

15TH ANNUAL Report 2023-24

KANNUR 
International Airport



TIMELINE OF KANNUR INTERNATIONAL AIRPORT

Govt. of Kerala accorded sanction to set up Kannur International Airport |KINFRA appointed as the nodal agency.

1998 | 2008

In-principal approval from MoCA & Union Cabinet |Moorkhanparamb & Velliamparamb identified for developing the airport.

Kannur International Airport Limited formed as a public limited company

2009 | 2010

Foundation stone laid by then CM, Shri. VS Achuthanandan, in a function attended by the then Civil Aviation Minister, Shri. Praful Patel.

MHA accorded security clearance |DGCA accorded site clearance.

2012 | 2013

MoEF accorded environmental clearance | Airport construction work awarded to L & T Ltd.

Construction work flagged-off by the then Defense Minister, Shri. AK Antony.

2014 | 2016

Trial landing conducted on a 2400 m runway with a code-B aircraft.

Commenced operations on 9th Dec, 2018 | Inaugurated by the CM, Shri. Pinarayi Vijayan and the then CA Minister, Shri. Suresh Prabhu.

2018 | 2019

Facilitated 1 Million pax within the first 9 months of operation.

Integrated Air Cargo complex commenced operations

2021 | 2023

First Haj operations from Kannur



Kannur International Airport has achieved a remarkable milestone of 5 million Cumulative Passengers on 28 September 2023

PRESENT BOARD OF DIRECTORS

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

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

CSR Committee

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

Technical Committee

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

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

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STATUTORY AUDITORS

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

BANKERS

Canara Bank
South Indian Bank
Federal Bank

NOTICE OF 15TH ANNUAL GENERAL MEETING FY 2023-24.

NOTICE is hereby given that the 15th Annual General Meeting of shareholders of Kannur International Airport Limited will be held on **Monday, 23 September, 2024 at 11.00 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)**, to transact the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March 2024, together with the Report of the Board of Directors and the Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2024, together with the Report of the Auditors thereon.**
2. **To appoint a Director in Place of Sri. M.A. Yusuffali (DIN: 00364677), Director who retires by rotation and, being eligible, offers himself for re-appointment.**
3. **To appoint a Director in Place of Dr. M.P. Hassan Kunhi (DIN: 02793323), Director who retires by rotation and, being eligible, offers himself for re-appointment.**

SPECIAL BUSINESS:

4. **Appointment of Sri. Dinesh Kumar C. as Managing Director (DIN: 09717438) for a Period of Three years and to fix the Terms & Conditions of his appointment**

*To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to Section 196 (1), 197, 198, 203 and Schedule V and such other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or any amendment(s) thereto, or any substitution(s) or any re-enactment(s) made thereof, for the time being in force) read with Article 126(1) of the Articles of Association of the Company, and such other statutory approvals as may be required, consent and approval of the Shareholders be and is hereby accorded for the appointment of Sri. Dinesh Kumar C. (DIN: 09717438) as the Managing Director of the Company w.e.f 07th February, 2023 for a term of three years, on such terms and conditions including payment of remuneration of Rs. 38,09,820/- based on the Government Order dated 21 November, 2023 and revised remuneration of Rs. 50.16 Lakh as per the Government Order dated 4 July, 2024, in the wake of inadequacy of profits for the financial years 2022-23 and 2023-24 as minimum remuneration paid for the respective financial years and for the remuneration during financial year 2024-25 as decided by the Government of Kerala and approved by the Board of Directors as below:

The annual salary package for Mr. Dinesh Kumar C, Managing Director of Kannur International Airport Limited, is limited to Rs. 50.16 lakh. This package includes actual housing rent, vehicle, and WiFi facilities, in addition to reimbursement of his actual monthly mobile phone charges.”

“RESOLVED FURTHER THAT any of the Directors and the Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to settle any issue, question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem fit or desirable in the best interests of the Company.”

5. Remuneration of Cost Auditor for the Financial Year 2024-25.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or reenactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s Sankara Kumar Associates, Cost Accountant, Trivandrum (Firm Reg. No. 004043), appointed as the Cost Auditors by the Board of Directors of the Company (“the Board”) for the financial year 2024-25 to conduct the audit of the cost records for the Company and that the said Cost Auditors be paid a remuneration of Rs. 75,000/- plus applicable taxes and out of pocket expenses.”

“RESOLVED FURTHER THAT, M/s Sankara Kumar Associates, Cost Accountant be and is hereby further authorized to prepare and file the cost audit reports vide e-forms as required by statutes to ROC for the Financial Years 2024-25 on a remuneration of Rs. 18,000/- inclusive of all taxes.”

“RESOLVED FURTHER THAT any of the Directors and the Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

**Sd/-
Aby Eapen
Company Secretary
M.No. A23807**

Date: 17 July 2024
Place: Kannur

Notes:

- 1. THE STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 WITH RESPECT TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE IS ANNEXED.**
2. The Ministry of Corporate Affairs has vide its General Circular No. 09/2023 dated 25 September 2023, has permitted to conduct the AGM through Video Conferencing (VC) or other audio visual means (OAVM) till 30th September 2024. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the AGM of the Company is being held through VC/OAVM.
3. 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.
4. 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).
5. The register of members and share transfer books of the Company will remain closed from 17 September 2024 to 23 September 2024 both days inclusive.
6. The Board of Directors has appointed Sri. Abhilash Nedayalil Abraham, Practising Company Secretary (FCS No. 10876 CP No. 14524), as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.
7. 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 sent through e-mail and holding shares as of the cut-off date i.e. 16 September 2024, may obtain the login ID and password by sending a request at evoting@nsdl.com 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 : 022 - 4886 7000 . In case of Individual Shareholders holding securities in demat mode

who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 16 September 2024, may follow steps mentioned in the Notice of the AGM under “Access to NSDL/CDSL e-voting system”.

8. Since the AGM is being held through VC/OAVM, the Route map is not annexed to this Notice.
9. E-voting instructions are also forming part of this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No.4 Appointment of Sri. Dinesh Kumar C. as Managing Director (DIN: 09717438) for a period of three years and to fix the terms & conditions of his appointment.

In accordance with the powers granted under Article 126(1) of the Company's Articles of Association, the Government of Kerala issued GO (Rt) No. TRA E1/46/2023-TRANS on 1 February 2023, appointing Sri. Dinesh Kumar C. (DIN: 09717438) as the Managing Director of the Company for a period of three years. In compliance with the directives of Government of Kerala, the Board of Directors of Kannur International Airport at their 63rd Board meeting held on 20th March, 2023 approved the appointment of Sri. Dinesh Kumar C. (DIN: 09717438) as Managing Director of the Company for a period of three years.

Subsequently, on 21 November 2023, the Government of Kerala issued another Government Order, G.O.(Rt) No. 489/2023/TRANS, outlining the terms and conditions of Sri. Dinesh Kumar C.'s appointment and fixed his remuneration as Rs. 38,09,820/-.

Further, on 4 July 2024, the Government of Kerala issued another Government Order, G.O.(Rt) No. 244/2024/TRANS, enhancing his remuneration to Rs. 50.16 Lakhs and the Board of Directors, at its 68th meeting held on 17th July 2024 acknowledged the above order of Government of Kerala and approved and fixed the remuneration of Sri. Dinesh Kumar C in accordance with the Government Directives. The appointment of Sri Dinesh Kumar C and terms and conditions of his remuneration now requires approval from the shareholders at the Annual General Meeting (AGM) pursuant to Section 196(1), 197, 198, 203, Schedule V and such other applicable provisions of the Companies Act, 2013.

Therefore, the Board recommends the resolution in relation to the appointment of Managing Director and terms and conditions of his remuneration for the approval of shareholders of the Company as Special Resolution.

Further, the Company has incurred loss during the financial year 2022-23 and 2023-24 causing inadequacy of profit for managerial remuneration, it warrants conformity to the provisions under Section II, Part II, Schedule V of the Act. This necessitates a disclosure of additional information as 'General Information' about the appointee, and on business of the Company, meant to enable the shareholders to take an informed decision, on the said proposal for appointment of the Managing Director and terms and conditions of his remuneration. Hence, the motion is also put up before shareholders for approval. The remuneration proposed for Mr. Dinesh Kumar C is within the limits prescribed under Schedule V as envisaged under Section 197 (3) of the Act, so as not to necessitate an approval by the Central Government, of any such terms and conditions. Your Board of Directors at their meeting dated 17th July, 2024, recommends to the General Body of shareholders, appointment of Mr Dinesh Kumar C as Managing Director on such terms and conditions as are herein proposed and subject to such other approvals by the Statutory and Regulatory Authorities as might be applicable. The Company is inadequate in profit as aforesaid, and the motion is proposed as a Special Resolution with the following Additional Information as envisaged under Law.

All documents referred to in accompanying Notice and Statement pursuant to Section 102 of the Companies Act, 2013 shall be open for inspection at the Registered Office of the Company during

the office hours on all working days upto the date of AGM.

Except Mr. Dinesh Kumar C, no other Director, other key managerial personnel or relatives thereof are concerned or interested in this resolution.

Sl. No.	Particulars	Information		
I. GENERAL INFORMATION				
1.	Nature of Industry:	Greenfield Airport		
2.	Date or expected date of commencement of commercial production:	The Company was incorporated on 3 December 2009. Commercial Operations started on 9 December 2018.		
3.	In case of new companies, expected date of commencement of activities as per project approved by the financial institution appearing in the prospectus:	N.A		
4.	Financial Performance based on given indicators: (Rs.in lacs)	Particulars	2023-24	2022-23
		Total Income	10162.28	11517.36
		Net Profit/Loss	(16,856.02)	(12,627.14)
5.	Foreign investment or collaborators, if any:	NA		
II. INFORMATION ABOUT THE APPOINTEE				
1.	Background details:	Mr. Dinesh Kumar C holds a B.Tech from Government Engineering College, Thrissur, and an MBA from IGNOU. He had a long tenure with Cochin International Airport Limited (CIAL) starting in 1994, serving as Airport Director of CIAL and Managing Director of Cochin International Aviation Services Limited (CIASL) before taking charge as Managing Director of KIAL.		
2.	Past remuneration drawn (FY 2022-23):	Rs. 50 Lakhs		
3.	Recognition or Awards:	Mr. Dinesh Kumar C has long years of experience as a Airport Director of Cochin International Airport Limited (CIAL) and also the Managing Director of Cochin International Aviation Services Limited (CIASL) before taking charge as Managing Director of KIAL.		

Sl. No.	Particulars	Information
4.	Job Profile and his suitability	Mr. Dinesh Kumar C as Managing Director looks after the development and execution of the company's strategic plan and operations, in partnership with the Board of Directors, to achieve financial and growth targets of Kannur Airport.
5.	Remuneration proposed	The remuneration payable is outlined in the corresponding resolution itself.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:	The proposed remuneration is lower than that of similar designated position at other Airports in India.
7.	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:	Mr. Dinesh Kumar C does not have any other direct or indirect pecuniary relationship with the Company or relationship with any managerial personnel.
III. OTHER INFORMATION		
1.	Reasons of loss or inadequate profits:	Owing to operational challenges and business exigencies at Kannur International Airport since its inception in December 2018, the company has incurred significant annual losses. As of March 31, 2024, the total accumulated losses amount to Rs 742.77 crores.
2.	Steps taken / proposed to be taken for improvement :	With new routes and increased flight frequency, the company expects an increase in profitability.
3.	Expected increase in productivity and profit in measurable terms:	The Company is expected to be consistently maintaining productivity and growth in profits.
IV. DISCLOSURE 1.		
1.	<p>1. A draft resolution and detailed Explanatory Statement about the appointment and terms and conditions thereof of Mr. Dinesh Kumar C is presented under the Notice convening the ensuing Annual General Meeting.</p> <p>2. The details regarding remuneration package of the Managing Director is produced in the Directors' Report.</p>	

Item No. 5 Remuneration of Cost Auditor for the Financial Year 2024-25.

The Board of Directors of the Company had appointed M/s Sankara Kumar & Associates, Cost

Accountant, Trivandrum as the Cost Auditor of the Company for the Financial Year 2020-21, 2021-22, 2022-23 & 2023-24 for a remuneration of Rs. 75,000/- plus applicable taxes and out of pocket expenses.

The Board of Directors in their meeting held on 17 July 2024 decided to extend his engagement as Cost Auditor for FY 2024-25 on the same terms and conditions ie Rs. 75,000/- plus applicable taxes and out of pocket expenses and to prepare & file the Cost Audit Report vide e-forms as required by statutes to ROC for the Financial Years 2024-25 on a remuneration of Rs. 18,000/- inclusive of all taxes.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the cost auditor should be ratified by the shareholders of the Company.

Hence, the Board recommends this resolution for the ratification of the members.

None of the Directors / Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

By order of the Board,
For Kannur International Airport Limited,
Sd/-

Aby Eapen
Company Secretary
M.No. A23807

Date: 17 July 2024
Place: Kannur

As per the requirement of Secretarial Standard 2, the following information relating to the Director to be appointed / reappointed as contained at item 02 & 03 is furnished below:

Particulars	Information	Information	Information
Name	Sri. Dinesh Kumar C. (DIN: 09717438)	Sri. M. A. Yusuffali (DIN: 00364677)	Dr. M.P. Hassan Kunhi (DIN: 02793323)
Age	59 Years	68 Years	70 Years
Qualification	B-tech, MBA	DBA	Ph.D.
Experience	He had a long tenure with Cochin International Airport Limited (CIAL) starting in 1994, serving as Airport Director of CIAL and Managing Director of Cochin International Aviation Services Limited (CIASL) before taking charge as Managing Director of KIAL.	47 years of expertise in the business sector.	Entrepreneur, with 40 years of experience in the field of medical technologies.
Terms and Conditions of appointment	As per Item No. 4 of this notice	Retiring Director, being eligible offer himself for re-appointment.	Retiring Director, being eligible offer himself for re-appointment.
Remuneration last drawn	Rs. 50 Lakhs	Nil	Nil
Date of first appointment on Board	7 February, 2023	18 December 2014	15 November 2018
Shareholding in Company	Nil	1,15,00,000	50,00,000
Relationship with other Directors, Manager and other Key Managerial Personnel	Nil	Father in law to Dr. Shamsheer V.P (Director, KIAL)	N.A
Number of Meetings of Board attended	4	1	3

Particulars	Information	Information	Information
Other Directorships, Memberships / Chairmanships of Committees of other Boards	Nil	<p>Managing Director</p> <ol style="list-style-type: none"> 1. Lulu Hypermarket Private Limited 2. Lulu Trivandrum Mall Private Limited 3. Lulu International Shopping Malls Private Limited 4. Lulu International Convention Center Private Limited 5. Lulu Convention and Exhibition Center Private Limited 6. Lulu Convention Center Calicut Private Limited 7. Lulu India Shopping Mall Private Limited 8. Lulu Group International Private Limited <p>Director</p> <ol style="list-style-type: none"> 1. Cochin International Airport Limited 2. Lulu Tech Park Private Limited 3. Lulu Center International Private Limited 4. UAE-India Business Council 5. Lulu Cyber Park Private Limited 6. Norka-Roots (Sec 25 Company) 7. Giex Foods Private Limited 	<p>Managing Director</p> <ol style="list-style-type: none"> 1. Oystercity Medical Tourism Private Limited <p>Director</p> <ol style="list-style-type: none"> 1. HK Texworth Private Limited 2. Next Sports Education Private Limited 3. Medmer Lifecare Private Limited 4. Molecular Cyclotrons Private Limited 5. Verteil Technologies Private Limited 6. Bluevibe Hospitality And Logistics Private Limited 7. Molecular Multispeciality Hospitals Private Limited 8. Asset Homes Private Limited 9. French Arcade Builders Private Limited 10. Medtech Remedies Private Limited 11. Gem Education Systems International Limited 12. Institute Of Business And Finance Taliparamba Private Limited

INSTRUCTIONS - 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, Circular No. 10/2022 dated December 28,2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the 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.nsd.com.
7. The 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, MCA Circular No. 02/2022 dated 05 May 2022 and MCA Circular No.10/2022 dated December 28, 2022, MCA Circular No. 09/2023 dated 25 September 2023 and all other relevant circulars issued from time to time.

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

The remote e-voting period begins on 20 September 2024, at 9.00 A.M. and ends on 22 September 2024 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 16 September 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 16 September 2024.

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"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is

	<p>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.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </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.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 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. 1800-21-09911

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) b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

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

- a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com 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 abislab2015@gmail.com with a copy marked to evoting@nsdl.com
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 or send a request to Mr.Amit Vishal, Deputy Vice President at evoting@nsdl.com

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.com** for procuring user id and password for e-voting by providing above mentioned documents.

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 link" 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/ask questions during the AGM may register themselves as a speaker may send their request from their registered email address mentioning their name, demat account number/folio number, PAN, mobile number at cs@kannurairport.aero from 12 September 2024 (9.00 a.m. IST) to 16 September 2024 (5.00 p.m IST). Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

DIRECTORS' REPORT

To The Members,

Your directors have pleasure in presenting the 15th Annual Report and Audited Accounts of your Company for the financial year ended 31 March 2024.

1. COMPANY SPECIFIC INFORMATION

1.1. FINANCIAL HIGHLIGHTS

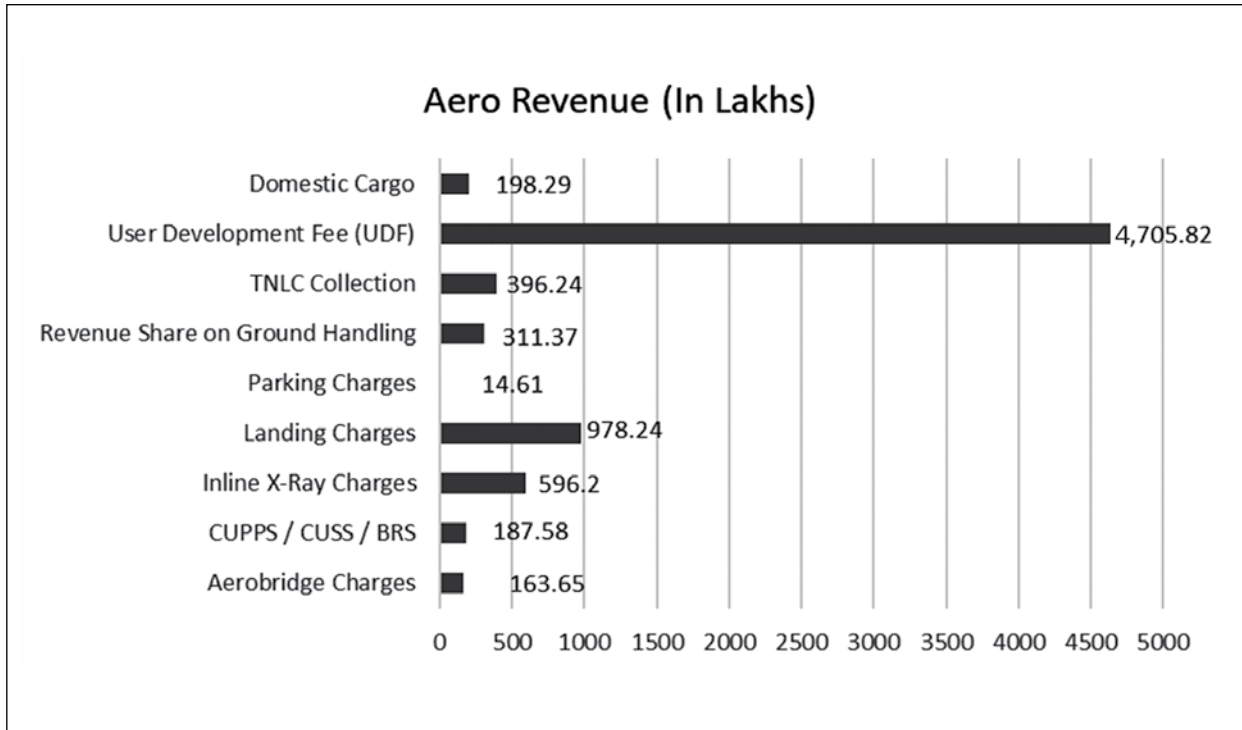
The Company has commenced its commercial operations on 9 December 2018

Particulars	For the year ended 31 March 2024 (Rs. in lakhs).	For the year ended 31 March 2023 (Rs. in lakhs).
Revenue from operations	9,923.62	11,265.93
Other income	238.66	251.43
I. Total Income	10162.28	11,517.36
II. Total Expenses	27,526.59	25747.45
III. Share of Loss of Joint Venture Company	-	-
IV Loss before exceptional items & tax (I- (II + III))	17,364.31	(14,230.09)
V Exceptional items		(251.14)
VI Loss after exceptional items & before tax (IV - V)	17,364.31	(14,481.23)
VI Tax Expense/(Benefit) 1) Current tax 2) Deferred Tax 3) Share of Joint Venture	(508.29)	(1,854.09)
VII Total Tax Expense/(Benefit)	(508.29)	(1,854.09)
VIII Loss for the year (VI - VII)	(16,856.02)	(12,627.14)
Total Accumulated Loss	(74,277.25)	

