

13th ANNUAL REPORT 2021-22

PRESENT BOARD OF DIRECTORS

Sri. Pinarayi Vijayan (*Chairman*)
Sri. A K Saseendran
Dr. V P Joy IAS
Sri. Dinesh Kumar C (*Managing Director*)
Padmashri M A Yusuffali
Dr. Shamsheer V P
Sri. Abdul Qadir Theruvath
Dr. M P Hassan Kunhi
Sri. M V Govindan Master
Sri. Sanjeev Jindal
Sri. N V Subbarayudu
Smt. Srividya V
Sri. M Madhavan Nambiar
Smt. K Parvathy Ammal

PRESENT COMMITTEES OF BOARD OF DIRECTORS

Stakeholder Relationship Committee

Sri. A K Saseendran (*Chairman*)
Sri. Dinesh Kumar C

Nomination and Remuneration Committee

Sri. A K Saseendran (*Chairman*)
Sri. Dinesh Kumar C
Sri. M Madhavan Nambiar
Smt. K Parvathy Ammal

Share Allotment & Transfer Committee

Sri. A K Saseendran (*Chairman*)
Sri. Dinesh Kumar C
Smt. K Parvathy Ammal

Strategic Management Committee

Sri. M Madhavan Nambiar (*Chairman*)
Sri. Dinesh Kumar C
Sri. M A Yusuffali
Smt. V Srividya

Audit Committee

Smt. K Parvathy Ammal (*Chairman*)
Sri. M Madhavan Nambiar
Smt. V Srividya

HR & Selection Committee

Sri. M V Govindan Master (*Chairman*)
Sri. M Madhavan Nambiar

CSR Committee

Sri. M V Govindan Master (*Chairman*)
Sri. M Madhavan Nambiar

Technical Committee

Sri. M V Govindan Master (*Chairman*)
Sri. M Madhavan Nambiar

KANNUR INTERNATIONAL AIRPORT LIMITED

CIN-U63033KL2009PLC025103

REGISTERED OFFICE

Kannur International Airport Ltd
Kannur International Airport PO,
Mattannur, Kannur-670708
Tel: +91-490-2481000
Email: cs@kannurairport.aero
Website: www.kannurairport.aero

CONTENTS

Notice	5
Directors' Report	17
Standalone Financial Statement	
Auditor's Report	40
Balance Sheet	57
Statement of Profit & Loss	59
Statement of Changes in Equity	61
Cash Flow Statement	63
Notes on Accounts	65
Consolidated Financial Statement	
Auditor's Report	118
Balance Sheet	129
Statement of Profit & Loss	131
Statement of Changes in Equity	133
Cash Flow Statement	135
Notes on Accounts	137

OUR STATUTORY AUDITORS

Krishnamoorthy & Krishnamoorthy
Chartered Accountants
Manikkath Cross Road, Kochi - 682016

OUR BANKERS

Canara Bank
South Indian Bank
Federal Bank
Central Bank of India
State Bank of India

NOTICE

NOTICE is hereby given that the 13th Adjourned Annual General Meeting of shareholders of Kannur International Airport Limited will be held at 3.30 pm on Thursday, 20 July 2023 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 2022 together with Directors' Report and Auditors' Report thereon.**

"RESOLVED THAT the audited financial statement of the Company for the financial year ended 31 March, 2022 along with the Directors' Report and Auditor's Report laid before this meeting, be and are hereby considered and adopted."

2. **Appointment of Statutory Auditors of the Company for a Consecutive Term of Five years:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to provision of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification thereof for the time being in force and as may be enacted from time to time), approval of the members of the Company be and is hereby accorded for appointment of M/s. Krishnamoorthy & Krishnamoorthy, Ernakulam (Registration Number: 001488S) as Statutory Auditors of the Company from the conclusion of 13th Adjourned Annual General Meeting until the conclusion of 18th Annual General Meeting on the same terms and conditions as that of FY 2021-22."

"RESOLVED FURTHER THAT the Chief Financial Officer or the Company Secretary, be and is hereby authorized to do all such acts and deeds including filing of necessary forms with registrar of companies for implementing the aforesaid decision of the Company."

**By order of the Board
For Kannur International Airport Limited**

Date : 20 March 2023
Place: Kannur

**Sd/-
Jayakrishnan S.
Chief Financial Officer**

Notes:

1. In view of the continuing Covid -19 pandemic, the Ministry of Corporate Affairs has vide its General Circular No. 10/2022 dated 28 December 2022, granted an extension to conduct the AGM through Video Conferencing (VC) or other audio visual means (OAVM) till 30 September 2023. 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. The notice of the AGM is being sent physically to the registered address of the shareholders and through electronic mode to those members whose email addresses are registered with the Company. Members may please note that the Notice will also be available on the Company's website (www.kannurairport.aero).
4. The register of members and share transfer books of the Company will remain closed from 14 July 2023 to 20 July 2023 both days inclusive.
5. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 13 July 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA (irrespective of NSDL/CDSL account holders). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 022 48867000 and 022 24997000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 13 July 2023 may follow steps mentioned in the Notice of the AGM under "Access to NSDL/CDSL e-voting system".

VOTING THROUGH ELECTRONIC MEANS

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.kannurairport.aero. The AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020, MCA Circular No. 2/2021 dated January 13, 2021 and MCA Circular No. 10/2022 dated December 28, 2022.

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

The remote e-voting period begins on 17 July 2023 at 9.00 A.M. and ends on 19 July 2023 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 13 July 2023 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 13 July 2023.

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

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





Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.

	<ol style="list-style-type: none"> 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <div data-bbox="592 890 993 1121"> <p>NSDL Mobile App is available on</p> <div>  App Store  Google Play </div> <div>   </div> </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL.	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL:

<https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL 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. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use 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) (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL

account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send

scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to connect@pmacs.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to (Ms. Pallavi Mhatre, Senior Manager) at evoting@nsdl.co.in.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@kannurairport.aero.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@kannurairport.aero. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

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

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions during the AGM may send their questions in advance from their registered e-mail address mentioning their name, demat account number/folio number, email id, PAN, mobile number at cs@kannurairport.aero from 11 July 2023 (9.00 a.m. IST) to 14 July 2023(5.00 p.m. IST). The same will be replied by the company suitably. 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.

നോട്ടീസ്

താഴെ പറയുന്ന ഇടപാടുകൾക്കായി കണ്ണൂർ ഇന്റർനാഷണൽ എയർപോർട്ട് ലിമിറ്റഡിന്റെ ഓഹരി ഉടമകളുടെ 13-ാമത് മാറ്റിവെച്ച വാർഷിക പൊതുയോഗം 2023 ജൂലൈ 20 വ്യാഴം 3.30 പി.എം.-നു ദൃശ്യ മാധ്യമത്തിലൂടെ (VC) / മറ്റ് ശ്രദ്ധ്യ ദൃശ്യ മാധ്യമത്തിലൂടെ (OAVM) നടത്തുവാൻ തീരുമാനിച്ചതായി അറിയിക്കുന്നു.

സാധാരണ ഇടപാടുകൾ :

1. 2022 മാർച്ച് 31ന് അവസാനിച്ച സാമ്പത്തിക വർഷത്തെ കമ്പനിയുടെ വാർഷിക അക്കൗണ്ടുകൾ ഡയറക്ടർമാരുടെ റിപ്പോർട്ടും ഓഡിറ്റർമാരുടെ റിപ്പോർട്ട് സഹിതം പരിഗണിക്കുകയും സ്വീകരിക്കുകയും ചെയ്യുക.

‘2022 മാർച്ച് 31ന് അവസാനിച്ച സാമ്പത്തിക വർഷത്തെ കമ്പനിയുടെ ഓഡിറ്റ് ചെയ്ത സാമ്പത്തിക അക്കൗണ്ടുകൾ കമ്പനി ഡയറക്ടർമാരുടെയും ഓഡിറ്റർമാരുടെയും റിപ്പോർട്ട് എന്നിവ സ്വീകരിച്ചു പരിഗണിക്കുകയും അംഗീകരിക്കുകയും ചെയ്യുന്നു.’

2. അഞ്ച് വർഷത്തേക്കുള്ള കമ്പനിയുടെ സ്റ്റാറ്റ്യൂട്ടറി ഓഡിറ്റർമാരുടെ നിയമനം.

താഴെ പറയുന്ന പ്രമേയത്തെ സാധാരണ പ്രമേയമായി കണക്കിലെടുത്ത് അനുയോജ്യമെന്ന് തോന്നുന്ന പക്ഷം പരിഗണിച്ച്, മാറ്റങ്ങളോടെയോ മാറ്റങ്ങളില്ലാതെയോ പാസാക്കുക.

‘കമ്പനിസ് ആക്ട്, 2013, സെക്ഷൻ 139, 142 പ്രകാരവും അതിനു അനുബന്ധമായി വരുന്ന മറ്റു വ്യവസ്ഥകളും, കമ്പനിസ് (ഓഡിറ്റ് ആൻഡ് ഓഡിറ്റേർസ്) റൂൾസ്, 2014 പ്രകാരവും (തൽക്കാലം പ്രാബല്യത്തിൽ വരുന്നതും കാലാകാലങ്ങളിൽ നടപ്പിലാക്കിയേക്കാവുന്നതുമായ ഏതെങ്കിലും നിയമപരമായ പരിഷ്കരണങ്ങൾ ഉൾപ്പെടെ) 2021-22 സാമ്പത്തിക വർഷത്തിലെ അതേ നിബന്ധനകളും വ്യവസ്ഥകളും അനുസരിച്ച്, 13-ാമത്തെ മാറ്റിവെച്ച വാർഷിക പൊതുയോഗത്തിന്റെ സമാപനം മുതൽ 18-ാം വാർഷിക പൊതുയോഗത്തിന്റെ സമാപനം വരെ കമ്പനിയുടെ സ്റ്റാറ്റ്യൂട്ടറി ഓഡിറ്റർമാരായി M/S. കൃഷ്ണമൂർത്തി & കൃഷ്ണമൂർത്തി, എറണാകുളം (റെജിസ്ട്രേഷൻ നമ്പർ : 0014885) നെ നിയമിക്കാൻ ഓഹരി ഉടമകൾ തീരുമാനിച്ചിരിക്കുന്നു.’

‘കമ്പനിയുടെ മേൽപ്പറഞ്ഞ തീരുമാനം നടപ്പിലാക്കുന്നതിനായി റെജിസ്ട്രാർ ഓഫ് കമ്പനിസ്-നു ആവശ്യമായ ഫോമുകൾ ഫയൽ ചെയ്യുന്നതുൾപ്പെടെയുള്ള എല്ലാ പ്രവർത്തനങ്ങളും പ്രവൃത്തികളും ചെയ്യാൻ ചീഫ് ഫിനാൻഷ്യൽ ഓഫീസർ അല്ലെങ്കിൽ കമ്പനി സെക്രട്ടറിക്ക് അധികാരമുണ്ടെന്നും ഇതിനാൽ തീരുമാനിച്ചിരിക്കുന്നു.’

ബോർഡിന്റെ ഉത്തരവ് പ്രകാരം
കണ്ണൂർ ഇന്റർനാഷണൽ എയർപോർട്ട് ലിമിറ്റഡിനായി

തീയതി : 20 മാർച്ച് 2023
സ്ഥലം : കണ്ണൂർ

ഒപ്പ്
ജയകൃഷ്ണൻ എസ്.
ചീഫ് ഫിനാൻഷ്യൽ ഓഫീസർ

അംഗങ്ങളുടെ ശ്രദ്ധക്ക്

1. കോവിഡ് 19 മഹാമാരിയുടെ പശ്ചാത്തലത്തിൽ MCA, 28 ഡിസംബർ 2022 ന് പുറത്തുവന്ന General Circular 10/2022 പ്രകാരം കമ്പനിയുടെ വാർഷിക പൊതുയോഗം ദൃശ്യ മാധ്യമങ്ങൾ (VC) വഴിയോ / മറ്റു ശ്രവ്യ ദൃശ്യ മാധ്യമം (OAVM) വഴിയോ നടത്തുവാനായിട്ടുള്ള അംഗീകാരം 30 സെപ്റ്റംബർ 2023 വരെ നീട്ടി തന്നിരിക്കുന്നു. ആയതിനാൽ കമ്പനിയുടെ മാറ്റിവെച്ച പൊതുയോഗം ദൃശ്യ മാധ്യമം വഴി നടത്തുവാൻ തീരുമാനിച്ചിരിക്കുന്നു.
2. യോഗത്തിൽ പങ്കെടുക്കാനും വോട്ട് ചെയ്യാനും അവകാശമുള്ള ഒരംഗത്തിന് പ്രതിപുരുഷനെ (പ്രോക്സി) നിയമിക്കാനും തനിക്കു പകരം ഇയാളെ വോട്ടെടുപ്പിൽ പങ്കെടുപ്പിക്കാനും അവകാശമുണ്ടായിരിക്കുന്നതാണ്. എന്നാൽ ഈ പൊതുയോഗം ദൃശ്യ മാധ്യമം വഴി നടത്തുന്നതിനാൽ അംഗങ്ങൾക്ക് നേരിട്ട് പങ്കെടുക്കേണ്ട സാഹചര്യമില്ല. ആയതിനാൽ പ്രതിപുരുഷനെ നിയമിക്കേണ്ട ആവശ്യം അംഗങ്ങൾക്ക് വരുന്നില്ല. അതുകൊണ്ട് തന്നെ പ്രോക്സി ഫോമും അറ്റെൻഡൻസ് സ്ലിപ്പും നോട്ടീസിനൊപ്പം ഉൾപ്പെടുത്തിയിട്ടില്ല.
3. യോഗത്തിന്റെ നോട്ടീസ് കമ്പനിയിൽ രജിസ്റ്റർ ചെയ്തിട്ടുള്ള ഓഹരി ഉടമകളുടെ വിലാസത്തിലേക്ക് തപാൽ വഴിയും അതാത് ഇമെയിൽ ഐഡിയിലേക്ക് ഇമെയിൽ വഴിയും അയക്കുന്നതാണ്. യോഗത്തിന്റെ നോട്ടീസ് കമ്പനിയുടെ website ലും അപ്പോഡ് ചെയ്തിട്ടുണ്ട്. (www.kannurairport.aero).
4. കമ്പനിയുടെ അംഗത്വ രജിസ്റ്ററും ഓഹരി കൈമാറ്റ പുസ്തകവും 14 ജൂലൈ 2023 മുതൽ 20 ജൂലൈ 2023 വരെ (ഇരുദിവസവും ഉൾപ്പെടെ) മരവിപ്പിക്കുന്നതാണ് (Book closure).
5. നോട്ടീസ് അയച്ചതിനു ശേഷം കട്ട് ഓഫ് തീയതിയായ 13 ജൂലൈ 2023 ന് മുമ്പായി കമ്പനിയുടെ ഓഹരികൾ Physical Form ൽ കൈവശം വയ്ക്കുന്നവരോ ഡീമാറ്റ് രൂപത്തിൽ ഓഹരികൾ വാങ്ങി കമ്പനിയുടെ അംഗത്വം സ്വീകരിക്കുന്ന വ്യക്തികൾ അല്ലാത്ത മറ്റു ഓഹരി ഉടമകളോ (സ്ഥാപനങ്ങൾ തുടങ്ങിയവ) ലോഗിൻ ഐഡിയും പാസ് വേർഡും ലഭിക്കുന്നതിനായി evoting@nsdl.co.in എന്ന ഇമെയിൽ വില അപേക്ഷിക്കുകയോ കമ്പനിയെയോ കമ്പനിയുടെ RTAയെയോ ബന്ധപ്പെടുകയോ ചെയ്യേണ്ടതാണ്. (NSDL ന്റെയും CDSL ന്റെയും അക്കൗണ്ട് ഉടമകൾ) എന്നിരുന്നാൽ ഓഹരി ഉടമകൾ NSDLന്റെ റിമോട്ട് ഇ-വോട്ടിംഗ് സിസ്റ്റത്തിൽ മുൻപ് രജിസ്റ്റർ ചെയ്തിട്ടുണ്ടെങ്കിൽ നിലവിലുള്ള USER ID യും പാസ് വേർഡും ഉപയോഗിച്ച് വോട്ട് രേഖപ്പെടുത്താവുന്നതാണ്. പാസ് വേർഡ് ഓർമ്മയില്ലാത്ത പക്ഷം www.evoting.nsdl.com വെബ്സൈറ്റിൽ ലഭ്യമായ 'Forget User Details/Password' or physical User Reset Password എന്ന അവസരം ഉപയോഗിച്ച് Password Reset ചെയ്യാവുന്നതും സംശയനിവാരണത്തിനായി Toll Free Number ആയ 022 48867000, 022 24997000 ൽ ബന്ധപ്പെടാവുന്നതാണ്. നോട്ടീസ് അയച്ചതിന് ശേഷം cut off തീയതിയായ 13 ജൂലൈ 2023ന് മുമ്പായി ഡീമാറ്റ് രൂപത്തിൽ ഓഹരികൾ വാങ്ങി കമ്പനിയുടെ അംഗത്വം സ്വീകരിക്കുന്ന വ്യക്തികൾ പൊതുയോഗ നോട്ടീസിൽ 'Access to NSDL/CDSL evoting system' എന്ന വിഭാഗത്തിൽ പറയുന്ന നിർദ്ദേശങ്ങൾ പാലിക്കേണ്ടതാണ്.

DIRECTORS' REPORT

To The Members,

Your directors have pleasure in presenting the 13th Annual Report and Audited Accounts of your Company for the financial year ended 31 March 2022.

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 2022 (Rs. in lakhs)	For the year ended 31 March 2021 (Rs. in lakhs)
Revenue from operations	7831.54	4,477.06
Other income	563.43	550.93
I. Total Income	8394.97	5,027.99
II. Total Expenses	22,766.96	22,876.31
III. Share of Loss of Joint Venture Company	-	(88.52)
IV. Loss before exceptional items & tax (I- (II + III))	(14,371.99)	(17,936.84)
V. Exceptional items	545.32	-
VI. Loss after exceptional items & before tax (IV – V)	(13,826.67)	(17,936.84)
VI. Tax Expense/(Benefit)		
1) Current tax	-	-
2) Deferred Tax	(1396.43)	558.00
3) Share of Joint Venture	-	4.84
VII. Total Tax Expense / (Benefit)	(1396.43)	562.84
VIII. Loss for the year (VI - VII)	(12,430.24)	(18,499.68)
Total accumulated loss	(44883.93)	

(a) Revenue from Operations for 2021-22

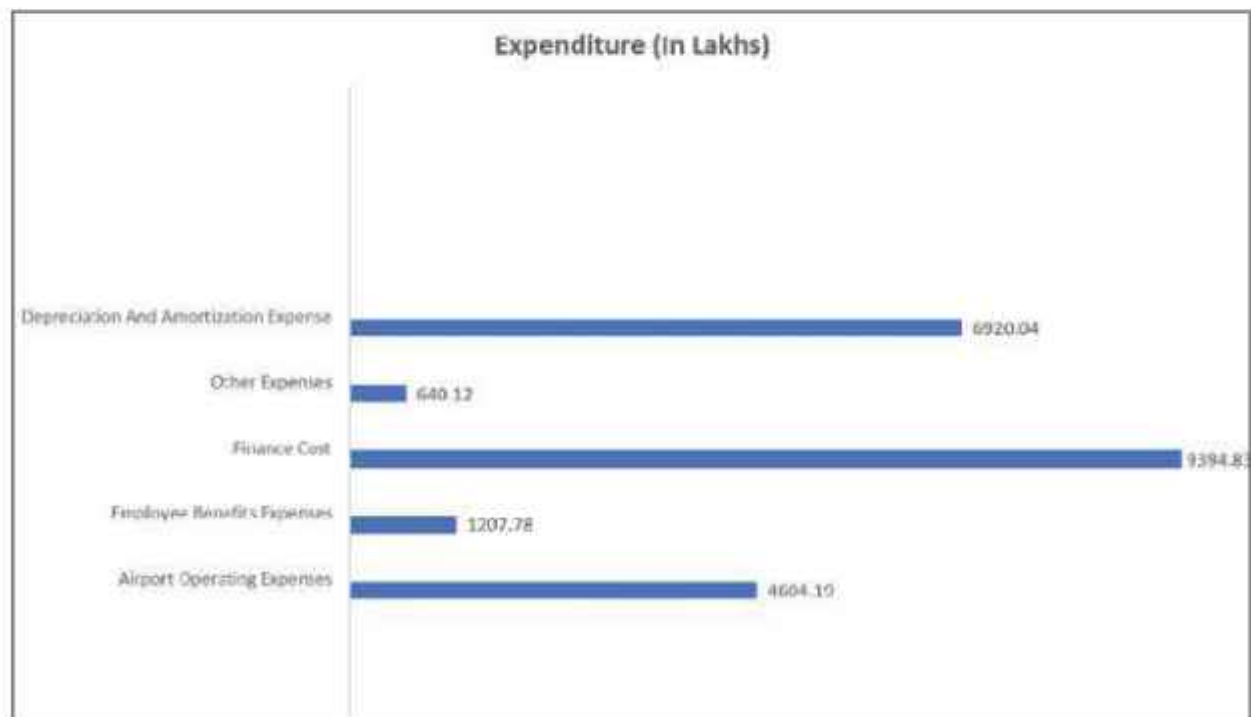
- The company started generating operational revenue effective from December 9, 2018, which consists of Aero Revenue and Non-Aero Revenue.
- The Aero Revenue is Rs. 5369.26 lakhs.



- The Non-Aero Revenue is Rs. 2462.28 Lakhs.



- Expenditure for 2021-22 is Rs. 22,766.96.



(b) Change in nature of business

There has been no change in the business of the Company during the Financial Year ended 31 March 2022.

(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 2021-22.

2. MANAGEMENT

2.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Directors

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

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

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

(b) Key Managerial Personnel

- | | |
|------------------------------|--|
| (i) Managing Director | : Dr. V.Venu IAS |
| (ii) Chief Financial Officer | : Sri. S. Jayakrishnan ACA |
| (iii) Company Secretary | : Sri.G.GnanendrakumarFCS (Ceased to be the Company Secretary on 4 November 2022 due to his demise.) |

(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, the following change has occurred in the Board of Directors of the Company:

- Sri. R. Madhavan, RED SR, Nominee Director (AAI) resigned from his directorship due to superannuation.

2.2 INDEPENDENT DIRECTORS

Sri. M. Madhavan Nambiar (DIN:01122411) and Smt. K. Parvathy Ammal (DIN: 07254970) are the Independent Directors of the Company.

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

Three meetings of the Board of Directors were held during the period under review, on 17 July 2021, 12 November 2021 and 23 December 2021.

2.5 COMMITTEES

(a) Audit Committee

The Audit Committee of Board of Directors of the Company was reconstituted and during the reporting period the Committee comprises of the following members:

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

Audit Committee of the Board met on 30 October 2021 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. During the reporting period, the Committee comprises of the following members:

Sl. No.	Name of the Member	Designation
1	Sri. A.K. Saseendran Hon'ble Minister of Forest & Wildlife	Chairman
2	Sri. M. Madhavan Nambiar Independent Director - Member	Member
3	Smt. Parvathy Ammal Independent Director - Member	Member

No meeting of Nomination and Remuneration Committee was held during the year under consideration.

