KANNUR International Airport

10TH ANNUAL REPORT

2018-19

OUR BANKERS

Canara Bank, Sasthamangalam 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

REGISTRAR & SHARE TRANSFER AGENTS

SKDC CONSULTANTS Ltd

Category 1, Registrar and Share Transfer Agents

Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road

Ganapathy, Coimbatore – 641006

LEGAL ADVISOR

Sri. Arjunan Pillai, Advocate

REGISTERED OFFICE

Kannur International Airport Ltd

Kara Peravoor PO, Mattannur, Kannur-670702

LIAISON OFFICE

Kannur International Airport

Sree, MNSRA 1 , Manava Nagar, Palkulangara

Pettah PO, Thiruvananthapuram-695024

KANNUR International Airport

Present Board of Directors

1. Sri. Pinarayi Vijayan, Hon'ble Chief Minister, Kerala-Chairman
2. Sri. E. Chandrasekharan, Hon'ble Minister of Revenue and Housing – Director
3. Sri. E.P. Jayarajan, Hon'ble Minister of Industries, Sports & Youth Affairs – Director
4. Sri. A.K. Saseendran, Hon'ble Minister of Transport – Director
5. Sri. Ramachandran Kadannappally, Hon'ble Minister of Ports, Museum and Archaeology-Director
6. Smt. K. K. Shailaja Teacher, Hon'ble Minister of Health and Social Justice – Director
7. Sri. V. Thulasidas IAS (Retd.) Managing Director
8. Sri. M.A Yusuffali, CMD Lulu Group International - Director
9. Dr. Shamsheer V. P. , MD, VPS Health Care – Director
10. Sri. Abdul Qadir Theruvath , Chairman, Express Printing Services- Director
11. Dr. M.P. Hassan Kunhi, Chairman & CEO, Medtech Corporation – Director
12. Sri. R Madhavan , RED Southern Region, AAI – Nominee Director
13. Sri. Sri. D K Kamra, RED Western Region, AAI - Nominee Director
14. Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation), BPCL - Nominee Director
15. Sri. Maniedath Madhavan Nambiar - Independent Director
16. Smt. K. Parvathy Ammal - Independent Director

Present Committees of Board of Directors

CSR Committee

Sri. E. Chandrasekharan, Hon'ble Minister of Revenue and Housing - Chairman

Sri. V. Thulasidas IAS(Retd), Managing Director, Kannur Airport - Member

Sri. M. Madhavan Nambiar, Independent Director - Member

Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation) – Member

Stakeholder Relationship Committee

Sri. E. Chandrasekharan, Hon'ble Minister of Revenue and Housing – Chairman

Sri. V. Thulasidas IAS(Retd), Managing Director, Kannur Airport – Member

Technical Committee

Sri. E.P. Jayarajan, Hon'ble Minister of Industries, Sports & Youth Affairs – Chairman

Sri. V. Thulasidas IAS(Retd), Managing Director, Kannur Airport – Member

Sri. M. Madhavan Nambiar, Independent Director – Member

Nomination and Remuneration Committee

Sri. A.K. Saseendran, Hon'ble Minister of Transport – Chairman

Sri. V. Thulasidas IAS(Retd), Managing Director, Kannur Airport – Member

Sri. M. Madhavan Nambiar, Independent Director – Member

Smt. K. Parvathy Ammal, Independent Director - Member

HR & Selection Committee

Sri. Ramachandran Kadannappally, Hon'ble Minister of Ports, Museum & Archaeology - Chairman

Sri. V. Thulasidas IAS (Retd), Managing Director, Kannur Airport –Member

Sri. M. Madhavan Nambiar, IAS (Retd), Independent Director – Member

Smt. Geeta Venkatesh Iyer, CGM, Finance (Taxation) – Member

Share Allotment & Transfer Committee

Smt. K. K. Shailaja Teacher, Hon'ble Minister of Health and Social Justice – Chairperson

Sri. V. Thulasidas IAS (Retd), Managing Director, Kannur Airport –Member

Smt. K. Parvathy Ammal, Independent Director - Member

Strategic & Management Committee

Sri. M. MadhavanNambiar–Independent Director-Chairman

Sri. V. Thulasidas IAS (Retd) – 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 THE 10TH ADJOURNED AGM

NOTICE is hereby given that the 10th Adjourned Annual General Meeting of Kannur International Airport Limited will be held at **11.00 am on 28 December 2020, Monday 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 2019 together with Directors' Report and Auditors' Report thereon.

By order of the Board
For Kannur International Airport Limited

Sd/-
Gnanendrakumar. G
Company Secretary

4 December 2020
Kannur

Notes:

1. In view of the continuing Covid -19 pandemic, the Ministry of Corporate Affairs (MCA) has vide its circular dated 5 May 2020 read with circulars dated 8 April 2020 and 13 April 2020 (collectively referred to as "MCA Circulars) permitted the holding of the Annual General Meeting AGM) through VC/OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the 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 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 AGM and hence the Proxy Form and Attendance Slip are not annexed to this notice.
3. In compliance with the aforesaid MCA Circulars, the notice of the AGM is being sent only 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 22 December 2020 to 28 December 2020 both days inclusive.

KANNUR International Airport

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014 as amended or re-enacted from time to time, the Company is pleased to provide members facility to exercise their votes for all the shareholders resolutions detailed in the notice of the Annual General Meeting for the financial year 2018-19 scheduled to be held on 28 December 2020 at 11.00 am by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of NSDL as the authorized agency to provide the remote e-voting facilities as per the instructions below.

Please read the instructions for the members for remote e-voting before exercising the votes. This communication forms an integral part of the notice dated 4 December 2020 for the Annual General Meeting of the Company scheduled to be held on 28 December 2020, which is being sent to you along with the said notice. The notice of the General Meeting and this communication are also available on the web site of the company www.kannurairport.aero

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, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) 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 AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat 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 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 25 December 2020 at 9:00 A.M. and ends on 27 December 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

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: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/
Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL eservices 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. Your password details 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.
   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.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager-NSDL at amitv@nsdl.co.in/ 022-24994360

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

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.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

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 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 the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

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 18 December 2020 (9.00 a.m. IST) to 22 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.

DIRECTORS' REPORT

To The Members,

Your directors have pleasure in presenting the 10th Annual Report and Audited Accounts of your Company for the financial year ended 31 March 2019.

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 2019 (*Rs. in lakhs*).	For the year ended 31 March 2018 (*Rs. in lakhs*).
Revenue from operations	1500.98	42.00
Other income	406.72	300.61
Total	**1907.70**	**342.61**
Total Expenses	9767.40	1324.55
Share of net profit of associates (JV C)	(31.17)	(21.71)
Loss before exceptional items and tax	(7859.70)	(981.94)
Exceptional items	-	12.97
Loss before tax	(7890.87)	(990.68)
Tax Expense Current tax	-	-
Less Prior Taxes	231.10	-
Deferred tax income	(3425.71)	-
Loss for the period	**(4696.26)**	**(990.68)**

1.2 MAJOR EVENTS OCCURRED DURING THE YEAR

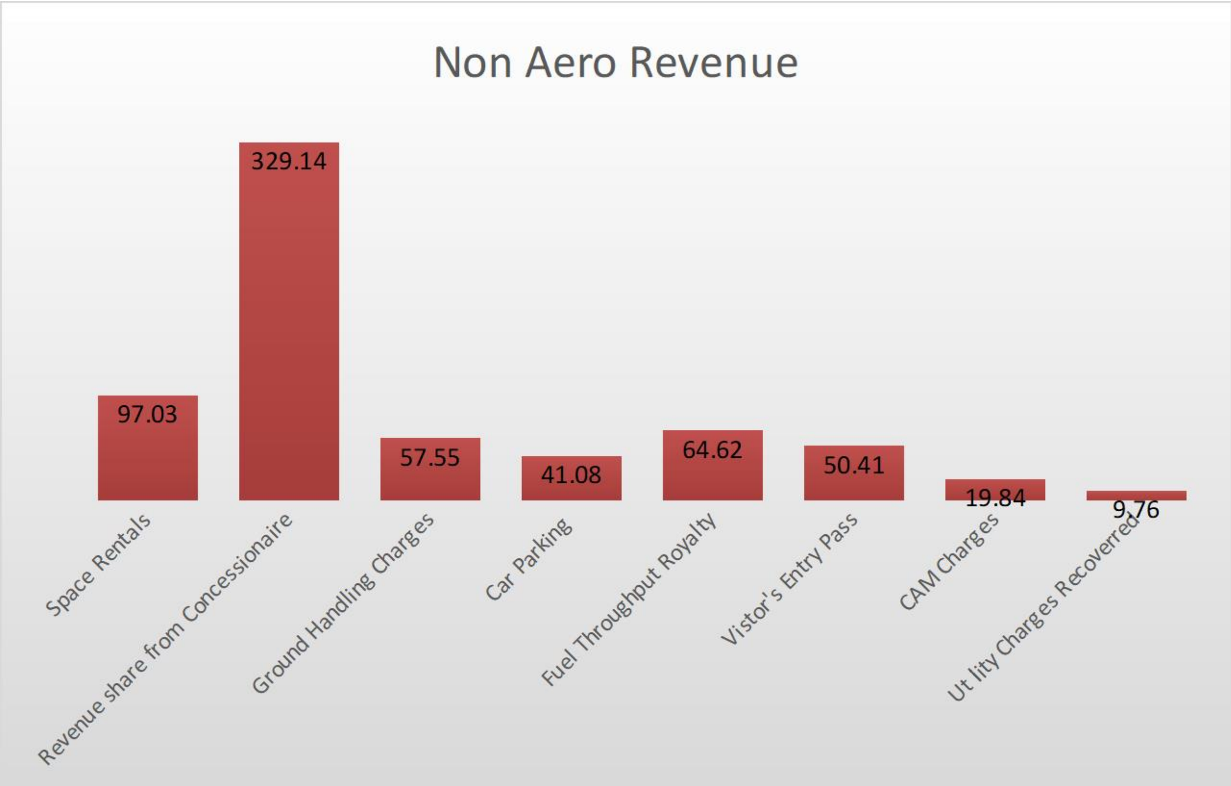
Kannur Airport was commissioned on 9 December 2018 with full fledged facilities of International standards. Operation started with an international flight to & fro from Kannur to Abu Dhabi operated by Air India Express.

(a) ***Revenue from Operations for 2018-19***

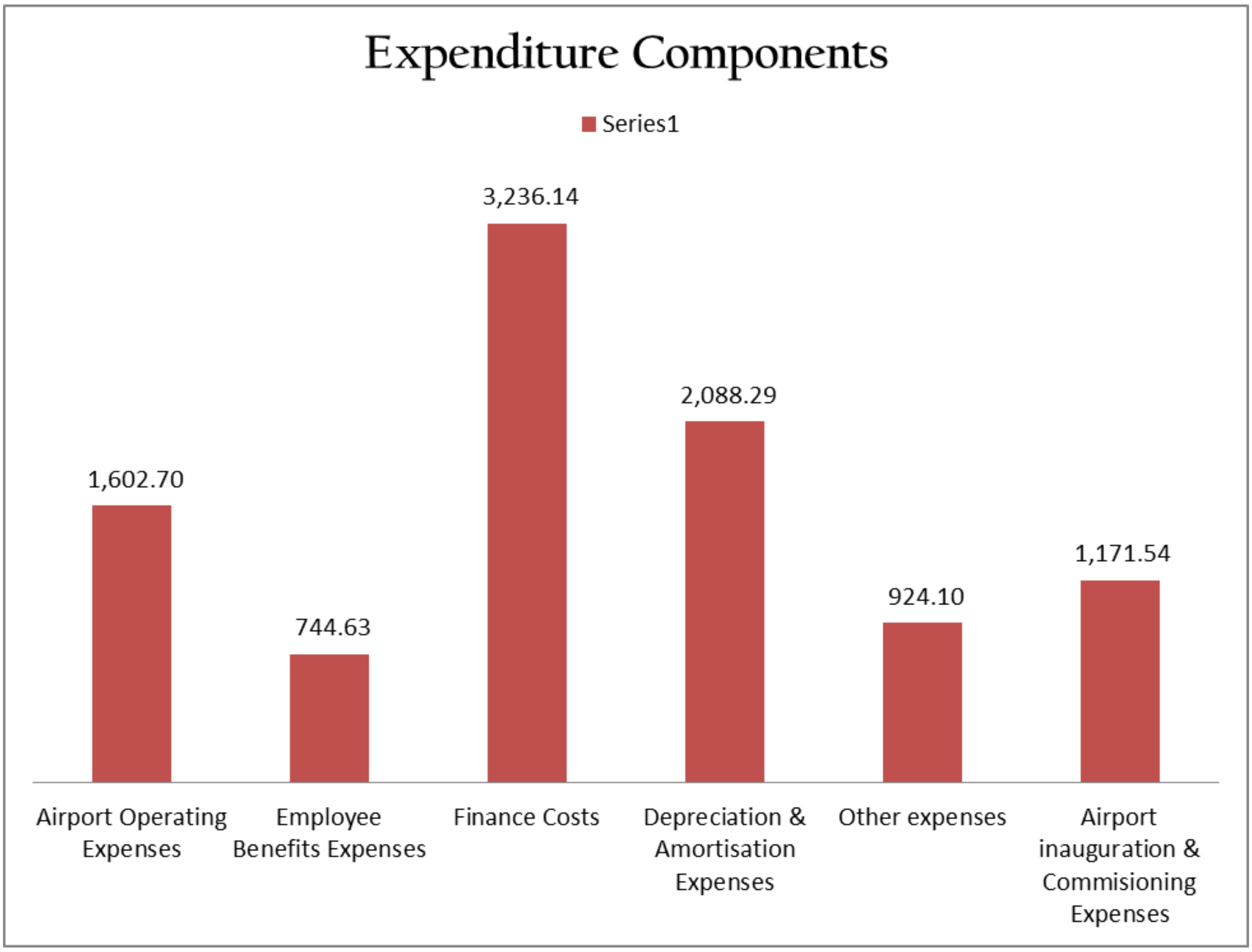
- The company started generating operational revenue effective from 9/12/2018 (i.e., for 3 months & 23 days), which consists of Aero Revenue and Non Aero Revenue.

- The components of the Aero Revenue of Rs.767.61 Lakhs are as below:-

- The components of the Non-Aero Revenue of Rs.622.90 Lakhs are as below:-



- Expenditure for 2018-2019 (Total Rs. 9767.40)



- Since the airport got commissioned, there has been a rise in the "Airport Operating Expenses".
- On account of capitalization of assets, there is a rise in "Depreciation" and "Finance Cost".

(b) Change in nature of business

There has been no change in the business of the Company during the Financial Year ended 31 March 2019.

(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 2018-19 . 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 7 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 less than 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 Personal

(i)	Managing Director	:	Sri. V Thulasidas IAS (Retd)
(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:

- Dr. Hassan Kunhi M.P was appointed as Director in the Board.
- Sri. Murali Madhavan P, ED I/C BPCL was appointed as Nominee Director, BPCL in place of Sri. Prasad K Panicker.
- Sri. G. Ananthakrishnan Nominee Director BPCL had resigned from the Board of Directors due to his superannuation.
- Sri. D.K. Kamra, ED (JVC) was appointed as Nominee Director, AAI in place of Sri. G. Chandramouli.
- Sri. R. Madhavan, RED (SR) was appointed as Nominee Director of AAI in place of Sri. S. Sreekumar.
- Sri. M. Madhavan Nambiar and Smt. K. Parvathy Ammal were appointed as Additional Directors in the Independent category who shall hold office upto the date

of ensuing Annual General Meeting and being eligible can be reappointed as Independent Directors of the Company, not liable to retire by rotation to hold office for a second term of 5 years. Special resolutions have been included in the notice of the Annual General Meeting for the approval of members.

- Smt. Geeta Venkatesh Iyer, Chief General Manager, Finance (Taxation), BPCL was nominated as Director by BPCL in place of Sri. Murali Madhavan P, who resigned from the Board of Directors due to his superannuation.

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 Additional 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

Four meetings of the Board of Directors were held during the period under review, on 28 June 2018, 18 August 2018, 15 November 2018 and 13 March 2019.

2.5 COMMITTEES

(a) Audit Committee

The Audit Committee of Board of Directors of the Company comprises the following members:

Sl. No.	Name of the Member	Designation
1	Smt. Parvathy Ammal K, Independent Director	Chairperson
2	Smt. Sharmila Mary Joseph IAS, Secretary (Finance Expenditure	Member
3	Sri. M. Madhavan Nambiar, Independent Director	Member
4	Sri. G. Ananthakrishnan, Chief General Manager, (Finance), Kochi Refinery,BPCL	Member

Audit Committee of the Board met twice on 6 August 2018 and 9 November 2018 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 with the following members:

Sl. No.	Name of the Member	Designation
1	Sri. Ramachandran Kadannappally, Hon'ble Minister for Ports, Museum & Archeology, Director	Chairman
2	Sri. V. Thulasidas IAS (Retd), Managing Director, Kannur Airport	Member
3	Sri. Madhavan Nambiar, Independent Director	Member
4	Smt. K. Parvathy Ammal, Independent Director	Member

A meeting of Nomination and Remuneration Committee was held on 9 November 2018 , during the year under consideration.

(c) Corporate Social Responsibility Committee (CSR Committee)

Company had spent Rs. 37,13,938/- towards Corporate Social Responsibility during the year under consideration,
However, Board of Directors later 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.

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

Sl. No.	Name of the Member	Designation
1	Sri. E. Chandrasekharan, Hon'ble Minister of Revenue and Housing	Chairman
2	Sri. V. Thulasidas IAS(Retd), MD, Kannur Airport	Member
3	Sri. M. Madhavan Nambiar, IAS(Retd), Independent Director	Member
4	Sri. Prasad K Panicker – Nominee Director, BPCL - Member	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	Smt. K.K. Shailaja Teacher, Hon'ble Minister, Health and Social Justice	Chairperson
2	Sri. V. Thulasidas IAS (Retd), Managing Director	Member
3	Dr. Sharmila Mary Joseph IAS, Secretary (Finance Expenditure) - Member	Member

Five meetings of Share Allotment & Transfer Committee were held during the year under review on, 12 April 2018, 5 September 2018, 28 September 2018 , 27 December 2018 and 21 February 2019.

(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	Smt. K.K Shailaja Teacher- Hon'ble Minister of Health and Social Justice/ Sri. E.P. Jayarajan, Hon'ble Minister, Industries, Sports & Youth Affairs – Chairpersons	Chairman
2	Sri. V. Thulasidas IAS (Retd), Managing Director	Member
3	Sri. Madhavan Nambiar Independent Director	Member
4	Sri. G. Chandramouli, Nominee Director, AAI	Member

Committee was reconstituted by replacing Smt. K K Shailaja Teacher by Sri. E P Jayarajan. Six meetings of Technical Committee were held during the year under review on 16 May 2018, 3 May 2018, 12 June 2018, 26 June 2018, 30 October 2018 and 9 February 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 consists of the following members:

Sl. No.	Name of the Member	Designation
1	Ramachandran Kadannappally, Hon'ble Minister of s, Museum & Archaeology	Chairman
2	Sri. V. Thulasidas IAS (Retd), Managing Director	Member
3	Sri. M. Madhavan Nambiar, IAS (Retd), Independent Director	Member
4	Sri. Prasad K Panicker – Nominee Director, BPCL - Member	Member

Five meetings of Share Allotment & Transfer Committee were held during the year under review on, 24 April 2018, 4 July 2018, 16 October 2018, 31 October 20118 and 29 December 2018.

2.6 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy relating to appointment of Directors, 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 2019, 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 2019, and of the profit 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 2019. There are no small depositors in the Company.

5 PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans and guarantees made by the Company under Section 186 of the Companies Act, 2013 during the year under review, except the investment of Rs. 39,00,000 (3,90,000 equity shares of Rs,. 10 each) in the share capital of BPCL – KIAL Fuel Farm Pvt Ltd during the financial year 2018-19.

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 : Rs. 318825896.40/-

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 . The shareholders in their meeting held on 19 January 2019 had approved their appointment. Their report forms part of this report.

