11th ANNUAL REPORT 2019-20

KANNUR
International Airport Ltd.

OUR BANKERS
Canara Bank, Specialized Large Corporate Branch, Tvm
Federal Bank, Kannur Branch, Kannur
Federal Bank, Mattannur Branch, Kannur
South Indian Bank, Corporate Branch, Tvm
South Indian Bank, Mattannur Branch, Kannur
Central Bank of India, Rishimangalam Branch, Tvm
State Bank of India, Chacka Branch, Tvm

STATUTORY AUDITOR
Deloitte Haskins & Sells
Prestige TMS Square,9th floor, Edapally South,
Opp. Oberon Mall, Kerala682024

INTERNAL AUDITOR
Varma & Varma Associates
Chartered Accountant,
Temple Road, Talap, Kannur - 2

SECRETARIAL AUDITOR
M/s Ashique Sameer Associates
Company Secretaries
2nd Floor, S.G. Arcade, K.T. Gopalan Road,
Koottoli, Calicut - 673016

REGISTRAR & SHARE TRANSFER AGENTS
SKDC CONSULTANTS Ltd
Category 1, Registrar and Share Transfer Agents
"Surya" 35, Mayflower Avenue, Behind Senthil Nagar,
Sowripalayam Road, Coimbatore-641028

ADVOCATES
M/s Menon & Pai Advocates
I.S. Press Road, Ernakulam, Kochi – 682018

LEGAL ADVISOR
Sri. Arjunan Pillai, Advocate

REGISTERED OFFICE
Kannur International Airport Ltd
Kannur International Airport PO,
Mattannur, Kannur-670708

LIAISON OFFICE
Kannur International Airport Ltd
Sree, MNSRA 1 , Manava Nagar, Palkulangara
Pettah PO, Thiruvananthapuram-695024

KANNUR
International Airport Ltd.

Present Board of Directors

1.	Sri. Pinarayi Vijayan	-	Hon'ble Chief Minister, Kerala- Chairman
2.	Sri. M . V. Govindan Master	-	Hon'ble Minister of Local Self Government, Rural Development & Excise – Director
3.	Sri. A.K. Saseendran	-	Hon'ble Minister of Forest & Wildlife - Director
4.	Dr. V.P. Joy IAS	-	Chief Secretary, Government of Kerala - Director
5.	Sri. Rajesh Kumar Singh IAS	-	Additional Chief Secretary, Finance Dept, Government of Kerala - Director
6.	Dr. V. Venu IAS	-	Managing Director, Kannur Airport
7.	Sri. M.A Yusuffali	-	CMD Lulu Group International - Director
8.	Dr. Shamsheer V. P.	-	MD, VPS Health Care – Director
9.	Sri. Abdul Qadir Theruvath	-	Chairman, Express Printing Services- Director
10.	Dr. M.P. Hassan Kunhi	-	Chairman & CEO, Medtech Corporation – Director
11.	Sri. Sanjeev Jindal	-	ED Engg SR, AAI - Nominee Director
12.	Sri. R Madhavan	-	RED Southern Region, AAI – Nominee Director
13.	Smt. Geeta Venkatesh Iyer	-	CGM, Finance (Taxation), BPCL - Nominee Director
14.	Sri. Maniedath Madhavan Nambiar	-	Independent Director
15.	Smt. K. Parvathy Ammal	-	Independent Director

Committees of Board of Directors

CSR Committee
Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise - Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport - Member
Sri. M. Madhavan Nambiar, Independent Director - Member
Smt. Geeta Venkatesh Iyer, Nominee Director, BPCL – Member

Stakeholder Relationship Committee
Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife – Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport – Member

Technical Committee
Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise – Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport – Member
Sri. M. Madhavan Nambiar, Independent Director – Member

Nomination and Remuneration Committee
Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife – Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport – Member
Sri. M. Madhavan Nambiar, Independent Director – Member
Smt. K. Parvathy Ammal, Independent Director - Member

HR & Selection Committee
Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise - Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport –Member
Sri. M. Madhavan Nambiar, Independent Director – Member
Smt. Geeta Venkatesh Iyer, Nominee Director, BPCL– Member

Share Allotment & Transfer Committee
Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife - Chairman
Dr. V. Venu IAS, Managing Director, Kannur Airport –Member
Smt. K. Parvathy Ammal, Independent Director - Member

Strategic Management Committee
Sri. M. Madhavan Nambiar–Independent Director-Chairman
Dr. V. Venu IAS – Managing Director -Member
Sri. M. A. Yusuffali, CMD, Lulu International Group, Director – Member
Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation) – Member

Audit Committee
Smt. K. Parvathy Ammal, Independent Director - Chairperson
Sri. M. Madhavan Nambiar, Independent Director – Member
Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation) – Member

NOTICE OF 11TH ADJOURNED AGM

NOTICE is hereby given that the 11th Adjourned Annual General Meeting of Kannur International Airport Limited will be held at **11.30 am on Thursday, 23 December 2021** through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Annual Accounts of the Company for the year ended 31 March 2020 together with Directors' Report and Auditors' Report thereon.

By order of the Board
For Kannur International Airport Limited

Sd/-
Gnanendrakumar. G
Company Secretary

Date : 12 November 2021
Place : Kannur

Notes:

1. In view of the continuing Covid -19 pandemic, the Ministry of Corporate Affairs has vide its General Circular No. 02/2021 dated 13 January 2021, granted an extension to conduct the AGM through Video Conferencing (VC) or other audio visual means (OAVM) till 31 December 2021. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the adjourned AGM of the Company is being held through VC/OAVM.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself /herself and such proxy need not be a member of the Company. Since this adjourned AGM is being held pursuant to the MCA Circulars through VC/OAVM, the physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the adjourned AGM and hence the Proxy Form and Attendance Slip are not annexed to this notice.

3. The notice of the AGM is being sent physically to the registered address of the shareholders and through electronic mode to those members whose email addresses are registered with the Company. Members may please note that the Notice will also be available on the Company's website (www.kannurairport.aero).

4. The register of members and share transfer books of the Company will remain closed from 17 December 2021 to 23 December 2021 both days inclusive.

5. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 16 December 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA (irrespective of NSDL/CDSL account holders) . However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 16 December 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL/CDSL e-voting system".

VOTING THROUGH ELECTRONIC MEANS

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.kannurairport.aero. The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 20 December 2021 at 9.00 A.M. and ends on 22 December 2021 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 16 December 2021 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 16 December 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	**Login Method**
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

	4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also

"Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to asaannex@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Amit Vishal, Asst Vice President) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@kannurairport.aero.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@kannurairport.aero. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the AGM may register themselves as a speaker may send their request from their registered email address mentioning their name, demat account number/folio number, PAN, mobile number at cs@ kannurairport.aero from 13 December 2020 (9.00 a.m. IST) to 17 December 2020 (5.00 p.m IST). Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

<u>നോട്ടീസ്</u>

താഴെ പറയുന്ന ഇടപാടുകൾക്കായി കണ്ണൂർ ഇന്റർനാഷണൽ എയർപോർട്ട് ലിമിറ്റഡിന്റെ ഓഹരി ഉടമകളുടെ മാറ്റിവയ്ക്കപ്പെട്ട 11-ാമത് വാർഷിക പൊതുയോഗം 2021 ആണ്ട് ഡിസംബർ മാസം 23-ാം തീയതി വ്യാഴാഴ്ച്ച പകൽ 11.30-ന് ദൃശ്യ മാധ്യമത്തിലൂടെ (VC) അഥവാ മറ്റു ശ്രവ്യ ദൃശ്യ മാധ്യമത്തിലൂടെ (OAVM) നടത്തുവാൻ ഇതിനാൽ തീരുമാനിച്ചതായി അറിയിക്കുന്നു.

<u>സാധാരണ ഇടപാടുകൾ</u>

1. 2020 മാർച്ച് 31-ൽ അവസാനിച്ച സാമ്പത്തിക വർഷത്തിന്റെ ഓഡിറ്റ് ചെയ്ത ബാലൻസ് ഷീറ്റ്, ലാഭനഷ്ട കണക്കുകൾ അവയുടെ അനുബന്ധങ്ങൾ, പട്ടികകൾ, കമ്പനി ഡയറക്ടർമാരുടെയും ഓഡിറ്റർമാരുടെയും റിപ്പോർട്ട് എന്നിവ സ്വീകരിച്ചു പരിഗണിക്കുകയും അംഗീകരിക്കുകയും ചെയ്യുക.

ബോർഡിന്റെ ഉത്തരവുപ്രകാരം
കണ്ണൂർ ഇന്റർനാഷണൽ എയർപോർട്ട് ലിമിറ്റഡിനു വേണ്ടി

ഒപ്പ്

ജി. ജ്ഞാനേന്ദ്രകുമാർ
കമ്പനി സെക്രട്ടറി

തീയ്യതി : 12 നവംബർ 2021
സ്ഥലം : കണ്ണൂർ

അംഗങ്ങളുടെ ശ്രദ്ധക്ക്

1 കോവിഡ് - 19 മഹാമാരിയുടെ പശ്ചാത്തലത്തിൽ, MCA, 13 ജനുവരി 2021 പുറത്തുവിട്ട General Circular 02/2021 പ്രകാരം കമ്പനികളുടെ പൊതുയോഗങ്ങൾ ദൃശ്യ മാധ്യമങ്ങൾ (VC) വഴിയോ അഥവാ മറ്റു ശ്രവ്യ ദൃശ്യ മാധ്യമം (OAVM) വഴിയോ നടത്തുന്നതിനായുള്ള അംഗീകാരം 31 ഡിസംബർ 2021 വരെ നീട്ടി തന്നിരുന്നു. ആയതിനാൽ കമ്പനിയുടെ മാറ്റിവയ്ക്കപ്പെട്ട പൊതുയോഗം ദൃശ്യ മാധ്യമം വഴി നടത്തുവാൻ തീരുമാനിച്ചിരിക്കുന്നു.

2. യോഗത്തിൽ പങ്കെടുക്കാനും വോട്ട് ചെയ്യാനും അവകാശമുള്ള ഒരംഗത്തിനു പ്രതിപുരുഷനെ(പ്രോക്സി) നിയമിക്കുവാനും തനിക്ക് പകരം ഇയാളെ വോട്ടെടുപ്പിൽ പങ്കെടുപ്പിക്കാനും അവകാശമുണ്ടായിരിക്കുന്നതാണ്. എന്നാൽ ഈ പൊതുയോഗം ദൃശ്യ മാധ്യമം വഴി നടത്തുന്നതിനാൽ അംഗങ്ങൾക്ക് നേരിട്ട് പങ്കെടുക്കേണ്ട സാഹചര്യമില്ല. ആയതിനാൽ പ്രതിപുരുഷനെ നിയമിക്കേണ്ട ആവശ്യം അംഗങ്ങൾക്ക് വരുന്നില്ല. അതുകൊണ്ട് തന്നെ പ്രോക്സി ഫോമും അറ്റൻൻസ് സ്ലിപ്പും നോട്ടീസിനൊപ്പം ഉൾപ്പെടുത്തിയിട്ടില്ല .

3. യോഗത്തിന്റെ നോട്ടീസ് കമ്പനിയിൽ രജിസ്റ്റർ ചെയ്തിട്ടുള്ള ഓഹരി ഉടമകളുടെ വിലാസത്തിലേക്ക് തപാൽ വഴിയും അതാത് ഇ-മെയിൽ ഐഡിയിലേക് ഇ-മെയിൽ വഴിയും അയക്കുന്നതാണ്. യോഗത്തിന്റെ നോട്ടീസ് കമ്പനിയുടെ websiteലും അപ്‌ലോഡ് ചെയ്തിട്ടുണ്ട്. (www.kannurairport.aero)

4. കമ്പനിയുടെ അംഗത്വ രജിസ്റ്ററും ഓഹരി കൈമാറ്റ പുസ്തകവും 2021 ഡിസംബർ 17-ാം തീയതി മുതൽ 2021 ഡിസംബർ 23-ാം തീയതി വരെ (ഇരുദിവസവും ഉൾപ്പടെ) മരവിപ്പിച്ചിരിക്കുന്നതാണ് (Book Closure).

5. നോട്ടീസ് അയച്ചതിനുശേഷം കട്ട് ഓഫ് തീയതിയായ 16 ഡിസംബർ 2021ന് മുമ്പായി കമ്പനിയുടെ ഓഹരികൾ Physical formൽ കൈവശം വയ്ക്കുന്നവരോ ഡിമാറ്റ് രൂപത്തിൽ ഓഹരികൾ വാങ്ങി കമ്പനിയുടെ അംഗത്വം സ്വീകരിക്കുന്ന വ്യക്തികൾ അല്ലാത്ത മറ്റു ഓഹരി ഉടമകളോ (സ്ഥാപനങ്ങൾ തുടങ്ങിയവ) ലോഗിൻ ഐഡിയും പാസ്സ്‌വേഡും ലഭിക്കുന്നതിനായി evoting@nsdl.co.in. എന്ന ഇമെയിലിൽ അപേക്ഷിക്കുകയോ കമ്പനിയേയോ കമ്പനിയുടെ RTAയെയോ ബന്ധപ്പെടുകയോ ചെയ്യേണ്ടതാണ്.. (NSDLന്റെയും CDSLന്റെയും അക്കൗണ്ട് ഉടമകൾ) എന്നിരുന്നാൽ ഓഹരി ഉടമകൾ NSDLന്റെ remote-evoting സിസ്റ്റത്തിൽ മുൻപ് രജിസ്റ്റർ ചെയ്തിട്ടുണ്ടെങ്കിൽ നിലവിലുള്ള USER-IDയും Passwordഉം ഉപയോഗിച്ച് vote രേഖപ്പെടുത്താവുന്നതാണ്. Password ഓർമ്മയില്ലാത്ത പക്ഷം www.evoting.nsdl.com എന്ന websiteൽ ലഭ്യമായ "Forgot User Details/password" or Physical User Reset Password" എന്ന അവസരം ഉപയോഗിച്ച് Password Reset ചെയ്യാവുന്നതും സംശയനിവാരണത്തിനായി Toll Free Number ആയ 1800 1020 990, 1800 22 44 30ൽ ബന്ധപ്പെടാവുന്നതുമാണ്. നോട്ടീസ് അയച്ചതിന് ശേഷം കട്ട് ഓഫ് തീയതിയായ 16 ഡിസംബർ 2021ന് മുൻപായി ഡിമാറ്റ് രൂപത്തിൽ ഓഹരികൾ വാങ്ങി കമ്പനിയുടെ അംഗത്വം സ്വീകരിക്കുന്ന വ്യക്തികൾ പൊതുയോഗ നോട്ടീസിൽ "Access to NSDL/ CDSL e-voting System" എന്ന വിഭാഗത്തിൽ പറയുന്ന നിർദ്ദേശങ്ങൾ പാലിക്കേണ്ടതാണ്.

DIRECTORS' REPORT

To The Members,

Your directors have pleasure in presenting the 11th Annual Report and Audited Accounts of your Company for the financial year ended 31 March 2020.

1. COMPANY SPECIFIC INFORMATION

1.1. FINANCIAL HIGHLIGHTS

The Company has commenced its commercial operations on 9 December 2018:

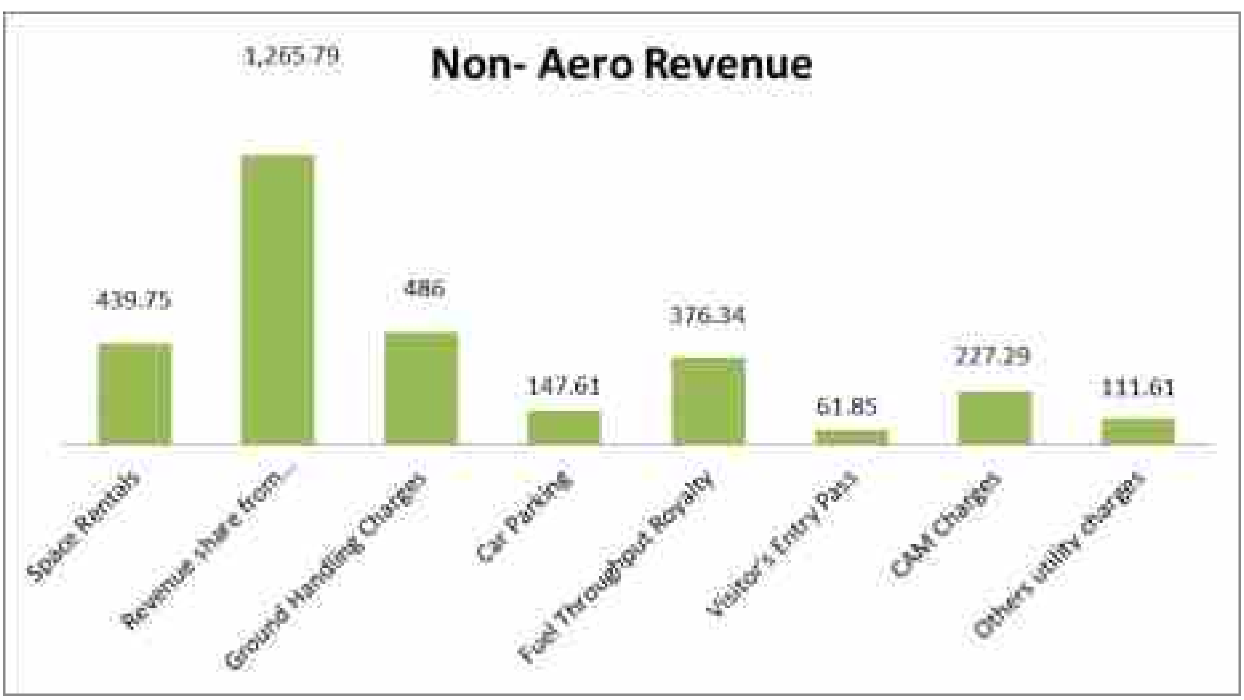
Particulars	For the year ended 31 March 2020 (Rs. in lakhs).	For the year ended 31 March 2019 (Rs. in lakhs).
Revenue from operations	11,589.80	1500.98
Other income	185.57	406.72
I. Total Income	11,775.37	1907.70
II. Total Expenses	22,617.32	9767.40
III. Share of Loss of Joint Venture Company	(44.02)	(27.71)
IV Loss before tax (I- (II + III)	(10,885.97)	(7887.41)
V Tax Expense Current tax	-	-
Short Provision For Tax Relating To Prior Years	-	231.10
Deferred tax	(1389.19)	(3425.71)
Share of Joint Venture	7.08	3.46
Total Tax expenses/(benefit)	(1382.11)	(3191.15)
Loss for the year (IV - V)	(9503.86)	(4696.26)
Total accumulated loss	(13953.98)	

(a) Revenue from Operations for 2019-20

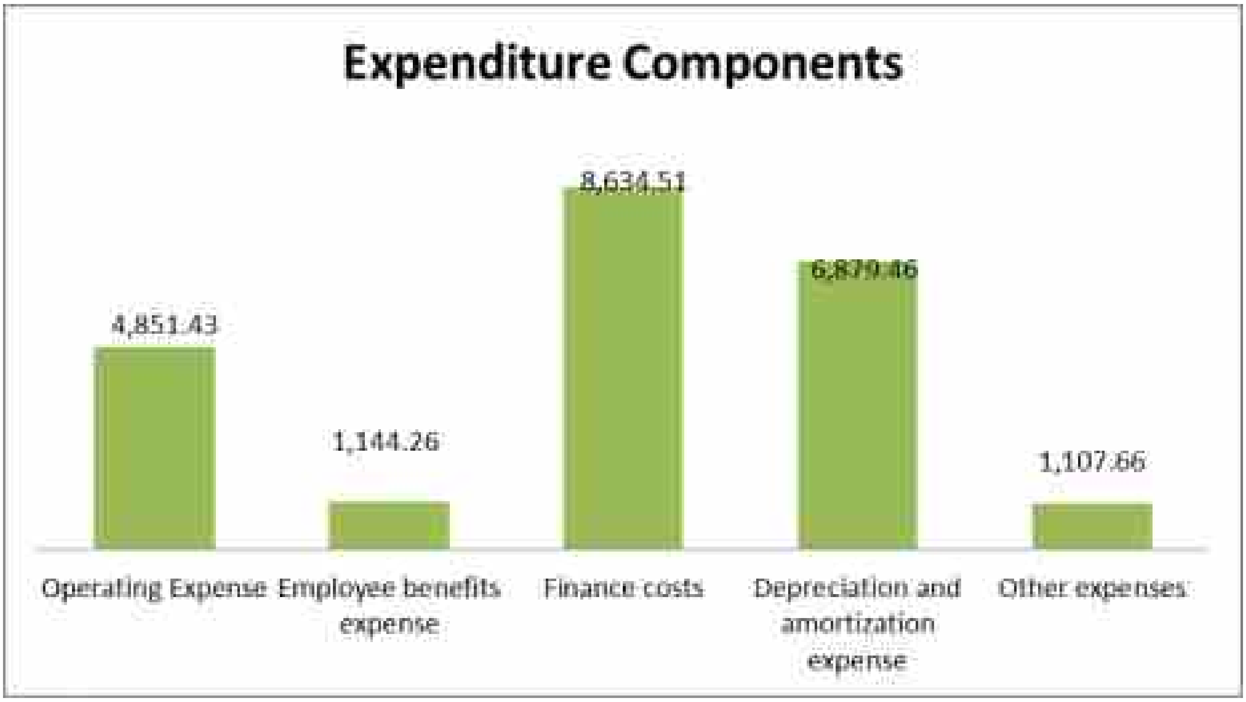
- The company started generating operational revenue effective from 9/12/2018, which consists of Aero Revenue and Non Aero Revenue.

- The components of the Aero Revenue of Rs. 8049.39 Lakhs are as below:-

- The components of the Non-Aero Revenue of Rs.3116.24 Lakhs are as below:-



- Expenditure for 2019-20 (Total Rs. 22,617.32)



(b) Change in nature of business

There has been no change in the business of the Company during the Financial Year ended 31 March 2020.

(c) Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the Year and till the date of the Report.

There were no material changes and commitments affecting the financial position of the Company during the Financial Year 2019-20 . The Covid 19 pandemic has severely affected the financial position of the Company during the current year.

MANAGEMENT

2.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Directors

As per the provisions of the Article 60 of the Articles of Association of the Company the maximum strength of Board of Directors is 20. As per the Article 85 of Articles of Association, Hon'ble Chief Minister of Kerala will be the Chairman of the Company. As per the Article 89(i) of the AOA, Government of Kerala appoints Managing Director of the Company. As per the Article 63(iii) of the AOA, Government of Kerala has nominated one third of the total number of Directors. Government of Kerala has nominated 6 Directors including the Chairman(Hon'ble Chief Minister of Kerala) and Managing Director.

As per the provisions of the Shareholders agreement entered between Kannur Airport & BPCL, BPCL can nominate 2 Directors when they hold 20% in the paid up equity capital of the Company. At present BPCL is holding 16.20% in the paid up capital and has nominated one Director in the Board of Directors of Kannur Airport.

As per the provisions of the Shareholders agreement entered between Kannur Airport & AAL, AAI can nominate 2 Directors in the Board of Directors of Kannur Airport.

(b) Key Managerial Personnel

(i) Managing Director : Dr. V.Venu IAS
(ii) Chief Financial Officer : Sri S Jayakrishnan ACA
(iii) Company Secretary : Sri G Gnanendrakumar FCS

(c) Change in Directors as on the date of the Report.

Your Directors hereby state that as per the provisions of Companies Act, 2013 and Articles of Association of the Company, from the date of the earlier report till this report, following changes have occurred in the Board of Directors of the Company:

- Government vide GO (Rt) No. 207/2021/Trans dated 24 June 2021 ordered to withdraw the Government representatives in the Board namely Sri. E. Chandrasekharan, Sri. E.P. Jayarajan, Sri. Ramachandran Kadannappally, Smt. K.K. Shailaja Teacher and further ordered to appoint following directors in that place:

  1. Sri. M.V. Govindan Master, Hon'ble Minister for Local Self Government, Rural-Development & Excise.
  2. Dr. V.P. Joy IAS, Chief Secretary , Government of Kerala
  3. Sri. Rajesh Kumar Singh IAS, Addl Chief Secretary, Finance Dept, Government of Kerala

- Dr. V. Venu IAS was appointed as Managing Director replacing Shri. V. Thulasidas IAS (Retd).
- Sri. Sanjeev Jindal ED Engg SR, AAI was appointed as Nominee Director, in place of Sri. D.K. Kamra.

2.2 INDEPENDENT DIRECTORS

As per the provisions of Section 149 (10) of Companies Act, 2013 the Board of Directors had reappointed Sri. M. Madhavan Nambiar (DIN:01122411) and Smt. K. Parvathy Ammal (DIN: 07254970) as Directors in the Independent Category for another period of 5 years.

2.3 DECLARATION OF INDEPENDENT DIRECTORS

Sri. M. Madhavan Nambiar (DIN:01122411) and Smt. K. Parvathy Ammal (DIN:

07254970), the independent directors of the Company have furnished declaration(s) to the Board that they meet the criteria of 'independence' as provided in sub-section (6) of Section 149 of Companies Act, 2013.

2.4 BOARD MEETINGS

Only three meetings of the Board of Directors were held during the period under review, on 25 June 2019, 20 October 2019 and 13 February 2020 . Company had scheduled the Board meeting for the last quarter for the period under consideration on 26 March 2020 and notice dated 17 March 2020 was also issued to all directors and all necessary preparations including VC facilities were arranged. But Government declared lock down due to covid -19 outbreak, the very previous day of the meeting and Chairman (Hon'ble Chief Minister) intimated that the meeting may be postponed.

2.5 COMMITTEES

(a) Audit Committee

The Audit Committee of Board of Directors of the Company was reconstituted and at present the Committee comprises the following members:

Sl. No.	Name of the Member	Designation
1	Smt. Parvathy Ammal K, Independent Director	Chairperson
2	Sri. M. Madhavan Nambiar, Independent Director	Member
3	Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation) ,BPCL	Member

Audit Committee of the Board met on 19 October 2019 during the year under consideration.

(b) Nomination & Remuneration Committee

As per Section 178 (1) of the Companies Act,2013 read with Rule 6 of the Companies (Meetings of Board & its Power) Rules, 2014, the Board had constituted Nomination & Remuneration Committee. At present the Committee consists of following members:

Sl. No.	Name of the Member	Designation
1	Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. M. Madhavan Nambiar, Independent Director	Member
4	Smt. Parvathy Ammal, Independent Director	Member

A meeting of Nomination and Remuneration Committee was held on 6 August 2019, during the year under consideration.

(c) Corporate Social Responsibility Committee (CSR Committee)

Board of Directors had decided not to take up new CSR activities till the Company starts making profit. It was also decided to incur the committed expenditure on CSR projects already approved.

Company had spent Rs. 70,59,875/- towards Corporate Social Responsibility during the year under consideration.

The CSR Committee of Board of Directors of the Company at present consists of following members:

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. M. Madhavan Nambiar, IAS(Retd), Independent Director	Member
4	Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation), BPCL	Member

The CSR Policy of the Company is available in the website of the company.

(d) Share Allotment And Transfer Committee

This Committee is the approving authority relating to allotment and transfer of shares and allied matters. The Board had constituted Share Allotment and Transfer Committee with the following members:

Sl. No.	Name of the Member	Designation
1	Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife	Chairperson
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Smt. K. Parvathy Ammal, Independent Director - Member	Member

Five meetings of Share Allotment & Transfer Committee were held during the year under review on 16 May 2019, 7 August 2019, 4 September 2019 and 21 October 2019 and 13 February 2020.

(e) Technical Committee

This committee was formed to consider and take decisions pertaining to technical matters of the project and take appropriate decisions for early completion of the project. Technical committees was entrusted with the authority for approval of all tenders and proposals including commercial tenders up to Rs. 25 crores. The members of the Committee are :

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. Madhavan Nambiar Independent Director	Member

A meeting of Technical Committee were held during the year under review on 6 August 2019.

(f) HR & Selection Committee.

This committee was formed to consider and take decisions pertaining to all HR related matters of the Company. The committee at present consists of the following members:

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Hon'ble Minister of Local Self Government, Rural Development & Excise	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. M. Madhavan Nambiar, IAS (Retd), Independent Director	Member
4	Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation), BPCL	Member

Four meetings of HR & Selection Committee were held during the year under review on 10 May 2019, 25 June 2019, 5 November 2019 and 17 January 2020.

2.6 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy relating to appointment of Directors other than Government nominees and nominee directors based on shareholder's agreement, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters in compliance with section 178 (3) of the Companies Act, 2013. The Board has constituted Nomination and Remuneration Committee for this purpose.

2.7 DIRECTORS' RESPONSIBILITY STATEMENT

To the best knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statement in terms of provisions of Section 134(3) (c) of the Companies Act, 2013 :

i. In the preparation of annual accounts for the financial year ended 31 March 2020, the applicable Accounting Standards and the instructions provided under Schedule III of the Companies Act, 2013 have been followed.

ii. Accounting policies selected have been applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2020, and of the profit and loss of the company for the year ended on that date.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

iv. The annual accounts of the Company have been prepared on a 'going concern' basis.

v. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

2.8 FRAUDS REPORTED BY THE AUDITOR

No frauds have been reported by the Auditors under Section 143 (12) of the Companies Act, 2013. There are no frauds to be reported to Central Government.

3 DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

3.1 REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE ASSOCIATE COMPANIES

BPCL –KIAL Fuel Farm Pvt Ltd is the Associate Company of Kannur Airport. A statement containing the salient features of the financial statement of Associate Company in Form AOC-1, is attached as Annexure.

4 DEPOSITS

The Company has not accepted deposit from members or the general public as on 31 March 2020. There are no small depositors in the Company.