(c) Corporate Social Responsibility Committee (CSR Committee)

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

The CSR Committee of Board of Directors of the Company during the reporting period comprises of the following members:

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Director	Chairman
2	Sri. M. Madhavan Nambiar, IAS(Retd) Independent Director	Member
3	Dr. V. Venu IAS, Managing Director Kannur Airport	Member
4	Smt. Geeta Venkatesh Iyer, CGM, Finance (KR), BPCL	Member

(d) Share Allotment And Transfer Committee

This Committee is the approving authority relating to allotment and transfer of

shares and allied matters. The Board had constituted Share Allotment and Transfer Committee with the following members:

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

Only one meeting of Share Allotment & Transfer Committee was held during the year under review on 23 March 2022.

(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 were entrusted with the authority for approval of all tenders and proposals including commercial tenders up to Rs. 25 crores. The members of the Committee during the reporting period are:

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Director	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. Madhavan Nambiar Independent Director	Member

Two meetings of Technical Committee were held during the year under review on 12 April 2021 and 5 November 2021.

(f) HR & Selection Committee

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

Sl. No.	Name of the Member	Designation
1	Sri. M.V. Govindan Master, Director	Chairman
2	Dr. V. Venu IAS, Managing Director, Kannur Airport	Member
3	Sri. M. Madhavan Nambiar, IAS (Retd), Independent Director	Member
4	Smt. Geeta Venkatesh Iyer, CGM, Finance (KR), BPCL	Member

Only one meeting of HR & Selection Committee was held during the year under review on 05 November 2021.

2.6 COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION.

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

2.7 DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of annual accounts for the financial year ended 31 March 2022, the applicable Accounting Standards and the instructions provided under Schedule III of the Companies Act, 2013 have been followed.
- 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 2022, and of the profit and loss of the company for the year ended on that date.
- 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.
- 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 2022. There are no small depositors in the Company.

5. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties as referred to in sub-section (1) of Section 188 of Companies Act, 2013 and Ind AS 24 are set out in the Notes forming part of the accounts. These transactions are not likely to have a conflict with the interest of the Company. All the related party transactions are negotiated on arm's length basis and are intended to protect the interest of the Company. Disclosure of particulars of contracts/ arrangements entered into by the Company with related parties are given in Form AOC – 2 as attached as Annexure to this report.

7. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,
FOREIGN EXCHANGE EARNINGS AND OUTGO**

A. Conservation of Energy :

Your company is making all kinds of arrangements to pursue the Energy Conservation efficiency.

B. Technology Absorption

Your Company endeavors to adopt emerging technology domains related to Company's various projects.

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

Foreign Exchange Earning : Nil

Foreign Exchange Outgo : Nil

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 Krishnamoorthy & Krishnamoorthy , Chartered Accountants (FR No. 001488S) have been appointed in the casual vacancy created due to resignation of auditor, as the Statutory Auditors of the Company for the FY 2021-22 as per the provisions of Section 139 (8) (i) of the Companies Act, 2013.

Basis for Adverse Opinion – Internal Financial Controls Over Financial Reporting

Sl. No.	AUDITOR'S COMMENT	KANNUR AIRPORT REPLY
a)	Evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment (including Capital-Work-in Progress) through confirmations and their reconciliation with respective vendor(s) as per books of account at regular intervals.	<p>1) Capitalization of Property Plant and Equipment had been completed in FY 2018-19 itself with the help of CA firm which was also reviewed and finalized after taking into consideration the comments of statutory auditors. Hence Financial Statements were compiled as per applicable standards from FY 2018-19 onwards in so far as Property, Plant and Equipment. Thereafter, there are no material impact on Financial Statements with respect to Property Plant and Equipment. Changes in Financial Statements during the review process were made only as per the requirements of Statutory Auditors, for which there is a prior approval of the Board to make changes suggested by Statutory Auditors.</p> <p>2) The Company is having internal financial controls for maintenance of records, recording of transactions, recording of receipts and expenditure which are with authorizations of the management and Board of Directors of the Company. There is no unauthorized acquisition or disposition of assets without approval of the management.</p> <p>3) Assets and expenditure are being acquired and expenditure incurred based on approvals of Board/ Technical / HR Committee/ Managing Director.</p> <p>4) There are proper approvals in place, especially on construction contracts. Invoices are verified by Consultants, Engineers of Kannur Airport and cleared 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.</p>

		<p>5) Reconciliation of vendors are carried out yearly and appropriate adjustments are carried out in the Balance Sheet for the carrying value. The Company is implementing quarterly reconciliation of vendor accounts from FY 2023-24.</p> <p>6) Company is also having an Internal Audit mechanism to supplement internal financial controls for identifying weaknesses, if any.</p>
b)	Financial book closing procedures to ensure preparation of timely, reliable and appropriate financial statements including the Company's process of obtaining balance confirmations and statement of accounts from vendors and customers, and their reconciliation with the books of account at regular intervals.	Quarterly book closing mechanism have been implemented w.e.f 30 September 2021 properly accruing all expenditure and revenues on a monthly basis. Balance confirmations from vendors and customers and reconciliation of vendors/customers are being carried out at the year end.
e)	The Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary	<p>The Company has a process of assessing the recoverability of overdue receivables since these are being regularly monitored, discussed at the management level. Commercial decisions are taken after discussions and giving due consideration to business opportunities, strengths and weaknesses of the airport. The fact that the Company has a process of assessing the recoverability and how to address the same is also evident from the fact that some of these overdue receivables were taken up and addressed in the appropriate forum to recover the same. Further overdue receivable statements are being regularly sent out to customers followed up by the Account management team.</p> <p>The Company has also recovered a significant portion of overdue receivables from AIASL, GoAir, which constituted a major portion of overdue receivables based on which Financial Statements for FY 2021-22 were compiled taking into consideration subsequent events post Balance Sheet date. The fact that the Company has accelerated the collection process is evident from the financial statements of FY 2021-22 compared to FY 2020-21.</p>

BASIS FOR QUALIFIED OPINION

Sl. No.	QUALIFIED OPINION	KANNUR AIRPORT REPLY
a)	<p>We refer to Note 27.2, 27.4 and Note 38 being the Note forming part of the standalone financial statements, explaining the de-recognition of deferred tax asset of Rs.220.29 lakhs relating MAT credit, for the reasons stated in the said notes.</p> <p>Considering the above, in our opinion the de-recognition of deferred tax asset that has been recorded in the standalone financial statements for the year ended March 31, 2022 should have been recorded during the prior year(s), thereby requiring a restatement of the comparative amounts for the prior year(s) presented, in accordance with Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, the losses for the current year are overstated by Rs.220.29 Lakhs and the Earnings per Share are overstated by Rs.(0.16) per share.</p>	<p>The management decided to de-recognise the deferred tax asset of Rs 220.29 during the current year after reviewing the possibility of setting of MAT credit recognized in the financial years 2014-15 and 2015-16 against future tax liability based on the forecasted profitability projections.</p>

BASIS FOR EMPHASIS OF MATTER

Sl. No.	COMMENT	KANNUR AIRPORT REPLY
i)	<p>Note No. 3.7 being the note forming part of standalone financial statements, as stated therein, the Right of Use (ROU) has not been recognised for 353.98 acres of land given on lease by Government of Kerala to the Company, pending entering into lease agreement with the Government fixing the period and other terms and conditions of lease.</p>	<p>KINFRA is the Nodal Agency for acquiring land on behalf of Government of Kerala (GOK) for the Airport. Government's share in the equity of the Company is in the form of land. After completion of Government's equity capital, the remaining land is to be transferred by the Government on lease as per relevant Government Orders.</p> <p>Of the total land acquired, 1193 acres had been transferred to Kannur Airport on ownership basis and equity has been allotted. An extent of 353.98 acres within the boundary wall of the airport is to be given on lease to Kannur Airport against payment of lease rent. The original lease terms was for a</p>

		<p>was for a period of 60 years on token lease rent. However, these terms were reviewed subsequently by the Government in March 2019 and it has been decided that land required for operational purposes will be on token lease rent, land for commercial purposes will be on lease rent of the Government with the lease rent to be reviewed every five years and a lease holiday of five years or until the Company reaches cash profit whichever is earlier.</p> <p>However in a meeting of the Company with the Government in Sept 2019, it was decided that land used for commercial activities will be on lease rent applicable for commercial activities. The relevant Government Order for this is yet to be issued and the Company had already taken up this matter with the Government.</p> <p>Hence the lease agreement will be entered into after the Government issues the relevant Government Orders with the revised terms of lease and Right of Use of asset will be recognised.</p>
ii)	Note 6.1 being the note forming part of stand-alone financial statements, regarding the Management's assessment of recoverability of deposit of Rs.982.03 Lakh placed with Ministry of Home Affairs (MoH) towards CISF deployment, based on the reasons stated in the said Note	<p>Company had deposited an amount of Rs 982.03 lakh as security deposit prior to commencement of commercial operations towards cost of deployment of 613 CISF personnel at the airport. This was paid from term loan borrowings. The cost of deployment of CISF personnel is to be met from PSF Collections from embarking passengers. Since PSF collections were inadequate due to low passenger volumes, this Security Deposit could not be recouped from PSF Collections. Hence the Company has taken up this matter with MoCA again to refund the same.</p>

iii)	Note no.6.4 being the note forming part of standalone financial statements regarding the Management assessment of the recoverability of contractually receivable expenses from various departments of Government of Kerala amounting to Rs.1151.11 lakhs, based on the reasons stated in the said note.	This includes payments made to Government Departments and ULCCS Ltd for various work executed outside the airport premises during construction stage. As these work was carried outside the airport premises which otherwise should have been carried out by the Government, the company has requested for reimbursement is actively pursuing the matter with the Government and is hopeful of receiving the same.
iv)	Note No.18.2 (b) being the note forming part of standalone financial statements, regarding the creation of liability towards the cost of deployment of CISF security amounting to Rs.1714.84 lakhs (Rs.1714.84 lakhs) and showing claim for its reimbursement from the Ministry during earlier years, for the reasons stated in the said note.	The expenditure towards meeting cost of deployment of CISF personnel deployed in the airports is to be met out of PSF/ASF collections from passengers through airline tickets as envisaged in Aircraft Rules 1937. This being a sovereign function of the Government to ensure national security, unity and integrity of the Country it is not an expenditure of the airport. Hence the expenditure is treated as both receivable and payable in the financial statements without an impact on the financial statements.

Internal Auditors

The Board of Directors had appointed M/s Varma & Varma Chartered Accountants, Kannur as the Internal Auditors of the Company, as per the provisions of Section 138 of Companies Act, 2013 and Rule 13 of Companies (Accounts) Rules 2014, for the Financial Year 2021-22

Secretarial Auditor

The Board of Directors had appointed M/s PMA & 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 2021-22. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 2021-22 is attached with this report as Annexure.

Cost Auditor

As per the provisions of Section 148 (1) of Companies Act, 2013, Rule (3) & (4) of Companies (Cost Records & Audit) Rules 2014, Company needs to appoint a Cost Auditor as the annual turnover of the Company crossed Rs. 100 cr during the FY 2019 -20. Company maintains cost records. M/s Sankara Kumar Associates, Cost Accountants, Thiruvananthapuram, was appointed as Cost Auditor for the FY 2021-22.

12. COMPLIANCE WITH SECRETARIAL STANDARDS OF ICSI

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

13. ANNUAL RETURN

The website of the Company is www.kannurairport.aero. The annual return of the company has been published in the website. Link of the same is given below:

<https://kannurairport.aero/public/Annual%20Return%20FY%202021-22.pdf>

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

16. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The company has established a vigil mechanism/ Whistle blower policy to deal with instances of fraud and mismanagement, if any. The policy has a systematic mechanism for directors and employees to report about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or policy. Further, no person has been denied access to the Audit Committee. The Whistle Blower Policy is available under the following web link: <https://kannurairport.aero/public/WB%20Policy.pdf>

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/-

Pinarayi Vijayan

Chairman

DIN: 0001907262

Place : Kannur

Date : 30 December 2022

**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.)

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

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

- Names of subsidiaries which are yet to commence operations
- 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	31.03.2022		
2. Shares of Associate / Joint Ventures held by the company on the year end			
(a) Number	23,40,000		
(b) Amount of Investment in Associates/ Joint Venture	2,34,00,000		
(c) Extend of Holding %	26%		
Name of Associates/Joint Ventures	BPCL-KIAL Fuel Farm Pvt Ltd	Name 2	Name 3
3. Description of how there is significant influence	Because of shareholding		
4. Reason why the associate/joint venture is not consolidated	Consolidated and Consolidated statements also submitted.		
5. Networth attributable to Shareholding as per latest audited Balance Sheet	(4,64,63,801.79)		
6. Profit / Loss for the year	(3,84,78,392.74)		
i. Considered in Consolidation			
i. Not Considered in Consolidation			

- Names of associates or joint ventures which are yet to commence operations.
 - 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.

For and on behalf of the Board

Sd/-
Pinarayi Vijayan
Chairman
DIN: 0001907262

Place : Kannur
Date : 30 December 2022

Form AOC -2

Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rule 2014

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

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

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

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

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

For and on behalf of the Directors

Sd/-

Place : Kannur

Chairman

Date : 30 December 2022

DIN : 0001907262

**PMA & ASSOCIATES
COMPANY SECRETARIES**

29/973 E, 2nd Floor, SG Arcade KT Gopalan Road,
Kotooli P.O, Kozhikode, Kerala
E-mail: connect@pmacs.in, Ph : 0495 2743633,2744633

To,

Members

KANNUR INTERNATIONAL AIRPORT LIMITED

Regd. Office:

KANNUR INTERNATIONAL AIRPORT (PO),

MATTANNUR, KANNUR - 670708

Our Secretarial Audit Report of even date, for the financial year 2021-22 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.

For PMA & ASSOCIATES
Company Secretaries

Sd/-

PM Abdul Sameer FCS

CP No: 7759

Place : Calicut

Date : 16/11/2022

**PMA & ASSOCIATES
COMPANY SECRETARIES**

29/973 E, 2nd Floor, SG Arcade KT Gopalan Road,
Kotooli P.O, Kozhikode, Kerala
E-mail: connect@pmacs.in, Ph : 0495 2743633,2744633

Form MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31.03.2022

[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:

KANNUR INTERNATIONAL AIRPORT (PO),

MATTANNUR, KANNUR - 670708

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, 2022 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, 2022 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 there under;
 - 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.

We further report that

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

For PMA & ASSOCIATES
Company Secretaries

Sd/-

PM Abdul Sameer FCS

CP No: 7759

UDIN: F007060D001763419

Place: Calicut

Date: 16/11/2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KANNUR INTERNATIONAL AIRPORT LIMITED**

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of KANNUR INTERNATIONAL AIRPORT LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, total comprehensive gain, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion:

- i) We refer to Note Nos. 27.2, 27.4 and 39, being the Notes forming part of the standalone financial statements, explaining the de-recognition of deferred tax asset of Rs.220.29 lakhs relating MAT credit, for the reasons stated in the said notes.

Considering the above, in our opinion the de-recognition of deferred tax asset that has been recorded in the standalone financial statements for the year ended March 31, 2022 should have been recorded during the earlier year(s), thereby requiring a restatement of the comparative amounts for the earlier year(s) presented, in accordance with Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, the losses for the current year are overstated by Rs.220.29 Lakhs and the Earnings per Share are overstated by Rs.(0.16) per share.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act.

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

Emphasis of Matters

We draw attention to the following matters explained in Notes forming part of the standalone financial statements:

- i. Note No. 3.7 being the note forming part of standalone financial statements, as stated therein, the Right of Use (ROU) has not been recognised for 353.98 acres of land given on lease by Government of Kerala to the Company, pending entering into lease agreement with the Government fixing the period and other terms and conditions of lease.
- ii. Note 6.1 being the note forming part of standalone financial statements, regarding the Management's assessment of recoverability of deposit of Rs.982.03 lakhs with Ministry of Home Affairs (MoH) towards CISF deployment, based on the reasons stated in the said note.
- iii. Note no.6.4 being the note forming part of standalone financial statements regarding the Management assessment of the recoverability of contractually receivable expenses from various departments of Government of Kerala amounting to Rs.1151.11 lakhs, based on the reasons stated in the said note.
- iv. Note No.18.2 (b) being the note forming part of standalone financial statements, regarding the creation of liability towards the cost of deployment of CISF security amounting to Rs.1714.84 lakhs (Rs.1714.84 lakhs) and creation of asset by way of claim for its reimbursement from the Ministry during earlier years, for the reasons stated in the said note.

Our opinion is not modified in respect of these matters.

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

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the board of directors report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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.

Management's Responsibility for the Standalone Financial Statements:

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 39 of the standalone financial statements for the year ended March 31, 2022 regarding our appointment as statutory auditors of the Company by the members in the Annual General Meeting held on 5th of November, 2022, consequent to the resignation of the previous Statutory Auditor of the Company.

Further, we draw attention to the said note and the audit report dated April 21, 2022 by the previous auditors, regarding their appointment for a term of five (5) years from the conclusion of the 9th annual general meeting until the conclusion of the 14th annual general meeting (i.e. in respect of the financial year ended March 31, 2019 until the financial year ending March 31, 2023).

We understand that the Company has filed a writ petition challenging the view of the Ministry of Corporate Affairs that the Company is a Government Company as defined under the Companies Act, 2013, and its direction that the Company's auditors need to be appointed by the Comptroller and Auditor General of India under section 139(5) of the Act.

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

This was also reported under Other Matters by the previous auditors in the Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020, in the Auditor's Report on the financial statements for the year ended March 31, 2020 issued on November 12, 2021, and in the Auditor's Report on the financial statements for the year ended March 31, 2021 issued on April 21, 2022. The Board of Directors of the Company continue to reaffirm the appointment of auditors of the Company based on legal advice obtained by them. Further the shareholders of the Company, in the previous annual general meetings have also noted the Other Matters on appointment of statutory auditors reported in the audit report for the relevant years as part of approval of the Annual Accounts of the Company together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

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

Report on Other Legal and Regulatory Requirements :

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a. We have sought and except for the matters described in the Basis for Qualified Opinion section paragraph (a) 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 effects/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 Gain, 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 effects/possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from all the Directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors, are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls 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 opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year requiring compliance of the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No.34
 - 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding,

- whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid during the year in contravention of the provisions of section 123 of the Act.
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.

Cochin - 16
30.12.2022
UDIN: 23201484BGWMDM7354

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
Firm Regn. No. : 001488S

Sd/-

K.T. Mohanan
Partner
Membership No.: 201484

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Kannur International Airport Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit conducted in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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.

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, though there is considerable improvement in internal financial control over financial reporting compared to previous year, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at March 31, 2022.

The Company did not have an appropriate internal control system for:

- a) evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment (including Capital-Work-in Progress) 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 including the Company's process of obtaining balance confirmations and statement of accounts from vendors and customers, and their reconciliation with the books of account at regular intervals.
- c) the Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary.

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

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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2022, 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.

Cochin – 16
30.12.2022

UDIN: 23201484BGWMDM7354

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

Firm Regn. No. : 001488S

Sd/-
K.T. Mohanan
Partner
Membership No.: 201484

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)

1. In respect of Company's Property, Plant and Equipment and Intangible Assets :

- a. i) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- ii) The company has maintained proper records showing full particulars of intangible assets.
- b. According to the information and explanations given to us, the Company has formulated a programme of verification of fixed assets to cover all the items in a phased manner over a period of 3 years, as approved by the Board of Directors and the process of physical verification commenced by the year end. In respect of the assets physically verified during the previous year, according to the information and explanations given to us, the Management is in the process of ascertaining discrepancies, if any.
- c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / Government orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties of land admeasuring 353.98 acres, occupied by the Company, the terms of lease are yet to be finalized with the Government of Kerala and the leasehold land has not been recognized in these standalone financial statements (also refer to paragraph 1 in the Emphasis of Matter section of the Independent Auditor's Report on the standalone financial statements).
- d. According to the information and explanations given to us and on the basis of our examination of books of accounts and other relevant documents of the company, the Company has not revalued its Property, Plant and Equipment (including Right to use Assets) or Intangible Assets or both during the year.
- e. As informed to us, there are no proceedings that have initiated or are pending against the company for holding any Benami Property under Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

2. In respect of its Inventories :

As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Since the company is not availed any working capital facility exceeding Rs.500 lakhs, the requirement of reporting under clause (2) (b) is not applicable and hence not commented upon.

3. In respect of loans, secured or unsecured to companies, firms Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013:

- a. The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year.
- b. During the year, the Company has not made any investments, provided guarantees or given security and thus the terms and conditions of the grant are not prejudicial to the company's interest;
- c. Since Company has not granted loans and advances in the nature of loans, schedule of repayment of principal and payment of interest is not applicable to the company.
- d. Company has not provided any loans or advances to group entities and to others and so there is no outstanding balance as at the end of reporting period.
- e. The Company has not renewed or extended or granted fresh loan to settle the over-dues of existing loans given to the same parties.
- f. The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.

4. In respect of loans, investments, guarantees, and security whether the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with:

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5. In respect of deposits accepted or accepted amounts which are deemed to be deposit, whether the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, and the nature of contravention, if any:

The Company has not accepted deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. In respect of maintenance of cost records specified by the Central Government under section 148(1) of the Companies Act, 2013, whether or not such accounts and records have been so made and maintained:

The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of Aeronautical Services of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of statutory dues :

- (a) According to the information and explanations furnished to us and according to the examination of the records, the company is regular in depositing undisputed statutory dues including income-tax, wealth tax, service tax, duty of customs, value added tax, cess, goods and service tax and any other statutory dues with the appropriate authorities during the year. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of exercise, value added tax, goods and service tax outstanding on account of any dispute, except for the following cases :

Name of the Statute	Nature of Dues	Amount (Rupees)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Penalty	₹ 53.67 lakhs	2017-18 (AY 2018-19)	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Penalty	₹ 1.50 lakhs	2018-19 (AY 2017-18)	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Penalty	₹ 531.41 lakhs	2016-17 (AY 2017-18)	Commissioner of Income Tax (Appeals)

Note : The appeal filed for the Assessment Year 2019-20 against disallowance of claim u/s 35AD and for the Assessment Year 2014-15 for addition of interest to taxable income not considered, since there is no outstanding tax liability.

- 8. Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year:**

According to the information and explanations given to us and based on the records of the company examined by us, there are no such transactions which have omitted to record in the books of accounts.

- 9. In respect of company defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender:**

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us:

- a. Since the term loan outstanding's were restructured and new Funded Interest Term Loans (FITL) has been sanctioned with moratorium, the company has not defaulted in repayment of dues to the bank during the year.
- b. The company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- c. The term loans taken by the company have been applied for the purpose for which the loans were obtained.
- d. The Company has not utilized the funds raised on short term basis for long term purposes.
- e. The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f. The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- 10. In respect of moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised and the preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. If not, providing the details:**

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. The Company has made a private placement of shares during the year and the same is in accordance with section 42 and section 62 of the Companies Act, 2013 and have been used for the purposes for which they were raised.