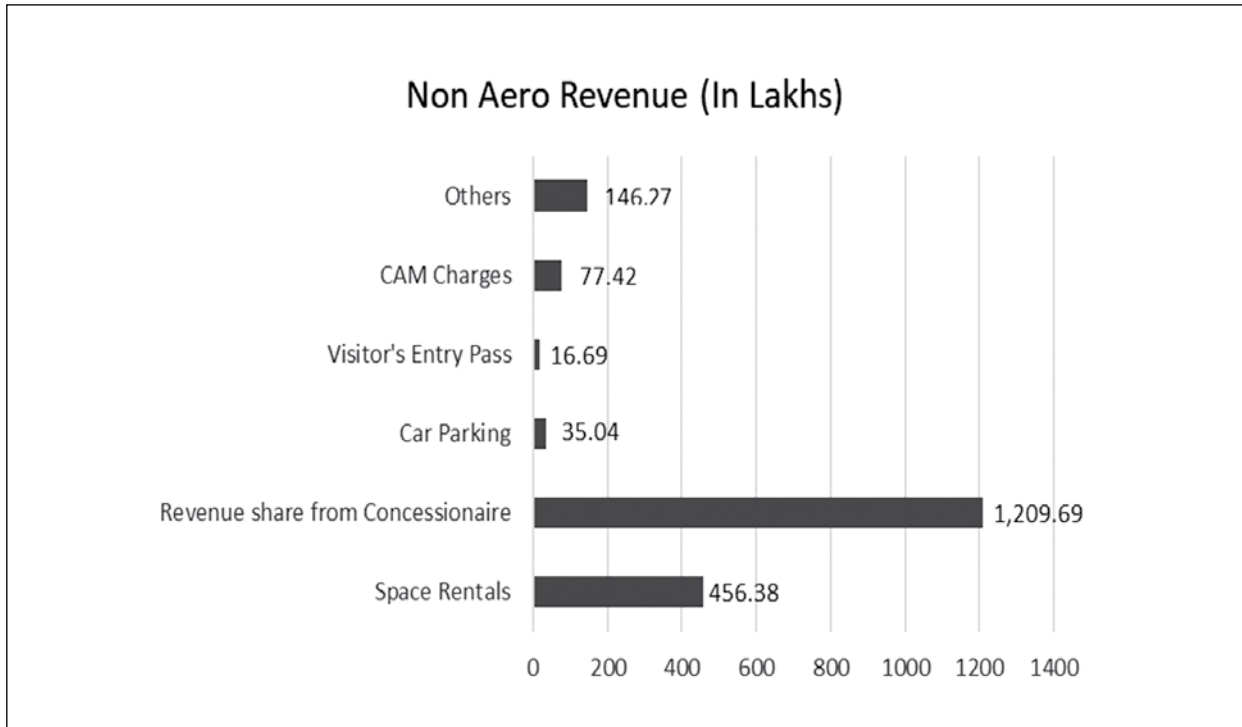
(a) Revenue from Operations for 2023-24.

- The operational revenue consists of Aero Revenue and Non-Aero Revenue.

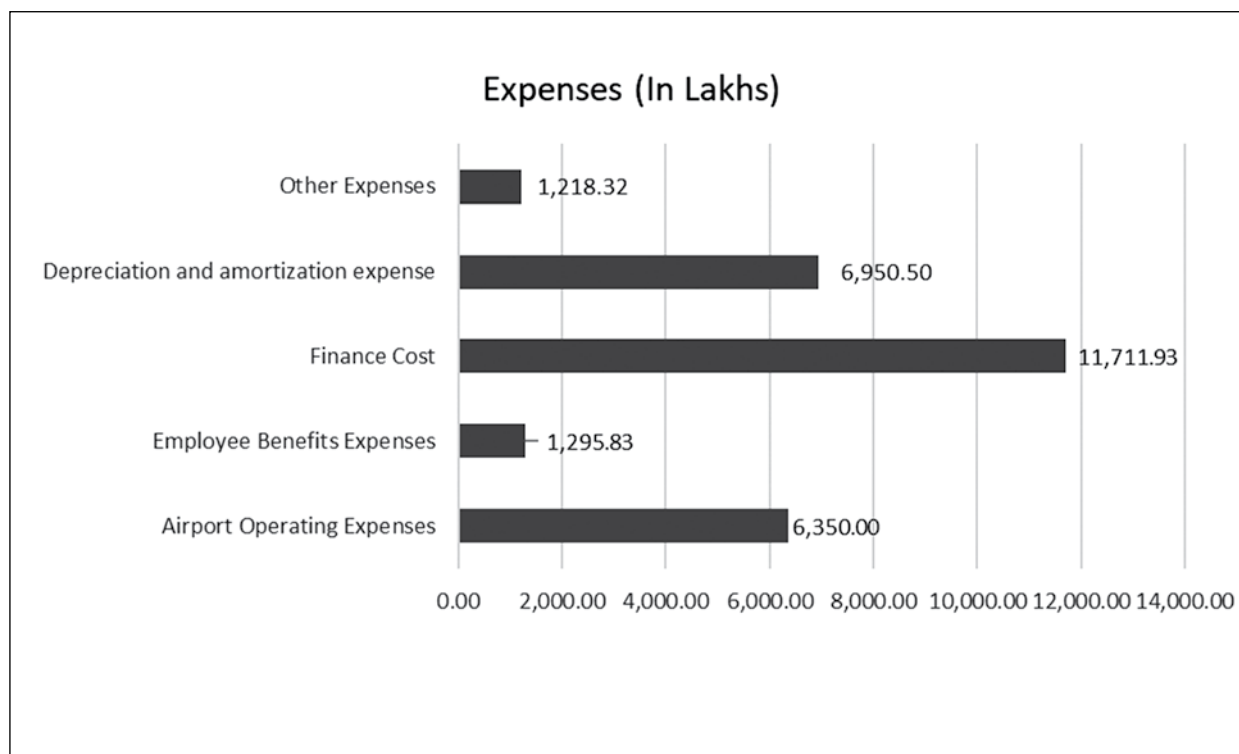
- The Aero Revenue is Rs. 7,552 lakhs.



- The Non-Aero Revenue is Rs. 1,941.49 Lakhs.



- Expenditure for 2023-24 is Rs.27,526.59 Lakhs



(b) Change in nature of business

There has been no change in the business of the Company during the Financial Year ended 31 March 2024.

(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 2023-24.

MANAGEMENT

2.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Directors

According to Article 63 of the company's Articles of Association, the Board of Directors can have a maximum of 20 members. Article 85 designates the Hon'ble Chief Minister of Kerala as the Chairman of the company. Article 89(i) states that the Managing Director is appointed by the Government of Kerala. Additionally, Article 63(iii) allows the Government of Kerala to nominate one-third of the total number of Directors. Currently, the Government has nominated 4 Directors, including the Chairman (the Hon'ble Chief Minister of Kerala) and the 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 & Airport Authority of India, AAI can nominate 2 Directors in the Board of Directors of Kannur Airport. They had nominated two directors in the Board of Directors of Kannur Airport.

(b) Key Managerial Personnel

- (i) Managing Director : Sri. C. Dinesh Kumar
- (ii) Chief Financial Officer : Sri. S. Jayakrishnan ACA.
- (iii) Company Secretary : Sri. Aby Eapen.

(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:

The Board of Directors their meeting on July 17, 2024 appointed Sri Ramachandran Kadannappalli (DIN: 07625026) as the Nominee Director representing the Government of Kerala, replacing Sri M.V Govindan Master.

Other than the above, there were no changes in the Board of Directors and Key Managerial Person (KMP) during the financial year 2023-24 and thereafter.

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

Four meetings of the Board of Directors were held during the period under review, on 26 June 2023, 25 August 2023, 15 December 2023 & 26 March 2024.

The composition and category of the Directors along with their attendance at Board Meetings for the financial year 2023-24 are given below:

Sl. No.	Name of Director	Category of Director	No. of Board Meeting held during the year	
			Total	Attended
1	Sri. Pinarayi Vijayan	Chairman (Non- Executive Director) Nominee Director	4	3
2	Sri. A.K. Saseendran	Nominee Director (Non- Executive Director)	4	3
3	Dr. V.P. Joy IAS	Nominee Director (Non- Executive Director)	1	1
4	Sri. V. Venu IAS.	Nominee Director (Non- Executive Director)	3	1
5	Sri. C. Dinesh Kumar	Managing Director	4	4
6	Sri. M.A Yusuffali	Non- Executive Director	4	1
7	Dr. Shamsheer V. P.	Non- Executive Director	4	2
8	Sri. Abdul Qadir Theruvath	Non- Executive Director	4	3
9	Dr. M.P. Hassan Kunhi	Non- Executive Director	4	3
10	Sri. Sanjeev Jindal	Nominee Director (Non- Executive Director)	4	3
11	Sri. N.V Subbarayudu	Nominee Director (Non- Executive Director)	4	4
12	Smt. V. Srividya	Nominee Director (Non- Executive Director)	4	3
13	Sri. Maniedath Madhavan Nambiar	Independent Director (Non – Executive Director)	4	4
14	Smt. K. Parvathy Ammal	Independent Director (Non – Executive Director)	4	4

2.5 COMMITTEES

(a) Audit Committee

The Audit Committee of Board of Directors of the Company was reconstituted and the Committee presently 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. V. Srividya, ED (Corporate Treasury), BPCL	Member

Audit Committee of the Board met on 16 August 2023 and 23 February 2024 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. 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

A meeting of Nomination and Remuneration Committee was held on 15 November 2023 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 presently comprises of the following members:

Sl. No.	Name of the Member	Designation
1	Sri. A K Saseendran, Director	Chairman
2	Sri. M. Madhavan Nambiar, IAS(Retd), Independent Director	Member
3	Smt. V. Srividya, ED (Corporate Treasury) ,BPCL	Member
4	Sri. Dinesh Kumar C., Managing Director, Kannur International Airport.	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 presently consist of the following members:

Sl. No.	Name of the Member	Designation
1	Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife	Chairperson
2	Sri. C. Dinesh Kumar, Managing Director, Kannur International Airport.	Member
3	Smt. K. Parvathy Ammal, Independent Director	Member

The meetings of Share Allotment & Transfer Committee was held on 27 July 2023 and 5 February 2024 during the year under review.

(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 Committee presently consist of the following:

Sl. No.	Name of the Member	Designation
1	Sri. A.K. Saseendran, Hon'ble Minister of Forest & Wildlife.	Chairman
2	Sri. Madhavan Nambiar Independent Director	Member
3	Sri. C. Dinesh Kumar, Managing Director, Kannur International Airport.	Member

Technical Committee meetings were held on 15 November 2023 and 05 February 2024 during the year under review.

(f) HR & Selection Committee.

This committee was formed to consider and take decisions pertaining to all HR related matters of the Company. The Committee presently consist of the following:

Sl. No.	Name of the Member	Designation
1	Sri. M. Madhavan Nambiar, IAS (Retd), Independent Director	Chairman
2	Sri. C. Dinesh Kumar, Managing Director, Kannur International Airport.	Member
4	Smt. V. Srividya, ED (Corporate Treasury), BPCL	Member

Only one meeting of HR & Selection Committee was held during the reporting period under review on 03 August 2023.

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.

Pursuant to Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with Article 65 of the Articles of Association of the Company, the Board has fixed a sitting fee of Rs. 10,000 per meeting per Independent Director for attending the Board Meeting and Rs. 5000 per meeting per Committee Member (Independent Director) for attending Committee meetings of the Company.

The annual salary package for Mr. Dinesh Kumar C, Managing Director of Kannur International Airport Limited, is limited to Rs. 50.16 lakh. This package includes actual housing rent, vehicle, and WiFi facilities, in addition to reimbursement of his actual monthly mobile phone charges.

2.7 DIRECTORS’ RESPONSIBILITY STATEMENT

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

- i. In the preparation of annual accounts for the financial year ended 31 March 2023, the applicable Accounting Standards and the instructions provided under Schedule III of the Companies Act, 2013 have been followed.
- ii. Accounting policies selected have been applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2023, and of the profit and loss of the company for the year ended on that date.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records

in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

- iv. The annual accounts of the Company have been prepared on a 'going concern' basis.
- v. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

2.8 FRAUDS REPORTED BY THE AUDITOR.

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

3. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

3.1 REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE ASSOCIATE COMPANIES

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

4. DEPOSITS

The Company has not accepted deposit from members or the general public as on 31 March 2024. 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 : Rs. 5,82,637

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 as the Statutory Auditors of the Company to conduct statutory audit from FY 2022-23 to 2026-27 as per the provisions of Section 139 (8) (i) of the Companies Act, 2013. There are no qualification, reservation or adverse remark or disclaimer made by statutory auditor relating to the maintenance of accounts and other matters connected therewith in the audit report for the Financial Year 2023-24

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 2023-24.

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 2023-24. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 2023-24 is attached with this report as Annexure. There are no qualifications or reservations as adverse remarks given by secretarial auditors of the Company except following observation:

Comments	Management Reply
Mr. Chundayil Dineshkumar (09717438) has been appointed as Managing Director of the company in the board meeting held on 20/03/2023. As per Section 196 (4) of the Companies Act, 2013, Appointment of Managing Director shall be subject to approval by a resolution at the next general meeting of the company. But resolution for approval of this appointment is not placed in the next general meeting (AGM) held on 29/09/2023. Further MR-1 (Return of appointment of key managerial personnel) has not been filed with the Registrar of Companies with respect to appointment of Managing Director.	The Government of Kerala has now issued orders regarding the terms of appointment and remuneration of the Managing Director. These orders will be presented at the upcoming Board Meeting and General Body Meeting and the relevant returns will be filed with the Registrar of Companies (ROC).

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 2023-24.

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 will be available at: <https://kannurairport.aero/corporate/investor-info>.

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/corporate/policies/whistle-blower-policy>

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/-

Place: Kannur

Date: 17 July 2024

Pinarayi Vijayan
Chairman
DIN: 01907262

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:

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

Part “B”: Associates and Joint Ventures

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

Name of Associates/Joint Ventures	BPCL-KIAL Fuel Farm Pvt Ltd
1. Latest audited Balance Sheet Date	31.03.2024
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
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. Net worth attributable to Shareholding as per latest audited Balance Sheet	4,42,489.97
Balance Sheet	
6. Profit / Loss for the year	3,82,41,139.19
i. Considered in Consolidation	
ii. 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

For and on behalf of the Board
Sd/-

Place: Kannur
Date: 17 July 2024

Pinarayi Vijayan
Chairman
DIN : 01907262

Form AOC -2

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

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

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

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

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

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

For and on behalf of the Directors
Sd/-

Place: Kannur
Date: 17 July 2024

Pinarayi Vijayan
Chairman
DIN : 01907262

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 2023-24 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
Sd/-

Place: Calicut
Date: 08 July 2024

PM Abdul Sameer FCS
CP No: 7759

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 31.03.2024

[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, 2024** 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, 2024 according to the provisions of:
 - a. The Companies Act, 2013 (the Act) and the rules made there under;
 - b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
2. We have also examined compliance with the applicable clauses of the Secretarial Standards

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

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

1. Mr. Chundayil Dineshkumar (09717438) has been appointed as Managing Director of the company in the board meeting held on 20/03/2023. As per Section 196 (4) of the Companies Act, 2013, Appointment of Managing Director shall be subject to approval by a resolution at the next general meeting of the company. But resolution for approval of this appointment is not placed in the next general meeting (AGM) held on 29/09/2023. Further MR-1 (Return of appointment of key managerial personnel) has not been filed with the Registrar of Companies with respect to appointment of Managing Director.

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 subject to the observations stated above. 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

Sd/-

PM Abdul Sameer FCS

CP No: 7759

UDIN: F007060F000686805

Place: Calicut

Date: 08 July 2024

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

Report on the Audit of the Standalone Financial Statements

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, 2024, 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 Unqualified 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, 2024, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

BASIS OF OPINION:

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, referring 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 unqualified opinion on the standalone financial statements.

EMPHASIS OF MATTERS:

We draw attention to the following matters explained in the 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 No.6.1 being the note forming part of standalone financial statements, regarding the Management's assessment of recoverability of deposit of Rs.725.67 lakhs (net of adjusting Rs.256.36 lakhs, referred in (iv) below) being the with Ministry of Home Affairs (MoH) towards CISF deployment, based on the reasons stated in the said note.
- iii) Note No.6.3 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.486.58 lakhs, based on the reasons stated in the said note.
- iv) Note No.12.1 being the note forming part of standalone financial statements, regarding treatment of net of Passenger Service Fee (PSF) collected and utilised for security related expense, amounting to Rs.256.36 lakhs as deduction from the amount of deposit recoverable from the Ministry of Home Affairs (MoH), (refer (ii) above) instead of keeping the same in earmarked PSF(Escrow) account.
- v) 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 and creation of asset by way of claim for its reimbursement form 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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.

The 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 40 of the standalone financial statements for the year ended March 31, 2024 regarding our appointment as statutory auditors of the Company by the members in the Annual General Meeting.

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) and their resignation effective from financial year 2021-22 as detailed in the above referred note forming part of financial statements and the appointment of our firm as auditors in place of resigned auditors in the General Body Meeting held on 5th November, 2022. Further in the 13th Adjourned Annual General Meeting held on 20th July, 2023, our firm has been appointed as Statutory Auditors of the Company for a term of five (5) years, until the conclusion of the 18th Annual General Meeting.

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 vide order dated December 3, 2019 of 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 by us under Other Matters in the Auditors' Report on the financial statements for the year ended March 31, 2023 issued on 25.08.2023, and for the year ended March 31, 2022 issued on 30.12.2022 and by the previous auditors in their Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020, in their Auditor's Report on the financial statements for the year ended March 31, 2020 issued on November 12, 2021, and in their 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. 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- f) On the basis of the written representations received from all the Directors as on March 31, 2024, and taken on record by the Board of Directors, none of the directors, are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) 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 an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the reporting requirements in the Auditor's Report under section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, except for the requirement of obtaining approval from members as mentioned in Note No. 30(d) being the Note forming part of financial statements, the remuneration paid by the Company to the Managing Director during the year is in accordance with the provisions of section 197 of the Act.
- i) 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 - Refer Note No.42.12
 - 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 any dividend during the year in contravention of the provisions of section 123 of the Act.
- j) Based on our examination which included test checks, the software used by the company for maintaining its books of account for the Financial Year ended 31st March 2024 has a feature of recording audit trail (edit log) facility for all the relevant transactions and the same is operational from April 2023 onwards. Further during the course of audit, we did not come across any instance of audit trail feature being tampered with.
- Being the initial year of implementation of audit trail, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the Financial Year ended 31st March 2024.
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.

July 17, 2024
Cochin – 16
UDIN: 24201484BKEKPI1239

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(g) 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, 2024 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, though there is scope for further improvement, the Company has maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, 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.

July 17, 2024
Cochin – 16

UDIN: 24201484BKEKPI1239

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 is being conducted according to the said programme. In respect of the assets physically verified during the year, according to the information and explanations given to us, the Management is in the process of ascertaining discrepancies, if any.
- c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / Government orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

In respect of immovable properties of land admeasuring 353.98 acres, occupied by the Company, the terms of lease are yet to be finalized with the Government of Kerala and the leasehold land has not been recognized in these standalone financial statements (also refer to 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 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 has 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 provided, whether the provisions of section 185 and I86 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 186 of the Companies Act, 2013 ('the Act') in respect of investments made during the year. The Company has not granted any loans, or provided guarantees and securities during the year to the parties covered under Section 186 of the Act, and hence the provisions of the Section 185 of the Act are not applicable to the Company

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	₹ 42.93 lakhs	2017-18 (AY 2018-19)	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Penalty	₹ 1.20 lakhs	2018-19 (AY 2017-18)	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Penalty	₹ 431.52 lakhs	2016-17 (AY 2017-18)	Commissioner of Income Tax (Appeals)
Keezhallur Grama Panchayat	Building Tax	₹ 26.46 lakhs	01.04.2022 to 30.09.2022	Panchayat

According to the information and explanations given to us and based on the records of the company

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 be recorded 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) The company has not defaulted in the repayment of dues to the bank or financial institution 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:

- a) According to the information and explanations given to us, and based on the records of the company examined by us, we report that the Company has not raised amount by way of issue of shares during the year.

- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures during the year.
- c) In respect of private placement of shares during the previous years, 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	523.00	0	523.00	0

11. In respect of reporting on Fraud:

- a) 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.
- b) 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.
- c) 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 are 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 Years.

18. Reporting on Auditors Resignation:

According to the information and explanations given to us, there has been no resignation of statutory auditors during the year.

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 including the proposal to swap the existing term loans with better interest rate, extended repayment period and repayment holiday and based on our examination of the evidence supporting the assumptions and also referring to note no.32, being the note forming part of financial statements regarding the new refinancing proposal and increase in traffic, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the

future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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.

July 17, 2024

Cochin - 16

UDIN: 24201484BKEKPI1239

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants

Firm Regn. No.: 001488S

Sd/-

K.T. Mohanan

Partner

Membership No: 201484

Kannur International Airport Limited
CIN:-U63033KL2009PLC025103
Standalone Balance Sheet as at March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,69,427.15	1,76,307.88
(b) Capital work-in-progress	3.2	4,861.56	3,881.00
(c) Other Intangible assets	4	26.09	17.63
(d) Intangible assets under development	3.5	637.25	133.77
(e) Financial assets:			
(i) Investment in joint venture	5	234.00	234.00
(ii) Other financial assets	6	2,493.60	2,362.04
(f) Deferred tax assets (Net)	27	8,248.82	7,734.63
(h) Non current tax assets (net)	8	1,345.29	1,104.41
Total non-current assets		1,87,273.76	1,91,775.36
II Current assets			
(a) Inventories	9	60.39	63.51
(b) Financial assets:			
(i) Trade receivables	10	1,572.33	1,881.32
(ii) Cash and cash equivalents	11	243.03	2,793.08
(iii) Bank balances other than (ii) above	12	44.06	280.72
(iv) Other financial assets	6	507.15	1,167.73
(c) Other current assets	7	930.21	915.17
Total current assets		3,357.17	7,101.53
TOTAL ASSETS (I + II)		1,90,630.93	1,98,876.89
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	1,33,838.90	1,33,838.90
(b) Other equity	14	(74,141.31)	(57,268.52)
Total equity		59,697.59	76,570.38
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities:			
(i) Borrowings	15	1,12,490.23	1,08,555.28
(ii) Other financial liabilities	16	1,431.91	3,249.08
(b) Provisions	17	259.43	200.98
(c) Other Non current liabilities	18	2,121.01	1,121.01
Total non-current liabilities		1,16,302.58	1,13,126.35

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
2 Current liabilities			
(a) Financial liabilities:			
(i) Short term borrowings	15	4,071.05	1,101.83
(ii) Trade payables	19		
(A) Dues of micro and small enterprises		95.99	242.09
(B) Dues of other than micro and small enterprises		8,009.41	5,352.59
(iii) Other financial liabilities	16	1,818.66	1,849.94
(b) Other current liabilities	18	605.24	614.45
(c) Provisions	17	30.41	19.26
Total current liabilities		14,630.76	9,180.16
TOTAL LIABILITIES (1 + 2)		1,30,933.34	1,22,306.51
TOTAL EQUITY AND LIABILITIES (I + II)		1,90,630.93	1,98,876.89

See accompanying notes to the standalone financial statements.

For and on behalf of the Board of Directors

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

Sd/-
Dinesh Kumar C
Managing Director
(DIN: 09717438)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 24201484BKEKPI1239

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

Sd/-
Aby Eapen
Company Secretary
(PAN:APOPA3473J)

July 17, 2024
Cochin-16

July 17, 2024
Thiruvananthapuram

Kannur International Airport Limited
CIN:-U63033KL2009PLC025103
Standalone Statement of Profit and Loss for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
I Income			
Revenue from operations	20	9,923.62	11,265.93
Other income	21	238.66	251.43
Total Income		10,162.28	11,517.36
II Expenses			
Airport operating expenses	22	6,350.00	5,668.60
Employee benefits expense	23	1,295.83	1,158.98
Finance costs	24	11,711.93	10,512.60
Depreciation and amortization expense	3.10	6,950.50	6,921.08
Other expenses	25	1,218.33	1,486.19
Total expenses		27,526.59	25,747.45
III Loss before exceptional items and tax (I - II)		(17,364.31)	(14,230.09)
IV Exceptional Items	26	-	(251.14)
V Loss after exceptional items and before tax (III+IV)		(17,364.31)	(14,481.23)
VI Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Deferred tax	27	(508.29)	(1,854.09)
Total tax expense/(Benefit)		(508.29)	(1,854.09)
VII Loss for the year (V - VI)		(16,856.02)	(12,627.14)
VIII Other Comprehensive income(loss)			
(i) Items that will not be reclassified subsequently to profit or loss:		(22.67)	(2.82)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.90	0.73
Total other comprehensive loss for the year		(16.77)	(2.09)
IX Total comprehensive loss for the year (VII + VIII)		(16,872.79)	(12,629.23)
Earnings per equity share of face value of ₹ 100/- Basic and diluted EPS (₹)	28	(12.59)	(9.43)

See accompanying notes to the standalone financial statements.

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

 Dinesh Kumar C
 Managing Director
 (DIN: 09717438)

Sd/-

 K Parvathyammal
 Director
 (DIN: 07254970)

Sd/-

 CA K.T.Mohanan
 Partner (M.No: 201484)
 UDIN: 24201484BKEKPI1239

Sd/-

 S Jayakrishnan
 Chief Financial Officer
 (PAN: AGPPS4585B)

Sd/-

 Aby Eapen
 Company Secretary
 (PAN:APOPA3473J)

July 17, 2024

Cochin -16

July 17, 2024

Thiruvananthapuram

Kannur International Airport Limited

CIN:-U63033KL2009PLC025103

Standalone Statement of cash flows for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from Operating Activities		
Loss before tax	(17,364.31)	(14,481.23)
Adjustments for:		
Depreciation of property, plant and equipment	6,933.75	6,911.59
Amortisation of intangible assets	16.75	9.49
Unwinding of discount on security deposits	99.27	81.58
Finance Cost	10,739.31	10,041.38
Interest Income	(58.62)	(28.28)
Loss on sale of Property, Plant and Equipment	3.21	-
Fair value adjustments	(99.15)	(82.34)
Allowance for credit impaired trade receivables	195.11	(764.60)
Credit impaired Trade Receivables written off	-	1.05
Reversal of provision for expenses	-	-
Reversal of provision for impairment on debtors	(47.72)	(51.71)
Remission / reversal of Liability	-	32.17
Operating profit / (loss) before working capital changes	417.60	1,669.10
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	161.60	890.97
Increase / (Decrease) in Trade payables	2,510.72	1,526.01
(Increase) / Decrease in other financial assets	529.02	(74.80)
Increase / (Decrease) in other financial liabilities	(1,727.40)	2,319.15
(Increase) / Decrease in other current assets	(15.04)	950.11
	236.66	(253.70)
(Increase) / Decrease in Bank balances other than cash and cash equivalents		
(Increase) / Decrease in inventories	3.12	(7.36)
Increase / (Decrease) in other current liabilities	(9.33)	(44.55)
Increase / (Decrease) in provisions	46.93	40.98
Cash generated from operations	2,153.88	7,015.91
Income tax paid (net)	(240.88)	(637.12)
Net cash flow (used in) / generated from operating activities (A)	1,913.00	6,378.79
B. Cash flow from investing activities		
Payments for property, plant and equipment	(1,669.17)	(2,604.10)
Payments for Intangible assets	(25.21)	(3.50)
Interest received	58.62	28.28
Government Grants towards purchase of equipment	1,000.00	121.01
Net cash flow used in investing activities (B)	(635.76)	(2,458.31)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	2.60
Loan received from Government of Kerala	7,986.15	-
Repayment of borrowings	(1,081.97)	(550.21)
Interest paid	(10,731.47)	(3,340.85)
Net cash flow generated from financing activities (C)	(3,827.29)	(3,888.46)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,550.05)	32.02
Cash and cash equivalents at the beginning of the year	2,793.08	2,761.06
Cash and cash equivalents at the end of the year	243.03	2,793.08

See accompanying notes to the standalone financial statements

Note:

Reconciliation of Borrowings:

Opening Balance	1,09,657.11	1,03,597.15
Proceeds from borrowings	7,986.15	-
Funded interest term loan (FITL)		6,610.17
Repayment of borrowings	(1,081.98)	(550.21)
Interest capitalized into loan	-	-
Closing balance	1,16,561.28	1,09,657.11

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-
Dinesh Kumar C
Managing Director
(DIN: 09717438)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 24201484BKEKPI1239

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

Sd/-
Aby Eapen
Company Secretary
(PAN:APOPA3473J)

July 17, 2024
Cochin -16

July 17, 2024
Thiruvananthapuram

Kannur International Airport Limited
Standalone statement of changes in equity for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at March 31, 2022	13,38,36,900	1,33,836.90
Changes in equity share capital during the year:		
Issue of equity shares	2,000	2.00
Balance at March 31, 2023	13,38,38,900	1,33,838.90
Changes in equity share capital during the year:		
Issue of equity shares		
Balance at March 31, 2024	13,38,38,900	1,33,838.90

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, 2022	141.11	30.70	(44,794.09)	(17.61)	(44,639.89)
Loss for the year ended March 31, 2023			(12,627.14)		(12,627.14)
Securities Premium (Refer A.1. above)	0.60				0.60
Other comprehensive Loss for the year, net of income tax				(2.09)	(2.09)
Balance at March 31, 2023	141.71	30.70	(57,421.23)	(19.70)	(57,268.52)
Loss for the year ended March 31, 2024			(16,856.02)		(16,856.02)
Other comprehensive Loss for the year, net of income tax				(16.77)	(16.77)
Balance at March 31, 2024	141.71	30.70	(74,277.25)	(36.47)	(74,141.31)

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 subsequent years.
See accompanying notes to the standalone financial statements.

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

Dinesh Kumar C

Managing Director

(DIN: 09717438)

Sd/-

K Parvathyammal

Director

(DIN: 07254970)

Sd/-

CA K.T.Mohanan

Partner (M.No: 201484)

UDIN: 24201484BKKEKP11239

Sd/-

S Jayakrishnan

Chief Financial Officer

(PAN: AGPPS4585B)

Sd/-

Aby Eapen

Company Secretary

(PAN:APOPA3473J)

July 17, 2024

Cochin -16

July 17, 2024

Thiruvananthapuram

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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 Kannur International Airport P. O, Mattannur, Kannur - 670708, Kerala, India. The Company has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The company is promoted by Kerala State Government holding 39.23% of the equity shares of the Company as at March 31, 2024.

The standalone financial statements were reviewed by Audit Committee, and approved by the Board of Directors at their meeting held on July 17, 2024.

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: 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.

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Useful Lives of Property, Plant and Equipment:

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

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

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

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

Valuation of Deferred Tax Liabilities/Assets:

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

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, 2024

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, 2024

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.

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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 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)

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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

Dividends

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

2.12 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.

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

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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 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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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.

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.

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Initial recognition and measurement

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

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

b Financial Liabilities

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

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

Derecognition

A financial asset is primarily derecognised when:

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

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

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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.

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: 3.7)

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).

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3 Property, Plant and Equipment

3.1

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	Electrical Equipment		
Cost													
At March 31, 2022	64,920.91	5,151.85	28,618.95	70,309.62	3,227.83	2,328.88	1,036.38	43.69	90.22	60.05	30,158.66		2,05,947.04
Additions	-	-	-	38.25	1.16	3.53	5.74	-	0.42	9.00	18.13	-	76.23
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2023	64,920.91	5,151.85	28,618.95	70,347.87	3,228.99	2,332.41	1,042.12	43.69	90.64	69.05	30,176.79		2,06,023.27
Additions	-	-	-	-	-	42.08	6.44	-	1.00	1.02	5.70	-	56.24
Disposals	-	-	-	-	-	0.14	2.28	-	10.09	2.57	3.57	-	18.65
At March 31, 2024	64,920.91	5,151.85	28,618.95	70,347.87	3,228.99	2,374.35	1,046.28	43.69	81.55	67.50	30,178.92		2,06,060.86
Accumulated Depreciation													
At March 31, 2022	-	284.17	2,999.37	9,213.09	673.18	596.02	501.43	15.63	67.88	45.46	8,407.31		22,803.54
Additions	-	85.86	906.27	2,809.02	205.22	182.34	130.50	3.36	6.59	9.48	2,573.21		6,911.59
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2023	-	370.03	3,905.64	12,022.11	878.40	778.36	631.93	18.99	74.47	54.94	10,980.52		29,715.39
Additions	-	86.10	908.75	2,817.58	205.44	185.58	130.42	3.35	6.34	4.23	2,585.96		6,933.75
Disposals	-	-	-	-	-	0.14	2.05	-	9.60	2.44	1.20		15.43
At March 31, 2024	-	456.13	4,814.39	14,839.69	1,083.84	963.80	760.30	22.34	71.21	56.73	13,565.28		36,633.71
Carrying amount													
At March 31, 2023	64,920.91	4,781.82	24,713.31	58,325.76	2,350.59	1,554.05	410.19	24.70	16.17	14.11	19,196.27		1,76,307.88
At March 31, 2024	64,920.91	4,695.72	23,804.56	55,508.18	2,145.15	1,410.55	285.98	21.35	10.34	10.77	16,613.64		1,69,427.15

3.2 Capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Cargo Complex & Office Complex under implementation	4,861.56	3,859.50
Elevators under installation	-	21.50
Total	4,861.56	3,881.00

3.3 Movement of Capital work in progress

Particulars	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	3,881.00	2,422.99
Additions during the year	1,002.06	1,505.31
Less: capitalised during the year	21.50	47.30
At the end of the year	4,861.56	3,881.00

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Notes to the standalone financial statements for the year ended March 31, 2024
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3.4 Capital work in progress aging Schedule

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year	1,002.06	1,458.01
1-2 year	1,455.11	1,418.93
2-3 year	1,418.93	284.10
more than 3 years	985.46	719.96
Total	4,861.56	3,881.00

3.5 Intangible assets under development

Particulars	As at March 31, 2024	As at March 31, 2023
Development of AODB and ERP system	637.25	133.77
Total	637.25	133.77

- 3.6** The Company has considered the possible impact of the impairment of assets 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.
- 3.7** 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. 50/2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the company. The free hold land in absolute ownership of the company as at March 31, 2024 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.
- 3.8** Land held pending transfer of ownership to Government
As per the GO.Ms 29/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the Company for subsequent transfer to Government. Accordingly, the Company had purchased 10.52 acres of land for ₹ 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.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.
- 3.9** Borrowing cost capitalised ₹ 186.52 Lakhs (Previous year ₹ 127.53 Lakhs).

3.10 Depreciation and amortization expense

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Depreciation of property, plant and equipment (Refer Note: 3.1)	6,933.75	6,911.59
Amortization of intangible assets (Refer Note: 4)	16.75	9.49
Total	6,950.50	6,921.08

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

4 Intangible assets

Particulars	Computer Software
Cost	
At March 31, 2022	52.63
Additions	3.50
Disposals	
At March 31, 2023	56.13
Additions	25.21
Disposals	
At March 31, 2024	81.34
Amortization	
At March 31, 2022	29.01
Charge for the year	9.49
At March 31, 2023	38.50
Charge for the year	16.75
At March 31, 2024	55.25
Carrying amount	
At March 31, 2022	23.62
At March 31, 2023	17.63
At March 31, 2024	26.09

5 Investment in Joint Venture

Particulars	As at March 31, 2024	As at March 31, 2023
Unquoted investments in Equity Shares (fully 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.

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.

It is reported that the company has positive net worth for the current year as compared to negative net worth in the previous years. Considering the positive net worth, the management expects no permanent diminution in the value of the assets, hence no impairment has been provided for the value of investments.

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

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6 Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Security Deposits (Refer Note: 6.1)	848.88	1,163.98
Earmarked deposits with Bankhaving remaining maturity period greater than 12 months (Refer Note: 6.2)	110.47	20.14
Other Current Asset	-	25.88
Accrued lease rentals (as per Ind AS 116)	1,534.25	1,152.04
Total	2,493.60	2,362.04
Current		
Contractually reimbursable expenses (Refer Note: 6.3) (Receivable from Kerala State Government Departments)	486.58	1,151.11
Accrued lease rentals (as per Ind AS 116)	20.57	16.62
Total	507.15	1,167.73

- 6.1 Security deposit include ₹ 725.67 lakhs (₹ 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. The Company has taken up the case with MoCA again and reply is awaited.

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 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 ₹ 19.94 Lakhs (₹ 19.94 lakhs) held as security deposit for Customs authorities for cargo related operations and ₹ 90.32 lakhs helds as security deposit for KSEB.

- 6.3 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 Cooperative Society Limited (ULCCSL) payments aggregating to ₹ 1066.89 lakhs (Previous year: ₹ 1066.89 lakhs) 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.

Against the above, the Company has received ₹ 626.99 lakhs as reimbursement of amount paid to ULCCSL on June 4, 2021. Subsequently an amount of ₹ 439.90 lakhs has been sanctioned by the government as reimbursement to the Company, which is pending to be received. Relying upon the government sanction, the Management is of the opinion that no provision is required for this long outstanding amount at this stage.

Further the amount receivable includes the amount receivable from KINFRA amounting to ₹ 46.67 lakhs and the Management is of the opinion that no provision is required at this stage.

During the year, though follow up towards recovery of dues from various government departments for the outstanding amount of ₹ 530.07 lakhs (₹ 530.07 lakhs) is being continued, as a matter of abundant caution, the Management had decided to make hundred percentage provision for these amounts.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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7 Other Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Total	-	-
Current		
Prepaid expenses	256.14	238.90
Balance with Indirect Tax Authorities	197.48	59.92
Unbilled Revenue (Refer Note: 37)	464.76	565.77
Other Advances	5.76	21.11
Advance to suppliers	6.07	29.47
Total	930.21	915.17

8 Non current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax paid against disputed liability (Refer Note: 8.1)	118.91	118.91
TDS Receivable	750.71	985.50
Amount withheld by IT Dept against disputed liability	475.67	-
Total	1,345.29	1,104.41

8.1 The company has paid Rs.118.91 Lakhs against the demand from Income Tax towards the penalty imposed under section 270 A of the Act under protest. The company has appealed against the imposition of the penalty before the first appellate authority and is pending to be heard.

9 Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
Lower of cost or net realisable value		
Fuel	25.36	39.24
Stores and spares	35.03	24.27
Total	60.39	63.51

10 Trade Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables - Considered Good - Secured	307.80	293.49
Trade Receivables - Undisputed, Considered Good - Unsecured	1,264.53	1,587.83
Trade Receivables which have significant increase in credit risk	-	-
Credit Impaired	963.88	816.49
	2,536.21	2,697.81
Less: Allowance for credit impaired Trade Receivables	963.88	816.49
	1,572.33	1,881.32
From related party	1.60	16.02
From others	1,570.73	1,865.30
Total	1,572.33	1,881.32

10.1 Ageing Analysis of Trade Receivables

Particulars	Outstanding for following periods from due date of payment					As at
	Less than 6	6 months -	1-2 years	2-3 years	More than 3 years	March 31, 2024
Undisputed-Trade receivables - considered good	1,413.41	87.40	70.92	0.60	-	1,572.33
Undisputed-Trade Receivable which have significant increase in credit risk	-	-	-	-	-	-
Undisputed-Trade receivables-Credit Impaired	-	76.16	765.73	120.75	1.24	963.88
As on 31-03-2024	1,413.41	163.56	836.65	121.35	1.24	2,536.21

Particulars	Outstanding for following periods from due date of payment					As at
	Less than 6	6 months - 1	1-2 years	2-3 years	More than 3 years	March 31, 2023
Undisputed-Trade receivables - considered good	1,697.43	64.67	118.94	0.28	-	1,881.32
Undisputed-Trade Receivable which have significant increase in credit risk	-	-	-	-	-	-
Undisputed-Trade receivables-Credit Impaired	678.43	12.67	123.88	0.69	0.82	816.49
As on 31-03-2023	2,375.86	77.34	242.82	0.97	0.82	2,697.81

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10.2 Movement in the expected credit loss allowance

Particulars	As at March 31, 2024	As at 31 March 2023
Balance at the beginning of the year	816.49	103.59
Less: balances written off		1.05
Less: balances recovered during the year	47.72	51.71
Add: Provision made during the year	195.11	765.65
Balance at the end of the year	963.88	816.49

10.3 Of the total provision of ₹ 963.88 lakhs, ₹ 795.38 lakhs is on account of receivables from Go Airlines (India) Limited due to its cessation of operations and filing for bankruptcy protection on May 2, 2023. The company has provided provision for the entire amount receivable from the said Airline.