5 PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans , guarantees and investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

6 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties as referred to in sub-section (1) of Section 188 of Companies Act, 2013 and Ind AS 24 are set out in the Notes forming part of the accounts. These transactions are not likely to have a conflict with the interest of the Company. All the related party transactions are negotiated on arm's length basis and are intended to protect the interest of the Company. Disclosure of particulars of contracts/

arrangements entered into by the Company with related parties are given in Form AOC – 2 as attached as Annexure to this report.

7 PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

There were no employees of the Company who have drawn remuneration in excess of the limits set out under Section 197 (12) of the Companies Act, 2013 read with Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

8 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS 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 have not been furnished considering the nature of activities undertaken by the Company during the year under review.

Further, during the year under review, following are the details of Foreign Exchange Earnings and Outgo:

Foreign Exchange Earning	: Nil
Foreign Exchange Outgo	: USD 607991.8

9 RISK MANAGEMENT

The Company has adequate system for business risk evaluation and management to ensure stable and sustainable business growth and to promote pro-active approach in evaluating and resolving the risks associated with the business. The Company has identified the potential risks such as financial risk, legal and statutory risks and the internal process risk and has put in place appropriate measures for its mitigation. At present, the Company has not identified any element of risk which may threaten the existence of the Company.

10 MATERIAL ORDERS OF JUDICIAL BODIES /REGULATORS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

11 AUDITORS AND AUDITOR'S REPORT

Statutory Auditors M/s Delloite Haskins & Sells, Chartered Accountants was appointed by the Board of Directors as the Statutory Auditors of the Company to hold office for 5 years . Their report forms part of this report.

Management's response to the Statutory Auditor's Qualification/comments on the Company's Financial Statements.

Sl. No.	Name of the Member	Designation
1	We draw attention to Note 1.4 and 3 (5) to the standalone financial statements where for the reasons stated therein, 353.98 acres of land given on lease to the Company has not been recognized in these standalone financial statements as the Company is yet to enter into any lease agreement with the Government of Kerala.	KINFRA is the Nodal Agency for acquiring land on behalf of Government of Kerala (GOK) for the Airport. Government's share in the equity of the Company is in the form of land. After completion of Government's equity capital, the remaining land is to be transferred by the Government on lease as per relevant Government Orders. Of the total land acquired, 1193 acres had been transferred to Kannur Airport on ownership basis and equity has been allotted. An extent of 353.98 acres within the boundary wall of the airport is to be to be given on lease to Kannur Airport against payment of lease rent. The original lease terms was for a period of 60 years on token lease rent. However, these terms were reviewed subsequently by the Government in March 2019 and it has been decided that land required for operational purposes will be on token lease rent, land for commercial purposes will be on lease rent of the Government with the lease rent to be reviewed every five years and a lease holiday of five years or until the Company reaches cash profit whichever is earlier. However in a meeting of the Company with the Government in Sept 2019, it was decided that land used for commercial activities will be on lease rent applicable for commercial activities. The relevant Government Order for this is yet to be issued and the Company had already taken up this matter with the Government. Hence the lease agreement will be entered into after the Government issues the relevant Government Orders with the revised terms of lease.

2	We draw attention to Note 1.3 and Note 36 of the standalone financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the Management's assessment of impairment of carrying values of Property, Plant & Equipment (including Capital work-in-progress) in the standalone financial statements of the Company as at the balance sheet date. Based on such assessment, the Management expects the carrying amount of Property, Plant & Equipment (including Capital work- in progress) will be recovered. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.	Management comments are given in Note 1.3 and Note 36
3	Attention is invited to Note 41 of the standalone financial statements regarding the deficit in PSF (SC) which has not been recognized in these financial statements as a liability since the Company is only acting in a pass through capacity of receiving the PSF (SC) from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security to the airport is with the Government of India.	Passenger Service Fee as approved by MoCA are billed to airlines for embarking passengers. PSF collections are used for meeting expenditure towards cost of deployment of CISF personnel. PSF Collections are kept in Escrow Accounts and cannot be used for Airport's own expenditure and hence the same is accounted for in pass through capacity.
4	Attention is invited to Note 6 of the standalone financial statements regarding Management's assessment of recoverability of deposit of Rs.982.03 Lakh based on the reasons stated in the said Note.	Company had deposited an amount of Rs 982.03 lakh as security deposit prior to commencement of commercial operations towards cost of deployment of 613 CISF personnel at the airport. This was paid from term loan borrowings. The cost of deployment of CISF personnel is to be met from PSF Collections from embarking passengers. Since PSF collections were inadequate due to low passenger volumes, this Security Deposit could not be recouped from PSF Collections. Hence the Company had requested MoCA to refund the same.

OTHER MATTERS PARAGRAPH		
Sl. No.	**Name of the Member**	**Designation**
1	We draw attention to Note 45 of the standalone financial statements for the year ended March 31, 2020 on our appointment as statutory auditors of the Company by the members of the Company under section 139(2) of the Act for a term of five (5) years from the conclusion of the 9th annual general meeting until the conclusion of the 14th annual general meeting (i.e. in respect of the financial year ended March 31, 2019 until the financial year ending March 31, 2023). We understand that the Company has filed a writ petition challenging the view of the Ministry of Corporate Affairs that the Company is a government company as defined under the Companies Act, 2013, and its direction that the Company's auditors need to be appointed by the Comptroller and Auditor General of India under section 139(5) of the Act. We are informed that the aforesaid direction is currently under an interim stay under order dated December 3, 2019 issued by the Hon'ble High Court of Kerala and that the matter is sub-judice. Our appointment as auditors of the Company is subject to the eventual outcome of this matter. This was also reported under Other Matters in the Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020. The Board of Directors of the Company continue to reaffirm our appointment as auditors of the Company based on legal advice obtained by them and also the shareholders of the Company in the Annual General Meeting held on December 28, 2020 have noted the Other Matter on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.	The Company's position with respect to appointment of Statutory Auditors have not changed since the last reporting date.

BASIS FOR QUALIFIED OPINION		
Sl No	**Auditor's Comment**	**Reply**
1	(a) We refer to Note 38(b) to the standalone financial statements, regarding certain claims raised by a contractor and a consultant aggregating Rs.10433.34 Lakh (As at March 31, 2019: Rs. 33417.47 Lakh) for additional costs incurred due to extension of time on the project which are in the process of review by the Management. The claims include an amount of Rs. 498.02 Lakh (As at March 31, 2019: Rs. 725.61 Lakh) towards subsumed taxes due to the change in the taxes from the service tax regime to the GST regime. The Company has not yet concluded its review/ assessment on the final claim/ taxes to be settled and pending the quantification of the amount eventually payable, has disclosed the amount of Rs. 10433.34 Lakh as contingent liability. We are unable to comment on the liability to be recognised towards these claims and the possible impact on the carrying value of the related property plant and equipment, and its consequential impact on the depreciation and loss for the year. This was also subject matter of qualification in the Auditor's Report on the standalone financial statements for the year ended March 31, 2019 issued on December 3, 2020.	The amount of Rs 10432.63 Lakh comprises the following: a) Extension of Time from L & T (B & F) - Package A – Rs 9736.88 Lakh – No Claim Certificate dated 17 September 2021 has been received by the Company on this contract, in which it is stated that there is no claim on package-A Contract. Further, confirmation from L & T has been received on 28 October 2021 without the claim amount of Rs 9736.88 Lakh. Hence Rs 9736.88 Lakh may be excluded from the Comment. b) EPC-1 & Package A - GST Subsumed Tax Claim – Rs 498.24 Lakh - The difference is due to the rate of subsumed tax estimated by the Company and increase in contract value at 9% upon GST enactment with the rate adopted by L & T. The Package A contractor has already agreed for increase in contract value at 8.29%. The Company has requested for additional information/details from both the contractors and this will be adjusted subsequently upon receiving further information from the Contractor. Similarly, additional information has been sought from EPC-1 for validation of the claim. c) AECOM – Rs 197.51 Lakh (i)Interest on delayed payment - Rs 110.56 Lakh – Not payable as contract conditions do not envisage interest on delayed payment. (ii) EMD on Consultancy Appointment – Rs 10 Lakh – This amount is already refunded. (iii) Additional Claims not certified – Rs 76.95 Lakh – Not admissible as per Engineer's certificate.

2	(a) We refer to Note 31 to the standalone financial statements, wherein the Company has recognised a deferred tax asset of Rs. 2969.21 Lakh as at March 31, 2020 (As at March 31, 2019: Rs.2431.12 Lakh) (including Rs. 528.56 Lakh recognised during the year) on unused carried forward business losses for set off against future taxable profits. In the absence of projections to support the availability of future taxable profits for utilisation against such unused business losses, we are unable to conclude on the appropriateness of the carrying value of the above deferred tax asset and its consequential impact on the loss for the year and on the Retained Earnings. This was also subject matter of qualification in the Auditor's Report on the standalone financial statements for the year ended 31 March 2019 issued on December 3, 2020.	Revenue projections furnished to lenders have been furnished to Deloitte. As per the projections made available unused tax losses can be set off against future taxable profits. Company's position with respect to FY 2018-19 was also as above.
3	Trade Receivables (refer Note 10.1 of the standalone financial statements) include an amount of Rs. 624.15 Lakh which are overdue and recoverable from certain customers and remain outstanding as on the date of this report. In the absence of any sufficient and appropriate audit evidence to support the recoverability of these balances, we are unable to comment on the recoverability of these amounts and its consequential impact on the carrying value of trade receivables and loss for the year.	Trade Receivables of Rs 624.15 Lakh include the following: Air India ASL – Rs 525.91 Lakh – The revenue share for GH services to GoAir was not paid by AIASL because of an agreement by AIASL with GoAir to pay the revenue share of Kannur Airport by GoAir directly to the Company. Kannur Airport is neither a party to this agreement nor providing any GH services to GoAir. Further, the work order for appointment of AIASL as GH agency was issued by Kannur Airport to AIASL and hence Kannur Airport cannot issue invoices to GoAir. Since this was being contested by AIASL till recently until the meeting with MoCA. After escalation of this matter with the CEO of Air India in the meeting with MoCA, they had agreed

		to clear the dues at the earliest. The Company has reconciled the amount receivable with the statement provided by AIASL for Go Air Revenue share. This will be settled with AIASL in due course. a) Speedwings – The agency's contract for Baggage Wrapping, Paid Porter & Meet and Greet services was terminated for non-payment of dues and a court case was pending due to the agency approaching the Court against the termination. MMG by the agency was Rs 12,00,001/- lumpsum plus GST for all the above services. Agency' contention was that he was not allowed Meet & Greet services by Customs. Prior to the termination, the Company had several rounds of discussions with the agency and communicated that a reduction of MMG to Rs 10 Lakh plus can be made and requested him to pay this considering the fact that Meet & Greet services was not allowed by Customs. However, the agency did not respond to this and the Company had no choice, but to terminate the contract and court ensued. The company took a view to settle the matter rather than filing a civil case against the agency, which will not benefit the Company as per the advice received from the Company's lawyer it was agreed for an MMG of Rs 8.50 lakh plus GST. As per the Court Order, a BG for Rs 1 Crore and Rs 25 lakh cash security deposit has been received. A sum of Rs. 19.26 Lakh is payable since this amount represent GST, Utilities, CAM charges, etc., after setting off the amount received from the agency as a result of the Court order. The Agency have been communicated to pay this for which they need a clarification from their lawyer since the Court order is silent on the payment of GST, Utilities, CAM charges. The Company is of the view that dues towards GST (statutory liability), Utilities, CAM charges are also payable since the Court has dealt only with MMG and not others. b) Lite Bite Foods – Rs 78.28 Lakh represent the balance amount disputed by Lite Bite Foods. However, the Company has assets belonging to Lite Bite Foods valued at Rs 78.28 Lakh from an Income Tax approved valuer. The Company is free to auction the same as per tender conditions and a decision on this matter will be taken in due course. The contract has been terminated due to Force Majeure and will be closed after

Basis for Adverse Opinion –Internal Financial Controls		
a)	Ensuring compliance with the applicable accounting standards and generally accepted accounting principles, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording Property, Plant and Equipment; establishing a process of periodic verification of property plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment The Company's process of evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment through confirmations and their reconciliation with respective vendor(s) as per books of account at regular intervals	1) Capitalisation of Property Plant and Equipment had been completed in FY 2018-19 itself with the help of CA firm which was also reviewed and finalised after taking into consideration the comments of statutory auditors. Hence Financial Statements were compiled as per applicable standards in FY 2018-19 in so far as Property, Plant and Equipment. During the current year the material impact on Financial Statements with respect to Property Plant and Equipment is only Rs 27.94 Crore plus GST which has been incorporated in the Financial Year 2019-20. Changes in Financial Statements during the review process were made only as per the requirements of Statutory Auditors, for which there is a prior approval of the Board to make changes suggested by Statutory Auditors. 2) It may please be noted that Company is having internal financial controls for maintenance of records, recording of transactions, recording of receipts and expenditure which are with authorisations of the management and Board of Directors of the Company. There is no unauthorized acquisition or disposition of assets without approval of the management. The Company is also having a Handbook regarding Service with Transparency for various functions (Do's and Don'ts), which is being followed. 3) Assets and expenditure are being acquired and expenditure incurred based on approvals of Board/Technical Committee/ Managing Director. 4) There are proper approvals in place, especially on construction contracts. Invoices are verified by consultants, engineers of Kannur Airport and finally passed for payment after verification by Finance and Accounts and approval of Managing Director. Assets were capitalized based on these certified invoices and the classification and recording of Property, Plant and Equipment was carried out based on these invoices after an elaborate process taking cognizance of regulatory principles. Classification and Certification of the value of Property, Plant and Equipment was confirmed by the Contractor and Consultant. 5) The Company is having contracts for aero/non aero activities and invoicing is carried out based on these contracts signed with the vendors.

6) Confirmation letters have not been received from vendors since there are disputed claims and hence reconciliation could not be done in some cases. The Company is having no doubts regarding the correctness and completeness of accuracy of

transactions pertaining to cquisition/construction of Property, Plant and Equipment since these are being recorded and paid for based on valid approval processes of Consultants/ Engineers concerned. Claims made by contractors are not paid by the Company purely based on their claim. Reconciliation is only one aspect of identifying and recording ineligible claims, if any which is otherwise taken care of at the inception itself.

7) It may please be noted that the Company is also having an Internal Audit mechanism to supplement internal financial controls for identifying weaknesses, if any.

8) In so far as physical verification is concerned, Property, Plant and Equipment such as Runway, Terminal Buildings, BHS, PBB, ACFTs, Escalators, Elevators, X Ray machines, ATC, etc., which are all high value items are identifiable in the airport. These assets are always physically available in the

airport, which constitutes more than 63.72% of the value. The airport cannot operate without these. The Company had carried out physical verification of assets on 26 October 2019 and 27 February 2020.

The following is the composition of PPE on the total value (Rs 195154.75 Lakh) of fixed assets:

a) Land – Rs 69951.84 Lakh – 35.84%

b) Pavements – Rs 27432.11 Lakh – 14.06%

c) Buildings, Roads, – Rs 65661.66 Lakh – 33.65% Bridges, Culverts

d) Electrical Equipment – Rs 26315.09 Lakh – 13.48%

e) Fire & Safety – Rs 2921.30 Lakh – 1.50% Equipment

f) Plant & Equipment – Rs 2028.26 Lakh – 1.04%

g) Furniture & Fixtures – Rs 784.68 Lakh – 0.40%

h) Computer & Accessories – Rs 25.36 Lakh – 0.01%

i) Office Equipment – Rs 33.34 Lakh – 0.02%

		TOTAL – Rs 195154.75 Lakh –100% a) The Company had taken over the land (35.844%) prior to Commercial Operations Date after conducting a survey and is secured by property boundary wall. As such physical verification was no carried out. However, the Company had established a programme of physical verification of assets once in every three years for conducting a survey of land as approved by the management on 13 January 2021. Survey of land will be conducted in due course. b) SL Nos. (b) to (e) above (63.723%) – These assets comprise operational assets, which are operationally critical and are under continuous monitoring and periodical maintenance programme as per the O & M contract of the Company. Most of these assets are subject to regulatory compliance for operational requirements, for e.g., Runway (DGCA), Security Equipment (BCAS) , etc. However, a technical certification that these assets are physically available in the airport will be obtained in due course from the Engineer concerned. c) SL Nos, (g) to (i) above (0.432%) – The management had approved on 12 January 2021 to engage an agency for conducting physical verification of construction and other assets including tagging/coding with appropriate coding mechanism. As such physical verification and tagging of fixed assets will be implemented during the course of FY 2021-22. d) The Company has engaged a CA firm to study and evaluate existing control mechanisms, evaluate the internal control weaknesses, if any and advise the Company on the measures to be adopted for improving the internal financial control systems, preparation of an SOP and Accounting Manual.
b)	Financial book closing procedures to ensure preparation of timely, reliable and appropriate financial statements.	The Company is having a book closing procedure without which the accounts could not have been compiled and given for statutory audit in a timely manner for FY 2018 – 19 and FY 2019- 20. However, quarterly closing of books of accounts will be implemented.

c)	The Company's process of ensuring the completeness and accuracy of Aero, Non-aero and other operating revenue recorded during the year ended March 31, 20.	The Company is having contracts with vendors for aero and non-aero activities and other operating revenue. These contracts were awarded based on competitive tenders and billing of these had been carried out based on these contracts. Source data are being provided to Finance by Account Management Department for aero and non-aero activities and these are being checked by Finance for any inconsistencies in data provided and rectified. Company had implemented RMS software as a temporary billing solution from August 2019 for billing aero and non-aero revenues compared to earlier manual data collection system for timely, accurate billing data. The source data from Operations Wing entered into RMS Software for Aero Revenues are validated and checked by Finance and Accounts for inconsistencies and invoices are raised. Similarly source data provided by Engg Wing into the RMS software are being used for invoicing for Electricity and Water Non aero revenues, viz., MMG, Space Rent, etc., are invoiced based on contractual arrangements. The above software is still being used for AERO Revenue billing and Utilities. This software was introduced as a substitute for ERP considering the huge investment required for AODB and ERP systems. The Company had invited two tenders for Airport Operations Data Base (AODB) and ERP in January 2020 and due to COVID-19 pandemic, the tender process got delayed and due to the huge financial implications, this was cancelled ultimately. It is pertinent to note that CIAL also did not have above systems until a few years back. The Company took a view to follow the same practice adopted by Cochin Airport, being a similar model, for Eg. Tally ERP for accounting software. As such the decision taken earlier not to invest substantially in the beginning was purely an investment decision. Hence the company has a process of ensuring completeness and accuracy of Aero, Non aero and Other operative revenue. Source data provided from User Departments are validated, checked and invoice and therefore there are no material inconsistencies. As such there are controls over billing and receivables. Receivables statements are being prepared periodically and frequently sent and follow up of payments is being carried out regularly by Account management department.

		However, the Company is currently in the process of building up adequate resources to set up an environment to remove deficiencies, if any including implementation of AODB and ERP systems in a scaled down version to automate data capture from source for aero/non aero revenues to the maximum extent possible and to ensure data validation and completeness. The Company has engaged a CA firm to study and evaluate existing control mechanisms, evaluate the internal control weaknesses, if any and advise the Company on the measures to be adopted for improving the internal financial control systems, preparation of an SOP and Accounting Manual to cover this area.
d)	The Company's process of validating certain claims related to carried forward of business losses and deduction under Section 35 AD of the Income Tax Act, 1961 and accounting of the related tax effects under the applicable accounting standards, including projections to support the availability of future taxable profits for utilization against such unused business losses.	Revenue projections furnished to lenders have been furnished to Deloitte. As per this projection the Company is generating surplus from FY 2022 onwards and therefore expects that business losses and losses under Section 35AD will be recovered. The Company has a process of validating the claims related to carry forward of business losses and deduction under Section 35 AD and accounting of tax effects to be set off against future taxable profits and there is no doubt regarding this since the Return of Income has been filed within the time limit prescribed under Income Tax Act 1961. There is no time limit for carry forward and set off deduction under Section 35AD. Unabsorbed business losses can be set off against future taxable profits as per the projections available with the Company, which was also furnished to lenders for debt restructuring and accepted by lenders. This projection is adequate to support the Company's position. Financial Statements have been compiled accordingly.
e)	The Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary	The Company has a process of assessing the recoverability of overdue receivables since these are being regularly monitored, discussed at the management level. Commercial decisions are taken after discussions and giving due consideration to business opportunities, strengths and weaknesses of the airport. The fact that the Company has a process of assessing the recoverability and how to address the same is also evident from the fact that some of these overdue receivables have been taken up and addressed in the appropriate forum to recover the same, which was already explained to Deloitte. Further overdue receivable statements are being regularly sent out to debtors and followed up by the Account management team.

3) Annexure -B to the Independent Auditors Report		
i(c)	The Company has not performed physical verification of fixed assets and neither has a programme of verification of fixed assets to cover all the items in a phased manner.	The Company had carried out physical verification of assets on 26 October 2019 and 27 February 2020. The Company had already taken note of the earlier comments of Deloitte and had established a programme of physical verification of assets once in every three years for conducting a survey of land as approved by the management on 13 January 2021. Survey of land will be conducted in due course. Similarly the management has approved on 12 January 2021 to engage an agency for conducting physical verification of construction and other assets including tagging/ coding through appropriate coding mechanism. Our response to item No. As such physical verification and tagging of fixed assets will be implemented during the course of FY 2021-22 initially and a phased programme of physical verification of all assets once in three years will be implemented.
xiv (a)	Equity Share of Rs 12500 Lakh: The requirement of Section 42 of the Companies Act, 2013, as applicable, have not been complied with regard to the allotment of 125 Lakh equity shares at the rate of Rs.100 per share, which allotment was made before receiving the share subscription money. Subsequently, the Company received the said share subscription money in its treasury savings bank account on October 11, 2019. The Management is of the view that the provisions of Section 42 of Companies Act 2013 read with The Companies (Prospectus and Allotment Securities) Rules 2014, have been complied with (Note No. 15 of Standalone Financial Statements).	Consequent up on the increase of the paid up capital of the company from Rs.1000 crores to Rs.1500 crores and to maintain the shareholding of State Government at 35 % as per the shareholding pattern approved by Government and Board of KIAL, the equity contribution of Government is to be raised from the existing amount of Rs.350 crores to Rs.525 Crores by offering and allotting additional shares work Rs.175 crores to Government of Kerala. Pursuant to the decision of the shareholders in their meeting held on 29 September 2018 the Company made private placement offer letter dated 26th October 2018 to Government to subscribe for the additional shares worth Rs.175 Crores to maintain government share at 35 % of the total equity capital. The decision of private placement offer was taken during the general meeting dated 29 September 2018 and the private placement offer letter was issued on 26 October 2018. This offer letter was valid for one year, till 25 October 2019. Government accepted the private placement offer made by KIAL and accordingly Govt of Kerala vide GO (Ms) No. 23/2019/Trans dated 07 March 2019 accorded sanction to invest additional 175 cr towards the equity participation in Kannur Airport and released an amount Rs. 50 crores as partial equity contribution as per GO (Rt) No. 201/2019/Trans dated 8 May 2019, out of Rs.175 crores agreed to be invested in the equity pursuant to the above private offer, for which Company had made a partial allotment of shares worth Rs.50 crores.

		Govt vide GO (Rt) No. 334/2019/Trans dated 23 July 2019 accorded sanction for the release of balance amount of Rs. 125 cr as against the private placement offer of Rs. 175 crores worth shares which was agreed to be contributed by Government. Government have unconditionally appropriated the said amount by debiting the expenditure under the Head of account " 5053-02-190-97-PV" as per above GO. Due to treasury restrictions and procedural formalities to be complied with for crediting the amount to KIAL account , the money could be credited into the Company's treasury account only on 11 October 2019 though the Government order releasing the amount was issued on 23 July,2019. The factual position as aforesaid may be considered. Government of Kerala issued Government Order dated 23 July 2019 and appropriated the said amount by debiting the expenditure under the Head of accounts "5053-02-190-97 – PV". Only due to technical reasons which is beyond the control of KIAL or the Government officials, the other formalities got delayed. As such the date of receipt of share subscription may have to be treated as 23 July 2019 instead of 11 October 2019. Section 42 of the Companies Act, 2013 is not emphasizing anywhere on the date of receipt of the money for allotment of securities. Sec 42 (6) of the Companies Act specifies refund of share subscription money if shares are not allotted within 60 days of receipt of money. Here allotment of securities within 60 days is only emphasized. This is to avoid the delay in allotment of securities by any Company, whereby the rights of the shareholders are protected. As such, the aforesaid provision is not applicable in this instance of allotment of securities to Government of Kerala Hence there is no violation of Section 42 of the Companies Act, 2013. As such this qualification may be dropped from the report.
xiv (b)	The amounts raised (Ref; Note No. 11.1) by the Company during the year have not been applied for the purposes for which the funds were raised to the extent of Rs 3,005.38 Lakh	The Company had obtained a ratification of the Board of Directors on 26 June 2020 for the equity funds utilized for revenue expenditure. The funds so utilized will be recouped from revenue surplus in future. Of the amount of Rs 3,005.38 Lakh, an amount of Rs 2175.04 was utilized for payment on interest on term loan due to inadequate revenue collections. The term loan interest was paid to keep Kannur Airport account to comply with Prudential Norms of RBI, else the same would've turned NPA. The funds were also used for payment of power charges and other major operating expenditure of the airport to prevent shut down of the airport.

Internal Auditors

The Board of Directors had appointed M/s Varma & Varma Chartered Accountants, Thiruvananthapuram as the Internal Auditors of the Company, as per the provisions of Section 138 of Companies Act, 2013 and Rule 13 of Companies (Accounts) Rules 2014, for the Financial Years 2017-18 to 2019 -2020.

Secretarial Auditor

The Board of Directors had appointed M/s Ashique Sameer Associates, Company Secretaries Kozhikode as Secretarial Auditors of the Company, as per the provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, for the period under review and for the Financial Year 2020-21 and 2021-22. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 2019-20 is attached with this report as Annexure.

Cost Auditor

As per the provisions of Section 148 (1) of Companies Act, 2013, Rule (3) & (4) of Companies (Cost Records & Audit) Rules 2014, Company needs to appoint a Cost Auditor as the annual turnover of the Company crossed Rs. 100 cr during the FY 2019 -20. Company maintains cost records and Cost Audit becomes applicable for the FY 2020-21, complying the aforesaid provisions of the Companies Act, 2013. M/s Sankara Kumar Associates, Cost Accountants, Thiruvananthapuram, was appointed as Cost Auditor for the FY 2020-21.

12 COMPLIANCE WITH SECRETARIAL STANDARDS OF ICSI

The Company is in compliance with the Secretarial Standard on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government.

13 ANNUAL RETURN

The website of the Company is www.kannurairport.aero. The annual return of the company has been published in the website. Link of the same is given below:
https://www.kannurairport.aero/annual-return-year-2019-20
The extract of Annual Return of the Company in the prescribed Form MGT-9 is annexed herewith as Annexure to this Report.

14 CONSOLIDATED FINANCIAL STATEMENTS

According to the provisions of Section 129 of the Companies Act, 2013 and Indian Accounting Standards (Ind AS 110) the consolidated audited financial statements are provided in the Annual Report.

15 DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION, AND REDRESSAL) ACT, 2013.

The Company has in place a policy for prevention of Sexual Harassment at the workplace in line with the requirements of the Sexual Harassment of women at the workplace (prevention, prohibition & redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed during the year.

(a) Number of complaints received during the year : NIL
(b) Number of complaints disposed off during the year : NIL

ACKNOWLEDGMENT

Your directors wish to thank the Government of Kerala, Government of India, Ministry of Civil Aviation, Bharat Petroleum Corporation Limited, Airports Authority of India, Bureau of Civil Aviation and Security and various other regulatory and statutory authorities of Government of India, Government of Kerala, Mattannur Municipality and Keezhallur Gramapanchayath for their keen interest in the progress of the Company and for their timely help and guidance for successfully completing the project. Your Directors place on record their gratitude to the lenders and bankers for their whole-hearted support and look forward to their continued assistance, co-operation and support. Your Directors are thankful to the esteemed shareholders for their continued patronage and the confidence reposed in the Company and its management. Your Directors are also thankful to the society at large for their valuable support and co-operation. Your Directors also take this opportunity to acknowledge the loyal and sincere work put in by the employees of the Company during the year under report.

For and on behalf of the Board

Sd/-
Chairman

Date: 12 November 2021
Place: Kannur

Annexure

FORM NO. AOC.1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

(Pursuanttofirstprovisotosub-section(3)ofsection129readwithrule5of Companies (Accounts) Rules,2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

Sl.No.	Particulars	Details
1	Name of the subsidiary	NA
2	Date on which subsidiary was acquired	NA
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
5	Share capital	NA
6	Reserves &surplus	NA
7	Total assets	NA
8	Total Liabilities	NA
9	Investments	NA
10	Turnover	NA
11	Profit before taxation	NA
12	Provision for taxation	NA
13	Profit after taxation	NA
14	Proposed Dividend	NA
15	% of shareholding	NA

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	**BPCL-KIAL Fuel Farm Pvt Ltd**	**Name 2**	**Name 3**
1. Latest audited Balance Sheet Date	31.03.2021		
2.SharesofAssociate/Joint Ventures held by the company on the yearend			
(a) Number	23,40,000		
(b) Amount of Investment in Associates/ Joint Venture	2,34,00,000		
(c)Extend of Holding %	26%		
Name of Associates/Joint Ventures	**BPCL-KIAL Fuel Farm Pvt Ltd**	**Name 2**	**Name 3**
3.Description of how there is significant influence	Because of shareholding		
4.Reason why the associate/joint venture is not consolidated			
5.Networth attributable to Shareholding as per latest audited Balance Sheet	(79,85,409.05)		
6. Profit / Loss for the year	(6,05,71,708.46)		
i. Considered in Consolidation			
i. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

Form AOC -2

Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rule 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 transaction under third proviso thereto.