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

SlNo.	Basis for qualified opinion	Reply
1	We refer to Note 35 to standalone financial statements, regarding certain claims raised by a contractor aggregating Rs. 33417.47 lakhs for additional costs incurred due to extension of time on the project which are in the process of review by the Management/arbitration. The claims include an amount of Rs. 725.61 lakhs 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 33417.47 lakhs as contingent liability.	The amount of Rs 334.17 Cr comprises the following: a) Change in Law from L & T EPC-1 – Rs 48.48 Cr b) Extension of Time from L & T Infra – Rs 130.34 Cr c) Interest on above till 31.8.2020 – Rs 50.72 Cr d) Change in Law and Extension of Time from L & T (B & F) - Package A – Rs 97.37 Cr e) EPC-1 & Package A - GST Subsumed Tax Claim – Rs 7.26 Cr The parties have constituted an arbitration committee on items (a), (b) and (c).

	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.	Meanwhile the Company and L & T Infra are negotiating Item No. (a), (b) and (c) for an out of arbitration settlement. . Eventual liability and amount payable on this account is yet to be decided and agreed. Item No. (d) – The Project Management Consultant has rejected the claim made by L & T (B & F) Package A. Item No. (e) – RS 1.75 Cr The Company has consulted its tax consultant and legal advisor on GST subsumed tax. 1) As per contract conditions GST claim on L & T Infra contract is to be admitted but the claim of the contractor is incorrect as per the tax consultant. As such the contractor has been asked to re-work the subsumed tax figure. Reply is awaited from them. 2) On L & T (B & F) - Package A – Rs 5.50 Cr, the tax consultant and company's legal advisor have rejected the claim and advised the Company that this is not payable as per contract conditions. This is being communicated to L & T(B & F)- Package A
2	We refer to note 42 to standalone financial statements, wherein the company during the year, has recognised a deferred tax asset of Rs.2501.11 lakhs on unused tax 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 tax losses/ credits, 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.	Revenue projections have been furnished to Deloitte. On the basis of projected revenues the Company expects that the deferred tax assets will be recovered.
3) **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	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.

	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.	Assets and expenditure are being acquired and incurred based on approvals of Board/Technical Committee/Managing Director. 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. The Company had carried out physical verification of assets during FY 2019-20. Reconciliation of the same will be done to validate the correctness of classification of Property, Plant and Equipment once the final bill of the Contractor is settled. The Company is having contracts for aero/non aero activities and invoicing is carried out based on these contracts signed with the vendors. Confirmation letters have not been received from vendors since there are disputed claims and hence reconciliation could not be done. The Company is having no doubts regarding the correctness and completeness of accuracy of transactions pertaining to acquisition/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. 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. 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 90% of the value. The airport cannot operate without these. It may please be noted that the Company commenced airport operations in December 2018 and was in operations only for 3 ½ months during the financial year ended 31 March 2019. The Company is in the transition stage from construction to operational period and had gone through a complex process for conversion of its assets under construction to operational asset. This was done after an elaborate process with several rounds of discussions among the stakeholders to comply with regulatory requirements Hence, there are no doubts in the mind of the Company about its accuracy and completeness in material terms. The Company is in the process of building up adequate resources to set up an environment to remove deficiencies including implementation of an ERP system.
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 October 2019.
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, 2019.	It may please be noted that 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 and Accounts by user departments for aero and non-aero activities. Receivables statements are being prepared periodically and frequently and follow up of payments is

		being carried out regularly. As such there is control over billing and receivables. Company has implemented RMS software from April 2019 for billing aero and non-aero revenues compared to earlier manual data collection system for timely, accurate billing data. These data are checked by Finance and Accounts for inconsistencies and invoice are raised.
d)	The Company's process of validating the accuracy of items considered for the purpose of computing deferred taxes and validation of the computation under applicable accounting standards.	The Company has verified the components of deferred tax assets and validated before incorporating the same in Financial Statements with the help of statutory auditors.

Internal Auditors

The Board of Directors had appointed M/s Varma & Varma Chartered Accountants, Thiruvananthapuram as the Internal Auditors of the Comapany, 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 Financial Year 2018-19. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 2018-19 is attached with this report as **Annexure.**

Cost Auditor

Not applicable for the period under consideration

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:

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 reaching the completion stage of 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

Place:
Date:

Annexure

FORM NO. AOC.1

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

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

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

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

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	31.03.2020		
2. Shares of Associate/Joint Ventures held by the company on the year end			
No.	23,40,000		
Amount of Investment in Associates/Joint Venture	2,34,00,000		
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	1,36,72,438		
6. Profit / Loss for the year	1,96,50,987		
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	Nil
2	Nature of relationship	Nil
3	Nature of contracts/arrangements/transaction	Nil
4	Duration of the contracts or arrangements or transaction including the value, if any	Nil
5	Salient terms of contracts or arrangements or transaction including the value, if any	Nil
6	Justification for entering into such contracts or arrangements or transaction	Nil
7	Date of approval by Board	Nil
8	Amount paid as advance, if any	Nil
9	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	Nil

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:0001907262

Date:
Place:

To,

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

Our Secretarial Audit Report of even date, for the financial year 2018-19 is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Calicut
Date: 30/09/2019

For Ashique Sameer Associates

ASHIQUE SAMEER ASSOCIATES
2nd Floor, S. G. Arcade
K. T. Gopalan Road
Kottooli
Calicut - 673 016

PM Abdul Sameer FCS
FCS No: 7060
CP No: 7759

Form MR-3
SECRETARIAL AUDIT REPORT

For the Financial year ended 31.03.2019

[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, 2019** 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, 2019 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;

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 completed filing form FCGPR with respect to allotment of shares to NRIs and annual FLA return with RBI as per the Foreign Exchange Management Act, 1999, rules and regulations made thereunder. As informed, the Company could not complete the same due to technical issue of RBI platform and company is trying to complete the filing.*

2. *The 9th Adjourned Annual General Meeting of the company was held on 19th January 2019 at Kannur which was not at the registered office of the company or some other place within the city, town or village in which the registered office of the company is situated as provided section 96 (2) of the Companies Act, 2013. Registered office of the company was at Thiruvananthapuram till 26th April 2019.*

3. As per section 42 of the Companies Act, 2013, monies received on share application shall be kept in a separate bank account in a scheduled bank and shall not utilise monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar. The Company has kept share application money in a separate bank account and released the money before allotment and filing of respective form with the Registrar. As explained by the Company, money was utilised only after allotment of shares and it was transferred and kept as FD for the benefit of the Company by generating interest income.

4. Supplementary and Test Audit by C&AG as per section 139(5) and (7) of the Companies Act, 2013 for the Financial Year 2016-17 onwards not held based on the view of the Company that It is not a Government Company. The Company has sought legal opinion from Legal Experts and Advocate General of Kerala and they are of the view that the Company is not a Government Company as not less than 51% of the paid-up share capital of the company is held by the State Government or the Central Government or by Governments jointly. The Company has appointed M/s. Deloitte Haskins and Sells LLP, Kochi as Statutory Auditors of the Company for a period of Five years (FY 01/04/2018 to 31/03/2023) in the 9th Adjourned Annual General Meeting of the company held on 19th January 2019.

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

ASHIQUE & ASSOCIATES
Calicut - 673 016

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 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 1,00,79,200 (One Crore Seventy-Nine Thousand Two Hundred) equity share of Rs. 100 each at face value, amounting to Rs. 100,79,20,000/- (Rupees Hundred Crore Seventy-Nine Lakh Twenty Thousand) in total on private placement basis during the reporting period.

2. 8th Adjourned Annual General Meeting and 9th Annual General Meeting were held on 29th September 2018 at Thiruvananthapuram and 9th Adjourned Annual General Meeting and 13th Extra Ordinary General Meeting were held on 19th January 2019 at Kannur.

Place: Calicut
Date: 30/09/2019

For Ashique Sameer Associates

PM Abdul Sameer FCS
FCS No: 7060
CP No: 7759

Form No.MGT-9

EXTRACT OF ANNUAL RETURN
As on The Financial Year Ended on 31 March 2019

[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, Kara - Peravoor P.O., Mattannur, Kannur - 670702
6	Whether Listed Company	No
7	Name, Address & Contact Details of the Registrar & Transfer Agent, If any.	SKDC Consultants Limited, PB No. 2016, Kanapathi Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641006

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	81.27

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 [As on 01-April-2018]				No of Shares held at the end of the year [As on 31-March-2019]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a)Individual/HUF		0							
b) Central Govt		0							
c) State Govt(s)	NA	350,00,000	350,00,000	33.03	NA	350,00,000	350,00,000	30.16	(2.87)
d) Bodies Corp.		0							
e) Banks/FI		0							
f) Any Other (Top 50 Share Holders)		0							
Sub total (A)((1)		350,00,000	350,00,000	33.03		350,00,000	350,00,000	30.16	(2.87)
(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	350,00,000	33.03	NA	350,00,000	350,00,000	30.16	(2.87)
TOTAL (A)		350,00,000	350,00,000	33.03	NA	350,00,000	350,00,000	30.16	(2.87)
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)	NA	42554200	42554200	40.16	500000	42899200	43399200	37.40	(2.76)
ii) Overseas		NIL							
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	NA	2454696	2454696		NA	NA	31,76,392		
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NA	4780804	4780804		NA	NA	43552104		
Foreign Nationals (NRIs)	NA	2,16,06,700	2,16,06,700		NA	NA	25922304		
Clearing Members		0							
Trusts		0							
Foreign Bodies – D R		0							
Sub-Total (B)(2)		0							
Total Public(B)		7,09,70,800	7,09,70,800	66.97			8,10,50,000	69.84	2.87
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		10,59,70,800	10,59,70,800	100		11,60,50,000	11,60,50,000	100	

(ii) **Shareholding of Promoters**								
Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	% Changing in Shareholding during the year
2	Government of Kerala, (On behalf of Govt. of Kerala)	350,00,000	33.03	NIL	350,00,000	30.16	51	(2.87)

(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	33.03	350,00,000	33.03
	Changes during the year			0	0	0	0
	At the end of the year					350,00,000	30.16

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)					
Sl N	For each of the Top	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year

	10 shareholders						
				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	20.46	216,80,000	20.46
	Changes during the year			0	0	0	0
	At the end of the year					216,80,000	18.68
2	**Airports Authority of India**						
	At the beginning of the year			100,00,000	9.44	100,00,000	9.44
	Changes during the year			0	0	0	0
	At the end of the year			0	0	100,00,000	8.62
3	**Federal bank**						
	At the beginning of the year			25,00,000	2.36	25,00,000	2.36
	Changes during the year			0	0	0	0
	At the end of the year	-	-	0	0	25,00,000	2.15
4	**Adeeb Ahamed**						
	At the beginning of the year			15,00,000	1.41	15,00,000	1.41

	Changes during the year			0	0	0	0
	At the end of the year			0	0	15,00,000	1.29
5	**State Bank of India**						
	At the beginning of the year			15,00,000	1.41	15,00,000	1.41
	Changes during the year	02.02.2017		0	0	0	0
	At the end of the year			0	0	15,00,000	1.29
6	**The Mookkannur Service Co-operative Bank**						
	At the beginning of the year			11,00,000	1.04	11,00,000	1.04
	Changes during the year			0	0	0	0
	At the end of the year			0	0	11,00,000	0.95
7	**Eloor Service Cooperative Bank**						
	At the beginning of the year			10,25,000	0.97	10,25,000	0.97
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,25,000	0.88
8	**Canara Bank**						
	At the beginning			10,00,000	0.94	10,00,000	0.94

	g of the year						
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,00,000	0.86
9	**Kerala State Industrial Development Corporation**						
	At the beginning of the year			10,00,000	0.94	10,00,000	0.94
	Changes during the year			0	0	0	0
	At the end of the year			0	0	10,00,000	0.86
10	Kerala State Bevarages (M & M) Corporation Ltd						
	At the beginning of the year			8,06,000	0.76	8,06,000	0.76
	Changes during the year			0	0	0	0
	At the end of the year					8,06,000	0.69

(V) Share holding of Directors and Key Managerial personnel;

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	8.96	95,00,000	8.96
	Changes during the year			0	0	0	0
	At the end of the year			0	0	95,00,000	8.19
2	**Dr. Hassan Kunhi M P**						
	At the beginning of the year			25,00,000	2.36	25,00,000	2.36
	Changes during the year	27.12.2018	Allotment	25,00,000	2.18	25,00,000	2.18
	At the end of the year			0	0	50,00,000	4.31
3.	**Sri. Abdul Qadir Theruvath**						
	At the beginning of the year			25,00,000	2.36	25,00,000	2.36
	Changes during the year	28.09.2018	Allotment	20,00,000	1.80	20,00,000	1.80
	At the end of the year					45,00,000	3.88
4.	**Dr. Shamsheer V P**						
	At the beginning of the year			25,00,000	2.36	25,00,000	2.36
	Changes during the year			0	0	0	0
	At the end of the year					25,00,000	2.15
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		1000	
	Changes during the year			0	0	0	0
	At the end of the year					1000	
7	**E. Chandrasekharan**						
	At the beginning of the year			1000		1000	
	Changes during the year			0	0	0	0
	At the end of the year					1000	

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	77,320.68			77,320.68
ii) Interest due but not paid				
iii)Interest accrued but not due	77,320.68			77,320.68
Total (i+ii+iii)				
Change in the Indebtedness during the financial year				
* Addition	11,289.27			11,289.27
* Reduction				
Net change	11,289.27			11,289.27
Indebtedness at the end of the financial year				
i) Principal Amount	88,609.95			88,609.95
ii) interest due not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	88,609.95			88,609.95

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL				
A. Remuneration to Managing Director, Whole time Directors and /or Manager NIL				
SN	Particulars of Remuneration	Name of MD/ WTD/MANAGER	Total Amount	
			Managing Director	
1	Gross Salary		**13,18,616**	
	(a) Salary as per provisions contained in Section 17(1) of the Income –tax Act,1961			
	(b) Value of perquisites u/s 17(2) Income- tax ACT, 1961			
	(C) Profits in lieu of salary under section 17 (3) Income –tax Act, 1961			
2	Stock Operation			
3	Sweat Equity			
4	Commission –as % of profit -others, specify			

5	Others, please specify			
	Total (A)		**13,18,616**	
	Ceiling as per Act			

SN	**Particulars of Remuneration**	**Name of Directors**		**Total Amount (Rs.)**
1	Independent Directors	Madhavan Nambiar	Parvathy Ammal	
	Fee for attending board /committee meetings	30,000	35,000	65,000
	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)	30,000	35,000	65,000
	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	24,75,360	10,73,318	35,48,678
	(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	24,75,360	10,73,318	35,48,678

VII.	PENALTIES/PUISHMENT/COMPOUNDING OF OFFENCES:				
TYPE:	Section of	Brief	Details of	Authority [	

	the Companies Act	Description	Penalty /Punishment/ Compounding fees imposed	RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	NIL	NIL			
Punishment	NIL	NIL			
Compounding	NIL	NIL			
B. DIRECTORS					
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: 0001907262)

Date :

Place: Kannur

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Haskins & Sells LLP

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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") which includes jointly controlled entity (the Parent and its jointly controlled entity together referred to as "the Group") and the Parent's share of loss in its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 reports 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 matter 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 Group as at March 31, 2019, 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 35 to consolidated financial statements, regarding certain claims raised by a contractor aggregating Rs. 33,417.47 lakhs for additional costs incurred due to extension of time on the project which are in the process of review by the Management/arbitration. The claims include an amount of Rs. 725.61 lakhs 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 33,417.47 lakhs 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.

b) We refer to note 42 to consolidated financial statements, wherein the company during the year, has recognised a deferred tax asset of Rs. 2,431.12 lakhs on unused tax 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 tax losses/ credits, we are unable to conclude on the appropriateness of the carrying value of the above deferred tax asset and its consequential impact on the consolidated financial statements for the year ended March 31, 2019.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 3 (4) and (5) to consolidated financial statements for the year ended March 31, 2019 where for the reasons stated therein 353.98 acres of land (including 71.22 acres disclosed in previous year audited financial statements) 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.

The jointly controlled entity auditor has made the following qualification in his audit report

a) The company did not consider Land Lease rentals, Project Management Consultancy charges and other expenses, which are capitalised, in computation of the borrowing cost to be capitalised. This being directly attributable to the qualifying asset, the amount capitalised as borrowing cost is understated by Rs. 11.59 lakhs. Hence the company has understated its Property, Plant and Equipment to the extent of Rs. 59 lakhs and overstated its Finance Cost by Rs. 11.59 lakhs.

b) The company has provided for operator charges for an amount of Rs. 102.06 lakhs. The company has not executed any agreement with Bharat Petroleum Corporation Limited for the same. However, the company had provided a note mentioning the said amount along with the margin of 16% totaling to Rs. 118.40 lakhs. The note was not authorised by the company or the operator. Further, an invoice dated 01.06.201.9 issued by Bharat Petroleum Corporation Limited was presented to us having value of Rs. 143.45 lakhs. The company has disclosed an amount of Rs. 41.39 lakhs, being the difference between the amount provided and the amount as per the said invoice, as contingent liabilities.

   In the absence of sufficient and appropriate audit evidence we are not in a position to verify the said provision and contingent liability.

Our opinion is not modified in respect of the above 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 consolidated 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 and, in doing so, consider whether the other information 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.
- When we read the Director's 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 respective Board of Director of the Company and its jointly controlled entity 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 income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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

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adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have 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 companies included in the Group are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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 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 Group 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 Group 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.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group 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 the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried 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.

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 42 under Notes forming part of the consolidated financial statements for the year ended March 31, 2019 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 3 December 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.

(b) The consolidated financial statements also include the Group's share of net loss of Rs. 31.79 lakh for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of one jointly controlled entity, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report 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 with respect to our reliance on the work done and the report of the other auditor.

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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:

   a) We have sought and except for the matter(s) described on the Basis for Qualified Opinion section above and 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) In our opinion, except for the possible effects of the matter(s) described in the Basis for Qualified Opinion section above, 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 Income, the Consolidated Statement of Cash Flows and the 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) In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section above, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

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

   f) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its jointly controlled entity incorporated in India, none of the directors of the Group companies, its jointly controlled entity incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) The qualification relating to 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 a adverse opinion on the operating effectiveness of internal financial controls over financial reporting of those companies, 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.

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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) Except for the possible effect of the matter described in the Basis of Qualified Opinion section above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint venture;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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 AND SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

DELOITTE HASKINS & SELLS LLP
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M Balaji

Balaji M. N.
(Partner)
Membership No. 202094
(UDIN: 20202094AAAAGS1329)

Place : Bengaluru
Date : December 03, 2020

**Deloitte
Haskins & Sells LLP**

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph h under 'Report on Other Legal and Regulatory Requirements' section 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 ended March 31, 2019, we have audited the internal financial controls over financial reporting of Kannur International Airport Limited (hereinafter referred to as ("Parent") 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 (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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, and its 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 Matters paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial controls system over financial reporting of the Parent, and its jointly controlled company, which are companies incorporated in India.

DELOITTE HASKINS & SELLS LLP * KOCHI * CHARTERED ACCOUNTANTS *

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 financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 Group's internal financial controls over financial reporting as at March 31, 2019.

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, 2019.

d) the Company's process of validating the accuracy of items considered for the purpose of computing deferred taxes and validation of the computation under applicable accounting standards.

The jointly controlled company's auditor has mentioned in their report that

e) the jointly controlled company does not have a system to obtain daily stock statement with movements certified by the station master and Fuel Delivery Notes for cross verification of the same due to which the jointly controlled company was not in a position to verify the stock movement and sale of Aviation fuel, on the basis of which revenue of the Company is determined. Thus in our opinion adequate internal control over financial reporting of revenue recognition is absent to the said extent.