In respect of private placement of shares during the previous year, we report that the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application, except for:

Nature of securities	Purpose for which funds raised	Opening Unutilised Balance (Rs. in Lakh)	Amount utilized for the other purpose (Rs. in Lakh)	Amount utilised for the purpose for which fund has been raised (Rs. in Lakh)	Un-utilized balance as at Balance sheet date including temporary deployment pending application (Rs. in Lakh)
Equity Shares	For long term financial needs of the company	3336.00	0	1623.00	1713.00

11. In respect of reporting on Fraud :

- Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- As per the information and explanations provided to us, Report under sub-section 12 of Section 143 of Companies Act has not been filed by the Auditors in form ADT- 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- According to explanations and information given to us, we have considered the effectiveness of whistle blower mechanism in the company. There is no whistle-blower complaint received by the company during the year.

12. In respect of reporting on Nidhi Company :

In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. In respect on Related Party Transactions:

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. Reporting on Internal Audit:

According to the information and explanation given to us and based on our examination of the records of the Company, we report that the Company has an internal audit system commensurate with the size and the nature of its business. Based on our audit procedure performed and the explanations and information provided to us, we have considered the report of Internal Auditors for the period under audit.

15. Reporting on Non-Cash Transactions with Directors:

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence not commented upon.

16. In respect of company required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained:

In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and accordingly the provisions of paragraph 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

17. In respect of reporting of cash losses:

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the company has incurred cash losses in the Financial Year and also in the immediately preceding Financial Year.

18. Reporting on Auditors Resignation :

According to the information and explanations given to us, the previous statutory auditors of the Company had been resigned before completion of the terms of office. We have considered the issue, objections or concerns, if any raised by the outgoing auditors.

19. Reporting on Financial Position:

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans and also referring to note no.32 forming part of financial statements.

20. Reporting on CSR Compliance:

Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, CSR is not applicable to the company and hence not commented upon.

Cochin - 16
30.12.2022

UDIN: 23201484BGWMDM7354

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

Firm Regn. No. : 001488S

Sd/-
K.T. Mohanan
Partner
Membership No.: 201484

Kannur International Airport Limited
Standalone Balance Sheet as at March 31, 2022
All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,83,143.58	1,89,738.67
(b) Capital work-in-progress	3.2	2,422.98	1,184.49
(c) Intangible assets	4	23.62	17.54
(d) Financial assets:			
(i) Investment in joint venture	5	234.00	234.00
(ii) Other financial assets	6	1,261.61	1,153.93
(e) Other non-current assets	7	-	454.34
(f) Non current tax assets (net)	8	467.29	258.92
(g) Deferred tax assets (Net)	27	5,879.81	4,485.50
Total non-current assets		1,93,432.89	1,97,527.39
II Current assets			
(a) Inventories	9	56.15	36.68
(b) Financial assets:			
(i) Trade receivables	10	1,924.86	2,786.87
(ii) Cash and cash equivalents	11	2,761.06	4,984.09
(iii) Bank balances other than (ii) above	12	27.02	211.97
(iv) Other financial assets	6	2,259.43	2,983.19
(c) Other current assets	7	1,865.28	2,364.23
Total current assets		8,893.80	13,367.03
TOTAL ASSETS (I + II)		2,02,326.69	2,10,894.42
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	1,33,836.90	1,33,812.10
(b) Other equity	14	(44,639.89)	(32,219.69)
Total equity		89,197.01	1,01,592.41
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities:			
(i) Borrowings	15	1,03,046.79	95,166.78
(ii) Other financial liabilities	16	778.10	643.89
(b) Provisions	17	157.90	124.59
(c) Other Non current liabilities	18	1,000.00	1,000.00
Total non-current liabilities		1,04,982.79	96,935.26
2 Current liabilities			
(a) Financial liabilities:			
(i) Trade payables	19		
(A) Dues of micro and small enterprises		100.99	31.92

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
(B) Dues of other than micro and small enterprises		3,967.68	3,134.39
(ii) Other financial liabilities	16	2,847.50	8,397.65
(b) Provisions		21.36	18.60
(c) Short term borrowings	17	550.36	-
(d) Other current liabilities	18	659.00	784.19
Total current liabilities		8,146.89	12,366.75
TOTAL LIABILITIES (1 + 2)		1,13,129.68	1,09,302.01
TOTAL EQUITY AND LIABILITIES (I + II)		2,02,326.69	2,10,894.42
See accompanying notes to the standalone financial statements			

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

For and on behalf of the Board of Directors

Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 23201484BGWMDM7354

Sd/-
Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

Thiruvananthapuram
30-12-2022

Kannur International Airport Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Income			
Revenue from operations	20	7,831.54	4,477.06
Other income	21	563.43	550.93
Total Income		8,394.97	5,027.99
II Expenses			
Airport operating expenses	22	4,604.19	4,505.73
Employee benefits expense	23	1,207.78	1,156.81
Finance costs	24	9,394.83	8,905.19
Depreciation and amortization expense	3.9	6,920.04	6,865.41
Other expenses	25	640.12	1,443.17
Total expenses		22,766.96	22,876.31
III Loss before exceptional items and tax (I - II)		(14,371.99)	(17,848.32)
IV Exceptional Items (Refer Note No.26.1)	26	545.32	-
V Loss after exceptional items and before tax (III+IV)		(13,826.67)	(17,848.32)
VI Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Deferred tax	27	-1,396.43	558.00
Total tax expense/(Benefit)		(1,396.43)	558.00
VII Loss for the year (V- VI)		(12,430.24)	(18,406.32)
VIII Other Comprehensive income(loss)			
(i) Items that will not be reclassified subsequently to profit or loss:			
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.11)	0.01
Total other comprehensive loss for the year		2.60	(0.03)
IX Total comprehensive loss for the year (VII + VIII)		(12,427.64)	(18,406.35)
Earnings per equity share of face value of ₹.100/- Basic and diluted EPS (₹.)	28	(9.29)	(13.76)
See accompanying notes to the standalone financial statements			

In terms of our Report attached
For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm's Registration Number: 001488S)

Sd/-

CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 23201484BGWMDM7354

Thiruvananthapuram
30-12-2022

For and on behalf of the Board of Directors

Sd/-

Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-

K Parvathyammal
Director
(DIN: 07254970)

Sd/-

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

Kannur International Airport Limited

Standalone statement of changes in equity for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at March 31, 2020	13,38,12,100	1,33,812.10
Changes in equity share capital during the year:		
Issue of equity shares	-	-
Balance at March 31, 2021	13,38,12,100	1,33,812.10
Changes in equity share capital during the year:		
Issue of equity shares	24,800	24.80
Balance at March 31, 2022	13,38,36,900	1,33,836.90

A.1 Issue of additional equity shares is in accordance with the decision of the Members in the Extra ordinary General Meeting held on 23/12/2021, to offer equity shares to the extent of 50,00,000 equity shares of Rs.100 each at a premium of Rs. 30 per share.

B Other Equity

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Balance at March 31, 2020	133.67	30.70	(13,957.53)	(20.18)	(13,813.34)
Loss for the year ended March 31, 2021	-	-	(18,406.32)	-	(18,406.32)
Other comprehensive Loss for the year, net of income tax	-	-	-	(0.03)	(0.03)
Balance at March 31, 2021	133.67	30.70	(32,363.85)	(20.21)	(32,219.69)

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Loss for the year ended March 31, 2022			(12,430.24)		(12,430.24)
Securities Premium (Refer A.1. above)	7.44				7.44
Other comprehensive Loss for the year, net of income tax				2.60	2.60
Balance at March 31, 2022	141.11	30.70	(44,794.09)	(17.61)	(44,639.89)

Remeasurements of Defined Benefit Plans - Gain/Losses arising on Remeasurements of Defined Benefit Plans are recognised in the

Other Comprehensive Loss as per IND AS 19 and shall not be reclassified to the standalone statement of Profit and Loss in the

See accompanying notes to the standalone financial statements

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

CA K.T.Mohanan

Partner (M.No: 201484)

UDIN: 23201484BGWMDM7354

Sd/-

Venu Vasudevan

Managing Director

(DIN: 01105099)

Sd/-

K Parvathyammal

Director

(DIN: 07254970)

Sd/-

S Jayakrishnan

Chief Financial Officer

(PAN AGPPS4585B)

Thiruvananthapuram

30-12-2022

Thiruvananthapuram

30-12-2022

Kannur International Airport Limited
Standalone Statement of cash flows for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from Operating Activities		
Loss before tax	(13,826.67)	(17,848.32)
Adjustments for:		
Depreciation of property, plant and equipment	6,909.46	6,854.29
Amortisation of intangible assets	10.58	11.12
Unwinding of discount on security deposits	63.43	40.91
Finance Cost	9,170.73	8,818.87
Interest Income	(153.88)	(308.26)
Loss on sale of Property, Plant and Equipment	-	0.44
Fair value adjustments	(66.21)	(45.45)
Allowance for credit impaired trade receivables	(84.44)	(118.27)
Credit impaired Trade Receivables written off	26.69	(500.49)
Reversal of provision for expenses	(170.88)	-
Reversal of provision for impairment on debtors	(116.88)	-
Remission of Liability	545.32	-
Operating profit / (loss) before working capital change	2,307.26	(3,095.16)
<i>Working capital adjustments for:</i>		
(Increase) / Decrease in Trade receivables	1,359.62	(494.58)
Increase / (Decrease) in Trade payables	901.11	1,270.97
(Increase) / Decrease in other financial assets	(107.68)	(53.78)
Increase / (Decrease) in other financial liabilities	(140.42)	(116.23)
(Increase) / Decrease in other current assets	953.29	11.37
(Increase) / Decrease in Bank balances other than cash and cash equivalents	184.95	54.27
(Increase) / Decrease in inventories	(19.47)	(25.25)
Increase / (Decrease) in other Current Liabilities	(125.19)	133.85
Increase / (Decrease) in provisions	36.07	29.84
Cash generated from operations	5,349.54	(2,284.70)
Income tax paid (net)	(208.37)	900.36
Net cash flow (used in) / generated from operating activities (A)	5,141.17	(1,384.34)
B. Cash flow from investing activities		
Payments for property, plant and equipment	(6,785.70)	(2,577.40)
Payments for Intangible assets	(16.66)	(8.50)
Interest received	153.88	308.26
Government Grants towards purchase of equipment	-	-
Proceeds from sale of Property, Plant and Equipment	-	0.53
Net cash flow used in investing activities (B)	(6,648.48)	(2,277.11)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
C. Cash flow from financing activities		
Proceeds from issue of share capital	32.24	-
Interest paid	(747.96)	(3,831.65)
Net cash flow generated from financing activities (C)	(715.72)	(3,831.65)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,223.03)	(7,493.10)
Cash and cash equivalents at the beginning of the year	4,984.09	12,477.19
Cash and cash equivalents at the end of the year (Refer Note : 11.3)	2,761.06	4,984.09
See accompanying notes to the standalone financial statements		

Note:

Reconciliation of Borrowings:

Opening Balance	95,166.78	89,567.04
Proceeds from borrowings	-	-
Funded interest term loan (FITL)	-	2,135.87
Interest capitalized into loan	-	3,463.87
Closing balance	1,03,597.15	95,166.78

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm's Registration Number: 001488S)

For and on behalf of the Board of Director

Sd/-

CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 23201484BGWMDM7354

Sd/-

Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-

K Parvathyammal
Director
(DIN: 07254970)

Sd/-

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

Thiruvananthapuram
30-12-2022

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

1 GENERAL INFORMATION

Kannur International Airport Limited ("KIAL" or "the Company") was incorporated on December 3, 2009 in India as a Private Limited Company and later converted into a Public Limited Company effective from August 2010. The Company is having its registered office in Kara – Peravoor, Mattannur, Kannur District, Kerala. The Company has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The project is promoted by Kerala State Government holding 39.23% of the equity shares of the Company as at March 31, 2022.

The standalone financial statements were reviewed by Audit Committee, and approved by the Board of Directors at their meeting held on December 30, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Basis of preparation and presentation

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

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

2.3 Going Concern

The standalone financial statements have been prepared considering going concern concept. (refer Note No,32)

2.4 Change and use of Estimate and judgment

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

Fair value of financial assets and liabilities:

Some of the assets and liabilities of the Company are measured at fair value for financial reporting purposes. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of discount rate, future growth rate, etc. based on Management's best estimate about future developments.

Useful Lives of Property, Plant and Equipment:

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

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

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Valuation of Deferred Tax Liabilities/Assets:

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

Provisions and Contingent Liabilities

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

2.5 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 date are shown as capital work-in-progress, intangible assets under development as at balance sheet date are shown as intangible assets under development and the related advances are shown as loans and advances.

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Spare parts that can only be used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

All spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the Company intends to use these during more than a period of 12 months.

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

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

Depreciation on property, plant and equipment

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

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Description of the Asset Estimated Useful life

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

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

Impairment of Property, Plant and Equipment and intangible assets

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

2.6 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.

2.7 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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

2.8 Provisions, Contingent Liabilities and Contingent Assets

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

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

2.9 Foreign Currency Transactions

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

2.10 Cash Flows and Cash and Cash Equivalents (for the purpose of standalone statement of cash flows)

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

2.11 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Income from services

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

Interest is recognised using the time proportion method based on rates implicit in the transaction.

Award fees and tender fees are recognised on an accrual basis in accordance with the terms of the relevant arrangement.

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

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Dividends

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

2.12 Borrowing costs

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

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

All other borrowing costs are recognised in standalone statement of profit and loss in the period in which they are incurred.

2.13 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, leave, incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

Post-employment obligations

Defined contribution plans:

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

b Defined Benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

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

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

2.14 Taxes on Income

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

a Current Tax

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum Alternate Tax) or normal provision of Income Tax Act, 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 is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realised or deferred tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Deferred tax assets are 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. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised or reduced to the extent that it is probable/no longer probable, respectively, that the related tax benefit will be realised.

2.15 Government grants

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

2.16 Events after reporting date

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

2.17 Earnings per share

i Basic earnings per share

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

ii Diluted earnings per share

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

2.18 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.

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

2.19 Fair value measurement

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

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

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

2.20 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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Initial recognition and measurement

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

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

b Financial Liabilities

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

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

Derecognition

A financial asset is primarily derecognised when:

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

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

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

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

2.21 Inventories

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

2.22 Leases

Company as a Lessor:

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

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated.

Company as a Lessee:

Right-of-use assets and Lease liabilities

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

The Government of Kerala has not finalised on the underlying terms and conditions for the lease of land to the Company and in the absence of a details as to extent of land and the lease rentals the Company has not recognised any right of use asset or lease liabilities though the Company. (Refer Note 3.6)

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

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

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

2.23 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

IndAS16-Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Kannur International Airport Limited**Notes to the standalone financial statements for the year ended March 31, 2022**

All amounts are in ₹.Lakh unless otherwise stated

IndAS 37-Provisions, Contingent Liabilities and Contingent Assets-

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that related directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts are in ₹. Lakh unless otherwise stated

3 Property, Plant and Equipment

Description of Assets	Tangible assets										Total
	Free Hold Land	Lease Hold Land Development	Pavements	Buildings, Roads, Bridges, drains & Culverts	Fire Department Equipment	Plant & Equipment	Furniture & fittings	Vehicles	Computers & Accessories	Office Equipment	
Cost											
At March 31, 2020	64,912.44	5,151.85	28,618.95	69,295.25	3,186.41	2,263.92	1,002.56	15.44	72.57	60.28	2,04,194.63
Additions	8.47	-	-	870.07	41.42	84.45	16.73	-	2.46	498.86	1,442.96
Disposals	-	-	-	-	-	-	1.37	-	2.74	0.75	4.86
At March 31, 2021	64,920.91	5,151.85	28,618.95	70,165.32	3,227.83	2,328.37	1,017.92	15.44	72.29	60.05	2,05,632.75
Additions	-	-	-	204.30	-	0.51	18.46	28.25	17.93	44.84	314.29
Disposals	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2022	64,920.91	5,151.85	28,618.95	70,369.62	3,227.83	2,328.88	1,036.38	43.69	90.22	60.05	2,05,947.04
Accumulated Depreciation											
At March 31, 2020	-	112.45	1,196.84	3,633.59	265.11	234.96	217.68	15.02	47.21	26.94	9,039.87
Charge for the year	-	85.86	906.27	2,777.59	202.87	178.94	144.27	-	13.51	9.61	6,856.10
Eliminated on disposal	-	-	-	-	-	-	0.62	-	2.57	-	3.89
At March 31, 2021	-	198.31	2,093.11	6,411.18	467.98	413.90	361.53	15.02	58.15	35.85	15,894.06
Additions	-	85.86	906.26	2,801.91	206.20	182.12	139.90	0.81	9.73	9.61	6,908.46
Disposals	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2022	-	284.17	2,999.37	9,213.09	673.18	596.02	501.43	15.63	67.88	45.46	22,803.54
Carrying amount											
At March 31, 2021	64,920.91	4,953.54	26,525.84	63,694.14	2,759.85	1,914.47	656.39	0.42	14.14	24.20	1,89,738.67
At March 31, 2022	64,920.91	4,867.68	25,619.58	61,096.53	2,564.65	1,732.86	534.95	28.06	22.34	14.59	1,83,143.58

3.2 Capital work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021
Cargo Complex under Implementation	2,234.26	818.89
Elevators under installation	18.60	18.60
Aviation Obstruction light	-	19.94
Architectural face lighting work	170.12	160.47
Office Block work in progress	-	166.59
Total	2,422.98	1,184.49

3.3 Movement of Capital work in progress

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	1,184.49	2,204.70
Additions during the year	1421.88	392.16
Less: capitalised during the year	183.38	1412.37
At the end of the year	2,422.99	1,184.49

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts are in ₹. Lakh unless otherwise stated

3.4 Capital work in progress aging Schedule

Particulars	As at March 31, 2022	As at March 31, 2021
Less than 1 year	1,418.93	355.69
1-2 year	284.10	744.96
2-3 year	636.12	83.84
more than 3 years	83.84	-
Total	2,422.99	1,184.49

3.5 The Management has assessed and determined that owing to the outbreak of COVID19 pandemic there were indicators of impairment of property, plant and equipment as at March 31, 2022 (also refer Note 32 of these standalone financial statements). The Company has considered the possible impact of the pandemic up to the date of approval of these standalone financial statements in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of property plant and equipment.

3.6 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 was procured by KINFRA on behalf of the Government of Kerala with an initial plan to be leased to the Company vide Kerala Government order (MS) No. 60/2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the company. The free hold land in absolute ownership of the company as at March 31, 2022 is 1192.54 Acres (previous year 1192.54 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 by the Government of Kerala and hence as per the GO No.23/2019/Trans dated March 7, 2019 it has been decided by the Government to lease the land for a period of 60 years. The land development carried out in the land to be leased and in the possession of the Company is stated as lease hold land. The expenditure is amortised over a period of 60 years from the date of commencement of commercial operations.

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

3.7 Land held pending transfer of ownership to Government

As per the GO.Ms 26/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the Company for subsequent transfer to Government. Accordingly, the Company had purchased 10.52 acres of land for ₹. 987.18 Lakh out of 11.44 Acres (remaining land pending for purchase was for wait of documents from Land Acquisition Officer). Administrative sanction was accorded for the reimbursement of an amount ₹. 987.18 Lakh (vide GO (RI) No.146/2016/Tran dated March 22, 2016) to meet the expenditure incurred in connection with purchase of 10.52 acres of land which was realised on April 13, 2016.

3.8 Borrowing cost capitalised - ₹. 115.76 Lakhs (Previous year Nil)

3.9 Depreciation and amortization expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 3.1)	6,909.46	6,658.10
Amortization of intangible assets (Refer Note 4)	10.58	7.31
Total	6,920.04	6,665.41

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

4 Intangible assets

Particulars	Computer Software
Cost	
At April 1, 2020	27.47
Additions	8.50
Disposals	-
At March 31, 2021	35.97
Additions	16.66
Disposals	-
At March 31, 2022	52.63
Amortization	
Up to April 1, 2020	11.12
Charge for the year	7.31
At March 31, 2021	18.43
Charge for the year	10.58
At March 31, 2022	29.01
Carrying amount	
At March 31, 2021	17.54
At March 31, 2022	23.62

5 Investment in Joint Venture

Particulars	As at March 31, 2022	As at March 31, 2021
paid)		
BPCL-KIAL Fuel Farm Private Limited (23,40,000 Equity Shares of BPCL-KIAL FUEL FARM PRIVATE LIMITED at par (Previous year 23,40,000 Equity shares of ₹.10 each) fully paid up unquoted non traded stated at cost being 26% of the total equity)	234.00	234.00
Total	234.00	234.00

BPCL-KIAL FUEL FARM PRIVATE LIMITED (BKFFPL) was incorporated in May 2015 with an equity participation of 74% by Bharat Petroleum Corporation Limited (BPCL) and 26% by Kannur International Airport Limited. BKFFPL was formed to design, construct, commission and operate the Fuel Farm at Kannur International Airport for the supply of Aviation Turbine Fuel (ATF) on an exclusive basis. BKFFPL started operations from December 9, 2018 along with the commissioning of the airport.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

It is being managed under joint control mechanism, hence in the consolidated financial statements of the Parent, the financials of BKFFPL has been consolidated as Joint Venture as per the requirements of Ind AS accounting standards.

The company has negative net worth during the years 2020-2021 and 2021-2022 due to the decrease in the level of operations on account of Covid 19 Pandemic. No impairment has been provided in the value of investments as the management expects no permanent diminution in the value of the assets.

6 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Security Deposits (refer Note 6.1 below)	1,162.69	1,135.93
Earmarked deposits with remaining maturity period greater than 12 months (Refer Note 6.2 below)	19.94	18.00
Other Current Asset - Assets held for Sale (Refer note 6.3)	78.98	-
Total	1,261.61	1,153.93
Current		
Contractually reimbursable expenses (Refer Note 6.4) (Receivable from Kerala State Government Departments)	1,151.11	2,225.67
Accrued lease rentals (as per Ind AS 116)	1,108.32	757.52
Total	2,259.43	2,983.19

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

The Company was advised to make a case to MoCA, which MoCA will take up appropriately.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

The Management of the Company is confident of recovering the said deposit and hence no provision has been considered against the same since Company is of the view that the Security Deposit was paid from its own resources and this deposit was to be recouped from PSF collections after commencement of operations. Due to low passenger volumes since Government of India is not allowing foreign carriers, PSF collections were inadequate to recoup the Security Deposit and meet the Cost of Deployment of CISF personnel and their related expenses. Hence the Company is of the view that since security function is also a sovereign function and considering the fact that PSF cannot be used for Company's own expenditure, CISF cost is to be borne by the Government of India. Subsequently effective from 1st July 2019, the process had been changed and the collection of Aviation Security Fee and the payment of CISF personnel is done through NASFT.

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

6.3 Asset held for sale represents the value of furniture, kitchen equipments, etc. detained from one of the concessionaires, upon they vacating the premises without payment of trade receivables, the value is arrived at based on latest valuation.

