Independent Auditor's Report
To the Members of Karnavati Aviation Private Limited

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Karnavati Aviation Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive losses), 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 (herein after referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, read with the Other Matter paragraph below, 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 31st March, 2020, the loss and total comprehensive losses, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Other Information

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive losses, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 Statements 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 responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls 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.

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, 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, the Statement Cash Flows and the 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 Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) on the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

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 B”;

g) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has adequately disclose the impact of pending litigations in its Standalone Financial Statements which may impact its financial position – Refer Note 25 to the financial statements ;

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

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

3. **With respect to the matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended**:

According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has not been paid /provided except director sitting fees. Accordingly, reporting under section 197(16) of the Act is not applicable.

For, SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No. 118707W

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

Shubham Rohatgi
Partner
Membership No. 183083
UDIN : 20183083AAAABJ7493

Place : Ahmedabad
Date : 30th April, 2020

Annexure - A to the Independent Auditor's Report
RE: Karnavati Aviation Private Limited

(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.

(b) The Company has a regular programme of physical verification of its property plant and equipment by which all Property plant and equipments are verified by the management in a phased periodic manner. In accordance with this programme, certain Property plant and equipments were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and representations made by the Management, the Company does not have any immovable property except temporary structures, which have been fully depreciated. Accordingly the provisions of paragraph 3 (i) (c) of the Order are not applicable.

(ii) The Company being in the service industry is primarily carrying inventory in the nature of stores and spares. The management has conducted physical verification of such inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanation given to us and the records produced to us for our verification, the company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable.

(iv) According to the information and explanations given to us and representations made by the Management, the Company has not done any transactions covered under section 185 and 186 in respect of loans, investments, guarantees and security. Accordingly the provisions of paragraph 3 (iv) of the Order are not applicable.

(v) The Company has not accepted any deposits from the public 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.

(vi) According to the information and explanations given to us, in our opinion, the maintenance of cost records under section 148(1) of the Act as prescribed by the Central Government are not applicable to the Company.

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

Annexure - A to the Independent Auditor's Report (Continue)
RE: Karnavati Aviation Private Limited

(Referred to in Paragraph 1 of our Report of even date)

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income Tax, Goods and Service Tax, Value Added Tax,duty of customs, Cess, Provident Fund and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as referred above were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, value added tax, cess, provident fund etc. which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of customs and service tax have not been deposited by the Company on account of disputes:

Name of Statute	Nature of the dues	Forum where dispute is pending	Amount (*) (INR)	Amount paid under protest (INR)	Period to which the amount relates
Finance Act, 1994	Service Tax	Appellate Tribunal	3,71,30,634	35,00,000	2008-2009 & 2009-2010
Customs Act, 1962	Customs Duty	Appellate Tribunal	29,34,30,972	Nil	2008-2009
		Assessing Authority	36,65,63,102	Nil	2009-2010

(*)Including Interest/ Penalty where the notice specifies the same.

(viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank or financial institution during the year. The company has not borrowed funds from government or from any debenture holders.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable.

(x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year.

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

Annexure - A to the Independent Auditor's Report (Continue)
RE: Karnavati Aviation Private Limited

(Referred to in Paragraph 1 of our Report of even date)

(xi) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, managerial remuneration has not been paid/ provided except the director sitting fees. Accordingly Claude 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.

(xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all the transaction with related parties are in compliance with section 177 and 188 of Companies Act 2013 and all the details have been disclosed in Standalone Financial Statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement or not issued any debenture during the year under review. Accordingly the provisions of paragraph 3(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.

(xvi) 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 clause 3(xvi) of the Order are not applicable.

For, SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No. 118707W

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

Shubham Rohatgi
Partner
Membership No. 183083
UDIN : 20183083AAAABJ7493

Place : Ahmedabad
Date : 30th April, 2020

Annexure – B to the Independent Auditor's Report
RE: Karnavati Aviation Private Limited

(Referred to in Paragraph 2(f) of our Report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act 2013 (the act).

