respect of compensated absence, end of term bonus and retention bonus is determined by using the projected unit credit method on the basis of actuarial valuation carried out annually as at the reporting date, by an independent qualified actuary. The related remeasurements are recognised in the Statement of Profit and Loss.

#### 3.8 Functional and presentation currency

These financial statements are presented in Indian Rupees, the functional currency of the Company. All amounts have been rounded to the nearest million upto two decimal places, unless otherwise stated.

#### 3.9 Foreign currency transactions

In preparing the financial statements of Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

#### 3.10 Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are recognised in the Statement of Profit and Loss within finance costs in the period in which they are incurred.

#### 3.11 Revenue Recognition

Revenue is recognised upon transfer of control of promised goods or services to customers. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes, performance bonuses, incentives, price concessions offered by the Company as part of the contract, amount collected on behalf of third parties, or other similar items, if any, as specified in the contract with the customer. Revenue is recorded provided the recovery of consideration is probable and determinable.

##### (i) Passenger Revenue

Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Fees charged for cancellation of flight tickets are recognised as revenue on rendering of the said service.

The Company considers whether it is a principal or agent in relation to services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for services to be provided by a third party, such as another carrier or a third party. The Company sells certain tickets with connecting flights with one or more routes operated by its other airline partners. For routes operated by its other airline partners, the Company has determined that every partner airline is responsible for their portion of the contract (i.e. transportation of the passenger). The Company recognizes revenue for the route operated by the Company at the selling price of the ticket net of the amount transferrable to the other airline partner. The amount transferrable to the other airline partner for its route is recognised as a financial liability. Tickets sold by other airlines where the Company provides the transportation are recognized as passenger revenue at the estimated value to be billed to the other airline when the services are provided as per contract.

The Company recognizes an expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. Breakage revenue represents the amount of unexercised rights of customers which are non refundable in nature.

The consideration from sale of tickets not yet flown is credited to unearned revenue i.e. 'advance ticket sales' disclosed under other current liabilities. The unutilised balance in advance ticket sales for more than a year is recognised as revenue based on historical statistics, data and management estimates and considering the Company's cancellation policy.

##### (ii) Cargo Service

Cargo revenue is recognised when service is rendered i.e. goods are transported, net of discounts, amount collected on behalf of third parties, airport levies and applicable taxes.

##### (iii) Other Operating Revenue

Other revenue including advertisement associated with marketing services and security services provided to other carriers is recognized at the time the service is provided in accordance with the contract.





**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

(iv) Interest Income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

(v) Claims and other credits - non-refundable

Claims relate to reimbursement towards operational expenses such as aircraft repair and maintenance are adjusted against such expenses over the estimated period for which these reimbursements pertain. When credits are used against purchase of goods and services such as aircraft repair and maintenance, etc., these are adjusted against such expenses on utilization basis. The claims and credits are netted off against related expense arising on the same transaction as it reflects the substance of transaction. Further, any claim or credit not related to reimbursement towards operational expenses or used for purchase of goods and services are recognised as income in the Statement of profit and loss when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain.

**3.12 Frequent Flyer Programme**

The Company has a frequent flyer programme named 'Club Vistara'. This programme allows members to acquire, purchase and accumulate reward points as they fly on Vistara or partner airlines or by using the services of bank co-branded credit cards or on payment of an additional fee. The points are awarded on the amount which has been spent and can be redeemed (along with cash plus miles) for travel on Vistara or partner airlines, subject to certain terms and conditions. The points expire after 36 months from the date of accumulation or member account inactivity. These points can be extended further by the customers on payment of an additional fee and revenue from this fee is recognised at the time of extension of points. A portion of passenger revenue attributable to the fair value of reward points is deferred until they are utilized. The deferral of revenue is estimated based on the historical trends of breakage upon redemption or expiry, which is then used to project the expected utilization of these benefits.

**3.13 Commission**

As in the case of revenue, the commission paid / payable on sales including any over-riding commission is recognized when the transportation is provided and underlying revenue is recognised.

**3.14 Taxes on Income**

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In case there are carry forward losses, the Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company.

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 allow all or part of the asset to be recovered.

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

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized 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.

**3.15 Investment**

Investments in mutual funds are measured at fair value with gains and losses arising from changes in fair value recognized in the Statement of Profit and Loss.



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**3.16 Provisions, Contingent liabilities and Contingent assets**

(i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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.

Amount in excess/ short against provision relating to previous years are credited/ debited to the respective expense heads in which the initial provision was created.

(ii) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which 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 or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(iii) Contingent assets

Contingent assets are not recognized in the accounts. However, they are disclosed when the possible right to receive is probable.

**3.17 Segment reporting**

The Company's segmental reporting is in accordance with Ind AS 108, Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Operating Decision Maker.

**3.18 Earnings per share**

Basic earnings per share ('EPS') is computed by dividing the net profit or loss (excluding OCI) for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**3.19.1 Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.19.2 Cash flow statement**

The Company presents financing and investing activity on gross basis when it borrows from a bank in order to finance the acquisition of an aircraft/engine and direct the lender to provide the proceeds directly to the seller in respect of the obligation which the Company has incurred to the seller, rather than the Company directly drawing down amounts from the bank and then advancing those amounts to the seller. In such transaction, the Company acts as a principal. Refer note 3.20.



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**3.20 Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

**Company as a lessee**

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Lease Liability

The Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease liabilities include lease payments, payment of penalties for terminating the lease if the lease term reflects the Company exercising the option to terminate, exercise price of a purchase option, if the Company is reasonably certain to exercise that option, less any incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate (IBR). The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use assets in a similar economic environment.

The amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a lease modification, including modification in the lease term, lease payments or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use assets

At the commencement date, the right of use assets are measured at cost. The cost includes an amount equal to the lease liabilities plus any initial direct costs, less any incentives received from equipment manufacturer in terms of the same lease. An estimate of costs to be incurred in respect of redelivery obligation, in accordance with the terms of the lease, is also included in the right of use assets at commencement date. Further, Right of use asset also includes the day one discount impact of interest free deposits amount paid relating to lease arrangement.

The Company acquires the right to purchase aircraft and related assets which are manufactured as per bespoke specifications and design and are delivered through various financing arrangements. Where it is certain that the title of these assets will eventually be transferred to the Company at the end of the financing term, these fall within the definition of "in-substance purchases" and are hence accounted as property, plant and equipment. Accordingly, the related liabilities are treated as Borrowings under Ind AS 109.

In certain cases, the Company receives credit notes from the suppliers of equipment used in aircrafts and such credit notes can be utilized against future services to be rendered by such suppliers. An amount equivalent to the fair value of such credit notes is reduced from the cost of right of use asset at the time initial recognition and accounted as an advance to suppliers. The Company recognizes expenses as and when such services are rendered by the suppliers and adjusts it against advance to suppliers' balance.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease Term

The Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend or terminate the lease, if the Company is reasonably certain at the commencement date to exercise the extension or termination option.

Other Lease

Lease payments associated with any other leases which falls outside the purview of Ind AS 116, short term leases and leases for which the underlying asset is of low value are charged to Statement of profit and loss on straight line basis over the lease term or another systematic basis which is more representative of the pattern of use of underlying asset.

Sale and leaseback transactions

Where sale proceeds received are judged to reflect the aircraft/engine's fair value, any gain or loss arising on disposal is recognised in the statement of profit and loss to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use assets recognised at commencement of the lease. Where sale proceeds received are not at the aircraft/engine's fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**Company as a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset. Amounts due from lessee under finance lease is recognised as finance lease receivables at an amount equivalent to the Company's net investment in the lease. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Gain on sublease transaction is recognised immediately in statement of profit and loss under other operating revenue.

**3.21 Incentives**

**Non-Cash Incentives:** Non-cash incentives received w.r.t. operating expenses are recorded as and when due to the Company. The aggregate benefit of incentives is recognized as a reduction of operating expenses. The deferred asset is reduced on the basis of utilization of incentives towards purchase of goods and services as stipulated in the agreement.

**3.22 Supplementary rentals, aircraft & engine maintenance and overhaul costs**

The Company accrues expenses in the form of supplementary rentals which are based on aircraft utilisation that is calculated with reference to the number of hours or cycles operated during each month. Accrual of supplementary rentals are made for heavy maintenance checks, engine LLP replacement and landing gear overhaul for aircraft and engines taken on lease. These expenses are recorded at discounted value, where effect of the time value of money is material.

Aircraft Maintenance, Auxiliary Power Unit (APU), Engine Maintenance and other repair costs are expensed as incurred except with respect to costs incurred under power-by-the-hour ("PBTH") engine maintenance agreements. PBTH contracts transfer certain risk to third-party service providers and determines the amount to be paid per flight hour or per cycle to the service provider in exchange for maintenance and repairs under a predefined maintenance program. Under PBTH agreements, the Company recognizes expense based on the rates specified in the contract.

Additional maintenance cost arising as per agreed terms with lessors due to time gap between last shop visit of the aircraft/ engine till delivery is recognised as and when incurred.

Aircraft repair and maintenance cost includes additional accrual, beyond supplementary rentals, for the estimated future maintenance cost.

**3.23 Training and development cost**

Training and development costs including start-up programme costs are charged to the Statement of Profit and Loss in the financial year in which they are incurred.

**3.24 Input tax credit**

Goods and Service tax input credit is accounted for in the books in the period in which the underlying goods/service are received.

The input credits in relation to supply of services received are availed in full, however in case of supply of goods input credit is availed to the extent of Premium economy and Business class revenue only.

**3.25 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

**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 profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset is also adjusted. However, trade receivables that do not contain a significant financing component are measured at transaction price.





**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**Subsequent measurement**

For the purpose of Subsequent measurement, the Company classifies financial assets in following categories:

- (i) Financial assets at amortized cost
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

A financial asset are measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at FVTOCI with gains and losses arising from changes in fair value recognized in other comprehensive income.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL.

Financial assets are subsequently measured at FVTPL with gains and losses arising from changes in fair value recognized in profit or loss.

Investments in mutual funds in scope of Ind-AS 109 are measured at FVTPL since they could be readily available for sales with significant change in value of the cash inflows.

**De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

**Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified at amortized cost.

**Subsequent measurement**

Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. This category generally applies to long-term payables and deposits.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**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 settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, options.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.





**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2023**

**(All amounts are in ₹ million unless otherwise stated)**

**3.26 Impairment of financial instruments**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Trade receivables**

As a practical expedient, the Company has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on historical default rate observed over the expected life of the trade receivable. In addition to this, the Company assesses credit risk for trade receivables based at customer level based on historical experience and business segment and records a loss allowance if there is a significant increase in credit risk or it is credit impaired.

**Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

**3.27 Operating cycle**

Based on the nature of operations of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**4. Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management estimation/uncertainty and judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements:

**Defined benefit obligation:** Management estimates of these obligation is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

**Recognition & Disclosure of deferred tax:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. The Company has not recognised deferred tax asset as there is no convincing evidence to support the recognition.

**Provision of redelivery of aircraft:** The provision for redelivery costs of aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions.

**Aircraft maintenance cost:** The aircraft maintenance cost including engine overhauls and other heavy maintenance cost is determined as separate component for owned aircraft based on the best estimate of the costs that will be incurred to fulfil the maintenance obligation. Provision for regular maintenance cost is based on expected cost of the maintenance at the time it is estimated to occur.

**Frequent flyer programme:** A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits. The deferrals are based on the expected utilisation of these awards.

**Determining the incremental borrowing rate for lease contracts:** The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The Company has determined the incremental borrowing rate based on the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

**Property, plant and equipment:** Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.



**TATA SIA AIRLINES LIMITED**  
Notes forming part of the financial statements  
(All amounts are in ₹ million unless otherwise stated)

**5. Property, Plant and Equipment**

Particulars	As at		As at									
	March 31, 2023	March 31, 2022	Owned aircraft and engines	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements - Aircraft	Leasehold improvements - Property	Electrical equipment	Computer equipment	Plant and Machinery	Total
<b>Net Carrying value of:</b>												
Owned aircraft and engines [Refer Note (i) & (ii) below]			19,833.12	4.13	19.71	47.53	650.46	601.10	5.89	519.84	181.86	21,863.64
Furniture and fixtures			4,636.91	24.40	3.47	7.05	210.20	10.49	0.08	30.39	29.98	4,952.97
Vehicles			1,262.43	-	0.91	3.09	-	133.97	0.09	40.69	30.46	1,471.64
Office equipment			23,207.60	28.53	22.27	51.49	860.66	477.62	5.88	509.54	181.38	25,344.97
Leasehold improvements - Aircraft			29,457.40	0.56	5.89	13.14	-	23.03	-	56.42	42.08	29,598.52
Leasehold improvements - Property			2,728.08	-	-	0.04	397.97	0.03	0.07	19.17	17.11	3,162.47
Electrical equipment			49,936.92	29.09	28.16	64.59	462.69	500.62	5.81	546.79	206.35	51,781.02
Computer equipment												
Plant and Machinery												
<b>Total</b>							<b>47,056.54</b>	<b>22,004.63</b>				
<b>At cost</b>												
Balance as at April 1, 2021			19,833.12	4.13	19.71	47.53	650.46	601.10	5.89	519.84	181.86	21,863.64
Additions			4,636.91	24.40	3.47	7.05	210.20	10.49	0.08	30.39	29.98	4,952.97
Disposals			1,262.43	-	0.91	3.09	-	133.97	0.09	40.69	30.46	1,471.64
Balance as at March 31, 2022			23,207.60	28.53	22.27	51.49	860.66	477.62	5.88	509.54	181.38	25,344.97
Additions			29,457.40	0.56	5.89	13.14	-	23.03	-	56.42	42.08	29,598.52
Disposals (Refer Note iii)			2,728.08	-	-	0.04	397.97	0.03	0.07	19.17	17.11	3,162.47
Balance as at March 31, 2023			49,936.92	29.09	28.16	64.59	462.69	500.62	5.81	546.79	206.35	51,781.02
<b>Accumulated Depreciation</b>												
Balance as at April 1, 2021			922.72	1.68	6.29	22.61	399.36	307.13	3.05	273.36	70.44	2,006.64
Additions			1,253.54	5.03	2.67	8.67	75.71	71.84	0.57	79.11	33.58	1,530.72
Disposals			-	-	0.75	2.54	-	132.68	0.06	40.34	20.65	197.02
Balance as at March 31, 2022			2,176.26	6.71	8.21	28.74	475.07	246.29	3.56	312.13	83.37	3,340.34
Additions			1,578.80	2.87	3.15	9.49	50.95	75.29	0.56	76.01	29.51	1,826.63
Disposals			12.47	-	-	0.03	397.97	0.03	0.06	19.17	12.76	442.49
Balance as at March 31, 2023			3,742.59	9.58	11.36	38.20	128.05	321.55	4.06	368.97	100.12	4,724.48

Notes:

- (i) Under the agreement with the lender, the title to the aircrafts vest with the lessor and the Company shall take title to aircrafts at the end of the lease period upon payment of all dues under the lease agreement. Aircrafts are pledged against the borrowings. Refer note 3.20 and 19.
- (ii) Refer note 38 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) This includes amount pertaining to sale and leaseback of engines



**6. Right of use assets**

**Particulars**

**Net Carrying Value of:**

Aircraft and engine [Refer Note (i) below]  
 Office premises

**Total**

**As at  
 March 31, 2023**

**As at  
 March 31, 2022**

110,756.39  
 164.57  
**110,920.96**

82,238.79  
 225.70  
**82,464.49**

**Aircraft and engine**      **Office premises**      **Total**

**Gross Carrying Value**

**Balance at April 1, 2021**

Additions

Disposals

Adjustments

**Balance at March 31, 2022**

Additions

Disposals [Refer Note (ii) below]

Adjustments [Refer Note (ii) below]

**Balance at March 31, 2023**

90,495.61      519.44      91,015.05

21,341.80      0.24      21,342.04

4,356.65      180.52      4,537.17

-      -      -

**107,480.76**      **339.16**      **107,819.92**

39,322.79      -      39,322.79

6,768.56      -      6,768.56

1,145.92      -      1,145.92

**141,180.91**      **339.16**      **141,520.07**

**Aircraft and Engine**      **Office Premises**      **Total**

**Accumulated depreciation**

**Balance at April 1, 2021**

Additions

Disposals

**Balance at March 31, 2022**

Additions

Disposals

**Balance at March 31, 2023**

19,794.13      111.75      19,905.88

9,609.69      62.64      9,672.33

4,161.85      60.93      4,222.78

**25,241.97**      **113.46**      **25,355.43**

10,774.36      61.13      10,835.49

5,591.81      -      5,591.81

**30,424.52**      **174.59**      **30,599.11**

**Notes:**

(i) The Company has created charge on the insurance amounts in relation to aircrafts taken on lease.

(ii) Adjustments in gross carrying value represents lease modification amounting to ₹ 1,145.92 million (Previous Year : NIL).

Disposal of right of use assets includes the subleased portion of the right of use asset that was derecognised during the year amounting to ₹ 1,183.97 million (Previous Year: NIL).

**7. Capital work-in-progress (CWIP)**

**Particulars**

Capital work-in-progress (Refer note below)

**Total**

**As at  
 March 31, 2023**

**As at  
 March 31, 2022**

1,910.70      2,240.80

**1,910.70**      **2,240.80**

Note: CWIP primarily relates to equipments for aircrafts.

The table below provides ageing of capital work-in-progress (CWIP) as at March 31, 2023:

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	69.34	300.68	978.77	561.91	1,910.70
<b>Total</b>	<b>69.34</b>	<b>300.68</b>	<b>978.77</b>	<b>561.91</b>	<b>1,910.70</b>



The table below provides completion schedule of Capital work-in-progress (CWIP) as at March 31, 2023 whose completion is overdue:

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Asset 1	617.28	-	-	-	617.28
Asset 2	614.92	-	-	-	614.92
Asset 3	593.61	-	-	-	593.61
Asset 4	53.46	-	-	-	53.46
Asset 5	13.51	-	-	-	13.51
Asset 6	13.48	-	-	-	13.48
Asset 7	0.41	-	-	-	0.41
Asset 8	0.41	-	-	-	0.41
Asset 9	0.41	-	-	-	0.41
Asset 10	0.41	-	-	-	0.41
Asset 11	-	0.41	-	-	0.41
<b>Total</b>	<b>1,907.90</b>	<b>0.41</b>	-	-	<b>1,908.31</b>

The table below provides ageing of Capital work-in-progress (CWIP) as at March 31, 2022:

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	545.19	1,048.38	647.23	-	2,240.80
<b>Total</b>	<b>545.19</b>	<b>1,048.38</b>	<b>647.23</b>	-	<b>2,240.80</b>

The table below provides completion schedule of Capital work-in-progress (CWIP) as at March 31, 2022 whose completion is overdue:

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Asset 1	13.51	-	-	-	13.51
Asset 2	591.83	-	-	-	591.83
Asset 3	-	639.19	-	-	639.19
Asset 4	-	579.57	-	-	579.57
<b>Total</b>	<b>605.34</b>	<b>1,218.76</b>	-	-	<b>1,824.10</b>

**8. Intangible assets**

**Particulars**

As at  
March 31, 2023

As at  
March 31, 2022

**Carrying amounts of:**

Computer software	197.00	187.29
Trademarks	22.88	30.88
<b>Total*</b>	<b>219.88</b>	<b>218.17</b>

**Cost**

**Balance at April 1, 2021**

Additions	530.17	80.00	610.17
Disposals	91.55	-	91.55
	25.62	-	25.62

**Balance at March 31, 2022**

<b>Computer Software</b>	<b>596.10</b>	<b>80.00</b>	<b>676.10</b>
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Additions

Disposals	132.35	-	132.35
	-	-	-

**Balance at March 31, 2023**

<b>Computer Software</b>	<b>728.45</b>	<b>80.00</b>	<b>808.45</b>
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**Accumulated amortisation and impairment**

**Balance at April 1, 2021**

Additions	316.92	41.12	358.04
Disposals	117.50	8.00	125.50
	25.61	-	25.61

**Balance at March 31, 2022**

<b>Trade Mark</b>	<b>408.81</b>	<b>49.12</b>	<b>457.93</b>
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Additions

Disposals	122.64	8.00	130.64
	-	-	-

**Balance at March 31, 2023**

<b>Trade Mark</b>	<b>531.45</b>	<b>57.12</b>	<b>588.57</b>
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\*Refer note 38 for disclosure of contractual commitments for the acquisition of intangible assets.





**9. Intangible assets under development (IAUD)**

**Particulars**

As at  
March 31, 2023

As at  
March 31, 2022

Softwares - Intangibles under development (Refer note below)

9.85

57.74

**Total**

**9.85**

**57.74**

Note: IAUD primarily relates to softwares under development.

The table below provides ageing of Intangible asset under development (IAUD) as at March 31, 2023:

IAUD	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.35	2.26	2.61	0.63	9.85
<b>Total</b>	<b>4.35</b>	<b>2.26</b>	<b>2.61</b>	<b>0.63</b>	<b>9.85</b>

The table below provides completion schedule of Intangible asset under development (IAUD) as at March 31, 2023 whose completion is overdue:

IAUD	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Asset 1	5.50	-	-	-	5.50
Asset 2	2.02	-	-	-	2.02
Asset 3	2.15	-	-	-	2.15
Asset 4	0.18	-	-	-	0.18
<b>Total</b>	<b>9.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.85</b>

The table below provides ageing of Intangible asset under development as at March 31, 2022:

IAUD	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	54.50	2.61	0.63	-	57.74
<b>Total</b>	<b>54.50</b>	<b>2.61</b>	<b>0.63</b>	<b>-</b>	<b>57.74</b>

The table below provides completion schedule of Intangible asset under development (IAUD) as at March 31, 2022 whose completion is overdue :

IAUD	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Asset 1	5.50	-	-	-	5.50
Asset 2	2.15	-	-	-	2.15
Asset 3	2.10	-	-	-	2.10
Asset 4	0.28	-	-	-	0.28
<b>Total</b>	<b>10.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.03</b>

**10. Other financial assets**

**Particulars**

As at  
March 31, 2023

As at  
March 31, 2022

**Non-current**

**Carried at amortised cost**

Unsecured, Considered good

Security deposits

1,194.40

1,319.39

Balance with banks in deposit account [Refer Note (i) below]

-

0.11

Finance lease receivables [Refer Note (ii) & (iii) below]

817.24

-

Other receivables

1.72

1.72

**Total**

**2,013.36**

**1,321.22**

**Current**

**Derivatives at fair value through profit or loss (FVTPL)**

Derivative Assets

2,298.04

1,441.90

**Carried at amortised cost**

Unsecured, Considered good

Security deposits

761.93

394.73

Interest receivable on deposits

31.19

14.76

Unbilled revenue

506.68

151.56

Finance lease receivables [Refer Note (ii) & (iii) below]

353.26

-

Other receivables\*

6,678.81

1,198.33

**Total**

**10,629.91**

**3,201.28**

\*Include claims amounting to ₹ 5,898.59 Million from Original Equipment Manufacturers (March 31, 2022: ₹ 1,113.76 million)

**Notes:**

- (i) Balance with banks includes deposits aggregating to ₹ NIL (March 31, 2022: ₹ 0.11 million) placed with banks for issue of guarantees in favour of the Government of Haryana with Standard Chartered Bank and issue of standby letter of credit with united overseas bank.
- (ii) During the year, the Company has subleased two B-737 aircraft under finance lease to related party (refer note 36) and classification of sublease has been classified by reference to the right-of-use asset arising from the head lease. The sublease term for the aircraft is between three and four years. The subleased portion of the right of use asset was derecognised and a finance lease receivable (net investment in the finance lease) was recognised. The company is not exposed to foreign currency risk, as the sublease transaction is denominated in INR.
- (iii) The table below provides details regarding the contractual maturities of lease receivables as at March 31, 2023:





**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

**Particulars**

**Finance lease receivables**

Carrying amount

Due in 1st year  
 Due in 2nd year  
 Due in 3rd year  
 Due from 3rd to 5th year  
**Total undiscounted lease payments**

Less: Unearned Finance Income

**Net Investment in the lease**

**Undiscounted Lease Payment analysed as :**

- Recoverable within 12 months
- Recoverable after 12 months

**Net Investment in Lease analysed as :**

- Recoverable within 12 months
- Recoverable after 12 months

The following table presents amounts included in Profit/Loss :

Finance Income on the net investment in Finance Leases

	As at March 31, 2023	As at March 31, 2022
Carrying amount	1,170.50	-
Due in 1st year	410.19	-
Due in 2nd year	410.19	-
Due in 3rd year	410.19	-
Due from 3rd to 5th year	44.46	-
<b>Total undiscounted lease payments</b>	<b>1,275.03</b>	<b>-</b>
Less: Unearned Finance Income	104.53	-
<b>Net Investment in the lease</b>	<b>1,170.50</b>	<b>-</b>
<b>Undiscounted Lease Payment analysed as :</b>		
• Recoverable within 12 months	410.19	-
• Recoverable after 12 months	864.84	-
<b>Net Investment in Lease analysed as :</b>		
• Recoverable within 12 months	353.26	-
• Recoverable after 12 months	817.24	-
<b>The following table presents amounts included in Profit/Loss :</b>		
	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Finance Income on the net investment in Finance Leases	15.34	-

**11. Non-current tax assets**

**Particulars**

Advance Income tax [net of provisions (₹ Nil) (March 31, 2022 : ₹ Nil)]

**Total**

	As at March 31, 2023	As at March 31, 2022
Advance Income tax [net of provisions (₹ Nil) (March 31, 2022 : ₹ Nil)]	717.30	303.98
<b>Total</b>	<b>717.30</b>	<b>303.98</b>

**12. Other assets**

**Particulars**

**Non-current**

**Unsecured, Considered good**

Capital advances

Prepaid expenses

**Total**

**Current**

**Unsecured, Considered good**

Prepaid expenses

Advance to suppliers

Advance to employees

Balance with Government authorities

CENVAT credit receivable

GST credit receivable (refer Note below)

**Total**

	As at March 31, 2023	As at March 31, 2022
Capital advances	16,950.38	21,724.16
Prepaid expenses	7.79	5.80
<b>Total</b>	<b>16,958.17</b>	<b>21,729.96</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Prepaid expenses	895.43	598.52
Advance to suppliers	2,615.86	1,104.34
Advance to employees	31.20	12.54
Balance with Government authorities		
CENVAT credit receivable	22.18	23.16
GST credit receivable (refer Note below)	3,965.46	4,119.39
<b>Total</b>	<b>7,530.13</b>	<b>5,857.95</b>

Note:

The Company pays IGST at the time of re-import of repaired aircraft, aircraft engines and other aircraft parts sent out of the country for repairs. However, in terms of Custom Notification 45/2017 (effective up to 18th July 2021), a position may be taken that IGST is exempted in case of reimport of goods after repair abroad. On the same facts in a similar matter for competing Airline, Delhi CESTAT has given a favorable order stating that IGST are wholly exempted as IGST which can-not be construed as 'duty of Customs'.

In view of the above, the Company had filed a Refund Appeal for IGST paid amounting to ₹ 142.21 Million before the Ld. Commissioner of Customs (Appeals) till July 2021 which was rejected by authority considering the impact of said amendment notification is retrospective and held IGST is applicable on re-import of goods after repair. The Company continues to believe that no IGST is payable on such re-imports up till 18th July 2021 thus filed an appeal before Customs Excise and Service Tax Appellate Tribunal ("CESTAT"), New Delhi against that order.

The Company continues to pay IGST on new reimports and is not showing the same as a recoverable in books of accounts in view of matter being sub judice and amendment made in the act nullifying the earlier judgement.

**13. Inventories**

**Particulars**

Aircraft spare parts

Other supplies (Refer Note below)

Aircraft fuel

Goods in transit (Aircraft spare parts)

**Total**

	As at March 31, 2023	As at March 31, 2022
Aircraft spare parts	1,997.41	1,749.17
Other supplies (Refer Note below)	334.46	183.93
Aircraft fuel	31.79	36.30
Goods in transit (Aircraft spare parts)	8.36	33.37
<b>Total</b>	<b>2,372.02</b>	<b>2,002.77</b>

Notes:

During the year ₹ NIL (March 31, 2022: ₹ 19.5 million) was charged to the Statement of Profit and Loss on account of write-off of inventory.

Till March 31, 2022, aircraft fuel was valued on first-in first-out basis. From the current year the company has changed its policy of valuing aircraft fuel from first-in first out basis to moving average basis. The impact due to change in such accounting policy is not material and hence has been accounted prospectively.



**14. Investments**

**Particulars**

**As at**  
**March 31, 2023**                      **As at**  
**March 31, 2022**

**Current**

**Carried at fair value through profit or loss (FVTPL)**

Investment in Mutual Funds - unquoted

11,603.23

**Total**

**11,603.23**

Particulars	Units as at March 31, 2023	Units as at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Aditya Birla Sun Life Liquid Fund - Direct Plan	3,613,235.75	-	1,311.91	-
Aditya Birla Sun Life Overnight Fund - Direct Plan	101.54	-	0.12	-
Axis Liquid Fund - Direct Growth	584,009.22	-	1,460.54	-
HDFC Liquid Direct Growth	386,760.92	-	1,710.72	-
HSBC Liquid Fund- Direct Growth	182,428.78	-	409.03	-
ICICI Prudential Liquid Fund - Direct Plan	2,279,355.21	-	759.44	-
Kotak Liquid - Direct Growth Plan	189,270.65	-	860.88	-
Nippon India Liquid Fund - Direct Plan Growth Plan	219,462.63	-	1,208.57	-
SBI Liquid Fund - Direct Growth	286,617.18	-	1,009.84	-
Tata Liquid Fund-Direct Growth Plan	311,655.76	-	1,106.82	-
UTI Liquid Cash Plan - Direct Plan Growth	478,493.86	-	1,765.36	-
<b>Total</b>	<b>8,531,391.50</b>	<b>-</b>	<b>11,603.23</b>	<b>-</b>

**Aggregate value of unquoted investments**

**11,603.23**

There are no quoted investments during the current and previous year.

Refer Note 43 for information about credit risk and market price risk related to investments.

**15. Trade receivables**

**Particulars**

**As at**  
**March 31, 2023**                      **As at**  
**March 31, 2022**

**Carried at amortised cost**

Unsecured, Considered good

5,677.76

4,917.69

Less: Allowance for doubtful trade receivables

(371.60)

(371.49)

**Total**

**5,306.16**

**4,546.20**

Included in above are the following trade receivables:

- Significant increase in credit risk

-

-

- Credit impaired

371.60

371.49

**Total**

**371.60**

**371.49**

**Notes:**

- (i) Trade receivables include amount due from credit card companies aggregating to ₹ 1,271.50 (March 31, 2022: ₹ 1,195.80).  
(ii) For details regarding trade receivables due from related parties, refer note 36.

The Company's exposure to credit and currency risks and impairment allowances related to trade receivables is disclosed in Note 43.