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * KOCHI

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 Matters paragraph below, the Parent and its jointly controlled company which are companies incorporated in India, because of the effects of material weakness described in Basis of Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Group 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, 2019, 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 weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, and these material weaknesses do not affect our opinion on the said consolidated financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one jointly controlled company, which are companies 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 matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP
KOCHI
CHARTERED ACCOUNTANTS

Balaji M. N.
(Partner)
(Membership No. 202094)
(UDIN: 20202094AAAAGS1329)

Place : Bengaluru
Date : December 03, 2020

Kannur International Airport Limited
Consolidated Balance Sheet as at March 31, 2019

₹ in lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,98,211.27	31,639.09
(b) Capital work-in-progress	3.2	1,147.96	1,46,031.39
(c) Intangible assets	3.1	16.15	3.40
(d) Financial Assets			
(i) Investment in Joint Venture	4	144.46	136.63
(ii) Other financial assets	5	1,096.42	42.26
(e) Other non-current assets	6	1,364.25	297.00
(f) Current tax assets (net)	7	528.99	650.12
(g) Deferred Tax Assets	28	3,648.68	220.29
		2,06,178.18	**1,79,020.18**
II Current assets			
(a) Financial Assets			
(i) Trade receivables	8	1,304.23	-
(ii) Cash and cash equivalents	9	831.00	8,761.63
(iii) Other financial assets	10	1,811.88	761.09
(b) Other current assets	11	2,924.44	32.57
		6,871.55	**9,555.29**
TOTAL ASSETS (I + II)		**2,13,049.73**	**1,88,575.47**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	12	1,16,050.00	1,05,970.80
(b) Other equity	13	-4,570.13	132.65
		1,11,479.87	**1,06,103.45**
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	88,440.73	77,320.68
(ii) Other financial liabilities	15	582.87	500.00
(b) Provisions	16	41.93	38.95
		89,065.53	**77,859.63**
2 Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	17		
(A) Total outstanding dues of micro, small and medium enterprises		65.25	-
(B) Total outstanding dues of creditors other than micro small and medium enterprises		830.40	111.82
(ii) Other financial liabilities	18	1,783.78	2,067.48
(b) Other current liabilities	19	9,801.53	2,412.43
(c) Provisions	20	23.37	20.66
		12,504.33	**4,612.39**
TOTAL EQUITY AND LIABILITY (I + II)		**2,13,049.73**	**1,88,575.47**
See accompanying notes to the financial statements			

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP KOCHI CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

K Parvathyammal
Director
(Din: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN AIVPG3442M)

Kannur
December 3, 2020

Kannur International Airport Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2019

₹ in lakhs

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	21	1,500.98	42.00
II	Other income	22	406.72	300.61
III	**Total Income**		**1,907.70**	**342.61**
IV	**EXPENSES**			
	Airport operating expenses	23	1,602.70	-
	Employee benefits expense	24	744.63	497.67
	Finance costs	25	3,236.14	214.03
	Depreciation and amortization expense	3	2,088.29	14.86
	Other expenses	26	924.10	597.99
	Airport inauguration & commissioning expenses		1,171.54	-
	Total expenses		**9,767.40**	**1,324.55**
V	**Profit before share of net profits of investments accounted for using equity method and tax**			
	Share of net profit of associates accounted for using the equity method		(31.17)	(21.71)
VI	**Loss before exceptional items and tax (III - IV+V)**		**(7,890.87)**	**(1,003.65)**
VII	Exceptional items	27	-	12.97
VIII	**Loss before tax (VI - VII)**		**(7,890.87)**	**(990.68)**
IX	**Tax expense**			
	(1) Current tax		-	-
	Less: Short provision for tax relating to prior years		231.10	-
	(2) Deferred tax charge / (credit)	28	(3,425.71)	-
	Total tax expense		**(3,194.61)**	-
X	**Loss for the year**		**(4,696.26)**	**(990.68)**
XI	**Other Comprehensive loss**			
	(i) Item that will not be reclassified to profit or loss		9.20	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.68)	-
	Total other comprehensive loss for the year		**6.52**	-
XII	**Total comprehensive loss for the year (X + XI)**		**(4,702.78)**	**(990.68)**
	Earnings per equity share of face value of ₹ 100/-			
	(1) Basic (₹)	29	(4.28)	(0.95)
	(2) Diluted (₹)	29	(4.28)	(0.95)

See accompanying notes to the financial statements.

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP KOCHI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

V Thulasidas
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(Din: 00139304)

K Parvathyammal
Director
(Din: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN ALYPG3442M)

Bengaluru
December 3, 2020

Kannur
December 3, 2020

Kannur International Airport Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A Equity Share Capital

₹ in lakhs

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	15,00,00,000	1,50,000.00	15,00,00,000	1,50,000.00
Changes in Authorised Equity Share capital during the year	20,00,00,000	2,00,000.00	-	-
Balance as at the end of the year	35,00,00,000	3,50,000.00	15,00,00,000	1,50,000.00
Issued Share Capital				
Balance as at the beginning of the year	10,59,70,800	1,05,970.80	9,87,00,000	98,700.00
Changes in Equity Share capital during the year	1,00,79,200	10,079.20	72,70,800	7,270.80
Balance as at the end of the year	11,60,50,000	1,16,050.00	10,59,70,800	1,05,970.80

B Other Equity

	Attributable to owners of Kannur International Airport Limited			
Particulars	Capital reserve	Retained Earnings	Other Comprehensive income	Total Other Equity
Balance at April 1, 2017	30.70	1,092.63	-	1,123.33
Loss for the year ended March 31, 2018	-	(990.68)	-	(990.68)
Other Comprehensive Income	-	-	-	-
Balance at March 31, 2018	30.70	101.95	-	132.65
Loss for the year ended March 31, 2019	-	(4,696.26)	-	(4,696.26)
Other Comprehensive Income	-		(6.52)	(6.52)
Balance at March 31, 2019	30.70	(4,594.31)	(6.52)	(4,570.13)

Remeasurements of Defined Benefit Plans Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income 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 financial statements.
In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP
KOCHI
CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

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Managing Director
(Din: 00139304)

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Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN AIVPG3442M)

Kannur
December 3, 2020

Kannur International Airport Limited
Consolidated Statement of cash flow for the year ended March 31, 2019

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from Operating Activities		
Profit before income tax	(7,890.87)	(990.68)
Adjustments for		
Depreciation of property, plant and equipment	2,085.60	14.19
Amortisation and impairment of intangible assets	2.69	0.68
Unwinding of discount on security deposits	24.58	-
Finance Cost	3,211.56	-
Interest Income classified as investing cash flows	(356.14)	-
Profit on sale of PPE	(0.20)	-
Fair value adjustments	(30.64)	-
Operating profit / (loss) before working capital changes	**(2,953.42)**	**(975.81)**
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	*(1,304.23)*	*20.43*
Increase / (Decrease) in Trade payables	*783.83*	*617.13*
(Increase) / Decrease in other financial assets	*(2,104.95)*	-
(Increase) / Decrease in other financial liabilities	*(200.83)*	*1,245.90*
Increase / (Decrease) in other Current Assets	*(4,278.80)*	-
Increase / (Decrease) in other Current Liabilities	*315.34*	-
Increase / (Decrease) in provisions	5.69	-
Cash generated from operations	**(9,737.37)**	**907.65**
Income tax paid (net of refunds)	(111.44)	194.33
Net cash flow (used in) / generated from operating activities (A	**(9,848.81)**	**1,101.98**
B. Cash flow from investing activities		
Payments for property plant and equipment	(10,835.94)	(22,661.07)
Payments for intangible assets	(15.43)	(1.31)
Payments for Purchase of shares of Joint venture company	(39.00)	-
Share of Net loss of Joint venture	31.17	21.71
Interest received	390.35	135.49
Proceeds from sale of Property plant & Equipment	0.25	-
Net cash flow used in investing activities (B)	**(10,468.60)**	**(22,505.18)**
C. Cash flow from financing activities		
Proceeds from issue of share capital	10,079.20	7,270.80
Proceeds from borrowings	11,120.05	21,182.66
Interest paid	(8,812.47)	(5,548.63)
Net cash flow generated from financing activities (C)	**12,386.78**	**22,904.83**
Net (decrease) / increase in cash and cash equivalents (A+B+C	**(7,930.63)**	**1,501.62**
Cash and cash equivalents at the beginning of the year	8,761.63	7,260.01
Cash and cash equivalents at the end of the year	**831.00**	**8,761.63**
See accompanying notes to the financial statements		

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP * KOCHI * CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139384)

K Parvathyammal
Director
(Din: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Kannur
December 3, 2020

1 **GENERAL INFORMATION**

Kannur International Airport Limited ("KIAL" or "the Company") was incorporated on December 03, 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 30% of the equity shares of the company as at March 31, 2019.

KIAL, which has been under construction since February 2, 2014, has commenced commercial operations on December 9, 2018, the Airport Opening Date ('AOD'). Accordingly, the prior year numbers are not comparable.

2 **SIGNIFICANT ACCOUNTING POLICIES**

1.1 **Statement of Compliance**

These consolidated 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') (to the extent notified). 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.

1.2 **Basis of preparation and presentation**

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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the consolidated financial statements and concluded that the impact is not material. Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

Amounts for the year ended and as at March 31, 2018 were audited by previous auditors - Sasi Vijayan & Rajan, Chartered Accountants, the predecessor auditor.

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KOCHI
CHARTERED ACCOUNTANTS

Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

1.3 **Change and use of Estimate and judgment**

In the preparation of the 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 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 09, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 01, 2018 ("AERA Order").

Accordingly, the management has adopted useful life in respect of airport assets as prescribed in the aforesaid order with effect from April 01, 2018.

DELOITTE HASKINS & SELLS LLP
KOCHI
CHARTERED ACCOUNTANTS

Valuation of Deferred Tax Liabilities/Assets:
The Company reviews the carrying amount of deferred tax liabilities/assets at the end of each reporting period.

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 encashment) 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.

1.4 **Functional and presentation currency**
Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

1.5 **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 capital 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 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.

Spares 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.

DELOITTE HASKINS & SELLS LLP * KOCHI * CHARTERED ACCOUNTANTS *

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 statement of profit and loss when the asset is derecognised.

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 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

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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 PPE 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 Statement of Profit and Loss.

1.6 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 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 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.

3 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property on inception date or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance Of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company' s general policy on the borrowing costs.

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A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor;

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all the risks and rewards of ownership transfers from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

4 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 a consolidated 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.

5 Foreign Currency Transactions

The consolidated financial statements of Company 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.

6 Cash Flows and Cash and Cash Equivalents

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, 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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The company has parked its funds in flexi deposits and fixed deposits with banks with original maturity more than 3 months with the intention of meeting the commitments of construction of the airport. Even though the deposits are having original maturity of more than 3 months majority of the deposits are prematurely closed for payment for construction contract obligations. The very purpose of parking idle funds in the flexi deposits and fixed deposits are to meet the short term fund requirements of the company's construction contract obligations, therefore these funds are considered as part of Cash and cash equivalents for the purpose of cash flows.

7 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 (CDP), Passenger Service fee (Facilitation Component) [PSF (FC)], Baggage, X-ray Charges, Landing and Parking of aircraft, fuel farm and CUTE counter charges. The main streams of non-aeronautical revenue includes retail, advertisement, food & beverages, ground handling, car parking and land & space- rentals.

Aeronautical Revenue includes revenue from all regulated charges levied at the Kannur International Airport , i.e., Landing Fees, Parking and Housing Fees, Passenger Service Fee (Facilitation) and User Development fees.

Non Aeronautical Revenue means all revenue streams other than Aeronautical Revenue streams.

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.
Utility charges recovered from users of such utilities are netted off against the relevant expenses.

Land & 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.

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8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure incurred on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. All other borrowing costs are expensed in the period in which these occur.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. To the extent that the borrowing cost are incurred specifically for the purpose of obtaining a qualifying asset are added to the cost of the qualifying asset for capitalisation and the borrowing cost is reduced from any investment income earned on the temporary investment of those borrowings.

In the current year the company has capitalised borrowing costs amounting to Rs. 16,435.33 Lakhs (previous year Nil)

9 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 Statement of Profit and Loss during the period in which the employee renders the related service.

b Long Term Employee Benefits

The Company provides for the encashment/ availment of leave with pay for Airport Authority of India staff subject to the rules of AAI. The employees of AAI (on deputation with KIAL) 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.

The gratuity liability of the company has been provided in the books of accounts for the employees who have completed five years of service but the corresponding amount has not been dispensed by creation of a gratuity fund as the human resources policy of the company is yet to be finalized by the company. 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.

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10 Taxes on Income

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the 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 1961. 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.

The company has opted for deduction under section 35AD of the Income Tax Act as an infrastructure facility and accordingly whole of the expenditure of capital nature incurred, wholly and exclusively, for the purposes of developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility vis-a-vis the airport as defined in section 35AD (8) (ba) of the Income Tax Act is allowed as a deduction in the year of commencement of business.

11 Current versus non-current classification

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

a An asset is current when it is:

- Expected to be realized or intended to be consumed in 12 months.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b A liability is current when:

- It is expected to be settled in 12 months.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

12 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 consolidated Ind AS financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

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13 Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing the net profit 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.

14 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.

15 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 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 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.

16 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.

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.

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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 Statement of Profit and Loss.

Investments in equity instruments other than investment in Joint Ventures and subsidiaries 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:

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

ii the group 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 group has transferred substantially all the risks and rewards of the asset, or b) the group 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 profit or loss.

Impairment of financial assets: The Group 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.

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

Impairment of financial assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a Financial assets measured at amortised cost e.g., security deposits, trade receivables and bank balance

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b Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

c Loan commitments which are not measured as at FVTPL

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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17 New standards and interpretations not yet adopted

a. Appendix C to Ind AS 12, 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, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 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 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 for annual periods beginning on or after April 1, 2019.

b. Ind AS 116 'Leases':

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

c. 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 will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

d. 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 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 will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.

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3 **Property Plant & Equipment**

3.1

₹ in Lakhs

Description of Assets	Tangible assets											Intangible 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	Computer Software
Gross Block													
As at 01-04-2018	31,593.04	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.23	31,721.15	5.55
Previous year	*31,593.04*	-	-	-	-	3.54	38.63	15.44	31.19	10.27	6.23	31,696.34	4.24
Additions during the year	33,095.24	5,116.54	26,555.23	68,489.30	3,190.47	2,242.14	907.31	-	32.87	42.62	28,986.11	1,68,657.83	15.62
Previous year	-	-	-	-	-	0.08	8.08	-	9.26	7.39	-	24.81	1.31
Sales / Disposal / Write-off	-	-	-	-	-	-	-	-	1.00	-	-	1.00	0.18
Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31-03-2019	64,688.28	5,116.54	26,555.23	68,489.30	3,190.47	2,245.77	952.02	15.44	72.32	60.28	28,992.34	2,00,377.98	20.98
Previous year	*31,593.04*	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.23	31,721.15	5.55
Depreciation													
Accumulated Depreciation as at 01-04-2018	-	-	-	-	-	2.67	23.05	15.02	29.30	9.40	2.61	82.05	2.14
Previous year	-	-	-	-	-	2.48	16.33	11.49	27.89	7.65	2.02	67.88	1.47
Depreciation/ amortisation for the period	-	26.40	260.34	840.40	62.68	55.24	53.80	-	5.44	7.94	773.36	2,085.80	2.89
Previous year	-	-	-	-	-	0.19	6.71	3.53	1.41	1.74	0.59	14.17	0.68
Adjustments during the year	-	-	-	-	-	-	-	-	0.95	-	-	0.95	
Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31-03-2019	-	26.40	260.34	840.40	62.68	57.91	76.85	15.02	33.79	17.34	775.97	2,166.70	4.83
Previous year	-	-	-	-	-	2.67	23.04	15.02	29.30	9.39	2.61	82.03	2.15
Net Block													
As at 31-03-2019	64,688.28	5,090.14	26,294.89	67,648.90	3,127.78	2,187.86	875.17	0.42	38.53	42.94	28,216.37	1,98,211.27	16.15
As at 31-03-2018	*31,593.04*	-	-	-	-	*0.95*	*21.66*	*0.42*	*11.15*	*8.28*	*3.61*	*31,639.09*	*3.40*

3.2 Capital work-in-progress

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Capital work-in-progress	1,147.96	1,46,031.39
Total	**1,147.96**	**1,46,031.39**

Movement of Capital work in progress

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Balance of Capital work-in-progress at the beginning of the year	1,46,031.39	1,17,712.96
Additions made during the year	23,521.11	28,318.43
Less capitalised / transferred during the year	1,68,404.54	-
Balance of Capital work-in-progress at the end of the year	1,147.96	1,46,031.39

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3.3 The management has assessed and determined that there were no indicators of impairment of property, plant and equipment as 31 March 2019 i.e. the balance sheet date. COVID - 19 pandemic broke out in March 2020 (i.e. subsequent to the balance sheet date but before the adoption of these financial statements) resulting in disruption of business/operations. This is a non-adjusting event in accordance with Ind AS 10 Events after the Reporting Period with respect to the financial statements for the year ended 31 March 2019. The management will consider the impact of COVID - 19 while assessing impairment, if any, of property, plant and equipment as at 31 March 2020 and adjustment, if required, will be made to the carrying value of property, plant and equipment as at that date.

3.4 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 KIAL 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 to be held in the current financial year. The value of the lease hold land is not accounted for in the books of accounts of the company. The free hold land in absolute ownership of the company as at March 31, 2019 is 1193 Acres (previous year 1193 Acres). A portion of the land admeasuring to 3.45 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 with 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 for 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 in the meeting with the Government on August 07, 2019 requesting the extension of the lease to 99 years.

3.5 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 KIAL for subsequent transfer to Government. Accordingly, KIAL had purchased 10.52 acres of land for Rs 9,87,17,980/- out of 11.44 Acres (remaining land pending for purchase was for want of documents from LAO). Administrative sanction was accorded for the reimbursement of an amount Rs 9,87,17,982/- (vide GO (Rt) No 148/2016/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.

3.6 The expenses charged to the Profit and Loss Account up to the AOD, in accordance with the relevant accounting standards/ pronouncements relate to the following categories:
(a) Expenses that do not meet the criteria for recognition of an intangible asset;
(b) Incidental Expenditure not related to construction of the project; and
(c) Expenditure incurred owing to the corporate status of the Company (i.e., Corporate expenses).

Incidental Expenditure during Construction Period (net of related income arising during that period) aggregating to Rs 19,559.36 lakhs up to commencement of operations represents expenses specifically attributable to the KIAL project and has been allocated to various tangible and intangible assets, on the date of commissioning. The cost of assets capitalised includes the following amounts which have been charged to the assets during the course of construction.
a. Borrowing costs amounting to Rs.16,435.33 lakhs of which Rs 10,753.36 lakhs was charged as at March 31, 2018
b. Consultancy charges towards project implementation amounting to Rs.3,039.47 lakhs
c. Other direct overheads, LC charges and forex losses relating to the acquisition / construction of project assets totaling to Rs 78.79 lakhs

3.7 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. 32,691.86 lakhs (as more so described in Note 36b) 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.

3.8 The Company has entered into an Engineering, Procurement and Construction (EPC) contract approved by the Board of Directors. The Company also entered into a contract for the construction of Passenger terminal building (PTB) and related works. Pursuant to redesign of the initial phase and undertaking of additional scope of works the Company had issued variation orders in accordance with the EPC and PTB contracts for additional work to be carried out. The details of the contract are as below

Amount in Rs. Lakhs

Contractor	Scope of work	Value of initial contract	Value of Variation orders	Escalation	Total value of contracts
Larsen & Toubro	Construction of runway and airside works	69,021.06	7,376.03	1,066.84	77,463.93
Larsen & Toubro	Construction of Passenger terminal buildings and ancillary buildings	49,711.13	6,394.48	1,310.02	57,415.63

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4 Investment in Joint Venture (accounted for using equity method)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
BPCL KIAL FUEL FARM PRIVATE LIMITED		
Investment in KIAL BPCL Fuel Farm Private Limited	234.00	195.00
Percentage of interest	26%	26%
Reconciliation to carrying amounts		
Opening carrying amount	136.63	158.34
Investment in Joint venture during the year	39.00	-
Profit / (Loss) for the year	(31.17)	(21.71)
Other comprehensive income	-	-
Closing net assets	144.46	136.63

BPCL KIAL FUEL FARM PRIVATE Limited (the "Company") is a private limited company, incorporated on December 22, 2015 as a joint venture between Kannur International Airport Ltd. (KIAL) and Bharat Petroleum Corporation Ltd. (BPCL) for fuel farm and distribution services in Kannur International Airport.