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

Sl.No.	Particulars	Details
1	Name (s) of the related party	NA
2	Nature of relationship	NA
3	Nature of contracts/arrangements/transaction	NA
4	Duration of the contracts or arrangements or transaction including the value, if any	NA
5	Salient terms of contracts or arrangements or transaction including the value, if any	NA
6	Justification for entering into such contracts or arrangements or transaction	NA
7	Date of approval by Board	NA
8	Amount paid as advance, if any	NA
9	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	NA

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

Sl. No.	Particulars	Details
1	Name (s) of the related party	BPCL-KIAL Fuel Farm Pvt Ltd
2	Nature of relationship	Joint Venture Company with BPCL. Kannur Airport holds 26% equity in the JV Company (BPCL holds 74% equity)
3	Nature of contracts/arrangements/ transaction	Lease Agreement with BPCL KIAL Fuel Farm Ltd, JV Company
4	Duration of the contracts or arrangements or transaction including the value, if any	30 years
5	Salient terms of contracts or arrangements or transaction including the value, if any	28,000sq.m of land was leased out to the JV Company to build and operate Fuel Farm for Kannur Airport
6	Date of approval by Board	10 September 2014
7	Amount paid as advance, if any	Nil

For and on behalf of the Directors

Sd/-

Chairman

DIN:01907262

Date: 12 November 2021

Place: Kannur

ASHIQUE SAMEER ASSOCIATES
COMPANY SECRETARIES

Form MR-3
SECRETARIAL AUDIT REPORT
For the Financial year ended 31.03.2020
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No, 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
Members
KANNUR INTERNATIONAL AIRPORT LIMITED
Regd. Office:
KARA-PERAVOOR, POST MATTANNUR,
KANNUR-670702
KERALA, INDIA

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2020** 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

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **KANNUR INTERNATIONAL AIRPORT LIMITED** for the financial year ended on 31st March, 2020 according to the provisions of:

    a. The Companies Act, 2013 (the Act) and the rules made there under;
    b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
    c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
    d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

ASHIQUE SAMEER ASSOCIATES

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KT Gopalan Road, Kottooli, Calicut
Ph: +91 495 274 1533, 3633, 4633
Email: asaaconsu@gmail.com

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Calicut Kannur

2. We have also examined compliance with the applicable clauses of the Secretarial Standards on meeting of the Board of Directors (SS-1) and Secretarial Standards on General Meeting (SS-2) (together referred to as Secretarial Standards) as approved by central government, issued by The Institute of Company Secretaries of India (ICSI).

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

1. The Company has not conducted minimum number of four meetings of its Board of Directors during the year as provided under section 173(1) of the Companies Act and SS-1. As informed by the management, the Company had scheduled the Board meeting for the last quarter on 26 March 2020 and notice dated 17 March 2020 was also issued to all directors and all necessary preparations including VC facilities were arranged. But Govt declared lock down due to COVID-19 outbreak, the very previous day of the meeting and Chairman (Hon'ble Chief Minister) intimated that the meeting may be postponed.

2. The Company has allotted shares worth Rs. 125 crores to Government of Kerala on 21/10/2019 with retrospective effect from 23/07/2019 based on the Shareholders approval for private placement dated 29/09/2018 and share amount was not credited in the specific bank account. As explained by the management, the allotment of 125 lakhs of equity share to Governor of Kerala (representing Government of Kerala) is based on the Govt Order vide GO (Rt) No. 334/2019/Trans dated 23 July 2019. Government had unconditionally appropriated the said amount by debiting the expenditure under the Head of Account "5053 – 02-190-97-PV" as per above GO. Due to treasury restrictions and procedural formalities to be complied with for crediting the amount to Kannur Airport account, the money could be credited into Company's treasury account only on 11 October 2019 though the Govt Order releasing the amount was issued on 23 July 2019. The company has allotted shares with retrospective effect based on this factual situation.

We further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule 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. The company is also following the system of circulating the minutes of the Board Meeting in draft form to all

ASHIQUE SAMEER ASSOCIATES

Directors within the time stipulated in the secretarial standards and get confirmation thereon

3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

- As informed, the company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period

1. The company has allotted 1,75,00,000 (One Crore Seventy-Five Lakhs) equity share of Rs. 100/- each at face value and 2,62,100 (Two Lakh Sixty-Two Thousand One Hundred) equity share of Rs. 100/- each at Rs. 151/- (Rs. 51/- premium) on private placement basis during the reporting period.

Place: Calicut
Date: 16/07/2021

For Ashique Sameer Associates

ASHIQUE SAMEER ASSOCIATES

PM Abdul Sameer FCS
CP No: 7759
UDIN: F007060C000637855

Form No.MGT-9
EXTRACT OF ANNUAL RETURN
As on The Financial Year Ended on 31 March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.	**REGISTRATION AND OTHER DETAILS:**	
1	CIN	U63033KL2009PLC025103
2	Registration Date	3 December 2009
3	Name of the Company	KANNUR INTERNATIONAL AIRPORT LIMITED
4	Category/Sub-Category of the company	Company Limited by Shares Unlisted Public Company
5	Address of the Registered Office & Contact Details	Kannur International Airport, Kannur International Airport P.O., Mattannur, Kannur - 670708
6	Whether Listed Company	No
7	Name, Address & Contact Details of the Registrar & Transfer Agent, If any.	SKDC Consultants Limited, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, TN, India

II.	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**		
(All the business activities Contributing 10 % or more of the total turnover of the Company shall be stated)			
S. No.	**Name and Description of main products / Services**	**NIC code of the product / Service**	**% the total turnover of the Company**
1	Supporting services to Air transport, like operation of airports flying facilities, radio beacons, flying control centres, radar stations etc.	52231	98.42

III.	**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**				
SN	**Name and Address of the Company**	**CIN / GLN**	**Holding / Subsidiary / Associate**	**% of Shares held**	**Section Applicable**
1	BPCL-KIAL Fuel Farm Private Limited	U23200KL2015PTC038487	Associate	26%	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)								
i) Category – wise Share Holding								
Category of Share Holders	**No. of Shares held at the beginning of the year**				**No of Shares held at the end of the year [As on 31-March-2020]**			**% Change During the year**
	Demat	Phys-ical	Total	% of Total Shares	Demat	Phys-ical	Total	% of total shares
A. Promoters								
(1) Indian								
a)Individual/ H UF		0						
b) Central Govt		0						
c) State Govt(s)	350,00,000	0	350,00,000	30.16350, 00,000	525,00, 000	0	525,00, 000	39.23
d) Bodies Corp.		0						
e) Banks/FI		0						
f) Any Other (Top 50 Share Holders)		0						
Sub total (A) ((1)	350,00,000	0	350,00,000	30.16	525,00,000	0	525,00,000	39.23
(2) Foreign		0						
a) NRI Individuals		0						
b) Other Individuals		0						
c) Bodies Corp.		0						
d) Any Other								
Sub Total (A) (2)	350,00,000	0	350,00,000	30.16	525,00,000	0	525,00,000	39.23
TOTAL (A)	**350,00, 000**	**0**	**350,00,000**	**30.16**	**525,00,000**	**0**	**525,00,000**	**39.23**
B. Public Shareholding								
1. Institutions		0						

a) Mutual Funds		0						
b) Banks / FI		0						
c) Central Govt		0						
d) State Govt (s)		0						
e) Venture Capital Funds		0						
f) Insurance Companies		0						
g) FIIs		0						
h) Foreign Venture Funds		0						
i) Others		0						
Sub-Total (B) (1)		0						
2. Non-Institutions								
a) Bodies Corp.								
i) Indian (PSUs, Banks, Companies Co-op Banks, societies)	5,00,000	4,28,99,200	4,33,99,200	37.40	15,82,544	4,14,79,500	4,30,62,044	32.18
ii) Overseas		Nil						
b) Individuals								
i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	NA	51,76,392	51,76,392	4.46	33,300	45,58,100	45,91,400	3.44
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NA	65,52,104	65,52, 104	5.65	1,39,500	54,42,056	55,81,556	4.17

Foreign Nationals (NRIs)	NA	2,59, 22, 304	2,59, 22,304	22.33	89,300	2,79, 87, 800	2,80,77,100	20.98
Clearing Members		0						
Trusts		0						
Foreign Bodies – D R		0						
Sub-Total (B) (2)		0						
Total Public(B)		8,10, 50, 000	8,10,50,000	69.84			8,13,12,100	60.77
C. Shares held by Custodian for GDRs & ADRs								
Grand Total (A+B+C)		**11,60, 50, 000**	**11,60,50, 000**	**100**	**5,43,44,644**	**7,94, 67, 456**	**13,38,12, 100**	**100**

(ii) Shareholding of Promoters								
Sl No.	**Sharehold-er's Name**	**Shareholding at the beginning of the year (01.04.2019)**			**Shareholding at the end of the year (31.3.2020)**			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encum-bered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encum-bered to total Shares	% Chang-ing in Share-holding during the year
2	Government of Kerala, (On behalf of Govt. of Kerala)	350,00,000	30.16	51	525,00,000	39.23	51	9.07

(iii) Change in Promoters' Share Holding (please specify, if there is no change)							
SN	**Particulars**	**Date**	**Reason**	**Shareholding at the beginning of the year**		**Cumulative shareholding during the year**	
				No. of shares	**% of total shares**	**No. of Shares**	**% of total shares**
Govt: of Kerala	At the beginning of the year			350,00,000	30.16	525,00,000	39.23

	Changes during the year			0	0	0	0
	At the end of the year					350,00,000	39.23

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

Sl N	For each of the Top 10 sharehold-ers	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Bharat Petroleum Corporation Limited						
	At the beginning of the year			216,80,000	18.68	216,80,000	16.20
	Changes during the year						
	At the end of the year						
2	Airports Authority of India						
	At the beginning of the year						
	Changes during the year			0	0	0	0
	At the end of the year					216,80,000	16.20
3	Federal bank						
	At the beginning of the year			100,00,000			
	Changes during the year				8.62	100,00,000	
	At the end of the year				7.47		
4	Adeeb Ahamed			0	0	0	0
	At the beginning of the year			0	0	100,00,000	
	Changes during the year				7.47		
	At the end of the year						
5	State Bank of India			25,00,000	2.15	25,00,000	1.87
	At the beginning of the year			0	0	0	0
	Changes during the year			0	0	25,00,000	1.87
	At the end of the year						

6	The Mookkannur Service Co-operative Bank			15,00,000	1.29	15,00,000	1.12
	At the beginning of the year			0	0	0	0
	Changes during the year			0	0	15,00,000	1.12
	At the end of the year						
7	Eloor Service Cooperative Bank			15,00,000	1.29	15,00,000	1.12
	At the beginning of the year			0	0	0	0
	Changes during the year			0	0	15,00,000	1.12
	At the end of the year						
8	Canara Bank						
	At the beginning of the year			11,00,000	0.94	11,00,000	0.82
	Changes during the year			0	0	0	0
	At the end of the year			0	0	11,00,000	0.82
9	Kerala State Industrial Development Corporation						
	At the beginning of the year			10,25,000	0.88	10,25,000	0.77
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,25,000	0.77
8	Canara Bank						
	At the beginning of the year			10,00,000	0.86	10,00,000	0.75
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,00,000	0.75
9	Kerala State Industrial Development Corporation						
	At the beginning of the year			10,00,000	0.86	10,00,000	0.75
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,00,000	0.75

10	Kerala State Bevarages (M & M) Corporation Ltd						
	At the beginning of the year			8,06,000	0.69	8,06,000	0.60
	Changes during the year			0	0	0	0
	At the end of the year					8,06,000	0.60

(V) Share holding of Directors and Key Managerial personnel during the period under consideration							
SN	**Share holding of each Directors and each Key Managerial Personnel**	**Date**	**Reason**	**Share holding at the beginning of the year**		**Cumulative shareholding during the year**	
				No. of shares	**% of total shares**	**No. of shares**	**% of total shares**
1	Sri MA Yusuffali						
	At the beginning of the year			95,00,000	8.18	95,00,000	8.18
	Changes during the year		Transfer	20,00,000	1.72	20,00,000	1.72
	At the end of the year					115,00,000	8.59
2	Dr. Hassan Kunhi M P						
	At the beginning of the year			50,00,000	4.31	50,00,000	3.74
	Changes during the year			0	0	0	0
	At the end of the year			0	0	50,00,000	3.74
3.	Sri. Abdul Qadir Theruvath						
	At the beginning of the year			45,00,000	3.87	45,00,000	3.36
	Changes during the year		Transfer	(20,00,000)		(20,00,000)	
	At the end of the year					20,00,000	1.49
4.	Dr. Shamsheer V P						
	At the beginning of the year			25,00,000	2.15	25,00,000	2.15

	Changes during the year			0	0	0	0
	At the end of the year					25,00,000	1.87
5.	Sri. V. Thulasidas						
	At the beginning of the year			2000	0.001	2000	0.001
	Changes during the year			0	0	0	0
	At the end of the year					2000	0.001
6.	Sri. Pinarayi Vijayan						
	At the beginning of the year			1000	0.001	1000	0.0007
	Changes during the year			0	0	0	0
	At the end of the year					1000	0.0007
7	E. Chandrasekharan						
	At the beginning of the year			1000	0.001	1000	0.0007
	Changes during the year			0	0	0	0
	At the end of the year					1000	0.0007

V. INDEBTEDNESS				
Indebtedness of the company including interest outstanding / accrued but not due for payment-NIL				
Particulars	**Secured Loan excluding deposits (in lakhs)**	**Unsecured Loans**	**Deposits**	**Total Indebtedness (in lakhs)**
Indebtedness at the beginning of the financial year.				
i) Principal Amount	88,440.73	NIL	NIL	88,440.73
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii)Interest accrued but not due	726.38	NIL	NIL	726.38
Total (i+ii+iii)	89,167.11	NIL	NIL	89,167.11
Change in the Indebtedness during the financial year				
* Addition				
* Reduction				
Net change				

Indebtedness at the end of the financial year				
i) Principal Amount	89,567.04	NIL	NIL	89,567.04
ii) interest due not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	673.97	NIL	NIL	673.97
Total (i+ii+iii)	**90,241.01**	**NIL**	**NIL**	**90,241.01**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGER AL PERSONNEL				
A. Remuneration to Managing Director, Whole time Directors and /or Manager NIL				
SN	**Particulars of Remuneration**	**Name of MD/WTD/ MANAGER**		**Total Amount**
		V. Thulasidas	Bala Kiran P	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income –tax Act,1961	36,34,977/-		
	(b) Value of perquisites u/s 17(2) Income- tax ACT, 1961	4,44,000/-		
	(C) Profits in lieu of salary under section 17 (3) Income –tax Act, 1961			
2	Stock Operation			
3	Sweat Equity			
4	Commission –as % of profit -others, specify			
5	Others, please specify – IAS Officer's Allowance		17,333	
	Total (A)	40,78,977/-	17,333/-	40,96,310/-
	Ceiling as per Act			

SN	**Particulars of Remuneration**	**Name of Directors**		**Total**
1	Independent Directors	Madhavan Nambiar	Parvathy Ammal	
	Fee for attending board / committee meetings	20,000	40,000	60,000
	Commission			

	Others, please specify			
	Total (1)			
2	Other Non-Executive Directors			
	Fee for attending board committee meetings			
	Commission			
	Others, please specify			
	Total (2)			
	Total (B)=(1+2)	20,000	40,000	60,000
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

SN	**Particular of Remuneration**	**Name of Key Managerial Personnel**		**Total Amount (Rs.)**
	Name	**S. Jayakrishnan**	**G. Gnanendrakumar**	
	Designation	CFO	CS	
1	Gross Salary	34,06,688/-	14,49,905/-	48,56,593/-
	(a) salary as per provisions contained in section 17(1) of the Income Tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income Tax, 1961			
	© Profits in lieu of salary under section 17(3) Income –tax Act,191			
2	Stock Option			
3	Sweat Equity			
4	Commission -as % of profit -others, specify			
5	Others, please specify			
	Total	**34,06,688/-**	**14,49,905/-**	**48,56,593/-**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:					
TYPE:	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD/NCLT/ COURT]**	**Appeal made, if any (give details)**
A. COMPANY					
Penalty	NIL	NIL			
Punishment	NIL	NIL			
Compounding	NIL	NIL			
B. DIRECTORS Stock Option					
Penalty	NIL	NIL			
Punishment	NIL	NIL			
Compounding	NIL	NIL			
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	**NIL**			
Punishment	NIL	**NIL**			
Compounding	NIL	**NIL**			

For and on behalf of the Board of Directors
Sd/-
Chairman
(DIN: 01907262)

Date: 12 November 2021
Place: Kannur

Deloitte
Haskins & Sells LLP

Chartered Accountants
9th Floor, Prestige, TMS Square
Opp. Oberon Mall, NH 47 Bypass
Edapally, Kochi - 682 024
Kerala, India

Tel: +91 484 6648 100
Fax: +91 484 6649 150

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KANNUR INTERNATIONAL AIRPORT LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of KANNUR INTERNATIONAL AIRPORT LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

(a) We refer to Note 38 (ii) and Note 38 (iii) to the standalone financial statements, regarding certain claims raised by a contractor and a consultant aggregating Rs.696.46 Lakh (As at March 31, 2019: Rs. 33417.47 Lakh) which are in the process of review by the Management. The claims include an amount of Rs. 498.24 Lakh (As at March 31, 2019: Rs. 725.61 Lakh) towards subsumed taxes due to the change in the taxes from the service tax regime to the Goods and Service Tax regime. The Company has not yet concluded its review/assessment on the final claim (including certain matters which are pending reconciliation)/taxes to be settled and pending the quantification of the amount eventually payable, has disclosed the amount of Rs.696.46 Lakh as contingent liability. We are unable to comment on the liability to be recognised towards these claims and the possible impact on the carrying value of the related property, plant and equipment, and its consequential impact on the depreciation and loss for the year.

This was also subject matter of qualification in the Independent Auditor's Report on the standalone financial statements for the year ended March 31, 2019 issued on December 3, 2020.

(b) We refer to Note 31 and Note 43 to the standalone financial statements, wherein the Company has recognised a deferred tax asset of Rs. 2969.21 Lakh as at March 31, 2020 (including Rs. 528.56 Lakh benefit recognised during the year) (As at March 31, 2019: Rs.2440.65 Lakh) on unutilised carried forward business losses available for set off against future taxable profits. In the absence of sufficient and convincing audit evidence to demonstrate the reasonability of the projections of future taxable profits available for utilisation against such unutilised business losses, we are unable

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**Deloitte
Haskins & Sells LLP**

to conclude on the appropriateness of the carrying value of the above deferred tax asset and its consequential impact on the loss for the year and on the Retained Earnings.

This was also subject matter of qualification in the Independent Auditor's Report on the standalone financial statements for the year ended March 31, 2019 issued on December 3, 2020.

(c) Trade Receivables (refer Note 10.1 of the standalone financial statements) include an amount aggregating Rs. 624.15 Lakh considered recoverable from certain customers which are overdue and remain outstanding as on the date of this report. In the absence of any sufficient and appropriate audit evidence to support the recoverability of these balances, we are unable to comment on the recoverability of these amounts and its consequential impact on the carrying value of trade receivables and loss for the year.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, subject to our comments in paragraph 1(a) of the section 'Report on Other Legal and Regulatory Requirements' is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone financial statements:

1. Note 3 (5) to the standalone financial statements where for the reasons stated therein, 353.98 acres of land given on lease to the Company has not been recognised in these standalone financial statements as the Company is yet to enter into any lease agreement with the Government of Kerala.

2. Note 2.3 and Note 36 of the standalone financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the Management's assessment of impairment of carrying values of Property, Plant and Equipment (including Capital work-in-progress) in the standalone financial statements of the Company as at the balance sheet date.

   Based on such assessment, the Management expects the carrying amount of Property, Plant and Equipment (including Capital work-in-progress) will be recovered. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

3. As explained in Note 41 of the standalone financial statements regarding the deficit in Passenger Service Fee (Security Component) [PSF (SC)] which has not been recognized in these financial statements as a liability since the Company is only acting in a pass through capacity of receiving the PSF (SC) from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses

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and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India.

4. As stated in Note 6.1 of the standalone financial statements, regarding Management's assessment of recoverability of deposit of Rs.982.03 Lakh based on the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board of directors report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- The Director's Report is expected to be made available to us after the date of this auditor's report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter

We draw attention to Note 45 of the standalone financial statements for the year ended March 31, 2020 on our appointment as statutory auditors of the Company by the members of the Company under section 139(2) of the Act for a term of five (5) years from the conclusion of the 9th annual general meeting until the conclusion of the 14th annual general meeting (i.e. in respect of the financial year ended March 31, 2019 until the financial year ending March 31, 2023). We understand that the Company has filed a writ petition challenging the view of the Ministry of Corporate Affairs that the Company is a government company as defined under the Companies Act, 2013, and its direction that the Company's auditors need to be appointed by the Comptroller and Auditor General of India under section 139(5) of the Act.

We are informed that the aforesaid direction is currently under an interim stay under order dated December 3, 2019 issued by the Hon'ble High Court of Kerala and that the matter is *sub-judice*. Our appointment as auditors of the Company is subject to the eventual outcome of this matter.

This was also reported under Other Matters in the Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020. The Board of Directors of the Company continue to reaffirm our appointment as auditors of the Company based on legal advice obtained by them and also the shareholders of the Company in the Annual General Meeting held on December 28, 2020 have noted the Other Matter on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

Our opinion on the standalone financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a) We have sought and except for the matters described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matters described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from all the directors as on March 31, 2020, except from one Independent director, and taken on record by the Board of Directors, none of the directors, who have given the written representations, are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) 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 A". Our report expresses adverse of opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sumit Trivedi
Partner
Membership No. 209354
(UDIN:21209354AAAAQH1701)

SECUNDERABAD, November 12, 2021

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (h) 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 Kannur International Airport Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit conducted in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at March 31, 2020. The Company did not have an appropriate internal control system for:

a) ensuring compliance with the applicable accounting standards and generally accepted accounting principles, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording Property, Plant and Equipment; establishing a process of periodic verification of property plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment.

   The Company's process of evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment through confirmations and their reconciliation with respective vendor(s) as per books of account at regular intervals.

b) financial book closing procedures to ensure preparation of timely, reliable and appropriate financial statements.

c) the Company's process of ensuring the completeness and accuracy of Aero, Non-aero and other operating revenue recorded during the year ended March 31, 2020.

d) the Company's process of validating certain claims related to carry forward of business losses under the Income Tax Act, 1961 and accounting of the related tax effects under the applicable accounting standards, including evaluation of reasonability of the projections to support the availability of future taxable profits for utilisation against such unused business losses.

e) the Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary.

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.

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Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect of the material weakness described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2020, 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 issued by the ICAI.

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 standalone financial statements of the Company for the year ended March 31, 2020, and the material weakness has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sumit Trivedi
Partner
Membership No.209354
(UDIN:21209354AAAAQH1701)

SECUNDERABAD, November 12, 2021

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph (2) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management. According to the information and explanations given to us, the Company is in the process of formulating a programme of verification of fixed assets to cover all the items in a phased manner over a period of 3 years. In respect of the assets physically verified during the year, according to the information and explanations given to us, the Management is in the process of ascertaining discrepancies, if any.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / Government orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties of land admeasuring 353.98 acres, occupied by the Company, the terms of lease are yet to be finalized with the Government of Kerala and the leasehold land has not been recognized in these standalone financial statements (also refer to the Emphasis of Matter paragraph of the audit report on the standalone financial statements)

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities.

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(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months.

(c) There are no dues of Income tax, Sales tax and Value added tax which have not been deposited as on March 31, 2020 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments), In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending utilisation.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. According to the information and explanations given to us, the Company has made private placement of shares during the year under audit.

In respect of the above issue, we further report that:

(a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with, except for:

Nature of securities	Amount Involved (Rs. in Lakh)	Nature of non-compliance
Equity Shares	12,500	Refer Note 15 of the standalone financial statements with regard to the allotment of 125 Lakh equity shares at the rate of Rs.100 per share made on July 23, 2019, wherein allotment was made based on the Government Order vide GO (Rt) No. 334/2019/Trans dated July 23, 2019, before receiving the share subscription money. Subsequently, the Company received the said share subscription money in its treasury savings bank account on October 11, 2019. The Management is of the view that the provisions of Section 42 of Companies Act 2013 read with The Companies (Prospectus and Allotment Securities) Rules, 2014 have been complied with.

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(b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application, except for:

Nature of securities	Purpose for which funds raised	Total Amount Raised (Rs. in Lakh)	Amount utilized for the other purpose (Rs. in Lakh)	Amount utilised for the purpose for which fund has been raised (Rs. in Lakh)	Un-utilized balance as at Balance sheet date including temporary deployment pending application (Rs. in Lakh)
Equity shares	For long term financial needs of the Company	17,895.77	3,005.38 (utilised for meeting revenue expenses) *	3,259.43	11,630.96 (Refer Note 11.2)

* The Board of Directors in their meeting held on June 26, 2020 have ratified the utilisation of such funds to meet the revenue expenditure.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its joint venture or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sumit Trivedi
Partner
Membership No.209354
(UDIN:21209354AAAAQH1701)

SECUNDERABAD, November 12, 2021

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Kannur International Airport Limited
Standalone Balance Sheet as at March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	196,154.76	198,211.27
(b) Capital work in progress	3.2	2,204.70	1,147.96
(c) Intangible assets	4	16.35	18.15
(d) Financial assets			
(i) Investment in joint venture	5	234.00	234.00
(ii) Other financial assets	6	1,100.15	1,090.42
(e) Other non-current assets	7	1,270.44	1,384.25
(f) Non current tax assets (net)	8	1,150.28	528.96
(g) Deferred tax assets (Net)	31	6,043.49	3,648.68
Total non-current assets		**206,183.17**	**206,267.72**
II Current assets			
(a) Inventories	9	11.43	
(b) Financial assets			
(i) Trade receivables	10	2,431.06	1,304.23
(ii) Cash and cash equivalents	11	12,507.22	831.00
(iii) Bank balances other than (ii) above	12	266.24	
(iv) Other financial assets	13	2,237.67	1,811.88
(c) Other current assets	14	1,559.50	2,924.44
Total current assets		**19,013.11**	**6,871.55**
TOTAL ASSETS (I + II)		**225,196.28**	**213,139.27**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	15	133,812.10	116,050.00
(b) Other equity	16	(13,813.34)	(4,480.59)
Total equity		**119,998.76**	**111,569.41**
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	89,567.04	88,440.73
(ii) Other financial liabilities	18	644.02	582.87
(b) Provisions	19	97.06	41.93
(c) Other Non current liabilities	20	1,000.00	
Total non-current liabilities		**91,308.12**	**89,065.53**
2 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	21		
(A) Dues of micro and small enterprises		36.35	65.25
(B) Dues of other than micro and small enterprises		1,858.99	830.40
(ii) Other financial liabilities	22	11,327.43	11,051.97
(b) Provisions	23	16.28	23.37
(c) Other current liabilities	24	650.34	533.34
Total current liabilities		**13,889.40**	**12,504.33**
TOTAL LIABILITIES (1 + 2)		**105,197.52**	**101,569.86**
TOTAL EQUITY AND LIABILITIES (I + II)		**225,196.28**	**213,139.27**
See accompanying notes to the standalone financial statements			

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105098)

K Pa[illegible]ammal
Director
(DIN: 07264[illegible]0)

S [illegible]
Chief Financial Officer
(PAN: AGPPS4585B)

G [illegible]kumar
Company Secretary
(PAN: AIVPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

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Kannur International Airport Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I INCOME			
Revenue from operations	25	11,589.80	1,500.98
Other income	26	185.57	406.72
Total Income		**11,775.37**	**1,907.70**
II EXPENSES			
Airport operating expenses	27	4,851.43	1,602.70
Employee benefits expense	28	1,144.26	744.63
Finance costs	29	8,634.51	3,236.14
Depreciation and amortization expense	3.8	6,879.46	2,088.29
Other expenses	30	1,107.66	924.10
Airport inauguration & commissioning expenses		-	1,171.54
Total expenses		**22,617.32**	**9,767.40**
III Loss before tax (I - II)		**(10,841.95)**	**(7,859.70)**
IV Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Short provision for tax relating to prior years		-	231.10
(3) Deferred tax	31	(1,389.19)	(3,425.71)
Total tax expense/(Benefit)		**(1,389.19)**	**(3,194.61)**
V Loss for the year (III - IV)		**(9,452.76)**	**(4,665.09)**
VI Other Comprehensive loss			
(i) Items that will not be reclassified subsequently to profit or loss		(19.28)	(9.20)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.62	2.68
Total other comprehensive loss for the year		**(13.66)**	**(6.52)**
VII Total comprehensive loss for the year (V + VI)		**(9,466.42)**	**(4,671.61)**
Earnings per equity share of face value of Rs.100/-			
Basic and diluted EPS (Rs.)	32	(7.34)	(4.25)
See accompanying notes to the standalone financial statements			

In terms of our Report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105099)

K Parvathyammal
Director
(DIN: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

Kannur International Airport Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at April 1, 2018	105,970,800	105,970.80
Changes in equity share capital during the year:		
Issue of equity shares	10,079,200	10,079.20
Balance at March 31, 2019	**116,050,000**	**116,050.00**
Changes in equity share capital during the year:		
Issue of equity shares	17,762,100	17,762.10
Balance at March 31, 2020	**133,812,100**	**133,812.10**

B Other Equity

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Balance at April 1, 2018	-	30.70	160.32	-	191.02
Profit / (Loss) for the year ended March 31, 2019	-	-	(4,665.09)	-	(4,665.09)
Other comprehensive Loss for the year, net of income tax	-		-	(6.52)	(6.52)
Balance at March 31, 2019	-	30.70	(4,504.77)	(6.52)	(4,480.59)
Profit / (Loss) for the year ended March 31, 2020	-		(9,452.76)	-	(9,452.76)
Securities Premium	133.67	-	-	-	133.67
Other comprehensive Loss for the year, net of income tax	-	-	-	(13.66)	(13.66)
Balance at March 31, 2020	**133.67**	**30.70**	**(13,957.53)**	**(20.18)**	**(13,813.34)**

Remeasurements of Defined Benefit Plans - Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Loss as per IND AS 19 and shall not be reclassified to the Standalone Statement of Profit and Loss in the subsequent years.