The table below provides ageing of trade receivables from due date of payment as at March 31, 2023:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	3,807.84	1,008.44	226.58	199.12	58.91	5.27	<b>5,306.16</b>
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	116.78	254.82	<b>371.60</b>
<b>Total</b>	<b>3,807.84</b>	<b>1,008.44</b>	<b>226.58</b>	<b>199.12</b>	<b>175.69</b>	<b>260.09</b>	<b>5,677.76</b>

Less: Allowance for doubtful trade receivables

**(371.60)**

**Grand Total**

**5,306.16**



**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

The table below provides ageing of trade receivables from due date of payment as at March 31, 2022:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good	2,703.11	1,678.94	40.31	108.15	7.08	8.61	4,546.20
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	116.68	-	254.81	371.49
<b>Total</b>	<b>2,703.11</b>	<b>1,678.94</b>	<b>40.31</b>	<b>224.83</b>	<b>7.08</b>	<b>263.42</b>	<b>4,917.69</b>

Less: Allowance for doubtful trade receivables

**(371.49)**

**Grand Total**

**4,546.20**

**16. Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	5.46	4.16
Balances with banks:		
Current accounts- in India	230.13	175.63
Current accounts- in Overseas	1,130.60	544.23
Exchange Earners Foreign Currency (EEFC) accounts	212.17	502.87
Deposits (with original maturity of three months or less)	4,959.58	7,179.95
<b>Total</b>	<b>6,537.94</b>	<b>8,406.84</b>

**17. Equity share capital**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised capital</b>		
12,000,000,000 equity shares of ₹ 10 each (March 31, 2022 : 12,000,000,000 equity shares of ₹ 10 each)	120,000.00	120,000.00
<b>Issued, Subscribed and paid up</b>		
10,020,000,000 equity shares of ₹ 10 each (March 31, 2022 : 9,370,000,000 equity shares of ₹ 10 each) fully paid up	100,200.00	93,700.00
<b>Total</b>	<b>100,200.00</b>	<b>93,700.00</b>

Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
<b>As at March 31, 2022</b>			
No. of shares	7,655.00	1,715.00	9,370.00
Amount	76,550.00	17,150.00	93,700.00
<b>As at March 31, 2023</b>			
No. of shares	9,370.00	650.00	10,020.00
Amount	93,700.00	6,500.00	100,200.00

(ii) Rights, Preferences and Restrictions attached to shares:

The Company has one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

(iii) Equity shares held by the holding company:

Particulars	Number of shares held	Amount
<u>Equity shares with voting rights</u>		
<i>As at March 31, 2022</i>		
Tata Sons Private Limited, the holding company along with its nominees	4,778.70	47,787.00
<i>As at March 31, 2023</i>		
Tata Sons Private Limited, the holding company along with its nominees	5,110.20	51,102.00

(iv) Details of equity shares held by each shareholder holding more than 5% shares in the Company:

Particulars	Number of shares held	%
<u>Equity shares with voting rights</u>		
<i>As at March 31, 2022</i>		
Tata Sons Private Limited	4,778.70	51.00%
Singapore Airlines Limited	4,591.30	49.00%
<i>As at March 31, 2023</i>		
Tata Sons Private Limited	5,110.20	51.00%
Singapore Airlines Limited	4,909.80	49.00%

(v) Details of equity shares held by promoters in the Company:

Particulars	Number of shares held	% of total shares	% change during the year
<u>As at March 31, 2022</u>			
Tata Sons Private Limited along with its nominees	4,778.70	51.00%	22.40%
Singapore Airlines Limited	4,591.30	49.00%	22.40%
<i>As at March 31, 2023</i>			
Tata Sons Private Limited along with its nominees	5,110.20	51.00%	6.94%
Singapore Airlines Limited	4,909.80	49.00%	6.94%

(vi) Shares issued for consideration other than cash

There was no share allotment made for consideration other than cash, no bonus shares have been issued and no shares have been bought back.

**18. Other Equity**

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earnings [Refer Note (i) below]	(95,180.21)	(81,209.53)
<b>Total</b>	<b>(95,180.21)</b>	<b>(81,209.53)</b>

Note:

(i) Movement in retained earnings is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	(81,209.53)	(60,882.55)
Loss for the year	(13,933.39)	(20,314.94)
Share issue expenses	(0.32)	(0.96)
Other comprehensive loss for the year	(36.97)	(11.08)
<b>Balance at the end of the year</b>	<b>(95,180.21)</b>	<b>(81,209.53)</b>



**19. Borrowings**

**At amortised cost**

**Particulars**

**Non-current**

**Secured**

**Term loans**

Foreign Currency term loans

From Others

**Total**

**Current**

**Secured**

**Term loans**

Current maturities of long term loans

**Total**

**As at**  
**March 31, 2023**

**As at**  
**March 31, 2022**

34,039.81

16,089.90

**34,039.81**

**16,089.90**

3,747.64

1,701.07

**3,747.64**

**1,701.07**

**Notes:**

- (i) Borrowings related to assets subject to financing arrangement which are "in-substance purchases" as defined in the Company's accounting policies applicable to leases are disclosed as borrowings.
- (ii) These loans are secured by pledging of the aircrafts and there is no default in repayment of principal and interest.
- (iii) The External commercial borrowing ("ECB") relates to the acquisition of "Aircrafts". The ECB is granted under automatic route by the Reserve Bank of India and is granted through a lease structure between the Company and the lessor. The related aircraft are owned by the lessor until the repayment of all outstanding by the Company under the terms of the respective lease agreements (also refer Note 3.20). As per the terms of these lease agreements with the lessor, the Company has opted for either fixed or a floating rate of interest benchmarked to London Inter-Bank Offered Rate ("LIBOR") / Secured Overnight Finance Rate ("SOFR") for each drawdown, which coincides with the delivery of each aircraft. Under each lease agreement, the Company is required to make payment of lease rentals to lessor or its nominees. For borrowings linked with floating rate of interest, the Company has moved to interest rate benchmarked to SOFR from LIBOR during the current financial year.
- (iv) Refer Note 43 for information about liquidity risk and market risk related to borrowings.
- (v) Repayment terms of borrowings :

**Particulars**

**As at**  
**March 31, 2023**

**As at**  
**March 31, 2022**

Fixed Interest Rate (range)

Floating Interest Rate

Frequency of Installment

Installments

Term Loan

Term Loan

2.69% - 3.36%

2.69% - 3.36%

SOFR plus margin  
(1.65%-3.22%)

3M Libor plus 2.80%

Quarterly/Half Yearly

Quarterly/Half Yearly

18-48

20-45

**20. Lease liabilities**

**Particulars**

**Non-current**

Lease liabilities

**Total**

**Current**

Lease liabilities

**Total**

**As at**  
**March 31, 2023**

**As at**  
**March 31, 2022**

122,567.27

86,378.82

**122,567.27**

**86,378.82**

12,051.43

8,773.07

**12,051.43**

**8,773.07**

**Note:**

The Company's leased assets primarily consist of leases for aircrafts and engines and leasehold office premises. Interest expense on lease liabilities for the year is amounting to ₹ 6,486.80 million (March 31, 2022 : ₹ 5,028.66 million).

During the year ended March 31, 2023, the Company has recognized an expense of ₹ 189.81 million (March 31, 2022 : ₹ 322.22 million) on account of variable lease payments incurred towards additional lease rentals for aircrafts and engine on account of delay in redelivery of aircrafts.

Refer Note 26 for gain arising from sale and leaseback transaction for aircraft engines.

Refer Note 43 for information about liquidity risk and market risk related to lease liabilities.

**21. Other financial liabilities**

**Particulars**

**Non-current**

**At amortised cost**

Supplementary rentals [Refer Note (i) below]

**Total**

**Current**

**At amortised cost**

Supplementary rentals [Refer Note (i) below]

**Carried at fair value through profit or loss (FVTPL)**

Derivative liability

**At amortised cost**

Payable for property, plant and equipment

Airport royalty

Security deposits

Payable for derivatives

Interest accrued but not due on borrowings

Airport dues payable (Refer Note iii)

Deposit received from Employees

Others

**Total**

**As at**  
**March 31, 2023**

**As at**  
**March 31, 2022**

11,084.62

5,638.19

**11,084.62**

**5,638.19**

407.85

2,007.08

-

3.54

40.75

28.33

6.68

4.95

13.83

20.54

280.20

397.60

148.30

58.35

1,166.80

735.60

36.27

3.30

3.95

1.47

**2,104.63**

**3,260.76**

**Note:**

- (i) In terms of an agreement with the lessor, the Company is required to pay a maintenance fee as stipulated in the agreement towards certain heavy maintenance checks, including the reserve that needs to be performed at specified intervals as enforced by the Director General of Civil Aviation in accordance with the maintenance program document laid down by the manufacturers. The Company has opted to pay the maintenance fee at the end of the lease period of each of the aircrafts.
- (ii) Refer Note 43 for information about liquidity risk and market risk related to other financial liabilities.
- (iii) Airport dues payable has been retrospectively adjusted for the change in presentation from other current liability to other financial liability.





**22. Provisions**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Compensated absences	110.21	39.47
Gratuity [Refer Note 34]	255.55	182.68
Other employee benefits	42.89	47.61
<b>Others</b>		
Redelivery of aircraft [Refer Note (i) below]	541.87	348.58
<b>Total</b>	<b>950.52</b>	<b>618.34</b>
<b>Current</b>		
<b>Provision for employee benefits</b>		
Compensated absences	34.40	9.79
Gratuity [Refer Note 34]	32.45	21.19
Other employee benefits	20.60	151.50
<b>Others</b>		
Redelivery of aircraft [Refer Note (i) below]	6.48	60.65
<b>Total</b>	<b>93.93</b>	<b>243.13</b>

Note:

- (i) The provision for redelivery of aircraft represents present value of the payments which the Company is obligated to make under lease contract at the time of redelivery of aircraft (asset retirement obligation).
- (ii) Details of provisions for redelivery of aircraft are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Opening Balance</b>	409.23	378.79
Additions	142.27	61.16
Interest expense	26.34	21.79
Foreign exchange (gain)/loss	35.30	16.30
Utilisations/reversals	(64.79)	(68.81)
<b>Closing Balance</b>	<b>548.35</b>	<b>409.23</b>

**23. Other liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
<b>Current</b>		
Advance from customers	445.27	240.67
Statutory remittances	809.30	486.40
Advance ticket sales	10,356.76	5,723.09
Deferred revenue - frequent flyer points [Refer Note (i) below]	1,969.75	1,248.19
Deferred revenue - membership fees	153.73	89.43
Other Liabilities	1,436.77	740.43
<b>Total</b>	<b>15,171.58</b>	<b>8,528.21</b>

Note:

- (i) Deferred revenue represents the obligation which the Company has to provide to customers on redemption of frequent flyer point and redemption of points in case of co-branded credit cards.

**Contract balances**

The following is the summary of accounts receivable, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables [Refer Note (i) below]	5,306.16	4,546.20
Contract Assets		
Unbilled revenue [Refer Note (ii) below]	506.68	151.56
Contract liabilities		
Advance from customers [Refer Note (iii) below]	445.27	240.67
Advance ticket sales [Refer Note (iv) below]	10,356.76	5,723.09
Deferred revenue - frequent flyer [Refer Note (v) below]	1,969.75	1,248.19
Deferred revenue - membership fees [Refer Note (v) below]	153.73	89.43

Note:

- (i) Trade receivables are generally unsecured and are derived from revenue earned from customers. Trade receivables also includes receivables from credit card companies which are realisable within a period 2 to 28 working days.
- (ii) Unbilled revenue represents the amounts unbilled to the customers for which the Company has completed its contractual performance obligations.
- (iii) Contract liabilities, included in Note 23 represents that portion of deferred revenue for which payments have been received in advance from customers.
- (iv) Contract liability is comprised of consideration from sale of tickets not yet flown, reported as advance ticket sales disclosed under other current liabilities in Note 23.
- (v) Contract liabilities, included in Note 23 represents the obligation which the Company has to provide to customers on redemption of frequent flyer point and redemption of points in case of co-branded credit cards.
- (vi) The Company expects the contract asset and liability balances to be settled within a period of one year.
- (vii) Advance ticket sales and other liabilities have been retrospectively adjusted for change in presentation from other current liability to other financial liabilities.



**24. Trade payables**

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables	16,954.93	10,634.07
<b>Total</b>	<b>16,954.93</b>	<b>10,634.07</b>

Note:

In terms of notification no. G.S.R 719(E) dated September 4, 2015 issued by the Central Government of India, the disclosure of payments due to any supplier are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance of Trade payables as at the end of the year</b>		
- Principal amount due to micro & small enterprises	19.85	47.15
- Principal amount due to others	16,935.08	10,586.92
	<b>16,954.93</b>	<b>10,634.07</b>

**Interest accrued and due as at the end of the year**

- Interest on payments due to micro and small enterprises
- Interest on payments due to others
- Interest due and payable on amounts paid during the year to micro, small and medium enterprises

**Paid during the year**

Principal amount (including interest) paid to micro and small enterprises beyond the appointed date

- Principal amount
- Interest thereon
- Interest on principal amount paid to others beyond the appointed date

**Others**

- Interest accrued in the prior year and paid during the year
- Interest accrued in the prior years and remaining unpaid as at the end of the year
- Interest accrued during the year and remaining unpaid as at the end of the year

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 management. This has been relied upon by the auditors.

Refer Note 43 for information about liquidity risk and market risk related to trade payables.

Refer Note 36 for details regarding trade payables due to related parties.

The table below provides ageing of trade payables from due date of payment as at March 31, 2023:

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2.96	5.61	11.28	-	-	19.85
(ii) Others	14,676.05	1,801.08	397.95	46.65	11.68	1.67	16,935.08
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total</b>	<b>14,676.05</b>	<b>1,804.04</b>	<b>403.56</b>	<b>57.93</b>	<b>11.68</b>	<b>1.67</b>	<b>16,954.93</b>

The table below provides ageing of trade payables from due date of payment as at March 31, 2022:

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2.08	10.02	7.02	28.01	0.02	47.15
(ii) Others	8,518.59	179.18	1,786.62	45.08	48.25	9.20	10,586.92
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total</b>	<b>8,518.59</b>	<b>181.26</b>	<b>1,796.64</b>	<b>52.10</b>	<b>76.26</b>	<b>9.22</b>	<b>10,634.07</b>

**25. Revenue from Operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of services</b>		
Passenger revenue	107,086.94	44,433.46
Charter revenue	109.54	696.50
Cargo revenue	4,641.16	3,755.69
Excess baggage	1,056.05	774.09
	<b>112,893.69</b>	<b>49,659.74</b>
<b>Other operating revenue</b>		
Cancellation charges	2,670.89	1,532.66
Security services	112.18	36.14
Advertisement	76.55	14.54
Co-branding and membership fees	759.74	442.40
Gain on Sublease	70.67	-
Others	1,256.06	579.61
	<b>4,946.09</b>	<b>2,605.35</b>
<b>Total</b>	<b>117,839.78</b>	<b>52,265.09</b>



**26. Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest income earned on financial assets carried at amortised cost</b>		
Interest on fixed deposits	334.86	175.77
Interest on security deposits (Unwinding)	83.31	106.07
Interest on Income Tax refund	6.53	0.38
Liabilities no longer required written back	76.43	-
Gain on Sale and leaseback of aircraft engines	671.15	780.32
Fair value gain on derivative contracts	898.52	687.45
MTM gain on current investments at fair value through profit or loss (net)	63.99	-
Training income (net of training expenses)	57.40	-
Claim from Original Equipment Manufacturers (Refer Note 10)	4,742.51	1,113.76
Miscellaneous income	199.21	71.19
<b>Total</b>	<b>7,133.91</b>	<b>2,934.94</b>

**27. Aircraft maintenance and other cost**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Aircraft repairs and maintenance	8,090.01	5,796.11
Supplementary rentals [Refer Note (i) below]	5,281.69	3,301.82
Landing, parking and other airport charges	12,428.66	6,870.40
Inflight and other pax amenities	3,318.09	1,304.09
Aircraft related expenses (including customs duty and freight)	289.71	176.92
Aircraft insurance and other insurance	569.87	437.16
Inflight entertainment cost	149.12	71.85
<b>Total</b>	<b>30,127.15</b>	<b>17,958.35</b>

(i) Aircraft maintenance cost (reserve for scheduled maintenance) has been renamed with "Supplementary rentals". Supplementary rentals for engine LLP replacement have been discounted to considered time value of money.

**28. Employee benefit expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	8,390.94	6,216.22
Contribution to provident fund	193.06	159.56
Gratuity [Refer Note 34]	63.03	51.26
Staff welfare expenses	25.85	23.78
<b>Total</b>	<b>8,672.88</b>	<b>6,450.82</b>

**29. Selling expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Computerised reservation system	5,242.96	2,853.02
Commission	3,159.11	773.05
Credit card fees	1,585.49	557.87
Advertisement	502.88	205.08
Others	202.77	128.26
<b>Total</b>	<b>10,693.21</b>	<b>4,517.28</b>

**30. Finance cost**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest</b>		
Interest on delayed payment	0.99	2.79
Interest on borrowings	1,118.56	709.76
Interest on Lease Liability	6,486.80	5,028.67
Interest expense on supplementary rentals	586.01	402.66
Interest expense on provision for redelivery of aircraft	26.34	21.79
<b>Other</b>		
Discounting charges - Letter of Credit/Bank Guarantee	210.41	171.41
<b>Total</b>	<b>8,429.11</b>	<b>6,337.08</b>

Note: Interest on borrowing is related to assets subject to financing arrangements which are "in-substance purchases" as defined in the Company's accounting policies.



**31. Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 5)	1,826.63	1,530.72
Depreciation of right of use assets (refer note 6)	10,835.49	9,672.33
Amortisation of intangible assets (refer note 8)	130.64	125.50
<b>Total</b>	<b>12,792.76</b>	<b>11,328.55</b>

**32. Other expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	375.48	378.06
Property, plant and equipment discarded	4.35	11.97
Electricity expenses	15.17	14.10
Rates and taxes	866.98	611.51
Communication expenses	32.80	36.22
Travelling and conveyance	1,337.11	693.37
Printing and stationery	24.95	22.67
Recruitment expenses	12.98	8.55
Legal and professional	757.63	660.37
Information and technology expense	1,957.00	1,161.38
Business promotion	11.13	0.18
Frequent flyer programme	91.65	12.92
Payment to auditors [Refer Note (i) below]	10.17	5.40
Allowance for doubtful debts (net)	0.11	-
Directors Sitting fees	7.68	7.63
Net loss on foreign currency transactions and translation	10,034.66	4,368.29
Miscellaneous expenses	511.16	311.40
<b>Total</b>	<b>16,051.01</b>	<b>8,304.02</b>

Note:

(i) Payment to auditors (excluding taxes):		
For statutory audit	7.30	4.90
For taxation matters	0.50	0.50
For other services	1.97	-
For reimbursement of out of pocket expenses	0.40	-
<b>Total</b>	<b>10.17</b>	<b>5.40</b>

(ii) The Company has not earned net profit in three immediately preceding financial years. Therefore, amount required to be spent on CSR activities as per requirement of section 135 of the Company's act 2013 is nil for year ended March 31, 2023 and March 31, 2022.

**33. Earnings/(Loss) per equity share**

Basic earnings/(loss) per share amount is calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) attributable to equity holders	(13,933.39)	(20,314.94)
Weighted average number of equity shares outstanding during the year	9,612,191,781	8,642,630,137
Basic earnings/(loss) per share (Rs)	(1.45)	(2.35)
Diluted earnings/(loss) per share (Rs)	(1.45)	(2.35)
Face value per share (Rs)	10.00	10.00

There are no dilutive instruments issued by the Company.

**34. Employee benefits**

**(a) Defined contribution plans**

The Company makes provident fund contributions to defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 193.06 million (March 31, 2022: ₹ 159.57 million) for provident fund contributions in the Statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

**(b) Other long-term benefits**

The Company has a defined benefit leave encashment plan for its employees. Under this plan, they are entitled to encashment of earned leaves subject to certain limits and other conditions specified for the same. The liabilities towards leave encashment have been provided on the basis of actuarial valuation.



(c) **Defined benefit plans**

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

The present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each balance sheet date.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet:

(i) **Changes in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Defined benefit obligation at beginning of the year</b>	203.87	138.69
Current service cost	49.79	42.52
Interest expense	13.24	8.74
Remeasurement (gains)/losses		
Actuarial (gain)/loss from changes in financial assumptions	7.44	(4.83)
Actuarial (gain)/loss from experience adjustments	29.53	15.91
Actuarial (gain)/loss from changes in demographic assumptions	-	-
Impact of liability assumed or settled	0.24	7.64
Benefits paid	(16.11)	(4.80)
<b>Defined benefit obligation at end of the year</b>	<b>288.00</b>	<b>203.87</b>

(d) **Defined benefit plan**

Particulars	As at March 31, 2023	As at March 31, 2022
Classified as non-current	255.55	182.68
Classified as current	32.45	21.19
<b>Total</b>	<b>288.00</b>	<b>203.87</b>

**Amount recognised in Statement of Profit and Loss and other comprehensive income:**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	49.79	42.52
Interest expense	13.24	8.74
<b>Amount recognised in Statement of profit and loss</b>	<b>63.03</b>	<b>51.26</b>
Remeasurement of defined benefit liability:		
Actuarial (gain)/loss from changes in demographic assumptions	-	-
Actuarial (gain)/loss from changes in financial assumptions	7.44	(4.83)
Actuarial (gain)/loss from experience adjustments	29.53	15.91
<b>Amount recognised in other comprehensive (income)/loss</b>	<b>36.97</b>	<b>11.08</b>
<b>Total</b>	<b>100.00</b>	<b>62.34</b>

**The principal assumptions used in determining obligations for the Company's plan are shown below:**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate (in %)	7.50%	6.85%
Future salary increase (in %)	8.00%	7.00%
<b>Demographic Assumptions</b>		
Retirement age	60-65 years	60-65 years
Mortality	IALM (2012-14)	IALM (2012-14)
Attrition rate	Age (Years) Rates	Age (Years) Rates
	21-30 22%	21-30 22%
	31-40 11%	31-40 11%
	41-50 8%	41-50 8%
	51 and 17%	51 and 17%
	above	above
Estimate of amount of contribution in the immediate next year	32.45	21.19

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has 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.

Particulars	As at March 31, 2023	As at March 31, 2022
Effect of +50 basis points in rate of discounting	(10.56)	(7.63)
Effect of -50 basis points in rate of discounting	11.30	8.17
Effect of +50 basis points in rate of salary increase	11.19	8.11
Effect of -50 basis points in rate of salary increase	(10.56)	(7.65)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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





**Risk exposure:**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Interest Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.58 years (March 31, 2022: 7.74 years).

**35. Segment Information**

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance at an overall company level as one segment i.e. 'air transportation services' based on the nature of operations, the risks and rewards and the nature of the regulatory environment across the Company's network and the interchangeability of use of assets across the network routes of the Company.

Segment wise information for the year ended March 31, 2023 and March 31, 2022 are as follows:

**Revenue from major services:**

The following is an analysis of the revenue from operations from its major services:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Air transportation services	117,839.78	52,265.09
b. Other income	7,133.91	2,934.94
<b>Total</b>	<b>124,973.69</b>	<b>55,200.03</b>

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Air transportation services		
1. Domestic	88,149.27	41,185.41
2. International	29,690.51	11,079.68
b. Other income	7,133.91	2,934.94
<b>Total</b>	<b>124,973.69</b>	<b>55,200.03</b>

Revenue from air transportation services is directly attributed to domestic and international operations or are attributed on a reasonable basis. Other income is not allocated as the underlying assets/ liabilities/services are used interchangeably.

Non-current assets, other than financial instruments and income tax assets (net), primarily comprises of right of use assets, property, plant and equipment and other non-current assets which cannot be bifurcated between domestic and international locations, as such assets are used interchangeably. Accordingly, the same has not been bifurcated between domestic and international locations.

No single customer contributed to 10% or more of the Company's revenues for both FY 2022-23 and 2021-22.



**36. Related party disclosures**

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

**(a) Details of related parties:**

<b>Description of relationship</b>	<b>Names of related parties</b>
Holding Company	Tata Sons Private Limited
Enterprise having significant influence over the Company	Singapore Airlines Limited
Fellow subsidiaries	Tata AIG General Insurance Company Limited Tata Consultancy Services Limited Tata Limited Tata International Limited Tata Teleservices Limited Tata Teleservices (Maharashtra) Limited Tata Advanced Systems Limited Tata Communications Limited Tata Realty and Infrastructure Limited AIX Connect Private Limited ( Formerly known as Air Asia (India) Private Ltd.) Tata Medical and Diagnostics Limited Tata Unistore Ltd. Talace Private Limited Air India Limited (w.e.f. January 27, 2022) Air India Express Limited (w.e.f. January 27, 2022)
Joint Venture of holding company	Tata AIA Life Insurance Company Limited
Associates of holding company	Tata Power Company Limited Indian Hotels Company Limited Titan Company Limited Tata Steel Limited
Subsidiaries of enterprise having significant influence over the Company	Silkair (Singapore) Private Limited SIA Engineering Company Limited Tradewinds Tours & Travel Private Limited Cargo Community Network Pte Ltd Scoot Tigerair Pte Ltd
Joint Venture of Subsidiaries	Air India SATS Airport Services Private Ltd (w.e.f. January 27, 2022) Arrow Infraestate Private Limited Gurgaon Realtech Limited
Subsidiary of Tata Power Company Limited	Nelco Limited TCL Ceramics Limited
Subsidiary of Indian Hotels Company Limited	Piem Hotels Limited
Associate of Tata Communication Limited	STT Global Data Centre India Limited
Key Management Personnel (KMP)	Mr. Leslie Thng, Chief executive officer (till December 31, 2021) Mr. Vinod Kannan, Chief executive officer (w.e.f. January 1, 2022) Mr. Niyant Maru, Chief financial officer Mr. Bhaskar Bhat, Chairman Mr. Lik Hsin Lee, Director Mr. Som Mittal, Independent director Ms. Sangeeta Pendurkar, Independent director Mr. S Padmanabhan, Director Ms. Smriti Sharma, Company secretary

Note: Related parties have been identified by the management.



(b) Details of related party transactions during the year and outstanding balance at the end of the year are stated below

For the year ended March 31, 2023								
Particulars	Holding Co.	Significant influence over the Company	Fellow subsidiaries	Subsidiary of enterprise having significant influence over the Company	JV/Associate of Holding Company & Subsidiaries of JV& Associates	JV/Associates of Subsidiaries of Holding Co.	KMP	Total
<b>A. Revenue</b>								
Passenger revenue	-	71.26	29.04	-	-	-	-	100.30
Other operating revenue	-	159.99	196.76	0.84	1.10	-	-	358.69
<b>B. Expenses</b>								
Salaries and Wages	-	106.04	48.55	-	-	-	-	154.59
Legal and professional	-	0.25	6.90	-	-	-	-	7.15
IT Expenses	-	-	19.73	-	-	-	-	19.73
Training expenses	0.05	-	20.26	-	-	0.03	-	20.34
Travelling and conveyance	-	2.95	-	-	369.66	-	-	372.61
Inflight and other pax amenities	-	1.79	10.02	-	0.28	-	-	12.09
Frequent flyer programme	-	14.68	-	-	-	-	-	14.68
Aircraft Repair and Maintenance	-	5.41	-	8.84	-	140.46	-	154.71
Recruitment expenses	-	-	-	-	-	-	-	-
Insurance expenses	-	-	-	-	-	-	-	-
Communication expenses	-	-	12.57	-	-	0.06	-	12.63
Miscellaneous expenses	-	0.82	1.72	-	5.32	9.50	-	17.36
Landing, parking and other airport charges	-	-	6.25	2.95	-	1,484.20	-	1,493.40
Other expenses	-	-	261.59	-	-	-	-	261.59
Catering and transport	-	-	-	-	-	-	-	-
Electricity Expenses	-	-	-	-	6.35	8.00	-	14.35
Purchase of inventory	-	-	-	-	-	-	-	-
Rental expenses	-	0.12	1.23	0.30	-	77.34	-	78.99
Managerial remuneration	-	-	-	-	-	-	77.86	77.86
Director sitting fees and commission	-	-	-	-	-	-	7.68	7.68
<b>C. Purchase of PPE</b>								
Purchase of property, plant and equipment (including intangibles and capital work in progress)	-	11.83	21.92	-	-	-	-	33.75
<b>D. Allotment of Share Capital</b>								
Allotment of equity share capital	3,315.00	3,185.00	-	-	-	-	-	6,500.00
<b>E. Account Balances &amp; Disclosures</b>								
Trade receivables	-	38.98	98.32	0.85	-	-	-	138.15
Trade Payable	-	5.53	188.08	6.10	31.24	248.16	-	479.11
Advance to suppliers	-	-	1.48	0.65	5.85	-	-	7.98
Security deposit receivable	-	-	-	-	-	37.43	-	37.43
Capital commitments	-	-	13.14	-	-	-	-	13.14
Equity Share capital	51,102.00	49,098.00	-	-	-	-	-	100,200.00

*[Handwritten signature]*



For the year ended March 31, 2022								
Particulars	Holding Co.	Significant influence over the Company	Fellow subsidiaries	Subsidiary of enterprise having significant influence over the Company	JV/Associate of Holding Company & Subsidiaries of JV& Associates	JV/Associates of Subsidiaries of Holding Co.	KMP	Total
<b>A. Revenue</b>								
Passenger revenue	-	0.92	-	-	-	-	-	0.92
Other operating revenue	-	49.23	2.00	-	0.03	1.01	-	52.27
<b>B. Expenses</b>								
Salaries and Wages	-	140.69	-	-	-	-	-	140.69
Legal and professional	0.00	0.05	216.64	-	-	-	-	216.69
IT Expenses	0.03	-	36.56	0.06	-	-	-	36.65
Training expenses	-	-	2.02	-	-	-	-	2.02
Travelling and conveyance	-	1.37	-	-	141.34	-	-	142.71
Inflight and other pax amenities	-	-	0.86	-	-	-	-	0.86
Frequent flyer programme	-	1.33	-	-	-	-	-	1.33
Aircraft Repair and Maintenance	-	-	-	1.00	-	14.42	-	15.42
Recruitment expenses	-	0.93	-	-	-	-	-	0.93
Insurance expenses	-	-	0.01	-	0.02	-	-	0.03
Communication expenses	-	-	18.40	-	0.79	3.21	-	22.40
Miscellaneous expenses	-	-	0.30	-	-	1.22	-	1.52
Landing, parking and other airport charges	-	-	0.95	0.61	-	237.29	-	238.85
Other expenses	-	-	0.02	-	-	-	-	0.02
Electricity Expenses	-	-	5.58	-	-	0.08	-	5.66
Depreciation on right of use asset	-	-	50.48	-	-	-	-	50.48
Interest on lease liabilities	-	-	13.01	-	-	-	-	13.01
Rent expenses	-	-	11.33	-	-	-	-	11.33
Purchase of inventory	-	-	-	-	2.28	-	-	2.28
Rental expenses	-	-	-	0.04	-	-	-	0.04
Managerial remuneration	-	-	-	-	-	-	102.13	102.13
Director sitting fees and commission	-	-	-	-	-	-	7.63	7.63
<b>C. Purchase of PPE</b>								
Purchase of property, plant and equipment (including intangibles and capital work in progress)	-	10.87	31.81	-	-	-	-	42.68
<b>D. Allotment of Share Capital</b>								
Allotment of equity share	8,746.50	8,403.50	-	-	-	-	-	17,150.00
<b>E. Account Balances &amp; Disclosures</b>								
Trade receivables	-	15.26	3.49	-	0.02	1.06	-	19.83
Trade Payable	0.03	30.85	40.27	1.92	23.55	138.54	-	235.16
Advance to suppliers	-	-	5.16	-	-	-	-	5.16
Security deposit receivable	-	-	37.43	-	-	-	-	37.43
Capital commitments	-	-	16.15	-	-	-	-	16.15
Equity Share capital	47,787.00	45,913.00	-	-	-	-	-	93,700.00

- Notes :
- (i) As the liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key managerial personnel are not included above. Also, the above figures do not include premium paid for group health insurance for the key managerial personnel as separate details of premium paid, gratuity and compensated absences are not available.
- (ii) All related party transactions entered during the period were in ordinary course of the business and on arm's length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

*Handwritten signature*



**37. Transfer pricing**

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

**38. Capital commitments**

Estimated amount of contracts remaining to be executed on property, plant and equipments and intangible assets (net of advances) and not provided for:

Particulars	As at March 31, 2023	As at March 31, 2022
Property, plant and equipment		
- Aircraft and engines	46,696.08	64,660.61
- Others	62.98	711.42
Intangible assets	93.93	134.33
<b>Total</b>	<b>46,852.99</b>	<b>65,506.36</b>

**39. Contingent liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
a) Claims against the Company not acknowledged as debts (refer Note (i) below)	82.37	34.60

Note:

- (i) The Company is party to various legal proceedings for claims from customers in the normal course of business and does not expect the outcome of the proceeding to have any adverse effect on its financial conditions, results of operations or cash flows.

**40. Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:**

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Borrowings	Lease Liability	Borrowings	Lease Liability
<b>Opening balance</b>	17,790.97	95,151.89	16,284.95	78,591.30
<b>Cash Flows</b>				
Proceeds from long term debt	20,428.64	-	2,475.08	-
Repayment of long term debt	(2,207.72)	-	(1,635.54)	-
Repayment of lease liability	-	(10,353.76)	-	(9,014.86)
<b>Non-Cash Changes</b>				
Additions	-	40,325.84	-	22,442.98
Others*	1,775.56	9,494.73	666.48	3,132.47
<b>Closing balance</b>	<b>37,787.45</b>	<b>134,618.70</b>	<b>17,790.97</b>	<b>95,151.89</b>

\* This includes interest, foreign exchange impact and lease modification adjustments.

