

SOARING TOGETHER. GROWING STRONGER.

ANNUAL REPORT
— 2024-25 —





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CORPORATE INFORMATION

BOARD OF DIRECTORS (AS ON 09.02.2026)

Shri Amit Kumar
Shri Asangba Chuba Ao
Shri Rohit Raj
Smt. Nayonika Dutta

Chairman
Government Nominee Director
Government Nominee Director
Government Nominee Director

Chief Executive Officer

Shri Rajarshi Sen

Chief Financial Officer

Shri Amit Mishra

Company Secretary

Smt. Shilpa Bhatia

Statutory Auditors

Batliboi & Purohit
Chartered Accountants
National Insurance Building, 2nd floor,
204 D N Road, Fort, Mumbai - 400001

Secretarial Auditors

T. Chatterjee & Associates
Practising Company Secretaries
1209, 12th Floor, Ansal Tower, 38 Nehru Place,
New Delhi-110019

Bankers

Punjab National Bank, IndusInd Bank, Axis Bank,
Kotak Bank & Indian Overseas Bank

Registered Office

Alliance Bhawan, Domestic Terminal-1
I.G.I. Airport, New Delhi – 110037
Tel:011-25672287, Website: www.allianceair.in
CIN:U51101DL1983GOI016518

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083



BOARD OF DIRECTORS



Shri Amit Kumar
Chairman & Nominee Director



Shri Asangba Chuba Ao
Nominee Director



Shri Rohit Raj
Nominee Director



Smt. Nayonika Dutta
Nominee Director



Vision

To be a safe and reliable airline providing the best travel experience to its guests.

Mission

Our mission is to connect people, place and cultures. We aim to enable to have access to safe, secure, sustainable and affordable air services in a world-class aviation environment and to make every flight special and memorable for our guests.



FLEET



ATR 72-600 (18 Aircraft) 70/72 Seater



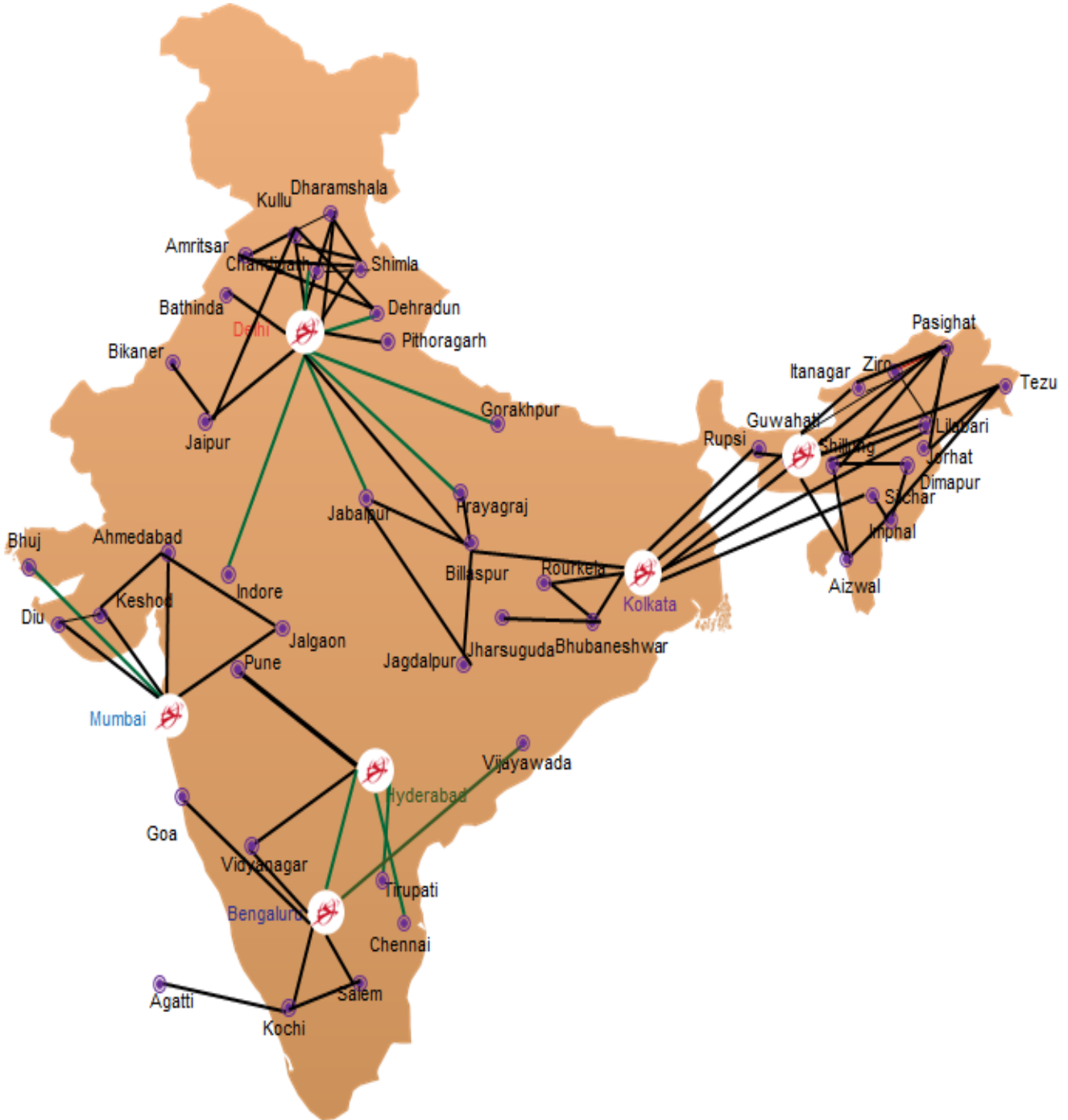
ATR 42-600 (2 Aircraft) 48 Seater



Dornier DO-228 (1 Aircraft) 17 Seater



Network





CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my privilege to present the 42nd Annual Report of Alliance Air Aviation Limited (AAAL) for the financial year 2024-25. As a cornerstone of India's regional aviation landscape, we remain steadfast in our mission to bridge the gap between Tier 2 and Tier 3 cities, operating under the trusted 'Alliance Air' brand.

As a wholly owned entity under AI Assets Holding Limited (AIAHL). Our fleet of 21 aircraft comprising 18 ATR 72-600, 2 ATR 42-600, and 1 Dornier Do-228 serving as a vital link for the nation. In FY 2024-25, we achieved a milestone of over 100 daily departures across 56 destinations, reinforcing our commitment to last-mile connectivity.

Civil Aviation Industry: An Overview

In FY 2024-25, the Indian civil aviation industry completed its transition from a post-pandemic recovery phase to a period of aggressive, structural expansion. India solidified its rank as the third-largest aviation market globally, driven by record-breaking passenger volumes and significant legislative modernization.

The industry saw a return to historic highs, though financial profitability remained uneven across carriers. Total passenger traffic reached approximately 412 million, a 9.4% increase over the previous fiscal year. Domestic travelers accounted for roughly 166 million, marking a growth of over 10% year on year. Air cargo handled reached 3.72 million metric tonnes (MMT), supported by a 10%+ growth rate in international freight capacity. The Government's capital expenditure (CAPEX) push reached its peak during this period. Under the regional connectivity scheme, 657 routes connecting 93 underserved airports, heliports and water aerodromes were operationalized. The number of operational airports in India more than doubled from 2014 levels to reach 164 in 2025.

Strategic & Legislative Reforms

FY 2024-25 was a "reset" year for aviation policy and the regulatory framework.

Bharatiya Vayuyan Adhiniyam, 2024: Replacing the 90-year-old Aircraft Act, this law came into force on January 1, 2025, modernizing aircraft licensing, improving ease of doing business and supporting "Make in India" for aircraft parts.

MRO Incentives: To turn India into a global Maintenance, Repair and Overhaul (MRO) hub, the government implemented a uniform 5% IGST on all aircraft parts.

Digi Yatra: The biometric seamless travel platform saw a major surge, with over 52 million passengers using the facility by the end of the fiscal year.

Financial Performance

In the financial year 2024-25, while operational reach expanded, the Company recorded a net loss (EBIT) of Rs. 254.86 Crore, compared to Rs. 247.40 Crore in the previous fiscal. The Net Loss After Tax (PAT) stood at Rs. 682.82 Crore, against Rs. 621.90 Crore in FY 2023-24. Alliance Air is actively working on cost-optimization strategies to avoid inflationary pressures.





Regional Connectivity Scheme (RCS-UDAN) - Mission & State Partnerships

The Regional Connectivity Scheme (RCS-UDAN) remains the heartbeat of our operations. With over 1,000 routes now operationalized nationwide, the scheme has successfully brought air travel to the Aam Aadmi i.e. the common citizen of the country.

As the pioneer launch carrier for UDAN (Shimla-Delhi on 27 April 2017) which was launched by the Hon'ble Prime Minister of India, Alliance Air continues to lead the way under the UDAN scheme. We have successfully operationalized 139 of the 165 awarded routes.

Beyond UDAN, we have partnered with the State Governments of Chhattisgarh, Haryana, Uttarakhand, Manipur to operate flights under Viability Gap Funding (VGF) arrangements. These State supported routes are essential in providing connectivity to geographically challenging and strategically vital regions, particularly in the North-East.

In FY 2024-25, we further expanded our network with new sectors including Delhi-Pithoragarh, Guwahati-Imphal, Dimapur-Imphal, Kolkata-Imphal.

Excellence & Recognition

Our commitment to service and society was recognized with two prestigious accolades in 2025:

- Best Indian PSU Award: For excellence in Regional Connectivity.
- Best CSR Initiative Award: For our flagship program providing school children with their first flight experience.

Future Outlook

Looking ahead to FY 2025-26, our focus is clear: strategic fleet expansion and network deepening. We shall prioritize the North-Eastern region and explore to enhance the regional connectivity.

Corporate Governance

Alliance Air remains fully compliant with the Corporate Governance guidelines issued by the Department of Public Enterprises (DPE). All statutory filings were completed within stipulated timelines. Based on self-evaluation, the Company maintains an 'Excellent' grade for compliance for the financial year 2024-25.

Acknowledgements

I wish to express my sincere gratitude to the Ministry of Civil Aviation for their unwavering guidance. My sincere thanks to the DGCA, BCAS, AAI, our financial partners and various State Governments for their continued support and guidance.

To my colleagues on the Board, my sincere gratitude for their strategic oversight. I also thank all our employees for their dedication and hard work that keeps Alliance Air flying.

Sd/-

**Amit Kumar
Chairman**





DIRECTORS' REPORT

Dear Members,

The Directors of your Company present the 42nd (Forty Second) Annual Report together with Audited Financial Statements, Auditor's Report and Comments of the Comptroller and Auditor General of India for the financial year ended 31st March, 2025.

1. FINANCIAL PERFORMANCE OF THE COMPANY

The financial performance for the financial year 2024-25 under review vis-a-vis the previous year was as under:

Particulars	(Rs. in Crore)	
	2024-25	2023-24 (restated)
Operating Revenue		
Schedule Revenue	434.45	603.77
Non-Schedule Revenue	365.57	333.16
Other Operating Revenue	14.54	17.84
Other Income	6.79	7.79
Total Revenue	821.35	962.55
Total Expenses	1504.29	1585.91
Tax Expense	-	-
Other Comprehensive Income	0.14	1.46
Net Profit/(Loss) for the year before tax	(682.94)	(623.36)
Net Profit/(Loss) for the year after tax & comprehensive income	(682.80)	(621.90)
Share Capital	1,002.25	1,002.25

The total revenue earned during the financial year 2024-25 was Rs.821.35 Crore as against Rs. 962.55 Crore in the financial year 2023-24. The total expenditure has been decreased to Rs. 1504.29 Crore in the financial year 2024-25 from Rs. 1585.91 Crore in the financial year 2023-24. The net loss after tax & comprehensive income for the financial year 2024-25 was Rs. 682.80 Crore as against the net loss of Rs. 621.90 Crore in the financial year 2023-24.

2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

Alliance Air Aviation Limited (AAAL) is a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India.

For more detailed information on State of Affairs of the Company, please refer Management Discussion and Analysis Report forming part of the report.

3. SHARE CAPITAL

Authorized Share Capital

As on 31st March, 2025, the Authorized Share Capital of the Company was Rs.2,000 Crore divided into Twenty Crore Equity Shares of Rs.100 each.



Issued, Subscribed and Paid up Share Capital

As on 31st March, 2025, the Issued, Subscribed and Paid-Up Share Capital of the Company was Rs.1,002.25 Crore divided into Ten Crore Two Lakh Twenty Five Thousand Equity Shares of Rs.100 each.

4. CHANGES IN THE SHARE CAPITAL, IF ANY

During the year under review, there was no change in the Share Capital of the Company.

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

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

6. CHANGE IN NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company.

7. DIVIDEND

In terms of Section 123 of the Companies Act, 2013, the dividend could not be considered due to accumulated losses.

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

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

9. AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors has decided not to transfer any amount to reserves during the year.

10. HUMAN RESOURCES

The staff strength of the Company at the end of the financial year was 852 (882) contractual employees excluding 7 on deputation from AIESL and 03 employees on deputation from Indian Air Force. All the employees of the Company are on the Fixed Term Employment Agreement basis. Out of the 852 contractual employees, 263(30.87%) were female employees.

Category wise, as on 31st March, 2025, there were 120 employees belonging to SC, 40 employees belonging to ST, 134 employees belonging to OBC and 2 employees belonging to EWS categories.

Region wise, as on 31st March, 2025, there were 487 employees from Northern Region, 72 employees from Western Region, 177 employees from Eastern Region and 116 employees from Southern Region.

11. IMPLEMENTATION OF RESERVATION POLICY

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975 along with the revised Directives effective 1991 and 1996.

**SC/ST/OBC– Number of employees as on 31st March,2025**

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
852	120	14.08	40	4.69	134	15.69

12. IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI

To fulfill the objectives of the Official Language Policy of the Government, the Company played meaningful role in promoting the usage of Hindi at all levels. Officers/ Staff were encouraged to work more and more in Hindi. Hindi Pakhwara was conducted, wherein Officers/ Staff participated with enthusiasm. Prizes and awards were distributed to winners and participants during the function.

13. CONTRIBUTION TO EXCHEQUER

The Company has contributed Rs. 15.37 Crore (Rs. 14.19 Crore) to Government exchequer by way of Sales Tax and other levies on Aviation Turbine Fuel.

14. COMPLIANCE WITH RTI ACT, 2005

The Company being a Public Sector Enterprise has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has a CPIO (Central Public Information Officer) and Appellate Authority for timely disposal of applications and appeals.

During the financial year 2024-25, 7 Requests/Appeals were received and all RTI requests/appeals related to Alliance Air have been disposed off during the financial year 2024-25.

15. INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

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

16. MATERIAL CHANGES AND COMMITMENTS

In terms of the provisions of Section 134(3)(l), no material changes have occurred which have affected the financial position of the Company between 31st March, 2025 and the date of Board's Report.

17. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

18. MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2024-25, the Company held seven meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	26.04.2024	4	3
2.	04.06.2024	4	4
3.	31.07.2024	4	3
4.	12.08.2024	4	3
5.	05.11.2024	4	3
6.	20.12.2024	3	3
7.	16.01.2025	3	3

**19. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirm: -

- (a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the Annual Accounts on a going concern basis;
- (e) The Company being unlisted sub clause(e) of section 134(3) is not applicable.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

20. AUDIT COMMITTEE

The Audit Committee comprised of 4 Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director.

As on 31st March, 2025, the following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Asangba Chuba Ao	Chairman	Government Nominee Director
Shri Amit Kumar	Member	Chairman
Shri Rohit Raj	Member	Government Nominee Director
Smt. Nayonika Dutta	Member	Government Nominee Director

The Board has accepted the recommendations of the Audit Committee.

21. NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee under Section 178 of Companies Act, 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. Alliance Air Aviation Limited, being an unlisted wholly owned subsidiary Company of AI Assets Holding Limited thus got exempted from these provisions.

22. AUDITORS

The Comptroller & Auditor General of India (C&AG) has appointed M/s Batliboi & Purohit., Chartered Accountants, Delhi as Statutory Auditors of the Company for the financial year 2024-25.

Qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation along with reply of management thereto are attached herewith in the Report.

The Notes on financial statements are self-explanatory and needs no further explanation.

23. COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The Comptroller & Auditor General of India (C&AG) in its Supplementary Audit under Section 143(6) read with Section 129(4) of the Companies Act, 2013, has issued "Nil" comments on the Financial Statements for the year ended 31st March, 2025. The comments of Comptroller & Auditor General of India (C&AG) form part of this Report.



24. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s T. Chatterjee & Associates, Company Secretaries, New Delhi, to conduct Secretarial Audit for the financial year 2024-25.

The Secretarial Audit Report with "Nil" observations for the Financial Year ended 31st March, 2025 is annexed to this Report.

25. LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption are given below:

(A) Conservation of energy-

The management is highly conscious of the criticality of the conservation of energy at all operational levels particularly of aviation turbine fuel which is leading source of energy for aviation activity. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment and technology infusion. These measures among other includes maintenance of engine and airframe, flight planning, training to operational staff, regular analysis etc.

(B) Technology absorption-

- (i) **the efforts made towards technology absorption.** -No new IT project has been implemented during the Financial Year 2024-25.
- (ii) **the benefits derived like product improvement, cost reduction, product development or import substitution.** -The IT Department has successfully implemented remote management of over 52 airports across India using Zoho Assist, without deploying on-site IT engineers at these locations. This centralized approach, operated from Alliance Bhawan, has resulted in an estimated annual cost saving of approximately Rs. 1 Crore.

This significant efficiency has been achieved by transitioning from fixed infrastructure to a shared cloud-based environment, and by leveraging wireless and mobility solutions provided by telecom partners. The initiative has not only reduced operational costs but also enhanced scalability, responsiveness, and overall IT service delivery.

- (iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**
 - (a) the details of technology imported: Aircraft Communication Addressing and Reporting System (ACARS).
 - (b) the year of import: 2021-2022
 - (c) whether the technology been fully absorbed: the technology is fully implemented. Its operational and flight tracking is carried out as per DGCA CAR. 28 odd VHF (very high frequency) stations in India are already deployed and additional 18 stations, mix of VHL and VDL have been deployed in 2025. There are 18 more stations aimed to be deployed by Q1, 2026
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; **-NIL.**



(iv) the expenditure incurred on Research and Development.: None

(C) Foreign Exchange Earnings and Outgo

	Particulars	Current Year 2024-25	Previous Year 2023-24 (restated)
		(Rs. in Crore)	(Rs. in Crore)
A.	Expenditure on Imports (CIF) during the year ended 31st March, 2025		
	- Aircraft Spares Parts & Tools	28.96	35.75
	- Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables	Nil	Nil
B.	Expenditure on Consumption during the year ended 31st March, 2025		
	- Imported Spares & Components	18.86	28.30
	- Indigenous Spares	Nil	Nil
C.	Earnings in Foreign Currency		
	- Interline Revenue	10.72	12.43
D.	Expenditure in Foreign Currency		
	- Aircraft Lease & Maintenance Charges	474.79	502.89
	- Purchase of Stores & Equipment	28.96	35.75
	- Technical Literature	3.54	3.80
	- Training & travelling	0.02	0.19
	- Legal charges	0.06	Nil
	- Fuel & Landing/Parking	2.71	4.38
	- PSS related	0.56	1.46

27. DEPOSITS

The Company has not accepted any deposits during the year.

28. MSE COMPLIANCE

It always has been the endeavor of AAAL to support Micro and Small Enterprises (MSEs) and local suppliers. AAAL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2024-25 was Rs.39.18 Crore.

29. SIGNIFICANT & MATERIAL ORDERS

During the financial year 2024-25, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company as the Company has not earned any profits during the financial year 2024-25.



31. COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The details of Sexual Harassment cases reported in the Company during the financial year 2024-2025, are as under: -

- i. Complaints of Sexual Harassment received during the relevant year -Nil.
- ii. Number of cases pending for more than ninety days- Nil.
- iii. Number of workshops or awareness programmes carried out in connection with sexual harassment: 01

General awareness programmes are normally conducted periodically. Besides this, Do's and Don'ts prohibit of Sexual Harassment Posters were also displayed at all work places.

- iv. Remedial measures taken by the Company:

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been set up to deal with the complaints and also spread awareness in the organization.

32. CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board.

The report on Corporate Governance in compliance of the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance issued by the Department of Public Enterprises, Government of India is annexed at **Annexure A**.

33. RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

34. ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act of the Companies Act, 2013, a copy of your Annual Return for the year ended 31st March, 2025 will be hosted on the website of the Company at <https://allianceair.in/financials>.

35. DECLARATION OF INDEPENDENCE

AAAL is a wholly-owned subsidiary of AI Assets Holding Limited. As per the provisions of Article 117 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

**36. MANAGEMENT****DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

- (i) The following changes have occurred in the constitution of Directors and KMP of the Company during the financial year 2024-25:-

Sr. No	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Shri Pranjol Chandra	Nominee Director	11-02-2022	13-12-2024	Ceased to Director
2.	Shri Brajesh Kumar Srivastava	Nominee Director	18-01-2023	28-03-2025	Ceased to Director
3.	Shri Asangba Chuba Ao	Chairman	29-02-2024	11-03-2025	Ceased to Chairman
4.	Shri Amit Kumar*	Nominee Director & Chairman	13-03-2025	-	-
5.	Shri Rohit Raj**	Nominee Director	18-03-2025	-	-
6.	Shri Vineet Sood	Chief Executive Officer	31-07-2021	21-09-2024	Ceased to Chief Executive Officer
7.	Shri Ambar Kumar Mondal	Chief Financial Officer	26-07-2019	31-07-2024	Ceased to Chief Financial Officer
8.	Shri Amit Mishra	Chief Financial Officer	31-01-2025	-	-
9.	Smt. Shilpa Bhatia	Company Secretary	14-01-2022	-	-

- (ii) The following changes have occurred in the constitution of Directors and KMP of the Company after the end of the financial year 2024-25 and up to the date of the Report:

Sr. No	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Shri Rambabu Ch.	Chief Executive Officer (Addl. Charge)	21-09-2024	07-05-2025	Ceased to Chief Executive Officer
2.	Shri Rajarshi Sen	Chief Executive Officer	07-05-2025	-	

**In terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar was appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f the date of his assumption of charge of the post till the date of his superannuation i.e. 30-06-2027, or until further order, whichever is earlier. However, his appointment on the Board of Alliance Air Aviation Limited as*



Nominee Director became effective from the date of obtaining his Director Identification Number (DIN) i.e. 13-03-2025.

***In terms of the Office Memorandum issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17046/56/2019 -AI dated 13-12-2024, Shri Rohit Raj was nominated on the Board of Alliance Air Aviation Limited w.e.f 13-12-2024. However, his appointment as Nominee Director became effective from the date of obtaining his Director Identification Number i.e. 18-03-2025.*

37. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUALS

As per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs, the provisions of Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. Alliance Air Aviation Limited, being a Government Company, the performance evaluation is carried by the MOCA, Government of India, as per the applicable Government guidelines.

38. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Alliance Air Aviation Limited, being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 as per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs.

39. PARTICULARS OF EMPLOYEES

Alliance Air Aviation Limited, being a Government Company, its Directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria, determining qualifications and other matters.

As per the Ministry of Corporate Affairs exemption Notification dated 5th June, 2015, the provisions of Section 134(3)(e) are not applicable to a Government Company. Consequently, the details on Company's policy on Directors' appointment as specified in Section 178 (3) are not provided.

Similarly, disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details including the statement showing the names and other particulars of every employee of the Company, who, was in receipt of remuneration in excess of the limits set out in the rules, are not provided.

40. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached as **Annexure B**.

41. REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder. However, the Company had received whistle blower complaint in June 2024 which highlighted several instances of breaches of internal controls and override of the internal control by officers of the Company, which are under investigation by the vigilance department.



42. INTERNAL CONTROL SYSTEMS

The Company internal control systems are designed to ensure operational efficiency, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficiency of the internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls.

43. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

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

44. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

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

45. MAINTENANCE OF COST RECORDS

During the period under review, the provision of section 148 of the Companies Act, 2013 relating to maintenance of cost records does not applicable to the Company.

46. ACKNOWLEDGEMENT

The Board sincerely appreciates the Company's valued customers in India and abroad for using the services of Company and looks forward to their continued support and confidence.

The Board also gratefully acknowledges the support and guidance received from AI Assets Holding Limited, the Bureau of Civil Aviation Security, the Ministry of Civil Aviation and various Ministries of the Government of India, to the Company's operations and development plans. The Board expresses their grateful thanks also to the DGCA, the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditors, Internal Auditors, Airports Authority of India, other Govt. Departments, airlines and agents.

For and on behalf of the Board

Sd/-
Amit Kumar
Chairman

Place: New Delhi

Date: 05.02.2026







MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

The total revenue during the financial year 2024-25 was Rs. 821.35 Crore compared to Rs. 962.55 Crore in the financial year 2023-24.

Expenditure

The total expenditure during the financial year 2024-25 was Rs. 1504.29 Crore compared to Rs. 1585.91 Crore in the financial year 2023-24.