See accompanying notes to the standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number:117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105099)

K Pa[illegible]yammal
Director
(DIN: 0725[illegible]70)

[illegible]
Chief Financial Officer
(PAN AGPPS4585B)

G[illegible]anandrakumar
Company Secretary
(PAN AMPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

Kannur International Airport Limited

Standalone Statement of cash flows for the year ended March 31, 2020

All amounts are in Rs. Lakh unless otherwise stated

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from Operating Activities		
Loss before tax	(10,841.99)	(7,859.70)
Adjustments for:		
Depreciation of property, plant and equipment	6,873.17	2,085.60
Amortisation of intangible assets	6.29	2.69
Unwinding of discount on security deposits	83.06	24.58
Finance Cost	8,551.45	3,211.56
Interest income	(59.54)	(356.14)
Profit on sale of Property, Plant and Equipment		(0.20)
Fair value adjustments	(442.69)	(30.64)
Allowance for credit impaired trade receivables	(150.56)	
Credit impaired Trade Receivables written off	(333.20)	
Operating profit / (loss) before working capital changes	3,685.73	(2,922.25)
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	(290.71)	(1,304.23)
Increase / (Decrease) in Trade payables	658.59	793.83
(Increase) / Decrease in other financial assets	(502.88)	(2,104.95)
(Increase) / Decrease in other financial liabilities	440.61	(200.83)
Increase / (Decrease) in other Current Assets	1,184.39	(4,278.80)
(Increase) / Decrease in inventories	(11.43)	
Increase / (Decrease) in other Current Liabilities	547.48	315.34
Increase / (Decrease) in provisions	48.26	5.69
Cash generated from operations	6,110.23	(8,706.20)
Income tax paid (net)	(630.29)	(111.44)
Net cash flow (used in) / generated from operating activities (A)	**5,479.94**	**(8,817.64)**
B. Cash flow from investing activities		
Payments for property, plant and equipment	(5,305.02)	(10,835.94)
Payments for intangible assets	(6.49)	(15.43)
Investment in Joint Venture	-	(39.00)
Interest received	59.54	390.38
Government Grants towards purchase of equipment	1,000.00	
Proceeds from sale of Property, Plant and Equipment		0.25
Net cash flow used in investing activities (B)	**(4,251.97)**	**(10,498.77)**
C. Cash flow from financing activities		
Proceeds from issue of share capital	17,895.77	10,079.25
Proceeds from borrowings	443.20	11,120.05
Interest paid	(7,920.75)	(8,812.47)
Net cash flow generated from financing activities (C)	**10,418.22**	**12,386.79**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**11,646.19**	**(7,930.63)**
Cash and cash equivalents at the beginning of the year	831.00	8,761.63
Cash and cash equivalents at the end of the year (Refer Note : 11.3)	**12,477.19**	**831.00**
See accompanying notes to the standalone financial statements		

Note:

Reconciliation of Borrowings:

Opening Balance	88,440.73	77,320.68
Proceeds from borrowings	443.20	11,120.05
Interest capitalised into loan	683.11	
Closing balance	89,567.04	88,440.73

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01104096)

K Parvathiammal
Director
(DIN: 01254670)

S Jayamohnan
Chief Financial Officer
(PAN: AGPPS4488B)

G Bhanendrakumar
Company Secretary
(PAN: AWPG5449M)

Place: Thiruvananthapuram
Date: November 12, 2021

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

1 GENERAL INFORMATION

Kannur International Airport Limited ("KIAL" or "the Company") was incorporated on December 3, 2009 in India as a private limited Company and later converted into a public limited Company effective from August 2010. The Company is having its registered office in Kara – Peravoor, Mattannur, Kannur District, Kerala. The Company has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The project is promoted by Kerala State Government holding 39.23% of the equity shares of the Company as at March 31, 2020.

The standalone financial statements were reviewed by Audit Committee and approved by the Board of Directors at their meeting held on November 12, 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.2 Basis of preparation and presentation

The standalone financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair value by Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Going Concern

With the recent and rapid development of the COVID-19 outbreak, many countries have implemented travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India has also imposed a countrywide lockdown with effect from March 25, 2020 which is extended till June 30, 2020. However, restrictions on operation of domestic flights were partially lifted from May 25, 2020 , in accordance with the Government directives. As a result, the airport's operations were closed from March 25, 2020 to May 24, 2020 except for evacuation / rescue flights for passengers, which in turn has materially impacted the business of the Company.

The Company has made detailed assessment of its liquidity position of the subsequent years and has deferred its obligations of contractor payments, the ongoing capital expansion and other obligations. Further, due care has been exercised to determine the recoverability of the carrying values of its assets and based on current estimates. The Company expects to realize majority of the carrying amount of its assets.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

For this assessment, Management believes that it has taken into account the possible impact of known events arising from the COVID-19 pandemic. The unprecedented nature of the pandemic makes the future business environment uncertain, however, the Company will continue to carry out the impact assessment on its assets and closely monitor any material changes to future economic conditions.

The above instances are expected to be temporary in nature and hence does not have any impact on the Going Concern assumption on the basis of which these financial statements are prepared.

2.4 Changes in accounting policies

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116 - Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance under Ind AS 17 - Leases.

The standard sets out the principles for the recognition, measurwment, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Company as a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease. Lessor accounting under Ind AS 116 - Leases is substantially unchanged from requirement under Ind AS 17 - Leases. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17 - Leases. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor, except for recording the lease rent on systematic basis or straight line basis as against Ind AS 17 - Leases wherein, there was an exemption for not providing straight lining in case the escalations are in line with the inflation. For the year ended on March 31, 2020, the total income and consequently the loss before tax has decreased by Rs. 341.21 Lakh on account of straight lining.

Company as a Lessee:

Right-of-use assets and Lease liabilities

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The Government of Kerala has not finalised on the underlying terms and conditions for the lease of land to the Company and in the absence of a details as to extent of land and the lease rentals the Company has not recognised any right of use asset or lease liabilities though the Company is still using small portions of land owned by Government of Kerala. (Refer Note 3.5)

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Application of New Accounting Pronouncements

New Accounting standards, amendments and interpretations adopted by the Company effective from April 1, 2019:

i) Appendix C to Ind AS 12 - Income Taxes, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12 - Income Taxes, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 - Income Taxes when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 - Income Taxes based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the standalone financial statements and concluded that there is no significant impact.

ii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the standalone financial statements and concluded that this amendment is currently not applicable.

iii) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 - Financial Instruments when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the standalone financial statements and concluded that there is no significant impact.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.5 Change and use of Estimate and judgment

In the preparation of the standalone financial statements, the Company makes judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of the standalone financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment and intangible assets, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations as discussed below.

The few critical estimations and judgments made in applying accounting policies are:

Fair value of financial assets and liabilities and investments:

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on Management's best estimate about future developments.

Useful Lives of Property, Plant and Equipment:

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the Management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, inter alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector.

Pursuant to the provisions of Part B of Schedule II of the Companies Act, 2013, the Authority has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 9, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 1, 2018 ("AERA Order").

Accordingly, the Management has adopted useful life in respect of airport assets as prescribed in the aforesaid order.

Valuation of Deferred Tax Liabilities/Assets:

The Company reviews the carrying amount of deferred tax liabilities/assets at the end of each reporting period.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (except retirement benefits and leave encashments) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised in the standalone financial statements but are disclosed separately.

2.6 Property, Plant and Equipment (PPE)

Freehold land is carried at historical cost. Land development cost incurred in freehold and lease hold land is added to the cost of the land. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date net of accumulated impairment loss, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress, intangible assets under development as at balance sheet date are shown as intangible assets under development and the related advances are shown as loans and advances.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to standalone statement of profit and loss during the reporting period in which they are incurred.

The Company has identified the assets based on the documents and certificates provided by the consultant and the cost of each component / part of the asset is arrived separately in the same manner. The asset classification of the component / part that has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset is grouped and classified separately.

Spare parts that can only be used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.
All spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the Company intends to use these during more than a period of 12 months.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss when the asset is derecognised.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Incidental expenditure during construction period (net of related income arising during that period) directly related to the project, incurred prior to commencement of commercial operations is carried forward and allocated to the extent identifiable with any particular fixed asset else it has been allocated to various fixed assets in proportion to their cost on commencement of commercial operations. Incidental expenditure not related to construction, and corporate expenses are recognised as expense when incurred.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Standalone Statement of Profit and Loss when asset is derecognised.

Depreciation on property, plant and equipment

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the Management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The components identified by the Company are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The useful life adopted by the Company as per the AERA guidelines are as under:

Description of the Asset	Estimated Useful life
Asset	**Useful Life**
Terminal Building	30 years
Building in Operational Area	30 years
Utility Building	30 years
Roads, Roads in operational area, Boundary wall and Security fencing	10 years
Baggage Handling System/ Escalators/ Elevators/ HVAC Equipment	15 years
X-Ray Machine, RT set, DFMD, HHMD Security Equipment	15 years
Office Equipment	5 years
Furniture & Fixtures - Other than trolleys	7 years
Furniture & Fixtures - Trolleys	3 years
Computers - End User Devices	3 years
Electrical Installation and Equipment including Runway lighting system	10 years
Flight Information System, AOCC Equipment	6 years
Light Motor Vehicles	8 years
Crash Fire Tenders, Other Fire Equipment including pumps and sprinklers	15 years
Intangible assets - Computer Software	3 years
Runway, Taxiway, Apron	30 years

Depreciation on fixed assets added/disposed off during the period is provided on pro-rata basis with reference to the date of addition/disposal. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of tangible (Property, Plant and Equipment) and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss if such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The resulting impairment loss if any is recognised in the Standalone Statement of Profit and Loss.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.7 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.8 Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised in the Standalone Statement of Profit and Loss using the straight line method over their estimated useful lives, from the date that they are available for use. Accordingly, at present, these are being amortised on straight line basis for 3 years.

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on Management's estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects a provision to be reimbursed, the reimbursement is recognised as an asset only when the reimbursement is virtually certain.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Contingent liabilities are disclosed on the basis of judgment of Management / Independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current Management estimate.

2.10 Foreign Currency Transactions

The standalone financial statements of Company are presented in INR, which is also the functional currency. In preparing the standalone financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.11 Cash and Cash Equivalents (for purpose of Standalone Statement of Cash Flows)

Statement of cash flows is prepared in accordance with the indirect method prescribed in the Ind AS 7. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in Bank, cheques and drafts on hand, deposits held with Banks, other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Revenue Recognition

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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Income from services

Revenue from airport operations i.e., Aeronautical and Non-Aeronautical operations are recognised on accrual basis, net of Goods and Service Tax (GST), and applicable discounts when services are rendered. Aeronautical operations include user development fees (UDF), Baggage, X-ray Charges, Landing and Parking of aircraft, fuel farm and Common User Terminal Equipment (CUTE) counter charges. The main streams of non-aeronautical revenue includes retail, advertisement, food and beverages, ground handling, car parking and land and space-rentals.

Interest is recognised using the time proportion method based on rates implicit in the transaction. Award fees and tender fees are recognised on an accrual basis in accordance with the terms of the relevant arrangement.

Land and Space- rentals pertains to granting right to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension and similar options) but does not consider the expected credit losses. Interest income is included in other income in the standalone statement of profit and loss.

Dividends

Dividend income if any, is recognised when the Company's right to receive dividend is established, which is generally when the shareholders approve the dividend.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Employee Benefits

a Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

Post-employment obligations

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss during the period in which the employee renders the related service.

b Defined Benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement

The Company presents the first two components of defined benefit costs in Standalone Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

c Long Term Employee Benefits

The Company provides for the encashment/ availment of leave with pay for Airport Authority of India (AAI) staff subject to the rules of AAI. The employees of AAI (on deputation with the Company) are entitled to accumulate leave subject to limits as prescribed by AAI. The liability is provided based on the number of days of unutilized leave at each balance sheet date.

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Expenses on account of gratuity contribution and leave salary to the officers on deputation to the Company from the Airports Authority of India have been provided during the year under audit and included in the expenses for the year.

2.15 Taxes on Income

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Standalone Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a Current Tax

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum Alternate Tax) or normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of relevant tax laws and based on the expected outcome of assessments/ appeals.

b Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

2.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, Government grants whose primary condition is that the Company should construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheet and transferred to standalone statement of profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in standalone statement of profit and loss in the period in which they become receivable.

2.17 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events if any is adjusted with the Ind AS standalone standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

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2.18 Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Operating Segments

The Company operates in the Indian domestic market by providing airport services to passengers and various airline operators which in the context of Ind AS 108 "Operating Segments", is considered as the only segment. Hence, reporting under the requirements of the said standard does not arise.

Operating segments are reported in the manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The Company is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these standalone financial statements is determined in such basis except for transactions in the scope of Ind AS 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.21 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. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

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a Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Financial assets of the Company comprise cash and cash equivalents, Bank balances, investments in equity shares of companies, investment other than equity shares, loans/ advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs if any, of financial assets carried at fair value through profit or loss are expensed in Standalone Statement of Profit and Loss.

Investments in equity instruments other than investment in Joint Venture are classified as Fair value through profit and loss, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

b Financial Liabilities

The Company's financial liabilities include loans and borrowings, accrued expenses and other payables.

The Company initially recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are measured at fair value on initial recognition which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities if any, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Subsequent to initial recognition, the liability component of the financial instrument is measured at amortised cost using the effective interest method.

Derecognition

A financial asset is primarily derecognised when:

1 the right to receive cash flows from the asset has expired, or

2 the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in standalone statement of profit and loss.

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A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired.

Impairment of financial assets: The Company recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.22 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

3 Property, Plant and Equipment

3.1 Description of Assets

Description of Assets	Tangible assets											
	Free Hold Land	Lease Hold Land	Pavements	Buildings, Roads, Bridges, drains & Culverts	Fire Department Equipment	Plant & Equipment	Furniture & fittings	Vehicles	Computers & Accessories	Office Equipment	Electrical Equipment	Total
Cost												
At April 1, 2018	31,593.03	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.22	31,721.14
Additions (Refer Note 3.7 below)	23,095.24	5,116.54	26,555.23	88,488.30	3,130.47	2,242.14	907.31	-	32.87	42.62	28,986.11	168,657.93
Disposals	-	-	-	-	-	-	-	-	1.00	-	-	1.00
At March 31, 2019	54,688.27	5,116.54	26,555.23	88,488.30	3,130.47	2,245.76	952.02	15.44	72.32	60.28	28,992.34	202,377.07
As at 01-04-2019	54,688.44	5,116.54	26,555.23	88,488.30	3,130.47	2,245.77	952.02	15.44	72.32	60.28	28,992.34	31,719.14
Additions (Refer Note 3.4 and 3.7 below)	224.17	35.31	2,063.72	800.95	(4.06)	18.16	50.54	-	0.25	-	622.62	3,816.88
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	54,912.44	5,151.85	28,618.95	89,289.25	3,126.41	2,263.93	1,002.56	15.44	72.57	60.28	29,614.96	206,194.03
Accumulated Depreciation												
Up to April 1, 2018	-	-	-	-	-	2.67	23.05	15.02	29.30	9.40	2.81	82.05
Charge for the year	-	26.40	260.34	840.40	62.68	55.24	53.80	-	8.44	7.94	773.76	2,085.80
Eliminated on disposal	-	-	-	-	-	-	-	-	3.95	-	-	3.95
At March 31, 2019	-	26.40	260.34	840.40	62.68	57.91	76.85	15.02	33.79	17.34	776.57	2,166.75
Accumulated Depreciation as at 01-04-2019	-	26.40	260.34	840.40	62.88	57.91	76.85	15.02	33.79	17.34	776.57	2,166.56
Charge for the year (Refer Note 3.4 below)	-	86.06	926.60	2,792.19	203.43	177.05	141.03	-	13.42	9.60	2,523.30	6,873.17
Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	-	112.46	1,186.94	3,633.59	266.11	234.96	217.88	15.02	47.21	26.94	3,299.87	9,039.87
Carrying amount												
At March 31, 2019	54,688.27	5,090.14	26,294.89	87,648.90	3,127.79	2,187.85	875.17	0.42	38.53	42.94	28,216.37	199,211.27
At March 31, 2020	54,912.44	5,039.40	27,432.11	85,661.66	2,921.30	2,028.98	784.68	0.42	25.36	33.34	26,315.09	199,154.76

3.2 Capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	2,204.70	1,147.98
Total	2,204.70	1,147.98

Movement of Capital work in progress

Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	1,147.96	146,031.39
Additions during the year	1,417.36	23,521.11
Less capitalised during the year	360.62	168,404.54
At the end of the year	2,204.70	1,147.96

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Notes to the standalone financial statements for the year ended March 31, 2020

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3.3 The Management has assessed and determined that owing to the outbreak of COVID19 pandemic there were indicators of impairment of property, plant and equipment as at March 31, 2020 (also refer Note 2.3 and 36 of these standalone financial statements). The Company has considered the possible impact of the pandemic up to the date of approval of these standalone financial statements in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of property plant and equipment and other assets and does not anticipate any additional liabilities.

3.4 The cost of assets has adjusted to the extent of of Rs. 2,793.88 Lakh in connection with the settlement of "Change in Law" claim by Larsen & Toubro Limited and other changes in final bills of contractors which were subject to deductions and other adjustments. The depreciation on the adjustments has been provided from the date of the capitalisation of the assets being December 9, 2018 the Airport Opening Date ('AOD'). The impact of the accelerated depreciation on adjustments in the current year is Rs. 25.71 Lakh.

3.5 The Company is currently occupying a land admeasuring to 353.98 Acres lying contiguously to the free hold land inside the peripheral wall constructed by the Company. This land is procured by KINFRA on behalf of the Government of Kerala with an initial plan to be leased to the Company vide Kerala Government order (MS) No. 50/2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the Company. The free hold land in absolute ownership of the Company as at March 31, 2020 is 1192.54 Acres (Previous year: 1192.54 Acres). A portion of the land admeasuring to 3.48 acres is occupied by the Company is to be transferred by the land acquisition agency appointed by the Kerala State Government to the local self government institutions for development of roads in the land provided for rehabilitation.

The terms of the lease agreement for 353.98 acres of land is yet to be finalised by the Government of Kerala and hence as per the GO No.23/2019/Trans dated March 7, 2019 it has been decided by the Government to lease the land for a period of 60 years. The land development carried out in the land to be leased and in the possession of the Company is stated as lease hold land. The expenditure is amortised over a period of 60 years from the date of commencement of commercial operations.

The Company has also made a representation to the Government of Kerala on August 7, 2019 requesting the extension of the lease term from 60 years to 99 years. (Refer Note 3.4)

3.6 Land held pending transfer of ownership to Government

As per the GO.Ms.29/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the Company for subsequent transfer to Government. Accordingly, the Company had purchased 10.52 acres of land for Rs. 987.18 Lakh out of 11.44 Acres (remaining land pending for purchase was for want of documents from Land Acquisition Officer). Administrative sanction was accorded for the reimbursement of an amount Rs. 987.18 Lakh (vide GO (Rt) No 149/2015/Tran dated March 22, 2016) to meet the expenditure incurred in connection with purchase of 10.52 acres of land which was realised on April 13, 2016.

3.6 The amounts capitalised against the airport project includes the final RA bills relating to the EPC (runway and airside) and Passenger Terminal Building contracts accounted by the Company on a provisional basis pending final approvals from the consultants and the Company's technical committee. Subsequent changes, if any, to the amounts capitalised will be accounted once the final bills are approved by the Management. In the opinion of the Management, such subsequent changes are not expected to be material to the financial statements.

Further the Company has received additional claims from the contractor aggregating to Rs. 32,691.66 lakhs (as more so described in Note 35b) which are under negotiation. These matters have been referred to arbitration and according to the Management these matters would take considerable time for settlement. Pending settlement, these amounts have not been accounted for as part of the cost of the assets capitalized and have been disclosed under contingent liabilities.

3.7 Borrowing cost capitalised - Rs. 8.50 Lakh (Previous year: Rs 16,436.33 Lakh)

3.8 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment (Refer Note 3.1)	6,873.17	2,093.60
Amortization of intangible assets (Refer Note 4)	6.29	2.69
Total	6,879.46	2,096.29

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4 Intangible assets

Particulars	Computer Software
Cost	
At April 1, 2018	**5.55**
Additions	15.62
Disposals	0.19
At March 31, 2019	**20.98**
Additions	6.49
At March 31, 2020	**27.47**
Amortization	
Up to April 1, 2018	2.14
Charge for the year	2.69
At March 31, 2019	**4.83**
Charge for the year	6.29
At March 31, 2020	**11.12**
Carrying amount	
At March 31, 2019	**16.15**
At March 31, 2020	**16.35**

5 Investment in Joint Venture

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted investments in Equity Shares (fully paid)		
BPCL-KIAL Fuel Farm Private Limited	234.00	234.00
[23,40,000 Equity shares of BPCL-KIAL FUEL FARM PRIVATE LIMITED at par (Previous year 23,40,000 Equity shares of Rs.10 each) fully paid up unquoted non traded stated at cost being 26% of the total equity)		
Total	**234.00**	**234.00**

BPCL-KIAL FUEL FARM PRIVATE LIMITED (BKFFPL) was incorporated in May 2015 with an equity participation of 74% by Bharat Petroleum Corporation Limited (BPCL) and 26% by Kannur International Airport Limited. The Company was formed to design, construct, commission and operate the Fuel Farm at Kannur International Airport for the supply of Aviation Turbine Fuel (ATF) on an exclusive basis. BKFFPL started operations from 9 December 2018 along with the commissioning of the airport. The Company is being managed under joint control mechanism, hence in the consolidated financial statements of the Parent, the financials of their Company has been consolidated as Joint Venture as per the requirements of Ind AS accounting standards.

6 Other financial assets (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	1,082.15	1,096.42
Earmarked deposits with remaining maturity period greater than 12 months (Refer Note 6.2 below)	18.00	-
Total	**1,100.15**	**1,096.42**

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6.1 The Company based on demand letter dated May 7, 2018 placed a security deposit of Rs.982.03 Lakh with the Ministry of Home Affairs (MoH), towards deployment of CISF staff induction. Subsequently, the Company requested vide letter dated October 29, 2019 for a refund of such deposit from MoH. The MoH has responded vide letter dated December 2, 2019, that upon clearance from Ministry of Civil Aviation (MoCA) for refunding the deposit the same shall be processed. As per the discussions held with the MoCA on June 4, 2021, the Company was informed that the matter was taken up with the MoH and they stated that the fund was deposited in the consolidated fund of India and the fund is non-refundable. The Company was advised to make a case to MoCA, which MoCA will take up appropriately.

The Management of the Company is confident of recovering the said deposit and hence no provision has been considered against the same since Company is of the view that the Security Deposit was paid from its own resources and this deposit was to be recouped from PSF collections after commencement of operations. Due to low passenger volumes since Government of India is not allowing foreign carriers, PSF collections were inadequate to recoup the Security Deposit and meet the Cost of Deployment of CISF personnel and their related expenses. Hence the Company is of the view that since security function is also a sovereign function and considering the fact that PSF cannot be used for Company's own expenditure, CISF cost is to be borne by the Government of India.

6.2 Balances held as security deposit for Customs authorities for cargo related operations.

7 Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
GST input credit	1,270.44	1,384.25
Total	**1,270.44**	**1,384.25**

8 Non current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax	1,159.28	528.98
Total	**1,159.28**	**528.98**

9 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Stock of fuel at cost	11.43	-
Total	**11.43**	**-**

10 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Secured		
Considered Good	630.90	-
Considered Doubtful	-	-
Unsecured		
Considered Good	1,800.15	1,304.23
Considered Doubtful	150.56	-
Less: Allowance for credit impaired Trade Receivables	150.56	-
	2,431.05	**1,304.23**
From related party	48.34	66.04
From others	2,382.71	1,238.19
Total	**2,431.05**	**1,304.23**

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All amounts are in Rs. Lakh unless otherwise stated

10.1 The above outstanding balance include an amount of Rs.979.08 Lakh (Previous year: Rs.131.84 Lakh) which continues to be outstanding as on the date of release of these standalone financial statements. The Management has been in contact with the customers from whom this amount is due and based on the current discussions / negotiations with such customers, these balances are considered to be good and recoverable as at March 31, 2020. A provision of Rs.150.56 Lakh (Previous year: Rs.Nil) has been made in the books of the Company based on the Management estimates.

11 Cash and Cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
i) In Treasury Savings Bank Account with Department of Treasuries, Government of Kerala (Refer Note 11.1 and 11.2 below)	11,424.07	0.01
ii) In Current Account	8.98	11.06
iii) In Fixed Deposit Accounts	1,074.17	819.93
Total	**12,507.22**	**831.00**

11.1 Cheque issued to the contractor on January 10, 2020 but not presented till March 31, 2020 - Rs.206.90 Lakh

11.2 This balance includes Rs.11620.96 Lakh reversed from this account by the Government of Kerala on March 31, 2020. Subsequently the Company has pointed out to the Government of Kerala that the reversal of the said amount of Rs.11620.96 Lakh is a discrepancy and the amount should be credited back to the Company. Pursuant to the aforesaid communication, the Government of Kerala has credited back the amount of Rs 11620.96 Lakh to the Company on April 28, 2020.

11.3 Cash and Cash equivalents considered for cash flow statement

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
i) In Treasury Savings Bank Account with Department of Treasuries, Government of Kerala	11,424.07	0.01
ii) In Current Account	8.98	11.06
iii) In Fixed Deposit Accounts	1,074.17	819.93
	12,507.22	**831.00**
Less: Book overdraft (Refer Note. 22)	30.03	-
Total	**12,477.19**	**831.00**

12 Bank balances other than (Cash and cash equivalents) above

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
In earmarked deposit accounts- original maturity of more than 3 months (Refer Note 12.1 below)	55.56	-
PSF Escrow Account (Refer Note 12.2 below)	210.68	-
Total	**266.24**	-

12.1 Balances held as security against guarantees issued to:

(a) Kerala State Electricity Board - Rs.54.35 Lakh (Previous year: Rs.Nil); and
(b) Department of telecommunication - Rs.1.21 Lakh (Previous year: Rs.Nil)

12.2 Escrow account balance for Passenger Service Fee (Security Component) [PSF (SC)] collected as referred in Note No. 41

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13 Other Current Financial Assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Contractually reimbursable expenses (Refer Note 13.1) (Receivable from Kerala State Government Departments)	2,237.87	1,790.10
Other advances	-	21.78
Total	**2,237.87**	**1,811.88**

13.1 The Company had based on the Kerala Government Order No.13/2017/TRANS dated February 2, 2017 and the tripartite agreement between the Company, Superintending Engineer, Minor Irrigation, Kozhikode Circle and Uralungal Labour Contract Society Limited (ULCC) made payments aggregating to Rs.1514.46 Lakh (Previous year Rs.1000.89 Lakh) to various Government departments towards the electrification, monsoon mitigation, storm water drain, construction / extension of water pipeline, blasting compensation, land acquisition etc. for the roads and areas surrounding the airport which were to be paid back to the Company on conclusion of the various infrastructure jobs by the respective departments.

The Company has vide its communication dated June 6, 2020 requested the Government of Kerala to authorize the release of these amounts paid to ULCC.The Company has received Rs.626 Lakh as reimbursement of amount paid to ULCC on June 4, 2021. As per the order of the Government, the amount reimbursed is to be treated as equity of the Government in the Company. The Company has requested vide letter dated July 1, 2021, to the Government to treat the said reimbursement as an expenditure of Government and not as Equity contribution of Government.

The Management is confident of receiving the balance amount of Rs. 888.46 Lakh and has accordingly not considered it necessary to make any allowances towards impairment of these balances.

14 Other Current Assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Prepaid expenses	312.28	807.06
GST Input Credit	797.78	2,019.93
Unbilled Revenue	424.59	94.32
Receivable from NASFT (Refer Note No. 41)	122.94	-
Other Advances	1.81	3.11
Total	**1,659.50**	**2,924.44**

15 Equity Share Capital

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Authorized share capital (Nos)	350,000,000	350,000,000
Issued, subscribed and fully paid up Equity shares (Nos)	133,812,100	116,050,000
Reconciliation of shares at the beginning and at the end of the year		
Authorised Share Capital		
Balance as at the beginning of the year (Nos)	350,000,000	150,000,000
(Rs. in Lakh)	*350,000.00*	150,000.00
Changes in Authorised Equity Share capital during the year (Nos)	-	200,000,000
(Rs. in Lakh)	-	*200,000.00*
Balance as at the end of the year (Nos)	350,000,000	350,000,000
(Rs. in Lakh)	*350,000.00*	*350,000.00*
Issued, Subscribed and Paid-up Share Capital		
Balance as at the beginning of the year (Nos)	116,050,000	105,970,800
(Rs. in Lakh)	*116,050.00*	*105,970.80*
Changes in Equity Share capital during the year (Nos)	17,762,100	10,079,200
(Rs. in Lakh)	*17,762.10*	*10,079.20*
Balance as at the end of the year (Nos)	133,812,100	116,050,000
(Rs. in Lakh)	*133,812.10*	*116,050.00*

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Terms and rights attached to equity shares
The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Details of number of equity shares held by each shareholder holding more than 5% shares:

Shareholder	**As at March 31, 2020**	**As at March 31, 2019**
Government of Kerala	52,500,000	35,000,000
	39.23%	30.16%
Bharat Petroleum Corporation Limited	21,680,000	21,680,000
	16.20%	18.68%
Airports Authority of India	10,000,000	10,000,000
	7.47%	8.62%
M A Yusuffali	11,500,000	9,500,000
	8.59%	8.19%

Shares issued for consideration other than cash:

The Company has issued 31594036 No's (Previous year: 31594036 No's) of shares to Government of Kerala towards the cost of land transferred to the Company for construction of the airport.