Opinion

We have audited the internal financial controls over financial reporting of the company as of 31st March, 2020 in conjunction with our audit of the Standalone Financial Statements of the company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibilities for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Annexure – B to the Independent Auditor's Report (Continue)
RE: Karnavati Aviation Private Limited

(Referred to in Paragraph 2(f) of our Report of even date)

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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

For, SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No. 118707W

Shah Dhandharia & Co. FRN 118707W Ahmedabad Chartered Accountants

Place : Ahmedabad
Date : 30th April, 2020

Shubham Rohatgi
Partner
Membership No. 183083
UDIN : 20183083AAAABJ7493

Karnavati Aviation Private Limited
Balance Sheet as at March 31, 2020

Amt in ₹

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	2,19,92,43,516	2,31,88,23,359
Other Intangible assets	3	-	48,957
Financial Assets			
Other financial assets	5	1,22,91,892	1,27,91,892
Other non-current assets	6	1,98,90,716	1,36,31,027
Deferred tax assets (net)	13	-	-
Total Non-Current Assets		**2,23,14,26,124**	**2,34,52,95,235**
Current Assets			
Inventories	7	1,86,27,503	1,46,68,013
Financial Assets			
(i) Trade receivables	4	45,06,75,639	50,60,14,719
(ii) Cash and cash equivalents	8	5,13,58,314	12,69,14,010
(iii) Other financial assets	5	51,46,620	9,02,754
Other Current Assets	6	2,15,64,107	1,14,33,723
Total Current Assets		**54,73,72,183**	**65,99,33,219**
Total Assets		**2,77,87,98,307**	**3,00,52,28,454**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	45,00,00,000	45,00,00,000
Other Equity	10	1,27,66,39,113	1,37,30,50,288
Total Equity		**1,72,66,39,113**	**1,82,30,50,288**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	16,74,54,437	45,22,20,877
Provisions	14	74,09,521	35,23,670
Total Non-Current Liabilities		**17,48,63,958**	**45,57,44,547**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	11	48,07,00,000	15,65,00,000
(ii) Trade Payables	16		
(a) Total outstanding dues of micro enterprises and small enterprises		-	1,68,179
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,73,32,150	9,43,43,234
(iii) Other financial liabilities	12	32,90,57,141	45,97,59,324
Other Current Liabilities	15	78,32,908	1,40,83,841
Provisions	14	23,73,037	15,79,041
Total Current Liabilities		**87,72,95,236**	**72,64,33,619**
Total Liabilities		**1,05,21,59,194**	**1,18,21,78,166**
Total Equity and Liabilities		**2,77,87,98,307**	**3,00,52,28,454**
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of financials statements
As per our report of even date

For SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No.: 118707W

For and on behalf of Board of Directors of
Karnavati Aviation Private Limited

Shubham Rohatgi
Partner
Membership No. 183083

Ashutosh Verma
Director
DIN: 08038591
Place: Ahmedabad

Shrikumar Nair
Director
DIN: 03035537
Place: Mumbai

Anish Shah
Chief Financial Officer
Place: Ahmedabad

Anant Shukla
Company Secretary
Place: Ahmedabad

Place: Ahmedabad
Date: April 30, 2020

Date: April 30, 2020

Karnavati Aviation Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

Amt in ₹

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	17	47,92,53,304	62,71,73,298
Other income	18	5,77,67,333	30,33,879
Total Income		**53,70,20,637**	**63,02,07,177**
EXPENSES			
Operating expenses	19	11,26,71,903	10,87,30,246
Employee benefits expense	20	6,81,21,864	4,78,62,965
Depreciation and amortization expense	3	18,21,17,575	17,82,13,080
Finance costs	21	2,67,40,327	8,28,72,770
Other expenses	22	24,29,25,057	25,98,09,888
Total Expense		**63,25,76,726**	**67,74,88,949**
(Loss) before exceptional items and tax		(9,55,56,089)	(4,72,81,772)
Exceptional items		-	-
(Loss) before tax		**(9,55,56,089)**	**(4,72,81,772)**
Tax expense:	13		
Current tax		-	-
Deferred Tax		-	-
Income tax expense		**-**	**-**
(Loss) for the year		**(9,55,56,089)**	**(4,72,81,772)**
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans (net of tax)		(8,55,086)	(9,03,627)
Other comprehensive income for the year (after tax)		**(8,55,086)**	**(9,03,627)**
Total comprehensive income / (loss) for the year (net of tax)		**(9,64,11,175)**	**(4,81,85,399)**
Basic and diluted earnings per equity shares (in ₹) face value of ₹ 10 each	24	**(2.12)**	**(1.05)**
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of financials statements
As per our report of even date

For SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No.: 118707W

Shubham Rohatgi
Partner
Membership No. 183083

Place: Ahmedabad
Date: April 30, 2020

For and on behalf of Board of Directors of
Karnavati Aviation Private Limited

Ashutosh Verma
Director
DIN: 08038591
Place: Ahmedabad

Shrikumar Nair
Director
DIN: 03035537
Place: Mumbai

Anish Shah
Chief Financial Officer
Place: Ahmedabad

Anant Shukla
Company Secretary
Place: Ahmedabad

Date: April 30, 2020

Karnavati Aviation Private Limited

Statement of Changes in Equity for the year ended March 31, 2020

Amt in ₹

Particulars	Equity Share Capital	Other Equity			Total
		Equity Component of Borrowing	Reserves and Surplus	Unsecured Perpetual Debt	
			Retained Earning		
Balance as on April 01, 2018	**45,00,00,000**	**42,35,03,819**	**(60,81,16,151)**	**-**	**26,53,87,669**
(Loss) for the year			(4,72,81,772)		(4,72,81,772)
Changes during the year		(24,41,51,982)			(24,41,51,982)
Other Comprehensive Income			(9,03,627)		(9,03,627)
Total Comprehensive Income for the year	**-**	**(24,41,51,982)**	**(4,81,85,399)**	**-**	**(29,23,37,380)**
Perpetual securities issued during the year				1,85,00,00,000	1,85,00,00,000
Balance as at March 31, 2019	**45,00,00,000**	**17,93,51,837**	**(65,63,01,549)**	**1,85,00,00,000**	**1,82,30,50,288**
(Loss) for the year			(9,55,56,089)		(9,55,56,089)
Changes during the year		-			-
Other Comprehensive Income			(8,55,086)		(8,55,086)
Total Comprehensive Income for the year	**-**	**-**	**(9,64,11,175)**	**-**	**(9,64,11,175)**
Balance as at March 31, 2020	**45,00,00,000**	**17,93,51,837**	**(75,27,12,724)**	**1,85,00,00,000**	**1,72,66,39,113**

For SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No.: 118707W

For and on behalf of Board of Directors of
Karnavati Aviation Private Limited

Shubham Rohatgi
Partner
Membership No. 183083

Ashutosh Verma
Director
DIN: 08038591
Place: Ahmedabad

Shrikumar Nair
Director
DIN: 03035537
Place: Mumbai

Anish Shah
Chief Financial Officer
Place: Ahmedabad

Anant Shukla
Company Secretary
Place: Ahmedabad

Place: Ahmedabad
Date: April 30, 2020

Date: April 30, 2020

Karnavati Aviation Private Limited
Statement of Cash Flows for the year ended March 31, 2020