5 Other financial assets (Non-Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security Deposits	1,096.42	42.26
Total	**1,096.42**	**42.26**

5.1 The Company based on demand letter dated May 7, 2018 placed a security deposit of Rs. 982.03 lakhs towards deployment of CISF staff induction. Later vide letter dated October 29, 2019 the Company has requested to refund the said deposit with Ministry of Home Affairs. Ministry of Home Affairs has responded vide letter dated December 2, 2019, that upon clearance from Ministry of Civil Aviation for refunding the deposit the same shall be processed. Management of the Company is confident of realising the deposit in full and hence no adjustment has been made

6 Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Capital Advances	-	297.00
GST input credit (non current)	1,384.25	-
Total	**1,384.25**	**297.00**

7 Current tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Non Current Tax Assets		
Advance Income Tax: Assessment Year 2013-14	-	207.93
Advance Income Tax: Assessment year 2014 -15	-	354.00
Advance Income Tax: Assessment year 2017 -18	210.15	210.15
Advance Income Tax: Assessment year 2018 -19	52.70	52.70
Advance Income Tax: Assessment year 2019 -20	42.00	-
Income Tax paid AY 2013-14 against appeal with CIT (A)	-	36.30
Income Tax paid AY 2014-15 against appeal with CIT (A)	-	30.43
Tax Deducted at Source (Cumulative)	224.14	200.90
	528.99	**1,092.41**
Less: Provision for Taxation	-	442.29
Total	**528.99**	**650.12**

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8 Trade Receivables (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Trade receivables outstanding Less than one Year		
Unsecured, Considered Good	1,304.23	-
Unsecured, Considered Doubtful	-	-
Less: Impairment provision on Expected Credit Loss Model	-	-
Total	**1,304.23**	**-**

8.1 The above outstanding balance includes an amount of Rs. 131.84 lakhs which continues to be outstanding as on the date of release of these financial statements. The management has been in contact with the customer from whom this amount is due and based on the current discussions / negotiations with such customer these balances are considered to be good and recoverable and accordingly no provision has been made as at March 31, 2019.

9 Cash and Cash equivalents (current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Balances with Banks		
i) In Treasury Savings Bank Account	0.01	0.01
ii) In Current Account	11.06	27.17
iii) In Fixed Deposit Accounts	601.13	7,065.91
iv) In Flexi Deposit Accounts	218.80	1,668.54
Total	**831.00**	**8,761.63**

10 Other Current Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Contractual receivables		
from related parties	-	27.41
from others	7.00	-
Other advances	13.38	13.38
Contractually reimbursable expenses (Receivable from Kerala State Government Departments)	1,790.10	697.88
Interest Receivable	1.40	22.42
Total	**1,811.88**	**761.09**

10.1 The Company had based on the Government Order No.13/2017/TRANS dated 25.02.2017 and the tripartite agreement between the Company, Superintending Engineer, Minor Irrigation, Kozhikode Circle and Uralungal Labour Contract Society Limited (ULCC) made payments 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 06 June 2020 requested the Government of Kerala to authorise the release of these amounts paid to ULCC. The management if confident of receiving the said approvals for the entire amount and has accordingly not considered it necessary to make any provisions towards these deposits.

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11 Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Prepaid expenses	807.06	32.53
GST Input Credit (net of output liability)	2,019.93	-
Unbilled Revenue receivable	94.32	-
Other Advances	3.11	0.04
Total	**2,924.44**	**32.57**

11.1 The balance of GST Input Credit includes input credit availed of Goods and Services Tax amounting to Rs.2,864.29 lakhs (net of Rs.287.75 Lakhs utilised towards payment of output taxes) relating to the capitalisation of the airport, that are considered eligible for utilisation for payment of output tax based on the management's assessment of the allowability of the input tax credit under the existing rules.

12 Equity Share Capital

Particulars		As at March 31, 2019	As at March 31, 2018
		₹ in Lakhs	₹ in Lakhs
Authorized Capital (Nos)		35,00,00,000	15,00,00,000
Issued, subscribed and fully paid up shares (Nos)		11,60,50,000	10,59,70,800
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)	15,00,00,000	15,00,00,000
	(Rs in lakhs)	*1,50,000.00*	1,50,000.00
Changes in Authorised Equity Share capital during the year (N		20,00,00,000	-
	(Rs in lakhs)	*2,00,000*	-
Balance as at the end of the year	(Nos)	35,00,00,000	15,00,00,000
	(Rs in lakhs)	*3,50,000.00*	*1,50,000.00*
Issued Share Capital			
Balance as at the beginning of the year	(Nos)	10,59,70,800	9,87,00,000
	(Rs in lakhs)	*1,05,970.80*	*98,700.00*
Changes in Equity Share capital during the year	(Nos)	1,00,79,200	72,70,800
	(Rs in lakhs)	*10,079.20*	*7,270.80*
Balance as at the end of the year	(Nos)	11,60,50,000	10,59,70,800
	(Rs in lakhs)	*1,16,050.00*	*1,05,970.80*

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 Shareholders holding more than five percentage of the Shares of the Company

Share Holder	As at March 31, 2019	As at March 31, 2018
Government of Kerala	3,50,00,000	3,50,00,000
	30.16%	33.03%
Bharat Petroleum Corporation Limited	21680000	21680000
	18.68%	20.46%
Airports Authority of India	1,00,00,000	1,00,00,000
	8.62%	9.44%
MA Yusufali	95,00,000	95,00,000
	8.19%	8.96%

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The Board of Directors in their meeting dated November 15, 2018 approved the increase in authorised share capital of the Company from Rs.1500,00,00,000 divided into 15,00,00,000 equity shares of Rs.100/- each to Rs.3500,00,00,000 divided into 35,00,00,000 shares of Rs.100/- each. This was approved by the shareholders in the Extra-ordinary General Meeting held on January 19, 2019.

Shares Issued for consideration other than cash
The company has issued 31594038 no's *(previous year 31594038 no's)* of shares to Government of Kerala towards the cost of land transferred to the company for construction of the airport.

13 **Other Equity**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
	₹ in Lakhs	₹ in Lakhs
Retained Earnings		
Opening balance	101.95	1,092.63
Less Loss for the year	-4,696.26	-990.68
Closing Balance	-4,594.31	101.95
Other comprehensive income		
Opening balance	-	-
Remeasurements of Defined Benefit Plans Gains	-6.52	-
Closing Balance	-6.52	-
Capital Reserve		
Forfeiture of Shares	30.70	30.70
Movement during the year	-	-
Closing Balance	30.70	30.70
Opening balance of other equity	**132.65**	**1,123.33**
Closing balance of other equity	**-4,570.13**	**132.65**

14 **Borrowings**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
	₹ in Lakhs	₹ in Lakhs
Term Loan-Canara Bank	68,593.32	59,939.41
Term Loan-The Federal Bank Limited	8,931.41	7,820.60
Term Loan-South Indian Bank Limited	10,916.00	9,560.67
Total	**88,440.73**	**77,320.68**

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 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.892 Crores (Rupees Eight hundred and Ninety two Crores only) out of which Rs. 692 Crores (Rupees Six Hundred and Ninety Two Crores Only) is from Canara Bank, Rs.110 Crores (Rupees One hundred and ten crores) from South Indian Bank Limited and Rs. '90 Crores (Rupees Ninety Crores Only) from The Federal Bank Limited, on the security of immovable properties and other securities mentioned hereunder;

a) pari passu first charge in 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.

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d) The Government of kerala has in principle agreed to support debt service payments of the Company through GO No.(MS) No.01/2014/ Tran dated 04/01/2014.

e) The company has created an equitable mortgage (EM) of 1192.18 acres of land as security for term loan sanctioned by Canara Bank.

Collateral security: Further the Government of Kerala has pledged 51% of its shareholding in the Company aggregating to 1,78,49,960 equity shares with the lenders as security to the term loan.

Further the Government of Kerala has pledged 51% of shareholding in the company with the lenders as security to the term loan.

The tenor of the loan is fixed at 44 quarterly instalments starting from the third quarter of F Y 2020-2021 till the 2nd quarter of FY 2030-2031. The tenor is subject to change due to delays in the construction of the airport project and postponement of the commercial operations date.

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.

The bankers have charged penal interest amounting to Rs.4.52 lakhs during the year ended March 31, 2019 (March 31, 2018: Rs.2.06 lakhs) 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
Canara Bank (Agreed rate of Interest p.a. is 10.40%)	9.55%
South Indian Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	10.30%
Federal Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	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.

15 Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security deposits at amortized cost	582.87	500.00
Total	**582.87**	**500.00**

16 Provisions (Non Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gratuity Payable	34.41	38.95
Leave encashment payable	7.52	-
Total	**41.93**	**38.95**

17 Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Dues to Micro Enterprises and Small Enterprises *	65.25	-
Dues to others	830.40	111.82
Total	**895.65**	**111.82**

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*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at March 31, 2019 and March 31, 2018:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	65.25	-
Interest due thereon remaining unpaid	-	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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.

18 Other Current Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security Deposits	150.10	65.16
Retention Payable	430.39	200.98
Other Payables	424.10	20.29
Book overdraft	52.81	1,781.05
Interest Accrued but not due	726.38	-
Total	1,783.78	2,067.48

19 Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Payable on purchase of property, plant and equipment	9,268.19	2,194.43
Statutory Liabilities	100.65	218.00
Payable for Passenger security services	64.31	-
Deferred revenue on fair valuation of liabilities	350.78	
Advance from customers	17.60	-
Total	9,801.53	2,412.43

20 Provisions (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gratuity Payable	18.84	9.04
Leave encashment payable	4.53	11.62
Total	23.37	20.66

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21 **Revenue from Operations**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Aero revenue	767.61	-
Non Aero Revenue		
Space Rentals	97.03	-
Revenue share from Concessionaire	329.14	-
Ground Handling Charges	57.55	-
Car Parking	41.08	-
Fuel Throughput Royalty	64.62	-
Visitor's Entry Pass	50.41	-
CAM Charges	19.84	-
Others utility charges	9.76	-
Other Operating Income		
License Fee for Unpaved Land from BKFFPL (Income from Related parties)	63.94	42.00
Total	**1,500.98**	**42.00**

Out of the Aero Revenue an amount of Rs. 94.32 Lakhs pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, CAM Charges etc.. which was billed after the close of the financial year

22 **Other Income**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Interest on Fixed Deposits	356.14	272.68
Interest on Income Tax Refund	-	13.29
Miscellaneous Income	19.94	14.64
Deferred income on fair valuation on financial liabilities	30.64	-
Total	**406.72**	**300.61**

23 **Airport Operating Expenses**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Power & Fuel	374.62	-
Insurance Costs on Assets	19.64	-
Repairs & Maintenance - Airport	130.91	-
House Keeping	331.31	-
Operations & Maintenance Expenses	141.53	-
Customs Cost Recovery Charges	253.27	-
MET Expenses	23.53	-
CNS / ATM Charges	125.83	-
ORAT Expenses	152.00	-
Other operational expenses	14.93	
Water Charges	35.13	-
Total	**1,602.70**	-

24 **Employee Benefits Expenses**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Salaries & Allowances	685.54	444.41
Contribution to provident and other funds	27.32	37.31
Staff Welfare Expenses	31.77	15.95
Total	**744.63**	**497.67**

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25 Finance Cost

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Interest on Term Loans *	3,211.56	214.03
Unwinding of discount relating to Long Term Liabilities	24.58	-
Total	**3,236.14**	**214.03**

* refer note 3.6 for the borrowing cost capitalised during the year

26 **Other Expenses**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Administrative Expenses	38.22	17.61
Advertisement	39.07	127.49
Payment to Auditors		
a) For Audit	22.02	3.01
b) For Reimbursement of Expanses	-	
Consultancy Charges	388.86	11.46
CSR Expenditure	37.14	56.75
Employee Training expenses	31.09	94.23
Miscellaneous Expenses	16.16	13.49
Postage & Courier Charges	17.57	3.08
Printing & Stationery Charges	21.05	5.33
Legal & Professional Fees	131.19	41.33
Recruitment Expenses	15.39	37.12
Rates & Taxes	91.59	59.10
Rent	17.93	28.41
Sitting Fees	0.79	0.87
Software development expenses	-	53.83
Travelling Expenses	42.37	14.36
Repairs & Maintenance Others	13.66	30.52
Total	**924.10**	**597.99**

27 **Exceptional items**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Exceptional items		
Liabilities written back	-	12.97
Total	**-**	**12.97**

28 **Deferred Tax**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Opening balance recognized in profit or loss	-	-
Opening balance recognized in other comprehensive income	-	-
Deferred Tax Liability		
Arising on account of difference in carrying amount and tax base of PPE and Intangibles	37,352.59	
Deferred Tax Asset		
Arising on account of temporary differences due to disallowances	45.94	-
Arising on account of unabsorbed business loss	2,440.65	-
Arising on account of difference in treatment under section 35AD of the Income Tax Act	38,291.71	

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28 Deferred Tax (Contd..)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
MAT Credit		
Add: Minimum Alternate Tax Credit Entitlement	220.29	220.29
Recognised in other comprehensive income		
Tax expense during the year recognized in the OCI	2.68	
Net deferred tax (liability) / asset	3,646.68	220.29
Deferred tax expense / (Income)	(3,425.71)	-
Closing balance recognized in profit or loss	(3,425.71)	-
Closing balance recognized in other comprehensive income	2.68	-

MAT credit is recognized in the financial years 2014-15 and 2015-16 and there has been no movement in the balance to date.

29 Earnings Per Share

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Profit attributable to equity holders of the company for basic earnings	(4,696.26)	(968.98)
Weighted average number of equity shares for basic EPS*	109848298	101545878
Basic Earnings per Share (of face value Rs.100) INR	(4.28)	(0.95)
Effect of dilution :		
Weighted average number of equity shares adjusted for the effect of dilution*	109848298	101545878
Diluted Earnings per share (of face value Rs.100) INR	(4.28)	(0.95)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

30 **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, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gross amount required to be spend during the year	Nil	Nil
Amount spent during the year:		
(i) Construction/ acquisition of any asset - -		
(ii) On purposes other than (i) above	37.14	56.75
(iii) Unpaid amount out of (i) and (ii) above	-	-

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31 **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 Companies**

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. Jayakrishnan	Chief Financial Officer
Mr. Gnanendra Kumar. G	Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited	
Government of Kerala	Promoter

Transactions with related parties

Related Party Nature of Transaction	2018-2019 ₹ in Lakhs	2017-2018 ₹ in Lakhs
Transactions during the year		
Mr. Thulasidas V Salary	14.58	-
Mr. Jayakrishnan Salary	24.75	21.88
Mr. Gnanendra Kumar. G Salary	10.73	9.50
BPCL KIAL Fuel Farm Private Limited Investment	39.00	-
BPCL KIAL Fuel Farm Private Limited License fess on unpaved land	42.00	42.00
BPCL KIAL Fuel Farm Private Limited Fuel Through Put Charges	64.62	-
BPCL KIAL Fuel Farm Private Limited Utility Charges	6.56	-
Government of Kerala (GoK) Expenses met by company on behalf of GoK	892.44	586.27
Outstanding Balances		
BPCL KIAL Fuel Farm Private Limited License fees receivable	12.39	27.41
BPCL KIAL Fuel Farm Private Limited Fuel Through Put Charges receivable	46.90	-
BPCL KIAL Fuel Farm Private Limited Utility Charges receivable	7.74	-
BPCL KIAL Fuel Farm Private Limited Security Deposit	10.50	10.50
Government of Kerala (GoK) Amount receivable from Govt of Kerala	1,786.81	894.37

In the ordinary course of its business, the Company enters into transactions with other Government of Kerala-controlled entities / departments (not included in the list above).

The Company has transactions 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.

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32 **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.

The Company's debt to equity ratio is analysed as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Debt	88,440.73	77,320.68
Equity	1,11,479.87	1,06,103.45
Debt to Equity ratio	79.33%	72.87%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

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 write 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 & 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. 320.95 Lakhs (previous year Nil) and value of Plant property of equipment by Rs.39.77 Lakhs Previous year (Rs.771 Lakhs).

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 payable to M/s Smiths Detection for X-ray (BIS) amounting to USD 3,52,810 (INR 250.56 Lakhs) (previous year Rs.868.79 Lakhs). The impact of increase or decrease of 100 basis points on the outstanding balance will change the fair value of assets (PPE) by Rs. 3.52 Lakhs (Previous year Rs. 8.69 Lakhs)

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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.

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 receivable amounting to Rs. 1304.23 Lakhs as of March 31, 2019. 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.

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 41.

Maturity Analysis of Assets and Liabilities:

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities and assets with agreed repayment periods. The tables 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 tables 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, 2019**	**Year ended March 31, 2018**
	In ₹ Lakhs	In ₹ Lakhs
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents	831.00	8,761.63
Trade Receivables	1,304.23	-
Other Financial assets	1,811.88	761.09
Financial Liabilities		
Trade Payables	895.65	111.82
Other Financial liabilities	1,783.78	2,067.48

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Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	1,096.42	42.26
Financial Liabilities		
Security Deposits	7.45	500.00
Borrowings	1,338.00	222.00
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	550.84	-
Borrowings	86,880.73	77,098.68

33 **Events after the reporting period**

In March 2020, COVID-19, an infectious disease was declared a pandemic by the Word 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.

34 Capital and other commitments

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

Particulars of Contract	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Software Development Costs	7.21	5.65
Construction contracts (office and cargo complex)	1,311.12	603.14
Total	**1,318.33**	**608.79**

35 Provisions & Contingent Liabilities

(a) Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

The list of pending litigations relating to the company with various courts / authorities as on the date of financials is as stated in Note no 43

(b) Claims against the Company not acknowledged as debts:

L&T, the contractor has raised requests for additional costs incurred due to extension of time and change in law in as per the provisions of the agreement entered for the construction of the runway and the airside constructions totalling to Rs.17,882.92 Lakhs plus interest of Rs 5,072.06 Lakhs up to 31-08-2020.

The arbitration committee consists of 3 members, each appointed by Kannur Airport, L&T and Government of Kerala as per the agreement. The management is in the process of reviewing the claim and the scope for an amicable settlement. Currently the liability if any, arising on the claim could not be quantified.

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Further to the above claim L&T has claimed an amount of Rs 9,736.88 Lakhs Crores towards additional cost incurred due to extension of time on the construction of the passenger terminal building which is not acknowledged by the company till date.

L&T have also 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 7.144% and for the passenger terminal building is 6.165%. The company has disputed the claims of the contractor and have considered a rate of 10% for both the works. The difference in the rates of subsumed taxes has an impact of Rs. 725.61 Lakhs in the value of assets of the company.

36 Following Joint venture is considered in the preparation of the consolidated financial statements

Name of the company	BPCL-KIAL Fuel Farm Private Limited	
Principal place of business	India	
Ownership held by	Kannur International Airport Limited	
	March 31, 2019	March 31, 2018
% of holding	26.00%	26.00%

37 Employee Benefits

DISCLOSURES REQUIRED UNDER IND AS 19 - "EMPLOYEE BENEFITS PLAN"

The actuary has provided a valuation of Gratuity liability in terms of the definition mentioned in para 7 of IND AS -19 the accounting based on the assumptions listed below and determined that there is no shortfall as at March 31, 2019. Based on which the liability as on March 31, 2019 and the Actuarial gain or loss is recognised in the accounts for the year March 31, 2019 only.