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

The Company has vide its communication dated June 6, 2020 requested the Government of Kerala to release these amounts paid to ULCC. The Company has received ₹.626 Lakh as reimbursement of amount paid to ULCC on June 4, 2021. As per the order of the Government, the amount reimbursed is to be treated as Equity of the Government in the Company. The Company has requested vide letter dated July 1, 2021, to the Government to treat the said reimbursement as an expenditure of Government and not as Equity contribution of Government. Subsequently the government has changed the head of account for the amount disbursed to Irrigation department's expenditure for storm water drain construction.

The Management is confident of receiving the balance amount of ₹. 439.90 Lakh (Previous year: 888.46 Lakh) and has accordingly not considered it necessary to make any allowances towards impairment of these balances. Further the amount receivable considered include the amount receivable from Kerala Water Authority amounting to Rs.128.82 lakhs and also from other departments/offices amounting to Rs.582.39 lakhs. Considering the follow up for the recovery, the Management is of the opinion that no provision is required for irrecoverable portion at this stage.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

7 Other Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
GST input credit	-	454.34
Total	-	454.34
Current		
Prepaid expenses	225.77	249.97
GST Input Credit	1,184.36	1,436.78
Unbilled Revenue	324.04	389.17
Unbilled Revenue - NASFT (Refer Note No. 37)	87.85	232.80
Other Advances	20.39	55.51
Advance to suppliers	22.87	-
Total	1,865.28	2,364.23

8 Non current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Income tax (including TDS receivable)	467.29	258.92
Total	467.29	258.92

9 Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Lower of cost or net realisable value		
Fuel	19.05	8.83
Stores and spares	37.10	27.85
Total	56.15	36.68

10 Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Secured		
Considered Good	296.39	193.57
Considered Doubtful	51.32	-
Unsecured		
Considered Good	1,577.15	2,593.30
Considered Doubtful	103.59	136.04
Less: Allowance for credit impaired Trade Receivables	103.59	136.04
	1,924.86	2,786.87

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

10 Trade Receivables Contd..

Particulars	As at March 31, 2022	As at March 31, 2021
From related party	108.92	143.98
From others	1,815.94	2,642.89
Total	1,924.86	2,786.87

10.1 Trade receivables aging (outstanding for following periods from due date of payment)

Less than 6 months		
Related parties	83.40	143.98
Others	1,554.08	1,972.27
6 months - 1 year		
Related parties	25.53	-
Others	154.81	188.59
1-2 years		
Related parties	-	-
Others	108.65	472.94
2-3 years		
Related parties	-	-
Others	77.84	145.13
More than 3 years		
Related parties	-	-
Others	24.14	-
Total	2,028.45	2,922.91
Less: Allowance for doubtful debts	103.59	136.04
Total trade receivables	1,924.86	2,786.87

10.2 Movement in the expected credit loss allowance

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	136.04	150.56
Less: balances written off	26.69	500.49
Less: balances recovered during the year	116.88	132.79
Add: provision made during the year	111.13	118.27
Balance at the end of the year	103.59	136.04

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

11 Cash and Cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
i) In Treasury Savings Account	627.00	0.02
ii) In Current Account	13.37	120.84
iii) In Fixed Deposit Accounts	2,120.69	4,863.23
Total	2,761.06	4,984.09

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

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
In earmarked deposit accounts- original maturity of more than 3 months (Refer Note 12.1 below)	1.35	1.29
PSF Escrow Account	25.67	210.68
Total	27.02	211.97

12.1 Balances held as security against guarantees issued to:

(a) Department of telecommunication - ₹.1.35 Lakh (Previous year: ₹.1.29 Lakh).

12.2 PSF Escrow Account represents the amount of Passenger Security Fees (PSF) collected under trust to be transferred to Ministry for meeting the security related expenses of Airport including CISF (cost of deployment), till 30.06.2019, when the new system of NASFT had been introduced. The total PSF collection till that date was Rs.361.44 lakhs and out of which, after meeting security related expenses balance Rs. 256.58 lakhs is pending to be transferred to Ministry as on 30.06.2019. Against this amount, the balance in the Escrow account as on the date of balance sheet is of Rs.25.67 lakhs (Rs.210.68 lakhs). The Management is taking steps to regularise the PSF Escrow account and as on 08-04-2022, the outstanding balance in the Escrow account is Rs.210.67 lakhs.

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

13 Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Authorized share capital (Equity shares of ₹.100/- each)	350000000	3,50,000.00	350000000	3,50,000.00
Issued, subscribed and fully paid up shares (Equity shares of ₹.100/- each)	133836900	1,33,836.90	133812100	1,33,812.10

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹.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.

13.1 Reconciliation of shares at the beginning and at the end of the year:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	350000000	3,50,000.00	350000000	3,50,000.00
Changes in Authorised Equity Share capital during the year	-	-	-	-
Balance as at the end of the year	350000000	3,50,000.00	350000000	3,50,000.00
Issued, Subscribed and Paid-up Share Capital				
Balance as at the beginning of the year	133812100	1,33,812.10	133812100	1,33,812.10
Changes in Equity Share capital during the year	24800	24.80	-	-
Balance as at the end of the year	133836900	1,33,836.90	133812100	1,33,812.10

13.1.a. Issue of additional equity shares is in accordance with the decision of the Members in the Extra ordinary General Meeting held on 23/12/2021, to offer equity shares to the extent of 50,00,000 equity shares of Rs.100 each at a premium of Rs. 30 per share.

13.2 Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2022

Promoters and Shareholders holding more than 5% shares in the company	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares
Government of Kerala -(Only promoter)	5,25,00,000	-	5,25,00,000	39.23%
Bharat Petroleum Corporation Limited	2,16,80,000	-	2,16,80,000	16.20%
Airports Authority of India	1,00,00,000	-	1,00,00,000	7.47%
M A Yusufali	1,15,00,000	-	1,15,00,000	8.59%

Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2021

Promoters and Shareholders holding more than 5% shares in the company	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares
Government of Kerala -(Only promoter)	5,25,00,000	-	5,25,00,000	39.23%
Bharat Petroleum Corporation Limited	2,16,80,000	-	2,16,80,000	16.20%
Airports Authority of India	1,00,00,000	-	1,00,00,000	7.47%
M A Yusufali	1,15,00,000	-	1,15,00,000	8.59%

13.3 Shares issued for consideration other than cash

The Company has issued 31594038 numbers of equity shares to Government of Kerala towards the cost of land transferred to the Company for the construction of the Airport.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

14 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
Balance at beginning of year	(32,363.85)	(13,957.53)
Less: Loss for the year	(12,430.24)	(18,406.32)
Balance at end of year	(44,794.08)	(32,363.85)
Other comprehensive income / (loss)		
Balance at beginning of year	(20.21)	(20.18)
Remeasurements of defined benefit obligation net of income tax	2.60	(0.03)
Balance at end of year	(17.61)	(20.21)
Capital Reserve		
Balance at beginning of year	30.70	30.70
Addition during the year	-	-
Balance at end of year	30.70	30.70
Securities Premium (Refer note No 14.1 below)		
Balance at beginning of year	133.67	133.67
Addition during the year	7.44	-
Balance at end of year	141.11	133.67
Opening balance of other equity	(32,219.69)	(13,813.34)
Closing balance of other equity	(44,639.88)	(32,219.69)

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

15 Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Secured- at amortised cost		
Term loans:		
Canara Bank	72,196.87	72,214.47
The Federal Bank Limited	9,320.36	9,357.88
The South Indian Bank Limited	11,415.92	11,458.56
Funded interest term loan (FITL) :		
Canara Bank	8,336.87	1,653.13
The Federal Bank Limited	994.07	210.39
The South Indian Bank Limited	1,333.06	272.35
sub-total	1,03,597.15	95,166.78
Less:-Current maturity of long-term borrowings	550.36	-
Total	1,03,046.79	95,166.78

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

- a) Pari passu first charge on all immovable and moveable assets of the Company both present and future.
- b) Assignment of all the project related documents, contracts, rights, interests, insurance contracts and all the benefits incidental to project activities on a pari passu basis.
- c) First pari passu charge on all the bank accounts pertaining to the project.
- d) The company has created an equitable mortgage (EM) of 1192.54 acres of land as security for term loan sanctioned by Canara Bank.

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

The Government of Kerala has provided a Letter of Comfort dated June 8, 2015 to Canara Bank in connection with the term loan sanctioned to take appropriate action in the case of any shortfall in the project term loan repayment obligations.

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

Further to this, the Company has been sanctioned a funded interest term loan of ₹.19,617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan. The funded interest term loan carries an additional interest rate of 1% over and above the original term loan.

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

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

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Agreed rate of Interest are as under

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2022	Base Rate /MCLR plus Spread on the base rate as at March 31, 2021
Canara Bank (Agreed rate of Interest p.a. is 10.40%)	9.40%	9.30%
The South Indian Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	9.36%	9.30%
The Federal Bank Ltd (Agreed rate of Interest p.a. is 10.30%)	9.33%	9.30%
Canara Bank FITL (Agreed rate of Interest p.a. is 10.30%)	10.42%	10.30%
The South Indian Bank Ltd FITL (Agreed rate of Interest p.a. is 10.30%)	10.38%	10.30%
The Federal Bank Ltd FITL (Agreed rate of Interest p.a. is 10.30%)	10.38%	10.30%

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

16 Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Security deposits at amortized cost	778.10	643.89
Total	778.10	643.89
Current		
Payable on purchase of property, plant and equipment	2,334.50	7,543.81
Security Deposits	210.41	136.47
Retention Payable	117.16	165.15
Other Payables	43.12	490.82
Interest Accrued and due	117.23	61.40
Earnest money deposits	25.08	-
Total	2,847.50	8,397.65

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

17 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Employee Benefits - Gratuity	157.90	124.59
Total	157.90	124.59
Current		
Employee Benefits - Gratuity	6.53	8.21
- Leave encashment	14.83	10.39
Total	21.36	18.60

18 Other Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Deferred Income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note 18.1 below)	1,000.00	1,000.00
Total	1,000.00	1,000.00
Current		
Statutory Liabilities	57.11	172.19
Payable for passenger security services (Refer Note no 18.2 a)	256.35	276.52
Deferred revenue on fair valuation of liabilities	275.98	214.70
Advance from customers	69.56	120.78
Total	659.00	784.19

18.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES). The construction of the Cargo Complex is under progress as on the balance sheet date and the amount of grant received has already been utilised for the purpose for which it is received. The income will be recognised in the Standalone Statement of Profit and Loss on a straight line basis over the useful life of the related asset as and when the asset capitalised and put to use.. There are no unfulfilled conditions or other contingencies attaching to this grant.

18.2 a) Payable for passenger security services of Rs.256.35 lakhs (256.35 lakhs), represents the net amount of PSF Security charges collected from Airlines amounting to Rs.361.44 lakhs, less the amount utilised for security related expenses amounting to Rs.105.08 lakhs, pending to be transferred to Ministry/NASFT.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

b) Further, a liability had been created in the accounts for the amount payable towards the cost of deployment of CISF, amounting to Rs.1714.84 lakhs (Rs.1714.84 lakhs) along with an entry for receivables for an equivalent amount being the amount receivable from the Ministry of Civil Aviation. The Management is of the opinion that the amount spent towards cost of deployment of CISF cannot be considered as the expense of the Company considering the fact that the responsibility of providing the security personnel to the Airport is with the Government of India and is part of sovereign responsibility.

19 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Dues to Micro Enterprises and Small Enterprises*	100.99	31.92
Dues to other than Micro Enterprises and Small Enterprises	3,967.68	3,134.39
Total	4,068.67	3,166.31

19.1 Trade Payable ageing

in ₹ lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
<u>Less than 1 year</u>		
Total outstanding dues of micro enterprises and small enterprises	92.74	51.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,539.87	2,821.63
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	3.76	23.05
<u>1-2 years</u>		
Total outstanding dues of micro enterprises and small enterprises	2.91	9.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	210.50	217.30
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	23.05	10.38
<u>2-3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	9.76	7.75
Total outstanding dues of creditors other than micro enterprises and small enterprises	169.81	24.43
Disputed dues of micro enterprises and small enterprises		

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

19.1 Trade Payable ageing Contd..

in ₹ lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Disputed dues of creditors other than micro enterprises and small enterprises	10.38	-
More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	5.89	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-
Total	4,068.67	3,166.31

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act,

Particulars	As at March 31, 2022	As at March 31, 2021
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	97.28	31.92
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	3.71	0.36
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

20 Revenue from Operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Aero revenue (Refer Note 20.2 below)		
Aerobridge Charges	167.96	103.92
CUPPS / CUSS / BRS	103.61	54.61
Inline X-Ray Charges	483.02	282.25
Landing Charges	827.16	511.17
Parking Charges	422.02	422.67
Revenue Share on Ground Handling	111.76	165.08
TNLC Collection	226.02	158.62
User Development Fee (UDF)	2,945.91	1,466.91
Domestic Cargo	81.80	-
sub-total (a)	5,369.26	3,165.23
Non Aero Revenue		
Space Rentals	405.46	373.78
Revenue share from Concessionaire	1,387.65	380.67
Car Parking	97.49	22.74
Visitor's Entry Pass	6.02	2.51
Common User Infrastructure Charges (CAM Charges)	38.60	51.23
Others	102.93	56.90
sub-total (b)	2,038.15	887.83
Other Operating Income		
License Fee for Unpaved Land from BKFFPL, Joint Venture Company (Income from Related parties) (c)	424.13	424.00
Total (a)+(b)+(c)	7,831.54	4,477.06

20.1 The Company earned entire income from operations in India.

20.2 Out of the Aero Revenue an amount of ₹.226.02 Lakh (Previous Year: ₹.158.62 Lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Parking Charges etc. which was billed after the close of the financial year.

21 Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Fixed Deposits	153.88	308.26
Interest on Income Tax Refund	-	87.77

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

21 Other Income Contd..

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net (gain) / loss on Foreign currency transactions and translations	-	1.90
Insurance claim received	-	58.23
Reversal of provision for impairment on debtors	116.88	-
Realisation of Debtors written off in the previous years	30.45	-
Reversal of TNLC charges by AAI (Refer 21.1)	170.88	-
Miscellaneous Income	25.13	49.32
Deferred income on fair valuation on financial liabilities	66.21	45.45
Total	563.43	550.93

21.1 Based on the request of the Company, the Airports Authority of India (AAI) had reduced Communication, Navigation and Surveillance and Air Traffic Management Services Charges (TNLC) related to the regional connectivity scheme of Government of India, effective from financial year 2020-21. The amount related to financial year 2020-21 amounting to Rs.170.88 lakhs is included in other income, being the reversal of expense of earlier year.

22 Airport Operating Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and Fuel	919.50	865.15
Insurance on Assets	137.22	106.20
Repairs and Maintenance	185.71	259.14
House Keeping	961.07	893.22
Operations & Maintenance Expenses	844.73	621.75
Customs Cost Recovery Charges	1,082.13	878.40
Aviation Meteorological Support Services	118.98	108.24
Communication, Navigation and Surveillance and Air Traffic Management Services	181.12	621.87
Other operational expenses	29.93	19.28
Security Service	49.70	45.43
Trolley Retrieval Services	34.76	54.55
Water Charges	38.66	32.50
Cargo handling charges and other operational expenses	20.68	-
Total	4,604.19	4,505.73

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries & Allowances	994.82	991.41
Contribution to provident and other funds	36.84	36.79
Gratuity	37.29	35.76
Staff Welfare Expenses	138.83	92.85
Total	1,207.78	1,156.81

24 Finance Cost

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Term Loans	9,170.73	8,777.91
Unwinding of discount relating to Term Liabilities	63.43	40.91
Interest on delayed payment of Customs costs, Income tax	160.67	86.37
Total	9,394.83	8,905.19

25 Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Administrative Expenses	12.57	8.58
Advertisement Expenses	11.23	20.61
Payment to Auditors		
-For Audit	8.75	21.00
Corporate Social Responsibility expenditure	-	7.87
Collection Charges-Prebooked Taxi	2.54	3.61
Discount allowed to customers	83.59	
Employee Training expenses	16.24	8.62
Insurance-operations	32.60	19.75
Rates and Taxes (refer Note 25.1)	105.36	394.65
Allowance for credit impaired trade receivables	84.44	118.27
Credit impaired Trade Receivables written off (Refer note 25.1)	26.69	500.49
Postage and Courier charges	5.25	0.40
Printing and Stationery	15.68	5.30
Legal and Professional charges	129.21	221.66
Recruitment Expenses	3.50	3.67
Rent	3.60	3.60
Repairs and Maintenance - Others	3.25	3.93
Sitting Fees	0.70	1.10

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

25 Other Expenses Contd..

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Travelling Expenses	87.58	59.34
Website Maintenance Charges	2.64	2.64
Loss on disposal of property, plant and equipment	-	0.44
Miscellaneous Expenses	4.70	37.64
Total	640.12	1,443.17

25.1 Rates and taxes include Rs.nil (Rs187.61 lakhs) being one time building tax remitted to Thahasildar, Tallesseri Taluk.

25.2 The Company has written off a total of ₹.26.69 Lakh (₹.633.28 Lakh) during the year of which ₹. 18.39 Lakh (₹.132.79) is against the provision made in the previous year.

26 Exceptional Items

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Remission of Liability	545.32	-
Total	545.32	-

Remission of liability represents the write back of liability towards capital expenditure incurred for the setting up of the Airport, consequent to the negotiation with the parties while making final settlement of their accounts and the reduction in the amount of dues agreed through negotiations.

27 Deferred Tax

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax (liabilities) / assets		
Tax effect of items constituting deferred tax liabilities:		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles (a)	28,385.08	29,968.81
Tax effect of items constituting deferred tax assets:		

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

27 Deferred Tax Contd..

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provision for gratuity	42.75	8.22
Allowance for credit impaired Trade Receivables	26.93	28.47
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
MAT Credit		
Minimum Alternate Tax Credit Entitlement (Refer Note 2)	-	220.29
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	6.19	8.31
(b)	34,264.89	34,454.31
Net deferred tax (liability) / asset (a) - (b)	5,879.81	4,485.50
Deferred tax expense / (Income)	(1,394.31)	557.99
Recognized in Statement of profit and loss	(1,396.43)	558.00
Recognized in other comprehensive loss	2.12	(0.01)

- 27.1** The Company has recognised a deferred tax asset of ₹.34,189.02 Lakh (₹.34,189.02 Lakh) on unused tax losses arising from its claim under section 35 AD of Income Tax Act, 1961 considering the unlimited carry forward period for set off against future taxable income.

Subsequent to the year end on March 31, 2020, on filing of the revised return of income claiming the aforesaid deduction under section 35AD of the Income tax Act, 1961 in respect of Assessment Year 2019-20, the Company received Intimation under section 143(1) of the Income Tax Act, 1961 dated January 16, 2021, rejecting its claim of deduction u/s35AD of the Income Tax Act, in the revised return. The Management has filed appeal before the Commissioner of Income Tax (Appeals) in respect of the above disallowance which is pending adjudication. The Management has been advised that the case for its appeal is tenable and therefore is confident of a favourable outcome.

- 27.2** The Management reviewed the carrying amount of deferred tax asset recognised on brought forward business losses as at March 31, 2021, and in view of revised traffic forecasts considering the continuing COVID19 impact, the revenue/cost/profit and taxable profit projections were re-estimated by the Management.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Pursuant thereto, the Management decided to de-recognise the deferred tax asset recognised in earlier years on brought forward business losses aggregating ₹. 2,969.21 Lakh and not to recognise any further deferred tax asset on current year business tax losses, as it is no longer probable that sufficient future taxable profits will be available for setting off the unused tax losses before the time period for set-off of such losses expire. The impact of such de-recognition of deferred tax asset on brought forward business losses has been accounted in the Statement of Profit and loss for the year ended March 31, 2021. Continuing with the above policy, no deferred tax is recognised for the brought forward business loss for the year ended 31/03/2022.

27.3 Unused tax losses i.e. brought forward unabsorbed income tax business losses on which no deferred tax asset has been created as at March 31, 2022 is ₹. 23,604.68 Lakh (As at March 31, 2021 - ₹ 21,730.91 Lakhs).

27.4 The Management reviewed the possibility of setting off of MAT credit recognized in the financial years 2014-15 and 2015-16, against future tax liability based on the forecasted profitability projections and decided to de recognise the deferred tax asset recognised in earlier years on MAT credit amounting to Rs.220.29 lakhs during the current year.

28 Earnings Per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loss attributable to equity shareholders of the Company	(12,430.24)	(18,406.32)
Weighted average number of equity shares	13,38,36,900	13,38,12,100
Basic and Diluted Earnings per Share (of face value ₹.100)	(9.29)	(13.76)
Effect of dilution :		
Weighted average number of equity shares adjusted for the effect of dilution*	13,38,36,900	13,38,12,100
Diluted Earnings per share (of face value ₹.100)	INE (9.29)	(13.76)

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

29 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, 2022	Year ended March 31, 2021
Gross amount required to be spend during the year		
Amount spent during the year:	-	-
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	7.87
(iii) Unpaid amount out of (i) and (ii) above	-	-

30 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 are as under:

(a) Joint Venture Company

BPCL - KIAL Fuel Farm Private Limited

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

Key Management Personnel

Dr. Venu Vasudevan (from March 12, 2021)

Mr. S Jayakrishnan

Mr. G Gnanendra Kumar (Up to November 4, 2022)

Managing Director
Chief Financial Officer
Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited

Government of Kerala

Transactions with related parties

Related Party	2021-22	2020-2021
Nature of Transaction		
Transactions during the year		
Mr. Thulasidas V	-	40.64
Salary		
Mr. S Jayakrishnan	36.68	34.30
Salary		
Mr. G Gnanendra Kumar	15.47	14.61
Salary		
BPCL - KIAL Fuel Farm Private Limited		
License fess on unpaved land	136.9	125.59

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Fuel Through Put Charges	-	-
Utility Charges	10.23	13.16
Government of Kerala (GoK)	626.99	-
Reimbursement of Expenses met by Company on behalf of Government of Kerala		
Equity shares issued	-	-
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited	108.92	140.06
License fees receivable		
Utility Charges receivable		3.92
Fuel Throughput Charges receivables	-	-
Security Deposit	11.00	11.00
Government of Kerala (GoK)	1,151.11	2,225.67
Amount receivable from Government of Kerala		

- (c) The Company has transactions (not included in the list above) with other Government of Kerala-controlled entities / departments and these transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not Government of Kerala-controlled entities.
- (d) Government of Kerala in connection with the term loans of the Company has pledged its shares with the lenders and also provided a Letter of Comfort, refer Note 15 for details.
- (e) In accordance with the Articles of Association of the Company, and as per Government of Kerala Order dated February 11, 2021 the Managing Director, Dr. Venu Vasudevan was appointed w.e.f. March 12, 2021, which was approved by the Board of Directors in their meeting held on March 26, 2021. This appointment was subsequently approved by the shareholders in their meeting held on December 23, 2021. The aforesaid Government order has not specified the remuneration and other terms of his appointment.

31 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 parent's Capital Management, capital includes issued equity capital, and all other equity reserves are attributable to the equity holders of the parent.