11 Cash and Cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
i) In Current Account	36.73	2,161.11
ii) In Fixed Deposit Accounts	206.30	631.97
Total	243.03	2,793.08

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

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
In deposit accounts having original maturity of more than 3 months but less than 12 months	44.06	70.05
In earmarked accounts -PSF Escrow Account (Refer Note: 12.1)	-	210.67
Total	44.06	280.72

12.1 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 ₹ 361.44 lakhs and out of which, after meeting security related expenses, the balance amount to be transferred to the Ministry is of ₹256.58 lakhs. This amount has been adjusted against the deposit recoverable from the Ministry of Home Affairs (MoH) towards CISF deployment as detailed in Note No: 6.1.

Kannur International Airport Limited

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13 Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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)	133838900	1,33,838.90	133838900	1,33,838.90

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, 2024		As at March 31, 2023	
	No of Shares	Amount	No of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	350000000		350000000	
Changes in Authorised Equity Share capital during the year	-		-	
Balance as at the end of the year	350000000		350000000	
Issued, Subscribed and Paid-up Share Capital				
Balance as at the beginning of the year	133838900	1,33,838.90	133836900	1,33,836.90
Changes in Equity Share capital during the year		-	2000	2.00
Balance as at the end of the year	133838900	1,33,838.90	133838900	1,33,838.90

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 ₹ 100 each at a premium of ₹ 30 per share.

13.2 Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2024

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, 2023

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 31,593,038 numbers of equity shares to Government of Kerala towards the cost of land transferred to the Company for the construction of the Airport.

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14 Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained Earnings		
Balance at beginning of year	(57,421.23)	(44,794.09)
Less: Loss for the year	(16,856.02)	(12,627.14)
Balance at end of year	(74,277.25)	(57,421.23)
Other comprehensive income / (loss)		
Balance at beginning of year	(19.70)	(17.61)
Remeasurements of defined benefit obligation net of income tax	(16.77)	(2.09)
Balance at end of year	(36.47)	(19.70)
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: 14.1)		
Balance at beginning of year	141.71	141.11
Addition during the year		0.60
Balance at end of year	141.71	141.71
Opening balance of other equity	(57,268.52)	(44,639.89)
Closing balance of other equity	(74,141.31)	(57,268.52)

- 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, 2024	As at March 31, 2023
Non- Current Borrowings		
Secured- at amortised cost		
<u>Term loans:</u>		
Canara Bank	71,194.26	71,910.90
The Federal Bank Limited	9,187.47	9,278.02
The South Indian Bank Limited	11,250.76	11,362.35
<u>Funded interest term loan (FITL):</u>		
Canara Bank	13,152.66	13,279.21
The Federal Bank Limited	1,704.85	1,721.25
The South Indian Bank Limited	2,085.13	2,105.38
<u>Subordinate Debt</u>		
Government of Kerala (Refer Note: 15.1)	7,986.15	
sub-total	1,16,561.28	1,09,657.11
Current Borrowings		
Current maturity of long-term borrowings	4,071.05	1,101.83
Total	1,12,490.23	1,08,555.28

Kannur International Airport Limited

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

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

The Company agreed to borrow from the Consortium the sums to the maximum extent of ₹ 89,200/- lakh out of which ₹ 69,200/- lakh is from Canara Bank, ₹ 11,000/- lakh from The South Indian Bank Limited and ₹ 9,000/- 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.

Further the Government of Kerala has pledged 51% of shareholding 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.

Agreed rate of Interest are as under

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2024	Base Rate /MCLR plus Spread on the base rate as at March 31, 2023
Canara Bank (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.20%
The South Indian Bank Limited (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.20%
The Federal Bank Limited (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.40%
Canara Bank FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%
The South Indian Bank Limited FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%
The Federal Bank Limited FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

- 15.1 The company has approached the REC Limited for refinancing the loan given by the consortium of banks for better repayment terms and interest cost. REC Limited has sanctioned the loan for an amount of ₹ 1,171.17 Crores at a floor rate of interest of 9% per annum for the first year. The interest rate is linked to 10-year AAA Corporate Bond Yield. The term loan is repayable in 20 years as against the 11-year repayment period of existing term loan. The loan is sanctioned with a moratorium period of 1 year from the date of disbursement on principal repayment.

The term loan sanction conditions require Government of Kerala (GoK) to infuse ₹11,300 Lakhs, into the project in the form of subordinate debt/equity, pledge of 51% shares of Government of Kerala similar to the existing term loan condition and provide an unconditional and irrevocable letter of comfort from GoK towards debt servicing obligations. Referring to the above sanction requirement, the GoK has infused ₹ 7,986.15 Lakhs as on the March 31, 2024. The nature of this infusion as per the GO is Subordinate Debt where as the terms and conditions are yet to be finalised. The Company has requested GoK to infuse the balance amount as subordinate loan to avail REC loan. Pending finalisation of the terms and conditions, the amount received from the GOK is shown as borrowing and interest is accrued @ 9.15% which is 1% less than the rate offered by Canara Bank for term loan.

16 Other Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Security deposits at amortized cost	1,072.10	989.08
Amount received from Govt of Kerala (Refer Note: 15.1)		2,260.00
Interest accrued but not due	359.81	
Total	1,431.91	3,249.08
Current		
Payable on purchase of property, plant and equipment	1,269.52	1,398.41
Security Deposits	259.41	198.20
Retention Payable	211.34	183.34
Other Payables	43.68	43.12
Interest accrued and due	34.71	26.87
Total	1,818.66	1,849.94

17 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Employee Benefits - Gratuity	188.07	168.00
- Leave encashment	71.36	32.98
Total	259.43	200.98
Current		
Employee Benefits - Gratuity	17.96	13.89
- Leave encashment	12.45	5.37
Total	30.41	19.26

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

18 Other Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Deferred Income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note: 18.1)	2,121.01	1,121.01
Total	2,121.01	1,121.01
Current		
Statutory Liabilities	306.73	76.51
Payable for passenger security services (Refer Note: 18.2)	-	256.35
Deferred revenue on fair valuation of liabilities	291.47	269.33
Advance from customers	7.04	12.26
Total	605.24	614.45

18.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES) ₹ 2,000 Lakhs (Previous year ₹ 1,000 Lakhs) and from NABARD for construction of centre for perishable cargo ₹ 121.01 Lakhs (Previous year ₹ 121.01 Lakhs). 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 ₹ Nil (Previous year ₹ 256.35 lakhs), represents the net amount of PSF Security charges collected from Airlines amounting to ₹ 361.44 lakhs, less the amount utilised for security related expenses amounting to ₹105.08 lakhs and this balance is set off against security deposit refundable from MHA during the current year.

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

b) Further, a liability had been created in the accounts for the amount payable towards the cost of deployment of CISF, amounting to ₹ 1714.84 lakhs (Previous year ₹ 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. The Accounts for Passenger Service Fee - Security Component [PSF (SC)] are maintained separately in a fiduciary capacity by the Company on behalf of Government of India and are governed by the Standard Operating Procedures issued by MoCA. As such the receivable and payable disclosed in Financial Statements are in the nature of pass through transactions only for informative purposes without any financial implication to the Company since the cost of deployment of CISF is to be met out of PSF collections alone and not from Company's own revenue.

19 Trade Payables

Particulars	As at March 31, 2024	As at March 31, 2023
Dues to Micro Enterprises and Small Enterprises*	95.99	242.09
Dues to other than Micro Enterprises and Small Enterprises	8,009.41	5,352.59
Total	8,105.40	5,594.68

19.1 Trade Payable ageing

Particulars	As at March 31, 2024	As at 31 March 2023
Less than 1 year		
Total outstanding dues of micro enterprises and small enterprises	59.63	184.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,987.46	2,430.22
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	-	-

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Trade Payable ageing Contd..

Particulars	As at March 31, 2024	As at 31 March 2023
<u>1 -2 years</u>		
Total outstanding dues of micro enterprises and small enterprises	14.21	20.66
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,572.92	1,611.63
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises		3.76
<u>2-3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	4.54	37.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,328.46	1,154.01
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	3.76	23.05
<u>More than 3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	17.61	
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,071.80	107.96
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	45.01	21.96
Total	8,105.40	5,594.68

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

Particulars	As at March 31, 2024	As at March 31, 2023
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	95.99	242.09
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	-	-
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, 2024

All amounts are in ₹.Lakh unless otherwise stated

20 Revenue from Operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Aero revenue (Refer Note: 20.2)		
Aerobridge Charges	163.65	221.14
CUPPS / CUSS / BRS	187.58	192.73
Inline X-Ray Charges	596.20	734.27
Landing Charges	978.24	1,288.26
Parking Charges	14.61	285.99
Revenue Share on Ground Handling	311.37	318.77
TNLC Collection	396.24	434.50
User Development Fee (UDF)	4,705.82	5,294.46
Domestic Cargo	198.29	219.56
sub-total (a)	7,552.00	8,989.68
Non Aero Revenue		
Space Rentals	456.38	427.15
Revenue share from Concessionaire	1,209.69	954.16
Car Parking	35.04	179.95
Visitor's Entry Pass	16.69	25.71
Common User Infrastructure Charges (CAM Charges)	77.42	58.00
Others	146.27	207.14
sub-total (b)	1,941.49	1,852.11
Other Operating Income		
License Fee for Unpaved Land (c)	430.13	424.14
Total (a)+(b)+(c)	9,923.62	11,265.93

20.1 The Company earned entire income from operations in India.

20.2 Out of the Aero Revenue an amount of ₹ 422.10 lakh (Previous Year: ₹ 471.21 lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Revenue Share on Ground Handling etc. which was billed after the close of the financial year.

21 Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Fixed Deposits	58.62	28.28
Interest on Income Tax Refund	20.73	-
Licence Fee	-	1.29
Reversal of provision for impairment on debtors	47.72	51.71
Realisation of Debtors written off in the previous years	-	19.58
Miscellaneous Income	12.44	68.23
Deferred income on fair valuation on financial liabilities	99.15	82.34
Total	238.66	251.43

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

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22 Airport Operating Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and Fuel	1,198.42	1,063.99
Insurance on Assets	119.08	128.58
Repairs and Maintenance	267.81	295.76
House Keeping	1,174.86	1,056.64
Operations & Maintenance Expenses	1,040.33	829.63
Customs Cost Recovery Charges	1,299.08	1,278.99
Aviation Meteorological Support Services	145.38	137.04
Communication, Navigation and Surveillance and Air Traffic Management Services	824.06	614.11
Other operational expenses	32.84	20.25
Security Service	87.36	80.47
Trolley Retrieval Services	63.78	58.45
Water Charges	58.60	63.65
Cargo handling charges and other operational expenses	38.40	41.04
Total	6,350.00	5,668.60

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries & Allowances	1,054.23	989.20
Contribution to provident and other funds	35.48	35.84
Gratuity	42.32	39.64
Staff Welfare Expenses	163.80	94.30
Total	1,295.83	1,158.98

24 Finance Cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Term Loans	10,739.31	10,041.38
Interest on Subordinate Debt (Refer Note: 24.1)	359.81	
Unwinding of discount on security deposits	99.27	81.58
Interest on delayed payment of Customs costs, Income tax and GST	513.54	389.64
Total	11,711.93	10,512.60

24.1 Effective Interest rate booked at 9.15% on the fund infused by Govt of Kerala for a sum amounting to ₹ 7,986.15 Lakhs as on the March 31, 2024.

25 Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Administrative Expenses	15.36	19.89
Advertisement Expenses	22.44	22.24
Payment to Auditors		
-For Audit	8.75	8.75
-For Reimbursement of Expenses	1.38	0.21

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

25 Other Expenses Contd..

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee Training expenses	16.20	13.51
Insurance-operations	56.54	52.22
Loss on Foreign currency transactions and translations	1.02	7.91
Rates and Taxes	79.79	146.01
Allowance for credit impaired trade receivables	195.11	764.60
Credit impaired Trade Receivables written off (Refer Note: 25.1)	-	1.05
Postage and Courier charges	12.11	8.76
Printing and Stationery	22.59	18.81
Legal and Professional charges	173.82	253.61
Recruitment Expenses	3.17	3.97
Rent	0.60	1.35
Repairs and Maintenance - Others	4.05	2.59
Sitting Fees	1.40	1.25
Travelling Expenses	28.18	150.21
Website Maintenance Charges	3.71	2.05
Loss on disposal of property, plant and equipment	3.21	-
Miscellaneous Expenses	38.83	7.20
Provision for Receivable from Government of Kerala (Refer Note: 6.3)	530.07	
Total	1,218.33	1,486.19

25.1 The Company has written off a total of ₹ Nil lakh (Previous year ₹ 1.05 lakh) during the year.

26 Exceptional Items

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Reversal of accrued lease income (Refer Note: 26.1)		-251.14
Total	-	-251.14

26.1 The company has entered into new revenue sharing arrangement with the party managing the lounge at the airport. As per the revised terms of agreement, instead of lease rent, revenue sharing has been implemented. Consequent to this, lease accruals recognised on straight line basis as per IndAS 116 in earlier years has been reversed and disclosed as an exceptional item.

27 Deferred Tax

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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)	26,278.99	26,730.87
Tax effect of items constituting deferred tax assets:		
Provision for gratuity	53.57	47.29
Provision for earned leave	21.79	9.97
Allowance for credit impaired Trade Receivables	250.61	212.29

Kannur International Airport Limited
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Deferred Tax Contd..

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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	-	-
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	12.82	6.92
(b)	34,527.81	34,465.49
Net deferred tax (liability) / asset (a) - (b)	8,248.82	7,734.63
Deferred tax expense / (Income)	(514.19)	(1,854.81)
Recognized in statement of profit and loss	(508.29)	(1,854.09)
Recognized in other comprehensive loss	(5.90)	(0.73)

27.1 The Company has recognised a deferred tax asset of ₹ 34,189.02 Lakh (Previous year ₹ 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 received legal opinion that the case for its appeal is tenable and therefore is confident of a favourable outcome.

27.2 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, 2024 is ₹ 34,367.98 lakh (As at March 31, 2023 ₹ 29,166.07 lakh).

28 Earnings Per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Loss attributable to equity shareholders of the Company	(16,856.02)	(12,627.14)
Weighted average number of equity shares	13,38,38,900	13,38,38,900
Basic and diluted earnings per share (of face value ₹100) ₹.)	(12.59)	(9.43)
Effect of dilution :		
Weighted average number of equity shares adjusted for the effect of dilution*	13,38,38,900	13,38,38,900
Diluted Earnings per share (of face value ₹ 100) INR	(12.59)	(9.43)

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, 2024

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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	For the year ended March 31, 2024	For the year ended March 31, 2023
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	-	-
(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

Mr. Dinesh Kumar C (from January 30, 2023)

Mr. S Jayakrishnan

Mr. Aby Eapen (from June 15, 2023)

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	For the year ended March 31, 2024	For the year ended March 31, 2023
Transactions during the year		
Mr. Dinesh Kumar C Salary	48.78	
Mr. S Jayakrishnan Salary	38.58	35.87
Mr. G Gnanendra Kumar Salary	-	9.76
Mr. Aby Eapen Salary	9.55	-
BPCL - KIAL Fuel Farm Private Limited		
License fess on unpaved land	162.65	149.22
Rent -communication charges	1.59	1.59
Utility charges	12.82	11.65
Government of Kerala (GoK)		
Subordinate Debt	7,986.15	-
Interest on subordinate Debt	359.81	

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

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Transactions with related parties Contd..

Related Party Nature of Transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited		
License fees receivable	-	14.36
Utility charges receivable	1.60	1.66
Security Deposit	112.50	112.50
Government of Kerala (GoK)		
Amount receivable from Government of Kerala	486.58	1,151.11
Subordinate Debt	7,986.15	-
Interest payable on subordinate Debt	359.81	

- (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) In accordance with the Articles of Association of the Company, and as per Government of Kerala Order dated January 30, 2023 Mr. Dinesh Kumar C was appointed as the Managing Director, w.e.f. January 30, 2023 and he took charge on February 07, 2023, which was approved by the Board of Directors in their meeting held on March 20, 2023. Pending obtaining the Government Order specifying the terms and conditions including remuneration of the Managing Director, the matter had not been placed before the subsequent Annual General Meeting held on 29th September, 2023.

Pending receipt of Government Order specifying the terms and conditions including remuneration, the Nomination and Remuneration Committee (NRC) of the Board of Directors in their meeting held on November 15, 2023 has recommended to the Board that Managing Director shall be paid the same remuneration as was drawn by the former Managing Director of KIAL, (Shri V Thulasidas IAS (Rtd.)), effective from February 07, 2023, till the issuance of Government Order, which has been noted in the Board meeting held on December 12, 2023. The Government vide G.O.(Rt)No.489/2023/TRANS dtd. 21st November, 2023, has fixed terms and conditions, including remuneration of the Managing Director. However, the terms and conditions stated in this Government Order were found to be vague. As a result, management have requested the Government to amend the said order to provide clearer and more detailed terms.

Pending receipt of amended Government Order specifying the terms and conditions including remuneration, at present remuneration is paid to Managing Director in accordance with the recommendation of the NRC of the Board, which is placed before the Board and is pending for the approval of members in their meeting. The Management confirm that once the amended Government order is received, the same will be placed before the forthcoming Board Meeting and will also be placed for the approval of the shareholders at the subsequent Annual General Meeting.

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:

Particulars	As at March 31, 2024	As at March 31, 2023
Debt	1,16,561.28	1,09,657.11
Equity	59,697.59	76,570.38
Debt to Equity ratio	1.95	1.43

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 debt of the company is agreed to be refinanced by REC Limited as per the sanction order dated April 11, 2023 (Refer Note: 15.1).

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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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, interest rate risk, foreign currency 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 ₹ 1091.31 Lakh (₹ 1057.12 Lakh) and value of Property Plant and Equipment by ₹ 18.66 Lakh (Previous year ₹ 13.37 Lakh).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the purchase of assets from abroad. The Company's only exposure at the end of the year is an outstanding balance amounting to US\$ 88,080 (₹ 73.44 Lakh) (Previous year US\$ 88,080 [₹ 72.42 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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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Liquidity risk

Maturity Analysis of Assets and Liabilities:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents (including other Bank balances)	287.09	3,073.80
Trade Receivables	1,572.33	1,881.32
Other Financial assets	486.58	1,151.11
Financial Liabilities		
Trade Payables	8,105.40	5,594.68
Other Financial liabilities	2,069.95	2,523.37
Borrowings	4,071.05	1,101.83
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	959.35	1,167.73
Financial Liabilities		
Security Deposits	753.32	357.58
Borrowings	15,404.53	10,878.79
Maturity more than 3 years		
Financial Assets		
Financial Liabilities		
Security Deposits	427.29	239.10
Borrowings	97,085.70	99,900.92

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

32 Going concern concept

The companies revenue is inadequate to meet the fixed and finance costs of the company and losses were incurred during the year.

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 ₹ 13,268 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.

The traffic handled by the Company was also impacted due to COVID-19 pandemic, the recent bankruptcy of the airline companies and non operation of the foreign airlines due to non awardment of the Point of Call status to the airport, 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.

Airport Economic Regulatory Authority approved the enhanced aeronautical tariff proposed by Kannur Airport with effect from 1 April 2024 for the second control period ending on 31 March 2028. The Company had also entered into a MoU with Air India Express on 4 December 2023 to operate more flights from Kannur Airport in domestic and international routes. Government of Kerala (GOK) being the promoter of the Kannur International Airport is infusing funds to honour the debt securing obligations as per the commitment given to existing lenders. Further, as per the requirement of REC's refinancing proposal, GOK has issued the letter of comfort dated 24 April 2024 to the effect that GOK will infuse funds in case of shortfall in debt servicing obligations. In view of the above steps taken and with the increase in traffic, Management is of the opinion that revenue and margins will improve substantially in coming years and there will not be any impact on the going concern aspect of the Company in the near futures.

For this assessment, Management believes that it has taken into account the possible impact of known events mentioned above. The unprecedented nature of the industry 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. There have been no other significant events subsequent to the Balance Sheet date that would impact the carrying values of the Company's assets and liabilities.