During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	**Year ended March 31, 2019** In ₹ Lakhs	**Year ended March 31, 2018** In ₹ Lakhs
Gratuity - Unfunded	9.20	13.50
Leave Encashment - Unfunded	12.55	12.29

The company is only making book provisions for the entire Gratuity Liability on the valuation date, and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore the scheme is fully unfunded, and no assets are maintained by the company and asset values are taken as zero

The valuation results for the defined benefit gratuity plan as at March 31, 2019 are produced in the tables below:

Particulars	**Year ended March 31, 2019** In ₹ Lakhs	**Year ended March 31, 2018** In ₹ Lakhs
1. Assumption		
Discount Rate	7.79%	7.87%
Salary Escalation	5.00%	5.00%
Salary escalation rate*	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
2. Table showing changes in the present value of Obligation		
Present value of Obligation as at the beginning of the year	24.77	17.46
Interest Cost	1.93	1.37
Current Service Cost	16.91	6.37
Prior service cost	-	1.30
Benefits paid	-	-
Actuarial (gain) / Loss on obligation	9.64	(1.74)
Present value of Obligation as at the end of the year	53.25	24.77

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Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
3. Table showing changes in Fair Value of Plan Assets		
Fair Value of Plan assets at the beginning of the year	-	-
Expected return of Plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial (gain) / Loss on Plan assets	-	-
Fair Value of Plan assets at the end of the year	-	-
4. Table showing fair value of Plan assets		
Fair Value of Plan assets at the beginning of the year	-	-
Actual return on Plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial (gain) / Loss on Plan assets	-	-
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Excess of Actual over estimated return on plan assets	-	-
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive Income	(0.44)	-
Actuarial (gain) / loss on obligations	9.64	-
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	9.20	-
6. The amounts to be recognized in the Balance Sheet and	-	-
Present value of Obligation at the end of the year	53.25	24.77
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Net Asset / (Liability) recognised in the Balance Sheet	53.25	-
7. Expenses recognised in the Statement of Profit & Loss	-	
Current Service Cost	16.91	-
Interest Cost	1.93	-
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	9.20	-
Weighted average duration of the D B O	20.51	20.85

Sensitivity Analysis for the period ended March 31, 2019

	% increase in DBO	Liability (Rs.)	ase in DBO (Rs.)
DISCOUNT RATE +100 basis points	-12.62%	46,52,973	-6,71,789
DISCOUNT RATE -100 basis points	15.53%	61,51,963	8,27,201
SALARY GROWTH +100 basis points	15.64%	61,57,566	8,32,805
SALARY GROWTH -100 basis points	-12.86%	46,39,929	-6,84,832
ATTRITION RATE +100 basis points	2.61%	54,63,993	1,39,231
ATTRITION RATE-100 basis points	-3.25%	51,51,461	-1,73,300
MORTALITY RATE 10% UP	0.11%	53,30,750	5,989

38 Passenger Service Fee (PSF)

Passenger Service Fee (PSF) collected from the departing passengers has two components, viz. Facilitation component (FC) and Security component (SC). As per orders issued by appropriate authorities from time to time, PSF (SC) collections are held by the Company in fiduciary capacity for the Government of India and are deposited in a separate bank account maintained for meeting security related expenses.

The following is the Memorandum Account relating to PSF (SC) for which the books of account are maintained separately. The transactions do not form part of the Company's books of account

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Income and Expenditure Account	Year ended March 31, 2019
Income	
PSF (SC) (Net of Service Tax)	128.85
Expenditure	873.44
(Excess) of Expenditure over Income transferred to PSF (SC)	-744.60
Balance Sheet	**As at March 31, 2019**
Assets	
Sundry Debtors	126.34
Receivable from the Company	1.07
Balance in escrow account	1.43
Total	**128.85**
Liabilities	
Deficit in PSF (SC) Fund	-744.60
Payable to Company	137.85
Payable to NASFT	873.44
Total	**128.85**

The Company opened a separate Escrow bank account for the receipts of PSF (SC) on February 15, 2019. The Company has received a letter dated October 09, 2019 from the National Aviation Security Fee Trust (NASFT) asking the Company to settle the cost of deployment bills of CISF. 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 available with the Government and refund the security deposit paid to CISF.

39 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, 2019	
		Carrying Value	Fair Value
		₹ in Lakhs	₹ in Lakhs
Financial assets			
At Amortized cost			
Security Deposits		1,096.42	1,096.42
	Previous year	*42.26*	*42.26*
Trade Receivables		1,304.23	1,304.23
	Previous year	-	-
Cash and Cash equivalents		831.00	831.00
	Previous year	*8,761.63*	*8,761.63*
Contractual receivables		7.00	7.00
	Previous year	*27.41*	*27.41*
Other financial assets		1,804.88	1,804.88
	Previous year	*733.68*	*733.68*
Financial Liabilities			
At Amortized cost			
Borrowings		88,440.73	88,440.73
	Previous year	*77,320.68*	*77,320.68*
Security Deposits		939.71	582.87
	Previous year	*500.00*	*500.00*
Trade Payables		895.65	895.65
	Previous year	*111.82*	*111.82*
Other Financial Liabilities		1,783.78	1,783.78
	Previous year	*2,067.48*	*2,067.48*

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The management assessed the Cash & cash equivalent, trade receivable, trade payable and other current liabilities approximate their carrying amounts largely due to short term maturities of these

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

Assets and liabilities by fair value hierarchy

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-
Level 2		
Financial Assets		
Cash and Cash equivalents	831.00	8,761.63
Financial Liabilities		
Borrowings	88,440.73	77,320.68
Level 3		
Financial Assets		
Security Deposits	1,096.42	42.26
Trade Receivables	1,304.23	-
Contractual receivables	7.00	27.41
Other financial assets	1,804.88	733.68
Financial Liabilities		
Security Deposits	582.87	500.00
Trade Payables	895.65	111.82
Other Financial Liabilities	1,783.78	2,067.48

Level 1 : Fair Value measurement using Quoted prices in Active

Level 2 : Fair Value measurement using significant observable

Level 3 : Fair Value measurement using significant unobservable

40 Income Tax

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Current Income Tax Charge	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	3,425.71	-
Income Tax Expense for the year	(3,425.71)	-
Less Adjustments relating to previous year	231.10	-
Income Tax Expense reported in the statement of profit & loss	(3,194.61)	-
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:		
Accounting Loss	7,890.87	990.68
Tax at the applicable tax rate Of 29.12%	-	-
Tax effect of Income that are not taxable in determining taxable profit allowable expenditure that are not part of Book profit:		
Donations, contribution to political parties & CSR Expenditure		-
Interest on delayed payment of income tax	11.59	
Disallowance due to non-deduction Of TDS u/s 40a(ia) DTA reversal on b/ f losses	13.78	-

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40 Income Tax

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Disallowance due to gratuity provision	17.80	-
Other disallowances	2.78	13.50
Deduction under section 35AD of Income Tax	38,291.71	-
Income tax expense reported in the statement of profit and loss	-	-
Prior year short provision expensed in the current year	231.10	-
Deferred Taxes		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	37,352.59	-
Gross Deferred tax liability	37,352.59	-
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	45.94	
Arising on account of unabsorbed business loss	2,440.65	-
Arising on account of difference in treatment under section 35AD of the Income Tax Act	38,291.71	
Gross Deferred tax asset	40,778.30	
Charge / (Credit) during the year	(3,425.71)	-
Add: Minimum Alternate Tax Credit Entitlement	220.29	-
Tax expense during the year recognized in the OCI	2.68	-
Deferred Tax asset (unutilised tax credit)	**(3,648.68)**	

In the current year, the company has recognised a deferred tax asset of Rs.40,802.33 lakhs on unused tax losses predominantly 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 and MAT credit entitlement amounting to Rs 220.29 lakhs.

41 Going concern

The company has incurred a 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 third quarter of the financial year 2020-2021, capital commitments towards the ongoing cargo complex and 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 04 January 2014 to mitigate the cash short fall in the first five years of operation by a budgetary support of Rs. 132.68 Crores and also the company is in the process of getting the debt restructured as per the guideline issued by Reserve Bank of India vide RBI/2020-21/16 dated August 6, 2020 thereby a moratorium for the repayment as well as the interest service of the loans can be extended by 24 months. Accordingly the liquidity risk and cash flow shortages of the company is mitigated.

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42 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 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, 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 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 19, 2019, the Company 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 2023-24.

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 CAG 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.

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 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.

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

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43 The list of pending litigations relating to the company

Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
1	WP (C) No: 2170/2012	P.K Kabeer	KIAL	Seeking direction to restrain the company from allotting shares to applicants pursuant to public offer without issuing prospectus	Nil	Nil
2	W.P (C) No.713/2014	Thayyil Puthiya Purayil Santha	1. State of Kerala rep by CS 2. DC, Kannur 3. Sp. Tahasildar 4. MD, KINFRA 5. MD, KIAL	Writ of mandamus, challenging the proceedings of District Collector dated December 3, 2012 wherein it was concluded that the petitioner was not entitled to get 10 cants of land as part of rehabilitation package against the acquisition of her land for the airport project	Nil	Nil
3	W.P. (C) No. 1685/2015	One Earth One Life	1. State of Kerala 2.Principal secretary to the govt. 3. MD, KIAL 4. MD 5. Manager tech India 6. The project engineer 7. M.S Larsen and Tourbo ltd	To prevent the L &T from quarrying and removing top soil, laterite and granites	Nil	Nil
4	W.P (C) No 16982/2016	K.C. Karunakaran& C. Raveendran	1. DC, Kannur 2. MD, KIAL 3. MD, KWA 4.SP, Kannur 5. St of Kerala rep by CS 6. kinfra represented by its MD	Writ of mandamus directing the respondents 1,2 and 5 to immediately provide the basic amenities to the evictees namely drinking water, motorable road, protection from flood during rainy season and to grant employment to a member of the family of the evictees at the earliest	Nil	Nil
5	W.P. (C) No 83 /2017	Albin Peter	1. State of Kerala 2. MD 3. MD	Direction to appoint an independent and competent agency to the choice of High Court and get revalued the OMR sheet of the Petitioner in terms of Final Answer Key; and a writ of mandamus directing respondents to include the name of the Petitioner also in the shortlist and call for Physical Efficiency test, if it is found in the revaluation that the Petitioner has scored 25% marks and above in the written test to restrain the respondents from publishing the final list and making appointment accordingly for filling vacancies of FRO .	Amount unascertainable	Nil
6	W.P. (C) No. 38166/2016	Vishak	1. State of Kerala 2. KIAL 3. Kitco	Petitioner being one of the family member of evictee category submit that the intendment of a reservation as contained in the Govt Order is not being followed by respondent. On the contrary, measures are adopted to exclude the representatives of the evictees and such exercise is violative of the principles of reservation contained in Article 15,16 and 21 of the Constitution of India.	Amount unascertainable	Nil

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * KOCHI

Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
7	W.P. (C) No. 19187/2017	Air Corporation Employees Union (ACEU)	1. Union of India 2. Air India Air Transport services ltd 3. Air India Sats Airport Services Pvt Ltd 4. The Chairman and The Managing Director	Writ of certiorari calling for the records leading to the letter issued by CMD of Air India Ltd, deciding to hive of the ground handling services in KIAL to Air India SATS and for a writ of mandamus directing Air India Ltd to take appropriate steps for entrusting the ground handling activities in KIAL through Air India Air Transport Ltd, subsidiary company in accordance with the policy decision taken by Gov. of India to implement the Turn Around Plan of Air India Ltd.	Amount unascertainable	Nil
8	W.P. (C) No. 20703/2017	KariyilSanil	1. Mattannur Municipality 2. DC 3. CPE, KIAL	Praying to issue a writ of mandamus directing KIAL to issue No Objection Certificate to the petitioner for assigning Building Number and occupancy certificate to the building of the petitioner and further direct the Mattannur Municipality to assign Building Number and occupancy certificate to the Petitioner within a time frame.	Nil	Nil
9	W.P (C) No.29573/2017	Thottathan Manoj v/s MattannurMuncipality & Others	1. Mattannur Municipality 2. DC – Kannur 3. CPE – Kannur Airport	Praying to issue a writ of mandamus directing Kannur Airport to issue No Objection Certificate to Mattannur Municipality for assigning Building Number and occupancy certificate to the building of petitioner and further direct Mattannur Municipality to assign building number and occupancy certificate to the petitioner within a time frame.	Amount unascertainable	Nil
10	W.P© No 2087/2018	Reena Engineers and Contractors Pvt Ltd. V.KIAL & 3 Others	1. KIAL 2. KoodaliGrama Panchayat 3. DC- Kannur 4. Secretary, Dept of Civil Aviation	The writ petition has been filed challenging the order of the District Collector requiring the height of certain buildings of the petitioner to be reduced/broken down for airport purposes.	Amount unascertainable	Nil
11	W.P (C) No. 2814/2019	Riyas Mohammed	1. Union of India 2. State of Kerala 3. KIAL 4. Airport Authority Of India	The petitioner is a social worker and a native of Malapuram District. Kannur Airport has been granted exemption in the rate of tax on Aviation Turbine Fuel by the State Govt vide notification dated November 3, 2018. The petitioner prays to extend the benefit under notification to all other airports in State of Kerala. In exercise of its power conferred under Section 10 of KGST Act 1963, the State of Kerala decided to reduce the rate of tax on sales turnover of aviation turbine fuel filled into all domestic aircraft flights operating from Kannur Airport to 1% for ten years. Exemption is given to additional tax payable under Section 5D of the Act by dealers in Aviation Turnover fuel on their turnover of sale of Aviation Turbine fuel filled into all domestic aircraft flights operating from Kannur Airport for 10 years.	Amount unascertainable	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
12	WP (C) No. 3341/2019	T V Ibrahim MLA	1.State of Kerala 2. KIAL 3. AAI 4. Union of India rep by Secretary, MoCA	Writ petition praying to issue a writ of mandamus directing 1st respondent to extend the benefit of notification granting reduction in levy of tax payable under the Kerala General Sales Tax Act to the domestic Air Craft Flights operating from Calicut International Airport also, and also to declare that the tax payable under the Kerala General Sales Tax Act on sales turnover of Aviation turbine fuel filled into all domestic Aircraft flights from Calicut International Airport is only 1%.	Nil	Nil
13	WP(C) No 32810/2019	KIAL	1.Union of India 2.The Regional Director, MCA Southern Region 3.The Registrar of Companies 4.State of Kerala	Writ petition filed by KIAL praying to issue a writ of certiorari calling for the records leading to letter dated 25.11.2019 sent by way of email by 1st respondent and quash the same, and for a mandamus holding and declaring that the provisions of subsections (5) and (7) of section 139 of the Companies Act 2013 are not applicable to the petitioner & for other reliefs	Nil	Nil
14	WP(C) No. 17766/2020	Speed Wings Services	1. KIAL 2. Dispute Resolution committee of KIAL 3. State of Kerala	Writ Petition filed by Speed Wings Services praying for a writ of certiorari calling for the records leading to the issuance of Termination and quash the same, and for a mandamus directing KIAL to obtain necessary permission/clearance from the office Customs, KIAL to enable staff of Speed Wings Services to access international Arrival/Departure area, Arrival belt areaetc. Sop as to perform the service of 'Meet and Greet 'at the airport, etc...	Nil	Nil
15	WP(C) No. 17264/2020	1.Cannore District Motor Thozhilali Union-CITU 2.Chandran A	1. State of Kerala 2.The District Collector 3.The Sub Collector 4.KIAL 5.Airport Authority of India	Writ petition filed by Cannanore District Motor Thozhilali Union & another, praying for a writ of mandamus directing KIAL not to collect any entry fee from the taxi vehicles coming to the Kannur Airport for picking up the disembarked passengers when advance booking of such taxi vehicles are made by the passengers or by their relatives & for other reliefs	Nil	Nil
16	WP(C) No 20879/2020	1.M Aneesh Kumar & others	1.Regional Transport Authority 2. The Secretary, Regional Transport Authority 3.Deputy Transport Commissioner 4 Superintendent of Police 5 The District collector 6 KIAL	Writ filed by M Aneesh Kumar & 3 other Tourist Taxi owners, praying for a writ of mandamus directing the respondents to consider the representation made by the petitioners regarding the arbitrary and exorbitant parking fee collected at Kannur Airport, considering the pandemic situation	Nil	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
17	Revision Petition No.79/2019 Before the Tribunal for Local Self Government Institutions	Kannur International Airport Ltd	Kizhallur G P.	Revision petition filed by Kannur Airport against the demand of property tax assessed by Panchayath	63,67,588/-	63,66,588/-
18	Revision Petition No 6/2020 Before the Tribunal for Local Self Government Institutions	do-	do-	do-	1,02,969/-	1,02,969/-
19	WP(C) No 33350/2019	Air India Air Transport Services Ltd	1. State of Kerala & other KIAL	Writ petition praying to issue a writ of certiorari quashing all actions pertaining to the decision of the board of directors of 2nd respondent by issuing tender notice to appoint a cargo handling agency to provide cargo handling services in cargo terminal as arbitrary and illegal. Next hearing date not given	Nil	Nil
20	IA /1507/2014	A.K. Shaji	DC, Kannur & Others	Cancel the NoC issued by DC, Kannur for blasting and to cancel the explosive licence issued to the blasting agency.	Nil	Nil
21	O.S No. 240/2017	1. C. M. Kunhammad 2. C.M. Khadeeja 3. C.M. Fathima 4. C.M. Ibrahim 5. C.M. Raheeda 6. C.M. Habeeb	1. State of Kerala rep by DC, Kannur 2. Special Thasildar (LA) 3. MD, KIAL 4. Special Officer, KIAL 5. C.M. Jameela 6. M.P. Khader	1. Declaring that the plaintiffs along with D5 jointly have got co-ownership right, title and possession over the plant B schedule property. Case posted to December 17, 2020 2. By way of consequential injunction restraining the defendants No 1 to 4 from proceeding with the acquisition of the plaint B schedule property without notice to the plaintiffs and the D5 and also from disbursing the compensation to anybody other than the plaintiffs and the D5.	Nil	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
22	O.S No 344/2017	1. Rayaroth Koderi Rohini Amma 2. V. Bharathi 3. V. Pramod 4. V. Priya 5. V. Praveena 6. V. Prajeesh	1. K.K. Muhammed Haji 2. K.K. Abdulla 3. Special Tahasildar (LA) 4. State of Kerala Rep by DC Kannur 5. DC, Kannur 6. KINFRA 7. KIAL	1. Fixing and demarcating the boundary at the east and west of plaint C schedule property and west of plaint D schedule property. Case posted to November 11,2020 for written statement 2. Retraining the D3 to D7 from purportedly purchasing the plaint C schedule property or plaint D schedule property or any section of them from D1 and d2 and also restraining the defendants, their en and agents from trespassing upon the plaint C schedule property and plaint D schedule property or interfering with the peaceful possession and enjoyment of the plaint C schedule property by the first plaintiff and plant D schedule property by the plaintiff No. 2 to 6.	Nil	Nil
23	27/2019 (Office of the Deputy Labour Commissioner, Kannur	Shri. P Balan Karthika Parambil Bazar Kozhikode 673012	The Managing Director Kannur International Airport Ltd Mattannur-670702	Petition filed by Shri P Balan regarding the payment of Gratuity under the provisions of payment of Gratuity Act. Case posted to December 10, 2020	2,90,769/-	Nil

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

S Jayakrishnan
Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN AIVPG3442M)

K Parvathyammal
Director
(Din: 07254970)

Kannur
December 3, 2020

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * KOCHI

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 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 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), 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 matter 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 31 March 2019, 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 35 to standalone financial statements, regarding certain claims raised by a contractor aggregating Rs. 33,417.47 lakhs for additional costs incurred due to extension of time on the project which are in the process of review by the Management/arbitration. The claims include an amount of Rs. 725.61 lakhs 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 33,417.47 lakhs 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.

(b) We refer to Note 40 to standalone financial statements, wherein the company during the year, has recognised a deferred tax asset of Rs. 2,431.12 lakhs on unused tax 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 tax losses / credits, we are unable to conclude on the appropriateness of the carrying value of the above deferred tax asset and its consequential impact on the standalone financial statements for the year ended March 31, 2019.

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 is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

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Emphasis of Matter

We draw attention to Note 3 (4) and (5) to standalone financial statements for the year ended March 31, 2019 where for the reasons stated therein 353.98 acres of land (including 71.22 acres disclosed in previous year audited financial statements) 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.

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board of directors report, but does not include the 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 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.
- When we read the Director's 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 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 income, 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.

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.

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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.

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

We draw attention to Note 42 under Notes forming part of the standalone financial statements for the year ended March 31, 2019 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 3 December 2019 issued by

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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.

The Board of Directors of the Company have reaffirmed our appointment as auditors of the Company based on legal advice obtained by them.

Our opinion on the standalone financial statements is not modified in respect of the above matters on the comparative financial information.

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 Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) Except for the possible effects of the matter(s) 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 matter(s) 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 directors as on 31st March, 2019 taken on record of the Board of Directors, none of the directors are disqualified as on 31st March, 2019 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.

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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)

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * KOCHI

Balaji M. N.
(Partner)
(Membership No. 202094)
(UDIN: 20202094AAAAGR3444)

Place : Bengaluru

Date : December 03, 2020

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 (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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". 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 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, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

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CHARTERED ACCOUNTANTS

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, 2019. 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, 2019.

d) the Company's process of validating the accuracy of items considered for the purpose of computing deferred taxes and validation of the computation under applicable accounting standards.