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:

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Debt	1,03,046.79	95,166.78
Equity	89,197.01	1,01,592.41
Debt to Equity ratio	115.53%	93.68%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company has been sanctioned a funded interest term loan of ₹.19,617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan.

Financial risk management

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

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

Market Risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The effect of change in the interest rate will affect profit or loss of the Company also the interest cost had a direct bearing on the borrowing cost capitalised. The impact of increase or decrease of 100 basis points on the loan will affect the loss of the Company by ₹.992.26 Lakh (₹.895.32 Lakh) and value of Plant property of equipment by ₹.Nil (Previous year ₹.Nil Lakh).

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Foreign currency risk

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

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

Ageing of Trade receivables

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
0-180 Days	1,637.47	2,116.25
181-365 Days	180.33	188.59
366-730 Days	108.65	472.94
More than 730 Days	101.98	145.13
Total	2,028.45	2,922.91

Movement of allowance for credit impaired trade receivables

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	136.04	150.56
Add : Created during the year	111.13	118.27
Less : Provision written off (refer Note 25.2)	26.69	472.94
Less : Utilised/Reversed during the year	116.88	132.79
Closing balance	103.59	136.04

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Liquidity risk
Maturity Analysis of Assets and Liabilities:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents (including other Bank balances)	2,788.08	5,196.06
Trade Receivables	1,924.86	2,786.87
Other Financial assets	1,151.11	2,225.67
Financial Liabilities		
Trade Payables	4,068.67	3,166.31
Other Financial liabilities	2,847.50	8,397.65
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	2,259.43	2,983.19
Financial Liabilities		
Security Deposits	40.59	40.59
Borrowings	1,687.11	1,687.11
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	737.51	603.30
Borrowings	1,01,359.68	93,479.67

32 Impact of COVID-19 pandemic and going concern concept

The COVID-19 pandemic impacted across major airports of India affecting the total passenger traffic, aircraft movements and cargo freight. The traffic handled by the Company was also impacted due to COVID-19 pandemic and on account of the consequent travel restrictions in international travel and domestic travel, leading to substantial fall in the number of passengers and air traffic movements. This position is expected to return to normalcy over the next 1-2 years.

Due to reduced revenue and continued incurrence of fixed costs, the Company's performance was adversely impacted, and losses were incurred during the year.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

During the current year, the repayment of the borrowings are scheduled to begin from the fourth quarter of the financial year 2022-23 (the loan has been restructured under resolution framework for exposures other than personal loans under stress due to COVID Pandemic, also refer Note 15), capital commitments towards the ongoing office and cargo complex and other pending payments to the contractors which requires major cash flow requirement in the coming years.

The Government of Kerala has provided a Letter of Comfort dated June 8, 2015 to Canara Bank in connection with the term loan sanctioned to take appropriate action in the case of any shortfall in the project term loan repayment obligations.

Further, the Government of Kerala has given an undertaking to the Company vide GO (MS) No 01/2014 /Tran. dated January 4, 2014 to mitigate the cash short fall in the first five years of operation (from 2016-17 to 2020-21) by a budgetary support of ₹.13268 Lakh. However, there were no circumstances of cash shortfall requiring such support from the Government during that period. The Company is confident that as the Airport commencement date is December 2018, it will be able to secure such support in the unlikely event of cash shortfall in future also.

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

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

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

Accordingly, the liquidity risk and cash flow shortages of the Company are mitigated.

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

In March 2020, COVID-19, an infectious disease was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Several countries across the world have been announcing travel restrictions, partial or complete lockdown to contain the spread of virus and to avoid the crisis. The extended lockdown period had seen an adverse impact on the Indian economy. The gradual reopening of activities across the country has seen some improvement in the economy, but the return to pre-Covid levels would take some time.

The traffic handled by the Company was also impacted due to COVID-19 pandemic and on account of the consequent travel restrictions in international travel and domestic travel, leading to substantial fall in the number of passengers and air traffic movements. This position is expected to return to normalcy over the next 2-3 years.

Due to reduced revenue and continued incurrence of fixed costs, the Company's performance was adversely impacted, and losses were incurred during the year.

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

33 Capital and other commitments

The Company has the following capital commitments:

Particulars of Contract	As at March 31, 2022	As at March 31, 2021
Software Development Costs	1,724.61	6.77
Construction contracts (office and cargo complex , other	1,286.12	7,576.64
Total	3,010.73	7,583.41

34 Contingent liabilities

Claims against the Company not acknowledged as debts

- Nil

ii) Disputed Income Tax liability

Particulars	Tax Amount in dispute (Rupees)	Year
Assessing of interest received on temporary parking of borrowed funds on short term deposits reduced from CWIP in the accounts based on IND AS 23.	53.67 lakhs	2017-18 (AY 2018-19)
Pending before Commissioner of Income Tax Appeals		

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Tax Amount in dispute (Rupees)	Year
Penalty for non-filing of Tax Audit report Pending before Commissioner of Income Tax Appeals	1.50 lakhs	2016-17 (AY 2017-18)
Penalty for difference in return filed and audited financials. Pending before Commissioner of Income Tax Appeals	531.41 lakhs	2016-17 (AY 2017-18)
Disallowance of claim of deduction u/s.35AD (Refer Note. 27.1) Pending before Commissioner of Income Tax Appeals		2018-19 (AY 2019-20)

35 The Company has the following investment in joint venture

Name of the Company	BPCL-KIAL Fuel Farm Private Limited	
Principal place of business	India	
	As at March 31, 2022	As at March 31, 2021
Unquoted investments in Equity instruments (fully paid)	234.00	234.00
No of shares of face value ₹.10	23,40,000	23,40,000
% of holding	26%	26%

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

36 Employee Benefits
36.1 Defined contribution plans

The Company makes provident fund contributions which are defined contribution plan, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹.36.84 Lakh (Previous year: ₹.36.79 Lakh) for provident fund contribution in the standalone Statement of profit and loss. The contributions payable to this plan by the Company are at rates specified in the rules of the said scheme.

36.2 Defined benefit plans

The Company offers Gratuity Benefit scheme to its employees.

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

The valuation results for the defined benefit gratuity plan as at March 31, 2022 are produced in the tables below:

Particulars	March 31, 2022	March 31, 2021
1. Assumption		
Discount Rate	7.46%	7.11%
Salary Escalation	5.00%	5.00%
Attrition Rate	6.00%	6.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)
2. Table showing changes in the present value of		
Present value of Obligation as at the beginning of the year	132.80	101.20
Interest Cost	7.06	7.05
Current Service Cost	30.23	28.71
Benefits paid	-0.95	-4.20
Actuarial (gain) / Loss on obligation	-4.71	0.04
Present value of Obligation as at the end of the year	164.43	132.80
3. Table showing changes in Fair Value of Plan Assets*		
4. Table showing fair value of Plan assets*		
* As the Gratuity plan is unfunded, there are no disclosures related to fair value of plan assets		
5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive Income	28.52	28.48
Actuarial (gain) / loss on obligations	-4.71	0.04
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	23.81	28.52

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated.

Particulars	March 31, 2022	March 31, 2021
6. The amounts to be recognized in the Balance Sheet and Statement of Profit and loss		
Present value of Obligation at the end of the year	164.43	132.80
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
(Net Asset) / Liability recognised in the Balance Sheet	164.43	132.80
7. Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	30.23	28.71
Interest Cost	7.06	7.05
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	-4.71	0.04
Weighted average duration of the D B O	15.24	15.24

Sensitivity Analysis for the year ended March 31, 2022

	% increase in DBO	Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-9.17%	149.36	-15.08
Discount Rate -100 basis points	10.96%	182.45	18.02
Salary Growth +100 basis points	10.46%	181.64	17.20
Salary Growth -100 basis points	-8.82%	149.93	-14.51
Attrition Rate +100 basis points	1.53%	166.95	2.52
Attrition Rate -100 basis points	-1.82%	161.44	-3.00
Mortality Rate 10% up	0.05%	164.52	0.08
Effect of no ceiling	2.63%	168.76	4.32

Sensitivity Analysis for the year ended March 31, 2021

	% increase in DBO	Liability	Increase in DBO (Rs.)
Discount Rate +100 basis points	-9.90%	119.65	-13.15
Discount Rate -100 basis points	11.95%	148.68	15.87
Salary Growth +100 basis points	11.34%	147.86	15.05
Salary Growth -100 basis points	-9.45%	120.25	-12.55
Attrition Rate +100 basis points	0.95%	134.07	1.26
Attrition Rate -100 basis points	-1.23%	131.18	-1.63
Mortality Rate 10% up	0.05%	132.87	0.06
Effect of no ceiling	1.99%	135.44	2.64

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

37 Passenger Service Fee (PSF)

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

During the Financial Year 2019-20, this arrangement has been changed by Ministry of Civil Aviation w.e.f. July 1, 2019 wherein the name of PSF has been changed as Aviation Security Fees which will be collected by a separate national level Trust by name National Aviation Security Fee Trust (NASFT). Accordingly from July 1, 2019 onwards, the Aviation Security Fees collected by the airlines will be paid directly by the airlines to the bank accounts of NASFT (instead of the earlier policy of paying them through the Airport) and the cost of deployment charges (Salary and allowance etc.) of CISF personnel in the airport will be met out of that fund. The Company will have to meet other expenses of CISF from its own funds and claim its reimbursement from NASFT. As on the date of Balance Sheet, the amount recoverable in respect of other security related expenses incurred by the Company w.e.f. July 1, 2019 pending reimbursement aggregated ₹.144.74 Lakh included in trade receivables and Rs.87.85 Lakhs being the unbilled revenue (₹.232.80 Lakh) included under other current assets. Meanwhile, the erstwhile PSF fund account maintained by the Company is yet to be merged with NASFT funds.

From the AOD till June 30, 2019, the PSF received by the Company from the airlines is ₹.361.44 Lakh (₹. 361.44 Lakh and the cost of deployment of CISF personnel and their related expenses for the said period was ₹.2169.93 Lakh (₹.2169.93 Lakh resulting in a deficit of ₹.1808.49 Lakh and the said deficit had not been recognized in the standalone financial statements as a liability since the Management is of the view that the Company is only acting in a pass through capacity of receiving the PSF from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India. The Company has received a letter dated October 9, 2019 from the National Aviation Security Fee Trust (NASFT) asking the Company to settle the cost of deployment bills of CISF in respect of the aforesaid deficit. The Company has written to the Ministry of Civil Aviation on October 29, 2019 citing shortfall between the PSF collected and the amount payable to CISF due to the low passenger traffic in the airport. The Company has requested that the NASFT may settle the shortfall using the surplus PSF funds available with the Government.

38 Fair Values

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

Breakup of Financial assets and Liabilities

Particulars	As at March 31, 2022	
	Carrying Value	Fair Value
Financial assets		
At Amortized cost		
Deposits	1,182.63	1,182.63
<i>Previous year</i>	1,153.93	1,153.93
Trade Receivables	1,924.86	1,924.86
<i>Previous year</i>	2,786.87	2,786.87
Cash and Cash equivalents including other bank balances	2,788.08	2,788.08
<i>Previous year</i>	5,196.06	5,196.06
Other financial assets	1,151.11	1,151.11
<i>Previous year</i>	2,225.67	2,225.67
Financial Liabilities		-
At Amortized cost		-
Borrowings	1,03,046.79	1,03,046.79
<i>Previous year</i>	95,166.78	95,166.78
Security Deposits	988.51	988.51
<i>Previous year</i>	780.36	780.36
Trade Payables	4,068.67	4,068.67
<i>Previous year</i>	3,166.31	3,166.31
Other Financial Liabilities	2,637.09	2,637.09
<i>Previous year</i>	8,261.18	8,261.18

The management assessed the cash and 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%).

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2022	As at March 31, 2021
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2022	As at March 31, 2021
Level 2		
Financial Assets		
Cash and Cash equivalents	2,788.08	5,196.06
Financial Liabilities		
Borrowings	1,03,046.79	95,166.78
Level 3		
Financial Assets		
Security Deposits	1,182.63	1,153.93
Trade Receivables	1,924.86	2,786.87
Other financial assets	1,151.11	2,225.67
Financial Liabilities		
Security Deposits	988.51	780.36
Trade Payables	4,068.67	3,166.31
Other Financial Liabilities	2,637.09	8,261.18

Level 1 : Fair Value measurement using Quoted prices in Active Markets

Level 2 : Fair Value measurement using significant observable inputs

Level 3 : Fair Value measurement using significant unobservable inputs

39 Income Tax

Particulars	March 31, 2022	March 31, 2021
a) Current Income Tax Charge		-
b) Deferred Tax		
Relating to origination and reversal of temporary differences	1,396.43	(558.00)
Income Tax Expense/(Benefit) as per Standalone statement of profit and loss	(1,396.43)	558.00
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	28,385.08	29,968.81
Deferred tax liability	28,385.08	29,968.81
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	69.68	36.69
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
Deferred tax asset	34,258.70	34,225.71
Deferred tax asset (Net)	5,873.62	4,256.90
Add: Minimum Alternate Tax Credit Entitlement	-	220.29
Tax expense during the year recognized in the OCI	6.19	8.31
Deferred Tax asset (unutilised tax credit)	5,879.81	4,485.50

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

40 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 sections 139(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 2022-23. Subsequently consequent to the resignation of the said firm, the Company in the Annual General Meeting held on 05/11/22, appointed Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam as the Statutory Auditors of the Company for the financial year 2021-22.

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; and

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

- Direction to MCA to refrain from insisting upon appointment of statutory auditor by C&AG in terms of Sec 139(5) and (7) of the Act.

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

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

The Board of Directors of the Company continue to reaffirm the appointment Deloitte Haskins & Sells LLP as auditors of the Company based on legal advice obtained by them and also the shareholders of the Company (a) in the Annual General Meeting held on December 28, 2020 have noted the Other Matter paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon; (b) in the Annual General Meeting held on December 23, 2021 have noted the Other Matter paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2020 as a part of approval of the Annual Accounts of the Company for the year ended March 31, 2020 together with Directors' Report and Auditors' Report thereon, and did not have any reservations / comments regarding the appointment of the statutory auditors.

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

- 41 The Code on Social Security, 2020 ("the Code) which would impact the contributions by the Company towards Provident Fund and Gratuity has received Presidential assent in September 2020. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

- 42 Disclosure requirements in accordance with amendment to schedule III vide notification dated 24th March 2021 have been incorporated, as the same is made applicable from 1st April 2021 incorporating the same for the previous year, as noted below:
- 42.1 **Wilful Defaulter:**
The company is not declared as wilful defaulter by any bank or financial institution during the year.
- 42.2 **Transactions with Struck off Companies:**
The management confirms that the company had no transaction with any struck off companies during the year.
- 42.3 **Undisclosed Income:**
There are no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 42.4 **Charge Details:** Details of Registration or satisfaction of charge not registered with ROC beyond the time period are disclosed along with reasons thereof: NIL
- 42.5 **Details of Crypto Currency or Virtual Currency:** The company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 42.6 **Loans & advances to Directors/KMP/Related Parties:** Nil
- 42.7 **Details in respect of Utilization of Borrowed funds and share premium in respect of:**
a. Transactions where an entity has provided any advance, loan, or invested funds to any other person (s) or entity/ entities, including foreign entities: NIL
b. Transactions where an entity has received any fund from any person (s) or entity/ entities, including foreign entity: NIL
- 42.8 **Borrowing from Banks and Financial Institutions:**
a) During the year, the Company has not borrowed fund from Banks/FI (being current assets as collateral security)
b) No funds have been advanced, loaned or invested (either from borrowed funds or share premium or any other source or kind of funds) by the Company to or in any other person or entity including foreign entity (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Company (ultimate beneficiary). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether directly or indirectly lend or invest in other person or entities identified by or on behalf of the Company (ultimate beneficiary) or provide any guarantee, security or the like on behalf of the ultimate beneficiary.
- 42.9 **Scheme of arrangement:** Not Applicable
- 42.10 **Compliance with number of layers of companies -** Not Applicable
- 42.11 **Additional information related to CSR Disclosure:** Since the company is not covered under section 135 of the Companies Act, no disclosure is required.
- 42.12 **Previous Year figures** have been regrouped and reclassified, wherever necessary, to correspond with current year's classification/disclosure and the amount in bracket represents the comparable figures of previous year.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

43 Ratio analysis and its elements

Ratio and basis	31 March 2022	31 March 2021	Variance	Remarks
Current ratio Current assets / Current liabilities	1.09	1.08	0.99%	
Debt- equity ratio Total Debt / Equity	115.53%	93.68%	18.92%	
Return on equity Profit after tax / Shareholders' Equity	-3.26%	-4.15%	27.49%	1
Trade Receivable turnover ratio Revenue from operations / Average trade	83.11%	42.90%	48.38%	2
Trade Payables Turnover Revenue from operations / Average trade	54.12%	44.23%	18.29%	
Net Capital Turnover Revenue from operations / Working	5.24	2.24	57.31%	3
Net Profit/(Loss) Margin Net Profit/(Loss) after tax / Revenue from	-158.69%	-411.13%	159.08%	4

* Earnings for Debt Service = Earnings before finance costs, depreciation and amortisation, exceptional items and tax (EBIDTA)/ (Finance cost for the year + Principal repayment of long-term debt liabilities within one year)

** Cost of Good sold = Cost of materials consumed +Purchases of stock-in-trade + Changes in inventories of finished goods, stock-in trade, work-in-progress and property under development + Manufacturing and operating expenses+Costs towards development of property

Earnings before Interest and Tax = Profit after exceptional item and before tax + Finance costs (recognised)

@ Capital Employed = Average of equity and total borrowings

- 1 The return on equity has improved due to increase in operational revenue during the year
- 2 The trade receivable turnover ratio has improved due to recovery of debts relating to the prior years
- 3 The net capital turnover ratio improved due to Increase in the volume of operations during the year
- 4 Net profit margin has improved due to the increase in the turnover and cost control measures taken by the company

For and on behalf of the Board of Directors

Sd/-
Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KANNUR INTERNATIONAL AIRPORT LIMITED
Report on the Audit of the Consolidated Financial Statements**

Qualified Opinion

We have audited the accompanying Consolidated financial statements of KANNUR INTERNATIONAL AIRPORT LIMITED ("the Parent/ the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion section below, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Parent and its jointly controlled entity as at March 31, 2022, and its loss, total comprehensive gain, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion:

- i) We refer to Note Nos. 27.2, 27.4 and 39, being the Notes forming part of the Consolidated financial statements, explaining the de-recognition of deferred tax asset of Rs.220.29 lakhs relating MAT credit, for the reasons stated in the said notes. Considering the above, in our opinion the de-recognition of deferred tax asset that has been recorded in the Consolidated financial statements for the year ended March 31, 2022 should have been recorded during the earlier year(s), thereby requiring a restatement of the comparative amounts for the earlier year(s) presented, in accordance with Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, the losses for the current year are overstated by Rs.220.29 Lakhs and the Earnings per Share are overstated by Rs.(0.16) per share.

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit

of the Consolidated Financial Statements section of our report. We are independent of the Parent 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, subject to our comments in paragraph 1(a) of the section 'Report on Other Legal and Regulatory Requirements' is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated financial statements.

Emphasis of Matters

We draw attention to the following matters explained in Notes forming part of the Consolidated financial statements:

- i) Note No. 3.7 being the note forming part of Consolidated financial statements, as stated therein, the Right of Use (ROU) has not been recognised for 353.98 acres of land given on lease by Government of Kerala to the Company, pending entering into lease agreement with the Government fixing the period and other terms and conditions of lease.
- ii) Note 6.1 being the note forming part of Consolidated financial statements, regarding the Management's assessment of recoverability of deposit of Rs.982.03 lakhs with Ministry of Home Affairs (MoH) towards CISF deployment, based on the reasons stated in the said note.
- iii) Note no.6.4 being the note forming part of Consolidated financial statements regarding the Management assessment of the recoverability of contractually receivable expenses from various departments of Government of Kerala amounting to Rs.1151.11 lakhs, based on the reasons stated in the said note.
- iv) Note No.18.2 (b) being the note forming part of Consolidated financial statements, regarding the creation of liability towards the cost of deployment of CISF security amounting to Rs.1714.84 lakhs (Rs.1714.84 lakhs) and creation of asset by way of claim for its reimbursement from the Ministry during earlier years, for the reasons stated in the said note.

Our opinion is not modified in respect of these matters.

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

The Parent's Board of Directors are 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, Consolidated financial statements and our auditor's report thereon.

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.

Management's Responsibility for the Consolidated Financial Statements :

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

In preparing the Consolidated financial statements, the respective Board of Directors of the Parent and its jointly controlled entity are responsible for assessing the ability of the Parent and its jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Parent and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and its jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits 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 39 of the consolidated financial statements for the year ended March 31, 2022 regarding our appointment as statutory auditors of the Company by the members in the Annual General Meeting held on 5th of November, 2022, consequent to the resignation of the previous Statutory Auditor of the Company.

Further, we draw attention to the said note and the audit report dated April 21, 2022 by the previous auditors, regarding their appointment for a term of five (5) years from the conclusion of the 9th annual general meeting until the conclusion of the 14th annual general meeting (i.e. in respect of the financial year ended March 31, 2019 until the financial year ending March 31, 2023).

We understand that the Company has filed a writ petition challenging the view of the Ministry of Corporate Affairs that the Company is a Government Company as defined under the Companies Act, 2013, and its direction that the Company's auditors need to be appointed by the Comptroller and Auditor General of India under section 139(5) of the Act.

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

This was also reported under Other Matters by the previous auditors in the Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020, in the Auditor's Report on the financial statements for the year ended March 31, 2020 issued on November 12, 2021, and in the Auditor's Report on the financial statements for the year ended March 31, 2021 issued on April 21, 2022. The Board of Directors of the Company continue to reaffirm the appointment of auditors of the Company based on legal advice obtained by them. Further the shareholders of the Company, in the previous annual general meetings have also noted the Other Matters on appointment of statutory auditors reported in the audit report for the relevant years as part of approval of the Annual Accounts of the

Company together with Directors' Report and Auditors' Report thereon and did not have any reservations / comments regarding the appointment of the statutory auditors.

- b) The consolidated financial statements also include the Parent's share of net loss of Rs.Nil for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of one jointly controlled entity, whose financial statement have not been audited by us. Attention is invited to Note No.5.1 being the note forming part of consolidated financial statements, explaining the details total comprehensive loss incurred by the jointly controlled entity. These financial statements and the audit report thereon have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity is based solely on the report of the other auditor.

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

Report on Other Legal and Regulatory Requirements :

1. As required by Section 143(3) of the Act, based on our audit we report, that:
- We have sought and except for the matters described in the Basis for Qualified Opinion section paragraph (a) above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - Except for the effects/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.
 - The Consolidated Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Gain, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - On the basis of the written representations received from all the Directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - 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" which is based on the auditors' reports of the Parent company and jointly controlled entity incorporated in India. Our report expresses adverse opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year requiring compliance of the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements of the Parent and its joint controlled entity – Refer Note No.34
- ii. The Parent and its joint controlled entity 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 of the Parent and its joint controlled entity.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of jointly controlled entity included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements

Cochin – 16
30.12.2022

UDIN: 23201484BGWMDN9771

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

Firm Regn. No. : 001488S

Sd/-

K.T. Mohanan

Partner

Membership No.: 201484

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year March 31, 2022, we have audited the internal financial controls over financial reporting of Kannur International Airport Limited (hereinafter referred to as (“the Parent”/“the Company”) and its jointly controlled company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal 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, though there is considerable improvement in internal financial control over financial reporting compared to previous year, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at March 31, 2022.