**41. Income taxes**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting Loss	(13,933.39)	(20,314.94)
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>
Deferred tax		
Recognised in Statement of profit and loss	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>





**41. Income taxes (cont'd)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Loss from continuing operations before income tax expense	(13,933.39)	(20,314.94)
Tax at the Indian tax rate of 25.168% (March 2022 - 25.168%)	(3,506.75)	(5,112.86)
Tax losses, unabsorbed depreciation and other temporary differences	3,506.75	5,112.86
	<b>3,506.75</b>	<b>5,112.86</b>
Tax recorded in the statement of profit and loss	-	-
<b>(c) Deferred tax assets /liabilities</b>		
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, plant and equipment and intangible assets	(5,858.59)	(3,627.39)
Derivative assets	(578.37)	(362.01)
External Commercial Borrowing - EIR	(104.05)	-
Finance Lease Receivable	(294.59)	-
	<b>(6,835.60)</b>	<b>(3,989.40)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for gratuity	72.42	49.29
Provision for compensated absences	36.40	12.40
Provision for other employee benefits	15.98	50.11
Provision for bonus - Others	20.34	12.38
Provision for redelivery	138.01	102.99
Supplementary rentals	2,892.43	1,924.16
Right of use assets and lease liabilities	5,964.25	3,193.17
Allowance for doubtful debt	93.53	93.50
Unabsorbed depreciation	5,639.17	3,397.08
Carry forward of losses	20,798.15	17,766.02
Deferred liability of frequent flyer program	495.75	314.48
Deferred liability of membership fees	38.69	-
	<b>36,205.12</b>	<b>26,915.58</b>
Net deferred tax assets	<b>29,369.52</b>	<b>22,926.18</b>

At the reporting date the Company has unused tax losses of ₹ 81,650.14 million (March 31, 2022: ₹ 70,589.72 million) available for offset against future profits. The net deferred tax assets has not been recognised in the statement of profit and loss as in the opinion of the management sufficient future taxable income may not be available against which such deferred tax assets can be realised.

**(d) Details of unused tax losses and unabsorbed depreciation as at March 31, 2023 are stated below:**

Financial Year	Business loss	Unabsorbed depreciation	Business loss can be forward up to financial year	Unabsorbed depreciation can be carried forward up to financial year
2014-15*	-	64.41	2022-23	Unlimited
2015-16	3,817.99	130.51	2023-24	Unlimited
2016-17	4,764.88	116.65	2024-25	Unlimited
2017-18	3,624.99	116.65	2025-26	Unlimited
2018-19	7,760.10	169.93	2026-27	Unlimited
2019-20	15,422.74	2,132.83	2027-28	Unlimited
2020-21	14,378.45	6,516.59	2028-29	Unlimited
2021-22	18,847.35	4,237.13	2029-30	Unlimited
2022-23	13,033.64	8,921.40	2030-31	Unlimited
<b>Total</b>	<b>81,650.14</b>	<b>22,406.10</b>		

The Government of India introduced Section 115BAA under the Income Act, 1961. This section provides an option to the Company to pay concessional tax rate (i.e., 25.17% inclusive of surcharge and cess) without claiming certain eligible deductions from the income. However, the Company for filing Income tax return under the Income tax Act continues with old tax regime and hence applied higher tax rate of 34.94% (i.e., 30% tax + 12% surcharge + 4% cess) without any restrictions on the deductions available in the Income tax return as the new regime once opted cannot be changed subsequently. The Company has measured its deferred tax balances using the rate tax expected to be applicable during utilisation period in future.

\* The tax losses of FY 2014-15 have lapsed and are not available for offset against future profit.



**42. Going concern**

The Company has incurred a post tax loss of ₹ 13,970.36 million and has a positive operating cash flow of ₹ 5,597.27 million (after considering the cash outflow for leases which have been accounted as ROU) for the year ended March 31, 2023 and has net current liabilities of ₹ 6,144.75 million as at March 31, 2023. Further, the Company has got its long-term business plan approved from the shareholders.

Based on the current approved long-term business plan and the annual operating plan for the financial year 2023-24, available cash and bank balances and liquid investments as at the Balance sheet date and projected positive operating cash inflow (net) and letters of intent from lessors, bankers and financial institutions to finance its capital expenditure plans, are sufficient to meet all the obligations of the Company for Financial Year 2023-24, as and when they fall due. Accordingly, the management believes that the preparation of financial statements of the Company as at and for the year ended March 31, 2023 on a 'Going Concern' basis is appropriate and that there is no material uncertainty related to the ability to continue as a going concern for at least the next twelve months.

**43. Financial Instruments**

**43.1 Financial risk management**

The Company's activities expose it to market risk (foreign exchange), liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors of the Company, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of the excess liquidity. Compliance with policies and exposure limits is reviewed by the Company on a continuous basis. The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian Rupees	Cash flow forecasting sensitivity analysis	Regular monitoring of forex fluctuations. Entering into derivative instruments to hedge the foreign exchange risk
Market risk - interest rate	Borrowings obtained for acquisition of aircrafts, which are floating interest rate bearing.	Cash flow forecasting sensitivity analysis	Entering into interest rate swap (floating to fixed) to hedge interest rate risk for certain borrowings
Market risk - price Risk	Investments in mutual funds	Cash flow forecasting sensitivity analysis	Regular monitoring of NAV of underlying units
Liquidity risk	Financial liabilities	Cash flow forecasts	Cash flow management ensuring liquidity
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Aging analysis, regular monitoring and follow ups	Diversification of bank deposits, credit limits and letters of credit

(a) **Market risk-foreign exchange**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates associated with its direct and indirect transactions denominated in foreign currency. Since most of the transactions of the Company are denominated in its functional currency ₹, any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

The Company follows a consistent policy of mitigating foreign exchange risk by entering into appropriate hedging instruments as considered from time to time. Depending on the future outlook on currencies, the Company keeps the exposures un-hedged or hedge only a part of the total exposure.

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

(b) **Market risk - interest rate**

The Company is exposed to interest rate risk because it borrows funds at floating interest rates. The risk is partially managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Under interest rate swap contracts, the Company agrees to hedge the interest rate risk for specified borrowings. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract.

The Company's total exposure to fixed rate and variable rate borrowings are stated below:

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings	15,105.28	15,371.53
Variable rate borrowings	22,682.17	2,419.44

**Interest rate sensitivity analysis**

The Company is partially exposed to interest rate risk as it has hedged floating rate borrowing to fixed rate borrowing by entering into interest rate swap contracts for some contracts. For the borrowings which are unhedged, the interest sensitivity is stated below:

**Impact on profit or loss and total equity**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
50 basis points increase	113.41	12.10
50 basis points decrease	(113.41)	(12.10)



(c) **Foreign currency risk**

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

**Unhedged Foreign currency**

	Liabilities as at	
	As at March 31, 2023	As at March 31, 2022
USD	2,283.13	1,636.14
SGD	187,604.68	124,006.76
Euro	1.76	0.72
JPY	108.66	40.11
Others	12.23	15.20
	1,093.90	1,280.03
	1.40	6.40
	0.86	3.98
	237.71	43.87
	<b>189,045.81</b>	<b>125,374.75</b>

Unhedged foreign currency exposure in ₹ (In million)

Figures in italics are equivalent amounts in ₹ (In million)

**Unhedged Foreign currency**

Particulars	Assets as at	
	As at March 31, 2023	As at March 31, 2022
USD	107.36	15.07
SGD	8,821.87	1,143.51
Euro	1.93	1.16
JPY	119.26	65.08
Others	5.55	3.30
	496.11	278.17
	9.77	2.99
	6.02	1.86
	1,427.25	874.43
	<b>10,870.51</b>	<b>2,363.05</b>

Unhedged foreign currency exposure in ₹ (In million)

Figures in italics are equivalent amounts in ₹ (In million)

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

(d) **Foreign currency sensitivity**

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes unhedged receivables and payables in currency other than functional currency of the Company. A positive number below indicates an increase in profit or equity where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity.

**Impact on profit or loss**

	For the year ended March 31, 2023	For the year ended March 31, 2022
USD	(8,939.14)	(6,143.16)
SGD	0.53	1.25
Euro	(29.89)	(50.09)
JPY	0.26	(0.11)
Others	59.48	41.53

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.



(e) **Details of derivative instruments \***

The following derivative positions are open as at March 31, 2023:

Description	Currency	Notional Amount	Carrying Amount	Buy/sell	Type
Option contracts - currency hedging	USD	US \$ 60,000,000 equivalent to ₹ 4,930,200,000	US \$ 5,757,322 equivalent to ₹ 473,079,147	Buy/Sell	Currency (USD to INR)
Interest rate swaps	USD	US \$ 185,000,000 equivalent to ₹ 15,201,450,000	US \$ 22,209,552 equivalent to ₹ 1,824,958,888	Buy	Swaps (Floating to Fixed)

The following derivative positions are open as at March 31, 2022:

Description	Currency	Notional Amount	Carrying Amount	Buy/sell	Type
Option contracts - currency hedging	USD	US \$ 70,000,000 equivalent to ₹ 5,305,475,000	US \$ 5,382,981 equivalent to ₹ 407,989,585	Buy/Sell	Currency (USD to INR)
Forward contracts	USD	US \$ 3,540,000 equivalent to ₹ 267,703,650	US \$ 46,739 equivalent to ₹ 3,542,447	Sell	Currency (USD to INR)
Interest rate swaps	USD	US \$ 205,000,000 equivalent to ₹ 15,537,462,500	US \$ 13,641,318 equivalent to ₹ 1,033,909,595	Buy	Currency (USD to INR)

\* The above numbers are not in million and have been considered on absolute basis

(f) **Other price risks**

The Company invests its surplus funds in various mutual funds, fixed deposits, etc. In order to manage its price risk arising from investments, the Company diversifies its investment as per its treasury policies. The company is exposed to price risk arising from investment in mutual funds.

The sensitivity analysis below have been determined based on the exposure to price risk at the end of reporting period:

If the price had been 50 basis points higher or lower and all other variables were held constant, profit for the year ended March 31, 2023 would increase/ decrease by ₹ 58.02 Million (March 31, 2022: ₹ Nil) as a result of change in fair value of investment in mutual funds.

(g) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk etc.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to credit risk of the Company is represented by the carrying amount of each financial asset in balance sheet.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

Most of the receivables relate to the ticket sales to passengers and tickets sold by other airlines. The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification and bank guarantees provided by sales agents to IATA. In case there is a default of payment by the sales agents, IATA has the right to invoke the bank guarantees and will pay to the Company and other Airlines on a systematic basis, which mitigates the credit risk on receivables from such sales agents.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

Particulars	Trade receivables	
	As at March 31, 2023	As at March 31, 2022
Exposure at default	5,677.76	4,917.69
<b>Reconciliation of loss allowance provision</b>		
Opening Balance	371.49	371.49
Changes in Loss Allowance	0.11	-
<b>Closing Allowance</b>	<b>371.60</b>	<b>371.49</b>



**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

**43.1 Financial risk management (Cont'd)**

**(h) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposits and mutual funds, which carry minimal mark to market risks.

Liquidity risk table:

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2023:

Particulars	Borrowings	Lease Liabilities	Trade payables	Other current financial liabilities	Derivative financial liability	Other non-current financial liabilities	Total
<b>Financial Liabilities</b>							
Carrying amount	37,787.45	134,618.70	16,954.93	2,104.63	-	11,084.62	202,550.33
Due in 1st year	5,745.02	19,482.99	16,954.93	2,104.63	-	-	44,287.57
Due in 2nd year	5,543.35	19,348.52	-	-	-	-	24,891.87
Due in 3rd year	5,343.60	19,013.43	-	-	-	166.10	24,523.13
Due from 3rd to 5th year	10,101.76	36,442.90	-	-	-	-	46,544.66
Due after 5th year	23,999.48	80,919.80	-	-	-	32,661.44	137,580.72
<b>Total contracted cash flows</b>	<b>50,733.21</b>	<b>175,207.64</b>	<b>16,954.93</b>	<b>2,104.63</b>	<b>0.00</b>	<b>32,827.54</b>	<b>277,827.95</b>

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2022:

Particulars	Borrowings	Lease Liabilities	Trade payables	Other current financial liabilities	Derivative financial liability	Other non-current financial liabilities	Total
<b>Financial Liabilities</b>							
Carrying amount	17,790.97	95,151.89	10,634.07	3,257.22	3.54	5,638.19	132,475.88
Due in 1st year	2,270.46	14,023.91	10,634.07	3,257.22	3.54	2,075.19	32,264.39
Due in 2nd year	2,218.51	12,801.59	-	-	-	-	15,020.11
Due in 3rd year	2,166.03	12,677.93	-	-	-	-	14,843.96
Due from 3rd to 5th year	4,169.60	25,242.12	-	-	-	-	29,411.72
Due after 5th year	10,143.01	59,806.97	-	-	-	20,014.81	89,964.79
<b>Total contracted cash flows</b>	<b>20,967.62</b>	<b>124,552.52</b>	<b>10,634.07</b>	<b>3,257.22</b>	<b>3.54</b>	<b>22,090.00</b>	<b>181,504.97</b>





**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

**43.2 Fair value measurements**

**(a) Categories of financial instruments**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Investment in mutual funds	11,603.23	-
Derivative instruments	2,298.04	1,441.90
<b>Measured at amortised cost</b>		
Cash and cash equivalents	6,537.94	8,406.84
Trade receivables	5,306.16	4,546.20
Other financial assets	10,345.23	3,080.60
Finance lease receivables	1,170.50	-
<b>Total Financial assets</b>	<b>37,261.10</b>	<b>17,475.54</b>
<b>Financial liabilities</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Derivative instruments	-	3.54
<b>Measured at amortised cost</b>		
Trade payables	16,954.93	10,634.07
Other financial liabilities	13,189.25	8,895.41
Borrowings	37,787.45	17,790.97
Lease liabilities	134,618.70	95,151.89
<b>Total Financial liabilities</b>	<b>202,550.33</b>	<b>132,475.88</b>

- (b) This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:  
(a) recognized and measured at fair value and  
(b) measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Indian Accounting Standard 113.



**TATA SIA AIRLINES LIMITED**  
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**(All amounts are in ₹ million unless otherwise stated)**

(c) Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique (s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value Hierarchy	Valuation Technique(s) and key inputs used
	March 31, 2023	March 31, 2022		
Forward contracts - Liability	-	3.54	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates and the contract forward rates, discounted at a rate that reflects credit risk of various parties.
Derivatives - Assets	473.08	407.99	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates and the contract forward rates, discounted at a rate that reflects credit risk of various parties.
Interest rate swaps - Assets	1,824.96	1,033.91	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates and the contract forward rates, discounted at a rate that reflects credit risk of various parties.
Investments in mutual funds	11,603.23	-	Level 2	Unquoted Net Asset Value in the active market

(d) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Particulars	As at		Fair value	As at	
	March 31, 2023	Carrying amount		March 31, 2022	Carrying amount
<b>Financial assets</b>					
Cash and bank balances [Refer Note (ii) below]		6,537.94	6,537.94	8,406.84	8,406.84
Trade receivables [Refer Note (ii) below]		5,306.16	5,306.16	4,546.20	4,546.20
Other financial assets [Refer Note (ii) below]		9,174.73	9,174.73	3,080.60	3,080.60
Finance lease receivables [Refer Note (i) below]		1,170.50	1,170.50	-	-
		22,189.33	22,189.33	16,033.64	16,033.64
<b>Financial liabilities</b>					
Borrowings [Refer Note (i) below]		37,787.45	37,787.45	17,790.97	17,790.97
Trade payables [Refer Note (ii) below]		16,954.93	16,954.93	10,634.07	10,634.07
Other financial liabilities [Refer Note (iii) below]		13,189.25	13,189.25	8,895.41	8,895.41
		67,931.63	67,931.63	37,320.45	37,320.45



*[Handwritten signature]*

**TATA SIA AIRLINES LIMITED**  
**Notes forming part of the financial statements**  
**(All amounts are in ₹ million unless otherwise stated)**

Notes:

(i) Borrowings (including current maturities) have been measured at amortised cost. Hence, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

(ii) The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, finance lease receivable and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date), security deposits and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on the reporting date.

(iii) The fair values of lease liabilities and other financial liabilities are based on discounted cash flows using a incremental borrowing rate.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1 and level 2 during the period.



**TATA SIA AIRLINES LIMITED****Notes forming part of the financial statements****(All amounts are in ₹ million unless otherwise stated)****43.3 Capital management**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The capital structure of the Company consists of net debt (debt after deducting cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings as disclosed in Note 18).

The Company's management reviews the capital structure of the Company on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital requirements and maintenance of adequate liquidity.

Gearing Ratio:

The gearing ratio at the year-end is as follows:

	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Debt	172,406.15	112,942.86
Cash and cash equivalents	6,537.94	8,406.84
Net Debt	<u>165,868.21</u>	<u>104,536.02</u>
Total Equity	<u>5,019.79</u>	<u>12,490.47</u>
Net debt to equity ratio	33.04	8.37

Debt is defined as long and short-term borrowings and lease liabilities (excluding derivatives and financial guarantee contracts) as detailed in Notes 19 and 20.

Equity includes all capital and reserves of the Company that are managed as capital.

- 44.** Petitions were filed by interalia Federation of Indian Airlines in connection with Foreign Investment Promotion Board's ("FIPB") approval dated November 22, 2013 and Ministry of Civil Aviation's approval dated April 2, 2014 pursuant to which TATA SIA Airlines Limited (the "Company") was setup. The primary issues before the court to determine in this regard were : whether the FIPB approval is in line with the FDI policy and whether FDI was permitted only in 'existing' airlines and not in 'greenfield' ventures such as the Company; and whether the issue of 'effective control' and 'substantial ownership' were examined while giving the FIPB approval. These petitions have been withdrawn via filing application dated October 11, 2022.
- 45.** On February 07, 2023, the Board of Directors of the Company approved a composite scheme of arrangement ("Scheme") amongst Talace Private Limited ("Transferor Company 1"), Tata SIA Airlines Limited ("Transferor Company 2" or "Company") and Air India Limited ("Transferee Company") and their respective shareholders on going concern basis with effect from November 29, 2022, the Appointed Date, as per the terms and conditions mentioned in the Scheme. As at the date of approval of financial statements, the Company is in the process of filing of the Scheme with Hon'ble National Company Law Tribunal (the "NCLT") for approval

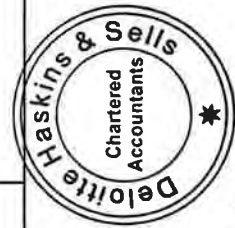
**46. Subsequent events**

There are no material subsequent events that require adjustment or disclosure in the financial statements.



## 47. Analytical ratios as required by Schedule III of Companies Act, 2013 are stated as follows

S.No	Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% variance	Reason for variance
a.	<b>Current Ratio (in times)</b>	Current assets	Current liabilities	1.28	1.06	20.93%	Variance is less than 25%
	Current assets includes inventories, investments, trade receivables, cash and cash equivalents, other current financial assets and other current assets as stated on the face of the balance sheet.						
	Current Liabilities includes current trade payables, other current financial liabilities, current provisions and other current liabilities as stated on the face of the balance sheet.						
b.	<b>Debt-Equity Ratio (in times)</b>	Total debt	Shareholder's equity	34.35	9.04	279.83%	Due to expansion of business in the current year, the Company has increased its capacity leading to higher debt in the current year.
	Total debt includes non current borrowings, current borrowings, non current lease liabilities and current lease liabilities as stated on the face of the balance sheet.						
	Shareholder's equity consists of equity share capital and other equity as stated on the face of the balance sheet.						
c.	<b>Debt Service Coverage Ratio (in times)</b>	Earnings available for debt service	Debt service	0.82	0.02	5265.45%	Due to increase in business operations in the current year, the Company has increased its capacity leading to higher earnings for debt servicing in the current year.
	Earnings available for debt service represents net profit after taxes after adjusting non-cash operating expenses, interest and gain or loss on sale of Property, plant and equipment.						
	Debt service includes interest and lease payments during the year and Principal repayments during the year.						
d.	<b>Return on Equity Ratio (in %)</b>	Net profit	Average shareholder's equity	(159.15%)	(144.29%)	10.29%	Variance is less than 25%.
	Net profit is the profit after tax for the year as stated on the face of Statement of profit and loss.						
	Average shareholder's equity consists of average of opening and closing equity share capital and other equity.						
e.	<b>Inventory turnover ratio (in times)</b>			Not applicable	Not applicable		
	The Company is in the business of providing aviation services to its customers and hence, the said ratio is not applicable.						



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements**

**(All amounts are in ₹ million unless otherwise stated)**

<b>f.</b>	<b>Trade receivables turnover ratio (in times)</b>	Net sales	Average trade receivables	23.92	17.04	40.34%	Trade receivable turnover ratio has increased due to increase in business operations as revenue has substantially increased during the year and effective receivable management.
	Net sales has been considered as the revenue from operations from the face of Statement of profit and loss. Average trade receivables is considered as the average of opening and closing trade receivables.						
<b>g.</b>	<b>Trade payables turnover ratio (in times)</b>	Net purchases	Average trade payables	4.28	2.91	47.01%	During the year, the business operations have increased substantially and effective payables management has led to change in ratio.
	Purchases has been considered as aircraft fuel cost, aircraft and engine lease rental and aircraft maintenance and other cost, selling expenses and other expenses on the face of statement of profit and loss. Average Trade payables is considered as the average of opening and closing trade payables and supplementary rentals from the face of balance sheet and notes to balance sheet respectively.						
<b>h.</b>	<b>Net capital turnover ratio (in times)</b>	Net sales	Working capital	(19.18)	(5.73)	234.83%	During the current year, business operations have substantially increased and effective working capital management has led to change in the ratio.
	Net sales has been considered as the revenue from operations from the face of statement of profit and loss. Working capital is calculated as total current assets minus total current liabilities from the face of the balance sheet.						
<b>i.</b>	<b>Net profit/(loss) ratio (in %)</b>	Net profit/(loss)	Net sales	(11.82%)	(38.87%)	69.58%	Net profit/(loss) ratio has improved due to improvement in market conditions and business operations.
	Net profit/(loss) is the profit/(loss) after tax for the year on the face of statement of profit and loss. Net sales has been considered as the revenue from operations from the face of statement of profit and loss.						



**TATA SIA AIRLINES LIMITED**

**Notes forming part of the financial statements**

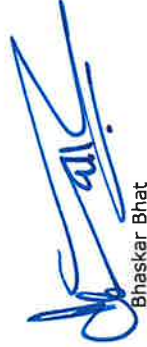
**(All amounts are in ₹ million unless otherwise stated)**

j.	<b>Return on capital employed (in %)</b>	Earning before interest and taxes	Capital employed	(12.93%)	(46.58%)	(72.25%)	Return on capital employed has improved due to improvement in market conditions and business operations.
		Earning before interest and taxes has been considered by adding finance cost to Profit before tax.					
		Capital employed has been considered as tangible net worth plus non current and current borrowings.					
k.	<b>Return on investment (in %)</b>	Gain / (loss) on investments	Weighted average investments	7.24%			The company has made investment in current year only.
		Gain / (loss) on investments represents realised as well as marked to market gain on current investments as shown in Note 26.					
		Investments represents investments in mutual funds.					

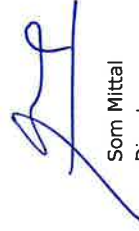
**48.** The financial statements were approved for issue by the board of directors on May 04, 2023.



For and on behalf of the Board of Directors of  
**TATA SIA Airlines Limited**



Bhaskar Bhat  
Chairman  
DIN No.00148778  
Place: Bangalore



Som Mittal  
Director  
DIN No.0074842  
Place: Noida



Niyant Maru  
Chief Financial Officer  
Place: Gurugram



Vinod Karman  
Chief Executive Officer  
Place: Gurugram



Smriti Sharma  
Company Secretary  
Membership No. 31744  
Place: Gurugram  
Date: May 04, 2023



**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF AIR INDIA LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON-PROMOTERS SHAREHOLDERS OF AIR INDIA LIMITED**

**1. Background**

- 1.1. The Board of Directors (“**Board**”) of Air India Limited (“**Transferee Company**”) has at its meeting held on 7 February 2023 approved the composite scheme of arrangement (“**Scheme**”) amongst Talace Private Limited (“**Transferor Company 1**”) and Tata SIA Airlines Limited (“**Transferor Company 2**”) and the Transferee Company and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Companies Act**”). Further, the Audit Committee of the Transferee Company has at its meeting held on 7 February 2023, approved the Scheme.
- 1.2. Capitalized terms used but not defined in this report shall have the meanings as ascribed to such terms under the Scheme.
- 1.3. The Scheme provides for:
- (i) Reorganization and reduction of share capital of the Transferee Company (“**Reorganization and Reduction**”);
  - (ii) amalgamation of the Transferor Company 1 with the Transferee Company and the dissolution of the Transferor Company 1 without winding up (“**Amalgamation-1**”);
  - (iii) amalgamation of the Transferor Company 2 with the Transferee Company and the dissolution of the Transferor Company 2 without winding up (“**Amalgamation-2**”); and
  - (iv) preferential allotment of equity shares by the Transferee Company to Singapore Airlines Limited (“**SIA**”) (“**Preferential Allotment**”).
- 1.4. In terms of Section 232(2)(c) of the Companies Act, a report from the directors of the Transferee Company, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Transferee Company, laying out in particular, the share exchange ratios and specifying any special valuation difficulties, if any, is required to be appended with the notice of the meeting of shareholders and/or creditors, if such meeting is directed to be convened by the Chandigarh Bench of the National Company Law Tribunal (“**NCLT**”).



1.5. Accordingly, this report of the Board is prepared to comply with the requirements of Section 232(2)(c) of the Companies Act and in this connection, the following documents were presented before the Board:

- (i) the proposed Scheme;
- (ii) Report on the recommendation of the share exchange ratios for Amalgamation-1 and Amalgamation-2 and valuation report for the Preferential Allotment dated 7 February 2023 read with corrigendum to the report dated June 2, 2023, issued by PwC Business Consulting Services LLP (an IBBI registered valuer) (“**Share Exchange Ratios Report**”);
- (iii) Report on the valuation of the equity shares of the Transferee Company pursuant to regulations issued under the Foreign Exchange Management Act, 1999 dated 13 March 2023 issued by RBSA Capital Advisors LLP (a SEBI registered Category I merchant banker); and
- (iv) Certificate dated 13 May 2023 issued by the Statutory Auditor of the Transferee Company confirming that the accounting treatment in the Scheme is in compliance with applicable accounting standards.

1.6. The Board noted the rationale for the Scheme, as set forth in detail in the Scheme, and is therefore not reiterated in this report.

1.7. The Appointed Date under the Scheme shall mean the opening hours of 29 November 2022, whereas, the Effective Date under the Scheme shall mean the 10<sup>th</sup> (tenth) business day from the completion of the last of the conditions set out in Clause 28 of the Scheme.

## **2. Effect of the Scheme on each class of shareholders and key managerial personnel and promoter and non-promoter shareholders of the Transferee Company:**

### **2.1. Effect of the Scheme on Employees / Key Managerial Personnel / Directors of the Transferee Company:**

- (i) The Scheme will not have any effect on the employees (including KMPs) of the Transferee Company since the employees (including KMPs) of the Transferee Company shall remain with the Transferee Company and shall not be transferred pursuant to the Scheme.
- (ii) The Scheme will not have any effect on the directors since the Board shall continue to exist.

2.2. Effect of the Scheme on Promoter and Non-Promoter Shareholders of the Transferee Company:

(i) The Transferee Company has two classes of shareholders (i.e. equity and preference shareholders) and is a subsidiary of the Transferor Company I.

(ii) *Reorganisation and Reduction:*

(a) In terms of Clause 4.1 of Part II of the Scheme, upon the Effective Date and with effect from the Appointed Date, the reorganisation and reduction of the share capital of the Transferee Company shall be undertaken by:

- Writing down the total amount appearing in “Other Equity on Disinvestment” with a corresponding adjustment against the “Retained Earnings” of the Transferee Company, which has been considered prudent by the Board of the Transferee Company;
- Cancelling/extinguishing INR 6 per share of the issued, subscribed and paid up equity share capital of the Transferee Company by setting off a sum of INR 2,12,16,13,20,000 against the “Retained Earnings” of the Transferee Company, without payment of any consideration or cash outflow or payment of funds of any kind to the shareholders of the Transferee Company;

resulting in the reduction of the issued, subscribed and paid up equity share capital of the Transferee Company from INR 3,53,60,22,00,000 consisting of 35,36,02,20,000 equity shares of INR 10 to INR 1,41,44,08,80,000 divided into 35,36,02,20,000 fully paid-up equity shares of INR 4 each.

Such reorganisation and reduction shall be effected by debiting the equity share capital and “Other Equity on Disinvestment”, and crediting the sums to “Retained Earnings”.

(b) In terms of Clause 4.2 of Part II of the Scheme, the reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of the Transferee Company and its financial position. The aforesaid reorganisation and reduction does not involve payment of any consideration or cash out flow or payment of funds of any kind to the shareholders of the Transferee Company and the equity shareholders of the Transferee Company would continue to hold the same number of shares before and after the aforesaid reorganisation and reduction.



- (c) In terms of Clause 4.3 of Part II of the Scheme, consequent to the aforesaid reorganisation and reduction, the authorised and paid-up share capital of the Transferee Company shall be as under:

Share Capital	Amount (in INR)
Authorised Share Capital	
9000,00,00,000 equity shares of INR 4 each	36000,00,00,000
1900,00,00,000 preference shares of INR 10 each	19000,00,00,000
<b>Total</b>	<b>55000,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
3536,02,20,000 equity shares of INR 4 each	14144,08,80,000
500,00,00,000 preference shares of INR 10 each	5000,00,00,000
<b>Total</b>	<b>19144,08,80,000</b>

- (d) In terms of Clause 4.7 of Part II of the Scheme, prior to the Effective Date, if the Transferee Company undertakes issuance of any equity securities to any Person in accordance with Applicable Law, Clauses 4.1 and 4.3 of Part II of the Scheme shall stand automatically amended to reflect the revised details of share capital and accounting treatment in the books of the Transferee Company.

(iii) *Amalgamation-I:*

- (a) In terms of Clause 9.1 of Part III of the Scheme, upon the Effective Date and in consideration of the amalgamation of the Transferor Company 1 with the Transferee Company, the Transferee Company shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company 1 holding shares and whose name appear in the register of members of the Transferor Company 1 as a member of the Transferor Company 1, or whose names appear as the beneficial owners of the equity and preference shares of the Transferor Company 1 in the records of the depositories, in each case, as on the Record Date in the following proportion:

*6.2709 (six point two seven zero nine) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) equity share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each and for every 1 (one) preference share of Transferor Company 1 of INR 10 (Indian Rupees Ten) each.*

- (b) If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with the Scheme, the Board of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.

- (c) If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company 1 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 1 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio mentioned under Clause (a) above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 1 and the Transferee Company.
- (d) Upon the Effective Date and simultaneous to the equity shares being issued by the Transferee Company as per Clause (a) of Part III of the Scheme, the equity shares of the Transferee Company held by the Transferor Company 1 and its nominees shall be cancelled and extinguished without any further act or deed. Accordingly, the share capital of the Transferee Company shall stand reduced.
- (iv) *Amalgamation-2:*
- (a) In terms of Clause 19.1 of Part IV of the Scheme, upon the Effective Date and in consideration of the amalgamation of the Transferor Company 2 with the Transferee Company, the Transferee Company shall, issue and allot equity shares credited as fully paid-up to the extent indicated below, to the shareholders of the Transferor Company 2 holding shares and whose name appear in the register of members of the Transferor Company 2 as a member of the Transferor Company, or whose names appear as the beneficial owners of the equity shares of the Transferor Company 2 in the records of the depositories, in each case, as on the Record Date in the following proportion:
- 2,5487 (two point five four eight seven) fully paid-up equity shares of Transferee Company of INR 4 (Indian Rupees Four) each for every 1 (one) share of Transferor Company 2 of INR 10 (Indian Rupees Ten) each.***
- (b) If any shareholders become entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme, the Board of the Transferee Company shall not issue fractional share certificates to the shareholders. Any fraction arising out of such allotment shall be rounded off to the next higher integer.
- (c) If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company 2 or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company 2 and the Board of the Transferee Company, and on or before the Effective Date, the share exchange ratio mentioned under Clause (a) above shall be subject to equitable adjustments determined by the Boards of the Transferor Company 2 and the Transferee Company.