Amt in ₹

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities			
(Loss) before tax as per statement of profit and loss		(9,55,56,089)	(4,72,81,772)
Adjustments for:			
Depreciation and amortisation		18,21,17,575	17,82,13,080
Net gain on sale of current investments		(34,27,333)	(25,30,028)
Finance Cost		3,52,35,162	7,92,46,958
Unrealised foreign exchange (gain) / loss		2,43,639	4,665
Unrealised (gain)/loss on derivative swap contracts (net)		(99,61,926)	51,84,115
Realised loss/(gain) on derivative swap contracts (net)		14,67,090	(15,58,303)
Allowance for Credit Loss		2,45,00,000	-
Operating profit before working capital changes		**13,46,18,118**	**21,12,78,715**
Movements in working capital :			
Decrease in trade receivables		3,08,39,080	5,26,95,143
(Increase) in inventories		(39,59,490)	(21,26,421)
Decrease/(Increase) in financial assets		5,12,800	(4,59,032)
(Increase) in other assets		(99,19,425)	(18,77,210)
(Decrease)/Increase in trade payables		(3,74,22,902)	6,99,74,832
(Decrease) in other liabilities		(62,50,933)	(2,97,65,596)
Increase in provisions		38,24,761	7,97,823
(Decrease)/Increase in financial liabilities		(24,17,448)	37,008
Cash generated (used in) from operations		**10,98,24,561**	**30,05,55,262**
Direct taxes (paid) / Refund (net)		(64,70,648)	8,58,335
Net cash inflow from / (used in) from operating activities	**(A)**	**10,33,53,913**	**30,14,13,597**
Cash flows from investing activities			
Purchase of property, plant and equipment		(75,06,259)	(51,028)
Investment in Mutual Fund		(1,79,01,85,000)	(81,33,14,000)
Proceeds from sale of Mutual Fund		1,79,36,12,333	81,58,44,028
Net cash inflow from / (used in) investing activities	**(B)**	**(40,78,926)**	**24,79,000**
Cash flows from financing activities			
Repayment of non-current borrowings		(45,75,33,530)	(43,94,07,825)
Proceeds from issue of Perpectual Securities		-	1,85,00,00,000
Proceeds from current inter corporate deposit		32,42,00,000	31,21,00,000
Repayment of non-current intercorporate deposit		-	(1,63,06,00,000)
Repayment of current intercorporate deposit		-	(1,46,67,94,490)
(Gain) / Loss on derivative swap contracts		(14,67,090)	15,58,303
Finance Cost paid		(4,00,30,063)	(5,63,79,619)
Net cash inflow from / (used in) financing activities	**(C)**	**(17,48,30,683)**	**(1,42,95,23,632)**
Net increase / (decrease) in cash & cash equivalents	**(A + B + C)**	(7,55,55,696)	(1,12,56,31,035)
Cash and cash equivalents at the beginning of the year		12,69,14,010	1,25,25,45,045
Cash and cash equivalents at the end of the year (Refer note-8)		**5,13,58,314**	**12,69,14,010**

Notes:

Component of cash and cash equivalents		
Balances with scheduled bank		
On current accounts	5,13,58,314	12,69,14,010
Total cash and cash equivalents	**5,13,58,314**	**12,69,14,010**

Summary of significant accounting policies - 2.3

(1) The Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 on Cash Flow Statements notified under section 133 of The Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended).

(2) Disclosure required under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is presented in note - 30

The accompanying note are an integral part of the financial statements
As per our report of even date

For SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No.: 118707W

Shubham Rohatgi
Partner
Membership No. 183083

Place: Ahmedabad
Date: April 30, 2020

For and on behalf of Board of Directors of
Karnavati Aviation Private Limited

Ashutosh Verma
Director
DIN: 08038591
Place: Ahmedabad

Shrikumar Nair
Director
DIN: 03035537
Place: Mumbai

Anish Shah
Chief Financial Officer
Place: Ahmedabad

Anant Shukla
Company Secretary
Place: Ahmedabad

Date: April 30, 2020

1 Corporate information

Karnavati Aviation Private Limited ('KAPL', 'the Company'), is in the business of providing aviation services under the category of Non-Scheduled Operator. KAPL is wholly owned subsidiary company of Adani Ports & Special Economic Zone Limited. Presently, company owns and operates three aircrafts.