The Company made an allotment of 125 Lakh numbers of equity shares to Governor of Kerala, based on the Government Order vide GO (Rt) No. 334/2019/Trans dated July 23, 2019. Due to treasury restrictions and procedural formalities to be complied with for crediting the amount to Company account, the money could be credited into Company's treasury account only on October 11, 2019 through the Government Order releasing the amount was issued on July 23, 2019.

The allotment was approved and the delay was noted in a Circular Resolution dated October 21, 2019 which was approved by Directors with requisite majority as per the provisions of the Act.

6 Other Equity

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Retained Earnings		
Balance at beginning of year	(4,504.77)	160.32
Less: Loss for the year	(9,452.76)	(4,665.09)
Balance at end of year	(13,957.53)	(4,504.77)
Other comprehensive income / (loss)		
Balance at beginning of year	(6.52)	-
Remeasurements of defined benefit obligation net of income tax	(13.66)	(6.52)
Balance at end of year	(20.18)	(6.52)
Capital Reserve		
Balance at beginning of year	30.70	30.70
Addition during the year	-	-
Balance at end of year	30.70	30.70
Securities Premium (Refer Note 16.1 below)		
Balance at beginning of year	-	-
Addition during the year	133.67	-
Balance at end of year	133.67	-
Opening balance of other equity	**(4,480.59)**	**191.02**
Closing balance of other equity	**(13,813.34)**	**(4,480.59)**

16.1 Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

17 Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured- at amortised cost		
Term loans:		
Canara Bank	68,559.33	68,593.32
The Federal Bank Limited	9,002.97	8,931.41
The South Indian Bank Limited	11,004.74	10,916.00
Total	**88,567.04**	**88,440.73**

Security and terms of repayment in respect of above borrowings are as follows:

Term loan borrowings are from a consortium of banks with Canara Bank as the lead bank. Member banks involved in the consortium are The South Indian Bank Limited and The Federal Bank limited.

The Company agreed to borrow from the Consortium the sums to the maximum extent of Rs.89200 Lakh out of which: Rs. 69200 Lakh is from Canara Bank, Rs.11000 Lakh from The South Indian Bank Limited and Rs. 9000 Lakh from The Federal Bank Limited, on the security of immovable properties and other securities mentioned hereunder.

a)pari passu first charge on all immovable and moveable assets of the Company both present and future.

b) Assignment of all the project related documents, contracts, rights, interests, insurance contracts and all the benefits incidental to project activities on a pari passu basis.

c) First pari passu charge on all the bank accounts pertaining to the project.
d) The Company has created an equitable mortgage (EM) of 1192.54 acres of land as security for term loan sanctioned by Canara Bank.

Collateral security: Further the Government of Kerala has pledged 1,78,49,960 equity shares held in the Company with the lenders as security to the term loan.

Initially the tenor of the loan was fixed at 44 quarterly instalments starting from the third quarter of Financial Year 2020-21 till the 2nd quarter of Financial Year 2030-31. The loan has been restructured under resolution framework for exposures other than personal loans under stress due to Covid Pandemic by extending the moratorium period by 2 years with the repayment of the loan starting from 4th Quarter of Financial Year 2022-23. The repayment of the loan has to be made in 52 quarterly installments as per the resolution plan as against 44 quarterly installments as per original sanction order.

Further to this the Company has been sanctioned a funded interest term loan of Rs.19617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan. The funded interest term loan carries an additional interest rate of 1% over and above the original term loan.

As per the supplementary term loan agreement dated April 27, 2021, interest accrued from March 1, 2020 till August 31, 2020 was capitalized to the original term loan under COVID 19 Regulatory Package.

The Company is liable to pay penal interest at the rate of 2% per annum or at such other rate as is specified by the lending banks, over and above the normal rate of interest, from the date of default until due repayment in addition to and irrespective of any other consequences and remedies available to the lending Banks.

During the current year, the Company was late in paying interest on its loans. The delay arose because of a temporary lack of funds on the date interest was payable. The lender did not request accelerated repayment of the loan.

The bankers have charged penal interest amounting to Rs.5.71 Lakh during the year ended March 31, 2020 (Previous year: Rs.4.52 Lakh) on the loans due to delays in servicing of interest.

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All amounts are in Rs. Lakh unless otherwise stated

Agreed rate of Interest are as under:

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2020	Base Rate /MCLR plus Spread on the base rate as at March 31, 2019
Canara Bank (Agreed rate of interest p.a. is 10.40%)	9.45%	9.55%
South Indian Bank Ltd (Agreed rate of interest p.a. is 10.40%)	8.55%	10.30%
Federal Bank Ltd (Agreed rate of interest p.a. is 10.40%)	9.55%	9.55%

Current maturities of the long term debt is not reclassified as the repayment will begin only after the end of the moratorium period.

18 Other Financial Liabilities

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Security deposits at amortized cost	644.02	582.87
Total	**644.02**	**582.87**

19 Provisions (Non Current)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Gratuity	97.06	34.41
Leave encashment	-	7.52
Total	**97.06**	**41.93**

20 Other Non Current Liabilities

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note 20.1 below)	1,000.00	-
Total	**1,000.00**	-

20.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES). The construction of the Cargo Complex is under progress as on the balance sheet date. The income will be recognised in the Standalone Statement of Profit and Loss on a straight line basis over the useful life of the related asset. There are no unfulfilled conditions or other contingencies attaching to this grant.

21 Trade Payables

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Dues to Micro Enterprises and Small Enterprises*	36.35	65.25
Dues to other than Micro Enterprises and Small Enterprises	1,858.99	830.40
Total	**1,895.34**	**895.65**

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*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at March 31, 2020 and March 31, 2019:

Particulars	As at March 31, 2020	As at March 31, 2019
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	36.35	65.25
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	0.36	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

22 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Payable on purchase of property, plant and equipment	9,499.47	9,268.19
Security Deposits	97.76	150.10
Retention Payable	343.42	430.39
Other Payables	482.76	424.10
Book overdraft (Refer Note: 11.3)	30.03	52.81
Interest Accrued but not due	-	726.38
Interest Accrued and due	873.97	-
Total	**11,327.43**	**11,051.97**

23 Provisions (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	4.14	18.84
Leave encashment	12.15	4.53
Total	**16.29**	**23.37**

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24 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Liabilities	82.61	100.65
Payable for passenger security services	256.35	64.31
Deferred revenue on fair valuation of liabilities	260.14	350.78
Advance from customers	51.24	17.60
Total	**650.34**	**533.34**

25 Revenue from Operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Aero revenue (Refer Note 25.2 below)	8,046.39	787.51
Non Aero Revenue		
Space Rentals	439.75	97.03
Revenue share from Concessionaire	1,265.79	329.14
Ground Handling Charges	488.00	57.55
Car Parking	147.61	41.08
Fuel Throughput Royalty (Refer Note 25.3 below)	378.34	64.62
Visitor's Entry Pass	61.85	50.41
Common User Infrastructure Charges (CAM Charges)	227.29	19.84
Others - utility charges	111.81	9.76
Other Operating Income		
License Fee for Unpaved Land from BKFFPL, Joint Venture Company (Income from Related parties)	424.17	63.94
Total	**11,688.80**	**1,520.88**

25.1 The Company earned entire income from operations from India.

25.2 Out of the Aero Revenue an amount of Rs.398.59 Lakh (Previous Year: Rs.94.32 Lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Parking Charges etc. which was billed after the close of the financial year.

25.3 As per the direction from Ministry of Civil Aviation, levy of fuel throughput charges has been discontinued w.e.f. January 15, 2020 on the condition that the revenue will be compensated through an enhanced rate of User Development Fees.

26 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Fixed Deposits	59.54	356.14
Miscellaneous Income	35.39	19.94
Deferred income on fair valuation on financial liabilities	90.64	30.64
Total	**185.57**	**406.72**

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All amounts are in Rs. Lakh unless otherwise stated

27 Airport Operating Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and Fuel	1,281.52	374.82
Insurance on Assets	70.59	19.64
Repairs and Maintenance	255.48	130.91
House Keeping	950.32	331.31
Operations & Maintenance Expenses	488.69	141.53
Customs Cost Recovery Charges	864.91	253.27
Aviation Meteorological Support Services	97.82	23.53
Communication, Navigation and Surveillance and Air Traffic Management Services	676.28	135.83
Operational Readiness and Airport Transfer Expenses	-	152.00
Other operational expenses	10.80	14.93
Security Service	45.40	-
Trolley Retrieval Services	50.32	-
Water Charges	57.30	36.13
Total	**4,851.43**	**1,602.70**

28 Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries & Allowances	973.92	662.75
Contribution to provident and other funds	36.41	31.27
Gratuity	32.05	18.84
Staff Welfare Expenses	101.88	31.77
Total	**1,144.26**	**744.63**

29 Finance Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Term Loans	8,549.04	3,211.56
Unwinding of discount relating to Long Term Liabilities	83.06	24.58
Interest on delayed payment of Income Tax	2.41	-
Total	**8,634.51**	**3,236.14**

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All amounts are in Rs. Lakh unless otherwise stated

30 Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Administrative Expenses	17.11	36.22
Advertisement	44.33	39.07
Payment to Auditors (refer Note 30.1 below)		
- For Audit	21.00	22.02
Consultancy Charges	71.80	366.86
Corporate Social Responsibility expenditure	77.60	37.14
Employee Training expenses	12.56	31.09
Insurance-operations	15.83	-
Allowance for credit impaired trade receivables	150.56	-
Postage and Courier charges	4.45	17.57
Printing and Stationery	8.31	21.05
Legal and Professional charges	81.45	131.19
Recruitment Expenses	33.15	15.39
Rates and Taxes	133.01	91.59
Rent	3.40	17.93
Repairs and Maintenance - Others	2.75	13.66
Sitting Fees	0.60	0.79
Travelling Expenses	79.56	42.37
Website Maintenance Charges	4.09	-
Credit impaired Trade Receivables written off	333.20	-
Miscellaneous Expenses	12.79	16.16
Total	**1,107.46**	**924.10**

30.1 Includes Rs. Nil (Previous year: Rs. 3.02 Lakh) paid to erstwhile Statutory Auditors of the Company

31 Deferred Tax

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	3,646.00	220.29
Opening balance recognized in other comprehensive income	2.68	-
Deferred tax (liabilities) / assets		
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	32,394.95	37,352.59
Tax effect of items constituting deferred tax assets		
Provision for gratuity	12.47	45.94
Allowance for credit impaired Trade Receivables	39.15	-
Brought forward business losses	2,969.21	2,440.66
Deduction under section 35AD of the Income Tax Act	34,189.02	38,291.71
MAT Credit		
Minimum Alternate Tax Credit Entitlement	220.29	220.29
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	6.30	2.68
Net deferred tax (liability) / asset	5,043.49	3,648.68
Deferred tax expense / (income)	(1,394.81)	(3,428.39)
Recognized in Statement of profit or loss	(1,388.18)	(3,425.71)
Recognized in other comprehensive loss	(6.62)	(2.68)

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32 Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) attributable to equity shareholders of the Company	(9,452.78)	(4,665.09)
Weighted average number of equity shares	128,667,975	109,648,298
Basic and Diluted Earnings per Share (of face value Rs.100) Rs.	**(7.34)**	**(4.25)**

33 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) Activities. A CSR Committee has been formed by the Company as per the Act. The funds were primarily allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spend during the year	-	-
Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	77.60	37.14
(iii) Unpaid amount out of (i) and (ii) above	-	-

The Company has been meeting these expenditure as part of its commitment with Ministry of Environment, Forest and Climate Change for environmental clearance for the construction of an International Airport at the location whereby the Company has to spend 5% of the project cost towards environment, energy and water conservation measures over the years.

34 Related Party Disclosure

In accordance with the requirement of Ind AS -24 on " Related Party Disclosures" the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions/ year end balance with them as identified and certified by the Management are given below:

Names of related parties and nature of relationship where control exists are as under:

(a) Joint Venture Company

BPCL - KIAL Fuel Farm Private Limited

(b) Names of other related parties and nature of relationship

Key Management Personnel

Mr. Thulasidas V	Managing Director
Mr. S Jayakrishnan	Chief Financial Officer
Mr. G Gnanendra Kumar	Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited

Government of Kerala

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Transactions with related parties

Related Party / Nature of Transaction	2019-2020	2018-2019
Transactions during the year		
Mr. Thulasidas V		
Salary	40.78	14.58
Mr. S Jayakrishnan		
Salary	34.06	24.75
Mr. G. Gnanendra Kumar		
Salary	14.49	10.73
BPCL - KIAL Fuel Farm Private Limited		
Investment	-	39.00
License fees on unpaved land	162.01	42.00
Fuel Through Put Charges	444.06	64.62
Utility Charges	15.12	6.56
Government of Kerala (GoK)		
Expenses met by Company on behalf of Government of Kerala	447.57	892.44
Equity shares issued	17,500.00	-
Related Party	**2015-2020**	**2018-2019**
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited		
License fees receivable	43.30	11.69
Fuel Through Put Charges receivable	-	46.60
Utility Charges receivable	4.99	7.74
Fuel Throughput Charges receivables	0.14	-
Security Deposit	11.00	10.60
Government of Kerala (GoK)		
Amount receivable from Government of Kerala	2,237.57	1,796.81

The Company has transactions (not included in the list above) with other Government of Kerala-controlled entities / departments and these transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government of Kerala-controlled entities.

39 Capital Management

The Company's objective when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the share holders' value. The Company sets the amounts of capital required on the basis of annual business and long-term operating plans.

For the purpose of the Company's Capital Management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure by balanced mix of debt and equity. The Company's capital structure is influenced by the changes in the airport economic regulatory framework, Government policies, available options of financing and the impact of the same on the liquidity position of the Company.

Notes to the standalone financial statements for the year ended March 31, 2020
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The Company's debt to equity ratio is analysed as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Debt	89,567.04	88,440.73
Equity	119,998.76	111,569.41
Debt to Equity ratio	74.64%	79.27%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company has been sanctioned a funded interest term loan of Rs.19617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan.

Financial risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company's risk Management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purpose nor does it opt for options. The most significant financial risk to which the Company is exposed are described below: -

The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or 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 long-term debt obligations with floating interest rates. The effect of change in the interest rate will affect profit or loss of the Company also the interest cost had a direct bearing on the borrowing cost capitalised. The impact of increase or decrease of 100 basis points on the loan will affect the loss of the Company by Rs.898.01 Lakh (Previous year Rs.320.95 Lakh) and value of Plant property of equipment by Rs.0.89 Lakh (Previous year Rs.39.77 Lakh).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the purchase of assets from abroad. The Company's only exposure at the end of the year is an outstanding balance amounting to US$ 88,080 (Rs. 66.39 Lakh) (Previous year: US$ 3,52,810 (Rs.250.56 Lakh)). The impact of increase or decrease of 100 basis points on the outstanding balance will change the fair value of assets (Property, Plant and Equipment) by Rs. 0.66 Lakh (Previous year: Rs.3.52 Lakh).

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk for receivables, cash and cash equivalents and short term loans.

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Cash and cash equivalents and short-term Loans (Other current financial assets)

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has been transacting for years. Therefore, the Company does not expect any material credit risk with respect to cash and cash equivalents and other current financial assets.

Trade Receivables

The Company is exposed to credit risk from its operating activities primarily from trade receivables amounting to Rs. 2561.60 Lakh as of March 31, 2020 (Previous year Rs.1304.23 Lakh). The credit quality of the Company's customers is monitored on an on going basis and assessed for impairment where indicators of such impairment exist. Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties. In the current year the Company has made a provision of Rs.150.56 Lakh as impairment due to long outstanding from few parties, which the Management is confident of its recovery.

Ageing of Trade receivables

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
0-180 Days	2,325.12	1,304.23
181-365 Days	244.30	-
366-730 Days	12.19	-
More than 730 Days	-	-
Total	2,581.61	1,304.23

Movement of allowance for credit impaired trade receivables

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Opening balance	-	-
Add : Created during the year	150.56	-
Less : Utilised/Reversed during the year	-	-
Closing balance	150.56	-

The unprecedented nature of the pandemic has caused disruption in the operations of the concessionaires resulting in their capacity to meet the monthly minimum guarantee fee as per the contractual terms. The Company had to waive off various dues of the concessionaires pertaining to the year and several balances were written off to ensure continuity of the business of the concessionaires in the Airport. These risks are primarily in connection with the impact of the COVID pandemic which the Management is closely monitoring.

Liquidity risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk Management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other contracts. The Company has mitigated the risk by placing funds in short term deposits with banks to match with the lead time for the disbursement of loans from the banks. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. Also the mitigation of the cash flow shortages due to the COVID Pandemic and the pending commitments are detailed in Note no 36.

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Maturity Analysis of Assets and Liabilities:

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities and assets with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities and financial assets based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk Management as the liquidity is managed on a net asset and liability basis.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents	12,773.46	831.00
Trade Receivables	2,431.05	1,304.23
Other Financial assets	2,237.67	1,811.88
Financial Liabilities		
Trade Payables	1,885.34	886.65
Other Financial liabilities	11,327.43	11,061.87
Maturity 1 year to 3 years		
Financial Assets		
Deposits	1,100.15	1,096.42
Financial Liabilities		
Security Deposits	68.95	7.45
Borrowings	562.10	1,336.00
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	575.07	575.42
Borrowings	88,004.94	87,102.73

38 Events after the reporting period

In March 2020, COVID-19, an infectious disease was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The Company has considered the possible impact of the pandemic up to the date of approval of these standalone financial statements in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, property plant and equipment and other assets and does not anticipate any additional liabilities. The judgment, estimates and assumptions impacted by the global health pandemic may be different from that estimated as on the date of approval of these financial statements.

There have been no other significant events subsequent to the Balance Sheet date that would impact the carrying values of the Company's assets and liabilities.

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37 Capital and other commitments

The Company has the following capital commitments towards the construction of the airport:

Particulars of Contract	As at March 31, 2020	As at March 31, 2019
Software Development Costs	6.77	7.21
Construction contracts (office and cargo complex , others)	8,093.12	1,311.12
Total	**8,099.89**	**1,318.33**

38 Contingent Liabilities

Claims against the Company not acknowledged as debts

i) L&T, the contractor had raised requests for additional costs incurred due to extension of time and change in law as per the provisions of the agreement entered for the construction of the runway and the airside constructions totaling to Rs.17,882.92 Lakh plus interest of Rs 5,072.06 Lakh up to August 31, 2020 (aggregating Rs. 22954.98 Lakh).

The matter was referred to the arbitration committee consists of 3 members, each appointed by the Company, L&T and Government of Kerala as per the agreement.

The parties decided to settle the disputes vide a settlement agreement dated December 31, 2020. The arbitration was concluded and the Arbitration Tribunal granted an Award dated February 25, 2021 ("the Arbitration Award") in line with the settlement agreement. Pursuant to the Arbitration Award (a) the Company has agreed to pay, and L&T agreed to accept a total sum of Rs. 2,793.88 Lakh in full and final settlement of all its claims raised by the Contractor without any reservations and conditions, and the Company has recorded the liability of Rs. 2,793.88 Lakh by capitalising the said amount during the financial year ended March 31, 2020 (also refer Note 3.4 of these standalone financial statements) (b) L&T shall not raise any further claims under this Contract; and (c) both parties shall settle the Goods and Service Tax (GST) issue as per the applicable GST law.

Further to the above claim, L&T earlier had claimed an amount of Rs 9,736.66 Lakh towards additional cost incurred due to extension of time on the construction of the passenger terminal building which claim has been subsequently resolved and No-claim certificate has been issued by L&T.

ii) Larsen and Toubro Limited ("Contractor" or "L&T") have raised claims towards subsumed taxes due to the change from service tax regime to the GST regime because of which the tax rates have increased beyond what they have estimated at the time of tendering. The rate of subsumed tax considered by L&T for the runway and airside works is 6.63% (Previous Year: 7.14%) and for the passenger terminal building is 8.66% (Previous Year: 6.16%). The Company has disputed the claims of the contractor and have considered a rate of 8% (Previous Year: 10%) for both the works. The difference in the rates of subsumed taxes has an impact of Rs. 498.24 Lakh (Previous year: Rs. 725.61 Lakh) in the value of Property, Plant and Equipment of the Company.

iii) AECOM India Private Limited (AECOM), consultant for runway and airside works, has claimed a sum of Rs.198.22 Lakh which include (1) interest on delayed / non-payment of invoices for services rendered - Rs. 110.56 Lakh, (2) Earnest Money Deposit by AECOM - Rs. 10 Lakh, (3) Variation in retention money held by the Company - Rs. 4.70 Lakh and (4) Other deductions by the Company - Rs.73.13 Lakh.

39 The Company has the following investment in joint venture

Name of the Company	BPCL-KIAL Fuel Farm Private Limited	
Principal place of business	India	
Unquoted Investments in Equity Shares (fully paid) in Rs. Lakh	234.00	234.00
No of shares of face value Rs.10	2,340,000	2,340,000
	March 31, 2020	March 31, 2019
% of holding	26%	26%

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

40 Employee Benefits

40.1 Defined contribution plans

The Company makes provident fund contributions which are defined contribution plan, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.36.41 Lakh (Previous Year - Rs. 31.27 Lakh) for provident fund contribution in the standalone Statement of profit and loss. The contributions payable to this plan by the Company are at rates specified in the rules of the said scheme.

40.2 Defined benefit plans

The Company offers Gratuity Benefit scheme to its employees.

The cost of providing Gratuity Benefit is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The gratuity benefit scheme is unfunded.

The valuation results for the defined benefit gratuity plan as at March 31, 2020 are produced in the tables below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1. Assumption		
Discount Rate	6.82%	7.79%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)
2. Table showing changes in the present value of Obligation		
Present value of Obligation as at the beginning of the year	53.25	24.77
Interest Cost	3.51	1.93
Current Service Cost	28.54	16.91
Benefits paid	(3.38)	-
Actuarial (gain) / Loss on obligation	19.28	9.64
Present value of Obligation as at the end of the year	101.20	53.25
3. Table showing changes in Fair Value of Plan Assets*		
4. Table showing fair value of Plan assets*		
* As the Gratuity plan is unfunded, there are no disclosures related to fair value of plan assets.		

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive income	9.20	-
Actuarial (gain) / loss on obligations	18.28	9.20
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	28.48	9.20
6. The amounts to be recognized in the Balance Sheet and Statements of Profit / loss		
Present value of Obligation at the end of the year	101.20	53.25
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Net Asset / (Liability) recognised in the Balance Sheet	101.20	53.25
7. Expenses recognised in the Statement of Profit & Loss		
Current Service Cost	28.54	16.91
Interest Cost	3.61	1.93
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	19.28	9.20
Weighted average duration of the D B O	19.62	20.51

Sensitivity Analysis for the year ended March 31, 2020

	% Increase in DBO	Liability	Increase in DBO (Rs.)
Discount Rate +100 basis points	-11.80%	8.92	-11.83
Discount Rate -100 basis points	14.59%	11.60	14.76
Salary Growth +100 basis points	13.83%	11.52	13.09
Salary Growth -100 basis points	-11.27%	8.98	-11.40
Attrition Rate +100 basis points	0.93%	102.21	0.94
Attrition Rate -100 basis points	-1.25%	9.99	-1.26
Mortality Rate 10% up	0.05%	101.25	0.05
Effect of no ceiling	1.04%	102.25	1.05

41 Passenger Service Fee (PSF)

The Passenger Service Fee (Security Component) (PSF (SC)) is collected by the airlines from the passengers embarking from the Company and subsequently paid by the airlines to the Company from the Airport Opening Date (AOD). The Company is receiving these amounts from the airlines on behalf of Government of India. The receipt of amounts towards the PSF (SC) are credited/maintained in an escrow account maintained by the Company only for utilisation towards security expenditure, pertaining to cost of deployment of Central Industrial Security Forces (CISF) personnel and their related expenses. As such, the PSF (SC) and the related security expenditure do not form part of revenues and expenditure respectively, of the Company.

During the Financial Year 2019-20, this arrangement has been changed by Ministry of Civil Aviation w.e.f. July 1, 2019 wherein the name of PSF (SC) has been changed as Aviation Security Fees which will be collected by a separate national level Trust by name National Aviation Security Fee Trust (NASFT). Accordingly from July 1, 2019 onwards, the Aviation Security Fees collected by the airlines will be paid directly by the airlines to the bank accounts of NASFT (instead of the earlier policy of paying them through the Airport) and the cost of deployment charges (Salary and allowance etc.) of CISF personnel in the airport will be met out of that fund. The Company will have to meet other expenses of CISF from its own funds and claim its reimbursement from NASFT. As on the date of Balance Sheet, the amount recoverable in respect of other security related expenses incurred by the Company w.e.f. July 1, 2019 pending reimbursement aggregated Rs.122.94 Lakh is included under Other Current Assets (refer Note 14). Meanwhile, the erstwhile PSF (SC) fund account maintained by the Company is yet to be merged with NASFT funds.

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

From the AOD till June 30, 2019, the PSF (SC) received by the Company from the airlines is Rs.301.44 Lakh (Rs. 227.31 Lakh from April 1, 2019 to June 30, 2019) and the cost of deployment of CISF personnel and their related expenses for the said period was Rs.2169.93 Lakh (Rs.1224.91 Lakh from April 1, 2019 to June 30, 2019) resulting in a deficit of Rs.1808.49 Lakh (Rs. 997.60 Lakh from April 1, 2019 to June 30, 2019), which deficit has not been recognized in these standalone financial statements as a liability since the Company is only acting in a pass through capacity of receiving the PSF (SC) from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India. The Company has received a letter dated October 9, 2019 from the National Aviation Security Fee Trust (NASFT) asking the Company to settle the cost of deployment bills of CISF in respect of the aforesaid deficit. The Company has written to the Ministry of Civil Aviation on October 29, 2019 citing shortfall between the PSF collected and the amount payable to CISF due to the low passenger traffic in the airport. The Company has requested that the NASFT may settle the shortfall using the surplus PSF funds available with the Government.

42 Fair Values

The carrying amount of all financial assets and liabilities appearing in the standalone financial statements is reasonable approximation of fair values

Breakup of Financial assets and Liabilities

Particulars		As at March 31, 2020	
		Carrying Value	Fair Value
Financial assets			
At Amortized cost			
Deposits		1,100.15	1,100.15
	Previous year	*1,096.42*	*1,096.42*
Trade Receivables		2,431.05	2,431.05
	Previous year	*1,304.23*	*1,304.23*
Cash and Cash equivalents including other bank balances		12,773.48	12,773.48
	Previous year	*831.00*	*831.00*
Other financial assets		2,237.67	2,237.67
	Previous year	*1,811.88*	*1,811.88*
Financial Liabilities			
At Amortized cost			
Borrowings		89,567.04	89,567.04
	Previous year	*88,440.73*	*88,440.73*
Security Deposits		741.80	741.80
	Previous year	*732.97*	*732.97*
Trade Payables		1,895.34	1,895.34
	Previous year	*895.65*	*895.65*
Other Financial Liabilities		11,229.65	11,229.65
	Previous year	*10,901.87*	*10,901.87*

The Management assessed the cash and cash equivalents including other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

Assumption used in estimating the fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair valuation of the security deposits are computed using the current applicable discounting rate (10%)

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2020	As at March 31, 2019
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-
Level 2		
Financial Assets		
Cash and Cash equivalents	12,773.46	831.00
Financial Liabilities		
Borrowings	89,567.04	88,440.73
Level 3		
Financial Assets		
Security Deposits	1,100.15	1,096.42
Trade Receivables	2,431.05	1,304.23
Other financial assets	2,237.67	1,811.88
Financial Liabilities		
Security Deposits	741.80	732.07
Trade Payables	1,895.34	895.65
Other Financial Liabilities	11,229.65	10,901.87

Level 1 : Fair Value measurement using Quoted prices in Active Markets
Level 2 : Fair Value measurement using significant observable inputs
Level 3 : Fair Value measurement using significant unobservable inputs

43 Income Tax

Particulars	March 31, 2020	March 31, 2019
a) Current Income Tax Charge	-	-
b) Deferred Tax		
Relating to origination and reversal of temporary differences	1,389.19	3,425.71
Income Tax Expense/(Benefit) for the year	**(1,389.19)**	**(3,425.71)**
Short provision for tax relating to prior years	-	231.10
Income Tax Expense/(Benefit) as per Standalone statement of profit and loss	**(1,389.19)**	**(3,194.61)**
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	32,394.95	37,352.58
Deferred tax liability	32,394.95	37,352.58
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	51.61	45.94
Brought forward business losses	2,969.21	2,440.85
Deduction under section 35AD of the Income Tax Act	34,189.02	38,291.71
Deferred tax asset	37,209.84	40,778.50
Deferred tax asset (Net)	4,814.90	3,425.71
Add: Minimum Alternate Tax Credit Entitlement	220.29	220.29
Tax expense during the year recognized in the OCI	8.30	2.68
Deferred Tax asset (unutilised tax credit)	**5,043.49**	**3,648.68**

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Notes to the standalone financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Company has recognised a deferred tax asset of Rs.34189.02 Lakh (Previous year Rs.36291.71 Lakh) on unused tax losses arising from its claim under section 35 AD of Income Tax Act, 1961 considering the unlimited carry forward period for set off against future taxable profits. The Management is of the view that there will be adequate future taxable profits available for setting off of unused tax losses. Subsequent to the year end on filing of the revised return of income claiming the aforesaid deduction under section 35 AD of the Income tax Act, 1961 in respect of Assessment Year 2019-20, the Company received intimation under 143(1) of the Income Tax Act, 1961 rejecting its claim in the revised return. The Management has filed an appeal before the Commissioner of Income Tax (Appeals) in respect of the above disallowance which is pending adjudication. The Management has been advised that the case for its appeal is tenable and therefore is confident of a favourable outcome.