(v) *Preferential Allotment to SIA:*

- (a) In terms of Clause 24 of Part IV of the Scheme, as an integral part of the Scheme and upon the Effective Date, simultaneously with the allotment of equity shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to Part III and Part IV of the Scheme, the Transferee Company shall issue and allot to SIA on a preferential basis in accordance with Applicable Laws, 3,702,338,129 fully paid-up equity shares of face value of INR 4 each (“**Preferential Equity Shares**”) at a price of INR 5.56 per equity share, subject to receipt of Subscription Amount in the Designated Bank Account, such that upon issuance and allotment of the SIA Merger Shares and the Preferential Equity Shares to SIA, SIA will hold an aggregate of 25.1% of the total issued and paid-up equity share capital of the Transferee Company.
- (b) The price per share at which Preferential Equity Shares are proposed to be issued has been taken on record and approved by the Board of the Transferee Company after taking into consideration the (i) valuation report dated February 7, 2023 provided by PwC Business Consulting Services LLP, a registered valuer that has been prepared in accordance with the Act, and (ii) valuation report dated March 13, 2023 provided by RBSA Capital Advisors LLP (Category I SEBI registered Merchant Banker) that has been prepared in accordance with the pricing guidelines set out under the Indian Foreign Exchange Regulations.
- (c) The Subscription Amount shall be paid by SIA to the Transferee Company from the bank account of SIA.

3. **Valuation:**

3.1. The Share Exchange Ratios Report recommended the share exchange ratios for Amalgamation-1 as:

- (i) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 1 (of INR 10/- each fully paid up); and
- (ii) 62,709 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 preference shares of the Transferor Company 1 (of INR 10/- each fully paid up).

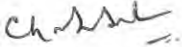
3.2. The Share Exchange Ratios Report recommended the share exchange ratio for Amalgamation-2 as 25,487 equity shares of the Transferee Company (of INR 10/- each fully paid up) for every 10,000 equity shares of the Transferor Company 2 (of INR 10/- each fully paid up).

- 3.3. The Share Exchange Ratios Report also acknowledges that the face value of the equity shares of the Transferee Company shall be reduced from INR 10/- each to INR 4/- each prior to Amalgamation-1 and Amalgamation-2. Accordingly, Clause 9.1 of Part III and Clause 19.1 of Part IV of the Scheme captures the share exchange ratios after taking into account the reduction of share capital of the Transferee Company.
- 3.4. For the purpose of the Preferential Allotment to SIA by the Transferee Company, valuation has been carried out by RBSA Capital Advisors LLP, SEBI Registered Category I Merchant Banker, pursuant to regulations issued under the Foreign Exchange Management Act, 1999.
- 3.5. No special valuation difficulties were reported by the valuers.

#### 4. Adoption of the Report by the Board

- 4.1. The Board has adopted this report after noting and considering the information set forth in this report.

**By order of the Board of Directors of Air India Limited**



**N. Chandrasekaran**  
Chairman

**Date: 28 June 2023**

**Place: Mumbai**

**PKF SRIDHAR & SANTHANAM LLP**

Chartered Accountants

**Independent Auditor's Report**To the Members of **Air India Limited****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of **Air India Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the 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.





## **Responsibilities of the Management and Board of Directors for Standalone Financial Statements**

The Company's Management and Board of Directors are 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 state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 and Board of Directors are 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 the Board of Directors 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.

## **Auditors' 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 auditors' 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 control 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 with reference to the standalone financial statements 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 and Board of Directors 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 standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

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.

#### **Other Matters**

The audited Standalone financial statements of the Company for the corresponding year ended 31 March 2022 prepared in accordance with Ind AS included in these standalone financial statements, have been audited by us jointly with M/s Khandelwal Jain & Company and M/s Jagdish Chand & Company (the "predecessor auditors"), whose audit report dated 31<sup>st</sup> May 2022 expressed an unmodified opinion on those audited Standalone financial statements.

Our opinion is not modified in respect of this matter.

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

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



the standalone statement of cash flows 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 Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) 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, 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 as at 31 March 2023 on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into by the Company;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023; and
  - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures that we have 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 (a) and (b) contain any material mis-statement.

  - v. The Company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act is not applicable.



vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018



**V. Kothandaraman**  
Partner  
Membership No. 025973  
UDIN: 23025973BGZBXG2270



Place of Signature: Mumbai  
Date: 22 May 2023

## Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Air India Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2023.

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a programme of physical verification of its Property, Plant and Equipment as per which the verification of all major assets is conducted annually, and the verification of other assets are covered over a biennial period which, in our opinion, is reasonable having regards to the size of the Company and nature of its Assets. Accordingly, as per the information and explanations furnished to us, physical verification of major items of Property, Plant & Equipment has been conducted by the Management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company as at Balance Sheet date.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a) Based on the our audit procedures and according to the information and explanations given to us, the inventory has been physically verified by the management once in every two years. The last physical verification process had been completed by the Company during the previous year. In our opinion, the frequency of such verification is reasonable, and procedures and coverage followed by the management were appropriate. As no physical verification was carried out in the current financial year, reporting on discrepancies between physical stock and book records is not applicable.
- b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.





(iii)

- (a) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in, 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 as follows:

(A) Subsidiaries, joint ventures and associates:

(Rs. in million)

Particulars	Guarantee	Security	Loans	Advance in the nature of loans
Aggregate amount granted / provided during the year				
- Subsidiaries	NIL	NIL	NIL	NIL
- Joint Ventures	NIL	NIL	NIL	NIL
- Associates	NIL	NIL	NIL	NIL
Balance outstanding as at balance sheet date				
- Subsidiaries	2440.78	NIL	NIL	9,769.01
- Joint Ventures	NIL	NIL	NIL	NIL
- Associates	NIL	NIL	NIL	NIL

(B) The Company has not provided any guarantee, security, loans and advances in the nature of loans during the year to parties other than subsidiaries.

- (b) Based on our audit procedures and according to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.
- (c) Based on our audit procedures and according to the information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and repayments / receipts are regular.
- (d) There are no amounts overdue for more than ninety days as at the balance sheet date in respect of loans given and reasonable steps have been taken by the Company for recovery of the principal and interest.
- (e) Based on our audit procedure and according to the information and explanation given to us, the Company has not renewed or extended or granted any fresh loans or advance in the nature of loan to the same parties that has fallen due during the year
- (f) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities during the year



- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii)
- (a) In our opinion, and according to the information and explanations given to us, the Company has generally been regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31 March 2023 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2023, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Statute	Nature of the Dues	Amount demanded (net of amount paid) (Rs. In million)	Amount paid (Rs In million)	Period to which amount relates*	Forum where dispute is pending
Income Tax Act 1961	Income Tax	69.03	5.96	FY 2015-19	Assessing Officer
Income Tax Act 1961	Income Tax	89.21	0.90	FY 2019-20	Commissioner Income Tax (Appeals)
Income Tax Act 1961	Income Tax	24.80	Nil	FY 2019-20	Delhi High Court
Income Tax Act 1961	Income Tax	339.31	Nil	FY 2015-16	Commissioner Income Tax (Appeals)
Income Tax Act 1961	Income Tax	2.39	0.48	FY 2015-16	Commissioner Income Tax (Appeals)
Income Tax Act 1961	Income Tax	426.15	Nil	FY 2019-20	Assessing Officer
Bombay Municipal Corporation Act, 1888	Property Tax	107.69	Nil	2000-2010	Assessor & Collector, Mumbai
Maharashtra Revenue Code, 1966	License fees	209.93	Nil	2013-22	Maharashtra Revenue Tribunal
Other Statutes	Property Tax	13.60	Nil	Upto 31st	Municipal corporation



Name of the Statute	Nature of the Dues	Amount demanded (net of amount paid) (Rs. In million)	Amount paid (Rs In million)	Period to which amount relates*	Forum where dispute is pending
				March 2022	of greater Mumbai
Other Statutes	Property Tax	31.40	Nil	Upto 31st March 2022	Municipal corporation of greater Mumbai
Central Goods and Services Tax 2017	GST	112.42	4.81	2017-18	Commissioner (Appeal)
Value Added West Bengal	Entry Tax	41.50	Nil	2012-2017	Tribunal
Other Statutes	Octroi	24.70	Nil	2009-2010	BMC Mumbai Concerned Dept.
Other Statutes	Property Tax, Octroi, Foreign Tax & Entry Tax	48.44	Nil	2018-19	HMRC Tribunal, London
Finance Act, 1994	Service-Tax	2,453.01	92.00	2007-08 to 2010-11	CESTAT
Finance Act, 1994	Service-Tax	1,328.52	1.00	2003-2011	Supreme Court
Finance Act, 1994	Service-Tax	12,507.50	472.96	2003-2017	CESTAT
Finance Act, 1994	Service-Tax	11.01	0.64	2008-2010	CESTAT
Finance Act, 1994	Service-Tax	1.05	Nil	2005-2007	Commissioner Service tax
Finance Act, 1994	Service-Tax	3,352.33	168.48	2008-2015	CESTAT
Finance Act, 1994	Service-Tax	183.49	Nil	2012-2015	CESTAT
Finance Act, 1994	Service-Tax	444.48	Nil	2010-18	Yet to file appeal with CESTAT
Indian Customs Act, 1962	Custom Duty	289.36	55.32	2000-19	CESTAT
Indian Customs Act, 1962	Custom Duty	6.68	1.19	2011-20	Commissioner (Appeals)
Indian Customs Act, 1962	Custom Duty	65.78	32.50	2002-05	Supreme Court
Indian Customs Act, 1962	Custom Duty	40.46	Nil	1997-2004	CBEC
Indian Customs Act, 1962	Custom Duty	51.89	Nil	2005	Supreme Court

\* AY – Assessment year, FY – Financial year



- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.
- (ix)
- (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained;
- (d) According to the information and explanations given to us and based on our examination of the financial statements of the Company, funds raised on short term basis have not been utilized for long term purposes.
- (e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries or joint venture. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x)
- (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has made private placement of preference shares during the year and have complied with the requirements of section 42 and section 62 of the Act and the funds raised have been used for the purposes for which the funds were raised.
- (xi)
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Act has been filed 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 and shared with us for reporting under this clause.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.





- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the Indian accounting standard Related Party Disclosures Ind AS 24.
- (xiv)
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the question of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on our audit procedures and according to the information and explanations given to us, the Group has five CICs which are registered with the Reserve Bank of India and two CICs which are not required to be registered with the Reserve Bank of India.
- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has incurred cash losses of Rs. 32,060.14 million in the financial year 2022-2023 and Rs. 51,535.60 million in the immediately financial year 2021-2022.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the 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) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to spend any amount for corporate social responsibilities. Accordingly, paragraph 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

*V. Kothandaraman*

**V. Kothandaraman**  
Partner  
Membership No. 025973  
UDIN: 23025973BGZBXG2270



Place of Signature: Mumbai  
Date: 22 May 2023

## **Annexure B**

**Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date.**

### **Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to standalone financial statements of Air India Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's and Board of Directors' Responsibility for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note"). 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to standalone financial statements**

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018



**V. Kothandaraman**

Partner

Membership No. 025973

UDIN: 23025973BGZBXG2270



Place of Signature: Mumbai

Date: 22 May 2023

**Air India Limited**  
**Standalone Balance Sheet as at 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	Note	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(i) Property, plant & equipment	4	209,282.23	297,159.45
(ii) Right-of-use assets	5	62,556.10	71,112.36
(iii) Investment properties	6	-	-
(iv) Capital work-in-progress	8	556.35	-
(v) Other intangible assets	7	0.69	1.78
(vi) Intangible assets under development	9	-	-
(vii) Financial assets			
a) Investments	10	45,755.81	9,034.49
b) Other financial assets	12	2,189.83	17,343.96
(viii) Income tax assets (net)	14	2,111.00	1,474.89
(ix) Deferred tax assets (net)	14	26,435.23	26,435.23
(x) Other non-current assets	13	42,863.70	26.31
<b>Total non-current assets</b>		<b>391,750.94</b>	<b>422,588.47</b>
<b>Current Assets</b>			
(i) Inventories	15	8,106.80	6,427.25
(ii) Financial assets			
a) Investments	10	92,917.32	14,344.13
b) Trade receivables	11	10,041.36	15,317.23
c) Cash and cash equivalents	16	8,065.54	14,033.78
d) Bank balances other than (c) above	17	2,717.77	7,612.60
e) Other financial assets	12	11,956.41	2,144.91
(iii) Other current assets	13	12,699.58	9,876.02
<b>Total current assets</b>		<b>146,504.78</b>	<b>69,755.92</b>
<b>Assets held-for-sale</b>	26	<b>2,962.34</b>	<b>253.91</b>
<b>Total assets</b>		<b>541,218.06</b>	<b>492,598.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(i) Equity share capital	18	353,602.20	326,652.20
(ii) Other equity	19	(256,024.53)	(158,181.52)
<b>Total equity</b>		<b>97,577.67</b>	<b>168,470.68</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(i) Financial liabilities			
a) Borrowings	24	54,009.76	-
b) Lease liabilities	25	80,403.39	69,954.81
(ii) Provisions	22	16,748.60	23,439.05
(iii) Other non-current liabilities	23	311.59	1,668.57
<b>Total non-current liabilities</b>		<b>151,473.34</b>	<b>95,062.43</b>
<b>Current liabilities</b>			
(i) Financial liabilities			
a) Borrowings	24	177,129.49	138,124.94
b) Lease liabilities	25	15,468.50	10,772.07
c) Trade payables	20	-	-
- Total outstanding dues of micro and small enterprises		128.03	146.60
- Total outstanding dues of creditors other than micro and small		29,375.67	29,138.22
d) Other financial liabilities	21	7,975.91	10,076.88
(ii) Other current liabilities	23	56,480.26	39,076.87
(iii) Provisions	22	5,609.19	1,779.61
<b>Total current liabilities</b>		<b>292,167.05</b>	<b>229,065.19</b>
<b>Total equity and liabilities</b>		<b>541,218.06</b>	<b>492,598.30</b>
<b>Summary of significant accounting policies</b>	3		
<b>The accompanying notes form an integral part of the Standalone Financial Statements</b>	1 -53		

As per our report of even date attached

**For PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN : 003990S/S200018

For and on behalf of the Board of Directors  
for **Air India Limited**



**V. Kothandaraman**  
Partner  
Membership No.025973



  
**N. Chandrasekaran**  
Chairman  
DIN 00121863



**Campbell Wilson**  
Chief Executive Officer and Managing Director  
DIN 09612044

  
**Vinod Hegmadi**  
Chief Financial Officer

  
**Kalpana Rao**  
Company Secretary  
ACS8194



Place : Mumbai  
Date : 22 May 2023

Place : Mumbai  
Date : 22 May 2023

**Air India Limited**  
**Standalone Statement of Profit and Loss for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income</b>			
Revenue from operations	27	313,773.68	167,638.51
Other income	28	9,568.92	27,552.78
<b>Total income</b>		<b>323,342.60</b>	<b>195,191.29</b>
<b>Expenses</b>			
Aircraft fuel expenses		152,989.16	67,298.14
Aircraft repair and maintenance cost		48,753.56	35,084.36
Airport fees and charges		37,982.68	24,732.76
Employee benefit expenses	29	27,394.24	23,270.35
Finance costs	30	11,092.95	38,719.38
Depreciation and amortization expense	31	30,574.57	41,879.97
Foreign exchange (gain)/ loss (net)		11,527.71	4,657.16
Other expenses	32	50,803.46	27,824.26
<b>Total expenses</b>		<b>371,118.33</b>	<b>263,466.38</b>
<b>Loss before exceptional items and tax</b>		<b>(47,775.73)</b>	<b>(68,275.09)</b>
Exceptional items	33	(66,103.83)	(25,300.01)
<b>Loss before tax</b>		<b>(113,879.56)</b>	<b>(93,575.10)</b>
<b>Tax expense</b>			
Deferred tax charge/ (credit)	14	-	1,990.00
<b>Total tax expense</b>		<b>-</b>	<b>1,990.00</b>
<b>Loss for the year</b>		<b>(113,879.56)</b>	<b>(95,565.10)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to Profit & Loss			
Re-measurement of the defined benefit plans		(170.74)	(396.15)
Changes in the fair value of equity instruments through other comprehensive income ('FVTOCI')		238.68	45.68
<b>Other comprehensive income/(loss) for the year (net of tax)</b>		<b>67.94</b>	<b>(350.47)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(113,811.62)</b>	<b>(95,915.57)</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>	45		
Basic		(Rs.3.44)	(Rs.2.93)
Diluted		(Rs.3.44)	(Rs.2.93)
<b>Summary of significant accounting policies</b>	3		
<b>The accompanying notes form an integral part of the Standalone Financial Statements</b>	1 -53		

As per our report of even date attached

**For PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN : 003990S/S200018

For and on behalf of the Board of Directors  
for **Air India Limited**




**V. Kothandaraman**  
Partner  
Membership No.025973





**N. Chandrasekaran**  
Chairman  
DIN 00121863



**Vinod Hegde**  
Chief Financial Officer



**Campbell Wilson**  
Chief Executive Officer and Managing Director  
DIN 09612044



**Kalpana Rao**  
Company Secretary  
ACS8194

Place : Mumbai  
Date : 22 May 2023

Place : Mumbai  
Date : 22 May 2023





**Air India Limited**  
**Standalone Statement of Cash Flow for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash flow from operating activities</b>		
Loss before tax	(113,879.56)	(93,575.10)
Adjustments for :		
Foreign exchange (gain)/ loss (net)	7,712.10	(2,436.90)
Depreciation and amortization expense	30,574.57	41,880.00
Impairment of assets	51,030.63	25,300.00
Allowance for credit risk, credit impairment and doubtful advances	569.93	626.50
Bad debts and advances written off	=	2,150.40
Provision for shortfall in PF Trusts	=	58.30
Provision for diminution in value of assets held for sale	10,415.47	=
Liabilities no longer required written back	(6,304.12)	(19,539.40)
Net fair value gains on financial assets mandatorily measured at fair value through profit or loss (FVTPL)	(95.70)	(41.55)
Net gain on sale of financial assets	(451.68)	(1.95)
Net (gain)/loss on disposal of property, plant & equipment and asset held for sale	5,949.24	(2,681.60)
Dividend income from investments mandatorily measured at fair value through OCI	(21.84)	(26.20)
Interest income (on bank deposits, advances to subsidiary companies & others)	(1,986.65)	(4,814.60)
Interest on lease liabilities and maintenance, redelivery and overhaul provision	1,746.10	2,264.70
Interest on compound financial instruments	29.90	=
Interest on borrowing and other finance cost	9,087.62	33,743.80
Operating (loss) / profit before working capital changes	(5,623.49)	(17,093.60)
Adjustments for changes in working capital:		
(Increase) / decrease in inventories	(1,679.55)	199.30
Decrease / (increase) in trade and other receivables	631.41	(292.40)
Increase / (decrease) in trade and other payables	23,314.75	(69,746.72)
Cash generated from operating activities	16,643.12	(86,933.42)
Taxes paid	(636.11)	(653.90)
<b>Net cash flow from/(used in) operating activities</b>	<b>16,007.01</b>	<b>(87,587.32)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant & equipment (including sale and lease back and capital advance)	(43,985.22)	(120,883.90)
Proceeds from sale of property, plant & equipment (including assets held for sale and sale and lease back)	9,597.43	10,917.50
Purchase of investments	(269,493.58)	(17,642.80)
Proceeds from sale of investments	191,311.94	3,295.60
Payment for acquisition of subsidiaries	(36,483.56)	=
Decrease / (Increase) in deposits with banks (net)	5,041.77	(531.30)
Interest received (on bank deposits, advances to subsidiary companies & others)	2,310.11	4,653.70
Advance to subsidiaries (net of amount recovered)	6,405.33	(4,636.50)
Dividend received	21.84	26.20
<b>Net cash flow used in investing activities</b>	<b>(135,273.94)</b>	<b>(124,801.50)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of borrowings	(138,124.94)	(481,289.70)
Proceeds from borrowings	197,127.35	183,124.90
Payment of principal portion of lease liabilities	(12,393.72)	(21,131.10)
Payment of interest portion of lease liabilities	(1,561.44)	(1,847.70)
Payment of guarantee fee	=	(25,605.70)
Receipts from Air India Assets Holding Ltd. ('AIAHL') towards restructuring	=	607,314.20
Receipts from parent - operational funding	=	19,440.00
Receipts from AIAHL - interest and prepayment premium reimbursed	=	16,593.70
Interest and prepayment premium paid	(8,697.80)	(75,464.60)
Proceeds from issue of 7.4% preference shares - I	50,000.00	=
Proceeds from issue of equity shares	26,950.00	=
<b>Net cash flow from financing activities</b>	<b>113,299.45</b>	<b>221,134.50</b>
Net (decrease) / increase in cash and cash equivalents during the year (A+B+C)	(5,967.48)	8,745.68
Effects of exchange rate changes on cash and cash equivalents	(0.76)	(6.00)
<b>D. Cash and cash equivalents at the beginning of the year</b>	<b>14,033.78</b>	<b>5,294.10</b>
<b>E. Cash and cash equivalents at the end of the year</b>	<b>8,065.54</b>	<b>14,033.78</b>

Notes:

- For details of components of cash and cash equivalents, refer to Note 16.
- Cash and cash equivalents includes Rs. 5,136.06 million (previous year Rs. 3,320.90 million) held in foreign currency which can be repatriated back by the Company subject to procedural compliances in local jurisdictions.



**Air India Limited**  
**Standalone Statement of Cash Flow for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

3 Reconciliation of liabilities arising from financing activities:-

Particulars	As at 31 March 2022	Financing Cash Flow		Non Cash Flow/Exchange Loss/Gain	As at 31 March 2023
		Proceeds	Repayment		
Long Term Borrowings*	-	69,997.86	-	(15,988.10)	54,009.76
Short Term Borrowings	138,124.94	177,129.49	138,124.94	-	177,129.49

\* Includes liability component of compound financial instruments on account of preference share capital amounting to Rs. 34,011.90 million.

The accompanying notes form an integral part of the Standalone Financial Statements


As per our report of even date attached  
**For PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN : 003990S/S200018

  
**V. Kothandaraman**  
Partner  
Membership No.025973



Place : Mumbai  
Date : 22 May 2023

For and on behalf of the Board of Directors  
for **Air India Limited**

  
**N. Chandrasekaran**  
Chairman  
DIN 00121863

  
**Vinod Hejmad**  
Chief Financial Officer

Place : Mumbai  
Date : 22 May 2023



**Campbell Wilson**  
Chief Executive Officer and Managing Director  
DIN 09612044



**Kalpana Rao**  
Company Secretary  
ACS8194



**Air India Limited**  
**Standalone Statement of Changes in Equity for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
<b>Balance as at the beginning of the year</b>	32,665,220,000	326,652.20	32,665,220,000	326,652.20
Changes in the Equity Share Capital during the year				
Add : Equity shares issued during the year	2,695,000,000	26,950.00	-	-
<b>Balance as at the end of the year</b>	<b>35,360,220,000</b>	<b>353,602.20</b>	<b>32,665,220,000</b>	<b>326,652.20</b>

Particulars	Reserves and Surplus		Fair value changes on equity investments through other comprehensive income	Equity component of compound financial instruments	Total
	Capital Reserve	Other equity on disinvestment			
<b>Balance as at 1 April 2021</b>	6,933.46	-	494.98	-	(772,101.10)
Changes in accounting policy or prior period errors	-	-	-	-	-
<b>Restated balance at the beginning of the year</b>	6,933.46	-	494.98	-	(772,101.10)
Loss for the year	-	-	-	-	(95,565.10)
Other comprehensive income for the year	-	-	45.68	-	(350.47)
<b>Total comprehensive income for the year</b>	6,933.46	-	540.66	-	(868,016.67)
Transferred to Statement of Profit and Loss to offset Depreciation (Refer Note 4)	(53.79)	-	-	-	(53.79)
Transferred from capital reserve to retained earnings pertaining to MRO Nagpur	(6,301.10)	-	-	-	-
Transferred from fair value changes on equity instruments through OCI to retained	-	-	-	-	-
Additions during the year	-	709,888.94	131.40	-	-
<b>Balance as at 31 March 2022</b>	578.57	709,888.94	672.06	-	709,888.94
Equity component of 7.4% Preference shares-I issued during the year	-	-	-	16,018.00	(158,181.52)
Loss for the year	-	-	-	-	16,018.00
Other Comprehensive Income for the year	-	-	238.68	-	(113,879.56)
<b>Total Comprehensive income for the year</b>	578.57	709,888.94	910.74	-	67.94
Amortization during the year (Refer Note 4)	(49.39)	-	-	-	(49.39)
<b>Balance as at 31 March 2023</b>	529.18	709,888.94	910.74	16,018.00	(256,024.53)

The accompanying notes form an integral part of the Standalone Financial Statements

As per our report of even date attached

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

FRN : 003990S/S200018

*V. Kothandaraman*  
**V. Kothandaraman**  
 Partner

**Membership No.025973**



For and on behalf of the Board of Directors  
 for **Air India Limited**

*N. Chandrasekaran*  
**N. Chandrasekaran**  
 Chairman

**DIN 00121863**

*Vinod Hejretli*  
**Vinod Hejretli**  
 Chief Financial Officer

Place : Mumbai  
 Date : 22 May 2023

*Campbell Wilson*  
**Campbell Wilson**  
 Chief Executive Officer and Managing Director

**DIN 09612044**

*Kalpana Rao*  
**Kalpana Rao**  
 Company Secretary

**ACS6194**



**Air India Limited****Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023****(All amounts are in Indian Rupees in millions, unless otherwise stated)****1 Corporate Information**

Air India Limited ('the Company' or 'AIL' or 'Air India') is a company limited by shares, incorporated in India registered under the provisions of the Companies Act, 1956. The Company's registered office is located at Gurugram, Haryana. During the year, the registered office of the Company has been shifted from Airlines House, 113, Gurudwara Rakabganj Road, New Delhi -110001 to Block 4, Vatika One on One, Sector 16, NH 48 Gurugram, Haryana - 122007 with effect from 1 March 2023 Gurugram, Haryana. The Company was a wholly owned government company upto 21 January 2022. Consequent to the disinvestment by the Government of India (GoI), the shareholding of the Company has been transferred to Talace Private Limited (wholly owned subsidiary of Tata Sons Private Limited).

The Company offer domestic and international air transportation services, which include passenger, cargo and related allied services.

**2 Basis of preparation of financial statements****(i) Statement of compliance**

The Standalone Financial Statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read together with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Standalone Financial Statements are prepared on a going concern basis. These Standalone Financial Statements are presented in Indian Rupee and all values have been rounded to the nearest millions upto two decimal places, unless otherwise stated.

The Standalone Financial Statements for the year ended 31 March 2023 have been approved by the Board of Directors of the Company in their meeting held on 22 May 2023.

**(ii) Historical cost convention**

The Standalone Financial Statements have been prepared under the historical cost convention on accrual basis except for:

- certain financial assets and liabilities are measured at fair value
- assets held for sale – measured at fair value less cost to sell
- right of use assets – measured at present value of future cash outflows at initial recognition

**(iii) Critical Estimates and Judgments**

Preparation of Standalone Financial Statements requires the use of judgments by the Management and accounting estimates which, by definition, may differ from the actual results.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant areas of estimation and judgements as stated in the respective accounting policies that have the most significant effect on the financial statements are as follows:

- useful life and residual values of property, plant and equipment and components thereof
- impairment of non-financial assets and investments in subsidiaries and joint venture
- provision for redelivery, maintenance and overhaul cost for leased aircraft
- lease term and incremental borrowing rate
- defined benefit obligations: key actuarial valuation
- recognition of deferred tax assets for carried forward tax losses
- fair value of liability on account of Frequent Flyer Programme ('FFP')
- judgement required in ascertaining whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
- value of assets held for sale

Estimates and judgements are continually evaluated. They are based on past trends and other factors.

**(iv) Current - non-current classification**

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

An asset is treated as current when it is:

- Expected to be realised or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

**(v) Operating Cycle**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.





**3 Significant Accounting Policies****I. Property, Plant and Equipment (PPE)****a) Recognition and measurement**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Company has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircraft.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment. The carrying amount of any component accounted as a separate component is derecognised, when replaced or when the property, plant and equipment to which the component relates gets derecognised.

**b) Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss at the time of incurrance.

Cost incurred on major modifications and/or refurbishment carried out to owned and leased assets are depreciated over the remaining useful life or remaining period of lease of the asset.

**c) Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to the Statement of Profit and Loss. Depreciation on property, plant and equipment, except owned aircraft and spare engine, rotables and non-aircraft equipment, leasehold improvements and leasehold improvements - aircraft, is provided on the straight line method using useful life prescribed in Schedule II of the Companies Act, 2013. However, on the basis of technical assessment, the useful life of B-777, B-787 and A-320 family aircraft (procured from 2006-07 onwards) are considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of not more than 5% of the original cost.

Property Plant and Equipment received free of cost/in exchange of any previously discarded asset shall be recognized at fair value/cost of acquisition and bringing them to the location of use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Company has used the following estimated useful lives for calculation of depreciation on its property, plant and equipment:

Asset description	Estimated useful life (in years)
Building	30-60
Aircraft and engines**	25
Rotables and repairables	10-25*
Simulator and link trainers	25
Ground support equipment & vehicles	8-15
Plant and machinery	10-15
Furniture and fixtures	10
Office and electrical equipment	5-10
Computers	3
Leasehold improvement	Lease term

\*Aircraft Rotables and repairables relating to respective aircraft family are depreciated over the residual average useful life of the related aircraft family

\*\* Major inspection costs relating to engine and airframe overhauls and other heavy maintenance is depreciated over 4-10 years.

**d) Capital work-in-progress**

Property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress. It is stated at cost.

**II. Intangible Assets****a) Recognition and measurement**

Intangible assets that are acquired are recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

**b) Subsequent costs**

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognised in the Statement of Profit and Loss, as incurred.

**c) Amortisation**

Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life, which is reviewed by the management every year i.e.

- Software of Passenger Services System, over 10 years, and
- Other software/website, over 5 years

**d) Intangible assets under development**

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development. It is stated at cost.

**III. Investment Property**

Investment Properties are properties held to earn rentals or for capital appreciation, and that is not occupied by the Company. Investment properties are measured initially at cost including transaction cost and where applicable borrowing costs. Subsequently, Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Investment property is depreciated using the straight line methods over their estimated useful life. Any gain or loss on disposal is recognized in the Statement of Profit & Loss.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**IV. Leases**

**a) As a Lessee**

The Company's leased asset classes primarily consist of leases for aircraft, engines and leasehold land and buildings. 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.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs including estimate of costs to be incurred in respect of redelivery obligation.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The right of use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

At the date of commencement of the lease, the Company recognizes a Right-of-Use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease or another systematic basis which is more representative of the pattern of use of the underlying asset.

**b) Lease term**

At the commencement date, the Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend or terminate the lease, if the Company is reasonably certain at the commencement date to exercise the extension or termination option.

**c) Sale and leaseback transactions**

In case of sale and leaseback transactions, the Company first considers whether the initial transfer of the underlying asset to the buyer- lessor is a sale by applying the requirements of Ind AS 115. If the transfer qualifies as a sale and the transaction is on market terms the Company effectively derecognises the asset, recognises a ROU asset (and lease liabilities) and recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into an amount relating to the rights transferred to the buyer-lessor in the underlying asset recognised in Statement of Profit and Loss, and an amount relating to the rights retained by the company are included in the carrying amount of the right of use assets recognized at the commencement of the lease.



**d) As a Lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

In the case of any leased assets transferred/sub-leased to Subsidiary Cos, the Subsidiaries recognize the lease liability, as such transfer/sub-lease directly related to the business of the respective Subsidiaries.

**V. Inventories**

a) Inventories primarily consist of stores and spares, fuel, loose tools and in-flight inventories (other than those which meet the criteria of Property, Plant and Equipment). Cost of inventories comprises all costs of purchase after deducting non-refundable rebates and discounts at the time of purchase and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b) Inventories are valued at lower of cost and Net Realizable Value ('NRV') wherever applicable. NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price. NRV for in-flight inventory is the estimated selling price of goods sold less the estimated cost necessary to make the sale. The comparison of cost and net realisable value is made on an item by item basis at each reporting date.

c) Expendables/consumables are charged off to statement of profit and loss.

d) Inventory of spares for Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircrafts in which case it is continued to be recognised at cost.