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, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material 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, 2019, 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)

DELOITTE HASKINS & SELLS LLP
KOCHI
CHARTERED ACCOUNTANTS

Balaji M. N.
(Partner)
(Membership No. 202094)
(UDIN: 20202094AAAAGR3444)

Place : Bengaluru
Date : December 03, 2020

Deloitte
Haskins & Sells LLP

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) 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.

(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. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

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, 2019 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.

(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, 2019 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, 2019 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.

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KOCHI
CHARTERED ACCOUNTANTS

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Haskins & Sells LLP

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; and

(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.

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 persons connected to its directors 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)

DELOITTE HASKINS & SELLS LLP
KOCHI
CHARTERED ACCOUNTANTS

M Balaji

Balaji M. N.
(Partner)
(Membership No. 202094)
(UDIN: 20202094AAAAGR3444)

Place : Bengaluru
Date : December 03, 2020

Kannur International Airport Limited
Standalone Balance Sheet as at March 31, 2019

₹ in lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,98,211.27	31,639.09
(b) Capital work-in-progress	3.2	1,147.96	1,46,031.39
(c) Intangible assets	3.1	16.15	3.40
(d) Financial Assets			
(i) Investment in Joint Venture	4	234.00	195.00
(ii) Other financial assets	5	1,096.42	42.26
(e) Other non-current assets	6	1,384.25	297.00
(f) Current tax assets (net)	7	528.99	650.12
(g) Deferred Tax Assets	28	3,648.68	220.29
		2,06,267.72	**1,79,078.55**
II Current assets			
(a) Financial Assets			
(i) Trade receivables	8	1,304.23	-
(ii) Cash and cash equivalents	9	831.00	8,761.63
(iii) Other financial assets	10	1,811.88	761.09
(b) Other current assets	11	2,924.44	32.57
		6,871.55	**9,555.29**
TOTAL ASSETS (I + II)		**2,13,139.27**	**1,88,633.84**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	12	1,16,050.00	1,05,970.80
(b) Other equity	13	-4,480.59	191.02
		1,11,569.41	**1,06,161.82**
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	88,440.73	77,320.68
(ii) Other financial liabilities	15	582.87	500.00
(b) Provisions	16	41.93	38.95
		89,065.53	**77,859.63**
2 Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	17		
(A) Total outstanding dues of micro, small and medium enterprises		65.25	-
(B) Total outstanding dues of creditors other than micro small and medium enterprises.		830.40	111.82
(ii) Other financial liabilities	18	1,783.78	2,067.48
(b) Other current liabilities	19	9,801.53	2,412.43
(c) Provisions	20	23.37	20.66
		12,504.33	**4,612.39**
TOTAL EQUITY AND LIABILITY (I + II)		**2,13,139.27**	**1,88,633.84**
See accompanying notes to the financial statements.			

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP KOCHI CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

K Parvathyammal
Director
(Din: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN AIVPG3442M)

Kannur
December 3, 2020

Kannur International Airport Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2019

₹ in lakhs

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	21	1,500.98	42.00
II	Other income	22	406.72	300.61
III	**Total Income**		**1,907.70**	**342.61**
IV	**EXPENSES**			
	Airport operating expenses	23	1,602.70	-
	Employee benefits expense	24	744.63	497.67
	Finance costs	25	3,236.14	214.03
	Depreciation and amortization expense	3	2,088.29	14.86
	Other expenses	26	924.10	597.99
	Airport inauguration & commissioning expenses		1,171.54	-
	Total expenses		**9,767.40**	**1,324.55**
V	**Loss before exceptional items and tax (III - IV)**		**(7,859.70)**	**(981.94)**
VI	Exceptional items	27	-	12.97
VII	**Loss before tax (V - VI)**		**(7,859.70)**	**(968.97)**
VIII	**Tax expense**			
	(1) Current tax		-	-
	Less: Short provision for tax relating to prior years		231.10	-
	(2) Deferred tax charge / (credit)	28	(3,425.71)	-
	Total tax expense		**(3,194.61)**	**-**
IX	**Loss for the year**		**(4,665.09)**	**(968.97)**
X	**Other Comprehensive loss**			
A	(i) Item that will not be reclassified to profit or loss		9.20	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.68)	-
	Total other comprehensive loss for the year		**6.52**	**-**
XI	**Total comprehensive loss for the year (IX + X)**		**(4,671.61)**	**(968.97)**
	Earnings per equity share of face value of ₹ 100/-			
	(1) Basic (₹)	29	(4.25)	(0.95)
	(2) Diluted (₹)	29	(4.25)	(0.95)

See accompanying notes to the financial statements.

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP KOCHI CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

V Thulasidas
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Chief Financial Officer
(PAN: AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN: AIVPG3442M)

Kannur
December 3, 2020

Kannur International Airport Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2019

A Equity Share Capital

₹ in lakhs

Particulars	As at March 31,, 2019		As at March 31,, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	**15,00,00,000**	**1,50,000.00**	**15,00,00,000**	**1,50,000.00**
Changes in Authorised Equity Share capital during the year	20,00,00,000	2,00,000.00	-	-
Balance as at the end of the year	**35,00,00,000**	**3,50,000.00**	**15,00,00,000**	**1,50,000.00**
Issued Share Capital				
Balance as at the beginning of the year	**10,59,70,800**	**1,05,970.80**	**9,87,00,000**	**98,700.00**
Changes in Equity Share capital during the year	1,00,79,200	10,079.20	72,70,800	7,270.80
Balance as at the end of the year	**11,60,50,000**	**1,16,050.00**	**10,59,70,800**	**1,05,970.80**

B Other Equity

Attributable to owners of Kannur International Airport Limited

Particulars	Capital reserve	Retained Earnings	Other Comprehensive income	Total Other Equity
Balance at April 1, 2017	**30.70**	**1,129.29**	-	**1,159.99**
Profit / (Loss) for the year ended March 31, 2018	-	(968.97)	-	(968.97)
Other Comprehensive Income	-	-	-	-
Balance at March 31, 2018	**30.70**	**160.32**	-	**191.02**
Profit / (Loss) for the year ended March 31, 2019	-	(4,665.09)	-	(4,665.09)
Other Comprehensive Income	-	-	(6.52)	(6.52)
Balance at March 31, 2019	**30.70**	**(4,504.77)**	**(6.52)**	**(4,480.59)**

Remeasurements of Defined Benefit Plans Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income 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 financial statements
In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration Number: 117366W/W-100018)

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP ★ KOCHI ★ CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

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Chief Financial Officer
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G Ghanendrakumar
Company Secretary
(PAN AIVPG3442M)

Bengaluru
December 3, 2020

Kannur
December 3, 2020

Kannur International Airport Limited
Standalone Statement of cash flow for the year ended March 31, 2019

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from Operating Activities		
Profit before income tax	(7,859.70)	(968.98)
Adjustments for		
Depreciation of property, plant and equipment	2,085.60	14.19
Amortisation and impairment of intangible assets	2.69	0.68
Unwinding of discount on security deposits	24.58	-
Finance Cost	3,211.56	-
Interest income classified as investing cash flows	(356.14)	-
Profit on sale of PPE	(0.20)	-
Fair value adjustments	(30.64)	-
Operating profit / (loss) before working capital changes	**(2,922.25)**	**(954.11)**
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	*(1,304.23)*	*20.43*
Increase / (Decrease) in Trade payables	*783.83*	*617.13*
(Increase) / Decrease in other financial assets	*(2,104.95)*	-
(Increase) / Decrease in other financial liabilities	*(200.83)*	*1,245.90*
Increase / (Decrease) in other Current Assets	*(4,278.80)*	-
Increase / (Decrease) in other Current Liabilities	*315.34*	-
Increase / (Decrease) in provisions	5.69	-
Cash generated from operations	**(9,706.20)**	**929.35**
Income tax paid (net of refunds)	(111.44)	194.33
Net cash flow (used in) / generated from operating activities (	**(9,817.64)**	**1,123.68**
B. Cash flow from investing activities		
Payments for property plant and equipment	(10,835.94)	(22,661.07)
Payments for intangible assets	(15.43)	(1.31)
Payments for Purchase of shares of Joint venture company	(39.00)	-
Interest received	390.35	135.49
Proceeds from sale of Property plant & Equipment	0.25	-
Net cash flow used in investing activities (B)	**(10,499.77)**	**(22,526.89)**
C. Cash flow from financing activities		
Proceeds from issue of share capital	10,079.20	7,270.80
Proceeds from borrowings	11,120.05	21,182.66
Interest paid	(8,812.47)	(5,548.63)
Net cash flow generated from financing activities (C)	**12,386.78**	**22,904.83**
Net (decrease) / increase in cash and cash equivalents (A+B+	**(7,930.63)**	**1,501.62**
Cash and cash equivalents at the beginning of the year	8,761.63	7,260.01
Cash and cash equivalents at the end of the year	**831.00**	**8,761.63**
See accompanying notes to the financial statements.		

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

Balaji M N
Partner
(Membership no. 202094)

DELOITTE HASKINS & SELLS LLP KOCHI CHARTERED ACCOUNTANTS

Bengaluru
December 3, 2020

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

K Parvathyammal
Director
(Din: 07254970)

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN: AWPG3442M)

Kannur
December 3, 2020

Notes forming part of the standalone financial statements for the year ended March 31, 2019

1 GENERAL INFORMATION

Kannur International Airport Limited ("KIAL" or "the Company") was incorporated on December 03, 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 30% of the equity shares of the company as at March 31, 2019.

KIAL, which has been under construction since February 2, 2014, has commenced commercial operations on December 9, 2018, the Airport Opening Date ('AOD'). Accordingly, the prior year numbers are not comparable.

2 SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of Compliance

These 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') (to the extent notified). 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.

1.2 Basis of preparation and presentation

The 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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material. Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

Amounts for the year ended and as at March 31, 2018 were audited by previous auditors - Sasi Vijayan & Rajan, Chartered Accountants, the predecessor auditor.

Comparative Financial information has been regrouped, wherever necessary, to correspond to the figures of the current year.

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KOCHI
CHARTERED ACCOUNTANTS

1.3 **Change and use of Estimate and judgment**

In the preparation of the 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 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 09, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 01, 2018 ("AERA Order").

Accordingly, the management has adopted useful life in respect of airport assets as prescribed in the aforesaid order with effect from April 01, 2018.

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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KOCHI
CHARTERED ACCOUNTANTS

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 Financial Statements but are disclosed separately.

1.4 **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

1.5 **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. Properly, 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 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.

Spares 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.

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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 statement of profit and loss when the asset is derecognised.

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 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

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CHARTERED ACCOUNTANTS

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 PPE 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 Statement of Profit and Loss.

1.6 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 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 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.

3 Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property on inception date or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance Of the liability, Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company' s general policy on the borrowing costs.

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A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor;
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all the risks and rewards of ownership transfers from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

4 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 a standalone 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.

5 Foreign Currency Transactions
The financial statements of Company 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.

6 Cash Flows and Cash and Cash Equivalents
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, 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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The company has parked its funds in flexi deposits and fixed deposits with banks with original maturity more than 3 months with the intention of meeting the commitments of construction of the airport. Even though the deposits are having original maturity of more than 3 months majority of the deposits are prematurely closed for payment for construction contract obligations. The very purpose of parking idle funds in the flexi deposits and fixed deposits are to meet the short term fund requirements of the company's construction contract obligations, therefore these funds are considered as part of Cash and cash equivalents for the purpose of cash flows.

7 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 (CDP), Passenger Service fee (Facilitation Component) [PSF (FC)], Baggage, X-ray Charges, Landing and Parking of aircraft, fuel farm and CUTE counter charges. The main streams of non-aeronautical revenue includes retail, advertisement, food & beverages, ground handling, car parking and land & space- rentals.

Aeronautical Revenue includes revenue from all regulated charges levied at the Kannur International Airport , i.e., Landing Fees, Parking and Housing Fees, Passenger Service Fee (Facilitation) and User Development fees.

Non Aeronautical Revenue means all revenue streams other than Aeronautical Revenue streams.

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.

Utility charges recovered from users of such utilities are netted off against the relevant expenses.

Land & 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.

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8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure incurred on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. All other borrowing costs are expensed in the period in which these occur.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. To the extent that the borrowing cost are incurred specifically for the purpose of obtaining a qualifying asset are added to the cost of the qualifying asset for capitalisation and the borrowing cost is reduced from any investment income earned on the temporary investment of those borrowings.

In the current year the company has capitalised borrowing costs amounting to Rs. 16,435.33 Lakhs (previous year Nil)

9 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 Statement of Profit and Loss during the period in which the employee renders the related service.

b Long Term Employee Benefits

The Company provides for the encashment/ availment of leave with pay for Airport Authority of India staff subject to the rules of AAI. The employees of AAI (on deputation with KIAL) 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.

The gratuity liability of the company has been provided in the books of accounts for the employees who have completed five years of service but the corresponding amount has not been dispensed by creation of a gratuity fund as the human resources policy of the company is yet to be finalized by the company. 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.

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10 Taxes on Income

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the 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.

The company has opted for deduction under section 35AD of the Income Tax Act 1961 as an infrastructure facility and accordingly whole of the expenditure of capital nature incurred, wholly and exclusively, for the purposes of developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility vis-a-vis the airport as defined in section 35AD (8) (ba) of the Income Tax Act is allowed as a deduction in the year of commencement of business.

11 Current versus non-current classification

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

a An asset is current when it is:

- Expected to be realized or intended to be consumed in 12 months.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b A liability is current when:

- It is expected to be settled in 12 months.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

12 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 standalone Ind AS financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

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13 Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing the net profit 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

14 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.

15 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 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.

16 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.

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.

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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 Statement of Profit and Loss.

Investments in equity instruments other than investment in Joint Ventures and subsidiaries 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 profit or loss.

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.

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

Impairment of financial assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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a Financial assets measured at amortised cost e.g., security deposits, trade receivables and bank balance
b Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
c Loan commitments which are not measured as at FVTPL

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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17 New standards and interpretations not yet adopted

a. Appendix C to Ind AS 12, 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, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 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 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 for annual periods beginning on or after April 1, 2019.

b. Ind AS 116 'Leases':

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition,

measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

c. 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 will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

d. 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 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 will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.

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3 Property Plant & Equipment

3.1 Description of Assets

₹ in Lakhs

Description of Assets	Tangible assets												Intangible 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	Computer Software
Gross Block													
As at 01-04-2018	31,593.04	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.23	31,721.15	5.55
Previous year	31,593.04	-	-	-	-	3.54	36.63	15.44	31.19	10.27	5.23	31,696.34	4.24
Additions during the year	33,095.24	5,116.54	26,555.23	68,489.30	3,190.47	2,242.14	907.31	-	32.87	42.62	28,986.11	1,68,657.83	15.52
Previous year	-	-	-	-	-	0.08	8.08	-	9.26	7.39	-	24.81	1.31
Sales / Disposal / Write off	-	-	-	-	-	-			1.00	-	-	1.00	0.19
Previous year	-	-	-	-	-		-	-	-	-	-		
As at 31-03-2019	64,688.28	5,115.54	26,555.23	68,489.30	3,190.47	2,245.77	952.02	15.44	72.32	60.28	28,992.34	2,00,377.98	20.98
Previous year	31,593.04	-	-	-	-	3.62	44.71	15.44	40.45	17.66	6.23	31,721.15	5.55
Depreciation													
Accumulated Depreciation as at 01-04-2018	-	-	-	-	-	2.67	23.05	15.02	29.30	9.40	2.61	82.05	2.14
Previous year	-	-	-	-	-	2.48	16.33	11.49	27.89	7.65	2.02	67.86	1.47
Depreciation/ amortisation for the period	-	26.40	260.34	840.40	62.68	55.24	53.80	-	5.44	7.94	773.36	2,085.50	2.69
Previous year	-	-	-	-	-	0.19	6.71	3.53	1.41	1.74	0.59	14.17	0.68
Adjustments during the year	-	-	-	-	-	-	-		0.95	-	-	0.95	-
Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31-03-2019	-	26.40	260.34	840.40	62.68	57.91	76.85	15.02	33.79	17.34	775.97	2,166.70	4.83
Previous year	-	-	-	-	-	2.67	23.04	15.02	29.30	9.39	2.61	82.03	2.15
Net Block													
As at 31-03-2019	**64,688.28**	**5,090.14**	**26,294.89**	**67,648.90**	**3,127.78**	**2,187.86**	**875.17**	**0.42**	**38.53**	**42.94**	**28,216.37**	**1,98,211.27**	**16.15**
As at 31-03-2018	***31,593.04***	-	-	-	-	***0.95***	***21.68***	***0.42***	***11.15***	***8.28***	***3.61***	***31,639.09***	***3.40***

3.2 Capital work-in-progress

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Capital work-in progress	1,147.96	1,46,031.39
Total	**1,147.96**	**1,46,031.39**

Movement of Capital work in progress

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Balance of Capital work-in-progress at the beginning of the year	1,46,031.39	1,17,712.96
Additions made during the year	23,521.11	28,318.43
Less capitalised / transferred during the year	1,68,404.54	-
Balance of Capital work-in-progress at the end of the year	1,147.96	1,46,031.39

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3.3 The management has assessed and determined that there were no indicators of impairment of property, plant and equipment as 31 March 2019 i.e. the balance sheet date. COVID - 19 pandemic broke out in March 2020 (i.e. subsequent to the balance sheet date but before the adoption of these financial statements) resulting in disruption of business/operations. This is a non-adjusting event in accordance with Ind AS 10 Events after the Reporting Period with respect to the financial statements for the year ended 31 March 2019. The management will consider the impact of COVID - 19 while assessing impairment, if any, of property, plant and equipment as at 31 March 2020 and adjustment, if required, will be made to the carrying value of property, plant and equipment as at that date.

3.4 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 KIAL 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 to be held in the current financial year. The value of the lease hold land is not accounted for in the books of accounts of the company. The free hold land in absolute ownership of the company as at March 31, 2019 is 1193 Acres (previous year 1193 Acres). A portion of the land admeasuring to 3.45 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 with 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 for 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 in the meeting with the Government on August 07, 2019 requesting the extension of the lease to 99 years.

3.5 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 KIAL for subsequent transfer to Government. Accordingly, KIAL had purchased 10.52 acres of land for Rs 9,87,17,980/- out of 11.44 Acres (remaining land pending for purchase was for want of documents from LAO). Administrative sanction was accorded for the reimbursement of an amount Rs 9,87,17,982/- (vide GO (Rt) No 148/2016/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.

3.6 The expenses charged to the Profit and Loss Account up to the AOD, in accordance with the relevant accounting standards/ pronouncements relate to the following categories:
(a) Expenses that do not meet the criteria for recognition of an intangible asset;
(b) Incidental Expenditure not related to construction of the project; and
(c) Expenditure incurred owing to the corporate status of the Company (i.e., Corporate expenses).

Incidental Expenditure during Construction Period (net of related income arising during that period) aggregating to Rs.19,569.38 lakhs up to commencement of operations represents expenses specifically attributable to the KIAL project and has been allocated to various tangible and intangible assets, on the date of commissioning. The cost of assets capitalised includes the following amounts which have been charged to the assets during the course of construction:
a. Borrowing costs amounting to Rs 16,435.33 lakhs of which Rs.10,753.36 lakhs was charged as at March 31, 2018
b. Consultancy charges towards project implementation amounting to Rs 3,039.47 lakhs
c. Other direct overheads, LC charges and forex losses relating to the acquisition / construction of project assets totaling to Rs.78.79 lakhs.

3.7 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. 32,691.86 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.