44 Going concern

The Company has incurred loss during the year and due to the impact of the COVID Pandemic there has been a decrease in the expected revenue receipts of the Company during the year and the uncertainties in the future cash flows as well. The repayment of the borrowings are scheduled to begin from the fourth quarter of the financial year 2022-23 (the loan has been restructured under resolution framework for exposures other than personal loans under stress due to COVID Pandemic, also refer Note 17), capital commitments towards the ongoing office and cargo complex and other pending payments to the contractors which requires major cash flow requirement in the coming years.

The Company has initiated various actions in relation to saving cost, optimize revenue Management opportunities and enhance revenues is expected to result in improved operating performance.

Further, the Government of Kerala has given an undertaking to the Company vide GO (MS) No 01/2014 /Trans dated January 4, 2014 to mitigate the cash short fall in the first five years of operation by a budgetary support of Rs.13268 Lakh. Accordingly the liquidity risk and cash flow shortages of the Company are mitigated.

45 Dispute relating to the appointment of statutory auditors

The Company was originally incorporated as a Government Company and later it became a deemed Government Company under the provisions of section 619B of the entstwhile Companies Act, 1956 (the "Old Act"). Accordingly, from the inception of the Company, auditors appointed by the Comptroller & Auditor General of India ("C&AG") carried out the statutory audit of the Company. This position continued up to the financial year ended March 31, 2018. On enactment of Companies Act, 2013 (the "Act") replacing the Old Act, and sections139(5) and 139(7) of the 2013 Act, deal with appointment of statutory auditors by the C&AG were notified on April 1, 2014.

The Company in its letter dated August 14, 2017 to the Principal Accountant General (C&AG office) stated that it is not a Government Company as defined under the 2013 Act, nor is it a Company owned or controlled, directy or indirectly, by the Central Government, or State Government or partly by the Central Government, or the State Government or partly by the Central Government and partly by the State Government; and that as Section 139(5) of the Act was not applicable, and that the Company was entitled to appoint its statutory auditors by its General Meeting .

The Company additionally obtained a legal opinion on February 2, 2018, to that effect which confirmed that the provisions of section 139(5) of the Act do not apply to the Company. On the strength of the aforesaid legal opinion, the Board of Directors on June 28, 2018, authorised the Managing Director to seek an expression of interest from audit firms for appointment as statutory auditors of the Company. Consequently, in pursuance of a resolution at the Annual General Meeting of the shareholders held on January 18, 2019, the Company appointed the current statutory auditors (i.e., Deloitte Haskins & Sells LLP) on March 25, 2019 for a period of five years, i.e., from financial years 2018-19 to 2022-23.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts are in Rs. Lakh unless otherwise stated

The Office of C&AG vide their letter dated October 21 2019 (the "Letter") informed that the Company cannot exempt itself from the provisions of Section 139(5) of the Act which are applicable to a 'deemed Government Company' by virtue of the Circular referred to above. Further, vide letter dated November 25, 2019, the MCA informed that the Company is required to comply with sections 139(5) and 139(7) of the Act. MCA further directed the Company to take appropriate steps to get the audit of the Company carried out in terms of section 139(5) and (7) of the Act (i.e., by an auditor appointed by the C&AG).

The Company filed a writ petition on December 2, 2019 with the Hon'ble High Court of Kerala at Ernakulam for:

- Quashing the said letter
- Declaration that the provisions of section 139 (5) and (7) of the Act are not applicable to the Company
- Direction to MCA to refrain from insisting upon appointment of statutory auditor by C&AG in terms of Sec 139(5) and (7) of the Act.

The Hon'ble High Court of Kerala by interim Order dated December 3, 2019 has granted interim stay on the operation of the aforesaid Letter pending disposal of the writ petition.

Accordingly the Board of Directors have approved the standalone financial statements of the Company for the year ended March 31, 2019, at its meeting held on December 3, 2020, and submitted the same to its auditors, Deloitte Haskins & Sells LLP, for their audit report thereon, in accordance with the requirements of section 134(1) of the Act.

The Board of Directors of the Company continue to reaffirm the appointment Deloitte Haskins & Sells LLP as auditors of the Company based on legal advice obtained by them and also the shareholders of the Company in the Annual General Meeting held on December 28, 2020 have noted the Other Matter Paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

Based on legal opinion received, the Company's Board of Directors is of the view that the appointment of statutory auditors is in accordance with the provisions of the Companies Act, 2013.

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105069)

K Parvathyammal
Director
(DIN: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

G Dhanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

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Deloitte
Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of KANNUR INTERNATIONAL AIRPORT LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of KANNUR INTERNATIONAL AIRPORT LIMITED ("the Parent"/"the Company") which includes the Parent's share of loss in its jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statements of the jointly controlled entity referred to in the Other Matters section below, except for the possible effects of the matters described in the Basis for Qualified Opinion section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Parent and its jointly controlled entity as at March 31, 2020, and their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

(a) We refer to Note 38 (ii) and 38 (iii) to the consolidated financial statements, regarding certain claims raised by a contractor and a consultant aggregating Rs.696.46 Lakh (As at March 31, 2019: Rs.33417.47 Lakh) which are in the process of review by the Management. The claims include an amount of Rs.498.24 Lakh (As at March 31, 2019: Rs.725.61 Lakh) towards subsumed taxes due to the change in the taxes from the service tax regime to the Goods and Service Tax regime. The Company has not yet concluded its review/assessment on the final claim (including certain matters which are pending reconciliation)/taxes to be settled and pending the quantification of the amount eventually payable, has disclosed the amount of Rs.696.46 Lakh as contingent liability. We are unable to comment on the liability to be recognised towards these claims and the possible impact on the carrying value of the related property, plant and equipment, and its consequential impact on the depreciation and loss for the year.

This was also subject matter of qualification in the Independent Auditor's Report on the consolidated financial statements for the year ended March 31, 2019 issued on December 3, 2020.

(b) We refer to Note 31 and Note 43 to the consolidated financial statements, wherein the Company has recognised a deferred tax asset of Rs.2969.21 Lakh as at March 31, 2020 (including Rs. 528.56 Lakh benefit recognised during the year) (As at March 31, 2019: Rs.2440.65 Lakh) on unutilised carried forward business losses available for set off against future taxable profits. In the absence of sufficient and convincing audit evidence to demonstrate the reasonability of the projections of future taxable profits

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available for utilisation against such unutilised business losses, we are unable to conclude on the appropriateness of the carrying value of the above deferred tax asset and its consequential impact on the loss for the year and on the Retained Earnings.

This was also subject matter of qualification in the Independent Auditor's Report on the consolidated financial statements for the year ended March 31, 2019 issued on December 3, 2020.

(c) Trade Receivables (refer Note 10.1 of the consolidated financial statements) include an amount aggregating Rs. 624.15 Lakh considered recoverable from certain customers which are overdue and remain outstanding as on the date of this report. In the absence of any sufficient and appropriate audit evidence to support the recoverability of these balances, we are unable to comment on the recoverability of these amounts and its consequential impact on the carrying value of trade receivables and loss for the year.

(d) The auditors of the Company's jointly controlled entity (the "JCE") have made certain qualifications in their audit report on the financial statements of the JCE for the year ended March 31, 2020. The extract of qualifications impacting the financial statements of the JCE are as follows:

- Adequacy of maintenance of books of account in electronic form.
- Non-compliance with the accounting provision of Ind AS 116 – Leases wherein the amortisation of leased assets and the related finance charges are overstated by Rs.60.01 Lakh and a corresponding overstatement of the consolidated loss in the Statement of Profit and Loss (being the Company's share).
- Inappropriate depreciation charge on assets constructed over leased property based on the useful life of assets specified in Schedule II to the Act rather than over the lease period and non-capitalisation of decommissioning expenses which are not in accordance with Ind AS 16- Property, Plant and Equipment. However, the amounts impacting the financial statements have not been quantified in the Audit Report of the JCE.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Parent and its jointly controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the sub-paragraph (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

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Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

1. Note 3 (5) to the consolidated financial statements where for the reasons stated therein, 353.98 acres of land given on lease to the Company has not been recognised in these consolidated financial statements as the Company is yet to enter into any lease agreement with the Government of Kerala.

2. Note 2.3 and Note 36 of the consolidated financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the Management's assessment of impairment of carrying values of Property, Plant and Equipment (including Capital work-in-progress) in the consolidated financial statements of the Company as at the balance sheet date.

   Based on such assessment, the Management expects the carrying amount of Property, Plant and Equipment (including Capital work-in-progress) will be recovered. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

3. As explained in Note 41 of the consolidated financial statements regarding the deficit in PSF (SC) which has not been recognized in these financial statements as a liability since the Company is only acting in a pass through capacity of receiving the PSF (SC) from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India.

4. As stated in Note 6.1 of the consolidated financial statements, regarding Management's assessment of recoverability of deposit of Rs.982.03 Lakh based on the reasons stated in the said Note.

   Our opinion is not modified in respect of these matters.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Directors' Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, identified above when it becomes available, compare with the financial statements of the jointly controlled entity, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information, identified above when it becomes available, is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the jointly controlled entity, is traced from their financial statements audited by the other auditor.

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- When we read the Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated changes in equity of the Parent and its jointly controlled entity in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Parent and its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Parent and its jointly controlled entity 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Parent and its jointly controlled entity are responsible for assessing the ability of the Parent and its jointly controlled entity 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 or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Parent and its jointly controlled entity are also responsible for overseeing the financial reporting process of the Parent and its jointly controlled entity.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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

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collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Parent and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and its jointly controlled entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carries out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entity included in the consolidated financial statements of which we are the independent auditors 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.

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

Other Matters

(a) We draw attention to Note 45 of the consolidated financial statements for the year ended March 31, 2020 on our appointment as statutory auditors of the Company by the members of the Company under section 139(2) of the Act for a term of five (5) years from the conclusion of the 9th annual general meeting until the conclusion of the 14th annual general meeting (i.e. in respect of the financial year ended March 31, 2019 until the financial year ending March 31, 2023). We understand that the Company has filed a writ petition challenging the view of the Ministry of Corporate Affairs that the Company is a Government company as defined under the Companies Act, 2013, and its direction that the Company's Auditors need to be appointed by the Comptroller and Auditor General of India under section 139(5) of the Act.

We are informed that the aforesaid direction is currently under an interim stay under order dated December 3, 2019 issued by the Hon'ble High Court of Kerala and that the matter is *sub-judice*. Our appointment as auditors of the Company is subject to the eventual outcome of this matter.

This was also reported under Other Matters in the Auditor's Report on the consolidated financial statements for the year ended March 31, 2019 issued on December 3, 2020. The Board of Directors of the Company continue to reaffirm our appointment as auditors of the Company based on legal advice obtained by them and also the shareholders of the Company in the Annual General Meeting held on December 28, 2020 have noted the Other Matter on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

(b) The consolidated financial statements also include the Parent's share of net loss of Rs.51.10 Lakh for the year ended March 31, 2020 (subject to the matters described in paragraph (d) of the Basis for Qualified Opinion section above), as considered in the consolidated financial statements, in respect of one jointly controlled entity, whose financial statement have not been audited by us. These financial statements and the qualified audit report thereon have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters including our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the separate financial statements of the jointly controlled entity referred to in the Other Matters section above we report, to the extent applicable that:

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a) We have sought and except for the matters described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matters described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Parent and its jointly controlled entity.

f) On the basis of the written representations received from all the directors of the Parent as on March 31, 2020, except from one Independent director of the Parent, and taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its jointly controlled entity incorporated in India, none of the directors of the Parent and its jointly controlled entity incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company and jointly controlled entity incorporated in India. Our report expresses an adverse opinion on the operating effectiveness of internal financial controls over financial reporting, for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

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i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Parent and its joint controlled entity;

ii. The Parent and its joint controlled entity did not have any long-term contracts including derivatives for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its jointly controlled entity incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sumit Trivedi
Partner
Membership No.209354
(UDIN:21209354AAAAQI7089)

SECUNDERABAD, November 12, 2021

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph h under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS of the Company as of and for the year March 31, 2020, we have audited the internal financial controls over financial reporting of Kannur International Airport Limited (hereinafter referred to as ("the Parent"/"the Company") and its jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the parent and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the respective companies 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". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, and jointly controlled company, which are companies incorporated in India 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the jointly controlled company, which are companies incorporated in India, in terms of their reports referred to in the Other Matter Paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial

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controls system over financial reporting of the Parent, and its jointly controlled company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure may deteriorate.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Parent's and jointly controlled entity's internal financial controls over financial reporting as at March 31, 2020. The Company did not have an appropriate internal control system for:

a) ensuring compliance with the applicable accounting standards and generally accepted accounting principles, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording Property, Plant and Equipment; establishing a process of periodic verification of property plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment

   The Company's process of evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment through confirmations and their reconciliation with respective vendor(s) as per books of account at regular intervals.

b) financial book closing procedures to ensure preparation of timely, reliable and appropriate financial statements.

c) the Company's process of ensuring the completeness and accuracy of Aero, Non-aero and other operating revenue recorded during the year ended March 31, 2020.

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d) the Company's process of validating certain claims related to carry forward of business losses under the Income Tax Act, 1961 and accounting of the related tax effects under the applicable accounting standards, including evaluation of reasonability of the projections to support the availability of future taxable profits for utilisation against such unused business losses.

e) the Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary

The auditors of the jointly controlled entity (the "JCE") have made the following qualifications in their audit report on internal financial controls over financial reporting of the JCE as of and for the year ended March 31, 2020:

(i) Financial reporting:

Risk of financial loss and/or financial misstatement in the absence of a established Mechanism for physical verification of Property, Plant and Equipment.

(ii) Access Rights:

Editable access of Financial System (Accounting software) provided to persons other than JCE employees (Internal and statutory auditors, consultants etc.)

(iii) Closing of accounting period/year in the Accounting Software:

Erroneous/intentional posting of accounting entry in the earlier closed period/year.

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.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent and jointly controlled company which are companies incorporated in India , because of the effect of the material weakness described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent and its jointly controlled entity has not maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2020, and the material weakness has affected our opinion on the said consolidated financial statements of the Company.

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Other Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting insofar as it relates to one jointly controlled entity, which is a company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sumit Trivedi
Partner
Membership No.209354
(UDIN:21209354AAAAQI7089)

SECUNDERABAD, November 12, 2021

Kannur International Airport Limited
Consolidated Balance Sheet as at March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	195,154.78	198,211.27
(b) Capital work in progress	3.2	2,204.70	1,147.96
(c) Intangible assets	4	16.35	16.15
(d) Financial assets			
(i) Investment in joint venture	5	93.36	144.46
(ii) Other financial assets	6	1,100.15	1,056.42
(e) Other non-current assets	7	1,270.44	1,384.25
(f) Non current tax assets (net)	8	1,159.28	528.59
(g) Deferred tax assets (Net)	31	5,043.49	3,648.68
Total non-current assets		**206,042.53**	**206,178.18**
II Current assets			
(a) Inventories	9	11.43	-
(b) Financial assets			
(i) Trade receivables	10	2,431.05	1,304.23
(ii) Cash and cash equivalents	11	12,507.22	831.05
(iii) Bank balances other than (ii) above	12	266.24	
(iv) Other financial assets	13	2,237.67	1,811.66
(c) Other current assets	14	1,559.50	2,924.44
Total current assets		**19,013.11**	**6,871.55**
TOTAL ASSETS (I + II)		**225,055.64**	**213,049.73**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	15	133,812.10	116,050.00
(b) Other equity	16	(13,953.98)	(4,570.13)
Total equity		**119,858.12**	**111,479.87**
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	89,567.04	88,440.73
(ii) Other financial liabilities	18	644.02	582.87
(b) Provisions	19	97.06	41.93
(c) Other Non current liabilities	20	1,000.00	
Total non-current liabilities		**91,308.12**	**89,065.53**
2 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	21		
(A) Dues of micro and small enterprises		36.35	65.25
(B) Dues of other than micro and small enterprises		1,850.09	830.40
(ii) Other financial liabilities	22	11,327.43	11,051.97
(b) Provisions	23	16.29	23.37
(c) Other current liabilities	24	659.34	933.34
Total current liabilities		**13,889.40**	**12,904.33**
TOTAL LIABILITIES (1 + 2)		**105,197.52**	**101,969.86**
TOTAL EQUITY AND LIABILITIES (I + II)		**225,055.64**	**213,049.73**
See accompanying notes to the Consolidated Financial Statements			

In terms of our Report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01106560)

K Parvathy Ammal
Director
(DIN: 07254870)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4555B)

C Chandrakumar
Company Secretary
(PAN: AIVPC3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

Kannur International Airport Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I INCOME			
Revenue from operations	25	11,589.80	1,500.98
Other income	26	185.57	406.72
Total Income		**11,775.37**	**1,907.70**
II EXPENSES			
Airport operating expenses	27	4,851.43	1,602.70
Employee benefits expense	28	1,144.26	744.63
Finance costs	29	8,634.51	3,236.14
Depreciation and amortization expense	3.8	6,879.46	2,088.29
Other expenses	30	1,107.66	924.10
Airport inauguration & commissioning expenses		-	1,171.54
Total expenses		**22,617.32**	**9,767.40**
III Share of Loss of Joint Venture	5	(44.02)	(27.71)
IV Loss before tax [I - (II + III)]		**(10,885.97)**	**(7,887.41)**
V Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Short provision for tax relating to prior years		-	231.10
(3) Deferred tax	31	(1,389.19)	(3,425.71)
(4) Share of Joint Venture		7.08	3.46
Total tax expense/(Benefit)		**(1,382.11)**	**(3,191.15)**
VI Loss for the year (IV - V)		**(9,503.86)**	**(4,696.26)**
VII Other Comprehensive loss			
(i) Items that will not be reclassified subsequently to profit or loss		(19.28)	(9.20)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.62	2.68
Total other comprehensive loss for the year		**(13.66)**	**(6.52)**
VIII Total comprehensive loss for the year (VI + VII)		**(9,517.52)**	**(4,702.78)**
Earnings per equity share of face value of Rs.100/- Basic and diluted EPS (Rs.)	32	(7.37)	(4.28)
See accompanying notes to the Consolidated Financial Statements			

In terms of our Report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105099)

K Pavithyammal
Director
(DIN: 07254870)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4565B)

G Gnanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

Kannur International Airport Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at April 1, 2018	105,970,800	105,970.80
Changes in equity share capital during the year:		
Issue of equity shares	10,079,200	10,079.20
Balance at March 31, 2019	**116,050,000**	**116,050.00**
Changes in equity share capital during the year:		
Issue of equity shares	17,762,100	17,762.10
Balance at March 31, 2020	**133,812,100**	**133,812.10**

B Other Equity

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Balance at April 1, 2018	-	30.70	101.95	-	132.65
Profit / (Loss) for the year ended March 31, 2019	-	-	(4,696.26)	-	(4,696.26)
Other comprehensive Loss for the year, net of income tax	-		-	(6.52)	(6.52)
Balance at March 31, 2019	-	**30.70**	**(4,594.31)**	**(6.52)**	**(4,570.13)**
Profit / (Loss) for the year ended March 31, 2020		-	(9,503.86)	-	(9,503.86)
Securities Premium	133.67	-	-	-	133.67
Other comprehensive Loss for the year, net of income tax	-	-	-	(13.66)	(13.66)
Balance at March 31, 2020	**133.67**	**30.70**	**(14,098.17)**	**(20.18)**	**(13,953.98)**

Remeasurements of Defined Benefit Plans – Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Loss as per IND AS 19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.

See accompanying notes to the Consolidated Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105098)

K [illegible]
Director
(DIN: 07254970)

S [illegible]
Chief Financial Officer
(PAN [illegible])

[illegible] Gnanendrakumar
Company Secretary
(PAN [illegible])

Place: Thiruvananthapuram
Date: November 12, 2021

Kannur International Airport Limited
Consolidated Statement of cash flows for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from Operating Activities		
Loss before tax	(10,885.97)	(7,867.41)
Adjustments for:		
Depreciation of property, plant and equipment	6,873.17	2,085.60
Share of Loss of Joint Venture	44.02	27.71
Amortisation of intangible assets	8.29	2.69
Unwinding of discount on security deposits	83.00	29.58
Finance Cost	8,551.41	3,211.59
Interest income	(59.34)	(358.14)
Profit on sale of Property, Plant and Equipment		(0.20)
Fair value adjustments	(442.99)	(20.84)
Allowance for credit impaired trade receivables	(102.56)	
Credit impaired Trade Receivables written off	(333.20)	
Operating profit / (loss) before working capital changes	3,686.73	(2,822.25)
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	(290.71)	(1,204.23)
Increase / (Decrease) in Trade payables	999.69	793.83
(Increase) / Decrease in other financial assets	(902.89)	(2,104.96)
(Increase) / Decrease in other financial liabilities	449.61	(209.83)
Increase / (Decrease) in other Current Assets	1,184.35	(4,278.80)
(Increase) / Decrease in inventories	(11.43)	
Increase / (Decrease) in other Current Liabilities	547.40	315.34
Increase / (Decrease) in provisions	46.36	5.69
Cash generated from operations	6,110.23	(9,706.20)
Income tax paid (net)	(630.29)	(111.46)
Net cash flow (used in) / generated from operating activities (A)	**5,479.94**	**(9,817.66)**
B. Cash flow from investing activities		
Payments for property, plant and equipment	(5,306.02)	(30,835.94)
Payments for intangible assets	(0.40)	(15.43)
Investment in Joint Venture		(38.00)
Interest received	54.45	380.35
Government Grants towards purchase of equipment	1,000.00	
Proceeds from sale of Property, Plant and Equipment		0.25
Net cash flow used in investing activities (B)	**(4,251.97)**	**(30,508.77)**
C. Cash flow from financing activities		
Proceeds from issue of share capital	17,805.77	30,079.20
Proceeds from borrowings	443.20	11,120.05
Interest paid	(7,830.75)	(8,812.47)
Net cash flow generated from financing activities (C)	**10,418.22**	**32,386.78**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**11,646.19**	**(7,950.63)**
Cash and cash equivalents at the beginning of the year	831.00	8,781.63
Cash and cash equivalents at the end of the year (Refer Note : 11.3)	**12,477.19**	**831.00**
See accompanying notes to the Consolidated Financial Statements		

Note

Reconciliation of Borrowings

Opening Balance	88,440.73	77,320.68
Proceeds from borrowings	443.20	11,120.05
Interest capitalised into loan	683.11	
Closing balance	89,567.04	88,440.73

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Sumit Trivedi
Partner
(Membership No. 209354)

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Place: Secunderabad
Date: November 12, 2021

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: [illegible])

[illegible]
Director
(DIN: [illegible])

S Jayakrishnan
Chief Financial Officer
(PAN: [illegible])

[illegible]
Company Secretary
(PAN: [illegible])

Place: Thiruvananthapuram
Date: November 12, 2021

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

1 **GENERAL INFORMATION**

Kannur International Airport Limited ("KIAL" or "the Company" or "Parent") was incorporated on December 3, 2009 in India as a private limited Company and later converted into a public limited Company effective from August 2010. The Company is having its registered office in Kara – Peravoor, Mattannur, Kannur District, Kerala. The Company has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The project is promoted by Kerala State Government holding 39.23% of the equity shares of the Company as at March 31, 2020.

The consolidated financial statements were reviewed by Audit Committee and approved by the Board of Directors at their meeting held on November 12, 2021.

2 **SIGNIFICANT ACCOUNTING POLICIES**

2.1 **Statement of Compliance**

These consolidated financial statements of the Parent have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.2 **Basis of preparation and presentation**

The consolidated financial statements include accounts of Kannur International Airport Limited ("the Company"/"the Parent")) and its joint venture company BPCL - KIAL Fuel Farm Private Limited.

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair value by Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Accordingly, the share of loss of each of the joint venture has been deducted from the cost of investments.

2.3 Going Concern

With the recent and rapid development of the COVID-19 outbreak, many countries have implemented travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India has also imposed a countrywide lockdown with effect from March 25, 2020 which is extended till June 30, 2020. However, restrictions on operation of domestic flights were partially lifted from May 25, 2020 , in accordance with the Government directives. As a result, the airport's operations were closed from March 25, 2020 to May 24, 2020 except for evacuation / rescue flights for passengers, which in turn has materially impacted the business of the Parent.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Parent has made detailed assessment of its liquidity position of the subsequent years and has deferred its obligations of contractor payments, the ongoing capital expansion and other obligations. Further, due care has been exercised to determine the recoverability of the carrying values of its assets and based on current estimates. The Parent expects to realize majority of the carrying amount of its assets.

For this assessment, Management believes that it has taken into account the possible impact of known events arising from the COVID-19 pandemic. The unprecedented nature of the pandemic makes the future business environment uncertain, however, the Parent will continue to carry out the impact assessment on its assets and closely monitor any material changes to future economic conditions.

The above instances are expected to be temporary in nature and hence does not have any impact on the Going Concern assumption on the basis of which these financial statements are prepared.

2.4 Changes in accounting policies

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116 - Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance under Ind AS 17 - Leases.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Parent as a Lessor:

Leases for which the Parent is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease. Lessor accounting under Ind AS 116 is substantially unchanged from requirement under Ind AS 17 - Leases. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17 - Leases. Therefore, Ind AS 116 - Leases did not have an impact for leases where the Parent is the lessor, except for recording the lease rent on systematic basis or straight line basis as against Ind AS 17 - Leases wherein, there was an exemption for not providing straight lining in case the escalations are in line with the inflation. For the year ended on March 31, 2020, the total income and consequently the loss before tax has decreased by Rs. 341.21 Lakh on account of straight lining.

Parent as a Lessee:

Right-of-use assets and Lease liabilities

The Parent recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Government of Kerala has not finalised on the underlying terms and conditions for the lease of land to the Parent and in the absence of a details as to extent of land and the lease rentals the Parent has not recognised any right of use asset or lease liabilities though the Parent is still using small portions of land owned by Government of Kerala. (Refer Note 3.5)

Significant judgement in determining the lease term of contracts with renewal options

The Parent determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Parent has the option under some of its leases to lease the assets for additional terms of three to five years. The Parent applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Parent reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Application of New Accounting Pronouncements

New Accounting standards, amendments and interpretations adopted by the Parent effective from April 1, 2019:

i) Appendix C to Ind AS 12 - Income Taxes, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12 - Income Taxes, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 - Income Taxes when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 - Income Taxes based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Parent has evaluated the effect of this amendment on the consolidated financial statements and concluded that there is no significant impact.

ii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Parent has evaluated the effect of this amendment on the consolidated financial statements and concluded that this amendment is currently not applicable.

iii) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 - Financial Instruments when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Parent has evaluated the effect of this amendment on the consolidated financial statements and concluded that there is no significant impact.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.5 **Change and use of Estimate and judgment**

In the preparation of the consolidated financial statements, the Parent makes judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of the consolidated financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment and intangible assets, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations as discussed below.

The few critical estimations and judgments made in applying accounting policies are:

Fair value of financial assets and liabilities and investments:

The Parent measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on Management's best estimate about future developments.

Useful Lives of Property, Plant and Equipment:

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the Management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, inter alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector.

Pursuant to the provisions of Part B of Schedule II of the Companies Act, 2013, the Authority has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 9, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 1, 2018 ("AERA Order").

Accordingly, the Management has adopted useful life in respect of airport assets as prescribed in the aforesaid order.

Valuation of Deferred Tax Liabilities/Assets:

The Parent reviews the carrying amount of deferred tax liabilities/assets at the end of each reporting period.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Provisions and Contingent Liabilities

A provision is recognised when the Parent has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (except retirement benefits and leave encashments) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised in the Consolidated Financial Statements but are disclosed separately.

2.6 Property, Plant and Equipment (PPE)

Freehold land is carried at historical cost. Land development cost incurred in freehold and lease hold land is added to the cost of the land. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date net of accumulated impairment loss, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress, intangible assets under development as at balance sheet date are shown as intangible assets under development and the related advances are shown as loans and advances.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Parent and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to consolidated consolidated statement of profit and loss during the reporting period in which they are incurred.

The Parent has identified the assets based on the documents and certificates provided by the consultant and the cost of each component / part of the asset is arrived separately in the same manner. The asset classification of the component / part that has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset is grouped and classified separately.

Spare parts that can only be used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.
All spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the parent intends to use these during more than a period of 12 months.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognised.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Incidental expenditure during construction period (net of related income arising during that period) directly related to the project, incurred prior to commencement of commercial operations is carried forward and allocated to the extent identifiable with any particular fixed asset else it has been allocated to various fixed assets in proportion to their cost on commencement of commercial operations. Incidental expenditure not related to construction, and corporate expenses are recognised as expense when incurred.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in consolidated statement of profit and loss when asset is derecognised.