**VI. Investment in Subsidiaries, Associates & Joint ventures**

Investments in Subsidiaries, Associates and Joint Ventures are recognised initially at cost and subsequently measured at cost, less impairment losses, if any, in the value of investments. Where an indication of impairment exists, considering entities with common line of activities as a single cash generating unit, the carrying amounts of investments are assessed and written down to its recoverable amount at the end of reporting period. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

**VII. Impairment of Non-Financial Assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any indication of impairment exists, impairment testing is carried out by grouping the assets together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs) and then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**VIII. Revenue Recognition**

Revenue is recognised upon transfer of control of promised goods or services to customers. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts schemes offered by the Company as part of the contract and amounts collected on behalf of third parties, or other similar items, if any, as specified in the contract with the customer. Revenue is recorded provided the recovery of consideration is probable and determinable.

**a) Passenger and cargo revenue recognition**

The Company revenue primarily derives from transportation services for passengers and cargo. Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Fees charged for cancellation of flight tickets are recognised as revenue at the time of cancellation.

Cargo revenue is recognised when service is rendered i.e. goods are transported, net of discounts, amount collected on behalf of third parties, airport levies and applicable taxes.

The Company considers whether it is a principal or agent in relation to services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for services to be provided by a third party, such as another carrier or a third party.

**b) Forward Sales**

The consideration from sale of tickets not yet flown is recognized as contract liability (ie. forward sales) disclosed in current liabilities until the customer has flown. The unutilised balance in Forward Sales for more than specified period is recognised as revenue based on historical statistics, data and management estimates and considering the Company's cancellation policy.



**c) Sale of merchandise, food and beverages**

The performance obligation towards sale of merchandise, food and beverages are generally fulfilled when the same are delivered to the customers. Revenue from sale of merchandise, food and beverages are recognised at the point in time when the control of those goods are transferred to the passengers, net of applicable taxes. Amount received in advance towards merchandise, food and beverages is disclosed as "Forward sales" in the current liabilities

**d) Frequent flyer program**

The Company operates frequent flyer program "Flying Returns" that builds customer loyalty by offering awards, benefits and services to program participants. Members in this program earn award points for travel on Air India and Star Alliance members. A contract liability (ie. FFP liability) for the award points is recognised on flown basis. The contract liability is estimated based on the historical trends of breakage upon redemption or expiry, which is then used to project the expected utilization of these benefits. Revenue is recognised when the points are redeemed or when they expire after the initial sale. The Company also has contracts to sell miles to non-airline partners which includes credit card companies for which the revenue is recognised upfront on sale of award points.

**e) Other operating revenue**

Other operating revenues are recognized as the related performance obligation is satisfied (over the time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, based on uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/expenditure is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.

**f) Other income**

Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

Dividends are recognised as other income in profit or loss when the right to receive payment is established.

**IX. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

**X. Borrowing Costs**

Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Borrowing cost also includes exchange differences, arising from foreign currency borrowings, to the extent they are regarded as an adjustment to the interest cost.

**XI. Foreign currency transactions and translations**

**Functional and presentation currency**

Items included in the financial statements of Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

**Transactions and balances**

Monetary and non-monetary transactions in foreign currency are initially recorded in the functional currency at the exchange rates on the date of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains / (losses) arising on account of realization /settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Statement of Profit and Loss.

Foreign exchange differences arising on foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

**XII. Employee Benefits**

**i) Short-term obligations** :- Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**ii) Post employment obligations** :- The Company operates following post employment schemes:

**a) Defined Contribution Plans** consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. Contributions are recognized as employees benefit expense, when the employee renders the related service.



**b) Defined Benefit Plans** which are not funded, consist of Gratuity. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year-end as per Indian/Local country Laws.

Net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the cost is included in the Employee Benefit Expense in the Statement of Profit and Loss.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

Liability for Gratuity, Pension and other Retirement Benefits for staff directly recruited at foreign stations is provided in compliance with local laws prevailing in the respective countries and actuarially determined in respect of certain foreign stations based on available information as at the year end.

**iii) Other long term employee benefit obligations :-** The Company also has liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on the basis of actuarial valuation using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### **XIII. Tax expense**

Tax expense comprises of current tax and deferred tax.

#### **Current tax**

It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis.

#### **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 for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets are 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously .

### **XIV. Provisions, Contingent Liabilities/Capital Commitments & Contingent Assets**

#### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Provision for redelivery of aircraft**

The Company has in its fleet aircraft on lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery obligations are determined by management based on historical trends and data, and are recorded under 'provision for redelivery' at the present value of expected outflow, where effect of the time value of money is material with the corresponding value capitalised under 'Right of use assets'. The estimated future costs of redelivery is reviewed annually and adjusted as appropriate. Changes in the estimated future costs or the discount rate applied are added to or deducted from the cost of the right of use asset.





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**Aircraft and engine repair and maintenance**

The Company recognises expenses in the form of variable rentals towards aircraft and engine maintenance for aircraft taken on lease, which are based on their utilisation that is calculated with reference to the number of hours or cycles operated during each period.

Heavy maintenance and overhaul expenses includes additional accrual, beyond variable rentals, for the estimated future costs of engine and aircraft maintenance checks. These accruals are based on past trends for costs incurred on such events, future expected utilization of engine, condition of the engine and expected maintenance interval and are accrued over the period of the next expected maintenance visit.

In respect of certain leased aircraft, the Company recognises aircraft repair and maintenance cost in the statement of profit and loss on incurred basis, except for aircraft maintenance covered by third party maintenance agreements, wherein a portion of the cost are charged to the statement of profit and loss at a contractual rate per hour in accordance with the terms of the agreements.

**Contingent liabilities and assets**

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

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.

**XV. Cash and Cash Equivalents**

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

**XVI. Earnings per Share**

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share is computed by dividing the net profit/loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**XVII. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements 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.

**XVIII. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A. Financial Assets**

**(i) Classification**

The Company classifies financial assets as subsequently measured at amortized cost, Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through 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**

At initial recognition, the Company measures a financial asset (excluding trade receivables which do not contain a significant financing component, being measured at transaction price) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(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 Profit and Loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Investment in Mutual funds are measured at fair value through profit or loss (FVTPL).

**(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) Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**(vi) Impairment of financial Assets**

The Company recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the Statement of Profit and Loss.

**(vii) 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.

**(viii) Income recognition**

**Interest income:**

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVTOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance)

**Dividends:**

Dividends are received from financial assets at fair value through profit or loss and at FVTOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

**B. Financial Liabilities**

**(i) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans & 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) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below :



**a) Financial Liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**b) Financial liabilities at fair value through Profit and Loss**

Financial liabilities at fair value through Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through 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.

**(iii) De-recognition**

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

**(iv) Off-setting 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.

**(v) Compound financial instruments- convertible preference shares**

Compound financial instruments issued by the Company comprises of convertible preference shares that can be converted to equity shares of the Company. Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract. The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

**XIX. Non-current assets (Disposal Groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**XX. Recent Accounting and Other Pronouncements**

**New and amended standards adopted by the Company:**

Ind AS 16 – Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that related directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**New Standards/Amendments notified but not yet effective:**

Ministry of Corporate Affairs (MCA), on March 31, 2023, through the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2023 amended certain existing Ind ASs on miscellaneous issues with effect from 1st April 2023. Following are few key amendments relevant to the Company:

i) Ind AS 1 Presentation of Financial Statements & Ind AS 34 – Interim Financial Reporting – Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements

ii) Ind AS 107 – Financial Instruments: Disclosures

Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.

iii) Ind AS 8

Accounting policies, changes in accounting estimate and errors-Clarification on what constitutes an accounting estimate provided.

iv) Ind AS 12- Income Taxes

In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

The Company does not expect the effect of this on the financial statements to be material, based on preliminary evaluation. However, it may be noted that we expect there would be a change in Accounting policies section of the financial statements as the standard would require presentation of 'material accounting policies' as against 'significant accounting policies' disclosed so far.



**Air India Limited**  
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(All amounts are in Indian Rupees in millions, unless otherwise stated)

**4. Property, plant and equipment**

Particulars	Land	Buildings	Aircraft and engines	Simulator and link trainers	Rotables and repairables	Ground support equipment and vehicles	Furniture and fixtures	Computers	Office and electrical equipments	Total
<b>Gross carrying amount</b>										
As at 1 April 2021	282.60	5,313.30	254,102.61	2,732.38	24,791.33	2,195.82	158.83	436.55	239.31	290,252.73
Additions during the year	-	10.98	130,542.45	0.70	3,529.58	5.18	0.54	1.11	5.14	134,105.68
Disposals / adjustments during the year**	282.60	3,722.59	9,543.21	-	1,712.84	2,200.79	159.37	107.28	241.37	17,970.05
<b>As at 31 March 2022</b>	-	<b>1,601.69</b>	<b>375,101.85</b>	<b>2,733.08</b>	<b>26,608.07</b>	<b>0.21</b>	-	<b>340.38</b>	<b>3.08</b>	<b>406,388.36</b>
Additions during the year	-	-	698.38	-	2,434.36	49.81	0.92	336.18	29.96	3,549.61
Disposals / adjustments during the year**	-	-	55,589.92	-	2,608.47	-	-	-	-	58,198.39
<b>As at 31 March 2023</b>	-	<b>1,601.69</b>	<b>320,210.31</b>	<b>2,733.08</b>	<b>26,433.96</b>	<b>50.02</b>	<b>0.92</b>	<b>676.56</b>	<b>33.04</b>	<b>351,739.58</b>
<b>Accumulated depreciation and impairment</b>										
As at 1 April 2021	-	747.90	62,543.75	596.97	8,008.51	938.52	102.03	258.17	142.31	73,338.16
Depreciation for the year*	-	195.24	16,699.29	158.66	2,051.54	126.92	6.46	41.55	14.56	19,294.22
Impairment during the year (Refer to Note 46)	-	76.02	19,053.88	126.73	1,145.50	0.01	-	2.90	0.20	20,405.24
Disposals / adjustments during the year**	-	524.41	596.05	-	1,321.84	1,065.43	108.49	35.65	156.84	3,808.71
<b>As at 31 March 2022</b>	-	<b>494.75</b>	<b>97,700.87</b>	<b>882.36</b>	<b>9,883.71</b>	<b>0.02</b>	-	<b>266.97</b>	<b>0.23</b>	<b>109,228.91</b>
Depreciation for the year*	-	43.30	17,649.68	146.14	2,053.14	1.16	0.03	83.27	2.67	19,979.39
Impairment during the year (Refer to Note 46)	-	163.55	36,415.30	262.60	2,374.04	7.57	0.14	46.32	4.58	39,274.10
Disposals / adjustments during the year**	-	-	25,515.37	-	509.68	-	-	-	-	26,025.05
<b>As at 31 March 2023</b>	-	<b>701.60</b>	<b>126,250.48</b>	<b>1,291.10</b>	<b>13,801.21</b>	<b>8.75</b>	<b>0.17</b>	<b>396.56</b>	<b>7.48</b>	<b>142,457.35</b>
<b>Net carrying amount</b>										
As at 31 March 2023	-	<b>900.09</b>	<b>193,959.83</b>	<b>1,441.98</b>	<b>12,632.75</b>	<b>41.27</b>	<b>0.75</b>	<b>280.00</b>	<b>25.56</b>	<b>209,282.23</b>
As at 31 March 2022	-	<b>1,106.94</b>	<b>277,400.98</b>	<b>1,850.72</b>	<b>16,724.36</b>	<b>0.19</b>	-	<b>73.41</b>	<b>2.85</b>	<b>297,159.45</b>

\* Depreciation includes a transfer of Rs. 49.39 million (Previous Year : Rs. 53.79 million) from Capital Reserve pertaining to the certain assets received in previous years at Rs. Nil value.

\*\* Includes certain aircraft classified as 'held for sale' having a gross block value of Rs. 22,488.9 million (previous year Rs. Nil) and accumulated depreciation of Rs. 9,115.31 million (previous year Rs. Nil). Refer to Note 26.





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**5. Right of use assets**

Particulars	Aircraft and engines	Land and Buildings	Total
<b>Gross carrying amount</b>			
As at 1 April 2021	229,907.99	-	229,907.99
Additions during the year	1,519.62	639.10	2,158.72
Disposals / adjustments during the year*	125,710.77	-	125,710.77
<b>As at 31 March 2022</b>	<b>105,716.84</b>	<b>639.10</b>	<b>106,355.94</b>
Additions during the year	15,402.63	4,221.12	19,623.75
Disposals / adjustments during the year*	7,898.80	-	7,898.80
<b>As at 31 March 2023</b>	<b>113,220.67</b>	<b>4,860.22</b>	<b>118,080.89</b>
<b>Accumulated depreciation and impairment</b>			
As at 1 April 2021	51,188.63	-	51,188.63
Depreciation for the year	22,433.87	192.06	22,625.93
Impairment during the year (Refer to Note 46)	4,865.86	28.79	4,894.65
Disposals / adjustments during the year*	43,465.63	-	43,465.63
<b>As at 31 March 2022</b>	<b>35,022.73</b>	<b>220.85</b>	<b>35,243.58</b>
Depreciation for the year	10,085.93	557.56	10,643.49
Impairment during the year (Refer to Note 46)	11,111.15	645.38	11,756.53
Disposals / adjustments during the year*	2,118.81	-	2,118.81
<b>As at 31 March 2023</b>	<b>54,101.00</b>	<b>1,423.79</b>	<b>55,524.79</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2023</b>	<b>59,119.67</b>	<b>3,436.43</b>	<b>62,556.10</b>
<b>As at 31 March 2022</b>	<b>70,694.11</b>	<b>418.25</b>	<b>71,112.36</b>

\* During the year, the management has re-estimated the provision for redelivery taken on aircraft on lease which resulted in a reduction of Rs. 5,780.00 million and a corresponding decrease in the right of use assets (Previous Year : increase of Rs. 1,519.60 million made to redelivery provision with corresponding increase to right of use assets). Further, during the previous year, redelivery provision of Rs. 3,051.10 millions was no longer required on account of early termination of lease agreement and acquisition of 21 underlying B-787-800 aircraft, is written back and reduced from the carrying amount of right-of-use aircraft. Refer to Note 22.

**6. Investment property**

Particulars	Land-freehold	Land-leasehold	Buildings	Total
<b>Gross carrying amount</b>				
As at 1 April 2021	191.65	4,104.63	102.35	<b>4,398.63</b>
Additions during the year	-	-	-	-
Disposals / adjustments during the year	191.65	4,104.63	102.35	<b>4,398.63</b>
<b>As at 31 March 2022</b>	-	-	-	-
Additions during the year	-	-	-	-
Disposals / adjustments during the year	-	-	-	-
<b>As at 31 March 2023</b>	-	-	-	-
<b>Accumulated depreciation</b>				
As at 1 April 2021	-	-	24.92	<b>24.92</b>
Depreciation for the year	-	-	1.49	<b>1.49</b>
Disposals / adjustments during the year	-	-	26.41	<b>26.41</b>
<b>As at 31 March 2022</b>	-	-	-	-
Depreciation for the year	-	-	-	-
Disposals / adjustments during the year	-	-	-	-
<b>As at 31 March 2023</b>	-	-	-	-
<b>Net carrying amount</b>				
<b>As at 31 March 2023</b>	-	-	-	-
<b>As at 31 March 2022</b>	-	-	-	-





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**7. Other intangible assets**

Particulars	Computer software	Others	Total
<b>Gross carrying amount</b>			
As at 1 April 2021	950.31	383.63	<b>1,333.94</b>
Additions during the year	-	-	-
Disposals / adjustments during the year	-	-	-
<b>As at 31 March 2022</b>	<b>950.31</b>	<b>383.63</b>	<b>1,333.94</b>
Additions during the year	-	-	-
Disposals / adjustments during the year	-	-	-
<b>As at 31 March 2023</b>	<b>950.31</b>	<b>383.63</b>	<b>1,333.94</b>
<b>Accumulated depreciation</b>			
As at 1 April 2021	936.22	383.63	<b>1,319.85</b>
Amortisation for the year	12.19	-	<b>12.19</b>
Impairment during the year (Refer to Note 46)	0.12	-	<b>0.12</b>
Disposals / adjustments during the year	-	-	-
<b>As at 31 March 2022</b>	<b>948.53</b>	<b>383.63</b>	<b>1,332.16</b>
Amortisation for the year	1.09	-	<b>1.09</b>
Impairment during the year (Refer to Note 46)	-	-	-
Disposals / adjustments during the year	-	-	-
<b>As at 31 March 2023</b>	<b>949.62</b>	<b>383.63</b>	<b>1,333.25</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2023</b>	<b>0.69</b>	<b>-</b>	<b>0.69</b>
<b>As at 31 March 2022</b>	<b>1.78</b>	<b>-</b>	<b>1.78</b>

**8. Capital work in progress**

Particulars	Amount
As at 1 April 2021	0.12
Additions during the year	0.97
Capitalization during the year	1.09
<b>As at 31 March 2022</b>	<b>-</b>
Additions during the year	556.35
Capitalization during the year	-
<b>As at 31 March 2023</b>	<b>556.35</b>

Capital work in progress ageing schedule as at 31 March 2023 is as follows :

Particulars	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	556.35	-	-	-	<b>556.35</b>

**9. Intangible assets under development**

Particulars	Amount
As at 1 April 2021	12.46
Additions during the year	-
Capitalization during the year	12.46
<b>As at 31 March 2022</b>	<b>-</b>
Additions during the year	-
Capitalization during the year	-
<b>As at 31 March 2023</b>	<b>-</b>



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**10. Investments**

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Investment at costs</b>				
<b>Equity instruments - unquoted</b>				
- In subsidiaries				
78,000,000 Equity Shares (Previous Year : 78,000,000 Equity Shares) of Rs. 100 each in Air India Express Limited	7,800.00	7,800.00	-	-
4,195,000,000 Equity Shares (Previous Year : NIL Equity Shares) of Rs. 10 each in AIX Connect Private Limited [formerly known as AirAsia (India) Private Limited]*	36,483.56	-	-	-
- In joint venture				
40,424,975 Equity Shares (Previous Year : 40,424,975 Equity Shares) of Rs. 10 each fully paid up in Air India SATS Airport Services Private Limited	436.18	436.18	-	-
	<b>44,719.74</b>	<b>8,236.18</b>	-	-
<b>Investments at fair value through other comprehensive income (FVTOCI)</b>				
<b>Equity instruments - quoted</b>				
375,407 Equity Shares (Previous Year : 375,407 Equity Shares) of EUR 0.48 each fully paid up in Orange S.A. (formerly known as France Telecom)	367.74	338.43	-	-
<b>Equity instruments - unquoted</b>				
12,500,000 Equity Shares (Previous Year : 12,500,000 Equity Shares) of Rs. 10 each fully paid up in Cochin International Airport Limited #	625.00	415.63	-	-
302 Equity Shares (Previous Year : 243 Equity Shares) of EUR 5.00 each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques)	0.10	0.08	-	-
890,139 Depository Certificates (Previous Year : 890,139) of SITA Information Network Computing N.V.	42.67	42.67	-	-
922 class B Shares (Previous Year : 5,248 Shares) of BHT 100 each fully paid up in Aeronautical Radio of Thailand Ltd.	0.17	1.11	-	-
50 Equity Shares (Previous Year : 50 Equity Shares) of EUR 152.45 each fully paid up in Association Sportive Du Golf Isabella.	0.39	0.39	-	-
	<b>1,036.07</b>	<b>798.31</b>	-	-
<b>Investments at fair value through profit and loss (FVTPL)</b>				
<b>Investment in Government Securities (unquoted)</b>				
6.67% Government securities 2035 - 145,000,000 Units (Previous Year : 100,000,000 Units) of face value of Rs. 100 per unit	-	-	13,986.50	9,787.54
<b>Investment in Mutual Funds (unquoted)</b>				
Tata Liquid Fund Direct Plan - Growth - 22,225,185.31 Units (Previous Year : Nil Units)	-	-	78,930.82	-
Tata Overnight Fund - Direct Plan- Growth - Nil Units (Previous Year : 4,063,154.06 Units)	-	-	-	4,556.59
	-	-	<b>92,917.32</b>	<b>14,344.13</b>
<b>Total</b>	<b>45,755.81</b>	<b>9,034.49</b>	<b>92,917.32</b>	<b>14,344.13</b>
Aggregate amount of unquoted investments	45,388.07	8,696.06	92,917.32	14,344.13
Aggregate provision for diminution in value of Investments	-	-	-	-
Aggregate amount of quoted investments Market value : Rs. 367.74 million (Previous Year : Rs. 338.43 million) (Equivalent to EUR 4.11 million (Previous Year : EUR 4.02 million))	367.74	338.43	-	-

# Fair valuation of investments carried out based on latest subscription to the right shares in Cochin International Airport Limited.

\* On 3 November 2022, the Company acquired 1,500,000,000 equity shares of face value of Rs. 10 (fully paid-up) in AIX Connect Private Limited [formerly known as AirAsia (India) Private Limited] for Rs. 9,533.56 million. On 6 February 2023, the Company has further subscribed to the right issue of 2,695,000,000 equity shares of face value of Rs. 10 each (fully paid-up) for Rs. 26,950.00 million.

**11. Trade receivables**

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivable considered good – Unsecured	10,465.78	16,771.45
Less: Allowance for expected credit loss	424.42	1,454.22
<b>Trade receivable considered good – Unsecured</b>	<b>10,041.36</b>	<b>15,317.23</b>
Trade receivable – credit impaired – Unsecured	3,041.10	7,427.80
Less: Allowance for credit impairment	3,041.10	7,427.80
<b>Trade receivable – credit impaired – Unsecured</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>10,041.36</b>	<b>15,317.23</b>



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

Refer to Note 35 (i) for details on credit risk. Further, refer to Note 41 for related party transactions.

Trade receivables includes unbilled revenue amounting to Rs. Nil (previous year Rs. 1,521.60 million). This receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under trade receivables (as opposed to contract assets) because it is an unconditional right to consideration.

**Trade Receivables ageing schedule**

**As at 31st March 2023**

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	< 6 Months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	
Undisputed Trade Receivable - considered good	6,992.68	1,985.06	451.89	933.32	102.84	-	10,465.78
Undisputed Trade Receivables - credit impaired	-	164.42	168.18	41.16	195.51	1,127.39	1,696.65
Disputed Trade Receivables - credit impaired	-	-	-	6.39	0.32	1,337.73	1,344.45
<b>TOTAL</b>	<b>6,992.68</b>	<b>2,149.48</b>	<b>620.07</b>	<b>980.86</b>	<b>298.67</b>	<b>2,465.12</b>	<b>13,506.88</b>
Less: Allowance for credit impairment and expected credit loss							(3,465.52)
<b>TOTAL</b>							<b>10,041.36</b>

**As at 31st March 2022**

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	< 6 Months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	
Undisputed Trade Receivable -considered good	7,210.85	2,957.10	1,925.50	2,911.20	244.70	0.50	15,249.85
Undisputed Trade Receivables - credit impaired	-	-	-	540.60	234.40	5,315.07	6,090.07
Disputed Trade Receivables - credit impaired	-	-	-	-	-	1,337.73	1,337.73
<b>TOTAL</b>	<b>7,210.85</b>	<b>2,957.10</b>	<b>1,925.50</b>	<b>3,451.80</b>	<b>479.10</b>	<b>6,653.30</b>	<b>22,677.65</b>
Less: Allowance for credit impairment and expected credit loss							(8,882.02)
Add: Trade Receivables - Unbilled							1,521.60
<b>TOTAL</b>							<b>15,317.23</b>

**Details of transactions with companies struck off u/s 248 of the Companies Act 2013 or Section 560 of the Companies Act 1956.**

Name of struck off company	Nature of transactions with struck-off company	Balance outstanding as on 31 March 2023	Balance outstanding as on 31 March 2022	Relationship with the struck off company if any, to be disclosed
Devi Travels Pvt. Ltd.	Receivables	-	0.40	Customer
Sprint Freight Forwarders Pvt. Ltd	Receivables	-	-	Customer
Supor Travels Hyderabad Pvt. Ltd.	Receivables	-	0.10	Customer
Palladium Travels Pvt. Ltd.	Receivables	-	-	Customer
Unity World Travels Pvt. Ltd.	Receivables	-	-	Customer
H T L Logistics India Private Limited	Receivables	0.01	-	Customer
Vision Air And Sea Logistics Private Limited	Receivables	-	-	Customer
Quest Logistics Private Limited	Receivables	-	-	Customer

**12. Other financial assets**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Security Deposits</b>				
Unsecured - Considered Good	1,964.25	936.06	15.41	59.70
Unsecured - Considered Doubtful	26.35	30.56	-	-
	<b>1,990.60</b>	<b>966.62</b>	<b>15.41</b>	<b>59.70</b>
Less : Allowance for doubtful security deposits	26.35	30.56	-	-
<b>(A)</b>	<b>1,964.25</b>	<b>936.06</b>	<b>15.41</b>	<b>59.70</b>
<b>Deposit with banks (due for maturity after twelve months from the reporting date)***</b>	66.28	213.83	-	-
Less : Allowance for doubtful deposits	1.22	1.83	-	-
<b>(B)</b>	<b>65.06</b>	<b>212.00</b>	-	-



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Recoverable from parties</b>				
Unsecured - Considered Good	-	20.16	1,031.73	614.46
Unsecured - Considered Doubtful	-	25.02	549.16	-
	-	<b>45.18</b>	<b>1,580.89</b>	<b>614.46</b>
Less : Allowance for doubtful advances	-	25.02	549.16	-
<b>(C)</b>	-	<b>20.16</b>	<b>1,031.73</b>	<b>614.46</b>
<b>Advances recoverable from employees</b>				
Unsecured - Considered Good	-	-	100.36	46.99
Unsecured - Considered Doubtful	-	643.68	643.54	-
	-	<b>643.68</b>	<b>743.90</b>	<b>46.99</b>
Less : Allowance for doubtful advances	-	643.68	643.54	-
<b>(D)</b>	-	-	<b>100.36</b>	<b>46.99</b>
<b>Advance to subsidiary companies *</b>				
Unsecured - Considered Good	-	16,174.34	9,769.01	-
Unsecured Considered Doubtful	-	-	-	-
	-	<b>16,174.34</b>	<b>9,769.01</b>	-
Less : Allowance for Doubtful Advances	-	-	-	-
<b>(E)</b>	-	<b>16,174.34</b>	<b>9,769.01</b>	-
<b>Interest accrued on</b>				
- Deposits	4.27	-	52.09	120.49
- Loan to Employees	-	-	3.94	3.97
- Advances to Subsidiary Companies **	-	-	916.65	1,175.95
<b>(F)</b>	<b>4.27</b>	-	<b>972.68</b>	<b>1,300.41</b>
<b>Other receivables</b>				
Unsecured - Considered Good ****	156.25	1.40	67.22	123.35
Unsecured - Considered Doubtful	1,580.25	1,582.20	-	-
	<b>1,736.50</b>	<b>1,583.60</b>	<b>67.22</b>	<b>123.35</b>
Less : Allowance for doubtful other receivables	1,580.25	1,582.20	-	-
<b>(G)</b>	<b>156.25</b>	<b>1.40</b>	<b>67.22</b>	<b>123.35</b>
<b>TOTAL (A + B + C + D + E + F + G)</b>	<b>2,189.83</b>	<b>17,343.96</b>	<b>11,956.41</b>	<b>2,144.91</b>

\* Details of advances given to subsidiary companies are as under :

- amount is repayable on demand as per terms of agreement.

Name of the subsidiary company	As at 31 March 2023	% to the total advances	As at 31 March 2022	% to the total advances
1. Air India Express Limited	9,769.01	89.61%	16,174.34	96.22%
<b>Total</b>	<b>9,769.01</b>		<b>16,174.34</b>	

\*\* Details of interest accrued on advances to subsidiary companies are as under :

Name of the subsidiary company	As at 31 March 2023	As at 31 March 2022
1. Air India Express Limited	916.65	1,175.95
<b>Total</b>	<b>916.65</b>	<b>1,175.95</b>

\*\*\* Includes Rs. 1.22 million (Previous Year : Rs. 1.83 million) towards blocked fund in bank accounts for repatriation. Deposit with banks include Rs. 38.32 million (previous year Rs. NIL) as deposits under lien to banks as security for availing various non-fund based lines of credit.

\*\*\*\* Includes Rs. 156.25 million towards subscription of 3,125,000 shares in Cochín International Airport Limited on right basis which are pending allotment as on the reporting date.

**13. Other assets**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Capital advances</b>				
Unsecured - Considered Good	42,863.70	26.31	-	-
Unsecured - Considered Doubtful	7.64	21.16	-	-
	<b>42,871.34</b>	<b>47.47</b>	-	-
Less : Allowance for Doubtful capital advances	7.64	21.16	-	-
<b>(A)</b>	<b>42,863.70</b>	<b>26.31</b>	-	-
<b>Advances to suppliers</b>				
Unsecured - Considered Good	-	-	3,461.83	2,658.29
Unsecured - Considered Doubtful	-	618.67	553.08	-
	-	<b>618.67</b>	<b>4,014.91</b>	<b>2,658.29</b>
Less : Allowance for doubtful advances to suppliers	-	618.67	553.08	-
<b>(B)</b>	-	-	<b>3,461.83</b>	<b>2,658.29</b>





**Air India Limited**  
**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Others</b>				
Unsecured - Considered Good	-	-	-	-
Prepaid expenses	-	-	1,562.70	829.26
Other recoverable	-	-	3.00	3.00
Balances with Statutory / Government Authorities	-	-	-	-
Unsecured - Considered Doubtful	-	-	7,672.05	6,385.47
Other recoverable	493.07	493.07	-	-
	<b>493.07</b>	<b>493.07</b>	-	-
Less : Allowance for doubtful other recoverable	493.07	493.07	-	-
<b>(C)</b>	-	-	<b>9,237.75</b>	<b>7,217.73</b>
<b>TOTAL (A + B + C)</b>	<b>42,863.70</b>	<b>26.31</b>	<b>12,699.58</b>	<b>9,876.02</b>

**14. Taxes**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Income tax assets [net of income tax liabilities Rs. 42.23 million (previous year: Rs. 42.23 million)]	2,111.00	1,474.89	-	-
<b>TOTAL</b>	<b>2,111.00</b>	<b>1,474.89</b>	<b>-</b>	<b>-</b>

**Deferred tax assets / (liability)**

Particulars	As at	As at
	31 March 2023	31 March 2022
Deferred tax assets (net)	26,435.23	26,435.23
<b>TOTAL</b>	<b>26,435.23</b>	<b>26,435.23</b>

The Company foresees future taxable profits in the subsequent years against which deferred tax asset as at 31 March 2023 will be utilised.

**i) Deferred tax assets/(liability)**

S.N	Particulars	As at 31 March 2023	As at 31 March 2022
<b>(A)</b>	<b>Deferred tax liability</b>		
(i)	Related to property, plant and equipment	38,590.70	45,549.20
	<b>Sub total (A)</b>	<b>38,590.70</b>	<b>45,549.20</b>
<b>(B)</b>	<b>Deferred tax assets</b>		
(i)	Other temporary differences	15,518.00	14,740.40
(ii)	Unabsorbed depreciation	49,507.93	57,244.03
	<b>Sub total (B)</b>	<b>65,025.93</b>	<b>71,984.43</b>
	<b>Net deferred tax asset/(liability)</b>	<b>26,435.23</b>	<b>26,435.23</b>

**ii) Details of the total deferred tax asset not recognized as at 31 March 2023**

The Company has unabsorbed depreciation and carry forward losses which arose in India that are available for offsetting against future taxable profits of the Company. The Company has still got total unrecognized deferred tax asset amounting to Rs. 1,38,231.90 million (previous year : Rs. 120,675.70 million) which as a matter of prudence has not been recognized in the books. As per Income Tax Act, 1961, carry forward losses are available for a period of eight years immediately succeeding the year in which the loss is incurred. Unabsorbed depreciation can be carried forward indefinitely. The details of unrecognized deferred tax balance has been given below:

S.N	Particulars	As at 31 March 2023	As at 31 March 2022
(i)	Unabsorbed depreciation	63,783.90	40,949.50
(ii)	Brought forward business losses	74,448.00	79,726.20
	<b>Total</b>	<b>138,231.90</b>	<b>120,675.70</b>

The unused tax losses and unabsorbed depreciation considered above are based on the tax records and returns of the Company and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels.





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**iii) Reconciliation of effective tax rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate as adopted by the Company for the year ended 31 March 2023 and 31 March 2022:

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Rate (%)	Amount	Rate (%)	Amount
Loss as per the statement of profit and loss		113,879.56		93,575.10
Tax rate	25.168%		25.168%*	
<b>Tax asset for the year</b>		<b>28,661.21</b>		<b>23,551.00</b>
a) Deferred tax asset not recognised on above		(28,661.21)		(23,551.00)
b) Reversal of deferred tax asset related to earlier years based on estimated available future taxable profits		=		(1,990.00)
c) Effect of expenses that are not deductible in determining taxable profit		9.86		
d) Others		(9.86)		
<b>Total deferred tax asset recognized/ (reversed)</b>		<b>-</b>		<b>(1,990.00)</b>

\* The Company has decided to opt for the concessional tax regime u/s 115 BAA of the Income Tax Act 1961 w.e.f. from AY 2022-23. Accordingly, the applicable tax rate has been considered for the year ended 31 March 2022.