The financial statements were authorised for issue in accordance with the resolution of directors on April 30, 2020.

Statement Of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

2.1 Basis of preparation

The Financial Statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

-Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the financial statements are presented in INR.

Current & Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. The asset/liability is expected to be realised / settled in the Company's normal operating cycle;

ii. The asset is intended for sale or consumption;

iii. The asset/liability is held primarily for the purpose of trading;

iv. The asset/liability is expected to be realised/settled within twelve months after the reporting period;

v. The asset is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting

vi. In case of liability, the Company does not have unconditional right to defer the settlement of the liability for at least twelve months after the

All other assets and liabilities are classified as non-current.

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

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and time between acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

2.2 Use of Estimates and Judgments

The preparation of financial statements in conformity with Ind AS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainity

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Useful life and residual value of property, plant and equipments and intangible assets:

Determination of the estimated useful life of property, plant and equipment and intangible assets and the assessment as to which components of the cost may be capitalised. Useful life of these assets is based on the life prescribed in Schedule II to the Companies Act, 2013 or based on technical estimates, taking into account the nature of the asset, estimated usage, expected residual values and operating conditions of the asset. Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

ii) Taxes:

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Significant management judgement is also required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961.

iii) Fair value measurement of financial instruments:

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iv) Recognition and measurement of Contingent liabilities, provisions and uncertain tax positions:

There are various legal, direct and indirect tax matters and other obligations including local and state levies, availing input tax credits etc., which may impact the Company. Evaluation of uncertain liabilities and contingent liabilities arising out of above matters and recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions.

v) Defined benefit plans (Gratuity benefits):

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

vi) Recoverability of advances/ receivables:

At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

vii) Impairment of Non Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset.The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used.

2.3 Summary of significant accounting policies

a) Inventories

Stores and Spares:
- Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

c) Property, plant and equipment (PPE)

i. Recognition and Measurement

Property, plant and equipment (including Capital work in progress) is stated at cost, net of accumulated depreciation and accumulated impairment
The Company adjusts exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding as at March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset. The depreciation on such foreign exchange difference is recognised from first day of the financial year.

ii. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013. The Identified component of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. 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.

iii. Derecognition

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

d) Intangible assets

i. Recognition and Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

ii. Amortisation
The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	**Estimated Useful Life**
Software	5 Years or useful life whichever is less

iii. Derecognition
An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

e) Revenue Recognition
Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as per contracts with the customers. Revenue also excludes taxes collected from customers in its capacity as an agent. The accounting policy for the specific revenue streams of the company are summarised below:

Rendering of services
Income from services is reognised based on the terms of agreements as and when the services are rendered and are net of taxes.
Income from mutual fund
Profit / (loss) on sale of investment are recognised on the contract date.

<u>Contract Balances</u>

Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional and is disclosed as "Unbilled Revenue" under Other Current Financial Assets.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

Contract Liability
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs obligations under the contract. The same is disclosed as "Advance from Customers" under Other Current Liabilities.

f) Foreign Currency Translation
The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company determines the functional currency and items included in the financial statements of are measured using that functional currency.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

ii) Translation
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date

iii) Exchange Differences
Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception stated below:

Exchange differences arising on long-term foreign currency monetary items (including funds used for projects work in progress) related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset

g) Employees Retirement Benefits
i) Defined contribution plan : Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

ii) Defined benefit plan : The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
> Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
> Net interest expense or income

iii) Compensated absences : Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date.

iv) Short term employee benefits: They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are received.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Related Party Transactions