HUMAN RESOURCES

Staff Strength

As on 31st March, 2025, AAAL had 852 employees on Fixed Term Employment Agreement basis. In addition, there were 07 employees on deputation from AIESL and 03 employees on deputation from Indian Air Force. The Industrial Relation scene remained peaceful during the period 1st April, 2024 to 31st March, 2025.

FLEET POSITION

As on 31st March, 2025, aircraft available in AAAL fleet are as under:

AIRCRAFT	MSN	TYPE
VT-AII	1197	ATR 72-212A
VT-AIT	1226	ATR 72-212A
VT-AIU	1246	ATR 72-212A
VT-AIV	1252	ATR 72-212A
VT-AIW	1272	ATR 72-212A
VT-AIX	1268	ATR 72-212A
VT-AIY	1273	ATR 72-212A
VT-AIZ	1279	ATR 72-212A
VT-RKC	1381	ATR 72-212A
VT-RKD	1383	ATR 72-212A
VT-RKE	1421	ATR 72-212A
VT-RKF	1423	ATR 72-212A
VT-RKG	1427	ATR 72-212A
VT-RKH	1434	ATR 72-212A
VT-RKJ	1439	ATR 72-212A
VT-RKK	1445	ATR 72-212A
VT-RKL	1456	ATR 72-212A
VT-RKM	1463	ATR 72-212A
VT-UDA	1608	ATR 42-500(600 version)
VT-UDB	1609	ATR 42-500(600 version)
VT-KNP	4130	Do 228-4130

**ON TIME PERFORMANCE AND TECHNICAL DISPATCH RELIABILITY**

i) Aircraft on time performance during the financial year 2024-25 was as under:

On Time performance (OTP)	
Period	OTP
FY 2024-25	63.00 %

ii) Aircraft technical dispatch reliability during the financial year 2024-25 as compared to previous year was as under:

Aircraft Type	Period	Technical Dispatch Reliability
ATR 72-600	FY 2023-24	98.70%
ATR 42-500		99.57%
Do-228		99.30 %
ATR 72-600	FY 2024-25	98.35 %
ATR 42-500		98.92 %
Do-228		99.64 %

AIRCRAFT UTILIZATION

Aircraft utilization during the financial year 2024-25 was as under:

Financial Year	Flying Hrs. Utilization	Block Hrs. Utilization
2024-25	30513:58	38637:24

MARKETING INITIATIVES

Performance during the financial year 2024-25 was as under:

No. of Stations: 53

Average Departures per day: 73

Revenue Performance

Month	Revenue Passengers	(Rs. in Crore)				
		Passenger Revenue, EBT, Mail, Cargo	RCS + VGF (Revenue)	Charter Revenue	Other Revenue	Total Operating Revenue
April-2024	128938	38.41	31.47	0.00	2.68	72.57
May-2024	136339	43.13	31.54	1.80	3.05	79.52
June-2024	134467	39.84	33.84	0.87	2.81	77.36
July-2024	121482	31.32	34.02	0.41	2.75	68.51
August-2024	115395	30.35	35.10	0.00	2.90	68.35
September-2024	100415	27.00	32.47	0.27	2.14	61.87
October-2024	95785	29.88	30.89	0.24	2.70	63.71
November-2024	94990	34.22	30.24	0.23	2.42	67.13
December-2024	97869	36.20	28.19	0.27	2.54	67.19
January-2025	89319	35.49	25.72	0.04	2.51	63.76



February-2025	84834	43.08	22.45	0.00	2.72	68.24
March-2025	76561	25.24	25.26	0.26	5.60	56.36
Total	1276394	414.16	361.20	4.38	34.83	814.56

Physical Statistics

Month	Estimated Seat Capacity	% Seat Factor	OTP (%)	Total Number of Departures
April-2024	163400	78.91%	61	2778
May-2024	170240	80.09%	63	2910
June-2024	170912	78.68%	63	2932
July-2024	159972	75.94%	60	2701
August-2024	156900	73.55%	62	2641
September-2024	138738	72.38%	71	2346
October-2024	130560	73.37%	63	2284
November-2024	128175	74.11%	64	2131
December-2024	125983	77.68%	63	2069
January-2025	115039	77.64%	58	1953
February-2025	102172	83.03%	63	1710
March-2025	100859	75.91%	73	1697
Total	1662950	76.77%	63	28152

New Routes introduced in FY 2024-25

ROUTE	FLIGHT TYPE	FREQUENCY	EFFECTIVE DATE
Jaipur-Bikaner	RCS	3	17-Jun-24
Bikaner-Jaipur	RCS	3	17-Jun-24
Kullu-Dehradun	RCS	3	18-Jun-24
Dehradun-Kullu	RCS	3	18-Jun-24
Mumbai-Jalgaon	RCS	7	20-Jun-24
Jalgaon-Mumbai	RCS	7	20-Jun-24
Guwahati-Itanagar	VGf	5	25-Jul-24
Itanagar - Guwahati	VGf	5	25-Jul-24
Itanagar-Dibrugarh	VGf	2	25-Jul-24
Dibrugarh-Itanagar	VGf	2	25-Jul-24
Pasighat-Itanagar	VGf	2	25-Jul-24
Pasighat-Pasighat	VGf	2	25-Jul-24
Itanagar-Ziro	VGf	2	25-Jul-24
Ziro-Itanagar	VGf	2	25-Jul-24
Shimla-Dharamshala	VGf	4	18-Aug-24



Dharamshala-Shimla	VGF	4	18-Aug-24
Kullu-Jaipur	RCS	3	14-Oct-24
Jaipur-Kullu	RCS	3	14-Oct-24
Jorhat-Tezu	RCS	4	16-Oct-24
Tezu-Jorhat	RCS	4	16-Oct-24
Guwahati-Tezu	RCS	5	16-Oct-24
Tezu-Guwahati	RCS	5	16-Oct-24
Guwahati-Rupsi	RCS	6	17-Oct-24
Rupsi-Guwahati	RCS	6	17-Oct-24
Kolkata-Rupsi	RCS	6	17-Oct-24
Rupsi-Kolkata	RCS	6	17-Oct-24
Imphal-Tezu	RCS	5	18-Oct-24
Tezu-Imphal	RCS	5	18-Oct-24
Jorhat-Pasighat	RCS	4	29-Oct-24
Pasighat-Jorhat	RCS	4	29-Oct-24
Pasighat-Shillong	RCS	4	29-Oct-24
Delhi-Pitohragarh	VGF	3	7-Nov-24
Pitohragarh-Delhi	VGF	3	7-Nov-24
Guwahati-Imphal	VGF	2	16-Jan-25
Imphal-Guwahati	VGF	2	16-Jan-25
Kolkata-Imphal	VGF	2	16-Jan-25
Imphal-Kolkata	VGF	2	16-Jan-25
Hyderabad-Vidyanagar	VGF	4	16-Jan-25
Vidyanagar-Hyderabad	VGF	4	16-Jan-25
Bangalore-Vidyanagar	VGF	4	16-Jan-25
Vidyanagar-Bangalore	VGF	4	16-Jan-25

ACHIEVEMENTS

- As of 31st March 2025, Alliance Air has now 962 agents onboard for direct sales across our network.
- Alliance Air operated 270 flights for Maha kumbh from various stations and Carried 17,035 passengers.
- Ministry of Tourism appreciated the overall planning and execution promotion of Prayagraj Maha Kumbh 2025 connecting IXD with 8 major cities.
- Agents have been regionally distributed and allocated to the Sales Team to cover airline entire network across India.
- Regular promotional sales have been organized across the entire Alliance Air network.
- Participated in the short term sale of Yatra, Cleartrip and EMT. With Udcahlo Defence booking on D-1 on API increased the revenue.
- The airline signed a Memorandum of Understanding (MOU) with Manipur State on VGF model.





- The airline also signed a Memorandum of Understanding (MOU) with Uttarakhand Civil Aviation Development Authority (UCADA) to launch new routes from Uttarakhand.
- Participated in SATTE and regional roadshows. Strong coordination seen from field sales to call center teams.
- Well participated in World Tourism Day Celebration held at Vigyan Bhawan on 27th September by Ministry of Tourism, GOI.
- Alliance Air participate networking event @Rajasthan Domestic Travel Mart held in Jaipur, September 2024
- Alliance Air celebrated Swachata Abhiyaan and Gandhi Jayanti on 2nd October 2024.
- Airline participated in Travel Expo "kerala's biggest travel expo held at Marriot Hotel in December 2024, Kochi. Generated a lot of leads registration after that attend.
- To promote the Airline visibility, MOCA insisted giving a display area at the CII International Exhibition & conference on Air Mobility (from 19-22 January 2025)

AWARDS

Alliance Air won an award for the 'Trusted Airline under RCS-UDAN' at the Indian PSU Achievers' Award 2025.

FARES DURING THE FINANCIAL YEAR 2024-25

The airline offered reasonable market prices throughout the period of 2024-2025, considering various factors including Seasonality, Competitive market, duration, frequency, direct/indirect, etc:-

- **Based on the seasonality and demand** in the market pricing of the flight is decided throughout the year. During peak travel times like holidays and summer vacations, demand is more which leads to higher prices, while off-peak seasons typically comparatively lesser prices are offered matching the competitive rates of the market. This strategy aims to maximize revenue during high-demand periods and attract customers during off season.
- **Greater supply:** Higher flight frequency translates to increased seat availability on a given route. This expanded supply can lead to lower prices, especially if demand doesn't keep pace.
- **Increased Competition:** When multiple airlines operate frequent flights on a particular route, competition can intensify. Airlines may lower fares to attract passengers and gain market share.
- **Meeting High Demand:** Increased flight frequencies are often a response to consistently high passenger demand on a route. While there's more supply, this strong demand can still enable airlines to maintain higher pricing levels, especially during peak seasons or for popular routes.
- **Dynamic Pricing:** Airlines frequently utilize dynamic pricing models that adjust fares in real-time based on factors like demand, booking patterns, and available seats. Even with increased frequency, if demand remains strong, the algorithms can increase prices.
- **Operational Costs:** While increased frequency can offer efficiencies, it also comes with increased operational expenses like fuel costs, airport fees, and maintenance. Airlines may need to adjust prices to cover these costs.
- **Direct flights** are high in demand hence more vigorous check is made to stay in the competitive market. These value travellers place on convenience and shorter travel times.
- Flights with layovers are usually more time taking and less convenient and take longer, resulting in lower demand hence requires less monitoring than direct flights.
- The direct impact of increased flight frequency on ticket prices is not always straightforward. While it can introduce greater competition and potentially lower fares, it's often a response to strong demand that can allow airlines to maintain prices. Dynamic pricing strategies and operational costs also play a significant role in influencing the final ticket price.



- **Competitive pricing**, a crucial component of dynamic pricing strategies in the airline industry, allows airlines to respond effectively to market forces and competitor actions. By continuously monitoring and adapting their fares, airlines aim to attract customers, maximize revenue, and maintain their position in a fiercely competitive environment.
- **Special pricing** strategies were implemented for routes subsidized under the VGF and RCS initiatives to enhance connectivity and make air travel more affordable in underserved regions.

PASSENGER COMPLAINTS RESOLUTION

Proactive complaints resolution was undertaken during the financial year 2024-25:

Quarter	Complaints Received	Complaints Closed
Q1	199	199
Q2	136	136
Q3	68	68
Q4	109	109
FY 2024-2025	512	512

ENGINEERING INITIATIVES

Various economy measures adopted and achievements made thereon highlighting the specific items / areas, quantifying the amounts so saved.

- Successfully completed reconciliation under the GMSA, resulting in the issuance of a credit note worth approximately USD 1.2 million (INR 11 crore) against total billing.
- **Optimization of Aircraft Maintenance Programme:** Enhanced efficiency and cost-effectiveness by refining the aircraft maintenance schedule, aligning it with operational needs and regulatory standards.
- **Streamlining of Technical Procurement & Logistics:** Strengthened the procurement and logistics framework to ensure timely availability and positioning of critical materials, thereby minimizing operational delays and improving turnaround times.

Abrief note on Engineering and Maintenance including Bases, new shops, major works, outstations;

- No. of Night Halt Bases–06 (Delhi, Hyderabad, Kolkata, Mumbai, Bangalore, Guwahati).
- Rotable spares (Fire extinguishers, Oxygen bottles, Batteries, SSCVR, SSFDR, ELT, wheels assy, brakes etc.) of AAAL are being serviced at AIESL and other approved shops across Delhi, Hyderabad, Kolkata and Mumbai.

Details of Engineering Services provided to other Airlines/Organization and Engineer’s Training Programme:

As per the signed Master Service Agreement between AIESL and AAAL, AIESL will provide regular engineering training to the AAAL staff and AIESL Staff deputed to AAAL.

Plan for 2025-26 with special reference to aircraft utilisation, availability of Engineers, new routes/ services, utilisation of facilities etc. and also plan for fleet expansion.

- **Aircraft Induction:** Under the Dornier project, the induction process for another aircraft, VT-KNQ, is currently underway, further strengthening the fleet.
- **Enhanced Aircraft Utilization:** Strategic initiatives are being planned to improve overall aircraft utilization, aiming to maximize operational efficiency and fleet productivity.
- **Revival of Grounded Aircraft:** Necessary spares are being arranged to bring long-grounded aircraft back into service, contributing to increased availability and optimized resource deployment.





**FLIGHT SAFETY**

The Company has independent Flight Safety department, which functions as per the DGCA requirements in proactive manner. Under proactive function, the Flight Safety Department does FDMA (Flight Data Monitoring and Analysis) which require continuous monitoring of flight data i.e., of SSFDR & CVR and internal Safety audit of the base station as well as safety inspection of line stations, airfield inspection, spot checks and ramp inspection.

Total 73 incidents were reported in the financial year 2024-2025, out of which 31 cases were investigated by the Permanent Investigation Board (PIB) of the company in association with DGCA (NR). Left 39 occurrences were not considered significant (Ramp Return or GTB) for PIB by O/o DAS (NR), but internal investigation conducted by Flight Safety, Alliance Air. All PIB cases addressed and closed. Rest 03 cases are under investigation by DGCA is as following:-

- (i) 01 case of VT-RKF related to abnormal runway contact dated 08.10.2024 is under investigation of AAIB.
- (ii) 01 case of VT-RKL related to Engine 1 in flight shut down dated 15.09.2024 is under investigation of DGCA.
- (iii) 01 case of VT-UDB dated 24.03.2025 related to IDLE GATE fail and ACW GEN 1+2 alerts has been considered in PIB on 09.04.2025, but due to office order by DGCA File No: DGCA-15018(02)/3/2025-DAS dated. 17.04.2025 it is still under investigation by DGCA.

Total 19 Bird hit/strike occurrences were reported in the financial year 2024-2025 & NIL damage was observed on the aircraft except VT-RKM propeller spinner was damaged due to Bird Strike at 4000 Ft during descent to Gwalior on 14.06.2024. The respective aerodrome authorities as well as DGCA were informed about these Bird hit for corrective measures.

- i. To ensure safety of aircraft following measures are taken up by Flight Safety Department:
- ii. Internal audit of base station (Delhi) in Nov 2024 & Safety audit of 21 Line station were carried out as per approved audit plan 2024-2025.
- iii. FDMA trends are shared in Quarterly SRBM which is chaired by CEO and also with Training Department for Amber & Red values to emphasise during Training session.
- iv. As per FDAP program crew were timely cautioned, advised and counselled for Red exceedances.
- v. SAG (Safety Action Group) meeting is being conducted every month & employees are encouraged to submit Voluntary report. Total 41 voluntary reports were received and closed during financial year 2024-2025.
- vi. Load and trim sheet of respective fleets are being monitored on monthly basis and 24 spot checks of the Line stations are conducted as per CAR section 5, Series F, Part I (Appendix D).
- vii. The 15 recommendations by Permanent Investigation Board are circulated to the concerned departments for necessary action & compliance out of which recommendation of 01 case (VT-RKJ occurrence dated 13.03.2025) is pending by CAMO department.
- viii. In house SRM/SRBM are conducted quarterly as per calendar year in the month of May (2024) for 1st Quarter, in the month of August (2024) for 2nd Quarter, in the month of October (2024) for 3rd Quarter & in the month of January (2025) for 4th quarter 2024.
- ix. Two Interactive meet of Pilot, Engineers and Cabin Crew has been conducted in the financial year 2024-2025.
- x. 66 SMS Training sessions has been imparted to Cockpit Crew, Cabin crew, Dispatcher, and Ground Staff in Financial year 2024-2025.
- xi. ERP Table Top Exercise has been conducted on 04.09.2024 & 07.02.2025.
- xii. In financial year 2024-2025, Flight Safety Department has organised the IOSA Auditor training conducted from 13th to 17th May 2024 nominated by respective department.





OPERATIONS

A brief note on the steps taken to reduce the expenditure on Aviation Fuel. Measures taken for shortening of flights routes, optimization of flights, improving flight technique/ maintenance and savings affected may also be indicated.

Measures taken for Fuel Saving by the Operations Department:

1. Computerized Flight Plan (CFP) is being issued for all Alliance Air flights. CFP optimizes the Flight Level enabling flying to destinations based on the actual wind and trip distance; as a result the overall fuel consumption is reduced.
2. CFP also avoids carriage of extra fuel and gives higher payload especially on RTOW restricted runways. This is due to the prediction made on the exact fuel required.
3. Descent speed for all Alliance Air flights (ATR 72-600 aircraft) has been revised resulting in fuel saving and cost saving. This change also helps flight crew to have stabilized approaches over airfields.
4. Alternates are selected in such a way that they are at minimum distance from destination station. Therefore the block fuel requirement decreases, which enables carrying of higher pay load.
5. Concept of Fuel Tankering is utilized and Fuel Tankering circular is being issued monthly by Operations Department. Close coordination is being done between Operations and Finance Department to ensure accurate, updated and revised fuel prices at every station depending on whether the sector is being operated as a commercial flight or RCS flight.
6. Ground cooling unit is being used at selected metro stations wherever available instead of Hotel Mode thereby reducing fuel consumption.
7. Pilots are encouraged to conduct straight in approach/ visual approach as much possible which reduce the track miles travelled by the aircraft.
8. Single Engine Taxi post landing is being followed by Alliance Air cockpit crew.
9. Continuous Descent Technique from top of descent is encouraged to cockpit crew instead of level of segments which aids in fuel saving. It also helps in noise abatement regulations.
10. Alliance Air follows RNP approach to operate to airfields with lower minima with RNP Approach Procedures. This assists the pilots to fly on efficient trajectories on final approach/accurate lateral guidance in approach/vertical guidance in final approach. This approach also enhances safety levels of Alliance Air flights.
11. SVFR Approaches are being requested /conducted by Flight Crew on approved airfields as a cost effective measure to mitigate diversions/cancellations.
12. Alliance Air cockpit crew is cleared for low visibility Take-off (LVTO and CAT II) operations which permits to operate during low visibility, this reducing diversions and minimizing passenger inconvenience.

Aircraft type-wise number of Pilots trained as Commander and Co-Pilots with training flying hours and change in training pattern, if any.

No. of Pilots trained as Commanders & Co Pilots (2024-2025)

	No. of Pilots Trained/Upgraded (ATR 42/72-600)					
	P1 (Including Transition Captains and PIC Upgrade)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots	09	13	01	02	0	04



No. of Pilots trained as Commanders & Co Pilots (2024-2025)

	No. of Pilots Trained/Upgraded (DO-228)					
	P1 (Including Transition Captains)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots		3	-	-	-	1

Number of performance/ technical/endorsement refresher courses/ training conducted along with the number of participants-Pilots/Cabin Crew etc.

S. No	Type of Training	P1	P2
1	Online Recurrent Ground Training	23	29
2	Offline Recurrent Ground Training	47	32
3	Corrective CRM Training	1	2
4	Initial LTC Ground Training	5	-
5	Joint CRM Training	32	34
6	Do-228 TRI Upgrade Ground Training	1	-
7	PIC Upgrade Ground Training	-	4
8	Corrective Ground Training	7	9
9	Fire Smoke Drill Training	16	9
10	Initial CRM Training	6	4
11	Extended Refresher Training	1	3
12	Do-228 LTC Upgrade Ground Training	1	-
13	Recurrent DGR Training	17	18
14	Initial DGR Training	21	9
15	OCC With Extended Refresher Training	4	1
16	Recurrent TRI Upgrade Ground Training	2	-
17	Do-228 Recurrent Ground Training	1	2
18	Online DO-228 Recurrent Ground Training	-	1

Details of Simulator Training imparted (2024-25)

Simulator Training Details

S. No	Simulator Training Details	Consolidated details No. of hours for P1 and P2
1	April, 2024	195:30:00
2	May, 2024	139:00:00
3	June, 2024	146:15:00
4	July, 2024	281:00:00
5	August, 2024	256:00:00
6	September, 2024	209:50:00
7	October, 2024	194:15:00
8	November ,2024	139:15:00
9	December, 2024	167:30:00
10	January, 2025	145:50:00
11	February, 2025	149:30:00
12	March, 2025	158:45:00



FUEL TANKERING

Aircraft fuel cost at each station differs due to variation of local taxes at the station. In order to reduce expenditure on fuel- upliftment, it is healthier practice to uplift extra fuel from the station where the cost of ATF is lower. This depends on the payload factor (Under load condition) & Regulated Landing Weight (RLW) / Regulated Take-Off Weight (RTOW) limits. Weather & payload are other variables that lead to extra consumption of fuel on a particular flight.

Presently, Alliance Air is carrying out fuel tankering on monthly basis on an average on 80 AAAL sectors. Based on the fuel price difference, sectors for fuel tankering are finalized by the Operations Department.

VARIOUS ECONOMY MEASURES ADOPTED AND ACHIEVEMENTS MADE THEREON HIGHLIGHTING THE SPECIFIC ITEMS/AREAS, QUANTIFYING THE AMOUNT SO SAVED

The key economic measures adopted by the Operation Department are as below:-

- Fuel/Energy conservation related measure: Fuel Tankering is being closely monitored and fuel tankering circulars are issued periodically.
- Crew availability/utilization is planned and monitored in an optimal manner.
- Trainings for cockpit crew and cabin crew are conducted in a way such that minimum crew movement is involved.
- Pilot support is extended to client airlines on a contracted amount as a revenue generating initiative.
- Expat pilots join AAAL on Indian FTEA with terms and condition same as Indian Contract, FTEA.
- Crew transport is being clubbed on all routes reducing the vehicle usage; this has considerably lowered the transport cost to the company.
- Optimum utilization of cockpit crew across bases for smooth transition of flight operations.
- Monitoring of SOD movement for flight operations and training purposes. ACM travel towards crew movement/positioning is maximized and planned on 9I flights to the extent possible as a cost saving measure.
- Permanent posting of cockpit and cabin crew to make bases independent and avoid extra expenditure on hotel and SOD.
- Meetings/counseling/briefing/interviews are being conducted through WebEx/video conferences to reduce the cost incurred on SOD/Transport/Hotac/meals. This is also a time saving measure.
- Full support is extended to the Marketing/Network Planning and other related departments for charter operations at all times. Any revenue generating opportunity by the organization is encouraged.
- AAAL utilizes its in-house L&T instructors for imparting Trainings. Load and Trim Trainings, both Basic and Recurrent Trainings are conducted for ground handling agencies on a fixed amount per candidate. Such trainings are billed to the vendor which either get revenue or are adjusted in reducing the outstanding dues of the company as per the terms of MoU.
- AVSEC trainings are conducted at respective bases to avoid crew movement, hotac and the time involved in travelling.
- Airline Type Rating Programme (ATRP): Alliance Air introduced ATRP in June 2019. The facility of Training Support is being extended to other airlines such as Air Kerala/Fly91/Jettwings during their start-up phase
- Online Trainings for cockpit crew/cabin crew/despatchers are planned in terms of Recurrent/ Refresher as per approval received from DGCA.



- Trainings are being conducted for other airline pilots and cabin crew, this is helping Alliance Air in generating additional revenue. AAAL trainers are being used for simulator training of other organizations which is generating additional revenue.
- A Bond is being taken from pilots undergoing PIC/LTC/TRI/DE upgrades to ensure their continuous services to the airline post upgradation.
- Post Resignation, Exit Formalities are followed-up stringently for recovery of LD/UPGRADE/LTC bond amount. Departmental clearance is given on recovery of recoverable amount and return of company property.
- MoU with start-up airlines to depute trained crew of AAAL to other airlines on short term bases.

GOING CONCERN

The Company is a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The total fleet of Company stands at 21 aircraft as on 31st March'2025. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, especially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

Alliance Air has also entered the agreement with different State Governments to operate the aircraft to connect the states with major cities under VGF scheme namely Uttrakhand, Odisha, Lakshadweep, Daman & Diu, Himachal & Chhattisgarh.

The Company has emerged as one of the major player in the Government of India's premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 165. Out of allotted routes, the Company operated 137 routes as on 31st March 2025 (previous year 115 routes).

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2024-25 and thereafter further consolidating the gains.

Since the Company expects improvement in Operational and Financial Performances and the Company has support from the government of India to make the Company fully operational, hence the financial statements of the Company have been prepared on the "Going Concern" basis despite having accumulated losses and net-worth being eroded."

RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

INTERNAL CONTROL SYSTEMS

The Company had appointed M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi as Internal Auditors for the financial year 2024-25 to carry out various internal audit assignments such as Tax compliance, risk assessment & mitigation, strengthening internal control process etc.



FORM MR-3
SECRETARIAL AUDIT REPORT
(For the Financial Year ended 31st March, 2025)

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

To,

The Members,
Alliance Air Aviation Limited,
Alliance Bhawan, Domestic Terminal-1,
IGI Airport, New Delhi-110037

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Alliance Air Aviation Limited** (here in after called “**the Company**”) having CIN: U51101DL1983GOI016518. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on verification of the Company’s books, papers, minute books, forms, returns filed and other records maintained by the Company, information provided by the Company, its officers , agents and authorized representatives, electronic records available in the official portal of the Ministry of Corporate Affairs www.mca.gov.in, representation made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering financial year ended on **31st March 2025**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, the official portal of the ministry of corporate affairs (MCA) etc. and other records maintained by the Company for the financial year ended on **31st March 2025**, according to the applicable provisions of:

- i) The Companies Act, 2013 (**the Act**) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder; (**the Company being unlisted Company, the Provisions are not applicable**)
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**not applicable to the Company during the audit period**)
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, (**the Company being an unlisted Company, the following regulations are not applicable**)
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;



- e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulation, 2021.
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018;
 - i. The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;
 - j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- vi) The Management has confirmed that the following industry laws specifically applicable to the Company are duly complied.
- a. Aircraft Act, 1934 and the Rules made thereunder
 - b. Bharatiya Vayuyan Adhiniyam, 2024(applicable from 01-01-2025)
 - c. Carriage by Air Act 1972 and the Rules made thereunder
 - d. Airport Authority of India Act, 1994
 - e. The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder
 - f. The Civil Aviation Requirements issued by Directorate General of Civil Aviation
 - g. The Aircraft (Security) Rules, 2011
 - h. International Conventions
 - i. Tokyo Convention Act, 1975
 - j. Anti-Hijacking Act 1982/1994
 - k. Suppression of Unlawful acts against Safety of Civil Aviation Act, 1982/1994
 - l. Airports Economic Regulatory Authority of India Act, 2008

We have also examined compliance of the applicable clauses of the Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;

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

We further report that:

- (i) The Board of Directors of the Company is duly constituted in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance Norms for Central Public Sector Enterprises. Changes in the composition of the Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;
- (ii) Adequate notice is given to all Directors to convene the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (iii) All the decisions of the Board and Committees thereof were carried through with requisite majority.

We further report that based on review of the compliance mechanism established by the Company, we are of the opinion that there are adequate systems and processes in place in the Company which are commensurate with its size and operations, to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.



We further report that during the financial year under review; no event has occurred having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.,

**For T. Chatterjee & Associates
Practising Company Secretaries
FRN No. - P2007WB067100
Peer Review No.- 7203/2025**

Sd/-

Sumana Subhash Mitra

Partner

ACS:43291

COP: 22915

UDIN:A043291G002577801

Place: New Delhi

Date: 20.12.2025

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



To
The Members,
Alliance Air Aviation Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Guidance Notes on ICSI Auditing Standard, audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For T. Chatterjee & Associates
Practising Company Secretaries
FRN No. - P2007WB067100
Peer Review No.- 7203/2025

Sd/-
Sumana Subhash Mitra
Partner
ACS:43291
COP: 22915
UDIN:A043291G002577801

Place: New Delhi
Date: 20.12.2025



**REPORT ON CORPORATE GOVERNANCE**

The Report on the Corporate Governance for the financial year 2024-25 in compliance of provisions of the Companies Act, 2013 and DPE Guidelines issued by the Department of Public Enterprises, Government of India is given as below:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

Alliance Air Aviation Limited (AAAL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). Its Directors are appointed by the Holding Company in consultation with the Government of India. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

Composition of Board as on 31st March, 2025:

S. No.	Name of Director	Designation
1.	Shri Amit Kumar ^(Refer No.1) Chairman & Managing Director, AI Assets Holding Limited	Chairman & Nominee Director
2.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Nominee Director
3.	Shri Rohit Raj ^(Refer No.2) Director, Ministry of Civil Aviation	Nominee Director
4.	Smt. Nayonika Dutta ^(Refer No.3) Joint Director, Ministry of Civil Aviation	Nominee Director

Note:

- In terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar was appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f the date of his assumption of charge of the post till the date of his superannuation i.e. 30-06-2027, or until further order, whichever is earlier. However, his appointment on the Board of Alliance Air Aviation Limited as Nominee Director became effective from the date of obtaining his Director Identification Number (DIN) i.e.13-03-2025. Consequently, Shri Asangba Chuba Ao ceased from the Board of the Company w-e-f 11-03-2025.*

The Board placed on record its appreciation of the valuable services rendered by Shri Asangba Chuba Ao during his tenure as Chairman of the Company.

- In terms of the Office Memorandum issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17046/56/2019 -AI dated 13-12-2024, Shri Rohit Raj was nominated on the Board of Alliance Air Aviation Limited w.e.f 13-12-2024 vice Shri Pranjol Chandra. However, his appointment as Nominee Director became effective from the date of obtaining his Director Identification Number*



i.e. 18-03-2025. Consequently, Shri Pranjol Chandra ceased from the Board of the Company w-e-f 13-12-2024.

The Board placed on record its appreciation of the valuable services rendered by Shri Pranjol Chandra during his tenure on the Board of the Company.

3. *Interms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file no. A.V.17046/56/2019-AI dated 28-03-2025, Ms. Nayonika Dutta, Joint Director, MoCA was nominated on the Board of Alliance Air Aviation Limited vice Shri Brajesh Kumar Srivastava. Consequently, Shri Brajesh Kumar Srivastava ceased from the Board of the Company w-e-f 28-03-2025.*

The Board placed on record its appreciation of the valuable services rendered by Shri Brajesh Kumar Srivastava.

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

3. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at the registered office of the Company, New Delhi via Video Conferencing (VC)/ physical mode or at the Corporate office of the Holding Company. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings is prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

Details regarding the Board Meetings, Annual General Meeting, Directors' attendance thereat, Directorships and Committee positions held by the Directors are as under:

Board Meetings:

Seven Board Meetings were held during the financial year 2024-25 on the following dates:-

26th April, 2024 (190th Meeting)

4th June, 2024 (191st Meeting)

31st July, 2024 (192nd Meeting)

12th August, 2024 (193rd Meeting)

5th November, 2024 (194th Meeting)

20th December, 2024 (195th Meeting)

16th January 2025 (196th Meeting)

**Particulars of Directors including their attendance at the Board/Shareholders' meetings during the financial year 2024-25:**

Name of the Director	Academic Qualifications	Attendance Particulars			
		No. of Board Meetings		Last AGM Attended	
		Held	Attended	41 st	41 st Adjourned
Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation and Chairman & Managing Director AIAHL Director & Chairman (Director w.e.f 18-01-2023 till date & Chairman w.e.f 29-02-2024 to 11-03-2025)	MA (Eng Litt.) & MA (Public Administration)	7	7	Yes	Yes
Shri Amit Kumar Chairman & Managing Director AIAHL Chairman (w.e.f 13-03-2025 to till date)	B.E. Electrical	7 (Eligible for attending nil meetings)	0	NA	Yes
Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (from 11-02-2022 to 13-12-2024)	B.E. Mechanical	7 (Eligible for attending five meetings only)	2	No	NA
Shri Rohit Raj Director, Ministry of Civil Aviation Director (from 18-03-2025 to till date)	Graduate	7 (Eligible for attending nil meeting only)	0	NA	Yes
Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (from 18-01-2023 to 28-03-2025)	Post Graduate	7	6	Yes	NA
Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation Director (from 12-02-2024 to till date)	Masters Degree in Economics	7	7	Yes	Yes



Directorships and Memberships of Board Committees

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31 st March, 2025
<p>Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation and Chairman & Managing Director AIAHL</p> <p>Director & Chairman (Director w.e.f 18-01-2023 till date & Chairman w.e.f 29-02-2024 to 11-03-2025)</p>	<p><u>Chairman & Managing Director</u></p> <p>AI Assets Holding Limited w.e.f 01-01-2024 till 11-03-2025.</p> <p><u>Chairman</u></p> <p>AI Airport Services Limited w.e.f 01-01-2024 till 11-03-2025.</p> <p>AI Engineering Services Limited w.e.f 01-01-2024 till 11-03-2025</p> <p>Hotel Corporation of India Limited w.e.f 05-03-2024 till 11-03-2025</p> <p><u>Director</u></p> <p>Rohini Heliport Limited</p> <p>Pawan Hans Limited</p> <p>AI Assets Holding Limited</p> <p>AI Airport Services Limited</p> <p>AI Engineering Services Limited</p>	<p><u>Alliance Air Aviation Limited Chairman</u></p> <p>HR Committee w.e.f. 29-02-2024 till 11-03-2025.</p> <p>Flight Safety Committee w.e.f. 29-02-2024 till 11-03-2025</p> <p><u>Member</u></p> <p>Audit Committee w.e.f. 29-02-2024 till 11-03-2025.</p> <p><u>AI Airport Services Limited Chairman</u></p> <p>Corporate Social Responsibility Committee till 11-03-2025</p> <p><u>Member</u></p> <p>Audit Committee till 11-03-2025.</p> <p><u>AI Engineering Services Limited Chairman</u></p> <p>Corporate Social Responsibility Committee till 11-03-2025</p> <p><u>Member</u></p> <p>Audit Committee till 11-03-2025</p> <p><u>AI Assets Holding Limited Member</u></p> <p>Stakeholder Relationship Committee & Nomination & Remuneration Committee till 11-03-2025</p> <p><u>Pawan Hans Ltd Member</u></p> <p>Nomination & Remuneration Committee</p>



<p>Shri Amit Kumar Chairman & Managing Director, AIAHL Chairman (w.e.f 13-03-2025 to till date)</p>	<p><u>Chairman & Managing Director</u> AI Assets Holding Limited w.e.f 13-03-2025 <u>Chairman</u> AI Airport Services Limited w.e.f 13-03-2025. AI Engineering Services Limited w.e.f 13-03-2025. Hotel Corporation of India Limited w.e.f 13-03-2025. <u>Director</u> AI Assets Holding Limited AI Airport Services Limited AI Engineering Services Limited</p>	<p><u>Alliance Air Aviation Limited Chairman</u> Flight Safety Committee HR Committee <u>Member</u> Audit Committee <u>AI Assets Holding Limited Member</u> Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee <u>AI Airport Services Limited Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>AI Engineering Services Limited Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>Hotel Corporation of India Limited Member</u> Audit Committee</p>
<p>Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (from 11-02-2022 to 13-12-2024)</p>	<p><u>Director</u> Hotel Corporation of India Ltd.(HCI) till 13-12-2024</p>	<p><u>Alliance Air Aviation Limited Chairman</u> Audit Committee w.e.f 29-02-2024 till 13-12-2024 <u>Member</u> HR Committee till 13-12-2024 Flight Safety Committee till 13-12-2024 <u>Hotel Corporation of India Ltd Member</u> Audit Committee</p>



<p>Shri Rohit Raj Director, Ministry of Civil Aviation Director (from 18-03-2025 to till date)</p>	<p><u>Director</u> Hotel Corporation of India Limited (HCI) w.e.f 18-03-2025</p>	<p><u>Alliance Air Aviation Limited</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>Hotel Corporation of India Ltd</u> <u>Member</u> Audit Committee</p>
<p>Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (from 18-01-2023 to 28-03-2025)</p>	<p><u>Director</u> Hotel Corporation of India Limited (HCI) till 28-03-2025</p>	<p><u>Alliance Air Aviation Limited</u> <u>Member</u> Audit Committee till 28-03-2025 HR Committee till 28-03-2025 Flight Safety Committee till 28-03-2025 <u>Hotel Corporation of India Ltd</u> <u>Member</u> Audit Committee till 28-03-2025</p>
<p>Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation Director (from 12-02-2024 to till date)</p>	<p><u>Director</u> AI Engineering Services Limited AI Airport Services Limited</p>	<p><u>Alliance Air Aviation Limited</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>AI Engineering Services Limited</u> <u>Member</u> Audit Committee CSR Committee</p>

4. CODE OF CONDUCT

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

5. AUDIT COMMITTEE

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted.



As on 31st March, 2025, the following were the members of the Audit Committee:

Shri Asangba Chuba Ao	Chairman
Shri Amit Kumar	Member
Shri Brajesh Kumar Srivastava	Member
Smt. Nayonika Dutta	Member

The terms of reference of the Audit Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor’s independence and performance and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company’s Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the Financial Statements and the Auditors’ Report thereon;
- To review the Statutory Auditor’s Report, Management’s response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

The Audit Committee met three times during the year to review various issues including inter- alia Annual Accounts of the Company for the year before submission to the Board, on the following dates:

26th April, 2024 (36th Meeting)

20th December, 2024 (37th Meeting)

16th January, 2025 (38th Meeting)

Attendance at the Audit Committee Meetings:

Name of the Member	No. of meetings attended
Shri Asangba Chuba Ao	3
Shri Amit Kumar*	0
Shri Pranjol Chandra**	1
Shri Rohit Raj***	0
Shri Brajesh Kumar Srivastava	2
Smt. Nayonika Dutta	3

*Eligible for attending nil meetings only.

**Eligible for attending one meeting only.

***Eligible for attending nil meeting only.

**6. GENERAL MEETINGS DURING THE LAST THREE YEARS**

The details of General Meetings of the Company, held during the last three financial years are given below:

AGM/EGM	Date and time of the Meeting	Venue
39 th Annual General Meeting	30 th December, 2022 At 1100 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
40 th Annual General Meeting	22 nd September, 2023 At 1315 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
41 st Annual General Meeting	20 th December 2024 At 1530 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
Adjourned 41 st Annual General Meeting	01 st August 2025 At 1400 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037

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

7. DISCLOSURES AND STATUTORY COMPLIANCES

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

8. CEO/CFO DECLARATION

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Board and Audit Committee and forms part of this report.

9. CERTIFICATE FOR COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

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

The Certificate obtained from a Practising Company Secretary regarding the compliance of the conditions on Corporate Governance forms part of this report.

For and on behalf of the Board

Sd/-
Amit Kumar
Chairman

Place: New Delhi
Date: 05.02.2026



CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31st March, 2025.

Sd/-
(Rajarshi Sen)
Chief Executive Officer
Alliance Air Aviation Limited

Place : New Delhi
Date : 20.12.2025



**DECLARATION BY CHIEF EXECUTIVE OFFICER &
CHIEF FINANCIAL OFFICER**

To,
The Board of Directors,
Alliance Air Aviation Limited

We, Rajarshi Sen , Chief Executive Officer and Amit Mishra, Chief Financial Officer of Alliance Air Aviation Limited (hereinafter “the Company”), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
3. We accept overall responsibility for the Company’s internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.
The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditors and to the Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year;
5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2025.

For Alliance Air Aviation Limited

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Place: New Delhi

Date: 20.11.2025



CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER CORPORATE GOVERNANCE GUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES FOR THE YEAR ENDED 31ST MARCH 2025

To

The Members
Alliance Air Aviation Limited,
Alliance Bhawan, Domestic Terminal-1,
IGI Airport, New Delhi-110037

We have examined the relevant books, records and statements in connection to the compliance with the conditions of Corporate Governance of **Alliance Air Aviation Limited**, (here in after referred as the 'Company'), having CIN: U51101DL1983GOI016518 for the year ended on 31st March, 2025 as stipulated in "Guidelines on Corporate Governance Norms for Central Public Sector Enterprises, as enunciated by the Department of Public Enterprises (DPE).

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

On the basis of our examination of the records produced, explanation and information furnished by the management of the Company, we certify that the Company has complied with the mandatory conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010.

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

For T. Chatterjee & Associates
Company Secretaries
FRN No. - P2007WB067100
Peer Review No. 7203/2025

Sd/-
CS Sumana Subhash Mitra
Partner
ACS:43291
COP: 22915
UDIN:A043291G002578175

Place: New Delhi
Date: 20.12.2025

**Annexure B to Directors' Report for the financial year 2024-25**

Form No. AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

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

There were no contracts or arrangements or transactions entered during the year ended 31st March 2025, which were not at arm's length basis.

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

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2024-25 were on an arm's length basis, in the ordinary course of business which were duly approved in the 196th Board Meeting held on 16th January, 2025. The details of contacts or arrangements or transactions at arm's length basis are as follows:

Name of Related Party and Nature of Relation	Nature of Transaction	Duration of transaction	Salient Terms of Transaction	(Amount in Rs. Crore)
AI Assets Holding Limited (AIAHL) (Holding Company)	Expenditure	1 st April 2024-31 st March 2025	Expenditure	
	Space Charges			-
	Bank charges			3.13
	Interest			263.31
	Total			266.44
AI Engineering Services Ltd (AIESL) (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2024-31 st March 2025	Expenditure / loan	
	Repair Other / loan			123.32
	Manpower			1.1
	Interest			28.06
	Total			152.48
AI Airport Services Ltd. (AIASL) (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2024-31 st March 2025	Expenditure	
	Handling Charges			34.98
	Interest			13.63
	Total			48.61
	Income		Income	
	SOD raised by AAAL			0.18
Total			0.18	



Hotel Corporation of India Limited (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2024-31 st March 2025	Expenditure	
	Hotel Accommodation			0.66
	Total			0.66

For and on behalf of the Board

Sd/-
Amit Kumar
Chairman

Place: New Delhi
Date: 05.02.2026



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED (AAAL) FOR THE YEAR ENDED 31 MARCH 2025

The preparation of Financial Statements of **Alliance Air Aviation Limited** (AAAL) for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statement under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20th November 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statement of **Alliance Air Aviation Limited** (AAAL) for the year ended 31 March 2025 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to my comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller and Auditor General of India**

Sd/-
(Pramod Kumar)
Addl. Dy. CAG (Infrastructure)

Place: New Delhi

Date: 05.01.2026





INDEPENDENT AUDITORS' REPORT

To the Members of ALLIANCE AIR AVIATION LIMITED

Report on the Audit of Ind AS Financial Statements

Qualified Opinion:

We have audited the accompanying Ind AS financial statements of **ALLIANCE AIR AVIATION LIMITED** ("the Company" or "AAAL"), which comprise the Balance Sheet as at March 31 2025, and the statement of Profit and Loss, (Including other comprehensive income) for the year ended March 31 2025, Statement of Changes in Equity and Statement of Cash Flows for the year ended March 31 2025, and notes to the Ind AS financial statements, including material accounting policies and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below, 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 ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its Loss and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Qualified Opinion:

According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, this indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year. Our opinion has been qualified based on the following findings:

- a) Internal control weaknesses regarding the maintenance and recording of the inventory:
 - i. The Company identified difference of ₹155.12 million during the year, attributed to delayed booking of inventory consumption. This reflects weaknesses in internal controls. While a provision has been made, potential material misstatements arising from these issues remain unadjusted in the financial statements.
 - ii. Consumption of ₹188.60 million was recorded based on reports provided by management. However, due to persistent technical constraints in the inventory system—resulting in multiple conflicting reports for the same dates—the accuracy and completeness of this figure could not be verified. Though the differences were minimal, any necessary adjustments to profit/loss, inventory balances, or related disclosures are currently not fully determinable.
 - iii. The provision of ₹155.12 million was based on discrepancies between physical inventory and system records. Management is conducting a detailed reconciliation exercise across all locations, and the final impact of shortages or excess inventory is yet to be determined.
 - iv. In FY 2023–24, the Company had conducted a comprehensive exercise to reconcile inventory and consumption by mapping purchases since Laminaar's inception and applying ROE-based adjustments. The impact of such adjustment was not substantial in FY 2023-24. However, the exercise was not repeated in FY 2024-25, and any differential impact remains unquantified and unaccounted for in the current financial statements.



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 Auditors’ 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 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.

Material Uncertainty related to Going Concern

1. We invite attention to Note No. 41 to the financial statements, wherein the Company addresses its use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 6233.60 million in the previous financial year and has continued incurring losses amounting to Rs. 6829.39 million in the current financial year ended March 31, 2025, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company’s ability to continue as a going concern. The company is a Government Undertaking (A wholly owned subsidiary of AI Assets Holding Limited)

However, the Company had received financial support from its holding company, during the previous financial year. This assistance, combined with other factors detailed in the note no.41, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management.

Emphasis of Matter:

1. We invite attention to note 30(a)(iii) wherein the Company has stated that “A fire took place in CAMO office of AAAL on date April 23 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same has been affected in FY 2024-25.”
2. We draw attention to Note 51 of the accompanying financial statements, which describes that the Company has restated its financial statements for the year ended March 31, 2025, in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to correct a prior period error in respect of the accounting treatment of lease modifications relating to two aircrafts (MSN 1197 and MSN 1226) under Ind AS 116 Leases. In the financial year 2019-20, the lease term of each aircraft, originally 12 years expiring in FY 2026-27, was extended by four years up to FY 2030-31. The Company had, however, not accounted for the lease modification at the time of extension, and accordingly no adjustments had been made to the right-of-use assets, lease liabilities or related items in earlier periods. These errors have been identified and corrected and the comparative figures have been restated in the financial statements for the year ended March 31, 2025.
3. We draw attention to Note no 33, In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on July 15 2024. The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings. The accounting impact for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for the period from April 2024 to July 2024 has been taken in FY 2024-25.

Our Opinion on the financial statements is not modified with respect of the above matters.



Information other than the Ind AS Financial Statements and Auditors' Report thereon:

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report, Director's Report, Management Discussion and Analysis, etc. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 communicate the matter to those charged with governance as required under SA 720 'The Auditors responsibilities relating to other information' and take necessary actions, as applicable under the relevant laws and regulations.

We have nothing to report in this regard.

Management and Board of Director's Responsibilities for the Ind AS Financial Statements:

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, statement of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Ind AS Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 scepticism throughout the audit. We also:

1. 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.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
4. 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 Ind AS 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.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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 Companies Act, 2013, 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. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure B**", on the directions and sub directions issued by the Comptroller and Auditor General of India.
3. **A.** As required by Section 143(3) of the Act, we report that:
 1. 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.
 2. 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 and the company has maintained daily backup



of such books in electronic mode, in a server physically located in India except for the matters stated in the paragraph 3B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

3. The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
4. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (IndAS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
5. On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
6. The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 3A(2) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
7. The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.
8. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure C**”.

B 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:

- a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 on contingent liabilities to the financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. (i) 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,
 - 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.
- (ii) The Management has represented, that, to the best of it’s knowledge and belief, as disclosed in the notes to 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, 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.



- (iii) Based on the audit procedures that has 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 d (i) and (ii) above, contain any material misstatement.
- e. The Company has not declared any dividend during the current financial year ended March 31, 2025.
- f. Based on our examination which included test checks and in accordance with requirements of the Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
 - (i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes for the accounting software used by the company.
 - (ii) We are unable to comment if the audit trail (edit log) facility was enabled at the database layer to log any direct data changes for those softwares operated by a third party service provider and used for maintaining purchase orders in absence of independent auditor's report in relation to controls at the third party service provider.
 - (iii) Further, where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with during the course of our audit.
 - (iv) The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and there is no direct interface between these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software.

**For Batliboi & Purohit,
Chartered Accountants
Firm Reg. No.:101048W**

Sd/-

**CA PARAG HANGEKAR
Partner
Membership No. 110096
UDIN: 25110096BBIKIB6808**

**Place: Mumbai
Date: 20.11.2025**



The Annexure “A” referred to in Independent Auditors’ Report to the members of the company on the Ind as financial statements for the year ended March 31, 2025, we report that:

Referred to in paragraph 1 under ‘Report on other legal and regulatory requirements’ section of our report of even date to the members of **ALLIANCE AIR AVIATION LIMITED**.

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and the records examined by us in the normal course of audit, we state that:

- (i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of use assets.
 - B) The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company conducts physical verification of the Property, Plant and Equipment on biennial basis. The physical verification of the property, plant and equipment was conducted in current financial year ended 31st March, 2025.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company does not hold any immovable property. Hence the provisions of clause 3 (i) (c) of the order is not applicable to the company.
- d) According to information and explanation provided to us, and based on the records made available to us, the company has neither revalued its, property plant and equipment (including ROU Asset) nor its intangible asset. Hence, provisions of clause 3 (i) (d) of the order is not applicable to the company.
- e) No proceedings have been initiated or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.
- (ii) a) The physical verification of inventories is done on biennial basis. During the FY 2024-25, inventories at Delhi, Kolkata and Hyderabad were verified by the management along with the Internal auditors of the Company.

The total discrepancies observed were more than 10 percent in value, however the same have been properly dealt with in books of accounts. The shortages in inventory have been booked under consumption and provision to that extent is created in the books of account. The same has been created based on the initial findings and pending investigation to be conducted by the management. Accordingly, a provision amounting to Rs. 155.12 million based on difference between actual physical inventory and the system records the assessment for which is pending to be made which will be done at a later date. The company has formed an internal committee to investigate the actual loss on account of shortages incurred in FY 23-24, and final report of the investigation by the committee is awaited. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during FY 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. We state that we have not received any report for assessment of actual loss from the company for the shortages identified in the previous verifications. (Refer note no. 30 (b) forming part of Financial Statements).