**15. Inventories**

Particulars	As at	
	31 March 2023	31 March 2022
<b>Valued at cost or NRV whichever is lower</b>		
Stores and spares*	13,020.28	14,426.63
Goods-in-transit - stores and spares	114.80	35.52
	<b>13,135.08</b>	<b>14,462.15</b>
Less : Provision for obsolescence	5,137.55	8,143.53
	<b>7,997.53</b>	<b>6,318.62</b>
Loose tools	71.62	67.26
Aircraft fuel	37.65	41.37
<b>TOTAL</b>	<b>8,106.80</b>	<b>6,427.25</b>

\* Stores and spare includes an amount of Rs. 1,192.87 million (Previous Year : Rs. 2,298.02 million) which represents inventories lying with third parties for repair work.

During the current year, provision for obsolescence to the extent of Rs. 1,450.49 million has been classified under stores and spares as it represents inventories issued from stores for consumption of such inventories.

The value of freight, duty and insurance is inventorised at block level instead of individual items of inventory. The practice have been consistently followed during the reporting periods.

**16. Cash and cash equivalents**

Particulars	As at	
	31 March 2023	31 March 2022
Cash in hand	10.03	14.03
Cheques in hand	1.68	3.01
Balances with banks :		
- in current accounts	8,053.33	5,725.71
- in deposit accounts (with original maturity of three months or less)	0.50	8,291.03
<b>TOTAL</b>	<b>8,065.54</b>	<b>14,033.78</b>

Cash and cash equivalents includes Rs. 5,136.06 million (previous year Rs. 3,320.90 million) held in foreign currency which can be repatriated back by the Company subject to procedural compliances in local jurisdictions.

**17. Bank balances other than cash and cash equivalents**

Particulars	As at	
	31 March 2023	31 March 2022
Deposits with banks*	2,717.77	7,612.60
<b>TOTAL</b>	<b>2,717.77</b>	<b>7,612.60</b>

\* Bank deposits include deposits under lien provided to banks as security for availing various fund and non-fund based lines of credit amounting to Rs. 2,427.41 million (previous year Rs. 5,426.86 million).

Bank deposits also includes Rs. 989.80 million (previous year Rs. 1,275.60 million) held in foreign currency.



**18. Share capital**

Particulars	As at	
	31 March 2023	31 March 2022
<b>A. Authorised *</b>		
<b>Equity shares</b>		
36,000,000,000 (previous year : 35,000,000,000) equity shares of Rs.10 each	360,000.00	350,000.00
<b>Preference shares</b>		
19,000,000,000 (previous year : NIL) Preference shares of Rs.10 each	190,000.00	-
	<b>550,000.00</b>	<b>350,000.00</b>
<b>B. Issued, subscribed and fully paid-up shares</b>		
<b>Equity shares</b>		
35,360,220,000 (previous year : 32,665,220,000) equity shares of Rs. 10 each	353,602.20	326,652.20
	<b>353,602.20</b>	<b>326,652.20</b>
<b>7.4 % Preference shares - I</b>		
Equity component of 7.4 % Preference shares - I of Rs. 10 each:	16,018.00	-
5,000,000,000 (previous year: Nil) shares of Rs. 10 each		
	<b>16,018.00</b>	<b>-</b>

\* During the year, the authorised share capital of equity shares increased by 1,000,000,000 of Rs. 10 each and the authorised share capital of 7.4 % Preference shares - I increased by 19,000,000,000 of Rs. 10 each.

**(i) Reconciliation of number of equity shares outstanding :**

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number of shares	Rupees in million	Number of shares	Rupees in million
Equity Shares at the beginning of the year	32,665,220,000	326,652.20	32,665,220,000	326,652.20
Add : Equity shares allotted during the year*	2,695,000,000	26,950.00	-	-
Equity Shares at the end of the year	<b>35,360,220,000</b>	<b>353,602.20</b>	<b>32,665,220,000</b>	<b>326,652.20</b>

\* During the year, the Company issued 2,695,000,000 equity shares of Rs. 10 each (fully paid-up) equity shares on right basis in cash at par to the existing equity shareholders.

**(ii) Reconciliation of number of 7.4 % Preference shares - I outstanding :**

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number of shares	Rupees in million	Number of shares	Rupees in million
7.4 % Preference shares - I at the beginning of the year	-	-	-	-
Add : 7.4 % Preference shares - I issued during the year	5,000,000,000	50,000.00	-	-
7.4 % Preference shares - I at the end of the year	<b>5,000,000,000</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>

**(iii) Terms/rights, preference and restrictions attached to equity shares :**

The Company has one class of share i.e. Equity Shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and is entitled to dividend declared, if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend.

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

**Terms/rights, preference and restrictions attached to 7.4 % Preference shares - I**

During the year, the Company had allotted by way of preferential issue, 5,000,000,000 7.4 % Preference shares - I of Rs. 10 on 28 March 2023 at par aggregating to Rs. 50,000.00 million to Tata Sons Private Limited.

The holders of 7.4 % Preference shares - I may convert the 7.4 % Preference shares - I into equity shares at any time before 5 years from the date of issuance as per the terms of issue. Further the Company also has right to redeem the 7.4 % Preference shares - I at any time after issuance of the same. If the 7.4 % Preference shares - I is not converted or redeemed in accordance with above, then the 7.4 % Preference shares - I shall be mandatorily redeemed after the expiry of the tenor, i.e. 5 years from the date of issuance. The presentation of the liability and equity portions of these shares is explained in the summary of significant accounting policies.

**(iv) Shareholders holding more than 5% equity shares in the Company:**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares*	%	Number of shares	%
Talace Private Limited (Holding Company)	34,380,263,394	97.23%	32,665,220,000	100.00%

Pursuant to the Share Purchase Agreement ('SPA') entered on 25 October 2021 amongst Talace Private Limited, Government of India and Air India Limited, Talace Private Limited transferred 3% shares (979,956,606 shares) in Air India Limited to Air India Employee Settlement Trust ("the Trust") on 25 January 2023. Air India Limited, as a sponsor of the Trust, would have an obligation to fund the Trust in the event of inadequacy of funds for meeting its obligations as and when employees will be encashing their rights.

\* Of these shares, 0.23% to be offered to the trust at a price of INR 10 per share.



**Air India Limited**
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**(All amounts are In Indian Rupees in millions, unless otherwise stated)**

Shareholders holding more than 5%, 7.4% Preference shares - I in the Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	%	Number of shares	%
Tata Sons Private Limited (TSPL)	5,000,000,000	100.00%	-	0.00%

**(v) Details of shares held by the promoters and promoter group**

S.No	Class of Shares	Promoter Name	No. of Shares	% of total shares	% Change during the year
1	Equity Shares	Talace Private Limited (Holding Company)	34,380,263,394	97.23%*	(2.77%)
2	7.4 % Preference shares - I	Tata Sons Private Limited (TSPL)	5,000,000,000	100.00%	100.00%

\* Of these shares, 0.23% to be offered to the trust at a price of INR 10 per share.

**19. Other equity**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Reserves and surplus	(272,953.27)	(158,853.58)
(ii) Fair value changes on equity investments through other comprehensive income	910.74	672.06
(iii) Equity component of compound financial instruments	16,018.00	0.00
<b>Total</b>	<b>(256,024.53)</b>	<b>(158,181.52)</b>

**(i) Reserves and surplus**

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Capital reserve	529.18	578.57
(b) Other equity on disinvestment	709,888.94	709,888.94
(c) Retained earnings	(983,371.39)	(869,321.09)
<b>Total</b>	<b>(272,953.27)</b>	<b>(158,853.58)</b>

**(a) Capital reserve**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	578.57	6,933.46
Transferred to Statement of Profit and Loss to offset Depreciation (Refer Note 4)	(49.39)	(53.79)
Transferred from capital reserve to retained earnings pertaining to MRO Nagpur	-	(6,301.10)
<b>Balance at the end of the year</b>	<b>529.18</b>	<b>578.57</b>

Capital Reserve pertains to the fair value of certain assets received in previous years at Nil value.

**(b) Other equity on disinvestment**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	709,888.94	-
Additions during the year *	-	709,888.94
<b>Balance at the end of the year</b>	<b>709,888.94</b>	<b>709,888.94</b>

\* Pursuant to disinvestment of Air India Ltd, Government of India formed a special purpose vehicle named as AI Assets Holding Limited (AIAHL). The consideration received from AIAHL net of value of assets transferred by Air India (such as non-core properties, stake in four subsidiaries and receivables, etc) of Rs. 676,572.50 Million along with financial support received from Government of India of Rs. 19,440.00 Million and excess liability towards post-retirement medical scheme of Rs. 13,876.40 Million have been recognised as Other equity on disinvestment. (Refer Note 38).

**(c) Retained earnings**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year	<b>(869,321.09)</b>	<b>(779,529.54)</b>
Profit / (loss) for the year	(113,879.56)	(95,565.10)
Re-measurements of the Defined Benefit Plans through other comprehensive income	(170.74)	(396.15)
Transferred from capital reserve to retained earnings pertaining to MRO Nagpur	-	6,301.10
Transferred from fair value changes on equity instruments through OCI to retained earnings	-	(131.40)
<b>Balance at the end of the year</b>	<b>(983,371.39)</b>	<b>(869,321.09)</b>

Retained earnings are the accumulated profits / (losses) earned by the Company till date, adjusted with impact of changes in accounting pronouncements and amount transferred from other comprehensive income, less dividend (including applicable taxes) and other distributions made to the shareholders.



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**(ii) Fair value changes on equity investments through other comprehensive income**

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	672.06	494.98
Other comprehensive income/(loss) for the year	238.68	45.68
Transferred from fair value changes on equity instruments through OCI to retained earnings	-	131.40
<b>Balance at the end of the year</b>	<b>910.74</b>	<b>672.06</b>

Company has elected to recognise changes in the fair value of certain investments in equity securities in the other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**(iii) Equity component of compound financial instruments**

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	-	-
Add : Additions during the year	16,018.00	-
<b>Balance at the end of the year</b>	<b>16,018.00</b>	<b>-</b>

**20. Trade payables**

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises*	128.03	146.60
Total outstanding dues of creditors other than micro enterprises and small enterprises	29,375.67	29,138.22
<b>TOTAL</b>	<b>29,503.70</b>	<b>29,284.82</b>

Refer to Note 41 for related party transactions.

\* Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount due to micro and small enterprises	128.03	146.60
Interest due on above	0.32	2.40
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	128.35	149.00
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	2.72	2.40
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

**Trade Payables ageing schedule**

**As at 31 March 2023**

Particulars	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	114.14	13.45	0.03	0.05	0.36	128.03
(ii) Others	8,882.32	6,831.75	280.11	76.97	504.18	16,575.33
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>TOTAL</b>	<b>8,996.46</b>	<b>6,845.20</b>	<b>280.14</b>	<b>77.02</b>	<b>504.54</b>	<b>16,703.36</b>
(v) Accrued Liabilities	-	-	-	-	-	12,800.34
<b>TOTAL</b>	-	-	-	-	-	<b>29,503.70</b>

**As at 31 March 2022**

Particulars	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) MSME	100.30	32.70	0.50	7.20	5.90	146.60
(ii) Others	7,500.81	2,713.90	256.90	-	6,499.90	16,971.51
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>TOTAL</b>	<b>7,601.11</b>	<b>2,746.60</b>	<b>257.40</b>	<b>7.20</b>	<b>6,505.80</b>	<b>17,118.11</b>
(v) Accrued Liabilities	-	-	-	-	-	12,166.71
<b>TOTAL</b>	-	-	-	-	-	<b>29,284.82</b>





## Details of transactions with companies struck off u/s 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956

Name of the Company	Nature of Transaction	Balance Outstanding as at 31st March 2023	Balance Outstanding as at 31st March 2022	Relationship with the Struck off Company if any to be disclosed
VYBHAV DIESEL ENGINEERING PVT. LIMITED	Payables	0.02	-	Vendor
SILVER WINGS PRIVATE LIMITED	Advance to supplier	0.01	-	Vendor
AIR BORNE TRAVELS PVT LTD	Payables	-	-	Vendor
WSRM HOSPITALITY PRIVATE LIMITED	Payables	-	-	Vendor

## 21. Other financial liabilities

Particulars	Current	
	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	780.75	390.93
Other Liabilities		
- Employee related balances	6,976.05	5,067.76
- Deposits from customer/ vendors	218.89	386.81
- Others	0.22	4,181.38
<b>TOTAL</b>	<b>7,975.91</b>	<b>10,026.88</b>

## 22. Provisions

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Provision for Employee Benefits (Refer Note 44)</b>				
- Gratuity	4,420.79	5,665.10	1,090.63	1,160.74
- Leave encashment	1,248.85	3,707.49	2,845.16	614.23
- Post employment medical and other benefits	475.29	1,009.82	-	4.64
<b>(A)</b>	<b>6,144.93</b>	<b>10,382.41</b>	<b>3,935.79</b>	<b>1,779.61</b>
<b>Other Provisions</b>				
- Provision for maintenance, redelivery and overhaul cost*	10,603.67	13,056.64	1,673.40	-
<b>(B)</b>	<b>10,603.67</b>	<b>13,056.64</b>	<b>1,673.40</b>	<b>-</b>
<b>TOTAL (A + B)</b>	<b>16,748.60</b>	<b>23,439.05</b>	<b>5,609.19</b>	<b>1,779.61</b>

## \* Provision for maintenance, redelivery and overhaul cost

Provision for maintenance, redelivery and overhaul cost includes:

(i) Provision for redelivery obligation: The Company has in its fleet, aircraft on lease. As contractually agreed under certain lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalised at the present value of expected outflow, where effect of the time value of money is material.

(ii) Provision for engine maintenance which represents additional accrual, beyond maintenance reserves, for the estimated future costs of engine maintenance checks. These accruals are based on past trends for costs incurred on such events, future expected utilization of engine, condition of the engine and expected maintenance interval and are recorded over the period of the next expected maintenance visit.

During the year, the management has re-estimated the provision for redelivery on aircraft on lease which resulted in a reduction of Rs. 5,780.00 million in provision for redelivery and a corresponding decrease in the right of use assets (Previous Year : increase of Rs. 1,519.60 million made to redelivery provision with corresponding increase to right of use assets). Further, during the previous year, redelivery provision of Rs. 3,051.10 million was no longer required on account of early termination of lease agreement and acquisition of 21 underlying B-787-800 aircraft, is written back and reduced from the carrying amount of right-of-use aircraft.

The movement in provision made is as given below:

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Opening Balance</b>		
Add/(Less): Additional/(Reversal) Provisions during the year	13,056.64	13,664.40
Add: Addition/ (reversal) resulting from remeasurement of provision	822.86	-
Less: Redelivery provision written back	(2,243.24)	1,519.60
Add: Interest accretion on provisions	-	(3,051.10)
Add/(less): Foreign Exchange Impact	184.66	417.50
<b>Closing balance</b>	<b>12,277.07</b>	<b>13,056.64</b>

## Sensitivity analysis for key assumptions used:

If expected cost differs by 10% from management's estimate, while holding all other assumptions constant, the provision for maintenance, redelivery and overhaul cost may increase / decrease by Rs. 1,227.71 million (previous year by Rs. 1,305.66 million).

If expected discount rate differs by 1%, while holding all other assumptions constant, the provision for maintenance, redelivery and overhaul cost may increase / decrease by Rs. 36.79 million (previous year Rs. 133.61 million).





**23. Other liabilities**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Forward sales	-	-	50,768.08	35,550.24
Advance from customers (net)	-	-	265.02	947.59
Government taxes / statutory dues	-	-	2,587.11	1,669.09
Frequent flyer programme liability (Refer note 48)	311.59	1,668.57	2,860.05	909.95
<b>TOTAL</b>	<b>311.59</b>	<b>1,668.57</b>	<b>56,480.26</b>	<b>39,076.87</b>

**Ind AS 115: Performance obligations and remaining performance obligations**

Contract liability comprises of consideration from sale of tickets not yet flown reported as 'forward sales' and unutilised points on frequent flyer programme reported as 'frequent flyer programme liability', both disclosed under 'other current liabilities'.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Contract liabilities forward sales</b>		
Opening balance	35,550.24	26,946.20
Add: additions	320,283.84	167,292.14
Less: revenue recognized	305,066.00	158,688.10
<b>Closing balance towards forward sales (A)</b>	<b>50,768.08</b>	<b>35,550.24</b>
Add: Provision for frequent flyer programme liability (B)	3,171.64	2,578.52
<b>Aggregate value of performance obligations (A+B)</b>	<b>53,939.72</b>	<b>38,128.76</b>

**24. Borrowings**

Particulars	Non-Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Unsecured Loans</b>				
<b>Working Capital Loans</b>				
- from Banks (Refer footnotes 1 & 2)	-	-	177,129.49	138,124.94
<b>Term Loans</b>				
- from Banks (Refer footnotes 3 & 4)	19,997.86	-	-	-
<b>Liability Component of Compound Financial Instruments</b>				
7.4 % Preference shares - I liability (Refer Note no 18)	34,011.90	-	-	-
<b>Total</b>	<b>54,009.76</b>	<b>-</b>	<b>177,129.49</b>	<b>138,124.94</b>

- Includes unsecured loans obtained during the year amounting to Rs. 120,000 million with an option: of prepayment at quarterly interval during first year or call/put at the end of first year. The loan carries a margin over 91 days T-Bills rate as on the date of each disbursement with quarterly reset. During the previous year, the Company obtained unsecured loan of Rs. 138,124.94 million and repaid in full during the current year carrying a margin over 91 days T-Bills rate as on the date of each disbursement with quarterly reset.
- Includes unsecured loans obtained during the year amounting to Rs. 57,129.49 million with an call/put option at the end of first year and put option with bank at every six months thereafter. The loan carries a margin over 91 days T-Bills rate as on the date of each disbursement with quarterly reset.
- During the year ended 31 March 2023, the Company obtained unsecured term loan of Rs. 10,000 million (March 31, 2022: Rs Nil). The loan will be repaid in twelve equal installments after a moratorium of two years. The loan carries a margin over 364 days T-Bills rate as on the date of each disbursement with quarterly reset.
- During the year ended 31 March 2023, the Company obtained unsecured term loan of Rs. 10,000 million (March 31, 2022: Rs Nil). The loan will be repaid in twelve equal installments after a moratorium of two years. The loan carries a margin over repo rate subject to changes in repo rate by RBI.

**25. Lease liabilities**

Particulars	Non Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Lease liabilities	80,403.39	69,954.81	15,468.50	10,772.07
<b>Total</b>	<b>80,403.39</b>	<b>69,954.81</b>	<b>15,468.50</b>	<b>10,772.07</b>

The Company's leased assets primarily consist of leases for Aircraft, Engines, Leasehold Land and Buildings.

(i) Maturity Analysis of Lease Liabilities in respect of Aircraft and Properties taken on Lease

Maturity Analysis of Contractual Undiscounted Cash Flows (Principal Portion)	As at 31 March 2023	As at 31 March 2022
Less than one year	17,635.91	11,636.70
One to Five years	60,794.45	45,503.50
More than Five years	26,300.93	27,983.00



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(ii) Amounts recognized in Statement of Profit and Loss and Net Impact of Ind AS 116

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on Lease Liabilities in Finance Costs	1,561.44	1,847.20
Interest on Re-delivery	184.66	417.50
Depreciation on ROU Assets	10,643.48	22,625.90
Foreign Exchange Loss/(Gain) on account of year-end revaluation (on Lease Liability including Redelivery)	7,071.78	(3,298.00)
<b>Total amount recognized in Statement of Profit and Loss</b>	<b>19,461.36</b>	<b>21,592.60</b>

(iii) Amounts recognized in Statement of Cash Flows

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Total cash outflows for leases	13,955.17	22,978.3

Lease liabilities are secured to the extent of letter of credits issued / deposits given to lessors.

The Company has recognised an expense of Rs. 2,070.29 million (previous year Rs. 798.31 million) on account of short term leases. The portfolio of other short-term leases to which the Company is committed at the end of the reporting period is not materially different from the portfolio of other short term leases for which expense has been recognised during the year.

The Company has several lease contracts that include extension and termination options. The management has included termination options in determination of lease term for contracts having such option. Extension options have not been included in determination of lease term since the management is reasonably certain not to exercise these options. Potential cash flows in relation to such extension options cannot be ascertained since the cash outflow for the extended period will depend on the negotiations with the lessors in the event of exercising the extension options.

Under certain lease arrangements of aircraft and engines, the Company incurs variable payments towards maintenance of the aircraft which are disclosed under "Aircraft repair and maintenance cost".

The Company has entered into sale and leaseback arrangements, for certain aircraft and engines owned and controlled by the Company, to increase its liquidity. The Company has recorded proceeds of Rs. 12,514.74 million (previous year Rs. NIL) (net) from the sale and leaseback arrangements as disclosed in the Standalone Cash Flow Statement. The loss (net of profit) on sale and leaseback arrangements is Rs. 5,695.63 million (previous year Rs. NIL) disclosed in Note 32.

Future cash outflows for leases not yet commenced amounts to Rs. 14,494.79 million (previous year Rs. NIL).

Further, information about the Company's exposure to market risks is disclosed in Note 35.

**26. Assets held for sale**

Particulars	As at 31 March 2023	As at 31 March 2022
Aircraft and engines*	2,962.34	253.91
<b>TOTAL</b>	<b>2,962.34</b>	<b>253.91</b>

\* The Company has identified certain aircraft available for sale in its present condition. The Company is committed to plan the sale of these assets and expect to dispose off these assets within twelve months from its classification and accordingly classified such aircraft and engines as asset held for sale as on reporting date.

Assets classified as 'held for sale' during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write down of Rs. 10,415.47 million (previous year : Rs. Nil) as provision for diminution for asset held for sale and Rs. 208.88 million (previous year : Rs. Nil) as net loss on disposal of property, plant & equipment and asset held for sale in the statement of profit and loss. The fair value of the aircraft was determined using the sales comparison approach.



**Air India Limited**  
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**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**27. Revenue from operations**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>(i) Sale of services</b>		
- Passenger revenue	290,756.31	144,652.78
- Cargo revenue	19,851.43	15,969.12
<b>(A)</b>	<b>310,607.74</b>	<b>160,621.90</b>
<b>(ii) Other operating revenue</b>		
- Handling and servicing	1,316.47	878.30
- Revenue share from subsidiaries*	1,207.36	4,166.88
- Others	642.11	1,971.43
<b>(B)</b>	<b>3,165.94</b>	<b>7,016.61</b>
<b>TOTAL (A + B)</b>	<b>313,773.68</b>	<b>167,638.51</b>

\* Revenue share from subsidiaries is net of revenue transferred to AIAHL amounting to Rs. Nil (previous : Rs. 356.50 million) as a part of disinvestment.

**28. Other income**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>(i) Interest income from financial assets carried at amortized cost</b>		
- Interest on fixed deposits	175.77	486.22
- Advances to subsidiary companies	916.65	3,949.81
- Others *	19.97	378.63
<b>(ii) Interest income from financial assets measured at fair value through profit or loss (FVTPL)</b>	874.26	-
<b>(iii) Dividend income from investments mandatorily measured at fair value through OCI</b>	21.84	26.20
<b>(iv) Rental income (net)</b>	21.72	341.47
<b>(v) Net fair value gains/(loss) on financial assets mandatorily measured at fair value through profit or loss (FVTPL)</b>	95.20	41.48
<b>(vi) Net gain on sale of financial assets</b>	451.68	1.95
<b>(vii) Other non-operating income</b>		
Net gain on disposal of property, plant & equipment and assets held for sale	-	2,681.59
Liabilities no longer required written back	6,304.12	19,539.37
Miscellaneous income	687.71	106.06
<b>TOTAL</b>	<b>9,568.92</b>	<b>27,552.78</b>

\* Interest income from financial assets carried at amortized cost - others includes interest on discounting of security deposits amounting to Rs. 6.18 million (Previous Year : Rs. 181.40 million).

**29. Employee benefit expenses**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	26,016.25	20,922.75
Contribution to provident and other funds *	964.47	1,513.74
Staff Welfare Expenses	413.52	833.86
<b>TOTAL</b>	<b>27,394.24</b>	<b>23,270.35</b>

\* Includes an amount of Rs. Nil (Previous Year : Rs. 58.30 million) towards provision for PF Trust Investment shortfall.

**30. Finance cost**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Interest</b>		
- Interest on debentures	-	9,846.65
- Interest on borrowings	9,087.62	21,383.86
- Interest on lease liabilities and maintenance, redelivery and overhaul provision	1,746.10	2,264.69
- Interest on compound financial instruments	29.90	-
Others*	229.33	5,224.18
<b>TOTAL</b>	<b>11,092.95</b>	<b>38,719.38</b>

\* Others is net of Rs. Nil (Previous Year : Rs. 16,593.75 million) on account of Interest and prepayment fee reimbursed by AIAHL.



**Air India Limited**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**31. Depreciation and amortization expense**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on		
- Property, Plant and Equipment*	19,930.00	19,240.37
- Right of Use Assets	10,643.48	22,625.92
- Investment Property	-	1.49
Amortization of Intangible Assets	1.09	12.19
<b>Total</b>	<b>30,574.57</b>	<b>41,879.97</b>

\* Excludes a transfer of Rs. 49.39 million (Previous Year : Rs. 53.79 million) from Capital Reserve pertaining to the certain assets received in previous years at Rs. Nil value.

**32. Other expenses**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Passenger amenities	11,530.50	4,925.40
Commission charges (net)	7,765.49	4,294.67
Legal and professional charges	2,865.16	1,180.48
Reservation charges	8,720.81	5,627.94
Travelling and accommodation		
- Crew	3,149.61	1,738.49
- Others	710.26	402.26
Operating cost of software	1,174.30	775.30
Publicity and sales promotion	1,503.95	573.56
Insurance		
- Aviation	1,859.34	1,565.07
- Others	572.27	230.45
Repairs to :		
- Buildings	133.91	126.48
- Others	403.08	584.50
Net loss on disposal of property, plant & equipment and assets held for sale*	5,949.24	-
Rates and Taxes	189.11	211.11
Rent	2,070.29	798.31
Communication Charges	69.32	81.34
Electricity, heating and water charges	436.67	468.56
Directors' sitting fees	1.05	0.10
Printing and Stationery	132.07	79.46
Auditor's remuneration:		
- Audit fees	22.50	15.00
- Other matters	2.00	-
- Reimbursement of expenses	2.86	3.01
Provision for Bad & Doubtful Receivables and Advances	569.93	626.49
Bad Debts and Advances Written Off	-	2,150.43
Bank Charges	153.39	118.19
Training and recruitment charges	226.69	17.81
Miscellaneous Expenses	589.66	1,229.85
<b>TOTAL</b>	<b>50,803.46</b>	<b>27,824.26</b>

\* Net loss on disposal of property, plant & equipment and asset held for sale of Rs. 5,949.24 million (previous year Rs. NIL) is net of gain on sale and leaseback of owned assets of Rs. 537.19 million (previous year Rs. Nil).

**33. Exceptional items**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Voluntary Retirement Scheme ('VRS') compensation*	4,657.73	-
Impairment of property, plant and equipment and right of use assets (Refer to Note 46)	51,030.63	25,300.01
Provision for diminution in value of assets held for sale	10,415.47	-
<b>TOTAL</b>	<b>66,103.83</b>	<b>25,300.01</b>

\* During the year, the Company has announced Voluntary Retirement Scheme ('VRS') in 2 phases, first phase in June 2022 and second phase in March 2023. The scheme is applicable for certain eligible employees fulfilling conditions of the VRS. The estimated cost of Rs. 4,657.73 million has been recognised as an exceptional item in the statement of profit and loss.





**34. Fair Value Measurement and Financial Instruments**

**i) Financial instruments – by category and fair value hierarchy**

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

**a) As on 31 March 2023**

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>Non-Current</b>								
Investments (excluding investment in subsidiaries and Joint Venture)	10	-	1,036.07	-	1,036.07	367.74	668.33	-
Other Financial Assets*	12	-	-	2,189.83	2,189.83	-	-	2,189.83
<b>Current</b>								
Investments	10	92,917.32	-	-	92,917.32	-	92,917.32	-
Trade Receivables*	11	-	-	10,041.36	10,041.36	-	-	10,041.36
Cash and Cash Equivalents*	16	-	-	8,065.54	8,065.54	-	-	8,065.54
Bank Balance other than above*	17	-	-	2,717.77	2,717.77	-	-	2,717.77
Others Financial Assets*	12	-	-	11,956.41	11,956.41	-	-	11,956.41
<b>Total Financial Assets</b>		<b>92,917.32</b>	<b>1,036.07</b>	<b>34,970.91</b>	<b>128,924.30</b>	<b>367.74</b>	<b>93,585.65</b>	<b>34,970.91</b>
<b>Financial liabilities</b>								
<b>Non-Current</b>								
Borrowings#	24	-	-	54,009.76	54,009.76	-	-	54,009.76
<b>Current</b>								
Borrowings#	24	-	-	177,129.49	177,129.49	-	-	177,129.49
Trade Payables*	20	-	-	29,503.70	29,503.70	-	-	29,503.70
Others financial liabilities*	21	-	-	7,975.91	7,975.91	-	-	7,975.91
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>268,618.86</b>	<b>268,618.86</b>	<b>-</b>	<b>-</b>	<b>268,618.86</b>

**b) As on 31 March 2022**

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>Non-Current</b>								
Investments (excluding investment in subsidiaries and Joint Venture)	10	-	798.31	-	798.31	338.43	459.88	-
Other Financial Assets*	12	-	-	17,343.96	17,343.96	-	-	17,343.96
<b>Current</b>								
Investments	10	14,344.13	-	-	14,344.13	-	14,344.13	-
Trade Receivables*	11	-	-	15,317.23	15,317.23	-	-	15,317.23
Cash and Cash Equivalents*	16	-	-	14,033.78	14,033.78	-	-	14,033.78
Bank Balance other than above*	17	-	-	7,612.60	7,612.60	-	-	7,612.60
Others Financial Assets*	12	-	-	2,144.91	2,144.91	-	-	2,144.91
<b>Total Financial Assets</b>		<b>14,344.13</b>	<b>798.31</b>	<b>56,452.48</b>	<b>71,594.92</b>	<b>338.43</b>	<b>14,804.01</b>	<b>56,452.48</b>
<b>Financial liabilities</b>								
<b>Current</b>								
Borrowings#	24	-	-	138,124.94	138,124.94	-	-	138,124.94
Trade Payables*	20	-	-	29,284.82	29,284.82	-	-	29,284.82
Others financial liabilities*	21	-	-	10,026.88	10,026.88	-	-	10,026.88
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>177,436.64</b>	<b>177,436.64</b>	<b>-</b>	<b>-</b>	<b>177,436.64</b>

Notes:

(#) The Company's borrowings is at market rate of interest, which resets at regular intervals. Accordingly, the carrying value of such borrowings (including interest accrued) approximates the fair value.

(\*) The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents and other financial assets and liabilities approximates the fair values, due to their short-term nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values for security deposits forming part of other financial assets were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

- There have been no transfers between level 1, level 2 and level 3 for the year ended 31 March 2023 and 31 March 2022.

**ii) Valuation Technique used to determine Fair Value:**

The specific valuation techniques used to value financial instruments include:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category consists of investment in Government securities and mutual funds.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.





**35. Financial Risk Management Objective and Policies**

The Company has exposure to following risks arising from its business and financial instruments:

- i) Credit Risk
- ii) Liquidity Risk
- iii) Market Risk – (a) Interest Rate and (b) Currency

The Company's senior management oversees the management of financial risks. The management ensures that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective.

**i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial assets.

Financial assets that are subject to credit risk and concentration thereof principally consist of trade receivables, investments in equity securities and mutual funds, balances with bank, bank deposits and financial guarantees provided by the Company.

Credit risk on cash and cash equivalents and other bank balances is limited as the Company generally invests in deposits with financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in debt based mutual fund units with low risk. Other financial assets majorly includes security deposits which primarily represents deposits given under lease arrangements. Such deposits will be returned to the Company on termination of the leases. The credit risk associated with such security deposits is relatively low.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. The Company sells majority of its passenger/cargo services against credit worthiness and financial guarantees made by agents (customers) to IATA though individual guarantees are also taken in certain cases.