Depreciation on property, plant and equipment

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the Management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The components identified by the Parent are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The useful life adopted by the Company as per the AERA guidelines are as under;

Description of the Asset	Estimated Useful life
Asset	**Useful Life**
Terminal Building	30 years
Building in Operational Area	30 years
Utility Building	30 years
Roads, Roads in operational area, Boundary wall and Security fencing	10 years
Baggage Handling System/ Escalators/ Elevators/ HVAC Equipment	15 years
X-Ray Machine, RT set, DFMD, HHMD Security Equipment	15 years
Office Equipment	5 years
Furniture & Fixtures - Other than trolleys	7 years
Furniture & Fixtures - Trolleys	3 years
Computers - End User Devices	3 years
Electrical Installation and Equipment including Runway lighting system	10 years
Flight Information System, AOCC Equipment	8 years
Light Motor Vehicles	8 years
Crash Fire Tenders, Other Fire Equipment including pumps and sprinklers	15 years
Intangible assets - Computer Software	3 years
Runway, Taxiway, Apron	30 years

Depreciation on fixed assets added/disposed off during the period is provided on pro-rata basis with reference to the date of addition/disposal. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of tangible (Property, Plant and Equipment) and intangible assets

At the end of each reporting period, the Parent reviews the carrying amounts of its property, plant and equipment and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss if such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The resulting impairment loss if any is recognised in the consolidated statement of profit and loss.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.7 Operating Cycle

Based on the nature of products / activities of the Parent and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.8 Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Intangible assets are amortised in the consolidated statement of profit and loss using the straight line method over their estimated useful lives, from the date that they are available for use. Accordingly, at present, these are being amortised on straight line basis for 3 years.

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on Management's estimate of the amount required to settle the obligation at the balance sheet date. When the Parent expects a provision to be reimbursed, the reimbursement is recognised as an asset only when the reimbursement is virtually certain.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Contingent liabilities are disclosed on the basis of judgment of Management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current Management estimate.

2.10 Foreign Currency Transactions

The consolidated financial statements of Parent are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

2.11 Cash and Cash Equivalents (for purposes of Consolidated Statement of Cash Flows)

Consolidated statement of cash flows is prepared in accordance with the indirect method prescribed in the Ind AS 7. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in Bank, cheques and drafts on hand, deposits held with Banks, other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.12 Revenue Recognition

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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Income from services

Revenue from airport operations i.e., Aeronautical and Non-Aeronautical operations are recognised on accrual basis, net of Goods and Service Tax (GST), and applicable discounts when services are rendered. Aeronautical operations include user development fees (UDF), Baggage, X-ray Charges, Landing and Parking of aircraft, fuel farm and Common User Terminal Equipment (CUTE) counter charges. The main streams of non-aeronautical revenue includes retail, advertisement, food and beverages, ground handling, car parking and land and space- rentals.

Interest is recognised using the time proportion method based on rates implicit in the transaction. Award fees and tender fees are recognised on an accrual basis in accordance with the terms of the relevant arrangement.

Land and Space- rentals pertains to granting right to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Parent estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension and similar options) but does not consider the expected credit losses. Interest income is included in other income in the consolidated statement of profit and loss.

Dividends

Dividend income if any, is recognised when the Parent's right to receive dividend is established, which is generally when the shareholders approve the dividend.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Employee Benefits

a Short Term Employee Benefits
All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Post-employment obligations
Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Parent makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related service.

b Defined Benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Parent presents the first two components of defined benefit costs in Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Parent's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

c Long Term Employee Benefits

The Parent provides for the encashment/ availment of leave with pay for Airport Authority of India (AAI) staff subject to the rules of AAI. The employees of AAI (on deputation with the Company) are entitled to accumulate leave subject to limits as prescribed by AAI. The liability is provided based on the number of days of unutilized leave at each balance sheet date.

Expenses on account of gratuity contribution and leave salary to the officers on deputation to the Company from the Airports Authority of India have been provided during the year under audit and included in the expenses for the year.

2.16 Taxes on Income

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the consolidated statement of profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

a Current Tax

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum Alternate Tax) or normal provision of Income Tax Act. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of relevant tax laws and based on the expected outcome of assessments/ appeals.

b Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

2.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Parent will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in consolidated statement of profit and loss on a systematic basis over the periods in which the Parent recognises as expenses the related costs for which the grants are intended to compensate. Specifically, Government grants whose primary condition is that the Company should construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheet and transferred to consolidated statement of profit and loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in consolidated statement of profit and loss in the period in which they become receivable.

2.17 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events if any is adjusted with the Ind AS consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

2.18 Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

2.19 Operating Segments

The Parent operates in the Indian domestic market by providing airport services to passengers and various airline operators which in the context of Ind AS 108 "Operating Segments", is considered as the only segment. Hence, reporting under the requirements of the said standard does not arise.

Operating segments are reported in the manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The Parent is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Parent takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined in such basis except for transactions in the scope of Ind AS 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.21 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. The Parent recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Parent.

Financial assets of the Parent comprise cash and cash equivalents, Bank balances, investments in equity shares of companies, investment other than equity shares, loans/ advances to employee / related parties / others, security deposit, claims recoverable etc.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs if any, of financial assets carried at fair value through profit or loss are expensed in consolidated statement of profit and loss.

Investments in equity instruments other than investment in Joint Venture are classified as Fair value through profit and loss, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

b. Financial Liabilities

The Parent's financial liabilities include loans and borrowings, accrued expenses and other payables.

The Parent initially recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are measured at fair value on initial recognition which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities if any, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Subsequent to initial recognition, the liability component of the financial instrument is measured at amortised cost using the effective interest method.

Derecognition

A financial asset is primarily derecognised when:

1 the right to receive cash flows from the asset has expired, or

2 the Parent has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and a) the Parent has transferred substantially all the risks and rewards of the asset, or b) the Parent has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in consolidated statement of profit and loss.

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired.

Impairment of financial assets: The Parent recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

The Parent follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Parent to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Parent evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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2.22 Investment in Joint Venture

A Joint Venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of Joint Venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations .

Under the equity method, an investment in a Joint Venture is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Parent's share of the profit or loss and other comprehensive income of the Joint Venture. When the Parent's share of losses of a Joint Venture exceeds the Parent's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Parent's net investment in the Joint Venture), the Parent discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Parent has incurred legal or constructive obligations or made payments on behalf of the Joint Venture.

2.23 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

3 Property, Plant and Equipment

3.1 Description of Assets

Description of Assets	Tangible assets											
	Free Hold Land	Lease Hold Land	Pavements	Buildings, Roads, Bridges, drains & Culverts	Fire Department Equipment	Plant & Equipment	Furniture & fittings	Vehicles	Computers & Accessories	Office Equipment	Electrical Equipment	Total
Cost												
At April 1, 2018	31,593.03	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.23	31,721.14
Additions (Refer Note 3.7 below)	33,096.34	5,118.94	38,555.23	68,488.30	3,190.47	2,242.14	907.31	-	32.57	42.62	28,986.11	168,657.83
Disposals	-	-	-	-	-	-	-	-	1.00	-	-	1.00
At March 31, 2019	64,689.37	5,118.94	38,555.23	68,488.30	3,190.47	2,245.76	952.02	15.44	72.02	60.28	28,992.34	200,377.97
Additions (Refer Note 3.4 and 3.7 below)	224.17	32.91	263.72	800.95	(4.00)	18.16	50.54	-	0.35	-	622.62	3,816.86
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	64,912.44	5,151.85	38,818.95	69,289.25	3,186.47	2,263.92	1,002.56	15.44	72.37	60.28	29,614.96	204,194.83
Accumulated Depreciation												
Up to April 1, 2018	-	-	-	-	-	2.67	23.05	15.02	29.30	9.40	2.61	42.05
Charge for the year	-	28.40	260.34	840.40	62.68	55.24	53.80	-	5.44	7.94	773.36	2,265.60
Eliminated on disposal	-	-	-	-	-	-	-	-	0.95	-	-	0.95
At March 31, 2019	-	28.40	260.34	840.40	62.68	57.91	76.85	15.02	33.79	17.34	775.97	2,306.70
Charge for the year (Refer Note 3.4 below)	-	88.05	920.00	2,793.19	202.43	177.05	141.03	-	13.42	9.60	2,523.30	6,873.17
At March 31, 2020	-	112.45	1,180.34	3,633.59	265.11	234.96	217.88	15.02	47.21	26.94	3,299.27	9,179.87
Carrying amount												
At March 31, 2019	64,689.37	5,090.54	38,294.89	67,648.90	3,127.79	2,187.85	875.17	0.42	38.23	42.94	28,216.37	198,071.27
At March 31, 2020	64,913.44	5,039.40	77,432.11	65,655.66	2,921.36	2,028.96	784.68	0.42	25.16	33.34	26,315.69	195,014.96

3.2 Capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	2,204.70	1,147.96
Total	2,204.70	1,147.96

Movement of Capital work in progress

Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	1,147.96	146,501.39
Additions during the year	1,417.36	23,521.11
Less capitalised during the year	360.62	168,874.54
At the end of the year	2,204.70	1,147.96

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3.3 The Management has assessed and determined that owing to the outbreak of COVID-19 pandemic there were indicators of impairment of property, plant and equipment as at March 31, 2020 (also refer Note 2.3 and 36 of these consolidated financial statements). The Parent has considered the possible impact of the pandemic up to the date of approval of these consolidated financial statements in applying judgments, estimates and assumptions and based on the current estimates, the Parent expects to fully recover the carrying amount of property plant and equipment and other assets and does not anticipate any additional liabilities.

3.4 The cost of assets has adjusted to the extent of of Rs. 2,793.56 Lakh in connection with the settlement of "Change in Law" claim by Larsen & Toubro Limited and other changes in final bills of contractors which were subject to deductions and other adjustments. The depreciation on the adjustments has been provided from the date of the capitalisation of the assets being December 9, 2018 the Airport Opening Date ("AOD"). The impact of the accelerated depreciation on adjustments in the current year is Rs.25.71 Lakh.

3.5 The Parent is currently occupying a land admeasuring to 353.98 Acres lying contiguously to the free hold land inside the peripheral wall constructed by the Parent. This land is procured by KINFRA on behalf of the Government of Kerala with an initial plan to be leased to the Company vide Kerala Government order (MS) No. 50 /2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the Parent. The free hold land in absolute ownership of the Parent as at March 31, 2020 is 1192.54 Acres (Previous year: 1192.54 Acres). A portion of the land admeasuring to 3.48 acres is occupied by the Parent is to be transferred by the land acquisition agency appointed by the Kerala State Government to the local self government institutions for development of roads in the land provided for rehabilitation.

The terms of the lease agreement for 353.98 acres of land is yet to be finalised by the Government of Kerala and hence as per the GO No.23/2019/Trans dated March 7, 2019 it has been decided by the Government to lease the land for a period of 60 years. The land development carried out in the land to be leased and in the possession of the Company is stated as lease hold land. The expenditure is amortised over a period of 60 years from the date of commencement of commercial operations.

The Parent has also made a representation to the Government of Kerala on August 7, 2019 requesting the extension of the lease term from 60 years to 99 years (Refer Note 2.4)

3.6 Land held pending transfer of ownership to Government
As per the GO.Ms 29/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the Parent for subsequent transfer to Government. Accordingly, the Parent had purchased 10.52 acres of land for Rs. 987.18 Lakh out of 11.44 Acres (remaining land pending for purchase was for want of documents from Land Acquisition Officer). Administrative sanction was accorded for the reimbursement of an amount Rs. 987.18 Lakh (vide GO (Rt) No.146/2016/Tran dated March 22, 2016) to meet the expenditure incurred in connection with purchase of 10.52 acres of land which was realised on April 13, 2016.

3.7 Borrowing cost capitalised - Rs. 8.60 Lakh (Previous year: Rs.16,435.33 Lakh)

3.8 <u>Depreciation and amortisation expense</u>

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment (Refer Note 3.1)	6,873.17	2,085.60
Amortisation of intangible assets (Refer Note 4)	6.29	2.60
Total	6,879.46	2,088.20

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Notes to the consolidated financial statements for the year ended March 31, 2020
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4 Intangible assets

Particulars	Computer Software
Cost	
At April 1, 2018	**5.55**
Additions	15.62
Disposals	0.19
At March 31, 2019	**20.98**
Additions	6.49
At March 31, 2020	**27.47**
Amortisation	
Up to April 1, 2018	2.14
Charge for the year	2.69
At March 31, 2019	**4.83**
Charge for the year	6.29
At March 31, 2020	**11.12**
Carrying amount	
At March 31, 2019	**16.15**
At March 31, 2020	**16.35**

5 Investment in Joint Venture (accounted for using equity method)

Particulars	As at March 31, 2020	As at March 31, 2019
BPCL-KIAL FUEL FARM PRIVATE LIMITED		
Investment in KIAL-BPCL Fuel Farm Private Limited	234.00	234.00
Percentage of interest	26%	26%
Reconciliation to carrying amounts		
Opening carrying amount	144.46	136.63
Investment in Joint venture during the year	-	39.00
Loss for the year (inclusive of deferred tax of Rs. 7.08 Lakh (Previous year: Rs.3.46 Lakh)	(51.10)	(31.17)
Other comprehensive income	-	-
Carrying amount of investment in Joint Venture	**93.36**	**144.46**
Total	**93.36**	**144.46**

BPCL-KIAL FUEL FARM PRIVATE LIMITED (BKFFPL) was incorporated in May 2015 with an equity participation of 74% by Bharat Petroleum Corporation Limited (BPCL) and 26% by Kannur International Airport Limited. The Company was formed to design, construct, commission and operate the Fuel Farm at Kannur International Airport for the supply of Aviation Turbine Fuel (ATF) on an exclusive basis.

6 Other financial assets (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	1,082.15	1,088.42
Earmarked deposits with remaining maturity period greater than 12 months (Refer Note 6.2 below)	10.00	-
Total	**1,092.15**	**1,088.42**

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6.1 The Parent based on demand letter dated May 7, 2018 placed a security deposit of Rs.582.03 Lakh with the Ministry of Home Affairs (MoH), towards deployment of CISF staff induction. Subsequently the Company requested vide letter dated October 28, 2019 for a refund of such deposit from MoH. The MoH has responded vide letter dated December 2, 2019, that upon clearance from Ministry of Civil Aviation (MoCA) for refunding the deposit the same shall be processed. As per the discussions held with the MoCA on June 4, 2021, the Parent was informed that the matter was taken up with the MoH and they stated that the fund was deposited in the consolidated fund of India and the fund is non-refundable. The Parent was advised to make a case to MoCA, which MoCA will take up appropriately.

The Management of the Parent is confident of recovering the said deposit and hence no provision has been considered against the same since Company is of the view that the Security Deposit was paid from its own resources and this deposit was to be recouped from PSF collections after commencement of operations. Due to low passenger volumes since Government of India is not allowing foreign carriers, PSF collections were inadequate to recoup the Security Deposit and meet the Cost of Deployment of CISF personnel and their related expenses. Hence the Parent is of the view that since security function is also a sovereign function and considering the fact that PSF cannot be used for Parent's own expenditure, CISF cost is to be borne by the Government of India.

6.2 Balances held as security deposit for Customs authorities for cargo related operations.

7 Other Non Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
GST input credit	1,270.44	1,384.25
Total	**1,270.44**	**1,384.25**

8 Non current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax	1,160.28	528.99
Total	**1,160.28**	**528.99**

9 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Stock of fuel at cost	11.43	-
Total	**11.43**	-

10 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Secured		
Considered Good	630.90	-
Considered Doubtful	-	-
Unsecured		
Considered Good	1,800.15	1,304.23
Considered Doubtful	150.56	-
Less: Allowance for credit impaired Trade Receivables	150.56	-
	2,431.06	**1,304.23**
From related party	48.34	66.04
From others	2,382.71	1,238.19
Total	**2,431.06**	**1,304.23**

Notes to the consolidated financial statements for the year ended March 31, 2020
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10.1 The above outstanding balance include an amount of Rs. 979.08 Lakh (Previous year: Rs.131.84 Lakh) which continues to be outstanding as on the date of release of these consolidated financial statements. The Management has been in contact with the customers from whom this amount is due and based on the current discussions / negotiations with such customers, these balances are considered to be good and recoverable as at March 31, 2020. A provision of Rs.150.56 Lakh (Previous year Rs. Nil) has been made in the books of the Parent based on the Management estimates.

11 Cash and Cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
i) In Treasury Savings Bank Account with Department of Treasuries, Government of Kerala (Refer Note 11.1 and 11.2 below)	11,424.07	0.01
ii) In Current Account	8.98	11.06
iii) In Fixed Deposit Accounts	1,074.17	819.93
Total	**12,507.22**	**831.00**

11.1 Cheque issued to the contractor on January 10, 2020 but not presented till March 31, 2020 - Rs.206.90 Lakh

11.2 This balance includes Rs.11620.96 Lakh reversed from this account by the Government of Kerala on March 31, 2020. Subsequently the Parent has pointed out to the Government of Kerala that the reversal of the said amount of Rs.11620.96 Lakh is a discrepancy and the amount should be credited back to the Parent. Pursuant to the aforesaid communication, the Government of Kerala has credited back the amount of Rs.11620.96 Lakh to the Company on April 28, 2020.

11.3 Cash and Cash equivalents considered for cash flow statement

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
i) In Treasury Savings Bank Account with Department of Treasuries, Government of Kerala	11,424.07	0.01
ii) In Current Account	8.98	11.06
iii) In Fixed Deposit Accounts	1,074.17	819.93
	12,507.22	**831.00**
Less: Book overdraft (Refer Note 22)	30.03	-
Total	**12,477.19**	**831.00**

12 Bank balances other than (Cash and cash equivalents) above

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
In earmarked deposit accounts- original maturity of more than 3 months (Refer Note 12.1 below)	55.56	-
PSF Escrow Account (Refer Note 12.2 below)	210.68	-
Total	**266.24**	-

12.1 Balances held as security against guarantees issued to:

(a) Kerala State Electricity Board - Rs.54.35 Lakh (Previous year: Rs.Nil); and
(b) Department of telecommunication - Rs.1.21 Lakh (Previous year: Rs. Nil).

12.2 Escrow account balance for Passenger Service Fee (Security Component) [PSF (SC)] collected as referred in Note No. 41

13 Other Current Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Contractually reimbursable expenses (Refer Note 13.1) (Receivable from Kerala State Government Departments)	2,237.67	1,790.10
Other advances	-	21.78
Total	**2,237.67**	**1,811.88**

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13.1 The Parent had based on the Kerala Government Order No.13/2017/TRANS dated February 2, 2017 and the tripartite agreement between the Company, Superintending Engineer, Minor Irrigation, Kozhikode Circle and Uralungal Labour Contract Society Limited (ULCC) made payments aggregating to Rs.1514.46 Lakh (Previous year Rs.1066.89 Lakh) to various Government departments towards the electrification, monsoon mitigation, storm water drain, construction / extension of water pipeline, blasting compensation, land acquisition etc. for the roads and areas surrounding the airport which were to be paid back to the Parent on conclusion of the various infrastructure jobs by the respective departments.

The Parent has vide its communication dated June 6, 2020 requested the Government of Kerala to authorize the release of these amounts paid to ULCC The Parent has received Rs.626 Lakh as reimbursement of amount paid to ULCC on June 4, 2021. As per the order of the Government, the amount reimbursed is to be treated as equity of the Government in the Parent. The Parent has requested vide letter dated July 1, 2021, to the Government to treat the said reimbursement as an expenditure of Government and not as Equity contribution of Government.

The Management is confident of receiving the balance amount of Rs. 888.46 Lakh and has accordingly not considered it necessary to make any allowances towards impairment of these balances.

14 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	212.28	807.08
GST Input Credit	797.78	2,019.93
Unbilled Revenue	434.69	94.32
Receivable from NASFT (Refer Note No. 41)	122.94	-
Other Advances	1.81	3.11
Total	**1,569.50**	**2,924.44**

15 Equity Share Capital

Particulars		As at March 31, 2020	As at March 31, 2019
Authorized share capital (Nos)		350,000,000	350,000,000
Issued, subscribed and fully paid up Equity shares (Nos)		133,812,100	116,050,000
Reconciliation of shares at the beginning and at the end of the year			
Authorised Share Capital			
Balance as at the beginning of the year	(Nos)	350,000,000	150,000,000
	(Rs. in Lakh)	350,000.00	150,000.00
Changes in Authorised Equity Share capital during the year	(Nos)	-	200,000,000
	(Rs. in Lakh)	-	200,000.00
Balance as at the end of the year	(Nos)	350,000,000	350,000,000
	(Rs. in Lakh)	350,000.00	350,000.00
Issued, Subscribed and Paid-up Share Capital			
Balance as at the beginning of the year	(Nos)	116,050,000	105,970,800
	(Rs. in Lakh)	116,050.00	105,970.80
Changes in Equity Share capital during the year	(Nos)	17,762,100	10,079,200
	(Rs. in Lakh)	17,762.10	10,079.20
Balance as at the end of the year	(Nos)	133,812,100	116,050,000
	(Rs. in Lakh)	133,812.10	116,050.00

Terms and rights attached to equity shares
The Parent has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Parent after distribution of all preferential amounts, in proportion to their shareholding.

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Details of number of equity shares held by each shareholder holding more than 5% shares

Shareholder	**As at March 31, 2020**	**As at March 31, 2019**
Government of Kerala	52,500,000	35,000,000
	39.23%	30.16%
Bharat Petroleum Corporation Limited	21,680,000	21,680,000
	16.20%	18.68%
Airports Authority of India	10,000,000	10,000,000
	7.47%	8.62%
M A Yusuff Ali	11,500,000	9,500,000
	8.59%	8.19%

Shares issued for consideration other than cash

The Parent has issued 31594038 No's *(Previous year: 31594038 No's)* of shares to Government of Kerala towards the cost of land transferred to the Parent for construction of the airport.

The Parent made an allotment of 125 Lakh numbers of equity shares to Governor of Kerala, based on the Government Order vide GO (Rt) No. 334/2019/Trans dated July 23, 2019. Due to treasury restrictions and procedural formalities to be complied with for crediting the amount to Company account, the money could be credited into Parent's treasury account only on October 11, 2019 through the Government Order releasing the amount was issued on July 23, 2019.

The allotment was approved and the delay was noted in a Circular Resolution dated October 21, 2019 which was approved by Directors with requisite majority as per the provisions of the Act.

16 Other Equity

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Retained Earnings		
Balance at beginning of year	(4,594.31)	101.95
Less: Loss for the year	(9,503.86)	(4,696.26)
Balance at end of year	(14,098.17)	(4,594.31)
Other comprehensive income / (loss)		
Balance at beginning of year	(6.52)	-
Remeasurements of defined benefit obligation net of income tax	(13.66)	(6.52)
Balance at end of year	(20.18)	(6.52)
Capital Reserve		
Balance at beginning of year	30.70	30.70
Addition during the year	-	-
Balance at end of year	30.70	30.70
Securities Premium (Refer Note 16.1 below)		
Balance at beginning of year	-	-
Addition during the year	133.67	-
Balance at end of year	133.67	-
Opening balance of other equity	**(4,570.13)**	**132.65**
Closing balance of other equity	**(13,953.98)**	**(4,570.13)**

16.1 Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

17 Borrowings

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Secured- at amortised cost		
Term loans:		
Canara Bank	69,559.33	68,593.32
The Federal Bank Limited	8,002.97	8,931.41
The South Indian Bank Limited	11,004.74	10,916.00
Total	**88,567.04**	**88,440.73**

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Security and terms of repayment in respect of above borrowings are as follows:

Term loan borrowings are from a consortium of banks with Canara Bank as the lead bank. Member banks involved in the consortium are The South Indian Bank Limited and The Federal Bank limited.

The Parent agreed to borrow from the Consortium the sums to the maximum extent of Rs.89200 Lakh out of which Rs. 69200 Lakh is from Canara Bank; Rs.11000 Lakh from The South Indian Bank Limited and Rs. 9000 Lakh from The Federal Bank Limited, on the security of immovable properties and other securities mentioned hereunder:

a)pari passu first charge on all immovable and moveable assets of the Parent both present and future.

b) Assignment of all the project related documents, contracts, rights, interests, insurance contracts and all the benefits incidental to project activities on a pari passu basis.

c) First pari passu charge on all the bank accounts pertaining to the project.
d) The Parent has created an equitable mortgage (EM) of 1192.54 acres of land as security for term loan sanctioned by Canara Bank.

Collateral security: Further the Government of Kerala has pledged 1,76,40,560 equity shares held in the Parent with the lenders as security to the term loan.

Initially the tenor of the loan was fixed at 44 quarterly instalments starting from the third quarter of Financial Year 2020-21 till the 2nd quarter of Financial Year 2030-31. The loan has been restructured under resolution framework for exposures other than personal loans under stress due to Covid Pandemic by extending the moratorium period by 2 years with the repayment of the loan starting from 4th Quarter of Financial Year 2022-23. The repayment of the loan has to be made in 52 quarterly installments as per the resolution plan as against 44 quarterly installments as per original sanction order.

Further to this the Parent has been sanctioned a funded interest term loan of Rs.10617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan. The funded interest term loan carries an additional interest rate of 1% over and above the original term loan.

As per the supplementary term loan agreement dated April 27, 2021, interest accrued from March 1, 2020 till August 31, 2020 was capitalized to the original term loan under COVID 19 Regulatory Package.

The Parent is liable to pay penal interest at the rate of 2% per annum or at such other rate as is specified by the lending banks, over and above the normal rate of interest, from the date of default until due repayment in addition to and irrespective of any other consequences and remedies available to the lending Banks.

During the current year, the Parent was late in paying interest on its loans. The delay arose because of a temporary lack of funds on the date interest was payable. The lender did not request accelerated repayment of the loan.

The bankers have charged penal interest amounting to Rs.6.71 Lakh during the year ended March 31, 2020 (Previous year: Rs.4.62 Lakh) on the loans due to delays in servicing of interest.

Agreed rate of Interest are as under

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2020	Base Rate /MCLR plus Spread on the base rate as at March 31, 2019
Canara Bank (Agreed rate of interest p.a. is 10.40%)	8.45%	9.55%
South Indian Bank Ltd (Agreed rate of interest p.a. is 10.40%)	8.55%	10.30%
Federal Bank Ltd (Agreed rate of interest p.a. is 10.40%)	8.55%	9.55%

Current maturities of the long term debt is not reclassified as the repayment will begin only after the end of the moratorium period.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

18 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits at amortized cost	644.02	582.87
Total	**644.02**	**582.87**

19 Provisions (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	97.06	34.41
Leave encashment	-	7.52
Total	**97.06**	**41.93**

20 Other Non Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note 20.1 below)	1,000.00	-
Total	**1,000.00**	-

20.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES). The construction of the Cargo Complex is under progress as on the balance sheet date. The income will be recognised in the consolidated statement of profit and loss on a straight line basis over the useful life of the related asset. There are no unfulfilled conditions or other contingencies attaching to the grant.

21 Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Dues of micro and small enterprises	36.35	65.25
Dues of other than micro and small enterprises	1,858.99	830.40
Total	**1,895.34**	**895.65**

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at March 31, 2020 and March 31, 2019:

Particulars	As at March 31, 2020	As at March 31, 2019
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	36.35	65.25
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	0.36	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Parent and relied upon by the auditors.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

22 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Payable on purchase of property, plant and equipment	9,699.47	9,268.19
Security Deposits	97.78	180.10
Retention Payable	343.42	430.39
Other Payables	482.76	424.10
Book overdraft (Refer Note. 11.3)	30.03	92.81
Interest Accrued but not due	-	726.38
Interest Accrued and due	673.97	-
Total	**11,327.43**	**11,861.97**

33 Provisions (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	4.14	18.84
Leave encashment	12.15	4.53
Total	**16.29**	**23.37**

34 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Liabilities	82.61	100.65
Payable for passenger security services	356.35	64.31
Deferred revenue on fair valuation of liabilities	360.14	360.78
Advance from customers	51.24	17.60
Total	**850.34**	**633.34**

25 Revenue from Operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Aero revenue (Refer Note 25.2 below)	8,045.38	787.61
Non Aero Revenue		
Space Rentals	439.75	97.03
Revenue share from Concessionaire	1,260.79	329.14
Ground Handling Charges	486.00	57.55
Car Parking	147.51	41.98
Fuel Throughput Royalty (Refer Note 25.3 below)	376.34	64.92
Visitor's Entry Pass	61.88	50.41
Common User Infrastructure Charges (CAM Charges)	227.29	19.84
Others - utility charges	111.81	9.76
Other Operating Income		
License Fee for Unpaved Land from BKFFPL, Joint Venture Company (Income from Related parties)	424.17	63.94
Total	**11,580.80**	**1,600.38**

25.1 The Parent earned entire income from operations from India.

25.2 Out of the Aero Revenue an amount of Rs.388.59 Lakh (Previous Year: Rs.94.32 Lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Parking Charges etc. which was billed after the close of the financial year.

25.3 As per the direction from Ministry of Civil Aviation, levy of fuel throughput charges has been discontinued w.e.f. January 15, 2020 on the condition that the revenue will be compensated through an enhanced rate of User Development Fees.