The Company did not have an appropriate internal control system for :

- a) Evaluating completeness and accuracy of transactions relating to acquisition / construction of Property, Plant and Equipment (including Capital-Work-in Progress) 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 including the Company's process of obtaining balance confirmations and statement of accounts from vendors and customers, and their reconciliation with the books of account at regular intervals.
- c) The Company's process of assessing recoverability of overdue receivables and making valuation adjustments, as necessary.

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

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent, because of the effect of the material weakness described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent 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, 2021, and the jointly controlled company which is a company incorporated in India, has, in all material respects, adequate internal financial controls with reference to its financial statements and such internal controls were operating effectively as of March 31, 2021, based on the internal control over financial reporting criteria established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements of the Company for the year ended March 31, 2022, and the material weakness has affected our opinion on the said Consolidated financial statements of the Company and we have issued a qualified opinion on the Consolidated financial statements of the Company.

Other Matter

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

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

Cochin – 16
30.12.2022

UDIN: 23201484BGWMDN9771

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

Firm Regn. No. : 001488S

Sd/-
K.T. Mohanan
Partner
Membership No.: 201484

Kannur International Airport Limited
Consolidated Balance Sheet as at March 31, 2022
All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,83,143.58	1,89,738.67
(b) Capital work-in-progress	3.2	2,422.98	1,184.49
(c) Intangible assets	4	23.62	17.54
(d) Financial assets:			
(i) Investment in joint venture	5	-	-
(ii) Other financial assets	6	1,261.61	1,153.93
(e) Other non-current assets	7	-	454.34
(f) Non current tax assets (net)	8	467.29	258.92
(g) Deferred tax assets (Net)	27	5,879.81	4,485.50
Total non-current assets		1,93,198.89	1,97,293.39
II Current assets			
(a) Inventories	9	56.15	36.68
(b) Financial assets:			
(i) Trade receivables	10	1,924.86	2,786.87
(ii) Cash and cash equivalents	11	2,761.06	4,984.09
(iii) Bank balances other than (ii) above	12	27.02	211.97
(iv) Other financial assets	6	2,259.43	2,983.19
(c) Other current assets	7	1,865.28	2,364.23
Total current assets		8,893.80	13,367.03
TOTAL ASSETS (I + II)		2,02,092.69	2,10,660.42
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	1,33,836.90	1,33,812.10
(b) Other equity	14	(44,873.89)	(32,453.69)
Total equity		88,963.01	1,01,358.41
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities:			
(i) Borrowings	15	1,03,046.79	95,166.78
(ii) Other financial liabilities	16	778.10	643.89
(b) Provisions	17	157.90	124.59
(c) Other Non current liabilities	18	1,000.00	1,000.00
Total non-current liabilities		1,04,982.79	96,935.26
2 Current liabilities			
(a) Financial liabilities:			
(i) Trade payables	19		
(A) Dues of micro and small enterprises		100.99	31.92

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
(B) Dues of other than micro and small enterprises		3,967.68	3,134.39
(ii) Other financial liabilities	16	2,847.50	8,397.65
(b) Provisions		21.36	18.60
(c) Short term borrowings	17	550.36	-
(d) Other current liabilities	18	659.00	784.19
Total current liabilities		8,146.89	12,366.75
TOTAL LIABILITIES (I + 2)		1,13,129.68	1,09,302.01
TOTAL EQUITY AND LIABILITIES (I + II)		2,02,092.69	2,10,660.42
See accompanying notes to the Consolidated financial statements			

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

For and on behalf of the Board of Directors

Sd/-

CA K.T.Mohan

Partner (M.No: 201484)

UDIN: 23201484BGWMDN9771

Sd/-

Venu Vasudevan

Managing Director

(DIN: 01105099)

Sd/-

K Parvathyammal

Director

(DIN: 07254970)

Sd/-

S Jayakrishnan

Chief Financial Officer

(PAN: AGPPS4585B)

Thiruvananthapuram

30-12-2022

Thiruvananthapuram

30-12-2022

Kannur International Airport Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Income			
Revenue from operations	20	7,831.54	4,477.06
Other income	21	563.43	550.93
Total Income		8,394.97	5,027.99
II Expenses			
Airport operating expenses	22	4,604.19	4,505.73
Employee benefits expense	23	1,207.78	1,156.81
Finance costs	24	9,394.83	8,905.19
Depreciation and amortization expense	3.9	6,920.04	6,865.41
Other expenses	25	640.12	1,443.17
Total expenses		22,766.96	22,876.31
III Share of Loss of Joint Venture		-	(88.52)
IV Loss before exceptional items and tax (I - II+III)		(14,371.99)	(17,936.84)
V Exceptional Items (Refer Note No.26.1)	26	545.32	-
VI Loss after exceptional items and before tax (IV+V)		(13,826.67)	(17,936.84)
VII Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Deferred tax	27	-1,396.43	558.00
(3) Share of joint venture			4.84
Total tax expense/(Benefit)		(1,396.43)	562.84
VIII Loss for the year (VI- VII)		(12,430.24)	(18,499.68)
IX Other Comprehensive income(loss)			
(i) Items that will not be reclassified subsequently to profit or loss:			
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2.11)	0.01
Total other comprehensive loss for the year		2.60	(0.03)
X Total comprehensive loss for the year (VIII+ IX)		(12,427.64)	(18,499.71)
Earnings per equity share of face value of ₹.100/- Basic and diluted EPS (₹.)	28	(9.29)	(13.83)
See accompanying notes to the Consolidated financial statements			

In terms of our Report attached
For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm's Registration Number: 001488S)

Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 23201484BGWMDN9771

Thiruvananthapuram
30-12-2022

For and on behalf of the Board of Directors

Sd/-
Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

Kannur International Airport Limited

Consolidated statement of changes in equity for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at March 31, 2020	13,38,12,100	1,33,812.10
Changes in equity share capital during the year:		
Issue of equity shares	-	-
Balance at March 31, 2021	13,38,12,100	1,33,812.10
Changes in equity share capital during the year:		
Issue of equity shares	24,800	24.80
Balance at March 31, 2022	13,38,36,900	1,33,836.90

A.1 Issue of additional equity shares is in accordance with the decision of the Members in the Extra ordinary General Meeting held on 23/12/2021, to offer equity shares to the extent of 50,00,000 equity shares of Rs.100 each at a premium of Rs. 30 per share.

B Other Equity

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Balance at March 31, 2020	133.67	30.70	(14,098.17)	(20.18)	(13,953.98)
Loss for the year ended March 31, 2021	-	-	(18,499.68)	-	(18,499.68)
Other comprehensive Loss for the year, net of income tax	-	-	-	(0.03)	(0.03)
Balance at March 31, 2021	133.67	30.70	(32,597.85)	(20.21)	(32,453.69)

Particulars	Securities Premium	Capital Reserve	Retained Earnings	Other Comprehensive Loss	Total Other Equity
Loss for the year ended March 31, 2022			(12,430.24)		(12,430.24)
Securities Premium (Refer A.1. above)	7.44				7.44
Other comprehensive Loss for the year, net of income tax				2.60	2.60
Balance at March 31, 2022	141.11	30.70	(45,028.09)	(17.61)	(44,873.89)

Remeasurements of Defined Benefit Plans - Gain/Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Loss as per IND AS 19 and shall not be reclassified to the Consolidated statement of Profit and Loss in the subsequent See accompanying notes to the Consolidated financial statements
In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

For and on behalf of the Board of Directors

CA K.T.Mohanani

Partner (M.No: 201484)

UDIN: 23201484BGWMDN9771

Venu Vasudevan

Managing Director

(DIN: 01105099)

K Parvathyammal

Director

(DIN: 07254970)

S Jayakrishnan

Chief Financial Officer

(PAN AGPPS4585B)

Thiruvananthapuram

30-12-2022

Thiruvananthapuram

30-12-2022

Kannur International Airport Limited
Consolidated Statement of cash flows for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from Operating Activities		
Loss before tax	(13,826.67)	(17,936.84)
Adjustments for:		
Depreciation of property, plant and equipment	6,909.46	6,854.29
Share of Loss of Joint Venture		88.52
Amortisation of intangible assets	10.58	11.12
Unwinding of discount on security deposits	63.43	40.91
Finance Cost	9,170.73	8,818.87
Interest Income	(153.88)	(308.26)
Loss on sale of Property, Plant and Equipment	-	0.44
Fair value adjustments	(66.21)	(45.45)
Allowance for credit impaired trade receivables	(84.44)	(118.27)
Credit impaired Trade Receivables written off	26.69	(500.49)
Reversal of provision for expenses	(170.88)	-
Reversal of provision for impairment on debtors	(116.88)	-
Remission of Liability	545.32	-
Operating profit / (loss) before working capital change	2,307.26	(3,095.16)
<i>Working capital adjustments for:</i>		
(Increase) / Decrease in Trade receivables	1,359.62	(494.58)
Increase / (Decrease) in Trade payables	901.11	1,270.97
(Increase) / Decrease in other financial assets	(107.68)	(53.78)
Increase / (Decrease) in other financial liabilities	(140.42)	(116.23)
(Increase) / Decrease in other current assets	953.29	11.37
(Increase) / Decrease in Bank balances other than cash and cash equivalents	184.95	54.27
(Increase) / Decrease in inventories	(19.47)	(25.25)
Increase / (Decrease) in other Current Liabilities	(125.19)	133.85
Increase / (Decrease) in provisions	36.07	29.84
Cash generated from operations	5,349.54	(2,284.70)
Income tax paid (net)	(208.37)	900.36
Net cash flow (used in) / generated from operating activities (A)	5,141.17	(1,384.34)
B. Cash flow from investing activities		
Payments for property, plant and equipment	(6,785.70)	(2,577.40)
Payments for Intangible assets	(16.66)	(8.50)
Interest received	153.88	308.26
Government Grants towards purchase of equipment	-	-
Proceeds from sale of Property, Plant and Equipment		0.53
Net cash flow used in investing activities (B)	(6,648.48)	(2,277.11)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
C. Cash flow from financing activities		
Proceeds from issue of share capital	32.24	-
Interest paid	(747.96)	(3,831.65)
Net cash flow generated from financing activities (C)	(715.72)	(3,831.65)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,223.03)	(7,493.10)
Cash and cash equivalents at the beginning of the year	4,984.09	12,477.19
Cash and cash equivalents at the end of the year (Refer Note : 11.3)	2,761.06	4,984.09
See accompanying notes to the Consolidated financial statements		

Note:

Reconciliation of Borrowings:

Opening Balance	95,166.78	89,567.04
Proceeds from borrowings	-	-
Funded interest term loan (FITL)	-	2,135.87
Interest capitalized into loan	-	3,463.87
Closing balance	1,03,597.15	95,166.78

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm's Registration Number: 001488S)

For and on behalf of the Board of Director

Sd/-

CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 23201484BGWMDN9771

Sd/-

Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-

K Parvathyammal
Director
(DIN: 07254970)

Sd/-

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

Thiruvananthapuram
30-12-2022

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

1 GENERAL INFORMATION

Kannur International Airport Limited ("KIAL" or "the parent") was incorporated on December 3, 2009 in India as a Private Limited parent and later converted into a Public Limited parent effective from August 2010. The parent is having its registered office in Kara – Peravoor, Mattannur, Kannur District, Kerala. The parent has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The project is promoted by Kerala State Government holding 39.23% of the equity shares of the parent as at March 31, 2022.

The Consolidated financial statements were reviewed by Audit Committee, and approved by the Board of Directors at their meeting held on December 30, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Basis of preparation and presentation

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

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

2.3 Going Concern

The Consolidated financial statements have been prepared considering going concern concept. (refer Note No,32)

2.4 Change and use of Estimate and judgment

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

Fair value of financial assets and liabilities:

Some of the assets and liabilities of the group are measured at fair value for financial reporting purposes. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of discount rate, future growth rate, etc. based on Management's best estimate about future developments.

Useful Lives of Property, Plant and Equipment:

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

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

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

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

Valuation of Deferred Tax Liabilities/Assets:

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Provisions and Contingent Liabilities

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

2.5 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 date 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 group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to Consolidated statement of profit and loss during the reporting period in which they are incurred.

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

Spare parts that can only be used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

All spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the parent intends to use these during more than a period of 12 months.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

Depreciation on property, plant and equipment

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

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

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

Description of the Asset Estimated 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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Description of the Asset	Estimated Useful life
Light Motor Vehicles	8 years
Crash Fire Tenders, Other Fire Equipment including pumps and sprinklers	15 years
Intangible assets - Computer Software	3 years
Runway, Taxiway, Apron	30 years

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

Impairment of Property, Plant and Equipment and intangible assets

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

2.6 Operating Cycle

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

2.8 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 Group expects a provision to be reimbursed, the reimbursement is recognised as an asset only when the reimbursement is virtually certain.

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

2.9 Foreign Currency Transactions

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

2.10 Cash Flows and Cash and Cash Equivalents (for the purpose of Consolidated statement of cash flows)

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

2.11 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the parent 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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Income from services

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

Interest is recognised using the time proportion method based on rates implicit in the transaction.

Award fees and tender fees are recognised on an accrual basis in accordance with the terms of the relevant arrangement.

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

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

Dividends

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

2.12 Borrowing costs

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

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

All other borrowing costs are recognised in Consolidated statement of profit and loss in the period in which they are incurred.

2.13 Employee Benefits

a Short Term Employee Benefits

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, leave, 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 parent makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The parent's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

b Defined Benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

2.14 Taxes on Income

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

a Current Tax

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum Alternate Tax) or normal provision of Income Tax Act, 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 is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realised or deferred tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are 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. Deferred tax assets, unrecognised or recognised, are reviewed at each reporting date and are recognised or reduced to the extent that it is probable/no longer probable, respectively, that the related tax benefit will be realised.

2.15 Government grants

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

2.16 Events after reporting date

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

2.17 Earnings per share

i Basic earnings per share

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

ii Diluted earnings per share

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

2.18 Operating Segments

The parent operates in the Indian domestic market by providing airport services to passengers and various airline operators which in the context of Ind AS 108 "Operating Segments", is considered as the only segment.

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

2.19 Fair value measurement

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

2.20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The parent recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a Financial Assets

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

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

Initial recognition and measurement

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

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

b Financial Liabilities

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

Derecognition

A financial asset is primarily derecognised when:

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

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

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

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

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

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

2.21 Inventories

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

2.22 Leases

parent as a Lessor:

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

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

parent as a Lessee:

Right-of-use assets and Lease liabilities

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

The Government of Kerala has not finalised on the underlying terms and conditions for the lease of land to the parent and in the absence of a details as to extent of land and the lease rentals the parent has not recognised any right of use asset or lease liabilities though the parent. (Refer Note 3.6)

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

2.23 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

IndAS16–Property Plant and equipment-

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The parent has evaluated the amendment and there is no impact on its consolidated financial statements.

IndAS 37–Provisions, Contingent Liabilities and Contingent Assets–

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that related directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The parent has evaluated the amendment and the impact is not expected to be material.

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited
Notes to the Consolidated financial statements for the year ended March 31, 2021
All amounts are in ₹. Lakh unless otherwise stated

3. Property, Plant and Equipment

Description of Assets	Tangible assets											
	Free Hold Land	Lease Hold Land Development	Pavements	Buildings, Roads, Bridges, drains & Culverts	Fire Department Equipment	Plant & Equipment	Furniture & fittings	Vehicles	Computers & Accessories	Office Equipment	Electrical Equipment	Total
Cost												
At March 31, 2020	64,912.44	5,151.05	26,610.95	69,296.25	3,186.41	2,263.92	1,002.56	16.44	72.57	60.28	29,614.96	2,04,194.63
Additions	8.47	-	-	810.07	41.42	64.45	16.73	-	2.46	0.52	498.86	1,442.88
Disposals	-	-	-	-	-	-	1.37	-	2.74	0.75	-	4.86
At March 31, 2021	64,920.91	5,151.05	26,610.95	70,105.32	3,227.83	2,328.37	1,017.92	16.44	72.29	60.05	30,113.82	2,05,632.75
Additions	-	-	-	204.30	-	0.51	18.46	28.25	17.93	-	44.84	314.29
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2022	64,920.91	5,151.05	26,610.95	70,309.62	3,227.83	2,328.88	1,036.38	44.69	90.22	60.05	30,158.66	2,05,947.04
Accumulated Depreciation												
At March 31, 2020	-	172.45	1,186.84	3,633.69	265.11	234.96	217.89	15.02	47.21	26.94	3,299.87	9,039.87
Charge for the year	-	65.86	908.27	2,177.59	202.67	178.94	144.27	-	13.51	9.81	2,539.18	6,858.10
Eliminated on disposal	-	-	-	-	-	-	0.62	-	2.57	0.70	-	3.89
At March 31, 2021	-	198.31	2,095.11	6,411.18	467.78	413.90	381.53	15.02	58.16	35.35	5,839.05	15,894.08
Additions	-	65.86	908.26	2,001.91	205.20	182.12	139.90	0.61	9.73	9.61	2,568.26	6,909.46
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2022	-	264.17	2,999.37	9,213.09	673.18	596.02	501.43	15.63	67.88	45.48	8,407.31	22,803.54
Carrying amount												
At March 31, 2021	64,920.91	4,953.54	26,525.84	63,694.14	2,760.05	1,914.47	656.39	0.42	14.14	24.20	24,274.77	1,89,738.67
At March 31, 2022	64,920.91	4,867.68	25,610.58	61,006.53	2,554.65	1,732.86	534.95	28.06	22.34	14.59	21,751.35	1,83,143.58

3.2 Capital work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021
Cargo Complex under implementation	2,234.26	816.89
Elevators under installation	18.60	18.60
Aviation Obstruction light	-	19.94
Architectural face lighting work	170.12	160.47
Office Block work in progress	-	166.59
Total	2,422.98	1,184.49

3.3 Movement of Capital work in progress

Particulars	As at March 31, 2022	As at March 31, 2021
At the beginning of the year	1,184.49	2,204.70
Additions during the year	1,421.88	352.16
Less: capitalised during the year	163.38	1,412.37
At the end of the year	2,422.98	1,184.49

Kannur International Airport Limited
Notes to the Consolidated financial statements for the year ended March 31, 2021
All amounts are in ₹. Lakh unless otherwise stated

3.4 Capital work in progress aging Schedule

Particulars	As at March 31, 2022	As at March 31, 2021
Less than 1 year	1,418.93	355.69
1-2 year	284.10	744.96
2-3 year	636.12	83.64
more than 3 years	83.84	-
Total	2,422.99	1,184.49

3.5 The Management has assessed and determined that owing to the outbreak of COVID19 pandemic there were indicators of impairment of property, plant and equipment as at March 31, 2022 (also refer Note 32 of these Consolidated financial statements). The parent has considered the possible impact of the pandemic up to the date of approval of these Consolidated financial statements in applying judgments, estimates and assumptions and based on the current estimates, the parent expects to fully recover the carrying amount of property plant and equipment.

3.6 The parent is currently occupying a land admeasuring to 353.98 Acres lying contiguously to the free hold land inside the peripheral wall constructed by the parent. This land was procured by KINFRA on behalf of the Government of Kerala with an initial plan to be leased to the parent vide Kerala Government order (MS) No. 50/2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the parent. The free hold land in absolute ownership of the parent as at March 31, 2022 is 1192.54 Acres (previous year 1192.54 Acres). A portion of the land admeasuring to 3.45 acres is occupied by the parent is to be transferred by the land acquisition agency appointed by the Kerala State Government to the local self government institutions for development of roads in the land provided for rehabilitation.

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

The parent has also made a representation to the Government of Kerala on August 7, 2019 requesting the extension of the lease term from 60 years to 99 years.

3.7 Land held pending transfer of ownership to Government
As per the GO Ms 29/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the parent for subsequent transfer to Government. Accordingly, the parent had purchased 10.52 acres of land for ₹. 987.18 Lakh out of 11.44 Acres (remaining land pending for purchase was for want of documents from Land Acquisition Officer). Administrative sanction was accorded for the reimbursement of an amount ₹. 987.18 Lakh vide GO (R) No. 148/2016/Tran dated March 22, 2018) to meet the expenditure incurred in connection with purchase of 10.52 acres of land which was realised on April 13, 2016.

3.8 Borrowing cost capitalised - ₹. 115.76 Lakhs (Previous year Nil)

3.9 Depreciation and amortization expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 3.1)	6,909.46	6,858.10
Amortization of intangible assets (Refer Note 4)	10.58	7.31
Total	6,920.04	6,865.41

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

4 Intangible assets

Particulars	Computer Software
Cost	
At April 1, 2020	27.47
Additions	8.50
Disposals	-
At March 31, 2021	35.97
Additions	16.66
Disposals	-
At March 31, 2022	52.63
Amortization	
Up to April 1, 2020	11.12
Charge for the year	7.31
At March 31, 2021	18.43
Charge for the year	10.58
At March 31, 2022	29.01
Carrying amount	
At March 31, 2021	17.54
At March 31, 2022	23.62

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

Particulars	As at March 31, 2022	As at March 31, 2021
BPCL-KIAL Fuel Farm Private Limited		
Investment in KIAL-BPCL Fuel Farm Private Limited	234.00	234.00
Percentage of interest	26%	26%
Reconciliation to carrying amounts	-	93.36
Opening carrying amount	-	-
Investment in joint venture during the year	-	-93.36
Loss for the year (inclusive of deferred tax of Nil)	-	-
(Previous year: Rs.4.84 Lakh)	-	-
Other comprehensive income	-	-
Carrying amount of investment in Joint Venture	-	-
Total	-	-

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

5.1 BPCL-KIAL FUEL FARM PRIVATE LIMITED (BKFFPL) was incorporated in May 2015 with an equity participation of 74% by Bharat Petroleum Corporation Limited (BPCL) and 26% by Kannur International Airport Limited. BKFFPL was formed to design, construct, commission and operate the Fuel Farm at Kannur International Airport for the supply of Aviation Turbine Fuel (ATF) on an exclusive basis. The Operational result of the jointly controlled entity during the year resulted in total comprehensive loss of Rs 384.78 lakh (Rs 605.78 Lakh). Since the value of investment had already been exhausted considering the proportionate share of total comprehensive loss incurred during earlier years, no adjustment is made for the proportionate comprehensive loss incurred during the current year, in the consolidated financial statements. The present negative value of investment considering the loss incurred by the jointly controlled entity as on the date of Balance sheet is of Rs 120.81 Lakh (Rs 20.77 Lakh)

6 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Security Deposits (refer Note 6.1 below)	1,162.69	1,135.93
Earmarked deposits with remaining maturity period greater than 12 months (Refer Note 6.2 below)	19.94	18.00
Other Current Asset - Assets held for Sale (Refer note 6.3)	78.98	-
Total	1,261.61	1,153.93
Current		
Contractually reimbursable expenses (Refer Note 6.4)		
(Receivable from Kerala State Government Departments)	1,151.11	2,225.67
Accrued lease rentals (as per Ind AS 116)	1,108.32	757.52
Total	2,259.43	2,983.19

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

The parent was advised to make a case to MoCA, which MoCA will take up appropriately.