33 Capital and other commitments

The Company has the following capital commitments:

Particulars of Contract	As at March 31, 2024	As at March 31, 2023
Software Development Costs	39.71	678.33
Construction contracts (Cargo complex)	752.17	988.16
Total	791.88	1,666.49

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

34 Contingent liabilities
Claims against the Company not acknowledged as debts

Particulars	Amount in dispute	Year
Claim from Airport Authority of India towards cost of CNS ATM equipments	2,014.07	2022-23
Claim from Airport Authority of India towards Spectrum Charges	51.62	2023-24

As per the agreement with AAI the company is not liable to pay any sum towards the equipment installed and operated for CNS/ATM. The claim was escalated by the company with the authority and subsequently the company has intimated AAI that the matter may be referred to arbitration as per the agreement executed between the Company and AAI.

ii) Disputed Tax liability

Particulars	Amount in dispute	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	2017-18 (AY 2018-19)
Penalty for non-filing of Tax Audit report Pending before Commissioner of Income Tax (Appeals)	1.50	2016-17 (AY 2017-18)
Penalty for difference in return filed and audited financials. Pending before Commissioner of Income Tax (Appeals)	539.41	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)
Dispute on levy of Building Tax at higher rates and area Pending before H'nble High Court of Kerala	26.46	2018 onwards

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, 2024	As at March 31, 2023
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%

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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 ₹ 35.48 Lakh (Previous year: ₹ 35.84 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, 2024 are produced in the tables below:

Particulars	As at March 31, 2024	As at March 31, 2023
1. Assumption		
Discount Rate	7.23%	7.55%
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 Obligation		
Present value of Obligation as at the beginning of the year	181.89	164.43
Interest Cost	12.19	11.33
Current Service Cost	30.13	28.31
Benefits paid	-40.86	-25.00
Actuarial (gain) / Loss on obligation	22.67	2.82
Present value of Obligation as at the end of the year	206.02	181.89
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	26.63	23.81
Actuarial (gain) / loss on obligations	22.67	2.82
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	49.30	26.63
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	206.02	181.89
Fair Value of Plan assets at the end of the year	-	-
Funded Status	-	-
(Net Asset) / Liability recognised in the Balance Sheet	206.02	181.89
7. Expenses recognized in the Statement of Profit and Loss		
Current Service Cost	30.13	28.31
Interest Cost	12.19	11.33
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	22.67	2.82
Weighted average duration of the D B O	12.69	12.26

Sensitivity Analysis for the year ended March 31, 2024

% increase in DBO	Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-9.00%	187.47
Discount Rate -100 basis points	10.72%	228.11
Salary Growth +100 basis points	10.40%	227.44
Salary Growth -100 basis points	-8.81%	187.86
Attrition Rate +100 basis points	1.62%	209.36
Attrition Rate -100 basis points	-1.84%	202.24
Mortality Rate 10% up	0.04%	206.11
Effect of no ceiling	3.95%	214.17

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

Sensitivity Analysis for the year ended March 31, 2023

% increase in DBO		Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-8.61%	166.22	-15.66
Discount Rate -100 basis points	10.24%	200.51	18.61
Salary Growth +100 basis points	9.83%	199.77	17.88
Salary Growth -100 basis points	-8.33%	166.74	-15.15
Attrition Rate +100 basis points	1.79%	185.15	3.26
Attrition Rate -100 basis points	-2.06%	178.14	-3.75
Mortality Rate 10% up	0.05%	181.98	0.09
Effect of no ceiling	2.93%	187.23	5.34

37 Passenger Service Fee (PSF)

The accounts for Passenger Service Fee Security Component [PSF (SC)] is maintained separately by the company in fiduciary capacity, on behalf of the Government of India as per the Standard Operating Procedures stated vide letter number AX/ /13024/047/ 2003-SS/ AD dated January 19, 2009 issued by the MoCA. As such the receivable and payable disclosed in Financial Statements are in the nature of pass through transactions and is disclosed in the financials only for informative purposes without any financial implication to the Company.

With effect from July 01, 2019, levy Of PSF (SC) was replaced with Aviation Security Fee (ASF) vide AIC NO. 15/2019 dated June 19, 2019 issued by the Director General of Civil Aviation basing on an order issued by MoCA vide order no. AV 13024/659/2015-AS dated June 13, 2019.

In connection to this, MOCA has formed a Trust for operating and maintenance of ASF Fund namely National Aviation Security Fee Trust (NASFT). Further, NASFT has issued detailed Standard Operating Procedures (SOP) dated November 21, 2019 for operation and maintenance of the ASF. As per the SOPs, billing of ASF would be under the name of NASFT and accordingly all the risk and rewards would remain with the NASFT. In respect of expenses, cost of deployment of Central Industrial Security Force (CISF) would be paid directly by the NASFT. However, the other security related expenses for CISF are to be first incurred by the Airport Operator which would be reimbursed through a tax invoice raised on the NASFT. Accordingly, PSF (SC) Fund ceased to operate With effect from July 01, 2019.

38 Fair Values

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

Breakup of Financial assets and Liabilities

Particulars	As at March 31, 2024	
	Carrying Value	Fair Value
Financial assets		
At Amortized cost		
Deposits	959.35	959.35
	<i>Previous year</i>	
	1,184.12	1,184.12
Trade Receivables	1,572.33	1,572.33
	<i>Previous year</i>	
	1,881.32	1,881.32
Cash and Cash equivalents including other bank balances	287.09	287.09
	<i>Previous year</i>	
	3,073.80	3,073.80
Other financial assets	486.58	486.58
	<i>Previous year</i>	
	1,151.11	1,151.11
Financial Liabilities		
At Amortized cost		
Borrowings	1,16,673.35	1,16,561.28
	<i>Previous year</i>	
	1,09,788.61	1,09,657.11
Security Deposits	1,644.58	1,331.51
	<i>Previous year</i>	
	1,478.32	1,187.28
Trade Payables	8,105.40	8,105.40
	<i>Previous year</i>	
	5,594.68	5,594.68
Other Financial Liabilities	1,605.99	1,605.99
	<i>Previous year</i>	
	3,620.70	3,620.70

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

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, 2024	As at March 31, 2023
Level 1		
Financial Assets		
Financial Liabilities		
Level 2		
Financial Assets		
Cash and Cash equivalents	287.09	3,073.80
Financial Liabilities		
Borrowings	1,16,561.28	1,09,657.11
Level 3		
Financial Assets		
Security Deposits	959.35	1,184.12
Trade Receivables	1,572.33	1,881.32
Other financial assets	486.58	1,151.11
Financial Liabilities		
Security Deposits	1,331.51	1,187.28
Trade Payables	8,105.40	5,594.68
Other Financial Liabilities	1,605.99	3,620.70

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	As at March 31, 2024	As at March 31, 2023
a) Current Income Tax Charge		
b) Deferred Tax		
Relating to origination and reversal of temporary differences	508.29	1,854.09
Income Tax Expense/(Benefit) as per Standalone statement of profit and loss	(508.29)	(1,854.09)
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	26,278.99	26,730.87
Deferred tax liability	26,278.99	26,730.87
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	325.97	269.55
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
Deferred tax asset	34,514.99	34,458.57
Deferred tax asset (Net)	8,236.00	7,727.71
Add: Minimum Alternate Tax Credit Entitlement	-	-
Tax expense during the year recognized in the OCI	12.82	6.92
Deferred Tax asset (unutilised tax credit)	8,248.82	7,734.63

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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

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 previous 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. Susequently consequent to the resignation of the said firm, the Company in the Annual General Meeting held on 20/07/23, appointed Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam as the Statutory Auditors of the Company for five years starting from 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
- 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 previous auditors, Deloitte Haskins & Sells LLP and from 2021-22 to Krishnamoorthy & Krishnamoorthy, Chartered Accountants, for their audit report thereon, in accordance with the requirements of section 134(1) of the Act.

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

- 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.

Kannur International Airport Limited

Notes to the standalone financial statements for the year ended March 31, 2024

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 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 42.13 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.
- 42.14 Details of benami property in which proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rule made thereunder has been provided hereunder:
- | | |
|---|------|
| - Details and year of acquisition of such property | :Nil |
| - Amount of property | :Nil |
| - Details of Beneficiary | :Nil |
| - If the property is disclosed in books, Reference in the balance sheet | :Nil |
| - If the property is not in the books, then the facts shall be disclosed with reasons | :Nil |
| - Where there are proceedings against the company under this law as an abettor of the transaction or as the transferor, then the details shall be provided: | :Nil |
| -Nature of proceedings and company's stand thereon | :Nil |

Kannur International Airport Limited
Notes to the standalone financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

43 Ratio analysis and its elements

Ratio and basis	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variance (%)	Remarks
Current ratio	Current assets	Current liabilities	0.23	0.77	237.13%	1
Debt- equity ratio	Total Debt	Equity	1.95	1.43	-26.65%	2
Return on equity	Profit after tax	Shareholders' Equity	(0.06)	(0.04)	-38.42%	
Trade Receivable turnover ratio	Revenue from operations	Average trade receivable	1.44	1.48	3.01%	
Trade Payables Turnover	Revenue from operations	Average trade payables	0.36	0.58	60.95%	3
Net Capital Turnover	Revenue from operations	Working capital	(0.44)	(2.71)	515.72%	4
Net Profit/(Loss) Margin	Net Profit/(Loss) after tax	Revenue from operations	(1.70)	(1.12)	-34.07%	5
Return on Capital employed	Earnings Before Interest and tax#	Capital Employed@	-0.03	-0.02	-32.85%	2

* 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 Increase in payables, decrease in cash balance and increase in shortterm borrowings.
- 2 Decrease in equity and increase in debt.
- 3 Increase in payables and decrease in turnover.
- 4 The net capital turnover ratio decreased due to increase in current maturities of the long term debt.
- 5 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

In terms of our Report attached
For Krishnamoorthy & Krishnamoorthy
 Chartered Accountants
 (Firm's Registration Number: 0014885)

Sd/-
 Dinesh Kumar C
 Managing Director
 (DIN: 09717438)

Sd/-
 K Parvathyammal
 Director
 (DIN: 07254970)

Sd/-
 CA K.T.Mohanan
 Partner (M.No: 201484)
 UDIN: 24201484BKEKP1239

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

Sd/-
 Aby Eapen
 Company Secretary
 (PAN:APOPA3473J)

July 17, 2024
 Cochin -16

July 17, 2024
 Thiruvananthapuram

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

OPINION:

We have audited the accompanying Consolidated financial statements of KANNUR INTERNATIONAL AIRPORT LIMITED ("the Parent/ the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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, 2024, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION:

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, referring 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 unqualified 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 No.6.1 being the note forming part of consolidated financial statements, regarding the Management's assessment of recoverability of deposit of Rs.725.67 lakhs (net of adjusting Rs.256.36 lakhs, referred in (iv) below) being the with Ministry of Home Affairs (MoH) towards CISF deployment, based on the reasons stated in the said note.
- iii) Note No.6.3 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.486.58 lakhs, based on the reasons stated in the said note.
- iv) Note No.12.1 being the note forming part of consolidated financial statements, regarding treatment of net of Passenger Service Fee (PSF) collected and utilised for security related expense, amounting to Rs.256.36 lakhs as deduction from the amount of deposit recoverable from the Ministry of Home Affairs (MoH), (refer (ii) above) instead of keeping the same in earmarked PSF(Escrow) account.

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 and creation of asset by way of claim for its reimbursement form 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 the Parent and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and its jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits 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 40 of the consolidated financial statements for the year ended March 31, 2024 regarding our appointment as statutory auditors of the Company by the members in the Annual General Meeting.

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) and their resignation effective from financial year 2021-22 as detailed in the above referred note forming part of financial statements and the appointment of our firm as auditors in place of resigned auditors in the General Body Meeting held on 5th November, 2022. Further in the 13th Adjourned Annual General Meeting held on 20th July, 2023, our firm has been appointed as Statutory Auditors of the Company for a term of five (5) years, until the conclusion of the 18th Annual General Meeting.

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 vide order dated December 3, 2019 of 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 by us under Other Matters in the Auditors' Report on the financial statements for the year ended March 31, 2023 issued on 25.08.2023, and for the year ended March 31, 2022 issued on 30.12.2022 and by the previous auditors in their Auditor's Report on the financial statements for the year ended March 31, 2019 issued on December 3, 2020, in their Auditor's Report on the financial statements for the year ended March 31, 2020 issued on November 12, 2021, and in their 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. 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 consolidated financial statements is not modified in respect of the above matter.

- a) The consolidated financial statements also include the Parent's share of net loss of Rs.Nil for the year ended March 31, 2024, 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 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:

- a. We have sought and except for the matters described in the Basis for Unqualified 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. 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 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.
- d. In our opinion, the aforesaid consolidated 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, 2024, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 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" which is based on the auditors' reports of the Parent company and jointly controlled entity incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the reporting requirements in the Auditor's Report under section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, except for the requirement of obtaining approval from members as mentioned in Note No. 30(d) being the Note forming part of financial statements, the remuneration paid by the Company to the Managing Director during the year is in accordance with the provisions of section 197 of the Act.
- h. The Holding Company and its associate which are companies incorporated in India and whose financial statements have been audited under the Act, have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, the Holding Company and its associates did not come across any instance of audit trail feature being tampered with.

- i. 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 – Refer Note No.42.12
 - 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(xxii) 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

July 17, 2024
Cochin - 16
UDIN - 24201484BKEKPN9181

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, 2024, 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.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, though there is scope for further improvement, the Company has maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, 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.

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 in so far 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

July 17, 2024

UDIN - 24201484BKEKPN9181

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants

Firm Regn. No.:001488S

Sd/-

K.T. Mohanan

Partner

Membership No: 201484

Kannur International Airport Limited
CIN:-U63033KL2009PLC025103
Consolidated Balance Sheet as at March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3.1	1,69,427.15	1,76,307.88
(b) Capital work-in-progress	3.2	4,861.56	3,881.00
(c) Other Intangible assets	4	26.09	17.63
(d) Intangible assets under development	3.5	637.25	133.77
(e) Financial assets:			
(i) Investment in joint venture	5	4.42	-
(ii) Other financial assets	6	2,493.60	2,362.04
(f) Deferred tax assets (Net)	27	8,248.82	7,734.63
(h) Non current tax assets (net)	8	1,345.29	1,104.41
Total non-current assets		1,87,044.18	1,91,541.36
II Current assets			
(a) Inventories	9	60.39	63.51
(b) Financial assets:			
(i) Trade receivables	10	1,572.33	1,881.32
(ii) Cash and cash equivalents	11	243.03	2,793.08
(iii) Bank balances other than (ii) above	12	44.06	280.72
(iv) Other financial assets	6	507.15	1,167.73
(c) Other current assets	7	930.21	915.17
Total current assets		3,357.17	7,101.53
TOTAL ASSETS (I + II)		1,90,401.35	1,98,642.89
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	1,33,838.90	1,33,838.90
(b) Other equity	14	(74,370.89)	(57,502.52)
Total equity		59,468.01	76,336.38
II LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities:			
(i) Borrowings	15	1,12,490.23	1,08,555.28
(ii) Other financial liabilities	16	1,431.91	3,249.08
(b) Provisions	17	259.43	200.98
(c) Other Non current liabilities	18	2,121.01	1,121.01
Total non-current liabilities		1,16,302.58	1,13,126.35

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
2 Current liabilities			
(a) Financial liabilities:			
(i) Short term borrowings	15	4,071.05	1,101.83
(ii) Trade payables	19		
(A) Dues of micro and small enterprises		95.99	242.09
(B) Dues of other than micro and small enterprises		8,009.41	5,352.59
(iii) Other financial liabilities	16	1,818.66	1,849.94
(b) Other current liabilities	18	605.24	614.45
(c) Provisions	17	30.41	19.26
Total current liabilities		14,630.76	9,180.16
TOTAL LIABILITIES (1 + 2)		1,30,933.34	1,22,306.51
TOTAL EQUITY AND LIABILITIES (I + II)		1,90,401.35	1,98,642.89

See accompanying notes to the Consolidated financial statements.

For and on behalf of the Board of Directors

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

Sd/-
Dinesh Kumar C
Managing Director
(DIN: 09717438)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN - 24201484BKEKPN9181

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

Sd/-
Aby Eapen
Company Secretary
(PAN:APOPA3473J)

July 17, 2024
Cochin-16

July 17, 2024
Thiruvananthapuram

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Kannur International Airport Limited

CIN:-U63033KL2009PLC025103

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
I Income			
Revenue from operations	20	9,923.62	11,265.93
Other income	21	238.66	251.43
Total Income		10,162.28	11,517.36
II Expenses			
Airport operating expenses	22	6,350.00	5,668.60
Employee benefits expense	23	1,295.83	1,158.98
Finance costs	24	11,711.93	10,512.60
Depreciation and amortization expense	3.10	6,950.50	6,921.08
Other expenses	25	1,218.33	1,486.19
Total expenses		27,526.59	25,747.45
III Share of Profit (Loss) of Joint Venture		0.15	
IV Loss before exceptional items and tax (I - II+III)		(17,364.16)	(14,230.09)
V Exceptional Items	26	-	(251.14)
VI Loss after exceptional items and before tax (IV+V)		(17,364.16)	(14,481.23)
VII Tax expense/(Benefit)			
(1) Current tax		-	-
(2) Deferred tax	27	(508.29)	(1,854.09)
(3) Share of Joint Venture		(4.27)	
Total tax expense/(Benefit)		(512.56)	(1,854.09)
VIII Loss for the year (VI - VII)		(16,851.60)	(12,627.14)
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		5.90	0.73
Total other comprehensive loss for the year		(16.77)	(2.09)
X Total comprehensive loss for the year (VIII + IX)		(16,868.37)	(12,629.23)
Earnings per equity share of face value of ₹ 100/-			
Basic and diluted EPS (₹)	28	(12.59)	(9.43)

See accompanying notes to the Consolidated financial statements.

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

Dinesh Kumar C
Managing Director
(DIN: 09717438)

Sd/-

K Parvathyammal
Director
(DIN: 07254970)

Sd/-

CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 24201484BKEKPN9181

Sd/-

S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

Sd/-

Aby Eapen
Company Secretary
(PAN:APOPA3473J)

July 17, 2024

Cochin-16

July 17, 2024

Thiruvananthapuram

Kannur International Airport Limited

CIN:-U63033KL2009PLC025103

Consolidated Statement of cash flows for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from Operating Activities		
Loss before tax	(17,364.16)	(14,481.23)
Adjustments for:		
Depreciation of property, plant and equipment	6,933.75	6,911.59
Amortisation of intangible assets	16.75	9.49
Share of Joint Venture	(0.15)	
Unwinding of discount on security deposits	99.27	81.58
Finance Cost	10,739.31	10,041.38
Interest Income	(58.62)	(28.28)
Loss on sale of Property, Plant and Equipment	3.21	-
Fair value adjustments	(99.15)	(82.34)
Allowance for credit impaired trade receivables	195.11	(764.60)
Credit impaired Trade Receivables written off	-	1.05
Reversal of provision for expenses	-	-
Reversal of provision for impairment on debtors	(47.72)	(51.71)
Remission / reversal of Liability	-	32.17
Operating profit / (loss) before working capital changes	417.60	1,669.10
Working capital adjustments for:		
(Increase) / Decrease in Trade receivables	161.60	890.97
Increase / (Decrease) in Trade payables	2,510.72	1,526.01
(Increase) / Decrease in other financial assets	529.02	(74.80)
Increase / (Decrease) in other financial liabilities	(1,727.40)	2,319.15
(Increase) / Decrease in other current assets	(15.04)	950.11
	236.66	(253.70)
(Increase) / Decrease in Bank balances other than cash and cash equivalents		
(Increase) / Decrease in inventories	3.12	(7.36)
Increase / (Decrease) in other current liabilities	(9.33)	(44.55)
Increase / (Decrease) in provisions	46.93	40.98
Cash generated from operations	2,153.88	7,015.91
Income tax paid (net)	(240.88)	(637.12)
Net cash flow (used in) / generated from operating activities (A)	1,913.00	6,378.79
B. Cash flow from investing activities		
Payments for property, plant and equipment	(1,669.17)	(2,604.10)
Payments for Intangible assets	(25.21)	(3.50)
Interest received	58.62	28.28
Government Grants towards purchase of equipment	1,000.00	121.01
Net cash flow used in investing activities (B)	(635.76)	(2,458.31)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	2.60
Loan received from Government of Kerala	7,986.15	-
Repayment of borrowings	(1,081.97)	(550.21)
Interest paid	(10,731.47)	(3,340.85)
Net cash flow generated from financing activities (C)	(3,827.29)	(3,888.46)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,550.05)	32.02
Cash and cash equivalents at the beginning of the year	2,793.08	2,761.06
Cash and cash equivalents at the end of the year	243.03	2,793.08

See accompanying notes to the Consolidated financial statements

Note:

Reconciliation of Borrowings:

Opening Balance	1,09,657.11	1,03,597.15
Proceeds from borrowings	7,986.15	-
Funded interest term loan (FITL)		6,610.17
Repayment of borrowings	(1,081.98)	(550.21)
Interest capitalized into loan	-	-
Closing balance	1,16,561.28	1,09,657.11

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

Dinesh Kumar C

Managing Director

(DIN: 09717438)

Sd/-

K Parvathyammal

Director

(DIN: 07254970)

Sd/-

CA K.T.Mohanam

Partner (M.No: 201484)

UDIN: 24201484BKEKPN9181

Sd/-

S Jayakrishnan

Chief Financial Officer

(PAN: AGPPS4585B)

Sd/-

Aby Eapen

Company Secretary

(PAN:APOPA3473J)

July 17, 2024

Cochin-16

July 17, 2024

Thiruvananthapuram

Kannur International Airport Limited

Consolidated statement of changes in equity for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

A Equity Share Capital

Particulars	No. of Shares	Amount
Balance at March 31, 2022	13,38,36,900	1,33,836.90
Changes in equity share capital during the year:		
Issue of equity shares	2,000	2.00
Balance at March 31, 2023	13,38,38,900	1,33,838.90
Changes in equity share capital during the year:		
Issue of equity shares		
Balance at March 31, 2024	13,38,38,900	1,33,838.90

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, 2022	141.11	30.70	(45,028.09)	(17.61)	(44,873.89)
Loss for the year ended March 31, 2023			(12,627.14)		(12,627.14)
Securities Premium (Refer A.1. above)	0.60				0.60
Other comprehensive Loss for the year, net of income tax				(2.09)	(2.09)
Balance at March 31, 2023	141.71	30.70	(57,655.23)	(19.70)	(57,502.52)
Loss for the year ended March 31, 2024			(16,851.60)		(16,851.60)
Other comprehensive Loss for the year, net of income tax				(16.77)	(16.77)
Balance at March 31, 2024	141.71	30.70	(74,506.83)	(36.47)	(74,370.89)

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 years.
See accompanying notes to the Consolidated financial statements.