- b) The Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii) (b) of the order is not applicable to the Company.



- (iii) The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the order are not applicable to the Company.
- (iv) There are no loans, investments and guarantees and security in respect of which provisions of sec 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3 (iv) of the order is not applicable to the company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company.

- (vii) a) The Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues with appropriate authorities except TDS under Income Tax Act and TDS under GST Act.

Tax deducted at source (Under Income Tax Act and Goods and Service Tax Act) has not been deposited regularly.

- b) The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2025 on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	7.92	AY 2000-01	ITAT, New Delhi
Income Tax Act, 1961	Income Tax	10.05	AY 2004-05	ITAT, New Delhi
Income Tax Act, 1961	Income Tax	766.86	AY 2022-23	CIT-Appeal (National Face less Assessment)

- (viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. However, with respect to total loans amounting to Rs. 27,108.94million availed from holding company AI Assets Holding Ltd., the terms and conditions and schedule of repayment thereon have not been stipulated and accordingly we are unable to comment on the default in repayment of such loans. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- c) No term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.
- d) The Company have not utilized funds raised on short term basis for long term purpose. Therefore, provisions of the clause 3 (ix) (d) are not applicable to the company.
- e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3 (ix) (e) are not applicable to the company.



- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) a) No moneys have been raised by way of initial public offer during the year by the Company.
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, a whistleblower complaint has been received by the company regarding certain allegation against the erstwhile CFO of the company. The investigation pertaining to these allegations is under process and the matter is subjudice, hence the actual fraud amount, if any, and its impact would be known upon conclusion of the investigation by the vigilance department.
- b) According to the information and explanation provided to us, the report under section 143(12) was not required to be filed with the central government.
- c) As represented to us by the Management, the company has received a whistleblower complaint during the year regarding certain allegations against the erstwhile CFO of the company and that the investigation is still undergoing and that the final report of the investigation is still awaited.
- (xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- (xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required under accounting standards as prescribed under section 133 of the Companies Act, 2013.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business, but the same needs to be strengthened due to the various lapses highlighted by the whistleblower.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with director. Accordingly, paragraph 3(xv) of the Order is 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. Accordingly, clause 3(xvi)(a) and (b) of the Order is not applicable.
- b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- c) The Group does not have any Core Investment Company. Accordingly, the requirements of clause 3(xvi)(c) and clause 3 (xvi) (d) of the order are not applicable.
- (xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:

Particulars (In millions)	Current Year	Previous Year
Net Profit after Tax and before Other Comprehensive Income	(6829.39)	(6233.60)
Add: Non-cash expenses:		
a) Depreciation and amortization	2688.01	2738.69
b) Unrealized gain/ loss on foreign exchange	(113.40)	(124.97)
Cash Loss during the year	(4254.78)	(3619.88)



- (xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the order is not applicable.
- (xix) On the basis of financial ratios, ageing and expected dates of realisation 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 supported by the Government of India, nothing has come to our attention which causes us to believe that material uncertainty exists as on the date of the audit report indicating 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) a) In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx) (a) and (b) of the order are also not applicable to the Company.
- (xxi) The company is not required to prepare consolidated financial statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the company.

**For Batliboi & Purohit,
Chartered Accountants
Firm Reg. No.:101048W**

Sd/-

**CA PARAG HANGEKAR
Partner
Membership No. 110096
UDIN: 25110096BBIKIB6808**

**Place: Mumbai
Date: 20.11.2025**



Annexure - B to the Independent Auditors' Report

Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended March 31 2025:

Sr. No	Direction u/s 143(5) of the Companies Act, 2013	Auditor's Reply on Action taken on the directions	Impact on Financials
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). 1. As per note no.30(b) read with 32 of the notes to accounts, the system is having a technical glitch which has eventually resulted into shortage in inventory being booked. The matter is subject to investigation the final report of which is awaited. However, till then the provision to that extent is being created in the books for the current year since actual reason for shortage is pending to be investigated. Upon the conclusion of the investigation, there might be additional provision or write back of provision in the consumption.	NIL
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company. As far as loan taken from the parent company is concerned, there is no restructuring of an existing loan or there is no waiver/write off of debts/loans/interest caused due to company's inability to continue as a going concern.	NIL



3	Whether funds (grants/subsidy etc.) received /receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted/ utilized for in the books of accounts.	NIL
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**For Batliboi & Purohit,
Chartered Accountants
Firm Reg. No.:101048W**

Sd/-

**CA PARAG HANGEKAR
Partner**

Membership No. 110096

UDIN: 25110096BBIKIB6808

Place: Mumbai

Date: 20.11.2025



Annexure - C to the Independent Auditors' Report

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

We have audited the Internal Financial Controls over financial reporting of ALLIANCE AIR AVIATION LIMITED ("the Company") as of March 31 2025, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Qualified Opinion:

In our opinion, and to the best of our information and according to the explanations given to us, except for the matters stated in the basis for qualified opinion, the Company, in all material respects, needs to strengthen the internal financial controls with reference to Ind AS financial statements and pending the investigation by the vigilance department we are not able to state that whether such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to Ind AS 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").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2025, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a Qualified opinion on the financial statements.

Basis for Qualified Opinion:

According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year:

The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company's procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor's verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. The accounting impact for year ending March 2024 has already been taken in FY 2023-24, and the impact for April to July 2024 has been taken in FY 2024-25. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes.

- a) The audit of the Company's internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending and that the final report being awaited. Additionally, during the current year additional provision for shortage amounting to Rs.155.12 million was booked



in the system owing to non-booking of consumption resulting into short booking of consumption. The exact reason for the said provision is pending to be identified and that the same shall be accounted for subsequently based on the results of the investigation reports. These weaknesses reflect deficiencies in the Company's controls over inventory accuracy and reconciliation processes.

The Company's internal financial control with regard to the whistleblower complaint and inventories as fully explained in the 'Basis for qualified opinion' of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Managements and Board of Directors Responsibility for Internal Financial Controls:

The Company's Management and board of Director are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Batliboi & Purohit,
Chartered Accountants
Firm Reg. No.:101048W**

Sd/-

**CA PARAG HANGEKAR
Partner
Membership No. 110096
UDIN: 25110096BBIKIB6808**

**Place: Mumbai
Date: 20.11.2025**



Compliance Certificate

We have conducted the audit of accounts of Alliance Air Aviation Limited for the year ended 31st March 2025, in accordance with the directions/ sub-directions issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/ Sub-directions issued to us.

For Batliboi & Purohit,
Chartered Accountants FRN: 101048W

Sd/-
CA Parag Hangekar
Partner
Membership No. 110096
UDIN: 25110096BBIKIB6808

Place: Mumbai
Date: 20.11.2025



INDEPENDENT AUDITORS' REPORT	REPLIES TO INDEPENDENT AUDITORS' REPORT
<p>INDEPENDENT AUDITORS' REPORT To the Members of ALLIANCE AIR AVIATION LIMITED Report on the Audit of Ind AS Financial Statements</p>	
<p>Qualified Opinion:</p> <p>We have audited the accompanying Ind AS financial statements of ALLIANCE AIR AVIATION LIMITED ("the Company" or "AAAL"), which comprise the Balance Sheet as at March 31 2025, and the statement of Profit and Loss, (Including other comprehensive income) for the year ended March 31 2025, Statement of Changes in Equity and Statement of Cash Flows for the year ended March 31 2025, and notes to the Ind AS financial statements, including material accounting policies and other explanatory information ("the financial statements").</p> <p>In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below, 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 ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its Loss and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.</p>	
<p>Basis for Qualified Opinion:</p> <p>According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, this indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year. Our opinion has been qualified based on the following findings:</p> <p>Internal control weaknesses regarding the maintenance and recording of the inventory:</p> <p>i. The Company identified the difference of ₹155.12 million between physical inventories and system records during the year, attributed to delayed booking of inventory consumption. This reflects weaknesses in internal controls. While a provision has been made, potential material misstatements arising from these issues remain unadjusted in the financial statements.</p>	<p>Suitable disclosure has been made in Note No. 30 (b). The reconciliation between system records and physical inventories has been initiated by the company which is expected to be completed within FY 2025-26.</p>



<p>ii. Consumption of ₹188.60 million was recorded based on reports provided by management. However, due to persistent technical constraints in the inventory system—resulting in multiple conflicting reports for the same dates—the accuracy and completeness of this figure could not be verified. Though the differences were minimal, any necessary adjustments to profit/loss, inventory balances, or related disclosures are currently not fully determinable.</p>	Suitable disclosure has been made in Note No. 30 (b).
<p>iii. The provision of ₹155.12 million was based on discrepancies between physical inventory and system records. Management is conducting a detailed reconciliation exercise across all locations, and the final impact is in the process of getting reconciled.</p>	Suitable disclosure has been made in Note No. 30 (b).
<p>iv. In FY 2023–24, the Company had conducted a comprehensive exercise to reconcile inventory and consumption by mapping purchases since Laminaar’s inception and applying ROE-based adjustments. The impact of such adjustment was not substantial in FY 2023-24. However, the exercise was not repeated in FY 2024-25, and any differential impact remains unquantified and unaccounted for in the current financial statements.</p>	Suitable disclosure has been made in Note No. 30 (b).
<p>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 Auditors’ 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 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.</p> <p>Material Uncertainty related to Going Concern</p> <p>1. We invite attention to Note No. 41 to the financial statements, wherein the Company addresses its use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 6233.60 million in the previous financial year and has continued incurring losses amounting to Rs. 6829.39 million in the current financial year ended March 31, 2025, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company’s ability to continue as a going concern. The company is a Government Undertaking (A wholly owned subsidiary of AI Assets Holding Limited).</p> <p>However, the Company had received financial support from its holding company, during the previous financial year. This assistance, combined with other factors detailed in the note no.41 , mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management.</p>	Suitable disclosure has been made in Note No. 41



<p>Emphasis of Matter:</p> <p>1. We invite attention to note 30(a)(iii) wherein the Company has stated that “A fire took place in CAMO office of AAAL on date April 23 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same has been affected in FY 2024-25.”</p>	<p>Suitable disclosure has been made in Note No. 30 (a)</p>
<p>2. We draw attention to Note 51 of the accompanying financial statements, which describes that the Company has restated its financial statements for the year ended March 31, 2025, in accordance with Ind AS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, to correct a prior period error in respect of the accounting treatment of lease modifications relating to two aircrafts (MSN 1197 and MSN 1226) under Ind AS 116 Leases. In the financial year 2019-20, the lease term of each aircraft, originally 12 years expiring in FY 2026-27, was extended by four years up to FY 2030-31. The Company had, however, not accounted for the lease modification at the time of extension, and accordingly no adjustments had been made to the right-of-use assets, lease liabilities or related items in earlier periods. These errors have been identified and corrected and the comparative figures have been restated in the financial statements for the year ended March 31, 2025.</p>	<p>This is a statement of fact. Suitable disclosure has been made in Note No. 51</p>
<p>3. We draw attention to Note no 33, In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on July 15 2024.</p> <p>The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings. The accounting impact for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for the period from April 2024 to July 2024 has been taken in FY 2024-25.</p> <p>Our Opinion on the financial statements is not modified with respect of the above matters.</p>	<p>This is a statement of fact. Suitable disclosure has been made in Note No. 33</p>
<p>Information other than the Ind AS Financial Statements and Auditors’ Report thereon:</p> <p>The Company’s management and Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s Report including Annexures to the Board’s Report, Director’s Report, Management Discussion and Analysis, etc. The annual report is expected to be made available to us after the date of this auditor’s report.</p>	



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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 communicate the matter to those charged with governance as required under SA 720 'The Auditors responsibilities relating to other information' and take necessary actions, as applicable under the relevant laws and regulations.

We have nothing to report in this regard.

Management and Board of Director's Responsibilities for the Ind AS Financial Statements:

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, statement of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Auditors’ Responsibilities for the Audit of the Ind AS Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 scepticism 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Ind AS 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.

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



<p>Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:</p> <p>planning the scope of our audit work and in evaluating the results\ of our work; and to evaluate the effect of any identified misstatements in the standalone financial statements.</p> <p>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.</p> <p>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.</p>	
<p>Report on Other Legal and Regulatory Requirements:</p> <p>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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.</p>	
<p>We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B", on the directions and sub directions issued by the Comptroller and Auditor General of India.</p>	
<p>As required by Section 143(3) of the Act, we report that:</p> <p>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.</p>	
<p>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 and the company has maintained daily backup of such books in electronic mode, in a server physically located in India except for the matters stated in the paragraph 3B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.</p>	
<p>The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.</p>	
<p>In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.</p>	



<p>On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.</p>	
<p>The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 3A(2) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.</p>	
<p>The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.</p>	
<p>With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.</p>	
<p>B 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:</p>	
<p>a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 on contingent liabilities to the financial statements.</p>	
<p>b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.</p>	
<p>c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.</p>	
<p>d. (i) 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,</p>	
<ul style="list-style-type: none">■ 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.	



<p>(ii) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to 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, 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.</p>	
<p>(iii) Based on the audit procedures that has 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 d (i) and (ii) above, contain any material misstatement.</p>	
<p>e. The Company has not declared any dividend during the current financial year ended March 31, 2025.</p>	
<p>f. Based on our examination which included test checks and in accordance with requirements of the Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:</p> <p>(i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes for the accounting software used by the company.</p>	<p>This is a statement of fact.</p>
<p>(ii) We are unable to comment if the audit trail (edit log) facility was enabled at the database layer to log any direct data changes for those softwares operated by a third party service provider and used for maintaining purchase orders in absence of independent auditor’s report in relation to controls at the third party service provider.</p>	<p>This is a statement of fact.</p>
<p>(iii) Further, where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with during the course of our audit.</p>	<p>This is a statement of fact.</p>
<p>(iv) The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and there is no direct interface between these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software.</p>	<p>This is a statement of fact.</p>



The Annexure A referred to in Independent Auditors’ Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2025, we report that:

Referred to in paragraph 1 under ‘Report on other legal and regulatory requirements’ section of our report of even date to the members of **ALLIANCE AIR AVIATION LIMITED**.

<p>To the best of our information and according to the explanations provided to us by the Company and the books of accounts and the records examined by us in the normal course of audit, we state that:</p>	<p>REPLIES TO The Annexure A referred to in Independent Auditors’ Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2025</p>
<p>a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of use assets.</p>	<p>This is statement of fact.</p>
<p>B) The Company has maintained proper records showing full particulars of intangible assets.</p>	<p>This is statement of fact.</p>
<p>b) The company conducts Physical Verification of the Property, Plant Equipment on biennial basis. The physical verification of the property, plant and equipment was conducted in current financial year ended 31st March, 2025.</p>	<p>Suitable disclosure has been made in Note no. 30 (a).</p>
<p>c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company does not hold any immovable property. Hence the provisions of clause 3 (i) (c) of the order is not applicable to the company.</p>	<p>This is statement of fact.</p>
<p>d) According to information and explanation provided to us, and based on the records made available to us, the company has niether revalued its, property plant and equipment (including ROU Asset) nor its intangible asset. Hence, provisions of clause 3 (i) (d) of the order is not applicable to the company.</p>	<p>This is statement of fact.</p>
<p>e) No proceedings have been initiated or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.</p>	<p>This is statement of fact.</p>
<p>(ii) a) The physical verification of inventories is done on biennial basis. During the FY 2024-25, inventories at Delhi, Kolkata and Hyderabad were verified by the management along with the Internal auditors of the Company.</p>	<p>This is statement of fact.</p>



<p>The total discrepancies observed were more than 10 percent in value, however the same have been properly dealt with in books of accounts. The shortages in inventory have been booked under consumption and provision to that extent is created in the books of account. The same has been created based on the initial findings and pending investigation to be conducted by the management. Accordingly, a provision amounting to Rs. 155.12 million based on difference between actual physical inventory and the system records the assessment for which is pending to be made which will be done at a later date. The company has formed an internal committee to investigate the actual loss on account of shortages incurred in FY 23-24, and final report of the investigation by the committee is awaited. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during FY 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. We state that we have not received any report for assessment of actual loss from the company for the shortages identified in the previous verifications. (Refer note no. 30 (b) forming part of Financial Statements).</p>	<p>Suitable disclosure has been made in Note No. 30 (b)</p>
<p>b) The Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.</p>	<p>This is statement of fact.</p>
<p>(iii) The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the order are not applicable to the Company.</p>	<p>This is statement of fact.</p>
<p>(iv) There are no loans, investments and guarantees and security in respect of which provisions of sec 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3 (iv) of the order is not applicable to the company.</p>	<p>This is statement of fact.</p>
<p>(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.</p>	<p>This is statement of fact.</p>
<p>(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company.</p>	<p>This is statement of fact.</p>



<p>(vii) a) The Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues with appropriate authorities except TDS under Income Tax Act and TDS under GST Act.</p> <p>Tax deducted at source (Under Income Tax Act and Goods and Service Tax Act) has not been deposited regularly.</p>	<p>This is statement of fact.</p>																				
<p>b) The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2025 on account of any dispute, are as follows:</p> <table border="1" data-bbox="269 583 1019 1104"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of the dues</th> <th>Amount (Rs. In Million)</th> <th>Period</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>7.92</td> <td>AY 2000-01</td> <td>ITAT, New Delhi</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>10.05</td> <td>AY 2004-05</td> <td>ITAT, New Delhi</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>766.86</td> <td>AY 2022-23</td> <td>CIT-Appeal (National Face less Assessment)</td> </tr> </tbody> </table>	Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period	Forum where dispute is pending	Income Tax Act, 1961	Income Tax	7.92	AY 2000-01	ITAT, New Delhi	Income Tax Act, 1961	Income Tax	10.05	AY 2004-05	ITAT, New Delhi	Income Tax Act, 1961	Income Tax	766.86	AY 2022-23	CIT-Appeal (National Face less Assessment)	<p>This is statement of fact.</p>
Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period	Forum where dispute is pending																	
Income Tax Act, 1961	Income Tax	7.92	AY 2000-01	ITAT, New Delhi																	
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Income Tax Act, 1961	Income Tax	766.86	AY 2022-23	CIT-Appeal (National Face less Assessment)																	
<p>(viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.</p>	<p>This is statement of fact.</p>																				
<p>(ix) a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. However, with respect to total loans amounting to Rs. 27,108.94million availed from holding company AI Assets Holding Ltd., the terms and conditions and schedule of repayment thereon have not been stipulated and accordingly we are unable to comment on the default in repayment of such loans. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.</p>	<p>This is statement of fact.</p>																				
<p>b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.</p>	<p>This is statement of fact.</p>																				
<p>c) No term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.</p>	<p>This is statement of fact.</p>																				
<p>d) term purpose. Therefore, provisions of the clause 3 (ix) (d) are not applicable to the company.</p>	<p>This is statement of fact.</p>																				



e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3 (ix) (e) are not applicable to the company.	This is statement of fact.
f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.	This is statement of fact.
(x) a) No moneys have been raised by way of initial public offer during the year by the Company.	This is statement of fact.
b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.	This is statement of fact.
(xi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, a whistleblower complaint has been received by the company regarding certain allegation against the erstwhile CFO of the company. The investigation pertaining to these allegations is under process and the matter is subjudice, hence the actual fraud amount, if any, and its impact would be known upon conclusion of the investigation by the vigilance department.	This is statement of fact.
a) According to the information and explanation provided to us, the report under section 143(12) was not required to be filed with the central government.	This is statement of fact.
b) As represented to us by the Management, the company has received a whistleblower complaint during the year regarding certain allegations against the erstwhile CFO of the company and that the investigation is still undergoing and that the final report of the investigation is still awaited.	This is statement of fact.
(xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.	This is statement of fact.
(xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required under accounting standards as prescribed under section 133 of the Companies Act, 2013.	This is statement of fact. Suitable disclosure has been made in Note No. 36.
(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business, but the same needs to be strengthened due to the various lapses highlighted by the whistleblower.	This is statement of fact.
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.	This is statement of fact.
(xv) The Company has not entered into any non-cash transactions with directors or persons connected with director. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.	This is statement of fact.



<p>a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and (b) of the Order is not applicable.</p>	<p>This is statement of fact.</p>																		
<p>b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.</p>	<p>This is statement of fact.</p>																		
<p>c) The Group does not have any Core Investment Company. Accordingly, the requirements of clause 3(xvi)(c) and clause 3 (xvi) (d) of the order are not applicable.</p>	<p>This is statement of fact.</p>																		
<p>(xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:</p> <table border="1" data-bbox="212 653 1019 1010"> <thead> <tr> <th>Particulars (In millions)</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Net Profit after Tax and before Other Comprehensive Income</td> <td>(6829.39)</td> <td>(6233.60)</td> </tr> <tr> <td>Add: Non-cash expenses:</td> <td></td> <td></td> </tr> <tr> <td>Depreciation and amortization</td> <td>2688.01</td> <td>2738.69</td> </tr> <tr> <td>Unrealized gain/ loss on foreign exchange</td> <td>(113.40)</td> <td>(124.97)</td> </tr> <tr> <td>Cash Loss during the year</td> <td>(4254.78)</td> <td>(3619.88)</td> </tr> </tbody> </table>	Particulars (In millions)	Current Year	Previous Year	Net Profit after Tax and before Other Comprehensive Income	(6829.39)	(6233.60)	Add: Non-cash expenses:			Depreciation and amortization	2688.01	2738.69	Unrealized gain/ loss on foreign exchange	(113.40)	(124.97)	Cash Loss during the year	(4254.78)	(3619.88)	<p>This is statement of fact.</p>
Particulars (In millions)	Current Year	Previous Year																	
Net Profit after Tax and before Other Comprehensive Income	(6829.39)	(6233.60)																	
Add: Non-cash expenses:																			
Depreciation and amortization	2688.01	2738.69																	
Unrealized gain/ loss on foreign exchange	(113.40)	(124.97)																	
Cash Loss during the year	(4254.78)	(3619.88)																	
<p>(xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the order is not applicable.</p>	<p>This is statement of fact.</p>																		
<p>(xix) On the basis of financial ratios, ageing and expected dates of realisation 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 supported by the Government of India, nothing has come to our attention which causes us to believe that material uncertainty exists as on the date of the audit report indicating 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.</p>	<p>The company is a Government Undertaking working as a subsidiary of AI Assets Holding Limited (AIAHL) providing air carrier to general public. Being a government company, the dues of the vendors are safe and the company makes every endeavour to clear the outstanding dues. However, due to fund constraints, the payments during FY 2024-25 could not be made on time. However, this does not affect the continuity or future viability of the company.</p>																		
<p>(xx) a) In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx) (a) and (b) of the order are also not applicable to the Company.</p>	<p>This is statement of fact.</p>																		
<p>(xxi) The company is not required to prepare consolidated financial statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the company.</p>	<p>This is statement of fact.</p>																		



Annexure - B to the Independent Auditors' Report

Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended March 31 2025:

Sr. No	Direction u/s 143(5) of the Companies Act, 2013	Auditor's Reply on Action taken on the directions	Impact on Financials	Reply / Comments
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). 1. As per note no.30(b) read with 32 of the notes to accounts, the system is having a technical glitch which has eventually resulted into shortage in inventory being booked. The matter is subject to investigation the final report of which is awaited. However, till then the provision to that extent is being created in the books for the current year since actual reason for shortage is pending to be investigated. Upon the conclusion of the investigation, there might be additional provision or write back of provision in the consumption.	NIL	This is a statement of fact.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company. As far as loan taken from the parent company is concerned, there is no restructuring of an existing loan or there is no waiver/write off of debts/loans/interest caused due to company's inability to continue as a going concern.	NIL	There is a short term loan of Rs. 30 Crores from AI Engineering Services Limited taken in FY 2024-25 for which suitable disclosure has been given in Financial Statements.