The Management of the parent is confident of recovering the said deposit and hence no provision has been considered against the same since parent is of the view that the Security Deposit was paid from its own resources and this deposit was to be recouped from PSF collections after commencement of operations. Due to low passenger volumes since Government of India is not allowing foreign carriers, PSF collections were inadequate to recoup the Security Deposit and meet the Cost of Deployment of CISF personnel and their related expenses. Hence the parent is of the view that since security function is also a sovereign function and considering the fact that PSF cannot be used for parent's own expenditure, CISF cost is to be borne by the Government of India. Subsequently effective from 1st July 2019, the process had been changed and the collection of Aviation Security Fee and the payment of CISF personnel is done through NASFT.

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

6.3 Asset held for sale represents the value of furniture, kitchen equipments, etc. detained from one of the concessionaires, upon they vacating the premises without payment of trade receivables, the value is arrived at based on latest valuation.

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

The Company has vide its communication dated June 6, 2020 requested the Government of Kerala to release these amounts paid to ULCC. The Company has received ₹.626 Lakh as reimbursement of amount paid to ULCC on June 4, 2021. As per the order of the Government, the amount reimbursed is to be treated as Equity of the Government in the Company. The Company has requested vide letter dated July 1, 2021, to the Government to treat the said reimbursement as an expenditure of Government and not as Equity contribution of Government. Subsequently the government has changed the head of account for the amount disbursed to Irrigation department's expenditure for storm water drain construction.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

The Management is confident of receiving the balance amount of ₹. 439.90 Lakh (Previous year: 888.46 Lakh) and has accordingly not considered it necessary to make any allowances towards impairment of these balances. Further the amount receivable considered include the amount receivable from Kerala Water Authority amounting to Rs.128.82 lakhs and also from other departments/offices amounting to Rs.582.39 lakhs. Considering the follow up for the recovery, the Management is of the opinion that no provision is required for irrecoverable portion at this stage.

7 Other Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
GST input credit	-	454.34
Total	-	454.34
Current		
Prepaid expenses	225.77	249.97
GST Input Credit	1,184.36	1,436.78
Unbilled Revenue	324.04	389.17
Unbilled Revenue - NASFT (Refer Note No. 37)	87.85	232.80
Other Advances	20.39	55.51
Advance to suppliers	22.87	-
Total	1,865.28	2,364.23

8 Non current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Income tax (including TDS receivable)	467.29	258.92
Total	467.29	258.92

9 Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Lower of cost or net realisable value		
Fuel	19.05	8.83
Stores and spares	37.10	27.85
Total	56.15	36.68

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

10 Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Secured		
Considered Good	296.39	193.57
Considered Doubtful	51.32	-
Unsecured		
Considered Good	1,577.15	2,593.30
Considered Doubtful	103.59	136.04
Less: Allowance for credit impaired Trade Receivables	103.59	136.04
	1,924.86	2,786.87
From related party	108.92	143.98
From others	1,815.94	2,642.89
Total	1,924.86	2,786.87

10.1 Trade receivables aging (outstanding for following periods from due date of payment)

Less than 6 months		
Related parties	83.40	143.98
Others	1,554.08	1,972.27
6 months - 1 year		
Related parties	25.53	-
Others	154.81	188.59
1-2 years		
Related parties	-	-
Others	108.65	472.94
2-3 years		
Related parties	-	-
Others	77.84	145.13
More than 3 years		
Related parties	-	-
Others	24.14	-
Total	2,028.45	2,922.91
Less: Allowance for doubtful debts	103.59	136.04
Total trade receivables	1,924.86	2,786.87

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

10.2 Movement in the expected credit loss allowance

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	136.04	150.56
Less: balances written off	26.69	500.49
Less: balances recovered during the year	116.88	132.79
Add: provision made during the year	111.13	118.27
Balance at the end of the year	103.59	136.04

11 Cash and Cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
i) In Treasury Savings Account	627.00	0.02
ii) In Current Account	13.37	120.84
iii) In Fixed Deposit Accounts	2,120.69	4,863.23
Total	2,761.06	4,984.09

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

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks		
In earmarked deposit accounts- original maturity of more than 3 months (Refer Note 12.1 below)	1.35	1.29
PSF Escrow Account	25.67	210.68
Total	27.02	211.97

12.1 Balances held as security against guarantees issued to:

(a) Department of telecommunication - ₹.1.35 Lakh (Previous year: ₹.1.29 Lakh).

12.2 PSF Escrow Account represents the amount of Passenger Security Fees (PSF) collected under trust to be transferred to Ministry for meeting the security related expenses of Airport including CISF (cost of deployment), till 30.06.2019, when the new system of NASFT had been introduced. The total PSF collection till that date was Rs.361.44 lakhs and out of which, after meeting security related expenses balance Rs. 256.58 lakhs is pending to be transferred to Ministry as on 30.06.2019. Against this amount, the balance in the EScrow account as on the date of balance sheet is of Rs.25.67 lakhs (Rs.210.68 lakhs). The Management is taking steps to regularise the PSF Escrow account and as on 08-04-2022, the outstanding balance in the Escrow account is Rs.210.67 lakhs.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

13 Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Authorized share capital (Equity shares of ₹.100/- each)	350000000	3,50,000.00	350000000	3,50,000.00
Issued, subscribed and fully paid up shares (Equity shares of ₹.100/- each)	133836900	1,33,836.90	133812100	1,33,812.10

Terms and rights attached to equity shares

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

13.1 Reconciliation of shares at the beginning and at the end of the year:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of Shares	Amount	No of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	350000000	3,50,000.00	350000000	3,50,000.00
Changes in Authorised Equity Share capital during the year	-	-	-	-
Balance as at the end of the year	350000000	3,50,000.00	350000000	3,50,000.00
Issued, Subscribed and Paid-up Share Capital				
Balance as at the beginning of the year	133812100	1,33,812.10	133812100	1,33,812.10
Changes in Equity Share capital during the year	24800	24.80	-	-
Balance as at the end of the year	133836900	1,33,836.90	133812100	1,33,812.10

13.1.a. Issue of additional equity shares is in accordance with the decision of the Members in the Extra ordinary General Meeting held on 23/12/2021, to offer equity shares to the extent of 50,00,000 equity shares of Rs.100 each at a premium of Rs. 30 per share.

13.2 Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2022

Promoters and Shareholders holding more than 5% shares in the parent	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares
Government of Kerala -(Only promoter)	5,25,00,000	-	5,25,00,000	39.23%
Bharat Petroleum Corporation Limited	2,16,80,000	-	2,16,80,000	16.20%
Airports Authority of India	1,00,00,000	-	1,00,00,000	7.47%
M A Yusufali	1,15,00,000	-	1,15,00,000	8.59%

Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2021

Promoters and Shareholders holding more than 5% shares in the parent	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares
Government of Kerala -(Only promoter)	5,25,00,000	-	5,25,00,000	39.23%
Bharat Petroleum Corporation Limited	2,16,80,000	-	2,16,80,000	16.20%
Airports Authority of India	1,00,00,000	-	1,00,00,000	7.47%
M A Yusufali	1,15,00,000	-	1,15,00,000	8.59%

13.3 Shares issued for consideration other than cash

The parent has issued 31594038 numbers of equity shares to Government of Kerala towards the cost of land transferred to the parent for the construction of the Airport.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

14 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
Balance at beginning of year	(32,597.85)	(14,098.17)
Less: Loss for the year	(12,430.24)	(18,499.68)
Balance at end of year	(45,028.09)	(32,597.85)
Other comprehensive income / (loss)		
Balance at beginning of year	(20.21)	(20.18)
Remeasurements of defined benefit obligation net of income tax	2.60	(0.03)
Balance at end of year	(17.61)	(20.21)
Capital Reserve		
Balance at beginning of year	30.70	30.70
Addition during the year	-	-
Balance at end of year	30.70	30.70
Securities Premium (Refer note No 14.1 below)		
Balance at beginning of year	133.67	133.67
Addition during the year	7.44	-
Balance at end of year	141.11	133.67
Opening balance of other equity	(32,453.69)	(13,953.98)
Closing balance of other equity	(44,873.89)	(32,453.69)

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

15 Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Secured- at amortised cost		
Term loans:		
Canara Bank	72,196.87	72,214.47
The Federal Bank Limited	9,320.36	9,357.88
The South Indian Bank Limited	11,415.92	11,458.56
Funded interest term loan (FITL) :		
Canara Bank	8,336.87	1,653.13
The Federal Bank Limited	994.07	210.39
The South Indian Bank Limited	1,333.06	272.35
sub-total	1,03,597.15	95,166.78
Less:-Current maturity of long-term borrowings	550.36	-
Total	1,03,046.79	95,166.78

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

- a) Pari passu first charge on all immovable and moveable assets of the parent both present and future.
- b) Assignment of all the project related documents, contracts, rights, interests, insurance contracts and all the benefits incidental to project activities on a pari passu basis.
- c) First pari passu charge on all the bank accounts pertaining to the project.
- d) The parent has created an equitable mortgage (EM) of 1192.54 acres of land as security for term loan sanctioned by Canara Bank.

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

The Government of Kerala has provided a Letter of Comfort dated June 8, 2015 to Canara Bank in connection with the term loan sanctioned to take appropriate action in the case of any shortfall in the project term loan repayment obligations.

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

Further to this, the parent has been sanctioned a funded interest term loan of ₹.19,617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan. The funded interest term loan carries an additional interest rate of 1% over and above the original term loan.

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Agreed rate of Interest are as under

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2022	Base Rate /MCLR plus Spread on the base rate as at March 31, 2021
Canara Bank (Agreed rate of Interest p.a. is 10.40%)	9.40%	9.30%
The South Indian Bank Ltd (Agreed rate of Interest p.a. is 10.40%)	9.36%	9.30%
The Federal Bank Ltd (Agreed rate of Interest p.a. is 10.30%)	9.33%	9.30%
Canara Bank FITL (Agreed rate of Interest p.a. is 10.30%)	10.42%	10.30%
The South Indian Bank Ltd FITL (Agreed rate of Interest p.a. is 10.30%)	10.38%	10.30%
The Federal Bank Ltd FITL (Agreed rate of Interest p.a. is 10.30%)	10.38%	10.30%

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

16 Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Security deposits at amortized cost	778.10	643.89
Total	778.10	643.89
Current		
Payable on purchase of property, plant and equipment	2,334.50	7,543.81
Security Deposits	210.41	136.47
Retention Payable	117.16	165.15
Other Payables	43.12	490.82
Interest Accrued and due	117.23	61.40
Earnest money deposits	25.08	-
Total	2,847.50	8,397.65

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

17 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Employee Benefits - Gratuity	157.90	124.59
Total	157.90	124.59
Current		
Employee Benefits - Gratuity	6.53	8.21
- Leave encashment	14.83	10.39
Total	21.36	18.60

18 Other Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Deferred Income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note 18.1 below)	1,000.00	1,000.00
Total	1,000.00	1,000.00
Current		
Statutory Liabilities	57.11	172.19
Payable for passenger security services (Refer Note no 18.2 a)	256.35	276.52
Deferred revenue on fair valuation of liabilities	275.98	214.70
Advance from customers	69.56	120.78
Total	659.00	784.19

18.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES). The construction of the Cargo Complex is under progress as on the balance sheet date and the amount of grant received has already been utilised for the purpose for which it is received. The income will be recognised in the Consolidated Statement of Profit and Loss on a straight line basis over the useful life of the related asset as and when the asset capitalised and put to use.. There are no unfulfilled conditions or other contingencies attaching to this grant.

18.2 a) Payable for passenger security services of Rs.256.35 lakhs (256.35 lakhs), represents the net amount of PSF Security charges collected from Airlines amounting to Rs.361.44 lakhs, less the amount utilised for security related expenses amounting to Rs.105.08 lakhs, pending to be transferred to Ministry/NASFT.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

b) Further, a liability had been created in the accounts for the amount payable towards the cost of deployment of CISF, amounting to Rs.1714.84 lakhs (Rs.1714.84 lakhs) along with an entry for receivables for an equivalent amount being the amount receivable from the Ministry of Civil Aviation. The Management is of the opinion that the amount spent towards cost of deployment of CISF cannot be considered as the expense of the Company considering the fact that the responsibility of providing the security personnel to the Airport is with the Government of India and is part of sovereign responsibility.

19 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Dues to Micro Enterprises and Small Enterprises*	100.99	31.92
Dues to other than Micro Enterprises and Small Enterprises	3,967.68	3,134.39
Total	4,068.67	3,166.31

19.1 Trade Payable ageing

in ₹ lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
<u>Less than 1 year</u>		
Total outstanding dues of micro enterprises and small enterprises	92.74	51.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,539.87	2,821.63
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	3.76	23.05
<u>1 -2 years</u>		
Total outstanding dues of micro enterprises and small enterprises	2.91	9.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	210.50	217.30
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	23.05	10.38
<u>2-3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	9.76	7.75
Total outstanding dues of creditors other than micro enterprises and small enterprises	169.81	24.43
Disputed dues of micro enterprises and small enterprises		

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

19.1 Trade Payable ageing Contd..

in ₹ lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Disputed dues of creditors other than micro enterprises and small enterprises	10.38	-
More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	5.89	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-
Total	4,068.67	3,166.31

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act,

Particulars	As at March 31, 2022	As at March 31, 2021
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	97.28	31.92
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	3.71	0.36
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

20 Revenue from Operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Aero revenue (Refer Note 20.2 below)		
Aerobridge Charges	167.96	103.92
CUPPS / CUSS / BRS	103.61	54.61
Inline X-Ray Charges	483.02	282.25
Landing Charges	827.16	511.17
Parking Charges	422.02	422.67
Revenue Share on Ground Handling	111.76	165.08
TNLC Collection	226.02	158.62
User Development Fee (UDF)	2,945.91	1,466.91
Domestic Cargo	81.80	-
sub-total (a)	5,369.26	3,165.23
Non Aero Revenue		
Space Rentals	405.46	373.78
Revenue share from Concessionaire	1,387.65	380.67
Car Parking	97.49	22.74
Visitor's Entry Pass	6.02	2.51
Common User Infrastructure Charges (CAM Charges)	38.60	51.23
Others	102.93	56.90
sub-total (b)	2,038.15	887.83
Other Operating Income		
License Fee for Unpaved Land from BKFFPL, Joint Venture Company (Income from Related parties) (c)	424.13	424.00
Total (a)+(b)+(c)	7,831.54	4,477.06

20.1 The Group earned entire income from operations in India.

20.2 Out of the Aero Revenue an amount of ₹.226.02 Lakh (Previous Year: ₹.158.62 Lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Parking Charges etc. which was billed after the close of the financial year.

21 Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Fixed Deposits	153.88	308.26
Interest on Income Tax Refund	-	87.77

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

21 Other Income Contd.,

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net (gain) / loss on Foreign currency transactions and translations	-	1.90
Insurance claim received	-	58.23
Reversal of provision for impairment on debtors	116.88	-
Realisation of Debtors written off in the previous years	30.45	-
Reversal of TNLC charges by AAI (Refer 21.1)	170.88	-
Miscellaneous Income	25.13	49.32
Deferred income on fair valuation on financial liabilities	66.21	45.45
Total	563.43	550.93

21.1 Based on the request of the parent, the Airports Authority of India (AAI) had reduced Communication, Navigation and Surveillance and Air Traffic Management Services Charges (TNLC) related to the regional connectivity scheme of Government of India, effective from financial year 2020-21. The amount related to financial year 2020-21 amounting to Rs.170.88 lakhs is included in other income, being the reversal of expense of earlier year.

22 Airport Operating Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and Fuel	919.50	865.15
Insurance on Assets	137.22	106.20
Repairs and Maintenance	185.71	259.14
House Keeping	961.07	893.22
Operations & Maintenance Expenses	844.73	621.75
Customs Cost Recovery Charges	1,082.13	878.40
Aviation Meteorological Support Services	118.98	108.24
Communication, Navigation and Surveillance and Air Traffic Management Services	181.12	621.87
Other operational expenses	29.93	19.28
Security Service	49.70	45.43
Trolley Retrieval Services	34.76	54.55
Water Charges	38.66	32.50
Cargo handling charges and other operational expenses	20.68	-
Total	4,604.19	4,505.73

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries & Allowances	994.82	991.41
Contribution to provident and other funds	36.84	36.79
Gratuity	37.29	35.76
Staff Welfare Expenses	138.83	92.85
Total	1,207.78	1,156.81

24 Finance Cost

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Term Loans	9,170.73	8,777.91
Unwinding of discount relating to Term Liabilities	63.43	40.91
Interest on delayed payment of Customs costs, Income tax	160.67	86.37
Total	9,394.83	8,905.19

25 Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Administrative Expenses	12.57	8.58
Advertisement Expenses	11.23	20.61
Payment to Auditors		
-For Audit	8.75	21.00
Corporate Social Responsibility expenditure	-	7.87
Collection Charges-Prebooked Taxi	2.54	3.61
Discount allowed to customers	83.59	
Employee Training expenses	16.24	8.62
Insurance-operations	32.60	19.75
Rates and Taxes (refer Note 25.1)	105.36	394.65
Allowance for credit impaired trade receivables	84.44	118.27
Credit impaired Trade Receivables written off (Refer note)	26.69	500.49
Postage and Courier charges	5.25	0.40
Printing and Stationery	15.68	5.30
Legal and Professional charges	129.21	221.66
Recruitment Expenses	3.50	3.67
Rent	3.60	3.60
Repairs and Maintenance - Others	3.25	3.93
Sitting Fees	0.70	1.10

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

25 Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Travelling Expenses	87.58	59.34
Website Maintenance Charges	2.64	2.64
Loss on disposal of property, plant and equipment	-	0.44
Miscellaneous Expenses	4.70	37.64
Total	640.12	1,443.17

25.1 Rates and taxes include Rs.nil (Rs187.61 lakhs) being one time building tax remitted to Thahasildar, Tallesseri Taluk.

25.2 The parent has written off a total of ₹.26.69 Lakh (₹.633.28 Lakh) during the year of which ₹. 18.39 Lakh (₹.132.79) is against the provision made in the previous year.

26 Exceptional Items

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Remission of Liability	545.32	-
Total	545.32	-

Remission of liability represents the write back of liability towards capital expenditure incurred for the setting up of the Airport, consequent to the negotiation with the parties while making final settlement of their accounts and the reduction in the amount of dues agreed through negotiations.

27 Deferred Tax

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax (liabilities) / assets		
Tax effect of items constituting deferred tax liabilities:		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles (a)	28,385.08	29,968.81
Tax effect of items constituting deferred tax assets:		

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

27 Deferred Tax

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provision for gratuity	42.75	8.22
Allowance for credit impaired Trade Receivables	26.93	28.47
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
MAT Credit		
Minimum Alternate Tax Credit Entitlement (Refer Note 2)	-	220.29
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	6.19	8.31
(b)	34,264.89	34,454.31
Net deferred tax (liability) / asset (a) - (b)	5,879.81	4,485.50
Deferred tax expense / (Income)	(1,394.31)	557.99
Recognized in Statement of profit and loss	(1,396.43)	558.00
Recognized in other comprehensive loss	2.12	(0.01)

27.1 The parent has recognised a deferred tax asset of ₹.34,189.02 Lakh (₹.34,189.02 Lakh) on unused tax losses arising from its claim under section 35 AD of Income Tax Act, 1961 considering the unlimited carry forward period for set off against future taxable income.

Subsequent to the year end on March 31, 2020, on filing of the revised return of income claiming the aforesaid deduction under section 35AD of the Income tax Act, 1961 in respect of Assessment Year 2019-20, the parent received Intimation under section 143(1) of the Income Tax Act, 1961 dated January 16, 2021, rejecting its claim of deduction u/s35AD of the Income Tax Act, in the revised return. The Management has filed appeal before the Commissioner of Income Tax (Appeals) in respect of the above disallowance which is pending adjudication. The Management has been advised that the case for its appeal is tenable and therefore is confident of a favourable outcome.

27.2 The Management reviewed the carrying amount of deferred tax asset recognised on brought forward business losses as at March 31, 2021, and in view of revised traffic forecasts considering the continuing COVID19 impact, the revenue/cost/profit and taxable profit projections were re-estimated by the Management. Pursuant thereto, the Management decided to de-recognise the deferred tax asset recognised in earlier years on brought forward business losses aggregating ₹. 2,969.21 Lakh and not to recognise any further deferred tax asset on current year business tax losses, as it is no longer probable that sufficient future taxable profits will be available for setting off the unused tax losses before the time period for set-off of such losses expire. The impact of such de-recognition of deferred tax asset on brought forward business losses has been accounted in the Statement of Profit and loss for the year ended March 31, 2021. Continuing with the above policy, no deferred tax is recognised for the brought forward business loss for the year ended 31/03/2022.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

27.3 Unused tax losses i.e. brought forward unabsorbed income tax business losses on which no deferred tax asset has been created as at March 31, 2022 is ₹. 23,604.68 Lakh (As at March 31, 2021 - ₹ 21,730.91 Lakhs).

27.4 The Management reviewed the possibility of setting off of MAT credit recognized in the financial years 2014-15 and 2015-16, against future tax liability based on the forecasted profitability projections and decided to de recognise the deferred tax asset recognised in earlier years on MAT credit amounting to Rs.220.29 lakhs during the current year.

28 Earnings Per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loss attributable to equity shareholders of the parent	(12,430.24)	(18,499.68)
Weighted average number of equity shares	13,38,36,900	13,38,12,100
Basic and Diluted Earnings per Share (of face value ₹.100)	(9.29)	(13.83)
Effect of dilution :		
Weighted average number of equity shares adjusted for the effect of dilution*	13,38,36,900	13,38,12,100
Diluted Earnings per share (of face value ₹.100)	(9.29)	(13.83)

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.

29 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a parent, 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 parent 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, 2022	Year ended March 31, 2021
Gross amount required to be spend during the year		
Amount spent during the year:	-	-
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	7.87
(iii) Unpaid amount out of (i) and (ii) above	-	-

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

30 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 are as under:

(a) Joint Venture Company

BPCL - KIAL Fuel Farm Private Limited

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

Key Management Personnel

Dr. Venu Vasudevan (from March 12, 2021)

Mr. S Jayakrishnan

Mr. G Gnanendra Kumar (Up to November 4, 2022)

Managing Director
Chief Financial Officer
Company Secretary

Parties with substantial interest and its affiliates

Bharat Petroleum Corporation Limited

Government of Kerala

Transactions with related parties

Related Party Nature of Transaction	2021-22	2020-2021
Transactions during the year		
Mr. Thulasidas V Salary	-	40.64
Mr. S Jayakrishnan Salary	36.68	34.30
Mr. G Gnanendra Kumar Salary	15.47	14.61
BPCL - KIAL Fuel Farm Private Limited		
License fess on unpaved land	136.9	125.59
Fuel Through Put Charges	-	-
Utility Charges	10.23	13.16
Government of Kerala (GoK) Reimbursemnt of Expenses met by parent on behalf of Government of Kerala	626.99	-
Equity shares issued	-	-
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited	108.92	140.06
License fees receivable		3.92
Utility Charges receivable		-
Fuel Throughput Charges receivables	-	-
Security Deposit	11.00	11.00
Government of Kerala (GoK) Amount receivable from Government of Kerala	1,151.11	2,225.67

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

- The parent has transactions (not included in the list above) with other Government of Kerala-
- (c) 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.
 - (d) Government of Kerala in connection with the term loans of the parent has pledged its shares with the lenders and also provided a Letter of Comfort, refer Note 15 for details.
 - (e) In accordance with the Articles of Association of the parent, and as per Government of Kerala Order dated February 11, 2021 the Managing Director, Dr. Venu Vasudevan was appointed w.e.f. March 12, 2021, which was approved by the Board of Directors in their meeting held on March 26, 2021. This appointment was subsequently approved by the shareholders in their meeting held on December 23, 2021. The aforesaid Government order has not specified the remuneration and other terms of his appointment.