For and on behalf of the Board of Directors

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-

Dinesh Kumar C

Managing Director

(DIN: 09717438)

Sd/-

K Parvathyammal

Director

(DIN: 07254970)

Sd/-

CA K.T.Mohanan

Partner (M.No: 201484)

UDIN: 24201484BKEKPN9181

Sd/-

S Jayakrishnan

Chief Financial Officer

(PAN: AGPPS4585B)

Sd/-

Aby Eapen

Company Secretary

(PAN:APOPA3473)

July 17, 2024

Cochin -16

July 17, 2024

Thiruvananthapuram

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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 Kannur International Airport P. O, Mattannur, Kannur - 670708, Kerala, India. The Company has been incorporated for designing, financing, construction, operation and maintenance of an international airport at Kannur, Kerala. The company is promoted by Kerala State Government holding 39.23% of the equity shares of the Company as at March 31, 2024.

The Consolidated financial statements were reviewed by Audit Committee, and approved by the Board of Directors at their meeting held on July 17, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These Consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act'). 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: 32)

2.4 Change and use of Estimate and judgment

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

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

Key source of estimation of uncertainty at the date of the 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 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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Useful Lives of Property, Plant and Equipment:

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

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

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

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

Valuation of Deferred Tax Liabilities/Assets:

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

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 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 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 Consolidated statement of profit and loss during the reporting period in which they are incurred.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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 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 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 consolidated financial statements for the year ended March 31, 2024

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 Consolidated 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.

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, 2024

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 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 Consolidated financial statements of Company 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 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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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 Consolidated statement of profit and loss.

Dividends

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

2.12 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

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 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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

The Company 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 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 Consolidated 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 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 Consolidated 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 Consolidated 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 Consolidated financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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.

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 Consolidated financial statements is determined in such basis except for transactions in the scope of Ind AS 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

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

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

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.

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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Initial recognition and measurement

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

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

b Financial Liabilities

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

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

Derecognition

A financial asset is primarily derecognised when:

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

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

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

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.

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: 3.7)

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).

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2024
All amounts are in ₹ Lakh unless otherwise stated

3 Property, Plant and Equipment

3.1

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	Electrical Equipment	
Cost												
At March 31, 2022	64,920.91	5,151.85	28,618.95	70,309.62	3,227.83	2,328.88	1,036.38	43.69	90.22	60.05	30,158.66	2,05,947.04
Additions	-	-	38.25	-	1.16	3.53	5.74	-	0.42	9.00	18.13	76.23
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2023	64,920.91	5,151.85	28,618.95	70,347.87	3,228.99	2,332.41	1,042.12	43.69	90.64	69.05	30,176.79	2,06,023.27
Additions	-	-	-	-	-	42.08	6.44	-	1.00	1.02	5.70	56.24
Disposals	-	-	-	-	-	0.14	2.28	-	10.09	2.57	3.57	18.65
At March 31, 2024	64,920.91	5,151.85	28,618.95	70,347.87	3,228.99	2,374.35	1,046.28	43.69	81.55	67.50	30,178.92	2,06,060.86
Accumulated Depreciation												
At March 31, 2022	-	284.17	2,999.37	9,213.09	673.18	596.02	501.43	15.63	67.88	45.46	8,407.31	22,803.54
Additions	-	85.86	906.27	2,809.02	205.22	182.34	130.50	3.36	6.59	9.48	2,573.21	6,911.59
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2023	-	370.03	3,905.64	12,022.11	878.40	778.36	631.93	18.99	74.47	54.94	10,980.52	29,715.39
Additions	-	86.10	908.75	2,817.58	205.44	185.58	130.42	3.35	6.34	4.23	2,585.96	6,933.75
Disposals	-	-	-	-	-	0.14	2.05	-	9.60	2.44	1.20	15.43
At March 31, 2024	-	456.13	4,814.39	14,839.69	1,083.84	963.80	760.30	22.34	71.21	56.73	13,565.28	36,633.71
Carrying amount												
At March 31, 2023	64,920.91	4,781.82	24,713.31	58,325.76	2,350.59	1,554.05	410.19	24.70	16.17	14.11	19,196.27	1,76,307.88
At March 31, 2024	64,920.91	4,695.72	23,804.56	55,508.18	2,145.15	1,410.55	285.98	21.35	10.34	10.77	16,613.64	1,69,427.15

3.2 Capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Cargo Complex & Office Complex under implementation	4,861.56	3,859.50
Elevators under installation	21.50	-
Total	4,861.56	3,881.00

3.3 Movement of Capital work in progress

Particulars	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	3,881.00	2,422.99
Additions during the year	1,002.06	1,505.31
Less: capitalised during the year	21.50	47.30
At the end of the year	4,861.56	3,881.00

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3.4 Capital work in progress aging Schedule

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year	1,002.06	1,458.01
1-2 year	1,455.11	1,418.93
2-3 year	1,418.93	284.10
more than 3 years	985.46	719.96
Total	4,861.56	3,881.00

3.5 Intangible assets under development

Particulars	As at March 31, 2024	As at March 31, 2023
Development of AODB and ERP system	637.25	133.77
Total	637.25	133.77

- 3.6 The Company has considered the possible impact of the impairment of assets up to the date of approval of these Consolidated 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.
- 3.7 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. 50/2015 dated September 3, 2015. The Government of Kerala is yet to confirm on the lease agreement in the subsequent Cabinet Meetings. The value of the lease hold land is not accounted for in the books of account of the company. The free hold land in absolute ownership of the company as at March 31, 2024 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 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.
- 3.8 Land held pending transfer of ownership to Government
As per the GO.Ms 29/2014/Trans dated March 21, 2014, sanction was accorded to purchase 11.44 acres of land directly by the Company for subsequent transfer to Government. Accordingly, the Company had purchased 10.52 acres of land for ₹ 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 CO (R) 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.
- 3.9 Borrowing cost capitalised ₹ 186.52 Lakhs (Previous year ₹ 127.53 Lakhs).

3.10 Depreciation and amortization expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer Note: 3.1)	6,933.75	6,911.59
Amortization of intangible assets (Refer Note: 4)	16.75	9.49
Total	6,950.50	6,921.08

Kannur International Airport Limited

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4 Intangible assets

Particulars	Computer Software
Cost	
At March 31, 2022	52.63
Additions	3.50
Disposals	
At March 31, 2023	56.13
Additions	25.21
Disposals	
At March 31, 2024	81.34
Amortization	
At March 31, 2022	29.01
Charge for the year	9.49
At March 31, 2023	38.50
Charge for the year	16.75
At March 31, 2024	55.25
Carrying amount	
At March 31, 2022	23.62
At March 31, 2023	17.63
At March 31, 2024	26.09

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

Particulars	As at March 31, 2024	As at March 31, 2023
BPCL-KIAL Fuel Farm Private Limited		
Investment in KIAL-BPCL Fuel Farm Private Limited	234.00	234.00
Percentage of interest	26%	26%
Reconciliation to carrying amounts		
Opening carrying amount	-	-
Investment in Joint venture during the year	-	-
Profit (Loss) for the year (inclusive of deferred tax: 4.27 lakhs previous year: Nil)	4.42	-
Other comprehensive income	-	-
Carrying amount of investment in Joint Venture	4.42	-
Total	4.42	-

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
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6 Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Security Deposits (Refer Note: 6.1)	848.88	1,163.98
Earmarked deposits with Bankhaving remaining maturity period greater than 12 months (Refer Note: 6.2)	110.47	20.14
Other Current Asset	-	25.88
Accrued lease rentals (as per Ind AS 116)	1,534.25	1,152.04
Total	2,493.60	2,362.04
Current		
Contractually reimbursable expenses (Refer Note: 6.3)		
(Receivable from Kerala State Government Departments)	486.58	1,151.11
Accrued lease rentals (as per Ind AS 116)	20.57	16.62
Total	507.15	1,167.73

- 6.1 Security deposit include ₹ 725.67 lakhs (₹ 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. The Company has taken up the case with MoCA again and reply is awaited.

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 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 ₹ 19.94 Lakhs (₹ 19.94 lakhs) held as security deposit for Customs authorities for cargo related operations and ₹ 90.32 lakhs holds as security deposit for KSEB.

- 6.3 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 Cooperative Society Limited (ULCCSL) payments aggregating to ₹ 1066.89 lakhs (Previous year: ₹ 1066.89 lakhs) 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.

Against the above, the Company has received ₹ 626.99 lakhs as reimbursement of amount paid to ULCCSL on June 4, 2021. Subsequently an amount of ₹ 439.90 lakhs has been sanctioned by the government as reimbursement to the Company, which is pending to be received. Relying upon the government sanction, the Management is of the opinion that no provision is required for this long outstanding amount at this stage.

Further the amount receivable includes the amount receivable from KINFRA amounting to ₹ 46.67 lakhs and the Management is of the opinion that no provision is required at this stage.

During the year, though follow up towards recovery of dues from various government departments for the outstanding amount of ₹ 530.07 lakhs (₹ 530.07 lakhs) is being continued, as a matter of abundant caution, the Management had decided to make hundred percentage provision for these amounts.

Kannur International Airport Limited

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7 Other Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Total	-	-
Current		
Prepaid expenses	256.14	238.90
Balance with Indirect Tax Authorities	197.48	59.92
Unbilled Revenue (Refer Note: 37)	464.76	565.77
Other Advances	5.76	21.11
Advance to suppliers	6.07	29.47
Total	930.21	915.17

8 Non current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax paid against disputed liability (Refer Note: 8.1)	118.91	118.91
TDS Receivable	750.71	985.50
Amount withheld by IT Dept against disputed liability	475.67	-
Total	1,345.29	1,104.41

8.1 The company has paid Rs.118.91 Lakhs against the demand from Income Tax towards the penalty imposed under section 270 A of the Act under protest. The company has appealed against the imposition of the penalty before the first appellate authority and is pending to be heard.

9 Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
Lower of cost or net realisable value		
Fuel	25.36	39.24
Stores and spares	35.03	24.27
Total	60.39	63.51

10 Trade Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables - Considered Good - Secured	307.80	293.49
Trade Receivables - Undisputed, Considered Good - Unsecured	1,264.53	1,587.83
Trade Receivables which have significant increase in credit risk	-	-
Credit Impaired	963.88	816.49
	2,536.21	2,697.81
Less: Allowance for credit impaired Trade Receivables	963.88	816.49
	1,572.33	1,881.32
From related party	1.60	16.02
From others	1,570.73	1,865.30
Total	1,572.33	1,881.32

10.1 Ageing Analysis of Trade Receivables

Particulars	Outstanding for following periods from due date of payment					As at
	Less than 6	6 months -	1-2 years	2-3 years	More than 3 years	March 31, 2024
Undisputed-Trade receivables - considered good	1,413.41	87.40	70.92	0.60	-	1,572.33
Undisputed-Trade Receivable which have significant increase in credit risk	-	-	-	-	-	-
Undisputed-Trade receivables-Credit Impaired	-	76.16	765.73	120.75	1.24	963.88
As on 31-03-2024	1,413.41	163.56	836.65	121.35	1.24	2,536.21

Particulars	Outstanding for following periods from due date of payment					As at
	Less than 6	6 months - 1	1-2 years	2-3 years	More than 3 years	March 31, 2023
Undisputed-Trade receivables - considered good	1,697.43	64.67	118.94	0.28	-	1,881.32
Undisputed-Trade Receivable which have significant increase in credit risk	-	-	-	-	-	-
Undisputed-Trade receivables-Credit Impaired	678.43	12.67	123.88	0.69	0.82	816.49
As on 31-03-2023	2,375.86	77.34	242.82	0.97	0.82	2,697.81

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10.2 Movement in the expected credit loss allowance

Particulars	As at March 31, 2024	As at 31 March 2023
Balance at the beginning of the year	816.49	103.59
Less: balances written off		1.05
Less: balances recovered during the year	47.72	51.71
Add: Provision made during the year	195.11	765.65
Balance at the end of the year	963.88	816.49

10.3 Of the total provision of ₹ 963.88 lakhs, ₹ 795.38 lakhs is on account of receivables from Go Airlines (India) Limited due to its cessation of operations and filing for bankruptcy protection on May 2, 2023. The company has provided provision for the entire amount receivable from the said Airline.

11 Cash and Cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
i) In Current Account	36.73	2,161.11
ii) In Fixed Deposit Accounts	206.30	631.97
Total	243.03	2,793.08

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

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
In deposit accounts having original maturity of more than 3 months but less than 12 months	44.06	70.05
In earmarked accounts -PSF Escrow Account (Refer Note: 12.1)	-	210.67
Total	44.06	280.72

12.1 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 ₹ 361.44 lakhs and out of which, after meeting security related expenses, the balance amount to be transferred to the Ministry is of ₹256.58 lakhs. This amount has been adjusted against the deposit recoverable from the Ministry of Home Affairs (MoH) towards CISF deployment as detailed in Note No: 6.1.

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13 Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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)	133838900	1,33,838.90	133838900	1,33,838.90

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, 2024		As at March 31, 2023	
	No of Shares	Amount	No of Shares	Amount
Authorised Share Capital				
Balance as at the beginning of the year	350000000		350000000	
Changes in Authorised Equity Share capital during the year	-		-	
Balance as at the end of the year	350000000		350000000	
Issued, Subscribed and Paid-up Share Capital				
Balance as at the beginning of the year	133838900	1,33,838.90	133836900	1,33,836.90
Changes in Equity Share capital during the year		-	2000	2.00
Balance as at the end of the year	133838900	1,33,838.90	133838900	1,33,838.90

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 ₹ 100 each at a premium of ₹ 30 per share.

13.2 Particulars of shares holders holding more than 5% of Equity Shares in the parent: March 31, 2024

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, 2023

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 31,593,038 numbers of equity shares to Government of Kerala towards the cost of land transferred to the Company for the construction of the Airport.

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14 Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained Earnings		
Balance at beginning of year	(57,421.23)	(44,794.09)
Less: Loss for the year	(16,851.60)	(12,627.14)
Balance at end of year	(74,272.83)	(57,421.23)
Other comprehensive income / (loss)		
Balance at beginning of year	(19.70)	(17.61)
Remeasurements of defined benefit obligation net of income tax	(16.77)	(2.09)
Balance at end of year	(36.47)	(19.70)
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: 14.1)		
Balance at beginning of year	141.71	141.11
Addition during the year		0.60
Balance at end of year	141.71	141.71
Opening balance of other equity	(57,268.52)	(44,639.89)
Closing balance of other equity	(74,136.88)	(57,268.52)

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, 2024	As at March 31, 2023
Non- Current Borrowings		
Secured- at amortised cost		
<u>Term loans:</u>		
Canara Bank	71,194.26	71,910.90
The Federal Bank Limited	9,187.47	9,278.02
The South Indian Bank Limited	11,250.76	11,362.35
<u>Funded interest term loan (FITL):</u>		
Canara Bank	13,152.66	13,279.21
The Federal Bank Limited	1,704.85	1,721.25
The South Indian Bank Limited	2,085.13	2,105.38
<u>Subordinate Debt</u>		
Government of Kerala (Refer Note: 15.1)	7,986.15	
sub-total	1,16,561.28	1,09,657.11
Current Borrowings		
Current maturity of long-term borrowings	4,071.05	1,101.83
Total	1,12,490.23	1,08,555.28

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

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

The Company agreed to borrow from the Consortium the sums to the maximum extent of ₹ 89,200/- lakh out of which ₹ 69,200/- lakh is from Canara Bank, ₹ 11,000/- lakh from The South Indian Bank Limited and ₹ 9,000/- lakh from The Federal Bank Limited, on the security of immovable properties and other securities mentioned hereunder;

- Pari passu first charge on all immovable and moveable assets of the Company both present and future.
- 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.
- First pari passu charge on all the bank accounts pertaining to the project.
- 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.

Further the Government of Kerala has pledged 51% of shareholding 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.

Agreed rate of Interest are as under

Bank Name	Base Rate /MCLR plus Spread on the base rate as at March 31, 2024	Base Rate /MCLR plus Spread on the base rate as at March 31, 2023
Canara Bank (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.20%
The South Indian Bank Limited (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.20%
The Federal Bank Limited (Agreed rate of Interest p.a. is 10.15%)	10.15%	9.40%
Canara Bank FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%
The South Indian Bank Limited FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%
The Federal Bank Limited FITL (Agreed rate of Interest p.a. is 11.25%)	11.25%	10.30%

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- 15.1 The company has approached the REC Limited for refinancing the loan given by the consortium of banks for better repayment terms and interest cost. REC Limited has sanctioned the loan for an amount of ₹ 1,171.17 Crores at a floor rate of interest of 9% per annum for the first year. The interest rate is linked to 10-year AAA Corporate Bond Yield. The term loan is repayable in 20 years as against the 11-year repayment period of existing term loan. The loan is sanctioned with a moratorium period of 1 year from the date of disbursement on principal repayment.

The term loan sanction conditions require Government of Kerala (GoK) to infuse ₹11,300 Lakhs, into the project in the form of subordinate debt/equity, pledge of 51% shares of Government of Kerala similar to the existing term loan condition and provide an unconditional and irrevocable letter of comfort from GoK towards debt servicing obligations. Referring to the above sanction requirement, the GoK has infused ₹ 7,986.15 Lakhs as on the March 31, 2024. The nature of this infusion as per the GO is Subordinate Debt where as the terms and conditions are yet to be finalised. The Company has requested GoK to infuse the balance amount as subordinate loan to avail REC loan. Pending finalisation of the terms and conditions, the amount received from the GOK is shown as borrowing and interest is accrued @ 9.15% which is 1% less than the rate offered by Canara Bank for term loan.

16 Other Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Security deposits at amortized cost	1,072.10	989.08
Amount received from Govt of Kerala (Refer Note: 15.1)		2,260.00
Interest accrued but not due	359.81	
Total	1,431.91	3,249.08
Current		
Payable on purchase of property, plant and equipment	1,269.52	1,398.41
Security Deposits	259.41	198.20
Retention Payable	211.34	183.34
Other Payables	43.68	43.12
Interest accrued and due	34.71	26.87
Total	1,818.66	1,849.94

17 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Employee Benefits - Gratuity	188.07	168.00
- Leave encashment	71.36	32.98
Total	259.43	200.98
Current		
Employee Benefits - Gratuity	17.96	13.89
- Leave encashment	12.45	5.37
Total	30.41	19.26

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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18 Other Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Deferred Income:		
Grant received from Ministry of Commerce and Industry, Government of India (Refer Note: 18.1)	2,121.01	1,121.01
Total	2,121.01	1,121.01
Current		
Statutory Liabilities	306.73	76.51
Payable for passenger security services (Refer Note: 18.2)	-	256.35
Deferred revenue on fair valuation of liabilities	291.47	269.33
Advance from customers	7.04	12.26
Total	605.24	614.45

18.1 Receipt of grant for the construction of cargo complex under the Trade Infrastructure for Exports Scheme (TIES) ₹ 2,000 Lakhs (Previous year ₹ 1,000 Lakhs) and from NABARD for construction of centre for perishable cargo ₹ 121.01 Lakhs (Previous year ₹ 121.01 Lakhs). 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 ₹ Nil (Previous year ₹ 256.35 lakhs), represents the net amount of PSF Security charges collected from Airlines amounting to ₹ 361.44 lakhs, less the amount utilised for security related expenses amounting to ₹105.08 lakhs and this balance is set off against security deposit refundable from MHA during the current year.