3	Whether funds (grants/ subsidy etc.) received / receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted/ utilized for in the books of accounts.	NIL	This is a statement of fact.
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Annexure - C to the Independent Auditors' Report

<p>Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)</p> <p>We have audited the Internal Financial Controls over financial reporting of ALLIANCE AIR AVIATION LIMITED (“the Company”) as of March 31 2025, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.</p> <p><u>Qualified Opinion:</u></p> <p>In our opinion, and to the best of our information and according to the explanations given to us, except for the matters stated in the basis for qualified opinion, the Company , in all material respects, needs to strengthen the internal financial controls with reference to Ind AS financial statements and pending the investigation by the vigilance department we are not able to state that whether such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to Ind AS 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”).</p> <p>We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2025, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a Qualified opinion on the financial statements.</p>	<p>REPLIES TO Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)</p> <p style="text-align: center;">This is a statement of fact.</p>
<p>Basis for Qualified Opinion:</p> <p>According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year:</p>	



<p>The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company’s procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor’s verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. The accounting impact for year ending March 2024 has already been taken in FY 2023-24, and the impact for April to July 2024 has been taken in FY 2024-25. These issues highlight significant control deficiencies in the Company’s procurement and remuneration processes.</p>	<p>Suitable disclosure has been made in Note No. 33 (b).</p>
<p>a) The audit of the Company’s internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending and that the final report being awaited. Additionally, during the current year additional provision for shortage amounting to Rs.155.12 million was booked in the system owing to non-booking of consumption resulting into short booking of consumption. The exact reason for the said provision is pending to be identified and that the same shall be accounted for subsequently based on the results of the investigation reports. These weaknesses reflect deficiencies in the Company’s controls over inventory accuracy and reconciliation processes.</p>	<p>Suitable disclosure has been made in Note No. 30 (b).</p>
<p>The Company’s internal financial control with regard to the whistleblower complaint and inventories as fully explained in the ‘Basis for qualified opinion’ of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements.</p> <p>A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.</p>	



<p>Managements and Board of Directors Responsibility for Internal Financial Controls:</p> <p>The Company’s Management and board of Director are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in 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.</p>	<p>This is a statement of fact.</p>
<p>Auditors’ Responsibility:</p> <p>Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an</p>	
<p>audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.</p>	
<p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting with reference to financial statements.</p>	



<p>Meaning of Internal Financial Controls Over Financial Reporting:</p> <p>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:</p> <p>(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;</p>	<p>This is a statement of fact.</p>
<p>(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and</p>	<p>This is a statement of fact.</p>
<p>(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.</p>	<p>This is a statement of fact.</p>
<p>Inherent Limitations of Internal Financial Controls Over Financial Reporting:</p> <p>Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	





Balance Sheet As at 31st March 2025

Particulars	Note No.	As at	As at	As at
		31st March 2025	31st March 2024 (restated)	1st April 2023 (restated)
		In Rs. Million	In Rs. Million	In Rs. Million
ASSETS :				
1 Non-current Assets				
(a) Property, Plant & Equipment	2(a)	295.14	326.53	365.86
(b) Right-of-Use Assets	2(b)	16,813.02	19,021.75	21,430.14
(c) Other Intangible Assets	2(c)	51.91	65.34	82.00
(d) Financial Assets:				
i) Trade Receivables		-	-	-
ii) Other Financial Assets	3	1,258.55	1,077.75	1,038.80
(e) Income Tax Assets (Net)	4	645.27	482.44	612.79
(f) Deferred Tax Assets (Net)		-	-	-
(g) Other Non-Current Assets	5	8,272.40	7,148.59	6,105.19
2 Current Assets				
(a) Inventories	6	73.63	181.36	341.43
(b) Financial Assets:				
i) Trade Receivables	7	784.34	516.34	1,007.45
ii) Cash and Cash equivalents	8	222.05	227.86	149.54
iii) Bank balances other than (ii) above	9	1,241.28	987.24	801.31
iv) Others Financial assets	10	44.94	71.52	76.32
(c) Other Current Assets	11	461.90	471.88	506.28
TOTAL ASSETS		30,164.43	30,578.60	32,517.10
EQUITY AND LIABILITIES :				
1 Equity				
(a) Equity Share Capital	12	10,022.50	10,022.50	4,022.50
(b) Other Equity	13	(53,601.27)	(46,773.24)	(40,554.27)
2 Liabilities				
(i) Non-current Liabilities				
(a) Financial Liabilities				
i) Borrowings				
ia) Lease Liabilities	14	16,620.92	19,355.34	22,531.19
ii) Trade Payable				
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-	-
iii) Other financial liabilities				
(b) Provisions	15	800.45	775.80	793.90
(c) Deferred tax liabilities (Net)		-	-	-
(d) Other non-current liabilities		-	-	-
(ii) Current Liabilities				
(a) Financial Liabilities				
i) Borrowings				
ia) Lease Liabilities	16	27,108.94	26,753.98	24,558.28
ii) Trade Payables	17	4,618.45	3,494.71	3,252.68
(A) total outstanding dues of micro enterprises and small enterprises; and	18	130.77	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		23,211.44	15,923.18	16,445.69
iii) Other Financial Liabilities	19	203.66	150.42	415.11
(b) Provisions	20	19.96	20.59	5.21
(c) Other Current Liabilities	21	1,028.61	855.32	1,046.81
TOTAL EQUITY & LIABILITIES		30,164.43	30,578.60	32,517.10

As per our Separate report of even date

For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BMKIB6808

Place: New Delhi
Date: 20.11.2025

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386



Statement of Profit and Loss for the Year ended 31st March 2025

Particulars		Note No	Amount for the period Apr'24 to Mar'25	Amount for the period Apr'23 to March'24 (restated)
			In Rs. Million	In Rs. Million
I	Revenue			
1	From Operations	22		
	i) Scheduled Traffic Services		4,344.46	6,037.72
	ii) Non Schedule Traffic Services		3,655.77	3,331.57
	iii) Other Operating Revenue		145.40	178.37
2	Other Income	23	67.89	77.87
	Total Revenue (1+2)		8,213.52	9,625.53
III	Expenses			
	Aircraft Fuel & Oil		2,122.82	2,811.30
	Other Operating Expense	24	4,199.77	4,649.72
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expenses	25	1,474.59	1,525.12
	Finance Costs	26	4,347.33	3,822.88
	Depreciation and Amortization expenses	2 (a to c)	2,688.01	2,738.69
	Other expenses	27	210.40	311.42
IV	Total Expenses		15,042.91	15,859.13
V	Profit/(Loss) before exceptional items and tax (II - IV)		(6,829.39)	(6,233.60)
VI	Exceptional Items		-	-
VII	Profit/(Loss) before tax (V - VI)		(6,829.39)	(6,233.60)
VIII	Tax expense:			
1	Current Tax		-	-
2	Income Tax for Earlier Years		-	-
3	Deferred Tax		-	-
IX	Profit/(Loss) for the year after tax (VII-VIII)		(6,829.39)	(6,233.60)
X	Other Comprehensive Income			
	A Items that will not be reclassified to Statement of profit and loss			
	- Remeasurements of defined Benefit Plans		1.36	14.63
	- Income tax relating to items that will not be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(6,828.03)	(6,218.98)
XII	Earnings per equity share (In Rupees)	28		
	(1) Basic		(68.14)	(93.49)
	(2) Diluted		(68.14)	(93.49)

As per our Separate report of even date

For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BMKIB6808

Place: New Delhi
Date: 20.11.2025

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386



Statement of Cash Flow for the Year Ended 31st March 2025

Particulars		Amount in Rs. Million			
		2024-25	2023-24		
(A)	CASH FLOW FROM OPERATING ACTIVITIES		(6,829.39)		(6,233.60)
	Net Profit or Loss before Tax as per Statement of Profit & Loss A/c Add/(Less)-Adjustments for Non-Operating Expenses/Income and Non-Cash Items				
	Depreciation and amortisation expenses	2,688.01		2,738.69	
	Provisions / Un-claimed Liabilities Written Back	-		-	
	Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116	747.18		564.79	
	Interest and Finance Costs	35.87		73.75	
	Interest cost on loan from Related Party	54.97			
	Interest Income on Deposits	(67.89)		(57.67)	
	Prov. For Income Tax	-		-	
	Unrealised Foreign Exchange Gain and Loss	(158.54)		(138.42)	
	Bad debt recovered	-		-	
	Loss/ Gain on Disposal of Assets	0.27		0.73	
	Interest on Income Tax Refund	-		(20.20)	
	Provision for obsolescence of spares	(79.75)		(66.63)	
			3,220.12		3,095.04
	Operating Profit/(Loss) before working capital changes		(3,609.26)		(3,138.56)
	Adjustments for (increase) / decrease in operating assets:				
	Other Bank Balances	(254.04)		(185.93)	
	Other non-current assets	(1,123.81)		(1,043.39)	
	Inventories	187.49		226.70	
	Trade receivables	(268.00)		491.11	
	Others Financial Asset	26.57		4.80	
	Other Financial Assets-non current	(180.81)		(38.95)	
	Other current assets	9.99		34.39	
			(1,602.61)		(511.27)
	Adjustments for increase / (decrease) in operating liabilities:				
	Trade payables	7,577.57		(384.08)	
	Other current liabilities	173.28		(191.50)	
	Short-term borrowing	300.00		2,195.70	
	Short-term provisions	(0.63)		15.38	
	Other Financial Liabilities	53.24		(264.69)	
	Long-term provisions	26.00		(20.17)	
			8,129.46		1,350.64
	Cash generated from operations		2,917.60		(2,299.20)
	Less : Income Taxes Paid / (Refunded) Including TDS		(162.83)		130.35
	Net Cash from Operating Activities (A)		2,754.76		(2,168.85)
(B)	CASH FLOW FROM INVESTING ACTIVITIES				
	a) Purchase of Fixed Assets	(8.68)		(1.52)	
		(426.06)		(290.00)	
	b) Add. In ROU Assets	67.89		57.67	
	c) Interest Income on Deposits	-		-	
	d) Sale of fixed Asset		(366.84)		(233.85)
	Net Cash from/(used) in investing activities (B)				
(C)	CASH FLOW FROM FINANCING ACTIVITIES				
	a) Proceeds from Right issue of shares	-		6,000.00	
	b) Lease payment	(2,357.86)		(3,465.43)	
	c) Interest Paid	(35.87)		(73.75)	
	d) Interest Paid	-		20.20	
	Net Cash from/(used) in financing activities (C)		(2,393.73)		2,481.02

**ALLIANCE AIR AVIATION LIMITED**

(D)	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(5.80)		78.33
(E)	CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR		227.86		149.54
	(CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)		222.05		227.86

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

Previous year Amount have been regrouped /rearranged where ever necessary

Particulars	Amount (Rs.) Million	
	2024-25	2023-2024
Cash and Cash Equivalent comprises:		
Balance with Banks		
In Current Accounts	221.98	227.82
Cash on hand	0.06	0.04
Closing Balance	222.04	227.86

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

As per our Separate report of even date

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

**For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W**

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BBIKIB6808

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi

Date: 20.11.2025

**Statement of Changes In Equity for the Year Ended 31st March 2025**

A. Equity Share Capital				Amount in Rs. Million
Balance as an 01.04.2025	“Changes in Equity Share Capital due to prior period errors Share”	Restated balance as on 01.04.2025	Changes in equity share capital during the current year	Balance as on 31.03.2025
10,022.50	-	10,022.50	-	10,022.50

Balance as an 01.04.2024	“Changes in Equity Share Capital due to prior period errors Share”	Restated balance as on 01.04.2024	Changes in equity share capital during the current year	Balance as on 31.03.2024
10,022.50	-	10,022.50	-	10,022.50

B.(1.) Other Equity (Current Year)				Amount in Rs. Million
PARTICULARS	Retained Earnings	Other Comprehensive Income	Total	
Balances as at 1.04.2024	(46,804.76)	31.52	(46,773.24)	
Profit/(Loss) for the year	(6,829.39)	-	(6,829.39)	
Other Comprehensive Income for the year	-	1.36	1.36	
Total Comprehensive Income	(53,634.15)	32.88	(53,601.27)	
Balance as at 31.03.2025	(53,634.15)	32.87	(53,601.27)	

B.(2.) Other Equity (2023-24 restated)				Amount in Rs. Million
PARTICULARS	Retained Earnings	Other Comprehensive Income	Total	
Balances as at 1.04.2023	(40,571.16)	16.89	(40,554.27)	
Profit/(Loss) for the year	(6,233.60)	-	(6,233.60)	
Adjustment of the opening balance of OCI for Leave Encashment	-	-	-	
Other Comprehensive Income for the year	-	14.63	14.63	
Total Comprehensive Income	(46,804.76)	31.52	(46,773.24)	
Balance as at 31.03.2024	(46,804.76)	31.52	(46,773.24)	

B.(3.) Other Equity (2022-23 restated)				Amount in Rs. Million
PARTICULARS	Retained Earnings	Other Comprehensive Income	Total	
Balances as at 1.04.2022	(35,017)	8.88	(35,008.02)	
Profit/(Loss) for the year	(5,554)	-	(5,554.26)	
Other Comprehensive Income for the year	-	8.01	8.01	
Total Comprehensive Income	(40,571.15)	16.89	(40,554.27)	
Balance as at 31.03.2023	(40,571.15)	16.89	(40,554.27)	

As per our Separate report of even date

For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BMKIB6808

Place: New Delhi
Date: 20.11.2025

For and on behalf of the Board of
Directors of Alliance Air Aviation Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

**Notes forming part of the IND AS Financial Statements of Alliance Air Aviation Limited for the year ended 31st March, 2025****Note No.1: Summary of Significant including Material Accounting Policies**

This note provides a list of significant including material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless, otherwise stated. All figures of financials are in Rs. (Million), unless otherwise stated.

1. Company Information / Overview:**Background:**

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly owned subsidiary of AI Assets Holding Limited, a Government of India Company, incorporated in India, registered under the Companies Act, 2013 (erstwhile Companies Act 1956). The company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier-2 and Tier-3 cities in India. As at year end, the Company has a fleet of Twenty One aircraft – comprising of Eighteen ATR – 72-600 aircraft, Two ATR-42 aircraft and One Dornier aircraft.

The registered office of the company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

The Board of Directors approved the financial statements for the year ended March 31, 2025 and authorized for issue on 20-11-2025

2. Basis of preparation of Financial Statements:**(i) Statement of Compliance:**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and presentation requirements of Division II of schedule III to the Companies Act, 2013 (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 going concern basis following accrual system of accounting.

The financial statements were authorized for issue by the Board of Directors of the Company on 20-11-2025

(ii) Basis of measurement:

The financial statements have been prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments);
- employee benefit obligations (Refer Note 36 for accounting policy)

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. 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.

(iii) Recent Pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards the Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March 2025, MCA has not notified any new standards or amendments to existing standards applicable to company



3. SIGNIFICANT INCLUDING MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

I. Operating cycle & Classification of Current & Non-Current:

Current - Non-Current classification

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Company Act 2013.

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

Operating cycle

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

II. Property, Plant and Equipment

A. Initial Recognition and measurement

- a.) The cost of an item of property, plant and equipment is recognized as an asset if,
 - (i) it is probable that future economic benefits associated with the item will flow to the entity; and
 - (ii) the cost of the item can be measured reliably.
- b.) An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost.

The cost of an item of property, plant and equipment comprises:

- (i) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
 - (ii) Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.
- c.) 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.

B. Subsequent Recognition and Measurement

Subsequent costs are included in the asset's carrying amount or recognized 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.

The Company has adopted Cost Model as per Ind-AS 16 “Property Plant and Equipment” and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

C. Depreciation /Amortization

- a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.



b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same has been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder:

1. Rotables:

Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.

2. Ground Support Equipment (GSE):

Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.

c) Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.

d) Cost incurred on major modifications/refurbishment on modernization/conversion carried to be depreciated over the useful life.

e) Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

Depreciation has been charged based on the following useful lives:

Particulars of Assets	Useful Lives
Plant & Equipment	5 Years
Furniture & Fixtures	10 years
Vehicle	8 Years
Data Processing Equipment's	3 Years
Ground Support Equipment's (ATR)	(As per above mentioned policy at II C b (2.))
Medical Equipment's	15 Years
Airframe Rotables	Based on Lease Period
Aero Engine Rotables	Based on Lease Period

D. Derecognition:

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/ fair value 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.

E. Physical Verification of Assets:

Physical Verification of Assets is done on a rotational basis so that every asset is verified in every two years. Based on the Physical Verification Report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

III. Non- Current Assets held for Sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to "Assets held for Sale" at lower of



the “carrying value” or “Fair Value less cost to sell”. No depreciation is provided, once the asset is transferred to Assets Held for Sale.

An Impairment Loss is recognized for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognized for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognized.

IV. Intangible Assets

A. Initial Recognition and measurement:

Intangible assets are acquired and 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.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible asset includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

B. Subsequent recognition and measurement

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

C. Amortization

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

D. Derecognition

An Intangible Asset shall be derecognized:

- a) On disposal; or
- b) When no future economic benefits are expected from its use or disposal.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

V. Leases

The Company has applied following practical expedient for calculation of Lease Liability -

Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.



A. As lessee:

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

1) Right of Use Assets:

a) Initial Recognition and Measurement:

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes-

- a) An amount equal to the lease liabilities
- b) Any lease payments made before commencement date
- c) Any Indirect cost
- d) An Estimate of cost to be incurred in respect of Re-delivery obligations
- e) Less, any incentives received from the Equipment manufacturer in the terms of lease.

b) Subsequent Measurement of initial recognized ROU Assets:

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses.

ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications.

ROU Assets will be subject to impairment as per Policy stated in clause no. VII .

c) Subsequent Recognition and its Measurement of Subsequent costs:

Subsequent costs are included in the ROU Assets carrying amount or recognized 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.

2) Lease Liabilities:

a) Initial Recognition and Measurement:

At the commencement date the company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liabilities include –

- a) Lease Rentals
- b) Payment of Penalties for termination of lease if lease term reflects the company exercising the option to terminate
- c) Less, any incentives receivable

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate.



Incremental Borrowing Rate 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 ROU Assets in a similar economic environment.

b) Subsequent Measurement:

After the commencement date 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 lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

3) 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 and terminate the lease, if company is reasonably certain at commencement date to exercise the extension or termination option.

4) Depreciation:

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.

5) Other Leases:

Lease payments associated with any other leases which fall outside the purview of Ind AS 116, short-term leases (leases with a term of twelve months or less) 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.

6) Provision for Re-delivery

The Company has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts 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 capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

7) Manufacturer's Credit (Cash & Non-Cash Incentives):

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement

Cash incentives:

The company receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

Non-Cash Incentives:

Non-cash incentives are recorded as and when due to the company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of



aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

VI. Inventories:

A. Inventory

- 1.) Inventories primarily consist of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).
- 2.) Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.

B. Valuation of Inventories

- 1) Inventories primarily include stores, spares and loose tools. The same are valued at cost. As per industry practice followed in respect of aircraft inventory, the valuation is industry specific and the inventory is proprietary in nature and the same is not available in the open market.

The non-availability of inventory in open market, the cost itself becomes the value of the inventory at the year end and to adhere to the prudence concept and to ensure the fair value of the inventory, the company provides for provision for obsolescence.

- 2) Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on FIFO basis.
- 3) At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown added with the cost of inventory.

C. Diminution in value of inventories

- 1.) Obsolescence provision for aircraft stores and spare parts:
 - i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.
 - ii. Inventory of Aircraft Fleet which is phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.
 - iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.
- 2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.
- 3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

VII. Impairment of Non-Financial Assets:

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non- financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36 by estimating the “recoverable Amount” of the asset.



Impairment Testing:

For impairment testing, assets are grouped 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).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Recognition of Impairment Loss:

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

Reversal of Impairment 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 amortization, if no impairment loss had been recognized.

A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

VIII. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses, the related costs for which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable.

Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

IX. Revenue Recognition

A. Revenue from Operation:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

B. Revenue from different sources is recognized as under:

a) Passenger, Cargo and Mail Revenue

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis 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.

b) Blocked Space arrangements/Code share

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.

c) Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

d) Other Operating Revenue

Other Operating Revenue is recognized when goods are delivered or services are rendered.

e) Other Revenue:

- i.) 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.
- ii.) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.
- iii.) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.
- iv.) Other Items:
Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

X. Borrowing Cost:

- Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress are capitalized, as part of the cost of assets, up to the date for its intended use or sale.
- A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.
- Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.
- Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

XI. Functional Currency and Presentation Currency:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("The Functional Currency). The financial statements are presented in Indian Rupee (INR), which is the company's functional and presentation currency.

XII. Foreign Currency Transactions and Translations:

- a) Foreign Currency Monetary Items
 - i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.



- ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.
- b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

XIII. Employee Benefits:

A. Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

D. Post-employment benefit plans

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

- a) **Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.
- b) **Defined Benefit Plan is a post employee benefit plan other than defined contribution plan.**

The company's liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The company pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The company has an obligation towards Gratuity. The plan provides for a lump sum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan of the company is unfunded.

- c) **Other Long-Term Employee Benefits:** Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurement are recognized in Statement of Profit and Loss in the period in which they arise.



XIV. Income tax

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

XV. Provisions, Contingent Liabilities & Contingent Assets:

- a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.
- b) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- c) 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.

Contingent Assets are disclosed where an inflow of economic benefits is probable.

Changes in Provision:

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

XVI. Cash and Cash Equivalents:

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



XVII. Earnings per Share:

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

XVIII. Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

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

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

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.

XIX. 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 or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.



(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

a. Financial assets carried at amortized cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. Financial assets at fair value through Statement of Profit and Loss

A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset 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. Any gain or loss on derecognition is recognized in the Statement of Profit and Loss

(v) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

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 recognized as an impairment gain or loss in the Statement of Profit and Loss.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party 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.



C. Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition.

(iii) 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 Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit and Loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts



and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

XX. Materiality Threshold Limits:

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

Threshold Items	Unit	Threshold Limit
Prior Period Expenditure/Revenue		
- Identification based on Individual limits	Million	15
- Restatement based on overall limit	Million	1% of Turnover of Previous Year
Prepaid Expense	Million	0.010
Foreign Stations	Million	0.050
Domestic Stations	Million	0.010
Contingent Liability & Capital Commitments	Million	0.10
Fair Valuation of Financial Instruments	Million	5.0

As per our Separate report of even date

For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BBIKIB6808

Place: New Delhi
Date: 20.11.2025

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386



NOTE 2(a) PLANT, PROPERTY & EQUIPMENT FY 2024-25

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK	ADDITIONS	SOLD/ DISCARDED	GROSS BLOCK	Accumulated Dep.	DEPRECIATION	ADJUSTMENT	CUMULATIVE	NET BLOCK	NET BLOCK
		AS ON 31.03.2024	DURING 2024-25	DURING 2024-25	AS ON 31.03.2025	UP TO 01.04.2024	FOR THE YEAR 2024-25	MADE DURING THE YEAR	AS ON 31.03.2025	AS ON 31.03.2024	AS ON 31.03.2024
		A	B	C	D	E	F	G	H	I	J
PLANT & EQUIPMENT	5 Years	12.70	0.22	0.04	12.88	10.37	0.62	0.04	10.95	1.94	2.33
FURNITURE & FIXTURES	10 years	10.39	0.01	0.24	10.16	4.30	0.69	0.13	4.86	5.30	6.08
VEHICLE	8 Years	2.91	0.00	0.00	2.91	2.32	0.07	0.00	2.39	0.52	0.60
DATA PROCESSING EQUIPMENT	3 Years	33.54	1.95	3.20	32.29	27.10	3.14	3.04	27.20	5.10	6.45
GROUND SUPPORT EQUIPMENT(ATR)	(as per policy)	4.97	0.00	0.00	4.97	4.97	0.00	0.00	4.97	0.00	0.00
AIRFRAME ROTABLES	Based on Lease Period	278.28	0.00	0.00	278.28	159.50	17.56	0.00	177.07	101.21	118.78
AERO ENGINE ROTABLES	Based on Lease Period	235.78	0.00	0.00	235.78	43.49	11.22	0.00	54.71	181.07	192.29
Total as on 31.03.2025		578.57	2.18	3.48	577.27	252.05	33.30	3.21	282.15	295.14	326.53

Amount in Rs. Million

	Restated	GROSS BLOCK AS ON 31.03.2023	ADDITIONS DURING 2023-24	SOLD/ DISCARDED DURING 2023-24	GROSS BLOCK AS ON 31.03.2024	Accumulated Dep. UP TO 01.04.2023	DEPRECIATION FOR THE YEAR 2023-24	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2024	NET BLOCK AS ON 31.03.2024	NET BLOCK AS ON 31.03.2023
		A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2024		580.08	1.52	3.03	578.57	214.22	40.13	2.31	252.04	326.53	365.85

	Restated	GROSS BLOCK AS ON 31.03.2022	ADDITIONS DURING 2022-23	SOLD/ DISCARDED DURING 2022-23	GROSS BLOCK AS ON 31.03.2023	Accumulated Dep. UP TO 01.04.2022	DEPRECIATION FOR THE YEAR 2022-23	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2023	NET BLOCK AS ON 31.03.2023	NET BLOCK AS ON 31.03.2022
		A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2023		383.52	196.56	0.00	580.08	175.72	38.50	0.00	214.22	365.85	207.80

NOTE NO : 2(b) RIGHT OF USE ASSET

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK AS ON 31.03.2024	ADDITIONS DURING 2024-25	SOLD/ DISCARDED DURING 2024-25	Adjustments during 2024-25	GROSS BLOCK AS ON 31.03.2025	Accumulated Dep. As at 01.04.2024 on account of adoption of Ind AS 116	DEPRECIATION FOR THE YEAR 2024-25	CUMULATIVE DEPRECIATION AS ON 31.03.2025	NET CARRYING VALUE AS ON 31.03.2025
		A	B	C	D	E	F	G	H	I
ROU ASSET	Based on Lease Period	31321.88	451.66	0.00	0.00	31773.54	12274.01	2686.51	14960.52	16813.02
Total as on 31.03.2025		31321.88	451.66	0.00	0.00	31773.54	12274.01	2686.51	14960.52	16813.02