Disclosure of transactions with Related Parties, as required by Ind-As 24 "Related Party Disclosures" has been set out in a separate note. Related parties as defined under Ind-As 24 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

k) Leases

Ind AS 116 supersedes Ind AS 17 Leases and appendix A to Ind AS 17 Operating Leases—Incentives, appendix B to Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and appendix C to Ind AS 17 Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption and applied the Standard to its leases on a prospective basis. The adoption of the standard did not have any material impact to the financial statments. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying Ind AS 17 and appendix A to Ind AS 17 Operating Leases—Incentives, appendix B to Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and appendix C to Ind AS 17 Determining whether an Arrangement contains a Lease. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

1. Right-of-use assets

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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certainto obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

l) Earnings per share

The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

m) Taxes

i) Current tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Provision for current year tax has not been made in absence of taxable profit.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except
> When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
> When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

n) Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of The company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

Intangible assets with indefinite useful lives are tested for impairment annually as at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

o) Provisions (other than employee benefits), Contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable 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. The expense relating to a provision is presented in the statement of profit and loss.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Expenditure

Expenditures are accounted net of taxes recoverable, wherever applicable.

q) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

> In the principal market for the asset or liability, or
> In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company
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 best economic interest.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

> Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
> Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

> Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of unquoted financial assets and financial liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with The Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per The Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company , in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on a yearly basis.

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

r) 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.

Financial assets

Initial recognition and measurement
All financial assets, except investment in subsidiaries, associates and joint ventures are recognised initially at fair value.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
> Debt instruments at amortised cost
> Debt instruments at fair value through other comprehensive income (FVTOCI)
> Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
> Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b)Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.
In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, The Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
> The rights to receive cash flows from the asset have expired, or
> The Company has transferred its rights to receive cash flows from the asset or 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 either (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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;
a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances
b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI)
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
The Company follows 'simplified approach' for recognition of impairment loss allowance on:
> Trade receivables or contract revenue receivables; and
> All lease receivables resulting from transactions within the scope of Ind AS 17
Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk said initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.
ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head " Other Expense" in the P&L.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.
Gains or losses on liabilities held for trading are recognised in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains / loss are not subsequently transferred to P&L. However, The Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.
This category generally applies to borrowings.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through profit or loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

s) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, options etc. to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument are recognised in the statement of profit and loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance expense.

2.4 Changes in accounting policies and disclosures

New and amended standards

The following standards and amendments became applicable for the first time for the annual reporting period commencing 1 April 2019:

- Ind AS 116 - Leases
- Appendix C to Ind AS 12 Uncertainity over Income Tax Treatment
- Amendment to Ind AS 12, Income Taxes
- Ind AS 19 – Plan Amendment, Curtailment or Settlement
- Ind AS 109 – Prepayment Features with Negative Compensation:

Other Amendments:

Apart from aforesaid amendments in various, below mentioned amendments in Ind AS which did not have any material impact to the financial statments.

a. Ind AS 23 – Borrowing Costs;
b. Ind AS 28 – Long-term Interests in Associates and Joint Ventures;
c. Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements;

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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Karnavati Aviation Private Limited
Notes to Financials statements for the year ended March 31, 2020
Note 3 - Property, plant and equipment