Trade receivables are mostly from agents including IATA Agents and General Sales Agents and Credit Card Companies which are typically unsecured as no coverage is held by the Company and are derived from revenue earned from customers. General Sales/Cargo Agents dues are secured by bank guarantees by the Company and/or IATA. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of agents to whom the Company extends credit terms in the normal course of the business.

The Company uses expected credit loss model to assess the impairment on financial instruments. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivable. The provision matrix considers available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivable is in default (credit impaired) if the payments are more than 36 months past due (in case of IATA dues more than 6 months past dues).

**The Companies exposure to credit risk for Trade Receivables is as follows:**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Gross Carrying	Loss Allowance	Gross Carrying	Loss Allowance
Unbilled Amount	-	-	1,521.60	-
Trade Receivable not due	6,992.68	-	7,210.85	-
Trade Receivable over due*	6,514.20	3,465.52	15,466.80	8,882.02

\*The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour. Refer to note 11 for trade receivables ageing schedule.

**Movement in the allowance for impairment in respect of Trade Receivables:**

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the Year	(8,882.02)	(10,961.20)
Movement during the year (net of bad debt written off during the year amounting to Rs 4,438.67 million)	5,416.50	2,079.18
Balance at the end of the Year	(3,465.52)	(8,882.02)

**ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its Financial Liabilities that are settled by delivering cash or 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's current liabilities exceeds its current assets by Rs. 145,662.27 million primarily on account of short-term borrowings of Rs. 177,129.49 million. The Company believes that its liquidity position, including total cash and cash equivalent, bank balances and current investments of Rs. 103,700.63 million as at 31st March 2023, anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligation in the ordinary course of business. However, if 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 will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirement as necessary.

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

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



**Exposure to Liquidity Risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amount is gross and undiscounted:

As at 31 March 2023	Carrying Amount	Contractual Cash Out Flows				
		Upto 1 year	1-2 Years	2-5 Years	More than 5 years	Total
a) Borrowings	231,139.25	177,129.49	-	54,009.76	-	231,139.25
b) Lease Liabilities	95,871.89	17,635.91	17,635.91	43,158.54	26,300.93	104,731.29
c) Trade Payables	29,503.70	29,503.70	-	-	-	29,503.70
d) Interest Accrued and due on borrowings	780.75	780.75	-	-	-	780.75
e) Other Financial Liabilities	7,195.16	7,195.16	-	-	-	7,195.16
<b>Totals</b>	<b>364,490.75</b>	<b>232,245.01</b>	<b>17,635.91</b>	<b>97,168.30</b>	<b>26,300.93</b>	<b>373,350.15</b>

As at 31 March 2022	Carrying Amount	Contractual Cash Out Flows				
		Upto 1 year	1-2 Years	2-5 Years	More than 5 years	Total
a) Borrowings	138,124.94	138,124.94	-	-	-	138,124.94
b) Lease Liabilities	80,726.88	11,636.70	11,612.70	33,890.80	27,983.00	85,123.20
c) Trade Payables	29,284.82	29,284.80	-	-	-	29,284.80
d) Interest Accrued and due on borrowings	390.93	390.93	-	-	-	390.93
e) Other Financial Liabilities	9,635.95	9,635.95	-	-	-	9,635.95
<b>Totals</b>	<b>258,163.52</b>	<b>189,073.32</b>	<b>11,612.70</b>	<b>33,890.80</b>	<b>27,983.00</b>	<b>262,559.82</b>

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's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates. The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	As on 31 March 2023	As on 31 March 2022
<b>Variable-rate instruments</b>		
Short term borrowings	177,129.49	138,124.94
Long term borrowings (excluding liability component of preference share)	19,997.86	-
<b>Total Variable Rate Instruments</b>	<b>197,127.35</b>	<b>138,124.94</b>

**Interest Rate Sensitivity Analysis**

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rate, remains constant.

Increase / (decrease) in the interest on variable rate instruments (excluding liability component of preference shares)	Impact on Statement of Profit and Loss	
	Increase by 0.50 %	Decrease by 0.50 %
As at 31 March 2023	734.42	(734.42)
As at 31 March 2022	690.60	(690.60)

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 multi currencies on its operations and hence 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 31 March 2023 and 31 March 2022 are as below:

As at 31 March 2023	USD	EUR	GBP	AED	SGD	CHF	AUD	OTHERS
<b>Financial Assets</b>								
Trade Receivables	1,123.67	1,017.53	1,237.24	661.17	39.75	15.68	204.43	4,216.78
Cash and Cash equivalents	1,654.06	272.09	799.56	71.19	21.52	1.88	58.11	2,257.65
Bank Balances other than above	934.24	-	-	-	-	-	55.57	117.16
Other Financial Assets	1,213.62	88.55	66.44	75.82	9.23	0.09	0.18	181.16
<b>Total Financial Assets</b>	<b>4,925.59</b>	<b>1,378.17</b>	<b>2,103.24</b>	<b>808.17</b>	<b>70.50</b>	<b>17.66</b>	<b>318.28</b>	<b>6,772.76</b>
<b>Financial Liabilities</b>								
Trade Payables	19,996.78	1,043.33	896.58	120.85	180.46	0.23	256.72	45,824.04
Lease Liability	91,660.29	-	-	-	-	-	-	-
Other Financial Liabilities	3.73	16.88	8.85	2.37	-	-	0.91	53.69
<b>Total Financial Liabilities</b>	<b>111,660.30</b>	<b>1,060.20</b>	<b>905.43</b>	<b>123.22</b>	<b>180.46</b>	<b>0.23</b>	<b>257.63</b>	<b>45,877.73</b>



**Air India Limited**  
**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

**As at 31 March 2022**

Particulars	USD	EUR	GBP	AED	SGD	CHF	AUD	OTHERS
<b>Financial Assets</b>								
Trade Receivables	5,695.80	1,210.80	1,623.30	962.50	67.70	55.50	919.90	5,167.70
Cash and Cash equivalents	2,098.70	226.30	147.70	65.30	51.70	4.20	7.50	719.50
Bank Balances other than above	908.20	-	-	-	-	-	57.20	12.30
Other Financial Assets	2,258.10	50.00	756.10	11.90	0.70	0.10	(1.30)	170.00
<b>Total Financial Assets</b>	<b>10,960.80</b>	<b>1,487.10</b>	<b>2,527.10</b>	<b>1,039.70</b>	<b>120.10</b>	<b>59.80</b>	<b>983.30</b>	<b>6,069.50</b>
<b>Financial Liabilities</b>								
Trade Payables	5,733.40	421.90	493.00	82.50	51.80	-	253.40	(87.60)
Lease Liability	80,238.53	-	-	-	-	-	-	-
Borrowing	0.20	-	-	-	-	-	-	-
Other Financial Liabilities	741.10	51.80	16.80	12.70	3.20	-	4.80	33.00
<b>Total Financial Liabilities</b>	<b>86,713.23</b>	<b>473.70</b>	<b>509.80</b>	<b>95.20</b>	<b>55.00</b>	<b>-</b>	<b>258.20</b>	<b>(54.60)</b>

**Foreign Currency Sensitivity Analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2023 and 31 March 2022 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

0.5% Depreciation / Appreciation in Indian Rupees against following foreign currencies:	Statement of Profit and Loss for the year ended 31 March 2023		Statement of Profit and Loss for the year ended 31st March 2022	
	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation
USD	533.67	(533.67)	378.76	(378.76)
EUR	(1.59)	1.59	(5.07)	5.07
GBP	(5.99)	5.99	(10.09)	10.09
AED	(3.42)	3.42	(4.72)	4.72
SGD	0.55	(0.55)	(0.33)	0.33
CHF	(0.09)	0.09	(0.30)	0.30
AUD	(0.30)	0.30	(3.63)	3.63
OTHERS	195.52	(195.52)	(30.62)	30.62

Note: USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, OMR: Omani Riyal, THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar, QAR: Qatari Riyal.





## Air India Limited

### Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023 (All amounts are in Indian Rupees in millions, unless otherwise stated)

#### 36. Contingent Liabilities (to the extent not provided for):

The Company is a party to various taxation disputes and legal claims, which are not acknowledged as debts (excluding interest and penalty on certain cases). Significant management judgement is required to ascertain that it is not probable that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and other claims.

S.N	Description	As at 31 March 2023	As at 31 March 2022
(i)	Passenger claims filed against the Company pending in various Courts/ Consumer Redressal Forums, Consumer Courts	1,537.88	1,865.90
(ii)	Income Tax Demand Notices received by the Company which are under Appeal (#)	548.90	210.70
(iii)	Customs Duty, Octroi, Entry Tax, Service Tax, VAI and GST demanded by the Tax Authorities (#)	20,672.02	17,312.70
(iv)	Property Taxes/House Tax demanded by the Municipal Authorities	565.43	121.30
(v)	Claims of Airport Operators/Oil Companies	1.57	3.10
(vi)	Other Claims on account of Staff/Civil/Arbitration/Labour Cases pending in Courts	3,265.18	2,372.60
	<b>Total</b>	<b>26,590.99</b>	<b>21,886.30</b>

The Company based on legal advice from counsel, believes that the views taken by authorities are not sustainable and accordingly, no provision is required to be recorded in the books of account.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of probable cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements or decisions pending with various forums or authorities. Accordingly, the above mentioned contingent liabilities are disclosed at undiscounted amount.

(#) Owing to the disinvestment, Talace Private Limited ("Talace") has obtained entire shareholding of the Company from the Government of India ("GOI"). As per the Share Purchase Agreement ("SPA") between Talace and GOI, certain identified contingent liabilities (which have/are capable of being crystallized) shall be indemnified by GOI, solely in relation to the period prior to disinvestment. Further, the GOI shall be liable only when the liability ceases to be contingent and is actually due and payable.

Identified contingent liabilities to be indemnified by GOI include the monetary liabilities, penalties, fines, taxes or fees, any tax incurred towards Goods and Services Tax including cess (whether central or state), and any Tax payable to the Central Government by the Company arising out of or resulting from the transfer of Air India Limited 'Transferred Assets' and/or AIAHL Properties by the Company, and/or transfer or reduction of 'Differential Debt' and/or 'Differential Liabilities' by the Government of India, in accordance with the terms of SPA.

#### 37. Capital and other commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 42,871.34 million (previous year Rs. 47.47 million)]	3,407,420.00	1,924.70

As on the reporting date, the Company expects that the estimated realizable value of these assets will exceed the commitment value net of discounts, benefits and incentives which will accrue to the Company consequential to buying these assets.

The Company has given guarantee on behalf of Air India Express Limited (AIXL) amounting to Rs. 2,440.78 million (previous year: Rs. 2,171.70 million).

#### 38. Disinvestment of Air India Limited

During the previous year, as part of the disinvestment process, Talace Private Limited, a wholly owned subsidiary of Tata Sons Private Limited, acquired management control and 100% equity share capital of the Company from Government of India (GOI) on 27 January 2022 including Air India's ('AI') equity interest of 100% in Air India Express Limited ('AIXL') and 50% equity interest in Air India SATS Airport Services Private Limited ('AISATS'), by way of a duly executed share purchase agreement ('SPA').

As a part of disinvestment process, AI transferred to AI Assets Holding Limited ('AIAHL') non-core properties, stake in four subsidiaries and receivables on consideration which was exclusively utilized by the Company for repayment of its debt obligations, repayment of the bonds, payment towards termination of sale and lease back arrangements of wide body aircrafts. Some of the non-core properties transferred to AIAHL continued to be in the name of AI. These properties are held in the name of AI and the beneficial interest of these properties shall be with AIAHL till the transfer of title is completed in the name of AIAHL. Pursuant to disinvestment of Air India Ltd, Government of India formed a special purpose vehicle named as AI Assets Holding Limited ('AIAHL'). The consideration received from AIAHL net of value of assets transferred by Air India (such as non-core properties, stake in four subsidiaries and receivables, etc) of Rs. 676,572.50 Million along with financial support received from Government of India of Rs. 19,440.00 Million and excess liability towards post-retirement medical scheme of Rs. 13,876.40 Million have been recognised as Other equity on disinvestment.

#### 39. Impact of COVID-19 on Air India Limited

With the removal of Covid 19 related travel restrictions and opening of scheduled international operations, the demand for air travel has returned. We have assessed the impact of economic conditions due to Covid 19 on Company's operations including its financial position and shall continue to monitor for any material changes to future economic conditions.

#### 40. Segment reporting

a) The Company is engaged in airline related business which is the only reportable segment. The details of geographical area wise revenue earned (derived by allocating revenue to the area in which the sales were made) are given hereunder:

No	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a)	USA/Canada	52,748.42	23,778.87
b)	UK/Europe	30,874.61	14,174.54
c)	Asia (excluding India), Africa and Australia	27,447.61	15,910.99
d)	India	202,703.04	113,774.11
	<b>Total</b>	<b>313,773.68</b>	<b>167,638.51</b>



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

b) Major revenue-earning asset of the Company is the aircraft fleet, which is flexibly deployed across its worldwide route network. Other non-current assets (other than financial instruments) located outside India are not material and so not disclosed.

c) There are no customers contributing to operating revenue exceeding 10% of total revenues in current year as well as previous year.

**41. Related Party Transactions:**

Disclosure of the names and relationship of the Related Parties as required under IndAS-24 are as under:

**A. Names of Related Parties:**

**(a) Ultimate Holding Company**

Name	Effective From
Tata Sons Private Limited	21 January 2022

**(b) Holding Company**

Name	Effective From
Talace Private Limited	21 January 2022

**(c) Subsidiary Companies**

No	Particulars	Ownership Interest	
		As at 31 March 2023	As at 31 March 2022
i)	Air India Express Limited (AIXL)	100%	100%
ii)	AI Airport Services Limited (till 13 January 2022)	-	-
iii)	AI Engineering Services Limited (till 12 January 2022)	-	-
iv)	Alliance Air Aviation Limited (till 25 January 2022)	-	-
v)	Hotel Corporation of India Limited (till 11 January 2022)	-	-
vi)	AIX Connect Private Limited (formerly known as AirAsia (India) Private Limited) (with effect from 3 November 2022)	100%	0%

**(d) Joint Venture**

No	Particulars	Ownership Interest	
		As at 31 March 2023	As at 31 March 2022
	Air India SATS Airport Services Pvt Limited	50%	50%

**(e) Other Related Parties where control/significant influence exists of Tata Sons Private Limited (Ultimate Holding Company) and transactions have taken place during the year.**

No	Name of Related Company	w.e.f.
1	The Tata Power Company Limited	21 January 2022
2	Tata Tele-Services Limited	
3	Tata Motors Limited	
4	Tata Communications Limited	
5	Voltas Limited	
6	Tata SIA Airlines Limited	
7	Tata Advanced Systems Limited	
8	Tata Consumer Products Limited	
9	Taj Air Limited	
10	Infiniti Retail Limited	
11	Tata Consultancy Services Limited	
12	Tata Steel Limited	
13	The Indian Hotels Company Limited (Consolidated)	
	- Ideal Ice & Cold Storage Company Limited	
	- Piem Hotels Limited	
	- Roots Corporation Limited	
	- United Hotel Limited	
	- St. James Court Hotel Limited	
14	Tata 1mg Technologies Private Limited	
15	Tata Consulting Engineers Limited	
16	Tata Industries Limited	
17	Tata International Limited	
18	Tata Technologies Limited	
19	Tata Teleservices (Maharashtra) Limited	
20	TP Central Odisha Distribution Limited	
21	Tata AIG General Insurance Company Limited	
22	Anderson Diagnostic Services Private Limited	
23	Tata Unistore Limited	





**Air India Limited**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**B. Key managerial personnel of the Company and their close family members**

**i) Directors and Key Management Personnel during the year**

No	Name	Particulars
1	Mr. Rajiv Bansal	Chairman & Managing Director (till 21 January 2022)
2	Mr. Vikram Dev Dutt	Chairman & Managing Director (with effect from 24 January 2022 till 27 January 2022)
3	Mr. Vimalendra Anand Patwardhan	Government Nominee Director, Joint Secretary & Financial Advisor, Ministry of Civil Aviation
4	Mr. Satyendra Kumar Mishra	Government Nominee Director, Joint Secretary, Ministry of Civil Aviation (till 27 January 2022)
5	Mr. Natarajan Chandrasekaran	Chairman (with effect from 9 March 2022)
6	Mr. Vinod Hejmadi	Director-Finance (till 14 April 2022) and Chief Financial Officer (with effect from 14 April 2022)
7	Mrs. Amrita Sharan	Director-Personnel (till 14 April 2022)
8	Ms. Meenakshi Mallik	Director-Commercial (till 14 April 2022)
9	Capt. Rajwinder Singh Sandhu	Director-Operations (till 14 April 2022)
10	Mr. PR Ramesh	Independent Director (with effect from 28 July 2022)
11	Mr. Sanjiv Mehta	Independent Director (with effect from 9 Mar 2022)
12	Mrs. Alice Vaidyan	Independent Women Director (with effect from 9 Mar 2022)
13	Mrs. Kalpana Rao	Company Secretary
14	Mr. Campbell Wilson	Chief Executive Officer & Managing Director (with effect from 25 July 2022)
15	Mr. Chinmay Hejmadi	Relative of Key Management Personnel (with effect from 30 January 2023)

**ii) Transactions with Key Managerial Personnel**

- a) There are no transactions with key managerial personnel and with close members of the family of KMP of company and parent other than Remuneration and Perquisites to Chairman & Managing Director, key managerial personnel & their close relatives and Sitting fees to Independent Directors.
- b) No loans or credit transactions were outstanding with Directors or officers of the Company or their Relatives as at 31 March 2023 (Previous year : Rs Nil).

**C. Transactions and Outstanding balances with Subsidiaries, Joint Ventures, key managerial personnel and entities under common control**

**i) Transactions and Outstanding balances with Subsidiaries/Joint Ventures**

No	Transactions	FY 2022-23	FY 2021-22
<b>1</b>	<b>Air India Express Limited (AIXL)</b>		
i)	Revenue Sharing with Air India Limited	906.81	3,500.00
ii)	Interest Cost Charged	916.65	1,176.00
iii)	Handling & Servicing revenue	148.63	93.90
iv)	Others operating income	42.51	201.70
v)	Passenger Revenue	98.41	-
	<b>Closing Balance*</b>		
	- Receivables	10,685.60	17,350.30
	- Investments	7,800.00	7,800.00
<b>2</b>	<b>ATX Connect Private Limited (formerly known as AirAsia (India) Private Limited)</b>		
i)	Purchase of Equity Shares	26,950.00	-
ii)	Passenger Amenities	57.77	-
iii)	Other Charges	0.38	-
iv)	Training income	0.01	-
v)	Sale of Tickets	19.76	-
vi)	Other operating income	15.97	-
vii)	Handling & Servicing revenue	0.06	-
	<b>Closing Balance</b>		
	- Payables	19.91	-
	- Investments	36,483.56	-
<b>2</b>	<b>Joint Venture Air India SATS Airport Services Private Limited**</b>		
i)	Handling Charges	2,773.49	2,040.80
ii)	Asset Usage Charges	0.00	132.30
iii)	Handling & Servicing	0.10	-
iv)	Others	28.46	414.20
	<b>Closing Balance</b>		
	- Payable	697.85	200.50
	- Investments	436.18	436.18

\* Corporate guarantee and letter of comfort amounting to Rs 2,440.78 million (previous year Rs 2,171.70 million) given by Air India Limited for leased aircraft.

\*\* Refer Note No 42 (i) for Other Commitments and Contingent Liabilities.



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**ii) Transactions with other related parties**

No	Name of Company	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>1</b>	<b>The Tata Power Company Limited</b>		
i)	Electricity Charges	60.22	15.40
ii)	Training Income	0.004	-
<b>2</b>	<b>Tata Tele-Services Limited</b>		
i)	Communication Charges	4.54	0.30
<b>3</b>	<b>The Indian Hotels Company Limited (Consolidated)</b>		
i)	Hotel Accommodation Charges	223.39	6.70
ii)	Advances given	0.21	-
<b>4</b>	<b>Tata Communications Limited</b>		
i)	Communication Charges	7.26	4.10
<b>5</b>	<b>Voltas Limited</b>		
i)	AMC Charges	3.19	0.20
ii)	Purchase of Property, plant and equipment	1.30	-
iii)	Advance given	0.31	-
iv)	Security Deposit taken	0.05	-
<b>6</b>	<b>Tata SIA Airlines Limited</b>		
i)	Passenger Amenities	30.78	-
ii)	Training income	16.38	8.00
iii)	Handling & Servicing revenue	4.04	-
iv)	Sale of Tickets	4.62	-
v)	Others income	5.11	-
<b>7</b>	<b>Taj Air Limited</b>		
i)	Training income	0.02	-
<b>8</b>	<b>Tata Consultancy Services Limited</b>		
i)	Information Technology services	311.71	-
<b>9</b>	<b>Tata Steel Limited</b>		
i)	Handling & Servicing revenue	0.02	-
<b>10</b>	<b>Infiniti Retail Limited</b>		
i)	Purchase of Property, plant and equipment	49.89	-
<b>11</b>	<b>Tata 1mg Technologies Private Limited</b>		
i)	Staff Medical Charges	30.40	-
ii)	Advance given	5.00	-
<b>12</b>	<b>Tata Consulting Engineers Limited</b>		
i)	Consultancy Services	16.18	-
<b>13</b>	<b>Tata Industries Limited</b>		
i)	Consultancy Services	38.40	-
<b>14</b>	<b>Tata International Limited</b>		
i)	Purchase of Goods	4.65	-
<b>15</b>	<b>Tata Technologies Limited</b>		
i)	Consultancy Services	51.40	-
<b>16</b>	<b>Tata Teleservices (Maharashtra) Limited</b>		
i)	Communication Charges	0.61	-
<b>17</b>	<b>TP Central Odisha Distribution Limited</b>		
i)	Electricity Charges	0.11	-
<b>18</b>	<b>Tata AIG General Insurance Company Limited</b>		
i)	Insurance	36.09	-
ii)	Advance given	727.80	-
<b>19</b>	<b>Anderson Diagnostic Services Private Limited</b>		
i)	Staff Medical Charges	1.46	-
<b>20</b>	<b>Tata Unistore Limited</b>		
i)	Staff Welfare Charges	51.22	-
<b>21</b>	<b>Tata Sons Private Limited</b>		
i)	Acquisition of equity shares of AIX Connect Private Limited (formerly known as AirAsia (India)	7,973.03	-
ii)	7.4 % preference share - I issued	50,000.00	-





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

<b>22</b>	<b>Talace Private Limited</b>		
i)	Issue of Equity shares	26,950.00	-
<b>23</b>	<b>Compensation to key managerial personnel and their relatives</b>		
i)	Salary and Allowances	73.74	26.10
ii)	Employee Benefits Obligations	6.43	19.50
<b>24</b>	<b>Sitting fees</b>	1.05	0.10

All the above transactions with related parties are made on the terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

**iii) Outstanding balances with other related parties**

No	Name of Company	As at 31 March 2023	As at 31 March 2022
<b>a)</b>	<b>Payables</b>		
1	The Indian Hotels Company Limited (Consolidated)	46.92	0.30
2	Tata Communications Limited	1.14	0.20
3	Voltas Limited	1.06	0.30
4	Tata Consumer Products Limited	-	0.12
5	Tata SIA Airlines Limited	9.32	4.10
6	Tata 1mg Technologies Private Limited	6.75	-
7	Tata Consultancy Services Limited	110.58	-
8	Tata Consulting Engineers Limited	2.62	-
9	Tata Industries Limited	10.50	-
10	Tata Technologies Limited	4.27	-
11	Tata Teleservices (Maharashtra) Limited	0.01	-
12	Tata Teleservices Limited	0.00	-
13	The Tata Power Company Limited	5.07	-
14	Tata Unistore Limited	12.75	-
15	Taj Air Limited	0.02	-
<b>b)</b>	<b>Receivables</b>		
1	The Tata Power Company Limited	-	0.30
2	Tata Motors Limited	2.13	1.90
3	Tata Advanced System Limited	0.23	3.10
4	Tata AIG General Insurance Company Limited	727.76	-
<b>c)</b>	<b>Others</b>		
1	Tata Sons Private Limited	-	-
i)	- Liability component of 7.4 % preference share - I	34,011.90	-
ii)	- Equity component of 7.4 % preference share - I	16,018.00	-

**iv) Transactions with Other Related Companies which were Subsidiary Companies of Air India Limited till their sale/transfer from Air India Limited on Disinvestment is given hereunder upto the date of Disinvestment**

No	Transactions	FY 2022-23	FY 2021-22
<b>1</b>	<b>Alliance Air Aviation Limited (AAAL)</b>		
<b>a)</b>	<b>Expenditure</b>		
i)	Staff Cost Travelling Expenses	-	1.70
ii)	Others	-	-
<b>b)</b>	<b>Revenue</b>		
i)	Interest Cost Charged to Subsidiaries	-	1,433.10
ii)	Handling & Servicing	-	25.10
iii)	Sale of trademark Centaur Logo	-	2.10
iv)	Others	-	149.80
<b>c)</b>	<b>Closing Balances transferred to RFATR A/c on Disinvestment</b>		
	- Advances	-	23,345.30
	- Investments	-	4,022.50
<b>2</b>	<b>Hotel Corporation of India Limited (HCI)</b>		
<b>a)</b>	<b>Expenditure</b>		
i)	Pax Amenities	-	64.40
ii)	Others	-	37.60
<b>b)</b>	<b>Revenue</b>		
i)	Interest Cost Charged to Subsidiaries	-	385.50
ii)	Others	-	0.10
<b>c)</b>	<b>Closing Balances transferred to RFATR A/c on Disinvestment</b>		
	- Advances	-	4,932.30
	- Investments	-	1,106.00
<b>3</b>	<b>AI Airport Services Limited (AIASL)</b>		
<b>a)</b>	<b>Expenditure</b>		
i)	Handling Charges	-	1,530.90
ii)	Interest Paid to Subsidiary	-	23.50
iii)	Others	-	135.50
<b>b)</b>	<b>Revenue</b>		
i)	Revenue Sharing with Air India	-	-
ii)	Others	-	72.60



**Air India Limited**
**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

c)	<b>Closing Balances transferred to RFATR A/c on Disinvestment</b>		
	- Advances	-	386.60
	- Investments	-	1,384.20
<b>4</b>	<b>AI Engineering Services Limited (AIESL)</b>		
a)	<b>Expenditure</b>		
i)	Outside Repairs Aircraft	-	8,738.10
ii)	Handling & Servicing Charges	-	6.60
iii)	Others	-	25.50
b)	<b>Revenue</b>		
i)	Interest Cost Charged to Subsidiaries	-	955.30
ii)	Sale of A-320 (Class)c Aircraft VI-F5F	-	2.80
iii)	Others	-	649.20
c)	<b>Closing Balances transferred to RFATR A/c on Disinvestment</b>		
	- Advances	-	21,175.60
	- Investments	-	1,666.70

**D. Transactions with Provident Fund Trusts**

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	PF Contribution during the Year	Outstanding	PF Contribution during the Year	Outstanding
PF Trusts Dues	-	-	589.40(*)	1,061.80

**(\* PF Contributions upto November, 2021 after which PF Accumulations were transferred to EPFO**

Consequent to the disinvestment of Air India Limited during the previous year, the company has shifted the PF accumulations of its employees to Employees Provident Fund Organization (EPFO). For this purpose, both the Provident Fund Trusts of the company namely IAEPF and AIEPF have liquidated all their investments/securities in the open market and transferred the PF Balances of all the existing eligible employees to the EPFO. Further, there was a shortfall of Rs 1,481.80 million towards member liabilities vis-à-vis the realization of PF Trust investments. Out of the total shortfall amount, an amount of Rs 944.62 million has been paid to the IAEPF Trust and the remaining amount of Rs. 537.18 million shall be paid as and when the same is demanded by the respective PF Trusts on account of payment towards retired/ eligible employees.

**E. Major Transactions with Govt/Govt Related Entities**

S.N.	Name	Relationship
1	Airport Authority of India	Central PSU
2	Indian Oil Co Limited	Central PSU
3	Hindustan Petroleum Co Limited	Central PSU
4	Bharat Petroleum Co Limited	Central PSU
5	Air India Assets Holding Co Limited	Central PSU
6	National Small Savings Fund (NSSF)	Govt Department
7	Govt of India	Promoter

During the previous year, the Company got disinvested and the ownership passed from the Govt of India to Talace Private Limited. Consequent upon this transfer of ownership, the status of the company changed from Government controlled Entity to a Closely held Public Limited Company. Accordingly, the details of the major transactions of Revenue and Expenditure of the Company with Govt Related Entities are given up to the date of disinvestment.

No	Name of Entity	Nature of Transactions	FY 2022-23	FY 2021-22
1	Airport Authority of India	Airport Usage Charges	-	3,209.10
2	Indian Oil Co Limited	Fuel and ATF Purchases	-	21,555.50
		Interest on delayed payments	-	907.40
3	Hindustan Petroleum Co Limited	Fuel and ATF Purchases	-	5,438.70
		Interest on delayed payments	-	309.10
4	Bharat Petroleum Co Limited	Fuel and ATF Purchases	-	5,068.90
		Interest on delayed payments	-	308.30
5	Govt of India/Various Ministries and Departments	SESF Flights Revenue	-	112.30
		Charter Revenue - Others	-	1,892.20
		Mail Revenue	-	787.70
		Loan/(repaid) from National Small Savings Fund (NSSF)	-	(76,360.00)
		Advance from DRDO	-	9,436.80
		Sale to DRDO	-	11,795.90
		Interest on Loan from NSSF	-	4,941.70
		Grant from Govt	-	19,440.00
		Medical Liability taken over by GoI	-	13,876.40
		Equity Infusion from Govt	-	-
		Sale of 2 SESF Aircraft	-	-
		Guarantee Fee	-	-
		6	Other Govt Companies/PSU (Redemption of Debentures, including Interest and Premium Paid)	Life Insurance Corporation (LIC)
Employees Provident Fund Organization (EPFO)	-			89,443.20





**Air India Limited**
**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

7	Air India Assets Holding Co Limited	Rental Income and Revenue Sharing net off related cost to be transferred to AIAHL	-	1,175.00
		Monetization Proceeds to be transferred to AIAHL	-	904.90
		Other misc. transactions	-	-
		Funds received from AIAHL	-	611,780.00
		Funds paid back to AIAHL	-	470.40
		Identified properties transferred to AIAHL	-	76,048.30
		Identified liabilities relating to properties transferred	-	842.20
		Identified advances relating to properties sold	-	663.10
		Subsidiaries Advances transferred	-	49,839.80
		Subsidiaries Investments transferred	-	8,179.40
		Advance paid to MADC for MRO Nagpur Land transferred	-	114.00
		Proceeds from Air Mauritius share sale	-	45.60
		Various other movable Assets transferred to AIAHL	-	1,495.50
		Prepayment penalty paid on NCDs	-	9,874.60
		Other Transactions	-	7,289.90
AIAHL Intermediary Settlement A/c	-	7,057.10		
Interest earned on NCD FD's	-	30.10		

Note: The above transactions with the Govt/Govt Related entities cover transactions that are significant individually and collectively. The Company also entered into other transactions with various other Govt related entities, however, these transactions are insignificant either individually or collectively and hence not disclosed.