31 Capital Management

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

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

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

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Debt	1,03,046.79	95,166.78
Equity	88,963.01	1,01,358.41
Debt to Equity ratio	115.83%	93.89%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The parent has been sanctioned a funded interest term loan of ₹.19,617 Lakh to fund the interest accrued and future interest accruing from December 29, 2020 to December 28, 2022 which also needs to be repaid with interest as per the revised repayment schedule of the original loan.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Financial risk management

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

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

Market Risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The parent's exposure to the risk of changes in market interest rates relates primarily to the parent's long-term debt obligations with floating interest rates. The effect of change in the interest rate will affect profit or loss of the parent also the interest cost had a direct bearing on the borrowing cost capitalised. The impact of increase or decrease of 100 basis points on the loan will affect the loss of the parent by ₹.992.26 Lakh (₹.895.32 Lakh) and value of Plant property of equipment by ₹.Nil (Previous year ₹.Nil Lakh).

Foreign currency risk

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

Credit risk

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

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

Trade Receivables
Ageing of Trade receivables

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
0-180 Days	1,637.47	2,116.25
181-365 Days	180.33	188.59
366-730 Days	108.65	472.94
More than 730 Days	101.98	145.13
Total	2,028.45	2,922.91

Movement of allowance for credit impaired trade receivables

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	136.04	150.56
Add : Created during the year	111.13	118.27
Less : Provision written off (refer Note 25.2)	26.69	472.94
Less : Utilised/Reversed during the year	116.88	132.79
Closing balance	103.59	136.04

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

Liquidity risk
Maturity Analysis of Assets and Liabilities:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents (including other Bank balances)	2,788.08	5,196.06
Trade Receivables	1,924.86	2,786.87
Other Financial assets	1,151.11	2,225.67
Financial Liabilities		

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

Maturity Analysis of Assets and Liabilities:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Trade Payables	4,068.67	3,166.31
Other Financial liabilities	2,847.50	8,397.65
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	2,259.43	2,983.19
Financial Liabilities		
Security Deposits	40.59	40.59
Borrowings	1,687.11	1,687.11
Maturity more than 3 years		
Financial Assets	-	-
Financial Liabilities		
Security Deposits	737.51	603.30
Borrowings	1,01,359.68	93,479.67

32 Impact of COVID-19 pandemic and going concern concept

The COVID-19 pandemic impacted across major airports of India affecting the total passenger traffic, aircraft movements and cargo freight. The traffic handled by the parent was also impacted due to COVID-19 pandemic and on account of the consequent travel restrictions in international travel and domestic travel, leading to substantial fall in the number of passengers and air traffic movements. This position is expected to return to normalcy over the next 1-2 years.

Due to reduced revenue and continued incurrence of fixed costs, the parent's performance was adversely impacted, and losses were incurred during the year.

During the current year, the repayment of the borrowings are scheduled to begin from the fourth quarter of the financial year 2022-23 (the loan has been restructured under resolution framework for exposures other than personal loans under stress due to COVID Pandemic, also refer Note 15), capital commitments towards the ongoing office and cargo complex and other pending payments to the contractors which requires major cash flow requirement in the coming years.

The Government of Kerala has provided a Letter of Comfort dated June 8, 2015 to Canara Bank in connection with the term loan sanctioned to take appropriate action in the case of any shortfall in the project term loan repayment obligations.

Further, the Government of Kerala has given an undertaking to the parent vide GO (MS) No 01/2014 /Tran. dated January 4, 2014 to mitigate the cash short fall in the first five years of operation (from 2016-17 to 2020-21) by a budgetary support of ₹.13268 Lakh. However, there were no circumstances of cash shortfall requiring such support from the Government during that period. The parent is confident that as the Airport commencement date is December 2018, it will be able to secure such support in the unlikely event of cash shortfall in future also.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

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

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

Accordingly, the liquidity risk and cash flow shortages of the parent are mitigated.

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

In March 2020, COVID-19, an infectious disease was declared a pandemic by the World Health Organization. On March 24, 2020, the Indian Government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus.

Several countries across the world have been announcing travel restrictions, partial or complete lockdown to contain the spread of virus and to avoid the crisis. The extended lockdown period had seen an adverse impact on the Indian economy. The gradual reopening of activities across the country has seen some improvement in the economy, but the return to pre-Covid levels would take some time.

The traffic handled by the parent was also impacted due to COVID-19 pandemic and on account of the consequent travel restrictions in international travel and domestic travel, leading to substantial fall in the number of passengers and air traffic movements. This position is expected to return to normalcy over the next 2-3 years.

Due to reduced revenue and continued incurrence of fixed costs, the parent's performance was adversely impacted, and losses were incurred during the year.

The parent has considered the possible impact of the pandemic up to the date of approval of these Consolidated financial statements in applying judgments, estimates and assumptions and based on the current estimates, the parent expects to fully recover the carrying amount of trade receivables, property plant and equipment (including capital work-in-progress) 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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

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

33 Capital and other commitments

The parent has the following capital commitments:

Particulars of Contract	As at March 31, 2022	As at March 31, 2021
Software Development Costs	1,724.61	6.77
Construction contracts (office and cargo complex , other	1,286.12	7,576.64
Total	3,010.73	7,583.41

34 Contingent liabilities

Claims against the parent not acknowledged as debts -

Nil

ii) Disputed Income Tax liability

Particulars	Tax Amount in dispute (Rupees)	Year
Assessing of interest received on temporary parking of borrowed funds on short term deposits reduced from CWIP in the accounts based on IND AS 23. Pending before Commissioner of Income Tax Appeals	53.67 lakhs	2017-18 (AY 2018-19)
Penalty for non-filing of Tax Audit report Pending before Commissioner of Income Tax Appeals	1.50 lakhs	2016-17 (AY 2017-18)
Penalty for difference in return filed and audited financials. Pending before Commissioner of Income Tax Appeals	531.41 lakhs	2016-17 (AY 2017-18)
Disallowance of claim of deduction u/s.35AD (Refer Note. 27.1) Pending before Commissioner of Income Tax Appeals		2018-19 (AY 2019-20)

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹.Lakh unless otherwise stated

35 The parent has the following investment in joint venture

Name of the Company	BPCL-KIAL Fuel Farm Private Limited	
Principal place of business	India	
	As at March 31, 2022	As at March 31, 2021
Unquoted investments in Equity instruments (fully paid) in ₹. Lakh	234.00	234.00
No of shares of face value ₹.10	23,40,000	23,40,000
% of holding	26%	26%

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹ Lakh unless otherwise stated

35.1 Disclosure of additional information required by Schedule III to the Companies Act, 2013

As at and for the year ended March 31, 2022

Name of the entity	Net asset i.e. total assets minus total liabilities		Share in loss		Share in other comprehensive loss		Share in total comprehensive loss	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated other comprehensive losses	Amount	As % of comprehensive losses	Amount
Parent	100%	-	100%	-	100%	-	100%	-
Joint Venture (Investment as per the equity Method)								
-BPCL-KIAL Fuel Farm Private Limited	-	-	-	-	-	-	-	-
Total	100%	-	100%	-	100%	-	100%	-

As at and for the year ended March 31, 2021

Name of the entity	Net asset i.e. total assets minus total liabilities		Share in loss		Share in other comprehensive loss		Share in total comprehensive loss	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated other comprehensive losses	Amount	As % of comprehensive losses	Amount
Parent	100%	1,01,358.41	99.50%	(18,406.32)	100%	-0.03	99.50%	(18,406.32)
Joint Venture (Investment as per the equity Method)								
-BPCL-KIAL Fuel Farm Private Limited	-	-	0.50%	(93.36)	-	-	0.50%	93.36
Total	100%	1,01,358	100%	(18,499.68)	100%	(0.03)	100%	(18,312.96)

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

36 Employee Benefits

36.1 Defined contribution plans

The parent makes provident fund contributions which are defined contribution plan, for qualifying employees. Under the scheme, the parent is required to contribute a specified percentage of the payroll costs to fund the benefits. The parent recognised ₹.36.84 Lakh (Previous year: ₹.36.79 Lakh) for provident fund contribution in the Consolidated Statement of profit and loss. The contributions payable to this plan by the parent are at rates specified in the rules of the said scheme.

36.2 Defined benefit plans

The parent offers Gratuity Benefit scheme to its employees.

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

The valuation results for the defined benefit gratuity plan as at March 31, 2022 are produced in the tables below:

Particulars	March 31, 2022	March 31, 2021
1. Assumption		
Discount Rate	7.46%	7.11%
Salary Escalation	5.00%	5.00%
Attrition Rate	6.00%	6.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)
2. Table showing changes in the present value of		
Present value of Obligation as at the beginning of the year	132.80	101.20
Interest Cost	7.06	7.05
Current Service Cost	30.23	28.71
Benefits paid	-0.95	-4.20
Actuarial (gain) / Loss on obligation	-4.71	0.04
Present value of Obligation as at the end of the year	164.43	132.80
3. Table showing changes in Fair Value of Plan Assets*		
4. Table showing fair value of Plan assets*		
* As the Gratuity plan is unfunded, there are no disclosures related to fair value of plan assets		
5. Actuarial (Gain) / Loss recognized		
Opening cumulative other comprehensive Income	28.52	28.48
Actuarial (gain) / loss on obligations	-4.71	0.04
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	23.81	28.52

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

Particulars	March 31, 2022	March 31, 2021
6. The amounts to be recognized in the Balance Sheet and Statement of Profit and loss		
Present value of Obligation at the end of the year	164.43	132.80
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
(Net Asset) / Liability recognised in the Balance Sheet	164.43	132.80
7. Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	30.23	28.71
Interest Cost	7.06	7.05
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	-4.71	0.04
Weighted average duration of the D B O	15.24	15.24

Sensitivity Analysis for the year ended March 31, 2022

	% increase in DBO	Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-9.17%	149.36	-15.08
Discount Rate -100 basis points	10.96%	182.45	18.02
Salary Growth +100 basis points	10.46%	181.64	17.20
Salary Growth -100 basis points	-8.82%	149.93	-14.51
Attrition Rate +100 basis points	1.53%	166.95	2.52
Attrition Rate -100 basis points	-1.82%	161.44	-3.00
Mortality Rate 10% up	0.05%	164.52	0.08
Effect of no ceiling	2.63%	168.76	4.32

Sensitivity Analysis for the year ended March 31, 2021

	% increase in DBO	Liability	Increase in DBO (Rs.)
Discount Rate +100 basis points	-9.90%	119.65	-13.15
Discount Rate -100 basis points	11.95%	148.68	15.87
Salary Growth +100 basis points	11.34%	147.86	15.05
Salary Growth -100 basis points	-9.45%	120.25	-12.55
Attrition Rate +100 basis points	0.95%	134.07	1.26
Attrition Rate -100 basis points	-1.23%	131.18	-1.63
Mortality Rate 10% up	0.05%	132.87	0.06
Effect of no ceiling	1.99%	135.44	2.64

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

37 Passenger Service Fee (PSF)

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

During the Financial Year 2019-20, this arrangement has been changed by Ministry of Civil Aviation w.e.f. July 1, 2019 wherein the name of PSF has been changed as Aviation Security Fees which will be collected by a separate national level Trust by name National Aviation Security Fee Trust (NASFT). Accordingly from July 1, 2019 onwards, the Aviation Security Fees collected by the airlines will be paid directly by the airlines to the bank accounts of NASFT (instead of the earlier policy of paying them through the Airport) and the cost of deployment charges (Salary and allowance etc.) of CISF personnel in the airport will be met out of that fund. The parent will have to meet other expenses of CISF from its own funds and claim its reimbursement from NASFT. As on the date of Balance Sheet, the amount recoverable in respect of other security related expenses incurred by the parent w.e.f. July 1, 2019 pending reimbursement aggregated ₹.144.74 Lakh included in trade receivables and Rs.87.85 Lakhs being the unbilled revenue (₹.232.80 Lakh) included under other current assets. Meanwhile, the erstwhile PSF fund account maintained by the parent is yet to be merged with NASFT funds.

From the AOD till June 30, 2019, the PSF received by the parent from the airlines is ₹.361.44 Lakh (₹. 361.44 Lakh and the cost of deployment of CISF personnel and their related expenses for the said period was ₹.2169.93 Lakh (₹.2169.93 Lakh resulting in a deficit of ₹.1808.49 Lakh and the said deficit had not been recognized in the Consolidated financial statements as a liability since the Management is of the view that the parent is only acting in a pass through capacity of receiving the PSF from the airlines and utilizing the same towards the cost of deployment of CISF personnel and their related expenses and considering the fact that the responsibility of providing security personnel to the airport is with the Government of India. The parent has received a letter dated October 9, 2019 from the National Aviation Security Fee Trust (NASFT) asking the parent to settle the cost of deployment bills of CISF in respect of the aforesaid deficit. The parent has written to the Ministry of Civil Aviation on October 29, 2019 citing shortfall between the PSF collected and the amount payable to CISF due to the low passenger traffic in the airport. The parent has requested that the NASFT may settle the shortfall using the surplus PSF funds available with the Government.

38 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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

Particulars	As at March 31, 2022	
	Carrying Value	Fair Value
Financial assets		
At Amortized cost		
Deposits	1,182.63	1,182.63
<i>Previous year</i>	1,153.93	1,153.93
Trade Receivables	1,924.86	1,924.86
<i>Previous year</i>	2,786.87	2,786.87
Cash and Cash equivalents including other bank balances	2,788.08	2,788.08
<i>Previous year</i>	5,196.06	5,196.06
Other financial assets	1,151.11	1,151.11
<i>Previous year</i>	2,225.67	2,225.67
Financial Liabilities		-
At Amortized cost		-
Borrowings	1,03,046.79	1,03,046.79
<i>Previous year</i>	95,166.78	95,166.78
Security Deposits	988.51	988.51
<i>Previous year</i>	780.36	780.36
Trade Payables	4,068.67	4,068.67
<i>Previous year</i>	3,166.31	3,166.31
Other Financial Liabilities	2,637.09	2,637.09
<i>Previous year</i>	8,261.18	8,261.18

The management assessed the cash and 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%).

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2022	As at March 31, 2021
Level 1		
Financial Assets	-	-
Financial Liabilities	-	-
Level 2		
Financial Assets		
Cash and Cash equivalents	2,788.08	5,196.06
Financial Liabilities		
Borrowings	1,03,046.79	95,166.78

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

Assets and liabilities by fair value hierarchy

Particulars	As at March 31, 2022	As at March 31, 2021
Level 3		
Financial Assets		
Security Deposits	1,182.63	1,153.93
Trade Receivables	1,924.86	2,786.87
Other financial assets	1,151.11	2,225.67
Financial Liabilities		
Security Deposits	988.51	780.36
Trade Payables	4,068.67	3,166.31
Other Financial Liabilities	2,637.09	8,261.18

Level 1 : Fair Value measurement using Quoted prices in Active Markets

Level 2 : Fair Value measurement using significant observable inputs

Level 3 : Fair Value measurement using significant unobservable inputs

39 Income Tax

Particulars	March 31, 2022	March 31, 2021
a) Current Income Tax Charge		-
b) Deferred Tax		
Relating to origination and reversal of temporary differences	1,396.43	(558.00)
Income Tax Expense/(Benefit) as per Consolidated statement of profit and loss	(1,396.43)	558.00
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	28,385.08	29,968.81
Deferred tax liability	28,385.08	29,968.81
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	69.68	36.69
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
Deferred tax asset	34,258.70	34,225.71
Deferred tax asset (Net)	5,873.62	4,256.90
Add: Minimum Alternate Tax Credit Entitlement	-	220.29
Tax expense during the year recognized in the OCI	6.19	8.31
Deferred Tax asset (unutilised tax credit)	5,879.81	4,485.50

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

40 Dispute relating to the appointment of statutory auditors

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

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

The parent additionally obtained a legal opinion on February 2, 2018, to that effect which confirmed that the provisions of section 139(5) of the Act do not apply to the parent. On the strength of the aforesaid legal opinion, the Board of Directors on June 28, 2018, authorised the Managing Director to seek an expression of interest from audit firms for appointment as statutory auditors of the parent. Consequently, in pursuance of a resolution at the Annual General Meeting of the shareholders held on January 19, 2019, the parent appointed the current statutory auditors (i.e., Deloitte Haskins & Sells LLP) on March 28, 2019 for a period of five years, i.e., from financial years 2018-19 to 2022-23. Subsequently consequent to the resignation of the said firm, the parent in the Annual General Meeting held on 05/11/22, appointed Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam as the Statutory Auditors of the parent for the financial year 2021-22.

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

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

- Quashing the said letter
- Declaration that the provisions of section 139 (5) and (7) of the Act are not applicable to the parent; and

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

- Direction to MCA to refrain from insisting upon appointment of statutory auditor by C&AG in terms of Sec 139(5) and (7) of the Act.

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

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

The Board of Directors of the parent continue to reaffirm the appointment Deloitte Haskins & Sells LLP as auditors of the parent based on legal advice obtained by them and also the shareholders of the parent (a) in the Annual General Meeting held on December 28, 2020 have noted the Other Matter paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2019 as a part of approval of the Annual Accounts of the parent for the year ended March 31, 2019 together with Directors' Report and Auditors' Report thereon; (b) in the Annual General Meeting held on December 23, 2021 have noted the Other Matter paragraph on appointment of statutory auditors reported in the audit report for the year ended March 31, 2020 as a part of approval of the Annual Accounts of the parent for the year ended March 31, 2020 together with Directors' Report and Auditors' Report thereon, and did not have any reservations / comments regarding the appointment of the statutory auditors.

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

- 41 The Code on Social Security, 2020 ("the Code) which would impact the contributions by the parent towards Provident Fund and Gratuity has received Presidential assent in September 2020. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The parent will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

<<<<This space is intentionally left blank>>>>

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated

- 42 Disclosure requirements in accordance with amendment to schedule III vide notification dated 24th March 2021 have been incorporated, as the same is made applicable from 1st April 2021 incorporating the same for the previous year, as noted below:

42.1 Wilful Defaulter:

The parent is not declared as wilful defaulter by any bank or financial institution during the year.

42.2 Transactions with Struck off Companies:

The management confirms that the parent had no transaction with any struck off companies during the year.

42.3 Undisclosed Income:

There are no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

42.4 Charge Details: Details of Registration or satisfaction of charge not registered with ROC beyond the time period are disclosed along with reasons thereof: NIL

42.5 Details of Crypto Currency or Virtual Currency: The parent has not traded or invested in Crypto currency or Virtual Currency during the financial year.

42.6 Loans & advances to Directors/KMP/Related Parties: Nil

42.7 Details in respect of Utilization of Borrowed funds and share premium in respect of:

a. Transactions where an entity has provided any advance, loan, or invested funds to any other person (s) or entity/ entities, including foreign entities: NIL

b. Transactions where an entity has received any fund from any person (s) or entity/ entities, including foreign entity: NIL

42.8 Borrowing from Banks and Financial Institutions:

a) During the year, the parent has not borrowed fund from Banks/FI (being current assets as collateral security)

b) No funds have been advanced, loaned or invested (either from borrowed funds or share premium or any other source or kind of funds) by the parent to or in any other person or entity including foreign entity (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the parent (ultimate beneficiary). The parent has not received any fund from any party (Funding Party) with the understanding that the parent shall whether directly or indirectly lend or invest in other person or entities identified by or on behalf of the parent (ultimate beneficiary) or provide any guarantee, security or the like on behalf of the ultimate beneficiary.

42.9 Scheme of arrangement: Not Applicable

42.10 Compliance with number of layers of companies - Not Applicable

42.11 Additional information related to CSR Disclosure: Since the parent is not covered under section 135 of the Companies Act, no disclosure is required.

42.12 Previous Year figures have been regrouped and reclassified, wherever necessary, to correspond with current year's classification/disclosure and the amount in bracket represents the comparable figures of previous year.

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2022

All amounts are in ₹. Lakh unless otherwise stated.

43 Ratio analysis and its elements

Ratio and basis	31 March 2022	31 March 2021	Variance	Remarks
Current ratio Current assets / Current liabilities	1.09	1.08	0.99%	
Debt- equity ratio Total Debt / Equity	115.83%	93.89%	18.94%	
Return on equity Profit after tax / Shareholders' Equity	-3.27%	-4.18%	27.96%	1
Trade Receivable turnover ratio Revenue from operations / Average trade	83.11%	42.90%	48.38%	2
Trade Payables Turnover Revenue from operations / Average trade	54.12%	44.23%	18.29%	
Net Capital Turnover Revenue from operations / Working	5.24	2.24	57.31%	3
Net Profit/(Loss) Margin Net Profit/(Loss) after tax / Revenue from	-158.69%	-413.21%	160.39%	4

* Earnings for Debt Service = Earnings before finance costs, depreciation and amortisation, exceptional items and tax (EBIDTA)/ (Finance cost for the year + Principal repayment of long-term debt liabilities within one year)

** Cost of Good sold = Cost of materials consumed +Purchases of stock-in-trade + Changes in inventories of finished goods, stock-in trade, work-in-progress and property under development + Manufacturing and operating expenses+Costs towards development of property

Earnings before Interest and Tax = Profit after exceptional item and before tax + Finance costs (recognised)

@ Capital Employed = Average of equity and total borrowings

- 1 The return on equity has improved due to increase in operational revenue during the year
- 2 The trade receivable turnover ration has improved due to recovery of debts relating to the prior years
- 3 The net capital turnover ratio improved due to Increase in the volume of operations during the year
- 4 Net profit margin has improved due to the increase in the turnover and cost control measures taken by the parent

For and on behalf of the Board of Directors

Sd/-

Venu Vasudevan
Managing Director
(DIN: 01105099)

Sd/-

K Parvathyammal
Director
(DIN: 07254970)

Sd/-

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Thiruvananthapuram
30-12-2022

**REGISTERED OFFICE**

Kannur International Airport Ltd.
Kannur International Airport PO,
Mattannur, Kannur-670708

LIAISON OFFICE

Kannur International Airport Ltd.
Sree, MNSRA 1, Mahava Nagar, Palkulangara
Pettah PO, Thiruvananthapuram-695024