3.8 The Company has entered into an Engineering, Procurement and Construction (EPC) contract approved by the Board of Directors. The Company also entered into a contract for the construction of Passenger terminal building (PTB) and related works. Pursuant to redesign of the initial phase and undertaking of additional scope of works the Company had issued variation orders in accordance with the EPC and PTB contracts for additional work to be carried out. The details of the contract are as below:

Amount in Rs. Lakhs

Contractor	Scope of work	Value of Initial contract	Value of Variation orders	Escalation	Total value of contracts
Larsen & Toubro	Construction of runway and airside works	69,021.06	7,376.03	1,066.84	77,463.93
Larsen & Toubro	Construction of Passenger terminal buildings and ancillary buildings	49,711.13	6,394.48	1,310.02	57,415.63

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4 Investment in Joint Venture

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Equity Shares at cost		
Investment in KIAL BPCL Fuel Farm Private Limited (23,40,000 shares of BPCL KIAL FUEL FARM PRIVATE LIMITED at par (previous year 19,50,000 shares of Rs 10 each) fully paid up unquoted non traded stated at cost being 26% of the total equity)	234.00	195.00
Total	**234.00**	**195.00**

BPCL-KIAL FUEL FARM PRIVATE LIMITED (BKFFPL) BKFFPL was incorporated in May 2015 with an equity participation of 74% by BPCL & 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 ATF on an exclusive basis. The Fuel Farm started operating from December 2018 onwards along with the commissioning of the airport. The company is being managed under joint control mechanism, hence in the consolidated financial statements of the group, the financials of these companies have been consolidated as joint ventures as per the requirements of IND AS accounting standards.

5 Other financial assets (Non-Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security Deposits	1,096.42	42.26
Total	**1,096.42**	**42.26**

5.1 The Company based on demand letter dated 7 May, 2018 placed a security deposit of Rs. 982.03 lakhs towards deployment of CISF staff induction. Later vide letter dated October 29, 2019 the Company has requested to refund the said deposit with Ministry of Home Affairs. Ministry of Home Affairs has responded vide letter dated December 2, 2019, that upon clearance from Ministry of Civil Aviation for refunding the deposit the same shall be processed. Management of the Company is confident of realising the deposit in full and hence no adjustment has been made.

6 Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Capital Advances	-	297.00
GST input credit (non current)	1,384.25	-
Total	**1,384.25**	**297.00**

7 Current tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Non Current Tax Assets		
Advance Income Tax Assessment Year 2013-14	-	207.93
Advance Income Tax Assessment year 2014 -15	-	354.00
Advance Income Tax Assessment year 2017 -18	210.15	210.15
Advance Income Tax Assessment year 2018 -19	52.70	52.70
Advance Income Tax Assessment year 2019 -20	42.00	-
Income Tax paid AY 2013-14 against appeal with CIT (A)	-	36.30
Income Tax paid AY 2014-15 against appeal with CIT (A)	-	30.43
Tax Deducted at Source (Cumulative)	224.14	200.90
	528.99	**1,092.41**
Less: Provision for Taxation	-	442.29
Total	528.99	**650.12**

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8 Trade Receivables (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Trade receivables outstanding Less than one Year		
Unsecured, Considered Good	1,304.23	-
Unsecured, Considered Doubtful	-	-
Less: Impairment provision on Expected Credit Loss Model	-	-
from related parties 66.04		
from others 1238.19		
Total	**1,304.23**	**-**

8.1 The above outstanding balance includes an amount of Rs. 131.84 lakhs which continues to be outstanding as on the date of release of these financial statements. The management has been in contact with the customer from whom this amount is due and based on the current discussions / negotiations with such customer these balances are considered to be good and recoverable and accordingly no provision has been made as at March 31, 2019.

9 Cash and Cash equivalents (current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Balances with Banks		
i) In Treasury Savings Bank Account	0.01	0.01
ii) In Current Account	11.06	27.17
iii) In Fixed Deposit Accounts	601.13	7,065.91
iv) In Flexi Deposit Accounts	218.80	1,668.54
Total	**831.00**	**8,761.63**

10 Other Current Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Contractual receivables		
from related parties	-	27.41
from others	7.00	-
Other advances	13.38	13.38
Contractually reimbursable expenses		
(Receivable from Kerala State Government Departments)	1,790.10	697.88
Interest Receivable	1.40	22.42
Total	**1,811.88**	**761.09**

10 The Company had based on the Government Order No.13/2017/TRANS dated February 02, 2017 and the tripartite agreement between the Company, Superintending Engineer, Minor Irrigation, Kozhikode Circle and Uralungal Labour Contract Society Limited (ULCC) made payments 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 06, 2020 requested the Government of Kerala to authorise the release of these amounts paid to ULCC. The management if confident of receiving the said approvals for the entire amount and has accordingly not considered it necessary to make any provisions towards these deposits.

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11 Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Prepaid expenses	807.08	32.53
GST Input Credit (net of output liability)	2,019.93	-
Unbilled Revenue receivable	94 32	-
Other Advances	3.11	0.04
Total	**2,924.44**	**32.57**

11 The balance of GST Input Credit includes input credit availed of Goods and Services Tax amounting to Rs.2,864.29 lakhs (net of Rs.287.75 Lakhs utilised towards payment of output taxes) relating to the capitalisation of the airport, that are considered eligible for utilisation for payment of output tax based on the management's assessment of the allowablity of the input tax credit under the existing rules.

12 Equity Share Capital

Particulars		As at March 31, 2019	As at March 31, 2018
		₹ in Lakhs	₹ in Lakhs
Authorized Capital (Nos)		35,00,00,000	15,00,00,000
Issued, subscribed and fully paid up shares (Nos)		11,60,50,000	10,59,70,800
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)	15,00,00,000	15,00,00,000
	(Rs in lakhs)	*1,50,000.00*	1,50,000.00
Changes in Authorised Equity Share capital during the year	(N	20,00,00,000	-
	(Rs in lakhs)	*2,00,000.00*	-
Balance as at the end of the year	(Nos)	35,00,00,000	15,00,00,000
	(Rs in lakhs)	*3,50,000.00*	*1,50,000.00*
Issued Share Capital			
Balance as at the beginning of the year	(Nos)	10,59,70,800	9,87,00,000
	(Rs in lakhs)	*1,05,970.80*	*98,700.00*
Changes in Equity Share capital during the year	(Nos)	1,00,79,200	72,70,800
	(Rs in lakhs)	*10,079.20*	*7,270.80*
Balance as at the end of the year	(Nos)	11,60,50,000	10,59,70,800
	(Rs in lakhs)	*1,16,050.00*	*1,05,970.80*

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 Shareholders holding more than five percentage of the Shares of the Company

Share Holder	As at March 31, 2019	As at March 31, 2018
Government of Kerala	3,50,00,000	3,50,00,000
	30.16%	33.03%
Bharat Petroleum Corporation Limited	2,16,80,000	2,16,80,000
	18.68%	20.46%
Airports Authority of India	1,00,00,000	1,00,00,000
	8.62%	9.44%
MA Yusufali	95,00,000	95,00,000
	8.19%	8.96%

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The Board of Directors in their meeting dated November 15, 2018 approved the increase in authorised share capital of the Company from Rs.1500,00,00,000 divided into 15,00,00,000 equity shares of Rs.100/- each to Rs.3500,00,00,000 divided into 35,00,00,000 shares of Rs.100/- each. This was approved by the shareholders in the Extra-ordinary General Meeting held on January 19, 2019.

Shares Issued for consideration other than cash.
The company has issued 31594038 no's *(previous year 31594038 no's)* of shares to Government of Kerala towards the cost of land transferred to the company for construction of the airport.

13 Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Retained Earnings		
Opening balance	160.32	1,129.29
Less Loss for the year	-4,665.09	-968.97
Closing Balance	-4,504.77	160.32
Other comprehensive income		
Opening balance	-	-
Remeasurements of Defined Benefit Plans Gains	(6.52)	-
Closing Balance	(6.52)	-
Capital Reserve		
Opening balance	30.70	30.70
Movement during the year	-	-
Closing Balance	30.70	30.70
Opening balance of other equity	**191.02**	**1,159.99**
Closing balance of other equity	**-4,480.59**	**191.02**

14 Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Term Loan-Canara Bank	68,593.32	59,939.41
Term Loan-The Federal Bank Limited	8,931.41	7,820.60
Term Loan-South Indian Bank Limited	10,916.00	9,560.67
Total	**88,440.73**	**77,320.68**

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 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.892 Crores (Rupees Eight hundred and Ninety two Crores only) out of which Rs. 692 Crores (Rupees Six Hundred and Ninety Two Crores Only) is from Canara Bank, Rs.110 Crores (Rupees One hundred and ten crores) from South Indian Bank Limited and Rs. '90 Crores (Rupees Ninety Crores Only) from The Federal Bank Limited, on the security of immovable properties and other securities mentioned hereunder;

a) pari passu first charge in 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.

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d) The Government of kerala has in principle agreed to support debt service payments of the Company through GO No.(MS) No.01/2014/ Tran dated 04/01/2014.

e) The company has created an equitable mortgage (EM) of 1192.18 acres of land as security for term loan sanctioned by Canara Bank.

Collateral security: Further the Government of Kerala has pledged 51% of its shareholding in the Company aggregating to 1,78,49,960 equity shares with the lenders as security to the term loan.

Further the Government of Kerala has pledged 51% of shareholding in the company with the lenders as security to the term loan.

The tenor of the loan is fixed at 44 quarterly instalments starting from the third quarter of F Y 2020-2021 till the 2nd quarter of FY 2030-2031. The tenor is subject to change due to delays in the construction of the airport project and postponement of the commercial operations date.

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.

The bankers have charged penal interest amounting to Rs.4.52 lakhs during the year ended March 31, 2019 (March 31, 2018: Rs.2.06 lakhs) 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
Canara Bank (Agreed rate of Interest p.a. is 10.40%)	9.55%
South Indian Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	10.30%
Federal Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	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.

15 Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security deposits at amortized cost	582.87	500.00
Total	**582.87**	**500.00**

16 Provisions (Non Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gratuity Payable	34.41	38.95
Leave encashment payable	7.52	-
Total	**41.93**	**38.95**

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17 Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Dues to Micro Enterprises and Small Enterprises*	65.25	-
Dues to others	830.40	111.82
Total	**895.65**	**111.82**

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at March 31, 2019 and March 31, 2018:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	65.25	-
Interest due thereon remaining unpaid	-	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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.

18 Other Current Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Security Deposits	150.10	65.16
Retention Payable	430.39	200.98
Other Payables	424.10	20.29
Book overdraft	52.81	1,781.05
Interest Accrued but not due	726.38	-
Total	**1,783.78**	**2,067.48**

19 Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Payable on purchase of property, plant and equipment	9,268.19	2,194.43
Statutory Liabilities	100.65	218.00
Payable for Passenger security services	64.31	-
Deferred revenue on fair valuation of liabilities	350.78	-
Advance from customers	17.60	-
Total	**9,801.53**	**2,412.43**

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20 Provisions (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gratuity Payable	18.84	9.04
Leave encashment payable	4.53	11.62
Total	**23.37**	**20.66**

21 Revenue from Operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Aero revenue	767.61	-
Non Aero Revenue		
Space Rentals	97.03	-
Revenue share from Concessionaire	329.14	-
Ground Handling Charges	57.55	-
Car Parking	41.08	-
Fuel Throughput Royalty	64.62	-
Visitor's Entry Pass	50.41	-
CAM Charges	19.84	-
Others utility charges	9.76	-
Other Operating Income		
License Fee for Unpaved Land from BKFFPL (Income from Related parties)	63.94	42.00
Total	**1,500.98**	**42.00**

Out of the Aero Revenue an amount of Rs. 94.32 Lakhs pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, CAM Charges etc.. which was billed after the close of the financial year

22 Other Income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Interest on Fixed Deposits	356.14	272.68
Interest on Income Tax Refund	-	13.29
Miscellaneous Income	19.94	14.64
Deferred income on fair valuation on financial liabilities	30.64	-
Total	**406.72**	**300.61**

23 Airport Operating Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Power & Fuel	374.62	-
Insurance Costs on Assets	19.64	-
Repairs & Maintenance - Airport	130.91	-
House Keeping	331.31	-
Operations & Maintenance Expenses	141.53	-
Customs Cost Recovery Charges	253.27	-
MET Expenses	23.53	-
CNS / ATM Charges	125.83	-
ORAT Expenses	152.00	-
Other operational expenses	14.93	-
Water Charges	35.13	-
Total	**1,602.70**	-

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24 Employee Benefits Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Salaries & Allowances	685.54	444.41
Contribution to provident and other funds	27.32	37.31
Staff Welfare Expenses	31.77	15.95
Total	**744.63**	**497.67**

25 Finance Cost

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Interest on Term Loans *	3,211.56	214.03
Unwinding of discount relating to Long Term Liabilities	24.58	-
Total	**3,236.14**	**214.03**

* refer note 3.6 for the borrowing cost capitalised during the year

26 Other Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Administrative Expenses	38.22	17.61
Advertisement	39.07	127.49
Payment to Auditors		
a) For Audit	22.02	3.01
b) For Reimbursement of Expenses	-	-
Consultancy Charges	388.86	11.46
CSR Expenditure	37.14	56.75
Employee Training expenses	31.09	94.23
Miscellaneous Expenses	16.16	13.49
Postage & Courier Charges	17.57	3.08
Printing & Stationery Charges	21.05	5.33
Legal & Professional Fees	131.19	41.33
Recruitment Expenses	15.39	37.12
Rates & Taxes	91.59	59.10
Rent	17.93	28.41
Sitting Fees	0.79	0.87
Software development expenses	-	53.83
Travelling Expenses	42.37	14.36
Repairs & Maintenance Others	13.66	30.52
Total	**924.10**	**597.99**

27 Exceptional items

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Exceptional items		
Liabilities written back	-	12.97
Total	**-**	**12.97**

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28 Deferred Tax

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Opening balance recognized in profit or loss	-	-
Opening balance recognized in other comprehensive income	-	-
Recognised in profit or loss		
Deferred Tax Liability		
Arising on account of difference in carrying amount and tax base of PPE and Intangibles	37,352.59	-
Deferred Tax Asset		
Arising on account of temporary differences due to disallowances	45.94	-
Arising on account of unabsorbed business loss	2,440.65	-
Arising on account of difference in treatment under section 35AD of the Income Tax Act	38,291.71	-
MAT Credit		
Add: Minimum Alternate Tax Credit Entitlement	220.29	220.29
Recognised in other comprehensive income		
Tax expense during the year recognized in the OCI	2.68	-
Net deferred tax (liability) / asset	3,648.68	220.29
Deferred tax expense / (Income)	(3,425.71)	-
Closing balance recognized in profit or loss	(3,425.71)	-
Closing balance recognized in other comprehensive income	2.68	-

MAT credit is recognized in the financial years 2014-15 and 2015-16 and there has been no movement in the balance to date.

29 Earnings Per Share

Particulars		As at March 31, 2019	As at March 31, 2018
		₹ in Lakhs	₹ in Lakhs
Profit attributable to equity holders of the company for basic earnings		(4,665.09)	(968.98)
Weighted average number of equity shares for basic EPS*		10,98,48,298	10,15,45,878
Basic Earnings per Share (of face value Rs.100)	**INR**	**(4.25)**	**(0.95)**
Effect of dilution :			
Weighted average number of equity shares adjusted for the effect of dilution*		10,98,48,298	10,15,45,878
Diluted Earnings per share (of face value Rs.100)	**INR**	**(4.25)**	**(0.95)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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30 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, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Gross amount required to be spend during the year	Nil	Nil
Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	37.14	56.75
(iii) Unpaid amount out of (i) and (ii) above	-	-

31 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 exsts are as under:

a Joint Venture Companies

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. Jayakrishnan	Chief Financial Officer
Mr. Gnanendra Kumar. G	Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited

Government of Kerala

Related Party Nature of Transaction	2018-2019 ₹ in Lakhs	2017-2018 ₹ in Lakhs
Transactions during the year		
Mr. Thulasidas V		
Salary	14.58	-
Mr. Jayakrishnan		
Salary	24.75	21.88
Mr. Gnanendra Kumar. G		
Salary	10.73	9.50
BPCL KIAL Fuel Farm Private Limited		
Investment	39.00	-
BPCL KIAL Fuel Farm Private Limited		
License fess on unpaved land	42.00	42.00
BPCL KIAL Fuel Farm Private Limited		
Fuel Through Put Charges	64.62	-
BPCL KIAL Fuel Farm Private Limited		
Utility Charges	6.56	-
Government of Kerala (GoK)		
Expenses met by company on behalf of GoK	892.44	586.27

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Related Party Nature of Transaction	2018-2019 ₹ in Lakhs	2017-2018 ₹ in Lakhs
Outstanding Balances		
BPCL KIAL Fuel Farm Private Limited License fees receivable	11.69	27.41
BPCL KIAL Fuel Farm Private Limited Fuel Through Put Charges receivable	46.60	-
BPCL KIAL Fuel Farm Private Limited Utility Charges receivable	7.74	-
BPCL KIAL Fuel Farm Private Limited Security Deposit	10.50	10.50
Government of Kerala (GoK) Amount receivable from Govt of Kerala	1,786.81	894.37

In the ordinary course of its business, the Company enters into transactions with other Government of Kerala-controlled entities / departments (not included in the list above).

The Company has transactions 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.

32 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.

The Company's debt to equity ratio is analysed as follows:

Particulars	**Year ended March 31, 2019** In ₹ Lakhs	**Year ended March 31, 2018** In ₹ Lakhs
Debt	88,440.73	77,320.68
Equity	1,11,569.41	1,06,161.82
Debt to Equity ratio	79.27%	72.83%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

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 write 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

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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 & 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. 320.95 Lakhs (previous year Nil) and value of Plant property of equipment by Rs.39.77 Lakhs Previous year (Rs.771 Lakhs).

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 payable to M/s Smiths Detection for X-ray (BIS) amounting to USD 3,52,810 (INR 250.56 Lakhs) (previous year Rs.868.79 Lakhs). The impact of increase or decrease of 100 basis points on the outstanding balance will change the fair value of assets (PPE) by Rs. 3.52 Lakhs (Previous year Rs. 8.69 Lakhs).

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.

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 receivable amounting to Rs. 1304.23 Lakhs as of March 31, 2019. 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.

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 41.

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Maturity Analysis of Assets and Liabilities:

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities and assets with agreed repayment periods. The tables 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 tables 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, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents	831.00	8,761.63
Trade Receivables	1,304.23	-
Other Financial assets	1,811.88	761.09
Financial Liabilities		
Trade Payables	895.65	111.82
Other Financial liabilities	1,783.78	2,067.48
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	1,096.42	42.26
Financial Liabilities		
Security Deposits	7.45	500.00
Borrowings	1,338.00	222.00
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	550.84	-
Borrowings	86,880.73	77,098.68

33 Events after the reporting period

In March 2020, COVID-19, an infectious disease was declared a pandemic by the Word 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.

34 Capital and other commitments

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

Particulars of Contract	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Software Development Costs	7.21	5.65
Construction contracts (office and cargo complex)	1,311.12	603.14
Total	**1,318.33**	**608.79**

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35 Provisions & Contingent Liabilities

(a) Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

The list of pending litigations relating to the company with various courts / authorities as on the date of financials is as stated in Note no 43

(b) Claims against the Company not acknowledged as debts:

L&T, the contractor has raised requests for additional costs incurred due to extension of time and change in law in as per the provisions of the agreement entered for the construction of the runway and the airside constructions totalling to Rs.17,862.92 Lakhs plus interest of Rs 5,072.06 Lakhs up to 31-08-2020.

The arbitration committee consists of 3 members, each appointed by Kannur Airport, L&T and Government of Kerala as per the agreement. The management is in the process of reviewing the claim and the scope for an amicable settlement. Currently the liability if any, arising on the claim could not be quantified.

Further to the above claim L&T has claimed an amount of Rs 9,736.88 Lakhs Crores towards additional cost incurred due to extension of time on the construction of the passenger terminal building which is not acknowledged by the company till date.

L&T• have also 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 7.144% and for the passenger terminal building is 6.165%. The company has disputed the claims of the contractor and have considered a rate of 10% for both the works. The difference in the rates of subsumed taxes has an impact of Rs. 725.61 Lakhs in the value of assets of the company.

36 The company has the following investment in joint venture

Name of the company	BPCL-KIAL Fuel Farm Private Limited	
Principal place of business	India	
	March 31, 2019	March 31, 2018
% of holding	26.00%	26.00%

37 Employee Benefits

DISCLOSURES REQUIRED UNDER IND AS 19 - "EMPLOYEE BENEFITS PLAN"

The actuary has provided a valuation of Gratuity liability in terms of the definition mentioned in para 7 of IND AS -19 the accounting based on the assumptions listed below and determined that there is no shortfall as at March 31, 2019. Based on which the liability as on March 31, 2019 and the Actuarial gain or loss is recognised in the accounts for the year March 31, 2019 only.