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

26 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Fixed Deposits	58.54	356.14
Miscellaneous Income	36.39	19.94
Deferred income on fair valuation on financial liabilities	90.64	30.64
Total	**185.57**	**406.72**

27 Airport Operating Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and Fuel	1,281.52	374.62
Insurance on Assets	70.59	19.94
Repairs and Maintenance	255.48	130.91
House Keeping	950.32	331.31
Operations & Maintenance Expenses	488.60	141.53
Customs Cost Recovery Charges	864.91	253.27
Aviation Meteorological Support Services	97.82	23.03
Communication, Navigation and Surveillance and Air Traffic Management Services	679.28	125.83
Operational Readiness and Airport Transfer Expenses	-	182.00
Other operational expenses	10.60	14.93
Security Service	45.40	-
Trolley Retrieval Services	50.32	-
Water Charges	57.30	38.13
Total	**4,851.43**	**1,602.79**

28 Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries & Allowances	973.92	662.75
Contribution to provident and other funds	36.41	31.27
Gratuity	32.05	18.84
Staff Welfare Expenses	101.88	31.77
Total	**1,144.26**	**744.63**

29 Finance Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Term Loans	8,549.04	3,211.56
Unwinding of discount relating to Long Term Liabilities	83.06	24.58
Interest on delayed payment of Income Tax	2.41	-
Total	**8,634.51**	**3,236.14**

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

30 Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Administrative Expenses	17.11	38.22
Advertisement	44.33	39.07
Payment to Auditors (refer Note 30.1 below)		
- For Audit	21.00	22.02
Consultancy Charges	71.80	388.86
Corporate Social Responsibility expenditure	77.60	37.14
Employee Training expenses	12.65	31.08
Insurance-operations	15.93	-
Allowance for credit impaired trade receivables	150.96	-
Postage and Courier charges	4.45	17.57
Printing and Stationery	8.31	21.05
Legal and Professional charges	81.45	131.18
Recruitment Expenses	33.15	15.38
Rates and Taxes	133.01	91.59
Rent	3.40	17.93
Repairs and Maintenance - Others	2.75	13.66
Sitting Fees	0.60	0.79
Travelling Expenses	79.58	42.37
Website Maintenance Charges	4.09	-
Credit impaired Trade Receivables written off	333.20	-
Miscellaneous Expenses	12.79	16.18
Total	**1,107.86**	**924.10**

30.1 Includes Rs. Nil (Previous year Rs. 3.02 Lakh) paid to erstwhile Statutory Auditors of the Parent.

31 Deferred Tax

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	3,646.00	220.29
Opening balance recognized in other comprehensive income	2.68	-
Deferred tax (liabilities) / assets		
Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	32,394.95	37,352.59
Tax effect of items constituting deferred tax assets		
Provision for gratuity	12.47	45.94
Allowance for credit impaired Trade Receivables	38.15	-
Brought forward business losses	2,909.21	2,440.65
Deduction under section 35AD of the Income Tax Act	34,189.02	38,291.71
MAT Credit		
Minimum Alternate Tax Credit Entitlement	220.29	220.29
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	6.30	2.68
Net deferred tax (liability) / asset	5,043.45	3,648.68
Deferred tax expense / (income)	(1,394.81)	(3,428.39)
Recognized in Statement of profit or loss	(1,388.18)	(3,425.71)
Recognized in other comprehensive loss	(6.63)	(2.68)

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

32 Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) attributable to equity shareholders of the Parent	(9,503.86)	(4,696.20)
Weighted average number of equity shares	128,967,975	109,848,298
Basic and Diluted Earnings per Share (of face value Rs.100) Rs.	**(7.37)**	**(4.28)**

33 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) Activities. A CSR Committee has been formed by the Company as per the Act. The funds were primarily allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spend during the year	-	-
Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	77.60	37.14
(iii) Unpaid amount out of (i) and (ii) above	-	-

The Parent has been meeting these expenditure as part of its commitment with Ministry of Environment, Forest and Climate Change for environmental clearance for the construction of an International Airport at the location whereby the Company has to spend 5% of the project cost towards environment, energy and water conservation measures over the years.

34 Related Party Disclosure

In accordance with the requirement of Ind AS -24 on " Related Party Disclosures" the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions/ year end balance with them as identified and certified by the Management are given below:

Names of related parties and nature of relationship where control exists are as under:

(a) Joint Venture Company

BPCL - KIAL Fuel Farm Private Limited

(b) Names of other related parties and nature of relationship

Key Management Personnel

Mr. Thulasidas V	Managing Director
Mr. S Jayakrishnan	Chief Financial Officer
Mr. G Gnanendra Kumar	Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited
Government of Kerala

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts are in Rs. Lakh unless otherwise stated

Transactions with related parties

Related Party **Nature of Transaction**	**2019-2020**	**2018-2019**
Transactions during the year		
Mr. Thulasidas V Salary	40.73	14.58
Mr. S Jayakrishnan Salary	34.08	24.75
Mr. G. Gnanendra Kumar Salary	14.49	10.73
BPCL - KIAL Fuel Farm Private Limited Investment	-	39.00
License fees on unpaved land	162.01	42.00
Fuel Through Put Charges	444.08	84.82
Utility Charges	15.12	5.58
Government of Kerala (GoK) Expenses met by Company on behalf of Government of Kerala	447.57	892.44
Equity shares issued	17,500.00	-
Related Party	**2019-2020**	**2018-2019**
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited License fees receivable	43.50	11.09
Fuel Through Put Charges receivable	-	46.60
Utility Charges receivable	4.89	7.74
Fuel Throughput Charges receivables	0.14	-
Security Deposit	11.00	10.50
Government of Kerala (GoK) Amount receivable from Government of Kerala	2,237.87	1,788.81

The Parent has transactions (not included in the list above) with other Government of Kerala-controlled entities / departments and these transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government of Kerala-controlled entities.

36 Capital Management

The Parent's objective when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the share holders' value. The Parent sets the amounts of capital required on the basis of annual business and long-term operating plans.

For the purpose of the Parent's Capital Management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Parent.

The Parent manages its capital structure by balanced mix of debt and equity. The Parent's capital structure is influenced by the changes in the airport economic regulatory framework, Government policies, available options of financing and the impact of the same on the liquidity position of the Parent.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Parent's debt to equity ratio is analysed as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Debt	89,567.04	88,440.73
Equity	119,858.12	111,479.87
Debt to Equity ratio	74.73%	79.33%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Parent has been sanctioned a funded interest term loan of Rs.19817 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan.

Financial risk Management

The Parent's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Parent's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Parent's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Parent's risk Management activity focuses on actively securing the Parent's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Parent does not actively engage in the trading of financial assets for speculative purpose nor does it opt for options. The most significant financial risk to which the Parent is exposed are described below: -

The Parent has assessed market risk, credit risk and liquidity risk to its financial instruments.

Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent's exposure to the risk of changes in market interest rates relates primarily to the Parent's long-term debt obligations with floating interest rates. The effect of change in the interest rate will affect profit or loss of the Parent also the interest cost had a direct bearing on the borrowing cost capitalised. The impact of increase or decrease of 100 basis points on the loan will affect the loss of the Parent by Rs.898.01 Lakh (Previous year: Rs.320.98 Lakh) and value of Plant property of equipment by Rs.0.88 Lakh (Previous year: Rs.39.77 Lakh).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Parent's exposure to the risk of changes in foreign exchange rates relates primarily to the purchase of assets from abroad. The Parent's only exposure at the end of the year is an outstanding balance amounting to US$ 88,080 (Rs. 66.38 Lakh) (Previous year: US$ 3,52,810 (Rs.250.56 Lakh)). The impact of increase or decrease of 100 basis points on the outstanding balance will change the fair value of assets (Property, Plant and Equipment) by Rs. 0.66 Lakh (Previous year: Rs.3.52 Lakh)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Parent. The Parent is exposed to credit risk for receivables, cash and cash equivalents and short term loans.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Cash and cash equivalents and short-term Loans (Other current financial assets)

The Parent considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. Generally, the balances are maintained with the institutions with which the Parent has been transacting for years. Therefore, the Parent does not expect any material credit risk with respect to cash and cash equivalents and other current financial assets.

Trade Receivables

The Parent is exposed to credit risk from its operating activities primarily from trade receivables amounting to Rs. 2581.60 Lakh as of March 31, 2020 (Previous year: Rs.1304.23 Lakh). The credit quality of the Parent's customers is monitored on an on going basis and assessed for impairment where indicators of such impairment exist. Therefore, the Parent does not expect any material risk on account of non performance by any of the Parent's counterparties. In the current year the Parent has made a provision of Rs.150.56 Lakh as impairment due to long outstanding from few parties, which the Management is confident of its recovery.

Ageing of Trade receivables

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
0-180 Days	2,325.12	1,304.23
181-365 Days	244.30	-
366-730 Days	12.19	-
More than 730 Days	-	-
Total	2,581.61	1,304.23

Movement of allowance for credit impaired trade receivables

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Opening balance	-	-
Add : Created during the year	150.56	-
Less : Utilised/Reversed during the year	-	-
Closing balance	150.56	-

The unprecedented nature of the pandemic has caused disruption in the operations of the concessionaires resulting in their capacity to meet the monthly minimum guarantee fee as per the contractual terms. The Parent had to waive off various dues of the concessionaires pertaining to the year and several balances were written off to ensure continuity of the business of the concessionaires in the Airport. These risks are primarily in connection with the impact of the COVID pandemic which the Management is closely monitoring.

Liquidity risk

Liquidity risk refers to the risk that the Parent may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk Management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Parent monitors its risk of a shortage of funds using a liquidity planning tool. The Parent's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other contracts. The Parent has mitigated the risk by placing funds in short term deposits with banks to match with the lead time for the disbursement of loans from the banks. The Parent has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. Also the mitigation of the cash flow shortages due to the COVID Pandemic and the pending commitments are detailed in Note no 36.

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Maturity Analysis of Assets and Liabilities:

The following table detail the Parent's remaining contractual maturity for its non-derivative financial liabilities and assets with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities and financial assets based on the earliest date on which the Parent can be required to pay. The table include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Parent may be required to pay.

The inclusion of information on non-derivative financial assets is necessary in order to understand the Parent's liquidity risk Management as the liquidity is managed on a net asset and liability basis.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents	12,773.48	831.00
Trade Receivables	2,431.05	1,304.23
Other Financial assets	2,237.87	1,811.88
Financial Liabilities		
Trade Payables	1,895.34	895.65
Other Financial liabilities	11,327.43	11,051.97
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	1,100.15	1,096.42
Financial Liabilities		
Security Deposits	88.35	7.45
Borrowings	582.10	1,338.00
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	575.07	575.42
Borrowings	89,004.94	87,102.75

36 Events after the reporting period

In March 2020, COVID-19, an infectious disease was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The Parent has considered the possible impact of the pandemic up to the date of approval of these consolidated financial statements in applying judgments, estimates and assumptions and based on the current estimates, the Parent expects to fully recover the carrying amount of trade receivables, property plant and equipment and other assets and does not anticipate any additional liabilities. The judgment, estimates and assumptions impacted by the global health pandemic may be different from that estimated as on the date of approval of these consolidated financial statements.

There have been no other significant events subsequent to the Balance Sheet date that would impact the carrying values of the Parent's assets and liabilities.

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

37 Capital and other commitments

The Parent has the following capital commitments towards the construction of the airport:

Particulars of Contract	As at March 31, 2020	As at March 31, 2019
Software Development Costs	6.77	7.21
Construction contracts (office and cargo complex , others)	8,093.12	1,311.12
Total	**8,099.89**	**1,318.33**

38 Contingent Liabilities

Claims against the Parent not acknowledged as debts:

i) L&T, the contractor had raised requests for additional costs incurred due to extension of time and change in law as per the provisions of the agreement entered for the construction of the runway and the airside constructions totalling to Rs.17,882.02 Lakh plus interest of Rs 5,072.96 Lakh up to August 31, 2020 (aggregating Rs. 22954.98 Lakh).

The matter was referred to the arbitration committee consists of 3 members, each appointed by the Parent, L&T and Government of Kerala as per the agreement.

The parties decided to settle the disputes vide a settlement agreement dated December 31, 2020. The arbitration was concluded and the Arbitration Tribunal granted an Award dated February 25, 2021 ("the Arbitration Award") in line with the settlement agreement. Pursuant to the Arbitration Award (a) the Company has agreed to pay, and L&T agreed to accept a total sum of Rs. 2,793.88 Lakh in full and final settlement of all its claims raised by the Contractor without any reservations and conditions, and the Parent has recorded the liability of Rs. 2,793.88 Lakh by capitalising the said amount during the financial year ended March 31, 2020 (also refer Note 3.4 of these consolidated financial statements) (b) L&T shall not raise any further claims under this Contract; and (c) both parties shall settle the Goods and Service Tax (GST) issue as per the applicable GST law.

Further to the above claim, L&T earlier had claimed an amount of Rs 9,736.86 Lakh towards additional cost incurred due to extension of time on the construction of the passenger terminal building which claim has been subsequently resolved and No-claim certificate has been issued by L&T.

ii) Larsen and Toubro Limited ("Contractor" or "L&T") have raised claims towards subsumed taxes due to the change from service tax regime to the GST regime because of which the tax rates have increased beyond what they have estimated at the time of tendering. The rate of subsumed tax considered by L&T for the runway and airside works is 6.63% (Previous Year: 7.14%) and for the passenger terminal building is 6.68% (Previous Year: 8.16%). The Parent has disputed the claims of the contractor and have considered a rate of 8% (Previous Year: 10%) for both the works. The difference in the rates of subsumed taxes has an impact of Rs. 498.24 Lakh (Previous year: Rs. 725.61 Lakh) in the value of Property, Plant and Equipment of the Company.

iii) AECOM India Private Limited (AECOM), consultant for runway and airside works, has claimed a sum of Rs.198.22 Lakh which include (1) Interest on delayed / non-payment of invoices for services rendered - Rs. 110.96 Lakh, (2) Earnest Money Deposit by AECOM - Rs. 10 Lakh, (3) Variation in retention money held by the Company - Rs. 4.70 Lakh and (4) Other deductions by the Parent - Rs.72.13 Lakh.

39.1 Following Joint Venture is considered in the preparation of the consolidated financial statements:

Name of the Company	BPCL-KIAL Fuel Farm Private Limited
Place of incorporation and principal place of business	India
Principal activity	Exclusive supply of Aviation Turbine Fuel at the domestic and international terminals of Kannur International Airport Limited

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted investments in Equity shares (fully paid) Rs. in Lakh	234.00	234.00
No of shares of face value Rs.10/-	2,340,000	2,340,000
Proportion of ownership interest and voting rights held by the Parent	26%	26%

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts are in Rs. Lakh unless otherwise stated

39.2 Disclosure of additional information required by Schedule III to the Companies Act, 2013

As at and for the year ended March 31, 2020

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in loss		Share in other comprehensive loss		Share in total comprehensive Loss	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated other comprehensive loss	Amount	As % of total comprehensive income	Amount
Parent	99.9%	116,794.76	99.46%	(9,452.76)	100.00%	(13.66)	99.46%	(9,466.42)
Joint Venture (Investment as per the equity method) - BPCL-KIAL Fuel Farm Private Limited	0.1%	93.36	0.54%	(51.10)	0.00%	-	0.54%	(51.10)
Total	100.0%	116,888.12	100.00%	(9,503.86)	100.00%	(13.66)	100.00%	(9,517.52)

As at and for the year ended March 31, 2019

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in loss		Share in other comprehensive loss		Share in total comprehensive Loss	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated other comprehensive loss	Amount	As % of total comprehensive income	Amount
Parent	99.9%	111,335.41	99.34%	(4,665.09)	100.00%	(6.52)	99.34%	(4,671.61)
Joint Venture (Investment as per the equity method) - BPCL-KIAL Fuel Farm Private Limited	0.1%	144.46	0.66%	(31.17)	0.00%	0	0.66%	(31.17)
Total	100.0%	111,479.87	100.00%	(4,696.26)	100.00%	(6.52)	100.00%	(4,702.78)

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All amounts are in Rs. Lakh unless otherwise stated

40 Employee Benefits

40.1 Defined contribution plans

The Parent makes provident fund contributions which are defined contribution plan, for qualifying employees. Under the scheme, the Parent is required to contribute a specified percentage of the payroll costs to fund the benefits. The Parent recognised Rs.36.41 Lakh (Previous Year - Rs. 31.27 Lakh) for provident fund contribution in the consolidated statement of profit and loss. The contributions payable to this plan by the Parent are at rates specified in the rules of the said scheme.

40.2 Defined benefit plans

The Parent offers Gratuity Benefit scheme to its employees.

The cost of providing Gratuity Benefit is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The gratuity benefit scheme is unfunded.

The valuation results for the defined benefit gratuity plan as at March 31, 2020 are produced in the tables below:

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
1. Assumption		
Discount Rate	6.82%	7.79%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)
2. Table showing changes in the present value of Obligation		
Present value of Obligation as at the beginning of the year	53.25	24.77
Interest Cost	3.51	1.93
Current Service Cost	28.54	16.91
Benefits paid	(3.38)	-
Actuarial (gain) / Loss on obligation	19.28	9.64
Present value of Obligation as at the end of the year	101.20	53.25
3. Table showing changes in Fair Value of Plan Assets*		
4. Table showing fair value of Plan assets*		
* As the Gratuity plan is unfunded, there are no disclosures related to fair value of plan assets		

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive income	9.20	-
Actuarial (gain) / loss on obligations	19.28	9.20
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	28.48	9.20
6. The amounts to be recognized in the Balance Sheet and Statements of Profit / loss		
Present value of Obligation at the end of the year	101.20	53.25
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Net Asset / (Liability) recognised in the Balance Sheet	101.20	53.25
7. Expenses recognised in the Statement of Profit & Loss		
Current Service Cost	26.54	18.91
Interest Cost	3.51	1.93
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	19.28	9.20
Weighted average duration of the D B O	19.82	20.51

Sensitivity Analysis for the year ended March 31, 2020

	% Increase in DBO	Liability	Increase in DBO (Rs.)
Discount Rate +100 basis points	-11.80%	8.92	-11.93
Discount Rate -100 basis points	14.59%	11.60	14.76
Salary Growth +100 basis points	13.83%	11.52	13.99
Salary Growth -100 basis points	-11.27%	8.98	-11.40
Attrition Rate +100 basis points	0.93%	102.21	0.94
Attrition Rate -100 basis points	-1.26%	9.99	-1.26
Mortality Rate 10% up	0.05%	101.25	0.05
Effect of no ceiling	1.04%	102.25	1.05

41 Passenger Service Fee (PSF)

The Passenger Service Fee (Security Component) [PSF (SC)] is collected by the airlines from the passengers embarking from the Parent and subsequently paid by the airlines to the Parent from the Airport Opening Date (AOD). The Parent is receiving these amounts from the airlines on behalf of Government of India. The receipt of amounts towards the PSF (SC) are credited/maintained in an escrow account maintained by the Parent only for utilisation towards security expenditure, pertaining to cost of deployment of Central Industrial Security Forces (CISF) personnel and their related expenses. As such, the PSF (SC) and the related security expenditure do not form part of revenues and expenditure respectively, of the Parent.

During the Financial Year 2019-20, this arrangement has been changed by Ministry of Civil Aviation w.e.f. July 1, 2019 wherein the name of PSF (SC) has been changed as Aviation Security Fees which will be collected by a separate national level Trust by name National Aviation Security Fee Trust (NASFT). Accordingly from July 1, 2019 onwards, the Aviation Security Fees collected by the airlines will be paid directly by the airlines to the bank accounts of NASFT (instead of the earlier policy of paying them through the Airport) and the cost of deployment charges (Salary and allowance etc.) of CISF personnel in the airport will be met out of that fund. The Parent will have to meet other expenses of CISF from its own funds and claim its reimbursement from NASFT. As on the date of Balance Sheet, the amount recoverable in respect of other security related expenses incurred by the Parent w.e.f. July 1, 2019 pending reimbursement aggregated Rs.122.94 Lakh is included under Other Current Assets (refer Note 14). Meanwhile, the erstwhile PSF (SC) fund account maintained by the Parent is yet to be merged with NASFT funds.

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Notes to the consolidated financial statements for the year ended March 31, 2020
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From the AOD till June 30, 2019, the PSF (SC) received by the Parent from the airlines is Rs.361.44 Lakh (Rs. 227.31 Lakh from April 1, 2019 to June 30, 2019) and the cost of deployment of CISF personnel and their related expenses for the said period was Rs.2169.93 Lakh (Rs.1224.91 Lakh from April 1, 2019 to June 30, 2019) resulting in a deficit of Rs.1808.49 Lakh (Rs. 997.60 Lakh from April 1, 2019 to June 30, 2019), which deficit has not been recognized in these consolidated financial statements as a liability since the Parent is only acting in a pass through capacity of receiving the PSF (SC) from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India. The Parent has received a letter dated October 9, 2019 from the National Aviation Security Fee Trust (NASFT) asking the Parent to settle the cost of deployment bills of CISF in respect of the aforesaid deficit. The Parent has written to the Ministry of Civil Aviation on October 29, 2019 citing shortfall between the PSF collected and the amount payable to CISF due to the low passenger traffic in the airport. The Parent has requested that the NASFT may settle the shortfall using the surplus PSF funds available with the Government.

42 Fair Values

The carrying amount of all financial assets and liabilities appearing in the consolidated financial statements is reasonable approximation of fair values

Breakup of Financial assets and Liabilities

Particulars		**As at March 31, 2020**	
		Carrying Value	**Fair Value**
Financial assets			
At Amortized cost			
Security Deposits		1,100.15	1,100.15
	Previous year	*1,096.42*	*1,096.42*
Trade Receivables		2,431.05	2,431.05
	Previous year	*1,304.23*	*1,304.23*
Cash and Cash equivalents including other bank balances		12,773.46	12,773.46
	Previous year	*831.00*	*831.00*
Other financial assets		2,237.67	2,237.67
	Previous year	*1,811.88*	*1,811.88*
Financial Liabilities			
At Amortized cost			
Borrowings		89,567.04	89,567.04
	Previous year	*86,440.73*	*86,440.73*
Security Deposits		741.80	741.80
	Previous year	*732.97*	*732.97*
Trade Payables		1,895.34	1,895.34
	Previous year	*895.65*	*895.65*
Other Financial Liabilities		11,229.68	11,229.68
	Previous year	*10,901.87*	*10,901.87*

The Management assessed the cash and cash equivalents including other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

Assumption used in estimating the fair values:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair valuation of the security deposits are computed using the current applicable discounting rate (10%).

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2020	As at March 31, 2019
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-
Level 2		
Financial Assets		
Cash and Cash equivalents	12,773.46	831.00
Financial Liabilities		
Borrowings	89,567.04	88,440.73
Level 3		
Financial Assets		
Security Deposits	1,100.15	1,096.42
Trade Receivables	2,431.05	1,304.23
Other financial assets	2,237.67	1,811.88
Financial Liabilities		
Security Deposits	741.80	732.87
Trade Payables	1,895.34	895.66
Other Financial Liabilities	11,229.65	10,901.87

Level 1 : Fair Value measurement using Quoted prices in Active Markets
Level 2 : Fair Value measurement using significant observable inputs
Level 3 : Fair Value measurement using significant unobservable inputs

43 Income Tax

Particulars	March 31, 2020	March 31, 2019
a) Current Income Tax Charge	-	-
b) Deferred Tax		
Relating to origination and reversal of temporary differences	1,389.19	3,425.71
Income Tax Expense/(Benefit) for the year	**(1,389.19)**	**(3,425.71)**
Short provision for tax relating to prior years	-	231.10
Income Tax Expense/(Benefit) as per consolidated statement of profit and loss	**(1,389.19)**	**(3,194.61)**
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	32,394.96	37,352.59
Gross Deferred tax liability	32,394.96	37,352.59
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	61.81	45.94
Brought forward business losses	2,959.21	2,440.65
Deduction under section 35AD of the Income Tax Act	34,189.02	38,291.71
Gross Deferred tax asset	37,209.84	40,778.30
Deferred tax asset (Net)	4,814.90	3,425.71
Add: Minimum Alternate Tax Credit Entitlement	220.29	220.29
Tax expense during the year recognized in the OCI	8.30	2.68
Deferred Tax asset (unutilised tax credit)	**5,043.49**	**3,648.68**

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Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Parent has recognised a deferred tax asset of Rs.34189.02 Lakh (Previous year Rs.38291.71 Lakh) on unused tax losses arising from its claim under section 35 AD of Income Tax Act, 1961 considering the unlimited carry forward period for set off against future taxable profits. The Management is of the view that there will be adequate future taxable profits available for setting off of unused tax losses. Subsequent to the year end on filing of the revised return of income claiming the aforesaid deduction under section 35 AD of the Income tax Act, 1961 in respect of Assessment Year 2019-20, the Parent received intimation under 143(1) of the Income Tax Act, 1961 rejecting its claim in the revised return. The Management has filed an appeal before the Commissioner of Income Tax (Appeals) in respect of the above disallowance which is pending adjudication. The Management has been advised that the case for its appeal is tenable and therefore is confident of a favourable outcome.

44 Going concern

The Parent has incurred loss during the year and due to the impact of the COVID Pandemic there has been a decrease in the expected revenue receipts of the Parent during the year and the uncertainties in the future cash flows as well. The repayment of the borrowings are scheduled to begin from the fourth quarter of the financial year 2022-23 (the loan has been restructured under resolution framework for exposures other than personal loans under stress due to COVID Pandemic, also refer Note 17), capital commitments towards the ongoing office and cargo complex and other pending payments to the contractors which requires major cash flow requirement in the coming years.

The Parent has initiated various actions in relation to saving cost, optimize revenue Management opportunities and enhance revenues is expected to result in improved operating performance.

Further, the Government of Kerala has given an undertaking to the Parent vide GO (MS) No 01/2014 /Trans dated January 4, 2014 to mitigate the cash short fall in the first five years of operation by a budgetary support of Rs.13288 Lakh. Accordingly the liquidity risk and cash flow shortages of the Parent are mitigated.

45 Dispute relating to the appointment of statutory auditors

The Company was originally incorporated as a Government Company and later it became a deemed Government Company under the provisions of section 619B of the erstwhile Companies Act, 1956 (the "Old Act"). Accordingly, from the inception of the Parent, auditors appointed by the Comptroller & Auditor General of India ("C&AG") carried out the statutory audit of the Parent. This position continued up to the financial year ended March 31, 2018. On enactment of Companies Act, 2013 (the "Act") replacing the Old Act, and sections139(5) and 139(7) of the 2013 Act, deal with appointment of statutory auditors by the C&AG were notified on April 1, 2014.

The Parent in its letter dated August 14, 2017 to the Principal Accountant General (C&AG office) stated that it is not a Government Company as defined under the 2013 Act, nor is it a Company owned or controlled, directly or indirectly, by the Central Government, or State Government or partly by the Central Government, or the State Government or partly by the Central Government and partly by the State Government; and that as Section 139(5) of the Act was not applicable, and that the Parent was entitled to appoint its statutory auditors by its General Meeting

The Parent additionally obtained a legal opinion on February 2, 2018, to that effect which confirmed that the provisions of section 139(5) of the Act do not apply to the Parent. On the strength of the aforesaid legal opinion, the Board of Directors on June 28, 2018, authorised the Managing Director to seek an expression of interest from audit firms for appointment as statutory auditors of the Parent. Consequently, in pursuance of a resolution at the Annual General Meeting of the shareholders held on January 18, 2019, the Parent appointed the current statutory auditors (i.e., Deloitte Haskins & Sells LLP) on March 28, 2019 for a period of five years, i.e., from financial years 2018-19 to 2022-23.

Notes to the consolidated financial statements for the year ended March 31, 2020
All amounts are in Rs. Lakh unless otherwise stated

The Office of C&AG vide their letter dated October 21 2019 (the "Letter") informed that the Parent cannot exempt itself from the provisions of Section 139(5) of the Act which are applicable to a 'deemed Government Company' by virtue of the Circular referred to above. Further, vide letter dated November 25, 2019, the MCA informed that the Parent is required to comply with sections 139(5) and 139(7) of the Act. MCA further directed the Parent to take appropriate steps to get the audit of the Parent carried out in terms of section 139(5) and (7) of the Act (i.e., by an auditor appointed by the C&AG).

The Parent filed a writ petition on December 2, 2019 with the Hon'ble High Court of Kerala at Ernakulam for

- Quashing the said letter;
- Declaration that the provisions of section 139 (5) and (7) of the Act are not applicable to the Parent; and
- Direction to MCA to refrain from insisting upon appointment of statutory auditor by C&AG in terms of Section 139(5) and (7) of the Act.

The Hon'ble High Court of Kerala by interim Order dated December 3, 2019 has granted interim stay on the operation of the aforesaid Letter pending disposal of the writ petition.

Accordingly the Board of Directors have approved the consolidated financial statements of the Parent for the year ended March 31, 2019, at its meeting held on December 3, 2020 and submitted the same to its auditors, Deloitte Haskins & Sells LLP, for their audit report thereon, in accordance with the requirements of section 134(1) of the Act.

The Board of Directors of the Parent continue to reaffirm the appointment Deloitte Haskins & Sells LLP as auditors of the Parent based on legal advice obtained by them and also the shareholders of the Parent in the Annual General Meeting held on December 28, 2020 have noted the Other Matter Paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Parent for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

Based on legal opinion received, the Parent's Board of Directors is of the view that the appointment of statutory auditors is in accordance with the provisions of the Companies Act, 2013.

For and on behalf of the Board of Directors

Venu Vasudevan
Managing Director
(DIN: 01105096)

K Pariyathyammal
Director
(DIN: 07254870)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Place: Thiruvananthapuram
Date: November 12, 2021

KANNUR
International Airport Ltd.

REGISTERED OFFICE
Kannur International Airport Ltd
Kannur International Airport PO,
Mattannur, Kannur-670708

LIAISON OFFICE
Kannur International Airport Ltd
Sree, MNSRA 1 , Manava Nagar, Palkulangara
Pettah PO, Thiruvananthapuram-695024