Amount in Rs. Million



	Restated	GROSS BLOCK AS ON 31.03.2023	ADDITIONS on Account of Restatement DURING 2023-24	SOLD/ DISCARDED DURING 2023-24	Adjustments during 2023-24	GROSS BLOCK AS ON 31.03.2024	Accumulated Dep. As at 01.04.2023 on account of adoption of Ind AS 116	DEPRECIATION FOR THE YEAR 2023-24	CUMULATIVE DEPRECIATION AS ON 31.03.2024	NET CARRYING VALUE AS ON 31.03.2024
		A	B	C	D	E	F	G	H	I
Total as on 31.03.2024		31031.88	290.00	0.00	71.98	31321.88	9690.21	2681.90	12372.11	19021.75
	Restated	GROSS BLOCK AS ON 31.03.2022	ADDITIONS on Account of Restatement DURING 2022-23	SOLD/ DISCARDED DURING 2022-23	Adjustments during 2022-23	GROSS BLOCK AS ON 31.03.2023	Accumulated Dep. As at 01.04.2022 on account of adoption of Ind AS 116	DEPRECIATION FOR THE YEAR 2022-23	CUMULATIVE DEPRECIATION AS ON 31.03.2023	NET CARRYING VALUE AS ON 31.03.2023
		A	B	C	D	E	F	G	H	I
Total as on 31.03.2023		26704.20	4327.68	0.00	88.47	31031.88	7030.35	2659.86	9690.21	21430.14

NOTE NO : 2(c) INTANGIBLE ASSETS

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK AS ON 31.03.2024	ADDITIONS DURING 2024-25	SOLD/ DISCARDED DURING 2024-25	GROSS BLOCK AS ON 31.03.2025	Accumulated Dep. UP TO 01.04.2024	DEPRECIATION FOR THE YEAR 2024-25	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2025	NET BLOCK AS ON 31.03.2025	NET BLOCK AS ON 31.03.2024
		A	B	C	D	E	F	G	H	I	J
INTANGIBLE ASSETS - TRADEMARK	Infinite	2.54	0.00	0.00	2.54	0.00	0.00	0.00	0.00	2.54	2.54
INTANGIBLE ASSETS - COMPUTER SOFTWARE	As per Contract	87.63	6.49	0.00	94.12	24.83	19.91	0.00	44.74	49.38	62.80
Total as on 31.03.2025		90.17	6.49	0.00	96.66	24.83	19.91	0.00	44.74	51.92	65.34

Amount in Rs. Million

	Restated	GROSS BLOCK AS ON 31.03.2023	ADDITIONS DURING 2023-24	SOLD/ DISCARDED DURING 2023-24	GROSS BLOCK AS ON 31.03.2024	Accumulated Dep. UP TO 01.04.2023	DEPRECIATION FOR THE YEAR 2023-24	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2024	NET BLOCK AS ON 31.03.2024	NET BLOCK AS ON 31.03.2023
		A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2024		90.17	0.00	0.00	90.17	8.17	16.66	0.00	24.83	65.34	82.00

	Restated	GROSS BLOCK AS ON 31.03.2022	ADDITIONS DURING 2022-23	SOLD/ DISCARDED DURING 2022-23	GROSS BLOCK AS ON 31.03.2023	Accumulated Dep. UP TO 01.04.2022	DEPRECIATION FOR THE YEAR 2022-23	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2023	NET BLOCK AS ON 31.03.2023	NET BLOCK AS ON 31.03.2022
		A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2023		26.09	64.08	0.00	90.17	0.29	7.88	0.00	8.17	82.00	25.80

**NOTE NO.- 3**

OTHER FINANCIAL ASSETS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Unsecured Considered Good Security Deposits (Maturity more than 12 months)	1,258.55	1,077.75	1,038.80
Unsecured Considered Doubtful Advance to Suppliers	9.06	9.06	9.06
Less: Impairment Allowances to Doubtful Debts	(9.06)	(9.06)	(9.06)
Total	1,258.55	1,077.75	1,038.80

NOTE NO.- 4

INCOME TAX ASSETS (NET)	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Advance Payment of Income Tax including TDS	645.27	482.44	612.79
Less: Provision for taxation	-	-	-
Total	645.27	482.44	612.79

NOTE NO.- 5

OTHER NON CURRENT ASSETS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Advances other than Capital Advances Security Deposits (Maintenance Reserve Pot)	6,409.15	5,691.85	4,883.25
GST Input Tax Recoverable & TCS	1,863.26	1,456.74	1,221.94
Total	8,272.41	7,148.59	6,105.19

NOTE NO.- 6

INVENTORIES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Stores and Spare Parts *	519.53	551.90	608.52
Loose Tools *	14.07	14.07	14.07
Goods in Transit	-	-	-



Less: Provision for Obsolescence & Shortages	(459.98)	(384.61)	(281.17)
Total	73.63	181.36	341.43
* For valuation refer Significant Accounting Policy clause 3(VI)(B)			

NOTE NO.- 7

TRADE RECEIVABLES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Secured Trade Receivables	-	-	-
Unsecured Trade Receivables			
Trade Receivables Considered good	784.34	516.34	1,007.45
Trade Receivable which have significant increase in Credit Risk	-	-	-
Trade Receivable- Credit Impaired	25.27	25.27	25.27
Less: Impairment Allowance for doubtful receivables	(25.27)	(25.27)	(25.27)
Total	784.34	516.34	1,007.45

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment			Current year	
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	TOTAL
(i) Undisputed Trade receivables – considered good	484.03	105.66	20.45	-	784.34
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					
(iii) Undisputed Trade Receivables – credit impaired					25.27
(iv) Disputed Trade Receivables–considered good					
(v) Disputed Trade Receivables – which have significant increase in credit risk					
(vi) Disputed Trade Receivables – credit impaired					

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment			2023-24	
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	TOTAL
(i) Undisputed Trade receivables – considered good	198.16	142.71	175.45	0.02	516.34



(ii) Undisputed Trade Receivables – which have significant increase in credit risk					
(iii) Undisputed Trade Receivables – credit impaired					25.27
(iv) Disputed Trade Receivables–considered good					
(v) Disputed Trade Receivables – which have significant increase in credit risk					
(vi) Disputed Trade Receivables – credit impaired					

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment			2022-23	
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	TOTAL
(i) Undisputed Trade receivables – considered good	557.89	65.14	59.95	27.43	1,007.44
(ii) Undisputed Trade Receivables – which have significant increase in credit risk					
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	25.27
(iv) Disputed Trade Receivables–considered good					
(v) Disputed Trade Receivables – which have significant increase in credit risk					
(vi) Disputed Trade Receivables – credit impaired					

NOTE NO.- 8

CASH AND CASH EQUIVALENTS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Balance with Banks			
In Current Accounts	221.98	227.82	149.53
In Bank Deposits (Maturity less than 3 Months)	-	-	-
Cash in hand	0.06	0.04	0.02
Total	222.05	227.86	149.54

NOTE NO.- 9

BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Balance with Banks			
Bank balance in Current Account*	12.00	12.00	12.00



In Margin Money Deposits (3 < Maturity < 12) **	1,229.28	975.24	789.31
Total	1,241.28	987.24	801.31

*The Bank Balance in IOB amounting Rs. 12 million has been marked Lien/Hold U/S 226(3) of Income Tax Act. 1961

**These deposits are under lien to banks as security for availing various non-fund based lines of credit and it includes 10% margin money and accrued interest thereon.

NOTE NO.- 10

Other Financial Assets	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Unsecured Considered Good			
Advances to Suppliers	44.63	71.19	76.09
Advances to Staff	0.31	0.33	0.23
Unsecured Considered Doubtful			
Advances to Staff	5.45	5.45	5.45
Less: Allowance for Doubtful Staff Advances	(5.45)	(5.45)	(5.45)
Total	44.94	71.52	76.32

NOTE NO.- 11

Other Current Assets	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Advance other than Capital advances			
(a) Security Deposits			
Deposit with Authorities	0.11	0.11	0.11
Deposits with High Court	2.38	2.38	222.38
Less: Provision for Doubtful Deposit	(2.38)	(2.38)	(222.38)
(b) Advances to Related Parties			
Receivable from Related Parties	19.83	100.60	4.21
(c) Other Advances			
Prepaid Expenses	236.67	159.58	160.53
Receivable from Others	205.30	211.60	341.42
Total	461.91	471.89	506.27

**NOTE NO.- 12**

EQUITY SHARE CAPITAL	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
<u>Authorised Share Capital</u> 200,000,000 Equity Shares of Rs.100/- each (Previous Year 200,000,000 Equity Shares of Rs. 100/- each)	20,000	20,000	20,000.00
	20,000	20,000	20,000
<u>Issued, Subscribed & fully Paid up Share Capital</u> 1002,25,000 Equity Shares of Rs.100/- each, fully paid-up (Previous Year 402,25,000 Equity Shares of Rs. 100/- each)	10,022.50	10,022.50	4,022.50
	-	-	-
	10,022.50	10,022.50	4,022.50

12 (a) Reconciliation of no. of shares	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
No. of equity shares at the beginning of year	100,225,000	40,225,000	40,225,000
Add :No. of equity shares issued		60,000,000	
Less :No. of equity shares redeemed	-	-	-
No. of equity shares at the closing of the year	100,225,000	100,225,000	40,225,000

12 (b) Equity Shares: Terms and Conditions/Rights attached for Equity Shares

The company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. There is no restriction of payment of dividend. In the liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts proportionate of their shareholding.

12 (c) Equity Shares held by its Holding Company

“1002,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by AI Assets Holding Limited, the holding company. During 2023-24, right issue was made in two tranches - for 1st issue of 30,000,000 shares, issue date was 20.06.2023 & allotment date was 27.06.2023 and for 2nd issue of 30,000,000 shares, issue date was 12.02.2024 & allotment date was 17.02.2024.”

**12 (d) Details of shareholder holding more than 5% of Equity Shares:**

Name of Shareholder	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	No. Of Shares	No. Of Shares	No. Of Shares
AI Assets Holding Limited (Holding Company)			
Equity Shares	100,225,000	100,225,000	40,225,000
Total No. of shares	100,225,000	100,225,000	40,225,000
Percentage of Holding	100%	100%	100%

12 (e) Shares Held by promoters

Nil share are being held by promoters

NOTE NO.-13

(Amount in Rs.)

OTHER EQUITY	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
1. Surplus /(Deficit) in statement of profit & loss			
Opening balance	(46,804.76)	(40,571.16)	(35,016.89)
Add: Profit / (Loss) for the year	(6,829.39)	(6,233.60)	(5,554.26)
Closing balance	(53,634.15)	(46,804.76)	(40,571.16)
2. Other Comprehensive Income			
Opening balance	31.52	16.89	8.88
Add: For the Year	1.36	14.63	8.01
Closing balance	32.88	31.52	16.89
Total	(53,601.27)	(46,773.24)	(40,554.27)

NOTE NO.- 14

LEASE LIABILITIES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Lease Liabilities	21,239.37	22,850.05	25,783.87
Less: Current Portion of lease liability (Disclosed as Current Liability in Note 17)	(4,618.45)	(3,494.71)	(3,252.68)
Non current lease liabilities	16,620.92	19,355.34	22,531.19
TOTAL	16,620.92	19,355.34	22,531.19



NOTE NO.- 15

PROVISIONS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Provisions for Employee Benefits			
Provision for Gratuity	72.56	71.17	80.62
Less : Current Portion of Gratuity (Disclosed under Note No. 20)	(14.78)	(14.76)	(3.44)
Provision for Leave Encashment	24.73	27.19	37.16
Less : Current Portion of Leave Encashment (Disclosed under Note No. 20)	(5.19)	(5.83)	(1.77)
Other Provisions			
Provision for Re-delivery of Aircraft	723.12	698.03	681.33
TOTAL	800.45	775.80	793.90

NOTE NO.-16

CURRENT BORROWINGS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Loans From Related Parties (Unsecured)			
Due to AI Asset Holding Limited (Holding Company from 21.01.2022)	26,246.44	26,191.48	23,995.78
(Interest @ 9 % has been charged on the Avg. Balance outstanding by AIAHL .)			-
Due to AI Asset Holding Limited	562.50	562.50	562.50
(The amount of Rs. 562.50 million has been received for providing security deposit in the year 2021-22, on which interest is being provided @1% p.a as per the Board approval of AIAHL . Pending terms and condition of repayment , this advance has been accounted as short term borrowing)			-
Due to AI Engineering Services Limited (Group Company)	300.00	-	
(The amount of Rs. 300 million has been received from AIESL in the year 2024-25, on which interest is being provided @ 9% p.a as per the Board approval of AAAL as well as AIESL)			
TOTAL	27,108.94	26,753.98	24,558.28



NOTE NO.-17

LEASE LIABILITIES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Current Portion of lease liability (Refer Note No. 14)	4,618.45	3,494.71	3,252.68
TOTAL	4,618.45	3,494.71	3,252.68

NOTE NO.-18

TRADE PAYABLES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
a.) Total outstanding dues of Micro Enterprises and Small Enterprises	130.77	-	-
b.) Total outstanding dues of Creditor other than Micro Enterprises and Small Enterprises			
- Provision for Expenses	6,143.34	3,349.75	3,131.58
- Vendors in India	10,794.27	7,987.05	9,010.03
- Vendors Outside India	1,225.89	788.08	942.68
- Payable to Related Parties	4,831.38	3,577.79	3,169.96
- Supplier-RAMCO *	111.77	111.77	111.77
- Airport Taxes	104.79	108.74	79.67
TOTAL	23,342.21	15,923.18	16,445.68

*The reconciliation and matching of Supplier- Ramco Ledgers by relating GRN and PO is under process.

Particulars	Current Year			Amount in Rs. Millions	
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) MSME	130.77				130.77
(ii) Others	12847.59	9648.89	605.40	109.56	23211.44
(iii) Disputed dues — MSME					
(iv) Disputed dues - Others					
TOTAL	12978.36	9648.89	605.4	109.56	23342.21



Previous Year 2023-24 restated					Amount in Rs. Millions
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) MSME					
(ii) Others	8953.07	3569.11	2309.06	1091.94	15923.18
(iii) Disputed dues — MSME					
(iv) Disputed dues - Others					
TOTAL	8953.07	3569.11	2309.06	1091.94	15923.18

Previous Year 2022-23 restated					Amount in Rs. Millions
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) MSME					
(ii) Others	2227.39	6784.07	2715.73	4718.5	16445.69
(iii) Disputed dues — MSME					
(iv) Disputed dues - Others					
TOTAL	2227.39	6784.07	2715.73	4718.5	16445.69

NOTE NO.- 19

OTHER CURRENT FINANCIAL LIABILITIES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Earnest Money Deposit	1.23	37.52	2.01
Security Deposits	84.41	11.61	311.44
Others	118.02	101.29	101.66
TOTAL	203.66	150.42	415.11

NOTE NO.- 20

CURRENT PROVISIONS	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Provision for Gratuity Liability	14.78	14.76	3.44
Current Portion of Gratuity (Disclosed under Note No. 15 above)			
Provision for Leave Encashment	5.19	5.83	1.77
TOTAL	19.96	20.59	5.21

**NOTE NO.- 21**

OTHER CURRENT LIABILITIES	As at 31st March 2025	As at 31st March 2024 (restated)	As at 1st April 2023 (restated)
	In Rs. Million	In Rs. Million	In Rs. Million
Advance from Agents & Customer	196.99	170.48	204.04
Forward Sales	703.29	546.71	253.38
Statutory dues Payable			
- TDS on GST payable	1.19	21.66	0.95
- TDS payable as per Income Tax	120.39	113.33	533.85
- GST Payable	6.16	3.13	19.27
- Provident Fund Payable	0.48	-	4.11
- Service Tax Payable	-	-	31.13
- Others-Pro. Tax	0.11	0.01	0.08
TOTAL	1,028.61	855.32	1,046.82

NOTE NO.- 22

Revenue From Operations	2024-2025	2023-2024 (restated)
	In Rs. Million	In Rs. Million
1. Operational Revenue		
From Sale of Services		
i) Scheduled Traffic Services		
a) Passenger	4,300.27	5,932.58
b) Excess Baggage	42.93	62.51
c) Mail	-	1.63
d) Cargo	1.26	7.58
	4,344.46	6,004.29
ii) Non-Schedule Traffic Services		
a) Charter	43.78	94.21
b) Subsidy for Operation from Government	3,611.99	3,237.36
	3,655.77	3,331.57
iii) Other Operating Revenue		
Handling Servicing and Incidental Revenue	145.40	211.80
	145.40	211.80
TOTAL	8,145.63	9,547.66



NOTE NO.- 23

Other Income	2024-2025	2023-2024 (restated)
	In Rs. Million	In Rs. Million
1. Interest on Fixed Deposit	67.89	57.67
2. Interest on Income Tax Refund	-	20.20
3. Others - Provisions No Longer Required Written Back	-	-
TOTAL	67.89	77.87

NOTE NO- 24

	Other Operating Expenses	2024-2025	2023-2024 (restated)
		In Rs. Million	In Rs. Million
i)	Aircraft Engine Lease, Handling & Maintenance charges		
	Lease of Aircraft Engine	-	-
	Handling	582.36	610.58
	Maintenance	2,445.50	2,673.34
		3,027.85	3,283.92
ii)	Navigation, Landing, Housing & Parking		
	Landing Fees - Scheduled & Other Ops	24.19	28.63
	Housing & Parking Fees	28.83	20.14
	Flight Comm & Navigation Charges	208.53	290.39
		261.55	339.16
iii)	Other Communication Charges		
	Expenses on Reservation System	47.02	65.68
	Postage Telegram & Courier Charges	0.10	0.10
	Telephone & Trunk Call Charges	2.32	2.81
		49.44	68.59
iv)	Passenger Amenities		
	Pax Amenities - Catering On Ground	0.36	0.10
	Pax Amenities - Catering On Board	78.49	108.91
	Pax Amenities - Hotel Expenses	0.42	0.20
	Pax. Call center Charges	8.81	8.90
		88.09	118.11
v)	Insurance		
	Insurance - Aircraft	126.98	150.77
	Insurance General	0.15	0.01
		127.12	150.78
vi)	Inventory Consumption		
	Material Consumed-Aircraft *	559.63	522.09
	Provision for Obsolescence (Net) **	(79.75)	(66.63)



vii)	Booking Agency Commission (Net) Commisson on Ticket sale	479.88	455.46
		165.85	233.70
		165.85	233.70
TOTAL		4,199.77	4,649.72

* refer note no. 30

** refer note no. 32

NOTE NO.- 25

EMPLOYEE BENEFIT EXPENSES	2024-2025	2023-2024 (restated)
	In Rs. Million	In Rs. Million
1. Salary, Wages and Bonus		
Salaries - Staff In India	1,339.37	1,368.38
Bonus Expense	7.66	7.61
	1,347.04	1,375.99
2. Crew Allowances		
Foreign Contract Pilots Fees & Claims	-	17.93
	-	17.93
3. Contribution to Provident and Other Funds		
CC Provident Fund-Staff in India	20.93	20.58
	20.93	20.58
4. Staff Welfare Expenses		
Other Staff Welfare Expenses	37.06	30.68
Staff Training Expenses	53.88	70.70
	90.94	101.38
5. Gratuity	12.36	13.73
6. Leave Encashment	3.33	(4.49)
TOTAL	1,474.59	1,525.12

NOTE NO.-26

FINANCE COST	2024-2025	2023-2024 (restated)
	In Rs. Million	In Rs. Million
(i) Interest on Loans:		
- Interest Charged by Holding Company*	2,633.10	2,412.06
(ii) Interest expense on lease liabilities	155.24	178.26
(iii) Impact of Forex on Lease Liability	591.94	386.53
(iv) Bank Charges	35.87	73.75
(v) Delayed Payment Charges to Fuel Companies	510.72	445.02
(vi) Interest charged by related parties	420.46	327.26
TOTAL	4,347.33	3,822.88



*Interest @ 9 % has been charged on the Avg. outstanding balance by AIAHL. Interest @ 1% has been charged on Rs. 562.50 Millions credited by AIAHL in 2021-22.

NOTE NO.- 27

OTHER EXPENSES	2024-2025	2023-2024 (restated)
	In Rs. Million	In Rs. Million
Travelling Expenses	69.06	59.43
Rent	82.25	90.08
Repair Charges	4.04	0.31
Hire of Transport	45.97	57.25
Electricity / Heating & Fuel Charges	11.00	12.92
Water Charges	0.16	0.25
Printing and Stationary	6.99	8.57
Publicity and Sales Promotion	4.54	5.14
Covid Exp.	-	-
Legal Charges	0.65	0.02
Stamp Duty	(0.15)	0.53
Payment to Auditors	0.85	1.15
Professional / Consultation Fees & Expenses	21.72	26.27
Provision for Bad & Doubtful Advances	-	-
Input Reversal	36.14	63.80
Exchange Variation (Net)	(113.40)	(124.97)
Fees to DGCA	1.30	2.75
Office Cleaning Expenses	0.10	0.23
Entertainment Expenses - General	0.37	0.49
Books & Periodicals - Jeppesen / Technical	35.49	38.02
Surplus/Loss on Assets sold or scrapped	0.27	0.73
Other Misc. Expenses	3.04	5.90
Interest on delayed payment of TDS	-	62.54
Interest on delayed payment of Service Tax/GST	-	0.01
TOTAL	210.40	311.42

NOTE NO.- 28

DISCLOSURE OF EARNING PER SHARE AS PER IND-AS 33	As at	As at
	31 st March, 2025	31 st March, 2024 (restated)
	In Rs. Million	In Rs. Million
a) Weighted average number of equity shares		
Opening	100,225,000.00	40,225,000
Issued	-	60,000,000.00
Weighted Average Number of Equity Share (Used as Denominator)	100,225,000	66,675,000



b) Net profit after tax available for equity shareholders (Used as Numerator)	(6,829.39)	(6,233.60)
c) Basic and Diluted Earning Per Share	(68.14)	(93.49)
d) Par Value of Share (In Rupees)	100.00	100.00

Note: Right issue of shares has been at par. Hence, no reinstatement of EPS for previous year has been done.

29. Disclosure as per Ind AS 37 –Provisions, Contingent Liabilities & Contingent Assets:

A. Disclosure of Contingent Liabilities

Claims against AAAL not acknowledged as debts (excluding interest for which no claim is received and penalty wherever likely to be applicable) and are being contested to the extent ascertainable and quantifiable.

(Amount in Rs. Million)

Description	Opening Balance As on 01.04.2024	Additions	Amount charged against the provision	Unused Amount reversed during the year	Effect of Change in Discounting rate	Balance As on 31st March 2025
Income Tax Demand Notices Received by Company which are under appeal	788.22	55.82	0.00	0.00	N/A	844.04
Other Claims on account of Other contingent Liabilities	28.96	15.76	0.00	5.28	N/A	39.44
Grand Total	817.18	71.58	0.00	5.28	N/A	883.48

B. Explanatory Statement in respect of Other Contingent Liabilities

Miscellaneous claim Rs. 883.48 million (Previous Year - Rs. 817.18 million) includes:

- The above figure of Rs. 844.04 millions includes Interest on TDS as calculated by Traces compared to our calculations.
- Unsettled legal claims of Rs. 39.44 million (Previous Year- Rs. 28.96 million) in respect of ongoing legal cases.

C. Capital & Other Commitments:

Estimated amount of contracts remaining to be executed on the Capital Account is given hereunder:

(Amount in Rs. Million)

Particulars	As at 31 March 2025	As at 31 March 2024
-	NIL	NIL

**D. Provision for Redelivery**

Movements in the provisions for redelivery are disclosed hereunder:

(Amount in Rs. Million)

PARTICULARS	For the year ended 31 March 2025	For the year ended 31 March 2024 (Restated)*	For the year ended 31 March 2023 (Restated)*
Balance as at beginning of the year	694.97	677.17	565.79
Provisions created during the year	-	-	53.30
Interest accretion on provisions during the year	9.87	4.80	4.52
Amounts utilized/adjusted during the year	-	-	-
Impact of exchange loss on restatement of opening provision	-	-	-
Impact of exchange Gain/Loss on restatement of closing provision	18.28	13.00	53.57
Balance as at end of the year	723.12	694.97	677.17
Balance as at end of the year - non-current	723.12	694.97	677.17
Balance as at end of the year - current	-	-	-

* During the year ended 31 March 2025, the management observed that 02 aircraft from the lessor M/s AVAP had an extension of lease period by 04 years for which the amendment agreement was signed in FY 2019-20 however the Lease Modification impact as per IND AS 116 was not taken in previous financial statements due to error. Consequently, the Present Value of Redelivery Liability has also been restated in accordance with IND AS 116 in the Financial Statements.

At the end of the period as on 31st March 2025, the impact as on 31st March 2024 & 31st March 2023 have been presented in accordance with IND AS – 8 and the impact for the period of Financial Year 2019-20 to 2021-22 has been taken as at 31st March 2023.

30. Physical Verification & Reconciliation**a) Property, Plant and Equipment (PPE)**

- (i) As per the policy of the company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis.

The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations.

- (ii) The last physical verification and reconciliation of Property, Plant and Equipment was conducted for the FY 2023-24 for locations at Delhi, Kolkata & Hyderabad. The necessary accounting action for the discrepancy related to assets with book value of Rs. 0.004 million has been taken in the books of accounts during FY 2024-25.

- (iii) A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises was on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx.. Rs. 0.07 million. The necessary accounting for the same has been affected in FY 2024-25.