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

b) Further, a liability had been created in the accounts for the amount payable towards the cost of deployment of CISF, amounting to ₹ 1714.84 lakhs (Previous year ₹ 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. The Accounts for Passenger Service Fee - Security Component [PSF (SC)] are maintained separately in a fiduciary capacity by the Company on behalf of Government of India and are governed by the Standard Operating Procedures issued by MoCA. As such the receivable and payable disclosed in Financial Statements are in the nature of pass through transactions only for informative purposes without any financial implication to the Company since the cost of deployment of CISF is to be met out of PSF collections alone and not from Company's own revenue.

19 Trade Payables

Particulars	As at March 31, 2024	As at March 31, 2023
Dues to Micro Enterprises and Small Enterprises*	95.99	242.09
Dues to other than Micro Enterprises and Small Enterprises	8,009.41	5,352.59
Total	8,105.40	5,594.68

19.1 Trade Payable ageing

Particulars	As at March 31, 2024	As at 31 March 2023
Less than 1 year		
Total outstanding dues of micro enterprises and small enterprises	59.63	184.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,987.46	2,430.22
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	-	-

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

Trade Payable ageing Contd..

Particulars	As at March 31, 2024	As at 31 March 2023
<u>1 -2 years</u>		
Total outstanding dues of micro enterprises and small enterprises	14.21	20.66
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,572.92	1,611.63
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises		3.76
<u>2-3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	4.54	37.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,328.46	1,154.01
Disputed dues of micro enterprises and small enterprises		
Disputed dues of creditors other than micro enterprises and small enterprises	3.76	23.05
<u>More than 3 years</u>		
Total outstanding dues of micro enterprises and small enterprises	17.61	
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,071.80	107.96
Disputed dues of micro enterprises and small enterprises	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	45.01	21.96
Total	8,105.40	5,594.68

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

Particulars	As at March 31, 2024	As at March 31, 2023
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	95.99	242.09
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	-	-
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 consolidated financial statements for the year ended March 31, 2024

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20 Revenue from Operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Aero revenue (Refer Note: 20.2)		
Aerobridge Charges	163.65	221.14
CUPPS / CUSS / BRS	187.58	192.73
Inline X-Ray Charges	596.20	734.27
Landing Charges	978.24	1,288.26
Parking Charges	14.61	285.99
Revenue Share on Ground Handling	311.37	318.77
TNLC Collection	396.24	434.50
User Development Fee (UDF)	4,705.82	5,294.46
Domestic Cargo	198.29	219.56
sub-total (a)	7,552.00	8,989.68
Non Aero Revenue		
Space Rentals	456.38	427.15
Revenue share from Concessionaire	1,209.69	954.16
Car Parking	35.04	179.95
Visitor's Entry Pass	16.69	25.71
Common User Infrastructure Charges (CAM Charges)	77.42	58.00
Others	146.27	207.14
sub-total (b)	1,941.49	1,852.11
Other Operating Income		
License Fee for Unpaved Land (c)	430.13	424.14
Total (a)+(b)+(c)	9,923.62	11,265.93

20.1 The Company earned entire income from operations in India.

20.2 Out of the Aero Revenue an amount of ₹ 422.10 lakh (Previous Year: ₹ 471.21 lakh) pertains to unbilled revenue in connection with Terminal Navigational Landing Charges, Revenue Share on Ground Handling etc. which was billed after the close of the financial year.

21 Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Fixed Deposits	58.62	28.28
Interest on Income Tax Refund	20.73	-
Licence Fee	-	1.29
Reversal of provision for impairment on debtors	47.72	51.71
Realisation of Debtors written off in the previous years	-	19.58
Miscellaneous Income	12.44	68.23
Deferred income on fair valuation on financial liabilities	99.15	82.34
Total	238.66	251.43

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2024

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22 Airport Operating Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and Fuel	1,198.42	1,063.99
Insurance on Assets	119.08	128.58
Repairs and Maintenance	267.81	295.76
House Keeping	1,174.86	1,056.64
Operations & Maintenance Expenses	1,040.33	829.63
Customs Cost Recovery Charges	1,299.08	1,278.99
Aviation Meteorological Support Services	145.38	137.04
Communication, Navigation and Surveillance and Air Traffic Management Services	824.06	614.11
Other operational expenses	32.84	20.25
Security Service	87.36	80.47
Trolley Retrieval Services	63.78	58.45
Water Charges	58.60	63.65
Cargo handling charges and other operational expenses	38.40	41.04
Total	6,350.00	5,668.60

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries & Allowances	1,054.23	989.20
Contribution to provident and other funds	35.48	35.84
Gratuity	42.32	39.64
Staff Welfare Expenses	163.80	94.30
Total	1,295.83	1,158.98

24 Finance Cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Term Loans	10,739.31	10,041.38
Interest on Subordinate Debt (Refer Note: 24.1)	359.81	
Unwinding of discount on security deposits	99.27	81.58
Interest on delayed payment of Customs costs, Income tax and GST	513.54	389.64
Total	11,711.93	10,512.60

24.1 Effective Interest rate booked at 9.15% on the fund infused by Govt of Kerala for a sum amounting to ₹ 7,986.15 Lakhs as on the March 31, 2024.

25 Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Administrative Expenses	15.36	19.89
Advertisement Expenses	22.44	22.24
Payment to Auditors		
-For Audit	8.75	8.75
-For Reimbursement of Expenses	1.38	0.21

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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25 Other Expenses Contd..

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee Training expenses	16.20	13.51
Insurance-operations	56.54	52.22
Loss on Foreign currency transactions and translations	1.02	7.91
Rates and Taxes	79.79	146.01
Allowance for credit impaired trade receivables	195.11	764.60
Credit impaired Trade Receivables written off (Refer Note: 25.1)	-	1.05
Postage and Courier charges	12.11	8.76
Printing and Stationery	22.59	18.81
Legal and Professional charges	173.82	253.61
Recruitment Expenses	3.17	3.97
Rent	0.60	1.35
Repairs and Maintenance - Others	4.05	2.59
Sitting Fees	1.40	1.25
Travelling Expenses	28.18	150.21
Website Maintenance Charges	3.71	2.05
Loss on disposal of property, plant and equipment	3.21	-
Miscellaneous Expenses	38.83	7.20
Provision for Receivable from Government of Kerala (Refer Note: 6.3)	530.07	
Total	1,218.33	1,486.19

25.1 The Company has written off a total of ₹ Nil lakh (Previous year ₹ 1.05 lakh) during the year.

26 Exceptional Items

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Reversal of accrued lease income (Refer Note: 26.1)		-251.14
Total	-	-251.14

26.1 The company has entered into new revenue sharing arrangement with the party managing the lounge at the airport. As per the revised terms of agreement, instead of lease rent, revenue sharing has been implemented. Consequent to this, lease accruals recognised on straight line basis as per IndAS 116 in earlier years has been reversed and disclosed as an exceptional item.

27 Deferred Tax

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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)	26,278.99	26,730.87
Tax effect of items constituting deferred tax assets:		
Provision for gratuity	53.57	47.29
Provision for earned leave	21.79	9.97
Allowance for credit impaired Trade Receivables	250.61	212.29

Kannur International Airport Limited
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Deferred Tax Contd..

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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	-	-
Recognised in other comprehensive Loss		
Tax expense during the year recognized in the Other Comprehensive Loss	12.82	6.92
(b)	34,527.81	34,465.49
Net deferred tax (liability) / asset (a) - (b)	8,248.82	7,734.63
Deferred tax expense / (Income)	(514.19)	(1,854.81)
Recognized in statement of profit and loss	(508.29)	(1,854.09)
Recognized in other comprehensive loss	(5.90)	(0.73)

27.1 The Company has recognised a deferred tax asset of ₹ 34,189.02 Lakh (Previous year ₹ 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 received legal opinion that the case for its appeal is tenable and therefore is confident of a favourable outcome.

27.2 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, 2024 is ₹ 34,367.98 lakh (As at March 31, 2023 ₹ 29,166.07 lakh).

28 Earnings Per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Loss attributable to equity shareholders of the Company	(16,851.60)	(12,627.14)
Weighted average number of equity shares	13,38,38,900	13,38,38,900
Basic and diluted earnings per share (of face value ₹100) ₹.)	(12.59)	(9.43)
Effect of dilution :		
Weighted average number of equity shares adjusted for the effect of dilution*	13,38,38,900	13,38,38,900
Diluted Earnings per share (of face value ₹ 100) INR	(12.59)	(9.43)

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

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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	For the year ended March 31, 2024	For the year ended March 31, 2023
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	-	-
(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

Mr. Dinesh Kumar C (from January 30, 2023)

Mr. S Jayakrishnan

Mr. Aby Eapen (from June 15, 2023)

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	For the year ended March 31, 2024	For the year ended March 31, 2023
Transactions during the year		
Mr. Dinesh Kumar C Salary	48.78	
Mr. S Jayakrishnan Salary	38.58	35.87
Mr. G Gnanendra Kumar Salary	-	9.76
Mr. Aby Eapen Salary	9.55	-
BPCL - KIAL Fuel Farm Private Limited License fess on unpaved land	162.65	149.22
Rent -communication charges	1.59	1.59
Utility charges	12.82	11.65
Government of Kerala (GoK) Subordinate Debt	7,986.15	-
Interest on subordinate Debt	359.81	

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Transactions with related parties Contd..

Related Party Nature of Transaction	For the year ended March 31, 2024	For the year ended March 31, 2023
Outstanding Balances		
BPCL - KIAL Fuel Farm Private Limited		
License fees receivable	-	14.36
Utility charges receivable	1.60	1.66
Security Deposit	112.50	112.50
Government of Kerala (GoK)		
Amount receivable from Government of Kerala	486.58	1,151.11
Subordinate Debt	7,986.15	-
Interest payable on subordinate Debt	359.81	

(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) In accordance with the Articles of Association of the Company, and as per Government of Kerala Order dated January 30, 2023 Mr. Dinesh Kumar C was appointed as the Managing Director, w.e.f. January 30, 2023 and he took charge on February 07, 2023, which was approved by the Board of Directors in their meeting held on March 20, 2023. Pending obtaining the Government Order specifying the terms and conditions including remuneration of the Managing Director, the matter had not been placed before the subsequent Annual General Meeting held on 29th September, 2023.

Pending receipt of Government Order specifying the terms and conditions including remuneration, the Nomination and Remuneration Committee (NRC) of the Board of Directors in their meeting held on November 15, 2023 has recommended to the Board that Managing Director shall be paid the same remuneration as was drawn by the former Managing Director of KIAL, (Shri V Thulasidas IAS (Rtd.)), effective from February 07, 2023, till the issuance of Government Order, which has been noted in the Board meeting held on December 12, 2023. The Government vide G.O.(Rt)No.489/2023/TRANS dtd. 21st November, 2023, has fixed terms and conditions, including remuneration of the Managing Director. However, the terms and conditions stated in this Government Order were found to be vague. As a result, management have requested the Government to amend the said order to provide clearer and more detailed terms.

Pending receipt of amended Government Order specifying the terms and conditions including remuneration, at present remuneration is paid to Managing Director in accordance with the recommendation of the NRC of the Board, which is placed before the Board and is pending for the approval of members in their meeting. The Management confirm that once the amended Government order is received, the same will be placed before the forthcoming Board Meeting and will also be placed for the approval of the shareholders at the subsequent Annual General Meeting.

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:

Particulars	As at March 31, 2024	As at March 31, 2023
Debt	1,16,561.28	1,09,657.11
Equity	59,468.01	76,336.38
Debt to Equity ratio	1.96	1.44

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 debt of the company is agreed to be refinanced by REC Limited as per the sanction order dated April 11, 2023 (Refer Note: 15.1).

Kannur International Airport Limited

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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, interest rate risk, foreign currency 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 ₹ 1091.31 Lakh (₹ 1057.12 Lakh) and value of Property Plant and Equipment by ₹ 18.66 Lakh (Previous year ₹ 13.37 Lakh).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the purchase of assets from abroad. The Company's only exposure at the end of the year is an outstanding balance amounting to US\$ 88,080 (₹ 73.44 Lakh) (Previous year US\$ 88,080 [₹ 72.42 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.

Kannur International Airport Limited

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Liquidity risk

Maturity Analysis of Assets and Liabilities:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Maturity less than 1 year		
Financial Assets		
Cash and Cash equivalents (including other Bank balances)	287.09	3,073.80
Trade Receivables	1,572.33	1,881.32
Other Financial assets	486.58	1,151.11
Financial Liabilities		
Trade Payables	8,105.40	5,594.68
Other Financial liabilities	2,069.95	2,523.37
Borrowings	4,071.05	1,101.83
Maturity 1 year to 3 years		
Financial Assets		
Security Deposits	959.35	1,167.73
Financial Liabilities		
Security Deposits	753.32	357.58
Borrowings	15,404.53	10,878.79
Maturity more than 3 years		
Financial Assets		
Financial Liabilities		
Security Deposits	427.29	239.10
Borrowings	97,085.70	99,900.92

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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32 Going concern concept

The companies revenue is inadequate to meet the fixed and finance costs of the company and losses were incurred during the year.

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 ₹ 13,268 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.

The traffic handled by the Company was also impacted due to COVID-19 pandemic, the recent bankruptcy of the airline companies and non operation of the foreign airlines due to non awardment of the Point of Call status to the airport, 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.

Airport Economic Regulatory Authority approved the enhanced aeronautical tariff proposed by Kannur Airport with effect from 1 April 2024 for the second control period ending on 31 March 2028. The Company had also entered into a MoU with Air India Express on 4 December 2023 to operate more flights from Kannur Airport in domestic and international routes. Government of Kerala (GOK) being the promoter of the Kannur International Airport is infusing funds to honour the debt securing obligations as per the commitment given to existing lenders. Further, as per the requirement of REC's refinancing proposal, GOK has issued the letter of comfort dated 24 April 2024 to the effect that GOK will infuse funds in case of shortfall in debt servicing obligations. In view of the above steps taken and with the increase in traffic, Management is of the opinion that revenue and margins will improve substantially in coming years and there will not be any impact on the going concern aspect of the Company in the near futures.

For this assessment, Management believes that it has taken into account the possible impact of known events mentioned above. The unprecedented nature of the industry 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. There have been no other significant events subsequent to the Balance Sheet date that would impact the carrying values of the Company's assets and liabilities.

33 Capital and other commitments

The Company has the following capital commitments:

Particulars of Contract	As at March 31, 2024	As at March 31, 2023
Software Development Costs	39.71	678.33
Construction contracts (Cargo complex)	752.17	988.16
Total	791.88	1,666.49

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹.Lakh unless otherwise stated

34 Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	Amount in dispute	Year
Claim from Airport Authority of India towards cost of CNS ATM equipments	2,014.07	2022-23
Claim from Airport Authority of India towards Spectrum Charges	51.62	2023-24

As per the agreement with AAI the company is not liable to pay any sum towards the equipment installed and operated for CNS/ATM. The claim was escalated by the company with the authority and subsequently the company has intimated AAI that the matter may be referred to arbitration as per the agreement executed between the Company and AAI.

ii) Disputed Tax liability

Particulars	Amount in dispute	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	2017-18 (AY 2018-19)
Penalty for non-filing of Tax Audit report Pending before Commissioner of Income Tax (Appeals)	1.50	2016-17 (AY 2017-18)
Penalty for difference in return filed and audited financials. Pending before Commissioner of Income Tax (Appeals)	539.41	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)
Dispute on levy of Building Tax at higher rates and area Pending before H'nble High Court of Kerala	26.46	2018 onwards

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, 2024	As at March 31, 2023
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%

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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 ₹ 35.48 Lakh (Previous year: ₹ 35.84 Lakh) for provident fund contribution in the Consolidated 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, 2024 are produced in the tables below:

Particulars	As at March 31, 2024	As at March 31, 2023
1. Assumption		
Discount Rate	7.23%	7.55%
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 Obligation		
Present value of Obligation as at the beginning of the year	181.89	164.43
Interest Cost	12.19	11.33
Current Service Cost	30.13	28.31
Benefits paid	-40.86	-25.00
Actuarial (gain) / Loss on obligation	22.67	2.82
Present value of Obligation as at the end of the year	206.02	181.89
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	26.63	23.81
Actuarial (gain) / loss on obligations	22.67	2.82
Actuarial (gain) / Loss on Plan assets	-	-
Total Actuarial (gain) / loss for the year	49.30	26.63
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	206.02	181.89
Fair Value of Plan assets at the end of the year	-	-
Funded Status (Net Asset) / Liability recognised in the Balance Sheet	206.02	181.89
7. Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	30.13	28.31
Interest Cost	12.19	11.33
Expected Return on Plan assets	-	-
Net Actuarial (gain) / Loss recognised in the year	22.67	2.82
Weighted average duration of the D B O	12.69	12.26

Sensitivity Analysis for the year ended March 31, 2024

% increase in DBO	Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-9.00%	187.47
Discount Rate -100 basis points	10.72%	228.11
Salary Growth +100 basis points	10.40%	227.44
Salary Growth -100 basis points	-8.81%	187.86
Attrition Rate +100 basis points	1.62%	209.36
Attrition Rate -100 basis points	-1.84%	202.24
Mortality Rate 10% up	0.04%	206.11
Effect of no ceiling	3.95%	214.17

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

Sensitivity Analysis for the year ended March 31, 2023

% increase in DBO		Liability	Decrease/ Increase in DBO
Discount Rate +100 basis points	-8.61%	166.22	-15.66
Discount Rate -100 basis points	10.24%	200.51	18.61
Salary Growth +100 basis points	9.83%	199.77	17.88
Salary Growth -100 basis points	-8.33%	166.74	-15.15
Attrition Rate +100 basis points	1.79%	185.15	3.26
Attrition Rate -100 basis points	-2.06%	178.14	-3.75
Mortality Rate 10% up	0.05%	181.98	0.09
Effect of no ceiling	2.93%	187.23	5.34

37 Passenger Service Fee (PSF)

The accounts for Passenger Service Fee Security Component [PSF (SC)] is maintained separately by the company in fiduciary capacity, on behalf of the Government of India as per the Standard Operating Procedures stated vide letter number AX/ 13024/047/ 2003-SS/ AD dated January 19, 2009 issued by the MoCA. As such the receivable and payable disclosed in Financial Statements are in the nature of pass through transactions and is disclosed in the financials only for informative purposes without any financial implication to the Company.

With effect from July 01, 2019, levy Of PSF (SC) was replaced with Aviation Security Fee (ASF) vide AIC NO. 15/2019 dated June 19, 2019 issued by the Director General of Civil Aviation basing on an order issued by MoCA vide order no. AV 13024/659/2015-AS dated June 13, 2019.

In connection to this, MOCA has formed a Trust for operating and maintenance of ASF Fund namely National Aviation Security Fee Trust (NASFT). Further, NASFT has issued detailed Standard Operating Procedures (SOP) dated November 21, 2019 for operation and maintenance of the ASF. As per the SOPs, billing of ASF would be under the name of NASFT and accordingly all the risk and rewards would remain with the NASFT. In respect of expenses, cost of deployment of Central Industrial Security Force (CISF) would be paid directly by the NASFT. However, the other security related expenses for CISF are to be first incurred by the Airport Operator which would be reimbursed through a tax invoice raised on the NASFT. Accordingly, PSF (SC) Fund ceased to operate With effect from July 01, 2019.