During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Gratuity - Unfunded	61.12	13.50
Leave Encashment - Unfunded	12.55	12.29

The company is only making book provisions for the entire Gratuity Liability on the valuation date, and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore the scheme is fully unfunded, and no assets are maintained by the company and asset values are taken as zero

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The valuation results for the defined benefit gratuity plan as at March 31, 2019 are produced in the tables below:

Particulars	Year ended March 31, 2019 In ₹ Lakhs	Year ended March 31, 2018 In ₹ Lakhs
1. Assumption		
Discount Rate	7.79%	7.87%
Salary Escalation	5.00%	5.00%
Salary escalation rate*	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
2. Table showing changes in the present value of Obligation		
Present value of Obligation as at the beginning of the year	24.77	17.46
Interest Cost	1.93	1.37
Current Service Cost	16.91	6.37
Prior service cost	-	1.30
Benefits paid	-	-
Actuarial (gain) / Loss on obligation	9.64	(1.74)
Present value of Obligation as at the end of the year	53.25	24.77
3. Table showing changes in Fair Value of Plan Assets		
Fair Value of Plan assets at the beginning of the year	-	-
Expected return of Plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial (gain) / Loss on Plan assets	-	-
Fair Value of Plan assets at the end of the year	-	-
4. Table showing fair value of Plan assets		
Fair Value of Plan assets at the beginning of the year	-	-
Actual return on Plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial (gain) / Loss on Plan assets	-	-
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Excess of Actual over estimated return on plan assets	-	-
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive Income	(0.44)	-
Actuarial (gain) / loss on obligations	9.64	-
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	9.20	-
6. The amounts to be recognized in the Balance Sheet and	-	-
Present value of Obligation at the end of the year	53.25	24.77
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
Net Asset / (Liability) recognised in the Balance Sheet	53.25	-
7. Expenses recognised in the Statement of Profit & Loss	-	
Current Service Cost	16.91	-
Interest Cost	1.93	-
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	9.20	-
Weighted average duration of the D B O	20.51	20.85

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Sensitivity Analysis for the period ended 31-03-2019

	% increase in DBO	Liability (Rs.)	ase in DBO (Rs.)
DISCOUNT RATE +100 basis points	-12.62%	46,52,973	-6,71,789
DISCOUNT RATE -100 basis points	15.53%	61,51,963	8,27,201
SALARY GROWTH +100 basis points	15.64%	61,57,566	8,32,805
SALARY GROWTH -100 basis points	-12.86%	46,39,929	-6,84,832
ATTRITION RATE +100 basis points	2.61%	54,63,993	1,39,231
ATTRITION RATE-100 basis points	-3.25%	51,51,461	-1,73,300
MORTALITY RATE 10% UP	0.11	53,30,750	5,989

38 Passenger Service Fee (PSF)

Passenger Service Fee (PSF) collected from the departing passengers has two components, viz. Facilitation component (FC) and Security component (SC). As per orders issued by appropriate authorities from time to time, PSF (SC) collections are held by the Company in fiduciary capacity for the Government of India and are deposited in a separate bank account maintained for meeting security related expenses.

The following is the Memorandum Account relating to PSF (SC) for which the books of account are maintained separately. The transactions do not form part of the Company's books of account

Income and Expenditure Account	**Year ended March 31, 2019**
Income	
PSF (SC) (Net of Service Tax)	128.85
Expenditure	873.44
(Excess) of Expenditure over Income transferred to PSF (SC)	-744.60
	-
Balance Sheet	**As at March 31, 2019**
Assets	
Sundry Debtors	126.34
Receivable from the Company	1.07
Balance in escrow account	1.43
Total	**128.85**
Liabilities	
Deficit in PSF (SC) Fund	-744.60
Payable to Company	137.85
Payable to NASFT	873.44
Total	**128.85**

The Company opened a separate Escrow bank account for the receipts of PSF (SC) on February 15, 2019. The Company has received a letter dated October 09, 2019 from the National Aviation Security Fee Trust (NASFT) asking the Company to settle the cost of deployment bills of CISF. 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 available with the Government and refund the security deposit paid to CISF.

39 Fair Values

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

Breakup of Financial assets and Liabilities

Particulars	**As at March 31, 2019**	
	Carrying Value	**Fair Value**
	₹ in Lakhs	₹ in Lakhs
Financial assets		
At Amortized cost		
Security Deposits	1,096.42	1,096.42
Previous year	*42.26*	*42.26*

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Particulars		As at March 31, 2019	
		Carrying Value	Fair Value
		₹ in Lakhs	₹ in Lakhs
Trade Receivables		1,304.23	1,304.23
	Previous year	-	-
Cash and Cash equivalents		831.00	831.00
	Previous year	*8,761.63*	*8,761.63*
Contractual receivables		7.00	7.00
	Previous year	*27.41*	*27.41*
Other financial assets		1,804.88	1,804.88
	Previous year	*733.68*	*733.68*
Financial Liabilities			
At Amortized cost			
Borrowings		88,440.73	88,440.73
	Previous year	*77,320.68*	*77,320.68*
Security Deposits		939.71	582.87
	Previous year	*500.00*	*500.00*
Trade Payables		895.65	895.65
	Previous year	*111.82*	*111.82*
Other Financial Liabilities		1,783.78	1,783.78
	Previous year	*2,067.48*	*2,067.48*

The management assessed the Cash & cash equivalent, trade receivable, trade payable 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 (10.00%).

Assets and liabilities by fair value hierarchy

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	In ₹ Lakhs	In ₹ Lakhs
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-
Level 2		
Financial Assets		
Cash and Cash equivalents	831.00	8,761.63
Financial Liabilities		
Borrowings	88,440.73	77,320.68
Level 3		
Financial Assets		
Security Deposits	1,096.42	42.26
Trade Receivables	1,304.23	-
Contractual receivables	7.00	27.41
Other financial assets	1,804.88	733.68
Financial Liabilities		
Security Deposits	582.87	500.00
Trade Payables	895.65	111.82
Other Financial Liabilities	1,783.78	2,067.48

Level 1 : Fair Value measurement using Quoted prices in Active

Level 2 : Fair Value measurement using significant observable

Level 3 : Fair Value measurement using significant unobservable

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40 Income Tax

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ in Lakhs	₹ in Lakhs
Current Income Tax Charge	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	3,425.71	-
Income Tax Expense for the year	(3,425.71)	-
Less Adjustments relating to previous year	231.10	-
Income Tax Expense reported in the statement of profit & loss	(3,194.61)	-
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:		
Accounting Loss	7,859.70	968.97
Tax at the applicable tax rate Of 29.12%	-	-
Tax effect of Income that are not taxable in determining taxable profit allowable expenditure that are not part of Book profit:		
Donations, contribution to political parties & CSR Expenditure		-
Interest on delayed payment of income tax	11.59	
Disallowance due to non-deduction Of TDS u/s 40a(ia) DTA reversal on b/ f losses	13.78	-
Disallowance due to gratuity provision	17.80	-
Other disallowances	2.78	13.50
Deduction under section 35AD of Income Tax	38,291.71	-
Income tax expense reported in the statement of profit and loss	-	-
Prior year short provision expensed in the current year	231.10	-
Deferred Taxes		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial	37,352.59	-
Gross Deferred tax liability	37,352.59	-
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	45.94	
Arising on account of unabsorbed business loss	2,440.65	-
Arising on account of difference in treatment under section 35AD of the Income Tax Act	38,291.71	
Gross Deferred tax asset	40,778.30	
Charge / (Credit) during the year	(3,425.71)	-
Add: Minimum Alternate Tax Credit Entitlement	220.29	-
Tax expense during the year recognized in the OCI	2.68	-
Deferred Tax asset (unutilised tax credit)	(3,648.68)	

In the current year, the company has recognised a deferred tax asset of Rs.40,732.36 lakhs on unused tax losses predominantly 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 and MAT credit entitlement amounting to Rs 220.29 lakhs.

41 Going concern

The company has incurred a 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 third quarter of the financial year 2020-2021, capital commitments towards the ongoing cargo complex and pending payments to the contractors which requires major cash flow requirement in the coming years.

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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 04 January 2014 to mitigate the cash short fall in the first five years of operation by a budgetary support of Rs. 132.68 Crores and also the company is in the process of getting the debt restructured as per the guideline issued by Reserve Bank of India vide RBI/2020-21/16 dated August 6, 2020 thereby a moratorium for the repayment as well as the interest service of the loans can be extended by 24 months. Accordingly the liquidity risk and cash flow shortages of the company is mitigated.

42 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 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, 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 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 19, 2019, the Company 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 2023-24.

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 CAG 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.

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 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.

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.

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43 The list of pending litigations relating to the company

Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
1	WP (C) No: 2170/2012	P.K. Kabeer	KIAL	Seeking direction to restrain the company from allotting shares to applicants pursuant to public offer without issuing prospectus	Nil	Nil
2	W P (C) No 713/2014	Thayyil Puthiya Purayil Santha	1. State of Kerala rep by CS 2. DC, Kannur 3. Sp. Tahasildar 4. MD, KINFRA 5. MD, KIAL	Writ of mandamus, challenging the proceedings of District Collector dated December 3, 2012 wherein it was concluded that the petitioner was not entitled to get 10 cents of land as part of rehabilitation package against the acquisition of her land for the airport project	Nil	Nil
3	W.P. (C) No. 1685/2015	One Earth One Life	1. State of Kerala 2. Principal secretary to the govt. 3. MD, KIAL 4. MD 5. Manager tech India 6. The project engineer 7. M.S Larsen and Tourbo ltd.	To prevent the L &T from quarrying and removing top soil, laterite and granites.	Nil	Nil
4	W.P (C) No. 16982/2016	K.C. Karunakaran& C. Raveendran	1. DC, Kannur 2. MD, KIAL 3. MD, KWA 4.SP, Kannur 5. St of Kerala rep by CS 6. kintra represented by its MD	Writ of mandamus directing the respondents 1,2 and 5 to immediately provide the basic amenities to the evictees namely drinking water, motorable road, protection from flood during rainy season and to grant employment to a member of the family of the evictees at the earliest.	Nil	Nil
5	W.P. (C) No. 83 /2017	Albin Peter	1. State of Kerala 2. MD 3. MD	Direction to appoint an independent and competent agency to the choice of High Court and get revalued the OMR sheet of the Petitioner in terms of Final Answer Key; and a writ of mandamus directing respondents to include the name of the Petitioner also in the shortlist and call for Physical Efficiency test, if it is found in the revaluation that the Petitioner has scored 25% marks and above in the written test to restrain the respondents from publishing the final list and making appointment accordingly for filling vacancies of FRO	Amount unascertainable	Nil
6	W.P. (C) No. 38166/2016	Vishak	1. State of Kerala 2. KIAL 3. Kitco	Petitioner being one of the family member of evictee category submit that the intendment of a reservation as contained in the Govt Order is not being followed by respondent. On the contrary, measures are adopted to exclude the representatives of the evictees and such exercise is violative of the principles of reservation contained in Article 15,16 and 21 of the Constitution of India.	Amount unascertainable	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
7	W P. (C) No 19187/2017	Air Corporation Employees Union (ACEU)	1. Union of India 2. Air India Air Transport services ltd. 3. Air India Sats Airport Services Pvt Ltd 4. The Chairman and The Managing Director	Writ of certiorari calling for the records leading to the letter issued by CMD of Air India Ltd, deciding to hive of the ground handling services in KIAL to Air India SATS and for a writ of mandamus directing Air India Ltd to take appropriate steps for entrusting the ground handling activities in KIAL through Air India Air Transport Ltd, subsidiary company in accordance with the policy decision taken by Gov. of India to implement the Turn Around Plan of Air India Ltd	Amount unascertainable	Nil
8	W P (C) No 20703/2017	KariyilSanil	1. Mattannur Municipality 2. DC 3. CPE, KIAL	Praying to issue a writ of mandamus directing KIAL to issue No Objection Certificate to the petitioner for assigning Building Number and occupancy certificate to the building of the petitioner and further direct the Mattannur Municipality to assign Building Number and occupancy certificate to the Petitioner within a time frame.	Nil	Nil
9	W P (C) No 29573/2017	Thottathan Manoj v/s MattannurMuncipality & Others	1. Mattannur Municipality 2. DC – Kannur 3. CPE – Kannur Airport	Praying to issue a writ of mandamus directing Kannur Airport to issue No Objection Certificate to Mattannur Municipality for assigning Building Number and occupancy certificate to the building of petitioner and further direct Mattannur Municipality to assign building number and occupancy certificate to the petitioner within a time frame.	Amount unascertainable	Nil
10	W.P© No 2087/2018	Reena Engineers and Contractors Pvt Ltd. V KIAL & 3 Others	1. KIAL 2. KoodaliGrama Panchayat 3. DC- Kannur 4. Secretary, Dept of Civil Aviation	The writ petition has been filed challenging the order of the District Collector requiring the height of certain buildings of the petitioner to be reduced/broken down for airport purposes.	Amount unascertainable	Nil
11	W P (C) No 2814/2019	Riyas Mohammed	1. Union of India 2. State of Kerala 3. KIAL 4. Airport Authority Of India	The petitioner is a social worker and a native of Malapuram District. Kannur Airport has been granted exemption in the rate of tax on Aviation Turbine Fuel by the State Govt vide notification dated November 3, 2018. The petitioner prays to extend the benefit under notification to all other airports in State of Kerala. In exercise of its power conferred under Section 10 of KGST Act 1963, the State of Kerala decided to reduce the rate of tax on sales turnover of aviation turbine fuel filled into all domestic aircraft flights operating from Kannur Airport to 1% for ten years. Exemption is given to additional tax payable under Section 5D of the Act by dealers in Aviation Turnover fuel on their turnover of sale of Aviation Turbine fuel filled into all domestic aircraft flights operating from Kannur Airport for 10 years.	Amount unascertainable	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided In the books if any
12	WP (C) No. 3341/2019	T V Ibrahim MLA	1. State of Kerala 2. KIAL 3. AAI 4. Union of India rep by Secretary, MoCA	Writ petition praying to issue a writ of mandamus directing 1st respondent to extend the benefit of notification granting reduction in levy of tax payable under the Kerala General Sales Tax Act to the domestic Air Craft Flights operating from Calicut International Airport also, and also to declare that the tax payable under the Kerala General Sales Tax Act on sales turnover of Aviation turbine fuel filled into all domestic Aircraft flights from Calicut International Airport is only 1%	Nil	Nil
13	WP(C) No. 32810/2019	KIAL	1.Union of India 2.The Regional Director, MCA Southern Region 3.The Registrar of Companies 4.State of Kerala	Writ petition filed by KIAL praying to issue a writ of certiorari calling for the records leading to letter dated 25.11.2019 sent by way of email by 1st respondent and quash the same, and for a mandamus holding and declaring that the provisions of subsections (5) and (7) of section 139 of the Companies Act, 2013 are not applicable to the petitioner & for other reliefs	Nil	Nil
14	WP(C) No. 17766/2020	Speed Wings Services	1. KIAL 2. Dispute Resolution committee of KIAL 3. State of Kerala	Writ Petition filed by Speed Wings Services praying for a writ of certiorari calling for the records leading to the issuance of Termination and quash the same, and for a mandamus directing KIAL to obtain necessary permission/clearance from the office Customs, KIAL to enable staff of Speed Wings Services to access international Arrival/Departure area, Arrival belt areaetc. Sop as to perform the service of 'Meet and Greet 'at the airport, etc.	Nil	Nil
15	WP(C) No. 17264/2020	1.Cannore District Motor Thozhilali Union-CITU 2.Chandran A	1. State of Kerala 2.The District Collector 3.The Sub Collector 4.KIAL 5.Airport Authority of India	Writ petition filed by Cannanore District Motor Thozhilali Union & another, praying for a writ of mandamus directing KIAL not to collect any entry fee from the taxi vehicles coming to the Kannur Airport for picking up the disembarked passengers when advance booking of such taxi vehicles are made by the passengers or by their relatives & for other reliefs	Nil	Nil
16	WP(C) No 20879/2020	1.M Aneesh Kumar & others	1.Regional Transport Authority 2. The Secretary, Regional Transport Authority 3.Deputy Transport Commissioner 4.Superintendent of Police 5.The District collector 6.KIAL	Writ filed by M Aneesh Kumar & 3 other Tourist Taxi owners, praying for a writ of mandamus directing the respondents to consider the representation made by the petitioners regarding the arbitrary and exorbitant parking fee collected at Kannur Airport, considering the pandemic situation	Nil	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
17	Revision Petition No 79/2019 Before the Tribunal for Local Self Government Institutions	Kannur International Airport Ltd	Kizhallur G P	Revision petition filed by Kannur Airport against the demand of property tax assessed by Panchayath	63,67,588/-	63,66,588/-
18	Revision Petition No 6/2020 Before the Tribunal for Local Self Government Institutions	do-	do-	do-	1,02 969/-	1,02,969/-
19	WP(C) No 33350/2019	Air India Air Transport Services Ltd	1. State of Kerala & other KIAL	Writ petition praying to issue a writ of certiorari quashing all actions pertaining to the decision of the board of directors of 2nd respondent by issuing tender notice to appoint a cargo handling agency to provide cargo handling services in cargo terminal as arbitrary and illegal. Next hearing date not given	Nil	Nil
20	IA /1507/2014	A.K Shaji	DC, Kannur & Others	Cancel the NoC issued by DC, Kannur for blasting and to cancel the explosive licence issued to the blasting agency.	Nil	Nil
21	O S No. 240/2017	1. C. M. Kunhammad 2. C M. Khadeeja 3. C M Fathima 4. C.M. Ibrahim 5. C.M Raheeda 6. C.M Habeeb	1. State of Kerala rep by DC, Kannur 2. Special Thasildar (LA) 3. MD, KIAL 4. Special Officer, KIAL 5. C.M. Jameela 6. M.P Khader	1. Declaring that the plaintiffs along with D5 jointly have got co-ownership right, title and possession over the plant B schedule property Case posted to December 17, 2020 2. By way of consequential injunction restraining the defendants No.1 to 4 from proceeding with the acquisition of the plaint B schedule property without notice to the plaintiffs and the D5 and also from disbursing the compensation to anybody other than the plaintiffs and the D5.	Nil	Nil

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Sl. No.	Case No.	Petitioner	Respondent	Description of the nature of the matter of the case	Financial Impact to Company	Amount Provided in the books if any
22	O S No 344/2017	1. Rayaroth Koden Rohini Amma 2. V. Bharathi 3. V. Pramod 4. V. Priya 5. V. Praveena 6. V. Prajeesh	1. K.K. Muhammed Haji 2. K.K. Abdulla 3. Special Tahasildar (LA) 4. State of Kerala Rep by DC Kannur 5. DC, Kannur 6. KINFRA 7. KIAL	1. Fixing and demarcating the boundary at the east and west of plaint C schedule property and west of plaint D schedule property. Case posted to November 11,2020 for written statement 2. Retraining the D3 to D7 from purportedly purchasing the plaint C schedule property or plaint D schedule property or any section of them from D1 and d2 and also restraining the defendants, their en and agents from trespassing upon the plaint C schedule property and plaint D schedule property or interfering with the peaceful possession and enjoyment of the plaint C schedule property by the first plaintiff and plant D schedule property by the plaintiff No. 2 to 6	Nil	Nil
23	27/2019 (Office of the Deputy Labour Commissioner, Kannur	Shri. P Balan Karthika Parambil Bazar Kozhikode 673012	The Managing Director Kannur International Airport Ltd Mattannur-670702	Petition filed by Shri P Balan regarding the payment of Gratuity under the provisions of payment of Gratuity Act. Case posted to December 10, 2020	2,90,769/-	Nil

For and on behalf of the Board of Directors

V Thulasidas
Managing Director
(Din: 00139304)

S Jayakrishnan
Chief Financial Officer
(PAN AGPPS4585B)

G Gnanendrakumar
Company Secretary
(PAN AIVPG3442M)

K Parvathyammal
Director
(Din: 07254970)

Kannur
03-12-2020

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