(iv) The Physical Verification of the Fixed Assets will be carried out in Financial Year 2025-26.

b) Physical Verification of Aircraft Inventory

1. Till disinvestment of Air India (AI), AAAL was using MMD module of AI i.e. RAMCO for booking the purchase and consumption of the Inventory through which all the transactions related to inventory were interfaced to SAP module of Alliance Air. The Inventory was kept in AI store prior to disinvestment of Air India Ltd and was controlled by Air India. Based on the requirement of AAAL, AI used to place the order to the respective vendors and clearance from customs authority was also carried out by AI since the items were imported to India on Import-Export Code (IEC) of Air India. The Ramco inventory module was interfaced with SAP and both the purchase and consumption entry made in Ramco were posted in SAP through interface in the company code of AAAL (1200).

After Disinvestment of AI (25th January 2022), AAAL has migrated to Laminaar MMD system and the same was in operational since 18th May 2022. The closing balance in Ramco as on 31st March 2022 was transferred from RAMCO to Laminaar. The purchase and consumption entry for the year 22-23 (upto September 2022) also interfaced to AAAL through interfaced entry from Ramco to SAP.

Alliance Air has set up its new Inventory storage space at the base stations and became operational since 2022. Handing over of the physical stock by AI to AAAL as per books was pending to be reconciled in full.

Considering that the Aircraft spares are purchased mainly from OEM and considering the validity of the spares, the issuance was made on FIFO basis. Accordingly, The consumption has been booked based on FIFO basis from 23-24 onwards.

Since the laminaar system is in operation, all the purchase and consumption of the inventory is booked in the module but due to technical glitch in the MMD system (Laminaar), the system could not correlate ROE (Rate of Exchange) of USD value of the spare, the actual INR figure is not portrayed in the laminaar system. In the previous financial year (ie-2023-2024) in order to arrive at the actual figure in INR, AAAL plotted all the inventory purchased since inception of laminaar and after considering the ROE the month wise purchase and consumption had been arrived at. The same issue was persisting in FY 24-25 as well, however the aforementioned exercise was not carried in the current year by the management and accordingly provision for the differential amount has not been accounted in the financial statements.

During the year, the company recorded consumption of Rs. 188.6 million based on reports extracted from the Laminaar System. Due to certain technical limitations, the system generated minor discrepancies in reports for the same date. As a result, the consumption figures were finalized and booked in the accounts based on External and Net Consumption reports taking one report as base, as approved by management. Although the differences are not material, the matter has been escalated to the Service Provider, and any necessary corrective actions will be implemented in FY 2025-26.

As per company policy, the physical verification of the inventory was carried out and items found out in stock as on 31st March 2024 as compared list generated in Laminaar system which was also valued at relevant Rate of Exchange.

The items physically not found in the stock have also been taken into consideration and a full provision amounting to Rs. 170.07 million has been created in the financials for the year 2023-24.

The company has booked shortage amounting to Rs. 170.07 million ascertained on physical verification of the inventory in the FY 2023-24 and that in order to investigate the same the management has formed an internal committee. The investigation is under process and final report of the committee is awaited in this regard. Additionally, in respect of earlier provision of Rs. 47.00 million created during FY 2021-22, the investigation is under process and the same shall be completed in due course of time.



Based on differences observed during FY 2024-25 between physically available inventory and Inventory balances in Accounting System, the management has booked a provision amounting to Rs. 155.12 millions. The management is conducting a detailed exercise of reconciling the consumption records at all the locations and the actual impact of shortage or excess is currently unascertainable. The impact of the reconciliation will be taken into account in FY 2025-26.

2. The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the year for which the physical verification was conducted and were adjusted.

The Company undertakes physical verification of aircraft inventory once every two years. During the Financial Year 2023–24, a comprehensive physical verification exercise was conducted across various store locations. As a result of this verification, discrepancies amounting to Rs.

170.07 million were identified in the aircraft inventory. These discrepancies primarily related to shortages in physical stock as compared to the book records maintained in the inventory management system. Accordingly, a provision for shortages was created in the books of accounts for FY 2023–24 to reflect the loss in inventory value.

An internal Committee was formed by the company consisting of representatives from Engineering, Finance and MMD to investigate the reasons for shortages in the inventory during FY 2023–24.

In response to the discrepancies identified during the biennial physical verification, the Company constituted an internal committee comprising representatives from the Engineering Department, Finance Department, and Materials Management Department (MMD). The committee was tasked with conducting a detailed investigation into the causes of inventory shortages and reconciling the differences between physical stock and system records. The committee also reviewed operational practices, system controls, and documentation procedures at various store locations to identify gaps and recommend corrective actions. Due to certain system and programming limitations within the Laminaar inventory module, the consumption reports currently generated are reflecting minor discrepancies. This issue has been escalated to the Service Provider, and the system's programming is scheduled to be updated in alignment with the company's requirements during FY 2025–26.

3. An internal Committee was formed by the company consisting of representatives from Engineering, Finance and MMD to investigate the reasons for shortages in the inventory during FY 2023–24.

In response to the discrepancies identified initially during the biennial physical verification, the Company constituted an internal committee comprising representatives from the Engineering Department, Finance Department, and Materials Management Department (MMD). The committee was tasked with conducting a detailed investigation into the causes of inventory shortages and reconciling the differences between physical stock and system records. The committee also reviewed operational practices, system controls, and documentation procedures at various store locations to identify gaps and recommend corrective actions.

4. As part of the investigation process, the Physical Verification of Inventory has also been carried out in FY 2024–25. The physical verification of the Aircraft Inventory was conducted at Kolkata, Delhi, & Hyderabad.

As part of the committee's investigation, an additional round of physical verification was conducted during FY 2024–25 at three major store locations: Kolkata, Delhi, and Hyderabad. This verification aimed to validate the current inventory status, assess the accuracy of system records, and identify any unresolved discrepancies from previous years. The findings from this exercise formed the basis for further reconciliation and corrective measures.

The outcome of the investigation and physical verification is as follows:

Hyderabad Stores:

- Upon inquiry, the Hyderabad Stores Manager clarified that due to manpower shortages and persistent network issues at the airport, many inventory transactions were not recorded in Laminaar. Instead,



manual registers were maintained to track inventory movements, which were not subsequently updated in the system.

- The discrepancy between system records and physical availability was attributed to short booking of consumption.

Delhi Stores:

- As of 31 March 2025, the total inventory recorded in Laminaar for Delhi Stores stood at Rs. 296.40 crore.
- This included Rs. 190.75 crore under a virtual location created during the migration from Air India’s legacy inventory system (RAMCO) to Laminaar.
- Within this virtual stock, Rs. 71.34 million pertained to engine repair costs that were incorrectly classified as inventory. These costs had already been accounted for as expenses in prior financial years and should not be considered part of inventory. The necessary action will be taken in Laminaar System.
- The remaining Rs. 119.41 crore was virtually transferred from RAMCO to Laminaar; however, the details of physical items handed over by Air India during the store transition are being reconciled by the company. The Company will take up the matter with Air India to reconcile these inventories and obtain the physical stock related to ATR aircraft during FY 2025-26.
- Physical verification confirmed the presence of Rs. 105.65 crore worth of inventory at Delhi Stores.

Kolkata Stores:

- As of 31 March 2025, the total inventory recorded in Laminaar for Kolkata Stores was Rs. 11.89 crore.
- Physical verification confirmed Rs. 9.00 million worth of inventory.
- The remaining Rs. 2.89 million could not be physically verified due to suboptimal storage conditions. However, the Kolkata Stores team has confirmed that these items are present and accounted for in the stock.

Accounting Action:

- Pursuant to the preliminary findings of the internal committee, the reasons for mismatch in the inventories have been identified which is the non booking of consumption on time at various bases however the necessary action in the Laminaar system will be taken in FY 2025-26.
- Additional Provision has been created for the discrepancy in inventory during the FY 2024-25 which will be adjusted in next Financial Year.
- The details of the outcome of Physical Verification of the Inventories carried out during FY 2024-25 are as follows:

Inventory Balances as per SAP for Last 2 years

(Amount in INR Million)

Particulars	2023-24	2024-25
Opening Balance	440.25	257.99
Purchases	270.85	220.46
Consumption	-283.04	-188.61
Closing Stock	428.07	289.85
Less: Shortage Provision	-170.07	



Closing Balance as per Books of Accounts	257.99	289.85	
Stock Value as per Laminaar for Physical Verification based on Roll Back of Data as on date of verification		138.13	Physical Inventory
		190.75	Virtual Location
Total Stock as on 31.03.2025 as per Laminaar System		328.89	
Value of inventory found during Physical Verification		134.73	
Difference in closing balance in SAP & inventory found - Booked as "Provision for Shortages"		155.12	

c) Confirmations/Reconciliations

- 1) The company has sought confirmation of balances for major receivables and payables. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of the differences is under process.

Details of unconfirmed balances are tabulated as under:

(Amount in Rs. Million)

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
TRADE PAYABLE	23,342.21	1,572.11	6.74%
TRADE RECEIVABLE	784.34	0.38	0.05%

- 2) Balance confirmation certificates as on 31st March 2025 have been sent to all vendors and customers. Confirmations have been obtained from 93.26% (previous year: 92.95%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/Ministry and 99.95% (previous year: 99.25%) of the total dues as on 31st March 2024 is confirmed.
- 3) An amount of Rs. 110.31 million is outstanding in books of accounts on account Suppliers Suspense Ledgers. The reconciliation and matching of Supplier – Ramco, Suspense Ledgers by relating GRN and PO is under process and necessary accounting action will be taken during 2025-26.
- 4) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.

31. Internal Control

To ensure regulatory and statutory compliance as well as to provide the highest level of corporate governance, the company has an adequate internal control system and process in place for the smooth and efficient conduct of business. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align with changing business environment and for speedier decision making. Elaborate guideline forth preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checks and balances are in place and all internal control systems are in order, a regular and exhaustive internal audit is being conducted by an independent firm of Chartered Accountants. The scope of the internal auditor is reviewed by management from time to time to ensure to implement the effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP. Besides, the company has Audit Committee, to keep a close watch on compliance with the internal control system. The external modules used for MMD & Revenue accounting are periodically reviewed and any deficiencies noticed have been dealt with by ensuring the correct financial reporting by the management.

**32. Inventories**

1. The inventory consists mainly of aircraft spares & consumables and tools of ATR & Do 228 aircraft. The spares for exclusive use in ATR & Do 228 aircraft are being procured through the Engineering department and recorded with the help of Inventory Management module called Laminaar system. Inventory management of the entire AAAL network has been controlled by the various transactions such as Purchase order, GRN, issuance, stock check in the LIMS (Logistics and inventory management system) module of Laminaar system.
2. The Interface between LAMINAR and SAP is yet to be implemented. After the implementation this interface, all the transactions which will take place in LAMINAR will be directly posted in SAP through the interface.
3. As at year end Physical Verification of Inventory has been carried out.
4. The Aircraft spares are purchased mainly from OEM and considering the validity of the spares, the issuance is being made on FIFO basis for maximum utilization of the spares within expired time limit in the current MMD Module. Till disinvestment of Air India, the accounting policy of AAAL related to consumption of inventory was in line with Holding company's Accounting Policy as many of the items in the inventory pool commonly maintained for both Alliance Air and AI were used simultaneously on different aircraft. Due to the same, the consumption of inventory was booked on weighted average basis. After disinvestment of Air India, AAAL has only one type of aircraft (ATR) in its fleet and the inventory is also aircraft specific. The inventories are also having a certain shelf life and to utilize the inventory to a maximum extent within the validity period, the issuance of inventory is considered on FIFO basis and Laminaar MMD module is also configured to ensure that the consumption of the inventory will be FIFO basis only.

During the Financial Year 2024-25, the company has recognized a provision for obsolescence amounting to Rs. 79.75 Million. The provision has been created based on the expected lease term of the aircraft. This provision related to spare parts and are specifically attributable to the aircraft and are not expected to be ordinarily utilized beyond the said lease term.

33. Whistleblower Complaint status:

In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024.

The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings.

The accounting impact for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for April to July 2024 has been taken in FY 2024-25.

34. Status of Reconciliation with Airport Operators

1. Reconciliation with the Airport Authority of India has been drawn as on 31.03.2025 but is yet to be confirmed.
2. The accounts with BIAL, CIAL CHIAL and HIAL have been reconciled up to 31.03.2025.

35. Disclosure as per Ind-AS 108 "Operating Segments"

- A. In terms of IND AS – 108, the Company is engaged in airline-related business, which is its primary business segment and hence segment results are not disclosed separately. The details of geographical area-wise gross passenger revenue earned (derived by allocating revenue to



the area from where the passenger has originated) are given here:

(Amount in Rs. Million)

Particulars	FY-2024-25	FY-2023-24
India	8,039.14	9,522.79
Outside India	106.49	24.87
TOTAL	8,145.63	9,547.66

The major revenue earning asset of the Company is its aircraft fleet which is flexibly and optimally deployed across its route network. There is no suitable basis for allocation of assets and liabilities to geographical segment, consequently, area-wise assets and liabilities are not disclosed.

36. Disclosure as per Ind-AS 24 “Related Party Disclosures”

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2024-25.

1. Key Management Personnel & Relatives:

Transactions with Key Managerial Personnel

- There are no transactions with key managerial personnel other than Remuneration to Key Managerial persons.
- Key Management Personnel & Relatives:

A. The Board of Directors of Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2024-25 and till date)

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri Amit Kumar* Chairman & Managing Director, AI Assets Holding Limited(AIAHL)	Chairman	13/03/2025	Till date
2.	Shri Asangba Chuba Ao Chairman & Managing Director, AI Assets Holding Limited(AIAHL)	Chairman	29/02/2024	11/03/2025
3.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Director	18/01/2023	Till date
4.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	11/02/2022	13/12/2024
5.	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Director	18/01/2023	28/03/2025
6	Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation	Director	12/02/2024	Till date
7	Shri Rohit Raj ** Director, Ministry of Civil Aviation	Director	18/03/2025	Till date

*In terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar was appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL). However, his appointment on the Board of Alliance Air Aviation Limited became effective from the date of obtaining his Director



Identification Number (DIN) i.e.13-03-2025.

**In terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17046/56/2019 -AI dated 13-12-2024, Shri Rohit Raj was nominated on the Board of Alliance Air Aviation Limited but his appointment became effective from the date of obtaining his Director Identification Number i.e. 18-03-2025.

B. Key Managerial Personnel & Relatives (During FY 2024-25 and till date)

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Mr. Vineet Sood	Chief Executive Officer	31/07/2021	21/09/2024
2.	Mr. Rambabu Ch.	Chief Executive Officer (Addl. Charge)	21/09/2024	07/05/2025
3.	Mr. Rajarshi Sen	Chief Executive Officer	07/05/2025	Till Date
4.	Mr. Ambar Kumar Mondal	Chief Financial Officer	26/07/2019	31/07/2024
5.	Shri Amit Mishra	Chief Financial Officer	31/01/2025	Till Date
6	Ms. Shilpa Bhatia	Company Secretary	14/01/2022	Till Date

C. Related parties:

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

Name	Nature of Relationship	Control/Influence
AI Assets Holding Ltd. (AIAHL)	Holding Company	Entity having control over the company
AI Engineering Services Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the company
AI Airport Services Ltd	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the company
Hotel Corporation of India Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the company

D. Related Party Transactions

- i. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid to the Chief Executive Officer amounting to Rs. 1.69 million (previous year: 4.06 million), to the Chief Financial Officer amounting to Rs. 1.10 million (previous year: 1.90 million) and to the Company Secretary amounting to Rs. 1.00 million (previous year: 1.00 million) for the year 2024-25.
- ii. Transactions such as providing airline-related services in the normal course of airline business are not included above.
- iii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.
- iv. In terms of Ind AS 24, the following are the disclosure requirements related to transactions with certain Government Related entities i.e., significantly controlled and influenced entities (Government of India) and non-Govt. related parties.

**E. Transaction details - Related Parties**

1. Parent Company AI Assets Holding Ltd. (AIAHL) and other subsidiaries of AIAHL.

Name of the Entities and Nature of transactions	2024-25 (Amount in Rs Million)	2023-24 (Amount in Rs Million)
a.) AI Assets Holding Ltd. (AIAHL)		
<u>Expenditure</u>		
Space charges	-	2.84
Bank Charges	31.34	42.16
Interest	2,633.10	2,412.06
Closing Balance (Cr.) *	31,851.93	29,169.58

Name of the Entities and Nature of transactions	2024-25 (Amount in Rs Million)	2023-24 (Amount in Rs Million)
b.) Hotel Corporation of India Ltd.		
<u>Expenditure</u>		
Hotel Accommodation	6.57	3.50
Income	0.00	0.07
Closing Balance (Cr.) *	1.41	0.49

Name of the Entities and Nature of transactions	2024-25 (Amount in Rs Million)	2023-24 (Amount in Rs Million)
c.) AI Engineering Services Ltd. (AIESL) earlier known as Air India Engineering Services Ltd.		
<u>Expenditure</u>		
Repair Other / loan	1233.15	566.45
Manpower	10.98	10.85
SOD Billing by AAAL	-	-
Interest	280.60	210.77
Closing Balance (Cr.) *	3,996.23	2,584.75

Name of the Entities and Nature of transactions	2024-25 (Amount in Rs Million)	2023-24 (Amount in Rs Million)
d) AI Airport Services Ltd. (AIASL) earlier known as Air India Air Transport Services Ltd.		
<u>Expenditure</u>		
Handling Charges	349.79	312.68
<u>Credit Received</u>		
Income	(1.84)	(4.43)
Interest	136.34	114.95
Closing Balance (Cr.) *	1,787.16	1,378.91

*The closing balance includes provisions made during the year.



2. Transactions with Provident Fund Trusts

(Amount in Rs. Million)

Particulars	2024-25		2023-24	
	PF Contribution during the Year	Payable as on 31.03.2025	PF Contribution during the Year	Payable as on 31.03.2024
AASL PF Trust	20.47	3.86	20.58	-

3. Major Transactions with Government-Related Entities

The details of the major transactions of revenue and expenditure of the Company with Govt Related Entities are given hereunder:

Sr. No	Name of Entity	2024-25	2023-24
	Expenditure		
i)	Airport Authority of India (including space)	319.90	284.92
ii)	<i>Oil Companies</i>		
	Indian Oil Co Ltd	1,407.12	2,018.66
	Hindustan Petroleum Co Ltd	353.83	504.06
	Bharat Petroleum Co Ltd	264.61	480.54
	Revenue		
i)	Subsidy for Operation from Govt.		
	Govt of India	3,611.99	3,237.36
ii)	Charter Revenue - Others		
	Govt of India	2.70	14.49

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.

37. Employee Benefits

The Company provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.

Privilege Leave Encashment is payable to all eligible employees at the time of retirement/contract expiry up to a maximum of 300 days. Leave Encashment liability for the current financial year is Rs. **3.33 million** (Previous Year Rs. (4.49) million)

a. Defined Benefit Plan –

1) Provident Fund (Funded)

The company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The company has an obligation to ensure a minimum rate of return to the members as specified by GOI.

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 1.28 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an



asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan as at the balance sheet date

	Assets / Liability	31/03/2025	31/03/2024
a	Present value of obligation	556,467,860	511,902,718
b	Fair value of plan assets	557,747,510	533,370,147
c	Net assets / (liability) recognized in balance sheet as provision	1,279,650	21,467,429

Change in Present Benefit Obligation

		31/03/2025	31/03/2024
a)	Present value of obligation as at the beginning of the period	511,902,718	471,608,047
b)	Interest Cost	34,662,158	34,657,498
c)	Current Service Cost	20,467,953	20,595,124
d)	Contributions by plan participants / employees	25,037,372	25,952,677
e)	Benefits Paid	(18,877,080)	(29,370,517)
f)	Total Actuarial (Gain)/Loss on Obligation	(16,725,261)	(11,540,111)
g)	Settlements/Transfer In	--	--
h)	Present value of obligation as at the End of the period	556,467,860	511,902,718

Change in plan assets:

		31/03/2025	31/03/2024
a)	Fair value of plan assets at the beginning of the period	533,370,147	502,326,287
b)	Actual return on plan assets	(34,518,462)	35,288,658
c)	Employer contribution	32,267,580	20,595,124
d)	Plan Participants / Employee Contribution	20,467,953	25,952,677
e)	Benefits paid	25,037,372	(29,370,517)
f)	Settlements / Transfer In	(18,877,080)	--
g)	Fair value of plan assets at the end of the period	557,747,510	533,370,147

2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the company as and when it becomes due and is paid as per the Gratuity Scheme of the company. During the year, there were no plan amendments, curtailments or settlements.

**Movement in net Defined Benefit (Asset) / Liability**

a) Reconciliation of balances of Defined Benefit Obligation

2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Present value of the obligation at the beginning of the period	7,11,70,736	8,06,17,906
Interest cost	50,53,122	60,46,343
Current service cost	73,04,188	76,87,146
Past Service Cost	0	0
Benefits paid (if any)	(96,13,022)	(85,54,465)
Actuarial (gain)/loss	(13,59,849)	(1,46,26,194)
Present value of the obligation at the end of the period	7,25,55,175	7,11,70,736

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(11,77,770)	(79,74,039)
Experience Adjustment (gain)/ loss for Plan liabilities	(1,82,079)	(66,52,155)
Total amount recognized in other comprehensive Income	(13,59,849)	(1,46,26,194)

2.2 Key results (The amount to be recognized in the Balance Sheet):

Period	As on: 31-03-2025	As on: 31-03-2024
Present value of the obligation at the end of the period	7,25,55,175	7,11,70,736
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	7,25,55,175	7,11,70,736
Funded Status - Surplus/ (Deficit)	(7,25,55,175)	(7,11,70,736)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Interest cost	50,53,122	60,46,343
Current service cost	73,04,188	76,87,146
Past Service Cost	0	0
Expected return on plan asset	(0)	(0)
Expenses to be recognized in P&L	1,23,57,310	1,37,33,488

**2.3 (b): Other comprehensive (income) / expenses (Remeasurement)**

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(4,12,89,451)	(2,66,63,257)
Actuarial (gain)/loss - obligation	(13,59,849)	(1,46,26,194)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	(13,59,849)	(1,46,26,194)
Cumulative total actuarial (gain)/loss. C/F	(4,26,49,300)	(4,12,89,451)

2.3 (c): Net Interest Cost

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Interest cost on defined benefit obligation	50,53,122	60,46,343
Interest income on plan assets	0	0
Net interest cost (Income)	50,53,122	60,46,343

2.4: Experience adjustment:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Experience Adjustment (Gain) / loss for Plan liabilities	(1,82,079)	(66,52,155)
Experience Adjustment Gain / (loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on: 31-03-2025	As on: 31-03-2024
Number of employees	814	865
Total monthly salary	1,63,81,119	1,78,82,219
Average Past Service (Years)	7.4	6.7
Average Future Service (yrs.)	21.4	22.3
Average Age (Years)	38.6	37.7
Weighted average duration (based on discounted cash flows) in years	13	14
Average monthly salary	20,124	20,673

3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:

Discount rate	6.75 % per annum	7.10 % per annum
Salary Growth Rate	5.31 % per annum	6.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Attrition / Withdrawal Rate (per Annum)	15.23% p.a.	18.00% p.a.

**3.3: Benefits valued:**

Normal Retirement Age	60 Years	60 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 Years of service	5 Years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (yr).	15/26 * Salary * Past Service (yr).
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that no vesting conditions apply
Limit	2000000.00	2000000.00

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	As on: 31-03-2025	As on: 31-03-2024
Current Liability (Short Term)*	1,47,76,340	1,47,64,984
Non-Current Liability (Long Term)	5,77,78,835	5,64,05,752
Total Liability	7,25,55,175	7,11,70,736

3.5: Effect of plan on entity's future cash flows**3.5(a): Funding arrangements and funding policy**

Not Applicable

3.5(b): Expected contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year	91,12,783	96,68,854
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3.5(c): Maturity profile of defined benefit obligation: Weighted Average

Weighted average duration (based on discounted cash flows) in years	13	14
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3.5(d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.