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

Particulars	As at March 31, 2024	
	Carrying Value	Fair Value
Financial assets		
At Amortized cost		
Deposits	959.35	959.35
<i>Previous year</i>	1,184.12	1,184.12
Trade Receivables	1,572.33	1,572.33
<i>Previous year</i>	1,881.32	1,881.32
Cash and Cash equivalents including other bank balances	287.09	287.09
<i>Previous year</i>	3,073.80	3,073.80
Other financial assets	486.58	486.58
<i>Previous year</i>	1,151.11	1,151.11
Financial Liabilities		
At Amortized cost		
Borrowings	1,16,673.35	1,16,561.28
<i>Previous year</i>	1,09,788.61	1,09,657.11
Security Deposits	1,644.58	1,331.51
<i>Previous year</i>	1,478.32	1,187.28
Trade Payables	8,105.40	8,105.40
<i>Previous year</i>	5,594.68	5,594.68
Other Financial Liabilities	1,605.99	1,605.99
<i>Previous year</i>	3,620.70	3,620.70

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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

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, 2024	As at March 31, 2023
Level 1		
Financial Assets		
Financial Liabilities		
Level 2		
Financial Assets		
Cash and Cash equivalents	287.09	3,073.80
Financial Liabilities		
Borrowings	1,16,561.28	1,09,657.11
Level 3		
Financial Assets		
Security Deposits	959.35	1,184.12
Trade Receivables	1,572.33	1,881.32
Other financial assets	486.58	1,151.11
Financial Liabilities		
Security Deposits	1,331.51	1,187.28
Trade Payables	8,105.40	5,594.68
Other Financial Liabilities	1,605.99	3,620.70

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	As at March 31, 2024	As at March 31, 2023
a) Current Income Tax Charge		
b) Deferred Tax		
Relating to origination and reversal of temporary differences	508.29	1,854.09
Income Tax Expense/(Benefit) as per Consolidated statement of profit and loss	(508.29)	(1,854.09)
Deferred Taxes		
Deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment and Intangibles	26,278.99	26,730.87
Deferred tax liability	26,278.99	26,730.87
Deferred Tax Assets		
Arising on account of temporary differences due to disallowances	325.97	269.55
Brought forward business losses	-	-
Deduction under section 35AD of the Income Tax Act	34,189.02	34,189.02
Deferred tax asset	34,514.99	34,458.57
Deferred tax asset (Net)	8,236.00	7,727.71
Add: Minimum Alternate Tax Credit Entitlement	-	-
Tax expense during the year recognized in the OCI	12.82	6.92
Deferred Tax asset (unutilised tax credit)	8,248.82	7,734.63

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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

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 previous 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 20/07/23, appointed Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam as the Statutory Auditors of the Company for five years starting from 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
- 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 Company for the year ended March 31, 2019, at its meeting held on December 3, 2020, and submitted the same to its previous auditors, Deloitte Haskins & Sells LLP and from 2021-22 to Krishnamoorthy & Krishnamoorthy, Chartered Accountants, for their audit report thereon, in accordance with the requirements of section 134(1) of the Act.

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

- 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.

Kannur International Airport Limited

Notes to the consolidated financial statements for the year ended March 31, 2024

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:**
- Transactions where an entity has provided any advance, loan, or invested funds to any other person (s) or entity/entities, including foreign entities: NIL
 - 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:**
- During the year, the Company has not borrowed fund from Banks/FI (being current assets as collateral security)
 - 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 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 42.13 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.
- 42.14 Details of benami property in which proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rule made thereunder has been provided hereunder:
- | | |
|---|------|
| - Details and year of acquisition of such property | :Nil |
| - Amount of property | :Nil |
| - Details of Beneficiary | :Nil |
| - If the property is disclosed in books, Reference in the balance sheet | :Nil |
| - If the property is not in the books, then the facts shall be disclosed with reasons | :Nil |
| - Where there are proceedings against the company under this law as an abettor of the transaction or as the transferor, then the details shall be provided: | :Nil |
| -Nature of proceedings and company's stand thereon | :Nil |

Kannur International Airport Limited
Notes to the consolidated financial statements for the year ended March 31, 2024

All amounts are in ₹. Lakh unless otherwise stated

43 Ratio analysis and its elements

Ratio and basis	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variance (%)	Remarks
Current ratio	Current assets	Current liabilities	0.23	0.77	237.13%	1
Debt- equity ratio	Total Debt	Equity	1.96	1.44	-26.71%	2
Return on equity	Profit after tax	Shareholders' Equity	(0.06)	(0.04)	-38.44%	
Trade Receivable turnover ratio	Revenue from operations	Average trade receivable	1.44	1.48	3.01%	
Trade Payables Turnover	Revenue from operations	Average trade payables	0.36	0.58	60.95%	3
Net Capital Turnover	Revenue from operations	Working capital	(0.44)	(2.71)	515.72%	4
Net Profit/(Loss) Margin	Net Profit/(Loss) after tax	Revenue from operations	(1.70)	(1.12)	-34.05%	5
Return on Capital employed	Earnings Before Interest and tax#	Capital Employed@	-0.03	-0.02	-32.85%	2

* 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 Increase in payables, decrease in cash balance and increase in shortterm borrowings.
- 2 Decrease in equity and increase in debt.
- 3 Increase in payables and decrease in turnover.
- 4 The net capital turnover ratio decreased due to increase in current maturities of the long term debt.
- 5 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

In terms of our Report attached

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm's Registration Number: 001488S)

Sd/-
Dinesh Kumar C
Managing Director
(DIN: 09717438)

Sd/-
K Parvathyammal
Director
(DIN: 07254970)

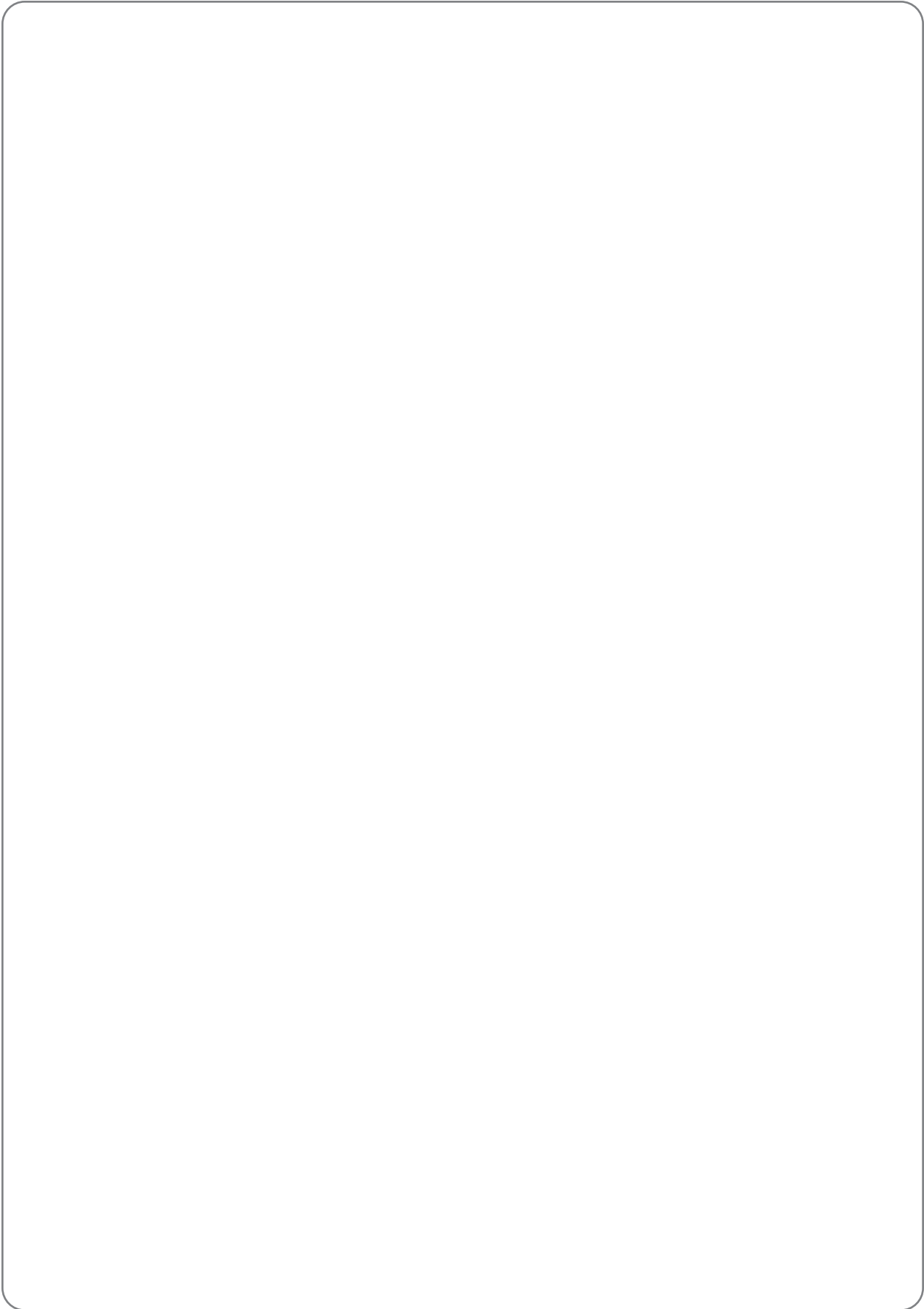
Sd/-
CA K.T.Mohanan
Partner (M.No: 201484)
UDIN: 24201484BKEKPN9181

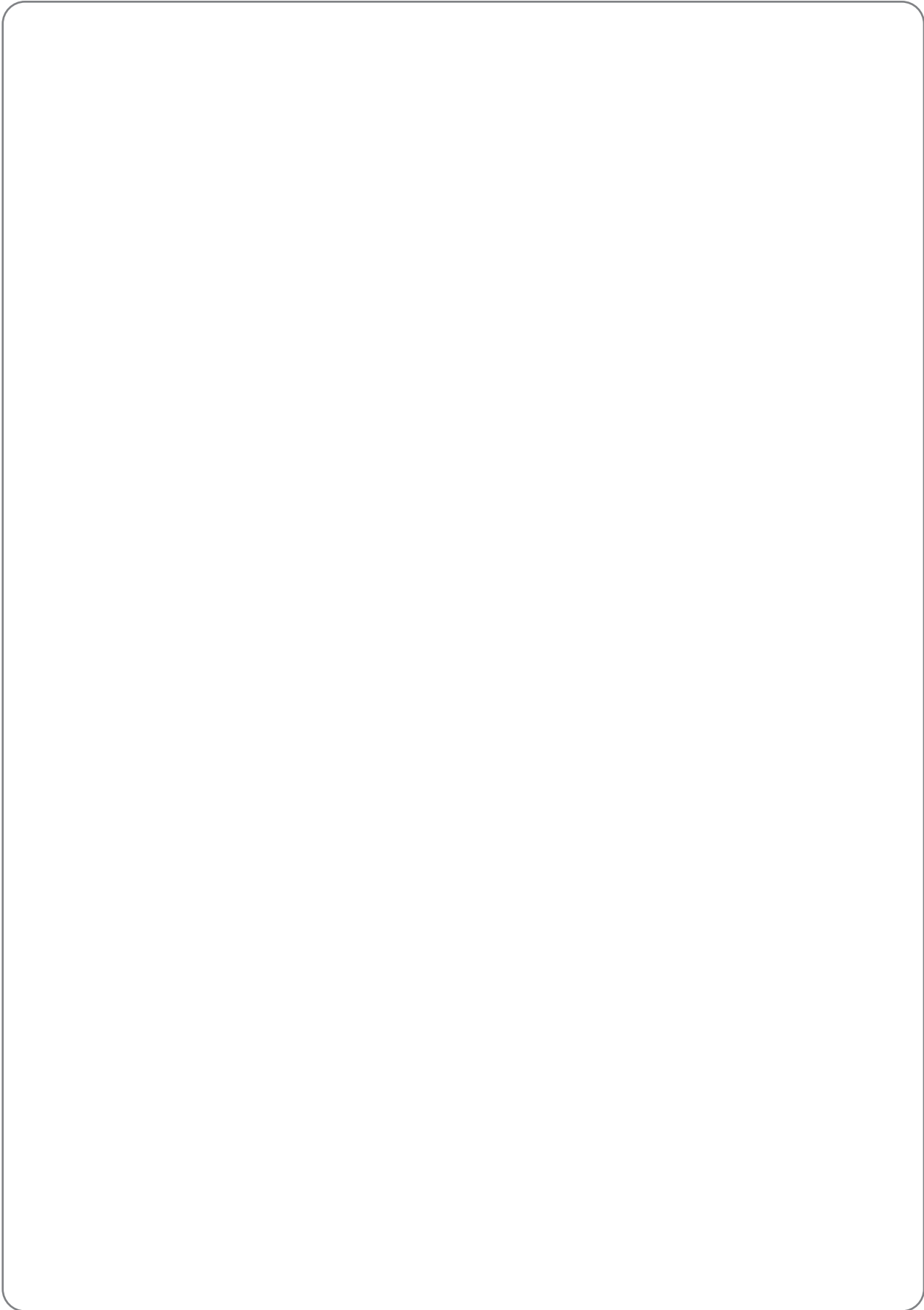
Sd/-
S Jayakrishnan
Chief Financial Officer
(PAN: AGPPS4585B)

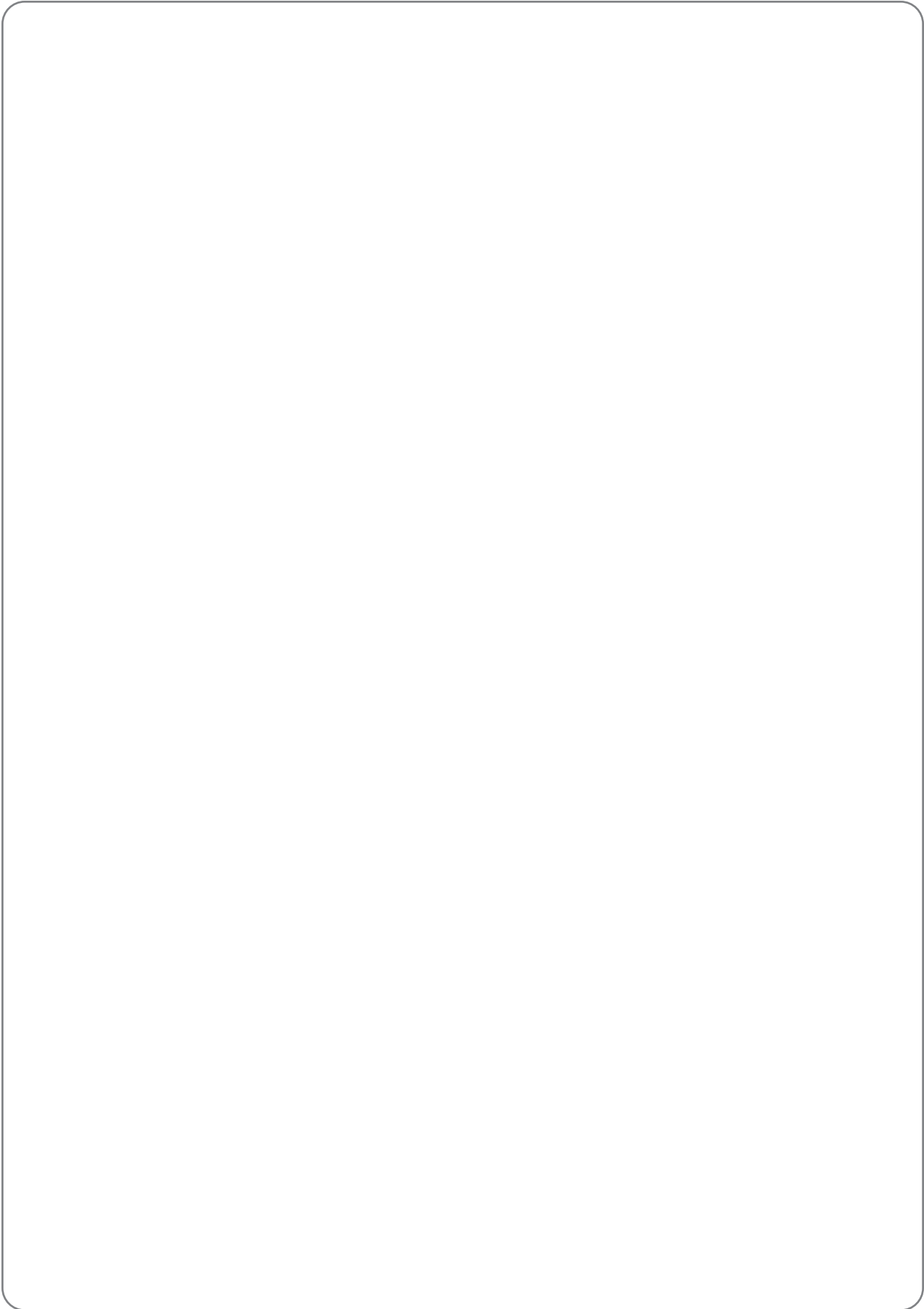
Sd/-
Aby Eapen
Company Secretary
(PAN:APOPA3473J)

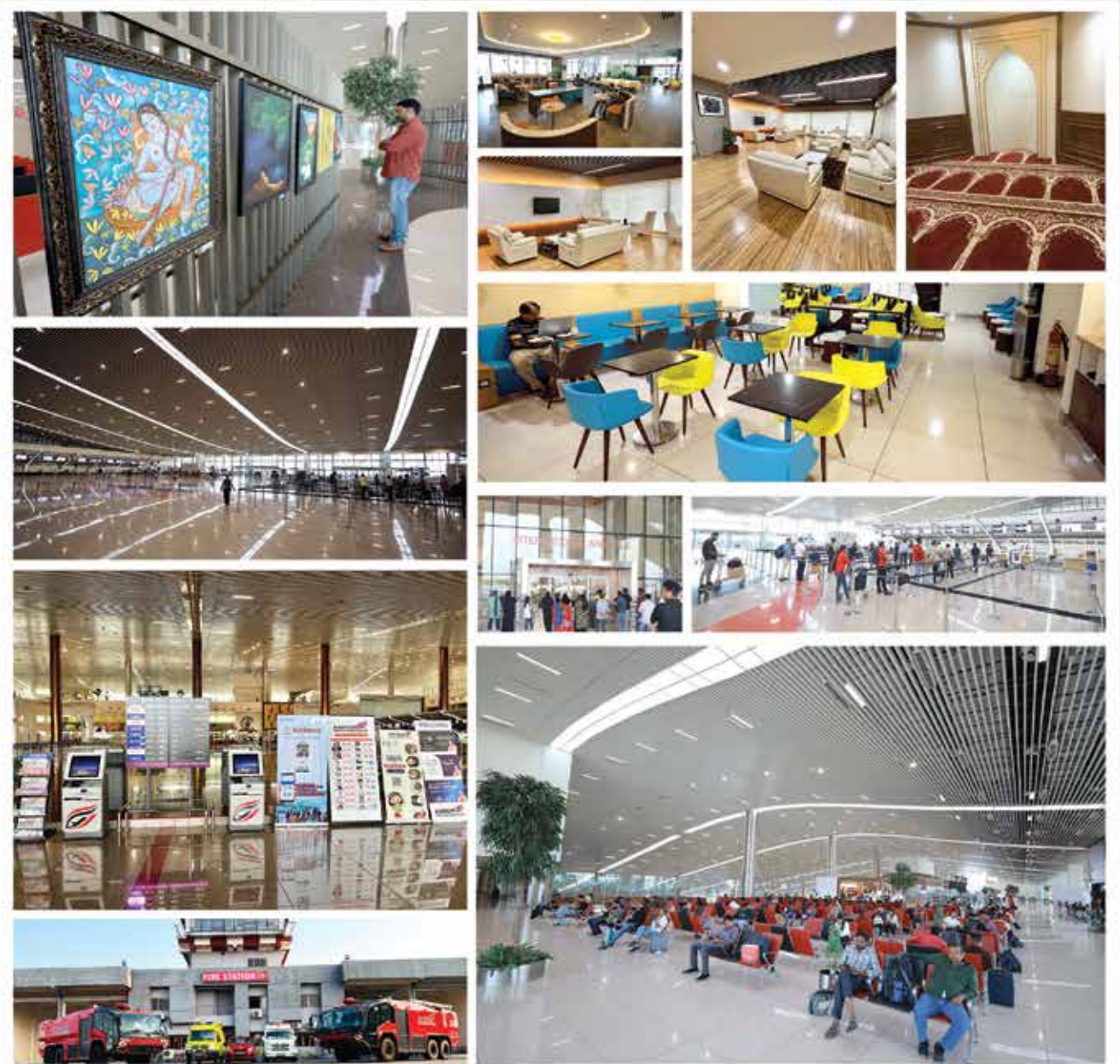
July 17, 2024
Cochin-16

July 17, 2024
Thiruvananthapuram









AIRPORT FEATURES

3050 m Long Runway | Instrument Landing System | Code E compliant | Full Length Parallel Taxiway | Apron for parking 20 Code C Aircrafts | Six Aerobridges | ARFF Cat 7 scalable to Cat 9 | Parking Facility for 900 Cars | Full-fledged Cargo Complex | Capacity to handle 9 million passengers | Integrated Terminal with LEED Gold Rating | Lounges in Arrival and Departure | Self Check In Kiosks | Self Baggage Drop Facility | Meet & Greet Services | 24x7 Airport Taxi Service | Airport Hotel Inside Terminal Building | Duty Free Shops with Leading Brands | Visitors' Gallery | Foreign Exchange Services | Baby Care Rooms

CNN CONNECTIVITY UPDATES

INTERNATIONAL

ABU DHABI 17x | BAHRAIN 2x | DAMMAM 3x | DOHA 12x
DUBAI 8x | JEDDAH 2x | KUWAIT 2x | MUSCAT 7x
RAS-AL-KHAIMAH 3x | RIYADH 2x | SHARJAH 12x

DOMESTIC

BENGALURU 21x | CHENNAI 7x | COCHIN 7x
HYDERABAD 7x | MUMBAI 4x | TRIVANDRUM 2x



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