**42. Interest in Joint Venture**

S. No.	Name of the entity/ Place of business/ country of incorporation	% of Ownership interest	Relationship	Accounting method	Year	Carrying Amount
1	Air India SATS Airport Services Private Limited - India	50%	Joint Venture	Investment at costs	As at 31 March 2023	436.18
					As at 31 March 2022	436.18

**(i) Capital Commitments and Contingent Liabilities in respect of Company's share in Air India SATS Airport Services Private Limited (Joint Venture)**

S.N.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Estimated amount of contracts remaining to be executed in respect of Property Plant and Equipment (PPE) and Other Intangible Assets	285.71	19.23
2	Company's exposure in respect of performance bank guarantee issued to various parties	323.28	241.97
3	Claims against the Company not acknowledged as debts	25.00	31.94
4	Taxation matters:		
(I)	Income Tax Appeals being contested by the Joint Venture	80.51	80.51
	Less: Payment under protest in respect of these appeals	(16.09)	(16.09)
(ii)	Other Income Tax Matters	109.52	109.52
	Less: Payment under protest in respect of these appeals	(26.74)	(26.74)
5	Other than Taxation matters		
(I)	Demand against the PF, ESIC & Industrial Dispute	12.23	10.98
	Less: Payment under protest in respect of these demands	(3.79)	(3.79)

**(ii) Summarised financial information for Joint Venture**

(a)	Summarized Balance Sheet	As at 31 March 2023	As at 31 March 2022
	Current Assets		
	Cash and cash equivalents	201.74	350.82
	Other Assets	4,238.22	3,158.21
	<b>Total current assets</b>	<b>4,439.97</b>	<b>3,509.03</b>
	<b>Total non-current assets</b>	<b>3,889.04</b>	<b>3,844.98</b>
	Current liabilities		
	Financial liabilities (excluding trade payables)	1,105.76	775.62
	Other liabilities	753.05	490.73
	<b>Total current liabilities</b>	<b>1,858.81</b>	<b>1,266.36</b>
	Non-current liabilities		
	Financial liabilities (excluding trade payables)	744.95	877.48
	Other liabilities	354.90	254.30
	<b>Total non-current liabilities</b>	<b>1,099.86</b>	<b>1,131.78</b>
	<b>Net Assets</b>	<b>5,370.34</b>	<b>4,955.87</b>





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

(c)	Summarised statement of profit and loss	As at 31 March 2023	As at 31 March 2022
	Revenue	7,941.34	5,717.90
	Interest income	46.16	56.08
	Depreciation and amortisation	865.60	644.01
	Interest expense	107.89	221.16
	Income tax expense	275.26	370.01
	<b>Profit from continuing operations</b>	<b>468.99</b>	<b>345.03</b>
	Profit from discontinued operations	-	-
	<b>Profit for the year</b>	<b>468.99</b>	<b>345.03</b>
	Other comprehensive income	(54.52)	(19.29)
	<b>Total comprehensive income</b>	<b>414.46</b>	<b>325.74</b>
	Dividends received	-	-

(iii) Share of profits from joint venture

S. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Air India SATS Airport Services Private Limited	207.23	162.87

**43. Subsidiary companies**

As on 31 March 2023, the Company has 2 subsidiaries namely, Air India Express Limited ('AIXL') and AIX Connect Private Limited (formerly known as Air Asia India Private Limited) ('AIXC'). The net worth of AIXL and AIXC is negative as on 31 March 2023. However, the financial statements of AIXL and AIXC for the year ended 31 March 2023 has been prepared on a going concern basis.

The Company has analyzed the value of investments in both the subsidiaries by evaluating their future profitability considering the favourable impact of efficiencies, synergies and future scale of business.

**44. Employee benefits**

i) **General description of Defined Benefit Plan**

a) **Gratuity:** It is payable to all eligible employees of the Company on superannuation, death or permanent disablement as per the provisions of the Payment of Gratuity Act, 1972. The liability towards gratuity is determined on the basis of actuarial report taken from independent actuarial valuer.

b) **Employee Medical Benefits:** As per scheme of disinvestment and as per terms of the Share Purchase Agreement, the post-retirement medical benefit obligations of all employees who have attained the superannuation age of 58 and all serving employees who are either 55 years or above or have completed 20 years of continuous service as on the date of change of ownership are to be covered by GoI under CGHS scheme. The post-retirement medical benefits was not continued for the remaining permanent employees not covered under GoI CGHS scheme and accordingly, the closing liability of medical retirement benefits has been written off during the year.

ii) **Defined Contribution Plan**

a) **Employees Provident Fund:** The employees Provident Fund dues were deposited with the Employees Provident Fund Trusts created by the Company upto November 2021 under the provisions of Provident Fund Act 1925. However, effective December, 2021, after the consent of members of the Trust, the company has moved to the Employees Provident Fund Organization (EPFO) governed under the provisions of the EPF Act, 1952.

iii) **Other Long-Term Employee Benefits**

a) **Privilege Leave Encashment:** As per the leave policy of the Company, an employee is entitled to be paid the accumulated leave balance on separation. The Company presents provision for leave salaries as current and non-current based on actuarial valuation considering estimates of availment of leave, separation of employee etc.

b) **Sick Leave Encashment:** As per the leave policy of the Company, an employee is entitled to be paid the accumulated leave balance on separation. The Company presents provision for leave salaries as current and non-current based on actuarial valuation considering estimates of availment of leave, separation of employee etc.

iv) **Defined Benefit Plans**

a) Disclosure as per Ind AS-19		Post Medical Retirement		Gratuity	
Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	
<b>(A) Actuarial Assumptions for the year:</b>					
Discount Rate		7.40%	7.50%	6.98%	
Salary Escalation Rate		-	7.50%	7.50%	
Attrition Rate/ Rate of Employee Turnover		2.00%	2.00%	2.00%	
Mortality rate during employment		Indian assured lives Mortality (2006-08)	Indian assured lives Mortality (2012-14)	Indian assured lives Mortality (2012-14)	
Mortality rate after employment		Indian Individual AMT (2012-15)	-	-	
<b>(B) Table for Change in Benefit Obligation:</b>					
Present Value of Obligation at the beginning of the year	444.90	14,256.70	6,825.84	6,923.33	
Current service cost		164.10	103.76	166.61	
Interest Cost		815.10	465.32	427.20	
Benefit paid		(879.74)	(2,054.23)	(1,122.30)	
Actuarial (gain)/loss on obligations arising from-					
-Change in Demographic Assumptions			-	0.60	
-Change in Financial Assumptions		(56.80)	(157.02)	227.50	
-Change in Experience		21.94	327.77	202.90	
(Gains)/Losses on Curtailment	(444.90)	(13,876.40)			
<b>Present Value of Obligation at the end of the year</b>	<b>-</b>	<b>444.90</b>	<b>5,511.42</b>	<b>6,825.84</b>	



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

<b>(C) Amount Recognized in the Balance Sheet:</b>				
Liability at the end of the year	-	444.90	5,511.42	6,825.84
Fair value of Plan Assets at the end of the year	-	-	-	-
Net Liability recognized in the Balance Sheet	-	444.90	5,511.42	6,825.84
<b>Non-current</b>	-	444.90	4,420.79	5,665.10
<b>Current</b>	-	-	1,090.63	1,160.74
<b>(D) Expense recognized in the Statement of Profit &amp; Loss</b>				
Current service cost	-	164.10	103.76	166.61
Interest cost	-	815.10	465.32	427.20
(Gains)/Losses on Curtailment	-	(13,876.40)	-	-
<b>Benefit expense recognized in the Statement of Profit &amp; Loss</b>	-	(12,897.20)	569.07	593.81
<b>(E) Expense recognized in the OCI for Current Period</b>				
Actuarial (Gains)/Losses on obligation for the period				
-Change in Demographic Assumptions				0.60
-Change in Financial Assumptions	-	(56.80)	(157.02)	227.50
-Change in Experience		21.94	327.77	202.90
Return on Plan Assets, Excluding Interest Income				-
<b>Total Loss/ (gain) recognized in OCI</b>	-	<b>(34.86)</b>	<b>170.74</b>	<b>431.00</b>
<b>(F) Maturity Analysis of the Benefit Payments: From the Employer</b>				
Projected Benefits Payable in future Year from the Date of Reporting				
1st Following Year	-	0.10	1,090.63	1,160.70
2nd Following Year	-	0.20	455.29	593.60
3rd Following Year	-	0.40	689.25	993.20
4th Following Year	-	0.70	639.85	919.30
5th Following Year	-	1.40	566.26	779.90
Sum of Years 6 to 10	-	27.70	1,896.21	2,357.80
Sum of Years 11 and above	-	-	3,985.74	3,658.00
<b>(G) Sensitivity Analysis</b>				
Increase/ (decrease) in defined benefit obligation				
<b>Discount Rate</b>				
1% increase	-	(93.70)	(274.91)	(316.70)
1% decrease	-	125.30	311.53	355.50
<b>Salary Growth rate</b>				
1% increase	-	-	174.30	212.50
1% decrease	-	-	(176.73)	(214.10)
<b>Attrition Rate/ Rate of Employee Turnover</b>				
1% increase	-	-	49.83	38.20
1% decrease	-	-	(55.54)	(43.00)
<b>Medical Cost Inflation</b>		53.30		
1% increase	-	-		
1% decrease	-	(40.70)		

**b) Risk Table**

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Rate Risk, Longevity Risk and Salary Risk.

Interest Risk	A fall in the discount rate which is linked to the Govt Securities will increase the present value of the liability requiring higher provision.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Asset Liability Matching Risk	The plan faces the ALM risk as to the matching cash flow. Entity has to manage pay-out based on pay as you go basis from own funds.
Mortality Risk	Since the benefits under the Gratuity plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

v) During the year, foreign stations at UK and USA have taken a report from Actuary for Air India Pension and Assurance Scheme / non-contributory retirement income plan. The said liability as per actuary as at 31 March 2023 is Rs. 264.48 million (Previous Year Rs. 339.40 million) and Rs. 189.23 million (Previous Year : Rs. 229.90 million) respectively.

**45. Earnings Per Share**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(Loss) After Tax for the year (Rs. in million)	(113,879.56)	(95,565.10)
Weighted Average No. of Equity Shares of Face Value of Rs 10 each	33,056,548,767	32,665,220,000
EPS (Rs. per Share) (Basic)	(3.44)	(2.93)
EPS (Rs. per Share) (Diluted)*	(3.44)	(2.93)

\* 5,000,000,000 (previous year : Nil) 7.4% preference shares have not been included in the calculation of diluted earnings per share because they are anti-dilutive.



**Air India Limited****Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023****(All amounts are in Indian Rupees in millions, unless otherwise stated)****46. Impairment of assets**

The Company has carried out an assessment of the impairment of its non-financial assets as on the reporting date in accordance with Ind AS 36. The impairment is primarily due to external economic environment and macro-economic condition on the Company's operation, significant volatility in the fuel prices and internal factors such as fleet modernisation. For the purpose of such impairment testing, the Company already has an established position wherein all assets have been identified as a single cash generating unit (CGU), as majority of the assets (aircraft fleet) are flexibly deployed across the worldwide route network of the Company. The recoverable amount of CGU was primarily based on their value in use over the remaining useful life. Accordingly, management has decided to adopt value in use approach to arrive at the recoverable amount.

The value in use of CGU has been determined by the Company based on the estimated future cash flows for a period of next five years that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Based on above assessment and analysis performed by the company it is indicative that the carrying value of the CGU is higher than its Value in Use and the company has recognized an impairment loss of Rs. 51,030.63 million. This loss has been recognized in the statement of profit and loss as an exceptional item. Below table summarises the recoverable value, carrying value and the impairment loss recognized by the Company:

Particulars	As at	As at
	31 March 2023	31 March 2022
Recoverable value of CGU based on value in use model	271,840.00	368,270.00
Carrying value of CGU	322,870.63	393,570.01
Impairment loss to be recognized	51,030.63	25,300.01

The approach and key (unobservable) assumptions used to determine the CGU's value in use were as follows:

Discount percentage considered for discounting of cash flows is 10.1%

The impairment loss of Rs. 51,030.63 million has been allocated to the carrying value of non-current assets on a pro-rated basis as follows:

Particulars	As at	As at
	31 March 2023	31 March 2022
<b>Property, plant and equipment</b>		
Buildings	163.55	76.02
Aircraft and engines	36,415.30	19,053.88
Simulator and link trainers	262.60	126.73
Rotables and repairables	2,374.04	1,145.50
Ground support equipment and vehicles	7.57	0.01
Furniture and fixtures	0.14	-
Computers	46.32	2.90
Office and electrical equipments	4.58	0.20
	(A)	20,405.24
<b>Right of use assets</b>		
Aircraft and engines	11,111.15	4,865.86
Land and buildings	645.38	28.79
	(B)	4,894.65
<b>Other intangible assets</b>		
	(C)	0.12
<b>Total</b>	<b>(A+B+C)</b>	<b>25,300.01</b>

**Sensitivity to key assumptions**

The change in the following assumptions used in the impairment review would, in isolation, lead to an increase to the aggregate impairment loss recognized as at 31 March 2023 (although it should be noted that these sensitivities do not take account of potential mitigating actions):

Particulars	Amount
Impact of Increase in discount rate by 1%	10,018.87

**47. Capital management**

The objective of the Company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business. The Company determines the amount of capital required on the basis of annual business plan coupled with long-term and short-term strategic investment and expansion plans.

During the financial year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

**Debt-Equity Ratio:**

Particulars	Note No	As at	As at
		31 March 2023	31 March 2022
Long term Borrowings	24	54,009.76	-
Short term borrowings	24	177,129.49	138,124.90
<b>Total Debt (A)</b>		<b>231,139.25</b>	<b>138,124.90</b>
Equity Share Capital	18	353,602.20	326,652.20
Other Equity	19	(256,024.53)	(158,181.50)
<b>Total Equity (B)</b>		<b>97,577.67</b>	<b>168,470.70</b>
<b>Debt Equity Ratio (A/B)</b>		<b>2.37</b>	<b>0.82</b>

Pursuant to adoption of Ind AS 116, Finance Lease Obligations has been reclassified from borrowings and presented as a part of lease liabilities which are not considered as debt.





**Air India Limited****Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023****(All amounts are in Indian Rupees in millions, unless otherwise stated)****48. Frequent Flyer Programme ('FFP')**

The Company has a Frequent Flyer Program under which members who travel on revenue tickets earn miles per travel as per Frequent Flyer Program ('FFP'). Such miles can be redeemed either on Air India or Star Alliance carriers as per the redemption chart. As per FFP program, the life of these miles is 3 years, and if a member does not use these miles within 3 years such miles get lapsed. The unredeemed miles which has not lapsed, at the end of the financial year are provided for. The life of all expiring miles as on 31 March 2023 were extended till 30 June 2023 and further till such period as per the terms of extension.

The Company has carried out actuarial valuation for unredeemed miles of flying returns as on 31 March 2023 and as on 31 March 2022 and the movement of the same is as under:

Details of FFP Provision	As at	As at
	31 March 2023	31 March 2022
Opening Balance	2,578.52	1,710.95
Add: Additions net of Reversals	593.12	867.57
Closing Balance	3,171.64	2,578.52

**49. Devas Law Suit**

Certain shareholders in Devas Multimedia Pvt Limited (Devas), an Indian incorporated entity had filed cases against the Govt of India/Air India Limited/Airport Authority of India in the courts of New York (USA) and Montreal (Canada) in connection with a dispute which arose between Antrix (a GoI Company under the Department of Space) and these shareholders. Devas won the Arbitration Award totalling to USD 673.50 million plus interest, and in turn sought a declaratory judgment against Air India Limited also stating that Air India Limited, being a Govt Company was the 'alter ego' of the Govt of India and accordingly, should be jointly and severally liable for the judgment amount. Owing to this and on directions received from the Hon'ble Courts, IATA has withheld a total amount of Rs. 1,322.90 million from the payments due to Air India Limited.

However, consequent upon the disinvestment of the Company, the above order of withholding Air India Limited payments by IATA was withdrawn by the Hon'ble Court in Montreal effective 27 January 2022 when Air India Limited ceased to be a GoI Company. The matter of funds held by IATA for the period prior to 1230 Hrs (IST) of 27 January 2022 was decided in favour of Air India Limited in proceedings conducted before Court of Appeal, Province of Quebec, Canada ('Court of Appeal').

Devas had filed application for leave to appeal (permission) in Supreme Court of Canada ('SCC') against the decision of the Court of Appeal (which was in favour of Air India Limited). Subsequently, SCC, vide its order dated 11 May 2023, dismissed Devas's application for leave to appeal and as such the decision of the Court of Appeal will now prevail and the amount withheld by IATA (approx. USD 17 million) shall be released to Air India Limited. On receipt of this amount, Air India Limited will be required to refund the same to AIAHL.

Air India Limited is defending the petitions filed against it in the courts of New York and necessary filings for the purpose as per schedule of the court have been made till date. The proceedings in the said court have currently been stayed.

**50. Code on Social Security, 2020 ('Code')**

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

**51. Additional regulatory information required by Schedule III****(i) Details of Benami Property held**

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Wilful Defaulter**

Company has not been declared Wilful defaulter by any bank or financial institution or government or any government authority.

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

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(iv) 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.

**(v) Utilization of borrowed funds and share premium**

A. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) 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 by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**(vi) 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.

**(vii) 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.

**(viii) Valuation of PP&E, intangible asset and investment property**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.



**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**(ix) Registration of charges or satisfaction with Registrar of Companies:**

The details are as under:

S.N.	Brief Description of Charge / Satisfaction	Location of the Registrar	Delay	Reason for delay in registration
1	There are a total of 52 charges amounting to Rs 146,975.15 million. These charges are registered for working capital loans taken from multiple banks. During the period under consideration, the Company has already paid all these loans. However, satisfaction of charges with the Registrar of Companies are yet to be registered.	Mumbai-Maharashtra	12 to 15 Months	All these loans were repaid before the divestment of the Company. However, due to ongoing administrative exigencies relating to various divestment issues, the filing of satisfaction of charges of these repaid loans could not be done. However, the Company is now in the process of intimating ROC for satisfaction of these charges and the same shall be completed soon.

**(x) Utilization of borrowings availed from banks and financial institutions:**

The borrowings availed during the year by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

**(xi) The Company has not declared or paid dividend during the year 2022-23.**

**(xii) Financial Ratios to be disclosed**

The followings are analytical ratios for the year ended 31 March 2023 and 31 March 2022

S.N.	Ratio	Numerator	Denominator	UOM	As at 31 March 2023	As at 31 March 2022
(a)	Current Ratio	Total Current Assets	Total Current Liabilities	Times	0.50	0.30
(b)	Debt-Equity Ratio	Total Debts consists of Non-current and Current Borrowings	Shareholder's Equity	Times	2.37	0.82
(c)	Debt Service Coverage Ratio	Earnings available for Debt Service $\div$ Net Profit after Tax + Non-cash operating expenses $-$ Interest + Other non-cash adjustments	Debt Service $\div$ Interest and Lease Payments + term loan principal repayments	Times	NA	0.02
(d)	Return on Equity Ratio	Net Profit after Tax	Average Shareholders' Equity	%	-86%	-69%
(e)	Inventory turnover ratio	Revenue from Operations	Average Inventory	NA	NA	NA
(f)	Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables	Times	24.75	12.56
(g)	Trade payables turnover ratio	Total Expenses - Depreciation - Interest - Employee Benefit Expenses	Average Trade Payables	Times	10.28	2.62
(h)	Net capital turnover ratio	Revenue from Operations	Average Working Capital $\div$ Average Current Assets - Average Current Liabilities	Times	(2.06)	(0.46)
(i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	%	-36%	-57%
(j)	Return on Capital employed	Earnings before Interest and Taxes	Capital Employed $\div$ Average Equity + Average Debts + Average Lease Liabilities	%	-9%	-11%
(k)	Return on investment	Income from investments	Average Funds Invested	%	4.78%	5.47%

**Reasons**

(a) Current Ratio - Improved due to better utilization of working capital during the current year.

(b) Debt-Equity Ratio - Increased due to additional debt taken during the year.

(c) Debt Service Coverage Ratio - The earnings for debt service is negative during the year due to increase in fuel cost during the year.

(e) Inventory turnover ratio - As the Company is primarily engaged in aviation sector (Service Industry), Inventory Turnover Ratio is not applicable.

(f) Trade Receivables turnover ratio - Revenue growth due to relaxation in operational restrictions leading to higher demand for air travel has resulted in improvement in the ratio.





**Air India Limited**

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

- (g) Trade payables turnover ratio - Increase is due to better management of working capital and increased liquidity during the year.  
 (h) Net capital turnover ratio - Excess of current liabilities over current assets during the current year has led to decrease in ratio.  
 (j) Net profit ratio- Higher yield, increased load factors and increase in operational capacity resulted in reduction in losses as compared to previous  
 (k) Return on investment - Lower yield on mutual funds and Government securities during the current year has led to decrease in ratio.

52. On 11 November 2022, the Board of the Company has approved composite scheme of arrangement with Talace Private Limited ("Parent Company" or "Talace") and Tata SIA Airlines Limited (a subsidiary of Tata Sons Private Limited) ("the Scheme"). The Scheme will enable the companies to realize greater synergies between their businesses, yield beneficial results and avail pooled resources in the interest of maximizing value to the shareholders and other stakeholders. The Scheme provides for re-organisation and reduction of share capital of Air India Limited, amalgamation of Talace with Air India Limited, amalgamation of Tata SIA Airlines Limited with Air India Limited and preferential allotment of equity shares by the Company to Singapore Airlines Limited. As on date, the Company is in the process of seeking approvals for the said Scheme from the relevant regulatory authorities.

53. The Company had regrouped / reclassified the financial statement captions for the previous year ended 31 March 2022 in order to align with current year groupings, wherever necessary.

**Statement of profit and loss for the year ended 31 March 2022**

Particulars	For the year ended 31 March 2022	Regrouping	For the year ended 31 March 2022 (Regrouped)
<b>Income</b>			
Revenue from operations	171,052.30	(3,413.79)	167,638.51
Other income	27,106.81	445.97	27,552.78
	<b>198,159.11</b>	<b>(2,967.82)</b>	<b>195,191.29</b>
<b>Expenses</b>			
Aircraft fuel expenses	67,298.14	-	67,298.14
Aircraft repair and maintenance cost	33,756.90	1,327.46	35,084.36
Airport fees and charges	23,096.00	1,636.76	24,732.76
Employee benefit expenses	23,291.70	(21.35)	23,270.35
Finance costs	38,719.38	-	38,719.38
Depreciation and amortization expense	41,879.97	-	41,879.97
Foreign exchange (gain)/ loss (net)	4,656.90	0.26	4,657.16
Other expenses	33,735.20	(5,910.94)	27,824.26
	<b>266,434.20</b>	<b>(2,967.82)</b>	<b>263,466.38</b>

As per our report of even date attached

**For PKF Sridhar & Santhanam LLP**  
 Chartered Accountants  
 FRN : 003990S/S200018



**V. Kothandaraman**  
 Partner  
 Membership No.025973



Place : Mumbai  
 Date : 22 May 2023

For and on behalf of the Board of Directors  
 for **Air India Limited**



**N. Chandrasekaran**  
 Chairman  
 DIN 00121863



**Vinod Hejmati**  
 Chief Financial Officer

Place : Mumbai  
 Date : 22 May 2023



**Campbell Wilson**  
 Chief Executive Officer and Managing Director  
 DIN 09612044



**Kalpana Rao**  
 Company Secretary  
 ACS8194



**PKF SRIDHAR & SANTHANAM LLP**  
Chartered Accountants

**Independent Auditor's Certificate on accounting treatment prescribed in the proposed Composite Scheme of Arrangement**

To,  
The Board of Directors,  
Air India Limited,  
Gurgaon

1. This certificate is issued in accordance with the terms of our engagement letter dated 15<sup>th</sup> Mar 2023.
2. This certificate is intended for submission to the National Company Law Tribunal ('NCLT') owing to the proposed Composite Scheme of Arrangement amongst Talace Private Limited (the 'Transferor Company 1'), Tata SIA Airlines Limited (the 'Transferor Company 2') and Air India Limited (the 'Company') and their respective shareholders in terms of the provisions of Sections 230 to 232, read with other applicable provisions of the Companies Act, 2013 (hereinafter referred to as 'Scheme').

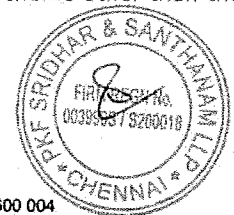
**Management Responsibility**

3. It is the responsibility of the management of the Company for the preparation and maintenance of all accounting and other relevant supporting records and documents which form the basis of preparation of this Certificate. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the certificate and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. The management and the Board of Directors of the Company are also responsible for the preparation of the proposed Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid.

**Auditor's Responsibility**

5. Based on the information and explanation and on review of the agreements, terms of engagement and other relevant documents presented to us, it is our responsibility to provide certificate on the reporting criteria as to whether the accounting treatment contained in the Scheme complies with the applicable Accounting Standards notified under section 133 of the Companies Act 2013 read with the rules thereunder and other Generally Accepted Accounting Principles.
6. A certification engagement includes performing procedures to obtain sufficient audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Scheme:
  - a. Read the proposed draft Scheme and the proposed accounting treatment as specified in Section E - (i) clause 4.4 & 4.9 of Part II, (ii) clause 13.1 of Part III & (iii) clause 22.1 of Part IV of the Scheme which is attached as Annexure to this Certificate and initialed by us only for the purpose of identification;
  - b. Compared the accounting treatment as prescribed in Clauses 13.1 & 22.1 of the Scheme with the requirements of Ind AS 103;
  - c. Obtained necessary information, explanation and representations from the Management.

Our examination did not extend to any aspects of legal or proprietary nature in the Scheme other than the matters referred to in this Certificate.



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PKF SRIDHAR & SANTHANAM LLP • KR D Goo Gee Crystal • No.91-92 7th Floor • Dr.Radhakrishnan Salai • Mylapore • Chennai • 600 004  
REGISTRATION NO. WITH ICAI - 0039905/S200018



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7. We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes and Standards of Auditing issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control 1 (SQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Certification

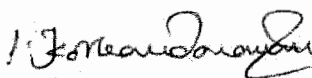
9. Based on our examination and according to the information and explanation given to us, we, the Statutory auditors of the Company, confirm that the Accounting treatments contained in:
  - (a) Clause 4.4 & 4.9 of Part II of the Scheme;
  - (b) Clause 13.1 of Part III of the Scheme;
  - (c) Clause 22.1 of Part IV of the Scheme;are in compliance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the rules thereunder to the extent applicable and other Generally Accepted Accounting Principles /practices in India.

The Scheme has been approved by the Board of Directors of the Company at its meeting held on 7<sup>th</sup> February 2023 and is subject to the approval of the jurisdictional bench of NCLT.

#### Restriction on use

10. This certificate is provided at the request of the Company solely for the purpose of submission to the NCLT. This certificate should not be used for any other purpose without prior written consent.
11. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No: 003990S/S200018



V.Kothandaraman  
Partner  
Membership no:- 025973  
UDIN: 23025973BGZBXF2559



Place:- Chennai  
Date:- 13-05-2023



## ANNEXURE

Extract from the draft Composite Scheme of Arrangement amongst Talace Pvt Ltd  
and Tata SIA Airlines Ltd and Air India Ltd and their respective shareholders

**4 REORGANISATION AND REDUCTION OF SHARE CAPITAL OF THE TRANSFEREE COMPANY**

- 4.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the reorganisation and reduction of the share capital of the Transferee Company shall be undertaken by:
- o Writing down the total amount appearing in "Other Equity on Disinvestment" with a corresponding adjustment against the "Retained Earnings" of the Transferee Company, which has been considered prudent by the Board of the Transferee Company;
  - o Cancelling/extinguishing INR 6 (Indian Rupees Six) per share of the issued, subscribed and paid up equity share capital of the Transferee Company by setting off a sum of INR 2,12,16,13,20,000 (Indian Rupees Twenty One Thousand Two Hundred Sixteen Crores Thirteen Lacs Twenty Thousand Only) against the "Retained Earnings" of the Transferee Company, without payment of any consideration or cash outflow or payment of funds of any kind to the shareholders of the Transferee Company;

resulting in the reduction of the issued, subscribed and paid up equity share capital of the Transferee Company from INR 3,53,60,22,00,000 (Indian Rupees Thirty Five Thousand Three Hundred Sixty Crores Twenty Two Lacs Only) consisting of 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) equity shares of INR 10 (Indian Rupees Ten) to INR 1,41,44,08,80,000 (Indian Rupees Fourteen Thousand One Hundred Forty Four Crores Eight Lacs Eighty Thousand Only) divided into 35,36,02,20,000 (Three Thousand Five Hundred Thirty Six Crores Two Lacs Twenty Thousand) fully paid-up equity shares of INR 4 (Indian Rupees Four) each.

Such reorganisation and reduction shall be effected by debiting the equity share capital and "Other Equity on Disinvestment", and crediting the sums to "Retained Earnings".

- 4.2 The reorganisation and reduction of the share capital would result in the balance sheet providing an appropriate representation of the net available assets of the Transferee Company and its financial position. The aforesaid reorganisation and reduction does not involve payment of any consideration or cash out flow or payment of funds of any kind to the shareholders of the Transferee Company and the equity shareholders of the Transferee Company would continue to hold the same number of shares before and after the aforesaid reorganisation and reduction.
- 4.3 Consequent to the aforesaid reorganisation and reduction, the authorised and paid-up share capital of the Transferee Company shall be as under:

Share Capital	Amount (in INR)
Authorised Share Capital	
9000,00,00,000 equity shares of INR 4 each	36000,00,00,000



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Share Capital	Amount (in INR)
1900,00,00,000 preference shares of INR 10 each	19000,00,00,000
<b>Total</b>	<b>55000,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
3536,02,20,000 equity shares of INR 4 each	14144,08,80,000
500,00,00,000 preference shares of INR 10 each	5000,00,00,000
<b>Total</b>	<b>19144,08,80,000</b>

4.4 Pursuant to the above, following entry is proposed to give effect to the reorganisation and reduction of share capital of the Transferee Company:

Equity Share Capital A/c	Dr.
Other Equity on Disinvestment A/c	Dr.
To Retained Earnings A/c	Cr.

(Being reorganisation and reduction of share capital of the Transferee Company as per the Scheme as approved by Tribunal)

4.5 The reorganisation and reduction under this Part II of the Scheme shall be effected as an integral part of the Scheme (without having to follow the process under Section 66 of the Act separately) and such reorganisation and reduction does not involve diminution of liability, or payment of any consideration to any shareholder of any paid up share capital of the Transferee Company or any gain or loss for the Transferee Company, or transfer or vesting of any properties and/or liabilities to or in favour of the Transferee Company. The reorganisation and reduction would neither have any adverse impact on or alter, vary or affect the rights of creditors/banks/financial institutions of the Transferee Company.

4.6 The approvals including approvals from the shareholders of the Transferee Company received pursuant to the provisions of the Sections 230 to 232 of the Act under this Scheme shall be deemed to be sufficient approval(s) for giving effect to the provisions of this Part II of the Scheme under other related provisions of the Act (if any) including for consequent alteration in the memorandum of association of the Transferee Company as set out below. The Transferee Company shall not, nor shall be obliged to, (i) call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reorganisation and reduction of the share capital of the Transferee Company; or (ii) obtain any additional approvals/compliances under Section 66 of the Act in terms of the Explanation to Section 230(12) of the Act.

4.7 Prior to the Effective Date, if the Transferee Company undertakes issuance of any equity securities to any Person in accordance with Applicable Law, Clauses 4.1 and 4.3 shall stand automatically amended to reflect the revised details of share capital and accounting treatment in the books of the Transferee Company.



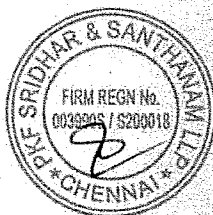


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4.8 The Transferee Company shall not be required to add the words "And Reduced" as a suffix to its name consequent upon such reduction.

**4.9 ACCOUNTING TREATMENT**

Upon the Scheme becoming effective, the Transferee Company shall account for the Part II of Scheme in its books/financial statements with effect from the Appointed Date, in accordance with the accounting entries mentioned in Clause 4.4 above as per generally acceptable accounting principles and applicable accounting policies/practices and the Scheme as may be approved by the Tribunal.



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*Kalpana*  
( Kalpana Rao )  
Company Secretary



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Extract from the draft Composite Scheme of Arrangement amongst Talace Pvt Ltd and Tata SIA  
Airlines Ltd and Air India Ltd and their respective shareholders

**13. ACCOUNTING TREATMENT**

13.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme in its books / financial statements with effect from the Appointed Date, in accordance with Indian Accounting Standard 103 (Ind - AS 103) and / or any other applicable Ind - AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles and guidance as available from time to time.

*Kalpana*

( Kalpana Rao )  
Company Secretary



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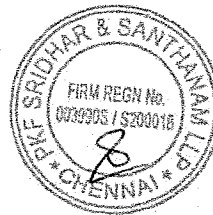
Extract from the draft Composite Scheme of Arrangement amongst Talace Pvt Ltd and Tata SIA  
Airlines Ltd and Air India Ltd and their respective shareholders

**22 ACCOUNTING TREATMENT**

22.1 Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme in its books / financial statements with effect from the Appointed Date, in accordance with Indian Accounting Standard 103 (Ind - AS 103) and / or any other applicable Ind - AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles and guidance as available from time to time.

*Kalpana*

( Kalpana Rao )  
Company Secretary



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