01 Apr 2025 to 31 Mar 2026	1,47,76,340
01 Apr 2026 to 31 Mar 2027	59,87,479
01 Apr 2027 to 31 Mar 2028	52,38,266
01 Apr 2028 to 31 Mar 2029	79,96,723
01 Apr 2029 to 31 Mar 2030	59,08,534
01 Apr 2030 Onwards	3,26,47,833

3.6: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:



Period	As on 31-03-2025
Defined Benefit Obligation (Base)	7,25,55,175 @ Salary Increase Rate : 5.31%, and discount rate :6.75%
Liability with x% increase in Discount Rate	6,94,16,218; x=1.00% [Change (4)%]
Liability with x% decrease in Discount Rate	7,59,78,895; x=1.00% [Change 5%]
Liability with x% increase in Salary Growth Rate	7,59,93,062; x=1.00% [Change 5%]
Liability with x% decrease in Salary Growth Rate	6,93,44,888; x=1.00% [Change (4)%]
Liability with x% increase in Withdrawal Rate	7,26,10,672; x=1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	7,24,83,689; x=1.00% [Change 0%]

3.7: Reconciliation of liability in balance sheet

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Opening gross defined benefit liability/ (asset)	7,11,70,736	8,06,17,906
Expenses to be recognized in P&L	1,23,57,310	1,37,33,488
OCI- Actuarial (gain)/ loss-Total current period	(13,59,849)	(1,46,26,194)
Benefits paid (if any)	(96,13,022)	(85,54,465)
Closing gross defined benefit liability/ (asset)	7,25,55,175	7,11,70,736

3) Leave Encashment (Unfunded) –

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Present value of the obligation at the beginning of the period	2,71,93,466	3,71,56,834
Interest cost	19,30,736	27,86,763
Current service cost	34,42,644	41,83,502
Benefits paid (if any)	(57,86,496)	(54,77,346)
Actuarial (gain)/loss	(20,45,597)	(1,14,56,287)
Present value of the obligation at the end of the period	2,47,34,753	2,71,93,466

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(4,72,581)	(24,99,929)



Experience Adjustment (gain)/ loss for Plan liabilities	(15,73,016)	(89,56,358)
Total amount recognized in other comprehensive Income	(20,45,597)	(1,14,56,287)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on: 31-03-2025	As on: 31-03-2024
Present value of the obligation at the end of the period	2,47,34,753	2,71,93,466
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	2,47,34,753	2,71,93,466
Funded Status - Surplus/ (Deficit)	(2,47,34,753)	(2,71,93,466)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Interest cost	19,30,736	27,86,763
Current service cost	34,42,644	41,83,502
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/loss recognized in the period	(20,45,597)	(1,14,56,287)
Expenses to be recognized in P&L	33,27,783	(44,86,022)

2.4: Experience adjustment:

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Experience Adjustment (Gain) / loss for Plan liabilities	(15,73,016)	(89,56,358)
Experience Adjustment Gain / (loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on: 31-03-2025	As on: 31-03-2024
Number of employees	814	865
Total monthly salary	1,63,81,119	1,78,82,219
Average Past Service (Years)	7.4	6.7
Average Future Service (yrs.)	21.4	22.3
Average Age (Years)	38.6	37.7
Total Leave with Cap/Without Cap	35,920/35,920	37,892/37,892
Total CTC / Availment Rate	3,27,62,238 / 3%	3,57,64,438 / 3%
Weighted average duration (based on discounted cash flows) in years	14	15
Average monthly salary	20,124	20,673



3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:

Discount rate	6.75 % per annum	7.10 % per annum
Salary Growth Rate	5.31 % per annum	6.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Attrition / Withdrawal Rate (per Annum)	15.23% p.a.	18.00% p.a.

3.3: Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	As per rules of the company	As per rules of the company
Benefits on Normal Retirement	1/30 * Salary * Number of leaves.	1/30 * Salary * Number of leaves.
Benefit on early exit	As above, subject to rules of the company.	As above, subject to rules of the company.
Benefit on death	As above, subject to rules of the company.	As above, subject to rules of the company.

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	As on: 31-03-2025	As on: 31-03-2024
Current Liability (Short Term) *	51,86,169	58,26,776
Non-Current Liability (Long Term)	1,95,48,584	2,13,66,690
Total Liability	2,47,34,753	2,71,93,466

3.5: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:

Period	As on 31-03-2025
Defined Benefit Obligation (Base)	2,47,34,753
Liability with x% increase in Discount Rate	2,36,34,493; x=1.00% [Change (4)%]
Liability with x% decrease in Discount Rate	2,59,38,949; x=1.00% [Change 5%]
Liability with x% increase in Salary Growth Rate	2,59,43,906; x=1.00% [Change 5%]
Liability with x% decrease in Salary Growth Rate	2,36,09,553; x=1.00% [Change (5)%]
Liability with x% increase in Withdrawal Rate	2,48,10,960; x=1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	2,46,51,730; x=1.00% [Change 0%]

**3.6: Reconciliation of liability in balance sheet**

Period	From: 01-04-2024 To: 31-03-2025	From: 01-04-2023 To: 31-03-2024
Opening gross defined benefit liability/ (asset)	2,71,93,466	3,71,56,834
Expenses to be recognized in P&L	33,27,783	(44,86,022)
Benefits paid (if any)	(57,86,496)	(54,77,346)
Closing gross defined benefit liability/ (asset)	2,47,34,753	2,71,93,466

38. Deferred Tax Assets/ Liability

The company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

39. Disclosure as per Ind- AS 33 “Earnings Per Share”

Details	As at 31 March, 2025	As at 31 March, 2024 (Restated)
Profit/ (Loss) after tax as per statement of profit and loss (In Rupees)	(6,829,385,778)	(6,233,601,359)
Weighted Average no. of equity shares (Number)	100,225,000	66,675,000
EPS Basic & Diluted (In Rs.)	(68.14)	(93.49)

40. Disclosure as per Micro and Small Enterprises Development Act, 2006

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc.

Payments to the undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. There is no interest liability for delayed payments to MSME. Information in respect of micro and small enterprises as at 31 March 2024 is as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	31-March-2025 (Amt in Rs. Million)	31-March-2024 (Amt in Rs. Million)
a) Amount remaining unpaid to any supplier:		
Principal amount	130.77	NIL
Interest due thereon	NIL	NIL
b) Amount of interest paid in terms of Section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	NIL	NIL
c) 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 the MSMED Act.	NIL	NIL
d) Amount of interest accrued and remaining unpaid	NIL	NIL



e) 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 enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	NIL	NIL
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41. Going Concern

The company is a whollyowned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational.

The company has taken various measures to improve its operational efficiencies and cost control measures.

The total fleet of Company stands at 21 aircraft as on 31st March'2025. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

Alliance Air has also entered the agreement with different State Governments to operate the aircraft to connect the states with major cities under VGF scheme namely Uttrakhand, Odisha, Lakshadweep, Daman & Diu, Himachal & Chhattisgarh.

The company has emerged as one of the major player in the Government of India’s premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 165. Out of allotted routes, the company operated 137 routes as on 31st March 2025 (previous year 101 routes).

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2024-25 and thereafter further consolidating the gains.

Since the company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the company fully operational, hence the financial statements of the company have been prepared on the “Going Concern” basis despite having accumulated losses and net-worth being eroded.”

42. Revenue

Alliance Air has operationalised New PSS/DCS system, namely Paxlink, since 15th April 2022. The tickets are being sold through the new PSS system against advance payment receipt from the OTAs/ Agents which comprises 89% of the total sale.

The sale is being made through WEB and ATO/CTO are also against the payment received from the customer.

There is no provision of Credit sale except the tkts issued to the officials of other related party, which will be billed and the amount is adjusted against their dues.

The Revenue is booked in AAAL books based on the flown passenger.

The excess amount as accounted on account of sale over and above the Flown figure has been shown as forward sale as liability of the company.



Source data from Paxlink is being uploaded on a separate FTP server for use by outsourced agencies for verification/reconciliation on daily basis. Due diligence is being followed regarding non-disclosure & Integrity of the data being exchanged between the parties. The processed reports & data are available for verification and accounting purposes on the outsourced agencies portal. This processed data and reports generated are the basis for the recognition of AAAL revenue.

As per Industry practice, AAAL is complying with all necessary norms to ascertain the authenticity and accuracy of data processed by an outsourced agency.

As on 31st March 2025, the handling & processing of revenue relating to cargo & mail is still being done by AIL.

43. Regional Connectivity Scheme

Till 31.3.2025, AAAL has been awarded (through the bidding process) 165 routes (previous year: 137 routes) under RCS till 14 rounds, out of the awarded routes 137 (previous year: 111) are operational. The awarded but non-operational routes till 31.03.2025 are proposed to be launched in the coming months based on the readiness of the airports. The details are as under:

- 04 routes awarded in round 2 of allotment,
- 02 routes awarded in round 3 of allotment
- 04 routes awarded in round 3.1,
- 02 routes awarded in round 5.3 of allotment and
- 16 routes from various rounds of RCS-UDAN bidding have been cancelled due to non-readiness of Airports by the governing authority of RCS-UDAN.

Management is of the view that delay to make the route operational is not on part of AAAL and is based on various factors beyond the control of AAAL; therefore, AAAL has no liability for the above-stated delay in making the route operational.

44. TDS on Provisional Expenses

Provision has been created for the bills received from the vendor during 2025-26 but the service availed in 2024-25 (i.e., all the bills dated after 2024-25). As per the system being followed, the provisions created for 2024-25 are reversed in 2025-26 and the actual bill received in 2025-26 is booked in the vendor ledger after deducting applicable TDS in 2025-26. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2024-25 received in 2025-26 and dated 2025-26. Further based on reconciliations with different Vendors, provisions are also made for bills raised in 2024-25 but certified bills are not submitted in 2024-25.

45. Disclosures as per Ind AS 116 “Leases”

- a.) The Company has taken 18 ATR 72-600, 02 ATR-42 600 & 01 Dornier DO-228 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

(Amount in Rs. Million)

Particulars	As at March 31, 2025		As at March 31, 2024 (Restated)		As at March 31, 2024 (Restated)	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Lease Liabilities	16,620.92	4,618.45	19,355.34	3,494.71	22,531.19	3,252.68

- b.) **Disclosures for Leases where the company is a Lessee under Ind AS 116**

The Company’s leased assets primarily consist of leases for aircraft and engines.



Other Disclosures

(Amount in Rs. Million)

1.) Maturity Analysis of lease liabilities			
PARTICULARS	2024-25	2023-24 (Restated)*	2022-23 (Restated)*
Less than one year	3,396.30	3,378.46	3,385.66
One to five years	12,786.59	15,536.31	13,472.28
More than five years	7,412.07	5,476.91	10,923.86
Total undiscounted lease liabilities at 31 March 2025	23,594.96	24,391.69	27,781.80
Lease liabilities included in the statement of financial position on 31 March 2025	21,239.37	22,850.05	25,783.87
2.) Amount's recognized in the statement of profit and loss			
PARTICULARS	2024-25	2023-24 (Restated)*	2022-23 (Restated)*
Depreciation expense on ROU Asset	2,686.51	2,666.62	2,613.48
Interest on lease liabilities	34.67	330.11	122.23
Variable lease payments not included in the measurement of lease liabilities	0	0	0
Income from sub-leasing right-of-use assets	0	0	0
Expenses relating to short-term leases*	0	0	0
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0	0	0
*Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.			
3.) Amounts recognized in the Statement of Cash Flows			
PARTICULARS	2024-25	2023-24	2022-23
Amount Shown as Cash Flow from Financing Activity - Total cash outflow for leases	3,589.20	3,465.43	2,961.35

46. Remuneration to Auditors

The details of the Audit fees and Expenses of the Auditors: -

(Amount in Rs. Million)

Particulars	2024-25	2023-24
Payment to Statutory Auditor		
Statutory Audit Fees (Inclusive of reimbursement of Expenses)	0.88	0.88
Tax Audit Fees	0.21	0.16
Special Purpose Audit Fees	-	0.01
Total	1.09	1.05



Payment to other Auditors		
Internal Audit Fees	0.33	0.22
Fees For Other Matters	0.16	0.49
Total	0.49	0.71
Grand Total	1.58	1.76

47. The company has registered charges of Rs. 3,460.45 million (Previous Year Rs. 3,460.45 million) with the Registrar of Companies U/s 77 of Companies act 2013. The company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

48. 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.

During the financial year ended 31 March 2025, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt-Equity Ratio:

(Amount in Rs. Million)

Particulars	As at 31 st March 2025	As at 31 st March 2024 Restated
Borrowings	27,108.94	26,753.98
Total Debt (A)	27,108.94	26,753.98
Equity Share Capital	10,022.50	10,022.50
Other Equity	(53601.27)	(46,773.24)
Total Equity (B)	(43,578.77)	(36,750.74)
Debt Equity Ratio (A/B)	(0.62)	(0.74)

Return on Equity and Capital Gearing Ratio:

(Amount in Rs. Million)

Particulars	For the year ended 31.03.2025	For the year ended 31.03.2024 Restated
Profit /(Loss) for the year	(6,828.03)	(6,218.98)
Equity Share Capital	10,022.50	10,022.50
Other Equity	(53,601.27)	(46,773.24)
Equity attributable to owners of the company	(43,578.77)	(36,750.74)
Return on Equity Ratio (%)	(15.67%)	(16.92%)

49. Fair value measurement and financial instruments

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.



i) As on 31 March 2025 (Amount in Rs. in Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others			1258.55	1258.55	0.00	0.00	0.00
Current							
Trade Receivables*			784.34	784.34	0.00	0.00	0.00
Cash and Cash equivalents*			222.05	222.05	0.00	0.00	0.00
Bank balances other than (b) above*			1241.28	1241.28	0.00	0.00	0.00
Loans*			-	-	-	-	-
Other			44.94	44.94	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	16,620.92			16,620.92	0.00	0.00	0.00
Other							
Current							
Borrowings			27108.94	27108.94	0.00	0.00	0.00
Lease Liabilities	4,618.45			4,618.45	0.00	0.00	0.00
Trade Payables			23211.44	23211.44	0.00	0.00	0.00
Other			203.66	203.66	0.00	0.00	0.00

ii) As on 31 March 2024 (restated) (Amount in Rs. in Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others**			1077.75	1077.75	0.00	0.00	0.00
Current							
Trade Receivables*			516.34	516.34	0.00	0.00	0.00
Cash and Cash equivalents*			227.86	227.86	0.00	0.00	0.00



Bank balances other than (b) above*			987.24	987.24	0.00	0.00	0.00
Loans*			-	-	-	-	-
Other			71.52	71.52	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	19,355.34			19,355.34	0.00	0.00	0.00
Other							
Current							
Borrowings			26753.98	26753.98	0.00	0.00	0.00
Lease Liabilities	3494.71			3494.71	0.00	0.00	0.00
Trade Payables			15923.18	15923.18	0.00	0.00	0.00
Other			150.42	150.42	0.00	0.00	0.00

*The Carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities, approximate the fair values, due to their short-term nature.

** Other non-current financial assets represent Bank deposits due for maturity after 12 months from the reporting date and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on reporting date.

50. Financial Risk Management Objective and Policies:

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

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk –
 - a. Interest rate risk
 - b. Currency risk

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

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury team provides assurance to the Company's senior management that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective. It is the Company's policy that no trading in derivatives for the speculative purpose may be undertaken. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below:

(i) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign



exchange transactions and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

The company sells the majority of its passenger service against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the company uses the expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company’s historical experience with customers. Based on the business environment in which the company operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit-impaired) if the payments are more than 36 months past due.

Trade receivable as at year-end primarily includes Rs. 1258.55 million (Rs 1077.75 million) relating to revenue generated from passenger services.

The Companies exposure to credit risk for trade receivables is as follows:

Particulars	As at 31/03/2025		As at 31/03/2024	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due				
Debts over due	809.61	25.27	541.61	25.27

Movement in the allowance for impairment in respect of trade receivables

Particulars	For the year ended 31 st March 2025	For the year ended 31 st March 2024
Balance at the beginning of the Year	25.27	25.27
Addition during the year	0.00	0.00
Write off/Adjustments made during the year	-	-
Balance at the end of the Year	25.27	25.27

(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 asset.

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

The Company believes that its liquidity position, including cash (including unencumbered bank deposit and excluding interest accrued but not due), anticipated future internally generated funds from operations 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 a



financing arrangement with its parent company, 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 requirements as necessary.

The Company’s liquidity management process as monitored by management includes the following:

Day-to-day funding is managed by monitoring future cash flows to ensure that requirements can be met.

Maintaining a rolling forecast of the Company’s liquidity position on the basis of expected cash flows.

Maintaining diversified credit lines.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities in the reporting data. The contractual cash flow amount is gross and undiscounted and includes interest accrued but not due.

(Amount in Rs. Million)

As at 31 st March 2025	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	26,808.94	93.26	26,715.68		26,808.94
Trade payables	23,342.21	12,978.36	10,363.85		23,342.21
Other Current Financial Liabilities	203.66	203.66			203.66
Aircraft Lease	22,095.09	3,548.17	14,456.42	4,090.50	22,095.09
Totals	72,449.90	16,823.45	51,426.39	4,090.50	72,340.34

(Amount in Rs. Million)

As at 31 st March 2025	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	26,753.98	2,195.70	24,558.28		26,753.98
Trade payables	15,923.18	8,953.07	6,970.11		15,923.18
Other Current Financial Liabilities	150.42	150.42			150.42
Aircraft Lease	22,095.09	3,548.17	14,456.42	4,090.50	22,095.09
Totals	64,922.67	14,847.36	45,984.81	4,090.50	64,922.67

(iii) Market risk

Market risk is that the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types 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 as reported to the management at the end of the reporting period are as follows:

(Amount in Rs. Million)

Variable-rate instruments	As at 31 st March 2025	As at 31 st March 2024
Payable to Holding Company AIAHL	26,808.94	26,753.98
TOTAL	26,808.94	26,752.49

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars		Statement of Profit and loss.
Increase/(decrease) in the interest on foreign currency term loans from others and on finance lease obligations.	Increase by 0.50 %	Decrease by 0.50 %
FOR THE YEAR ENDED 31 MARCH 2025	106.19	(106.19)
FOR THE YEAR ENDED 31 MARCH 2024	114.25	(114.25)

b. Currency risk

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

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2025:

	USD	EURO	Others
Net financial assets	81.97 million		
NET FINANCIAL LIABILITIES	21.46 MILLION		

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 512.81 million for the year ended March 31, 2025.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2024:

	USD	EURO	Others
Net financial assets	80.66 million		
NET FINANCIAL LIABILITIES	9.45 MILLION		

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 593.93 million for the year ended March 31, 2024.

51. Correction of Prior Period Error (As per IND AS 8)

As per Ind AS 8, the Company has restated its financial statements for the year ended March 31, 2025, to correct a prior period error involving the accounting treatment of lease modifications for two aircraft under lease, as per IND AS 116 - Leases. Consequently, the balances in the prior year's



annual report will differ from the restated figures in the current year's financial statements for the year ended March 31, 2025.

In the financial year 2019-20, the original lease terms for these two aircraft MSN 1197 & 1226, each with a 12-year lease period, were extended by an additional 4 years per aircraft, extending the lease expiration from FY 2026-27 to FY 2030-31.

Correction of the Error:

In accordance with IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company has corrected the prior period error by restating the comparative financial statements. The correction involves recognizing the modified lease terms effective from FY 2019-20, recalculating the lease liabilities based on the revised lease term, and adjusting the right-of-use assets accordingly. The incremental borrowing rate applicable at the time of modification has been used to discount the revised lease payments.

Impact of the Correction:

The following adjustments have been made to the financial statements:

Reconciliation of Statement of Financial Position (Balance Sheet)

Particulars	As at 31 st March, 2024					As at April 1, 2023
	As previously approved	Restatement	As Restated	As previously approved	Restatement	As Restated
ROU Asset	17788.78	1232.97	19021.75	20171.06	1259.08	21430.14
Lease Liabilities - Current	3494.71	0	3494.71	3252.68	0	3252.68
Lease Liabilities - Non Current	18210.44	1144.90	19355.34	21383.58	1147.61	22531.19
Retained Earnings	(46861.31)	88.07	(46773.23)	(40665.74)	111.47	(40554.27)

Note: The net impact on Retained Earnings includes cumulative adjustments for depreciation and finance costs not recognized previously.

Reconciliation of Statement of Profit or Loss

Particulars	As at 31 st March, 2024		
	As previously approved	Restatement	As Restated
Interest Cost - Lease Liability	199.58	(19.66)	179.92
Interest Cost - Redelivery Cost	6.46	(1.66)	4.80
Depreciation	2,729.07	9.62	2,738.69
Forex	351.43	35.10	386.53
Total	3,286.54	23.40	3,309.94

Note: The restatement decreases finance costs, increasing profit before tax since the impact of finance costs was higher on the original figures due to the non-recognition of the lease extension.

**Reconciliation of Earnings per Share**

Particulars	As at 31 st March, 2024		
	As previously approved	Restatement	As Restated
Earnings Per Share	(93.14)	(0.35)	(93.49)

There is no impact on the Cash Flow Statement due to restatement.

The restated comparative financial statements for FY 2024-25 and the opening balance sheet as at April 1, 2024, reflect the corrected amounts. The Company believes that these adjustments provide a true and fair view of its financial position and performance in accordance with IND AS.

Other Information under IND-AS 116:

The lease of 01 Dornier-DO 228 aircraft has been extended for 01 year w.e.f. 12th April 2025 however the agreement has been executed prior to 31st March 2025 due to which the lease modification has been carried out in accordance with IND AS 116. The impact has been taken in books of accounts in accordance with IND AS 116.

52. Disclosure as per Ind AS 115, 'Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

The major revenue of the Company arises from the rendering of services (Passenger and cargo). The following is a description of the principal activity.

Nature, the timing of satisfaction of performance obligation and significant payment terms

Passenger revenue is recognized on flown basis i.e., after rendering the services, revenue is recognized net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc.

Cargo revenue is recognized when service is rendered i.e., goods are transported, net of airport levies and applicable taxes.

The amounts are billed as per the terms of the contracts and are payable within the contractually agreed credit period as per the Master Service Agreement with Air India.

Disaggregation of revenue

Revenue is disaggregated by the type and nature of services of revenue recognition.

Rendering of services

(Amount in Rs. Million)

S.No.	Particulars	For the year ended 31 st March 2025	For the year ended 31 st March 2024
1	Passenger	4,300.27	5,932.57
2	Excess Baggage	42.93	95.93
3	Mail	0.00	1.63
4	Cargo	1.26	7.58
5	Charter	43.78	94.21
6	Subsidy for Operation form Government	3,611.99	3,237.36
7	Handling Servicing and Incidental Revenue	145.40	178.37
	Total	8,145.63	9,547.66



The following table provides information about the opening and closing balance of trade receivables:

(Amount in Rs. Million)		
Particulars	As at 31 st March 2025	As at 31 st March 2024
Trade Receivable	784.34	516.34

As on 31st March 2025, the company is operating under Regional Connectivity Scheme (RCS) in 137 routes, which has been awarded to the company on seven rounds having a validity of 3 years through the bidding process. In terms of the RCS agreement, the company is required to sell specified seats at an agreed subsidized fare inclusive of taxes. In compliance with the terms of the agreement, the company is eligible for the VGF Claim amount.

Since the RCS routes are awarded through the bidding process for a period of 3 years, the route is open to all carriers after this period subject to the availability of slots & other requirements.

Practical expedients applied as per Ind AS 115:

No single customer represents 10% or more of the Company’s total revenue during the year ended March 31, 2025 and 2024.

Disclosure requirement as per para 120 of Ind As 115 in respect of remaining performance obligation is not being made in view of practical expedient as per para 121 of Ind As 115.

53. Previous Year’s figures have been re-casted/re-arranged in line with IND-AS requirements.

54. Additional Regulatory Information (in compliance with Schedule 3, Division 2 of the Companies Act, 2022)

- a. The Company does not own any immovable property and investment property.
- b. The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible asset.
- c. The company does not have any Capital WIP and Intangible asset under development.
- d. The company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties.
- e. The company does not have any Benami property.
- f. The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.
- g. The company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- h. The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- i. No charges or satisfaction thereof are pending to be registered with ROC.

Ratios:

Sr. No.	ANALYTICAL RATIOS	Numerator	Denominator	CURRENT YEAR	PREVIOUS YEAR	% CHANGE	REASONS
1	Current Ratio	Current Assets	Current Liabilities	0.0502	0.0520	(3.51%)	Due to increase in creditors
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	(0.62)	(0.73)	(14.34%)	due to increase in Equity
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	0.047	0.086	(44.98%)	ROE on Leased Aircraft



4	Return on Equity Ratio	(Net Profits After Taxes-Preference Dividend)	Average Shareholder's Equity	NA	NA	NA	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable
5	Inventory Turnover Ratio	COGS	Average Stocks	NA	NA	NA	AAAL is in service industry and not a manufacturing unit
6	Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	5.55	4.25	30.71%	The Subsidy for operations increased to Rs. 3612 million in 2024-25 from Rs. 3237 million in the year 2023-24. However, the trade receivables also increased from Rs. 516 million in 2023-24 to Rs. 784 million in 2024-25
7	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	NA	NA	NA	Prime business is Passanger Carrier and the nature of business will not reflect facts
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	(0.15)	(0.21)	(28.58%)	The scheduled plus non-scheduled operating revenue decreased to Rs. 8000 million in 2024-25 from Rs. 9336 in the year 2023-24 and average working capital increased by Rs. 8752 million over the year 2023-24
9	Net Profit Ratio	Net Profit/ Loss	(Sales)	(0.85)	(0.66)	29.07%	Due to decrease in operations
10	Return on Capital Employed	(Earnings Before Interest and Taxes)	(Capital Employed)	NA	NA	NA	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable



11	Return on Investment	(Net Return on Investment)	(Cost of Investment)	NA	NA	NA	NA
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As per our Separate report of even date

**For Batliboi and Purohit
Chartered Accountants
Firm Registration Number:101048W**

Sd/-
Parag Hangekar
(Partner)
ICAI Membership Number: 110096
UDIN: 25110096BBIKIB680

**For and on behalf of the Board of Directors of
Alliance Air Aviation Limited**

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Sd/-
Rajarshi Sen
Chief Executive Officer

Sd/-
Amit Mishra
Chief Financial Officer

Sd/-
Rohit Raj
Nominee Director
DIN: 11005893

(on sanctioned ML)
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

**Place: New Delhi
Date: 20.11.2025**





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Alliance Bhawan,
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