Amt in `

Particulars	Tangible assets						Intangible assets		Grand Total
	Computer Hardware	Office Equipments	Furniture & Fixtures	Vehicles	Aircraft	Total	Software	Total	
Gross Carrying Value									
As at April 1, 2018	10,42,320	4,68,931	1,40,426	8,72,572	2,93,00,78,159	**2,93,26,02,408**	4,74,411	**4,74,411**	**2,93,30,76,818**
Additions	6	51,009	13	-	-	51,028	-	-	51,028
Exchange difference	-	-	-	-	8,47,36,452	8,47,36,452	-	-	8,47,36,452
As at April 1, 2019	**10,42,326**	**5,19,940**	**1,40,439**	**8,72,572**	**3,01,48,14,611**	**3,01,73,89,888**	**4,74,411**	**4,74,411**	**3,01,78,64,298**
Additions	74,650	4,79,222	64,886	-	68,87,500	75,06,258	-	-	75,06,258
Exchange difference	-	-	-	-	5,49,82,517	5,49,82,517	-	-	5,49,82,517
As at March 31, 2020	**11,16,976**	**9,99,162**	**2,05,325**	**8,72,572**	**3,07,66,84,628**	**3,07,98,78,662**	**4,74,411**	**4,74,411**	**3,08,03,53,073**
Accumulated Depreciation									
As at April 1, 2018	7,07,551	3,02,384	75,308	7,00,997	51,86,73,572	**52,04,59,812**	3,19,091	**3,19,091**	**52,07,78,903**
Depreciation for the year	1,79,567	75,743	26,352	87,188	17,77,37,867	17,81,06,717	1,06,363	1,06,363	17,82,13,080
As at April 1, 2019	**8,87,118**	**3,78,127**	**1,01,660**	**7,88,185**	**69,64,11,439**	**69,85,66,529**	**4,25,454**	**4,25,454**	**69,89,91,983**
Depreciation for the year	53,691	58,999	8,520	-	18,19,47,408	18,20,68,618	48,957	48,957	18,21,17,575
As at March 31, 2020	**9,40,809**	**4,37,126**	**1,10,180**	**7,88,185**	**87,83,58,847**	**88,06,35,147**	**4,74,411**	**4,74,411**	**88,11,09,557**
Net Carrying Value									
As at March 31, 2019	1,55,208	1,41,813	38,779	84,387	2,31,84,03,172	2,31,88,23,359	48,957	48,957	2,31,88,72,316
As at March 31, 2020	1,76,167	5,62,036	95,145	84,387	2,19,83,25,781	2,19,92,43,516	-	-	2,19,92,43,516

Note : Refer to note 11 for security / charges created on Aircraft

4 Trade Receivables

		March 31, 2020 Amt in `	March 31, 2019 Amt in `
Current			
- Unsecured, considered good (refer note - 29 for related parties)		45,06,75,639	50,60,14,719
- Credit impaired		3,12,07,892	67,07,892
		48,18,83,531	51,27,22,611
Less: Allowances for expected credit losses		(3,12,07,892)	(67,07,892)
		45,06,75,639	**50,60,14,719**

5 Other Financial assets
(Unsecured, considered good unless otherwise Stated)

		March 31, 2020 Amt in `	March 31, 2019 Amt in `
Non-current			
Security and other deposits		1,22,91,892	1,27,91,892
		1,22,91,892	**1,27,91,892**
Current			
Security and other deposits		-	60,000
Derivative Assets		42,56,664	-
Loans and advances to employees		8,89,956	8,42,754
		51,46,620	**9,02,754**

6 Other Assets
(Unsecured, considered good unless otherwise Stated)

		March 31, 2020 Amt in `	March 31, 2019 Amt in `
Non Current			
Advances recoverable other than in cash		3,61,643	5,72,602
	(A)	**3,61,643**	**5,72,602**
Others			
Taxes Recoverable		1,95,29,073	1,30,58,425
	(B)	**1,95,29,073**	**1,30,58,425**
	(A + B)	**1,98,90,716**	**1,36,31,027**
Current			
Advances recoverable other than in cash			
Unsecured, considered good		1,16,99,070	49,64,907
Unsecured, considered doubtful		57,00,090	57,00,090
		1,73,99,160	1,06,64,997
Unsecured, considered doubtful		(57,00,090)	(57,00,090)
	(A)	**1,16,99,070**	**49,64,907**
Others			
Prepaid Expenses		59,81,704	21,23,080
Balances with statutory / Government authorities			
Deposited against Demand in dispute		35,00,000	35,00,000
GST receivable		3,83,333	8,37,736
	(B)	**98,65,037**	**64,68,816**
	(A + B)	**2,15,64,107**	**1,14,33,723**

7 Inventories

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Stores and spares	1,86,27,503	1,46,68,013
	1,86,27,503	**1,46,68,013**

Note :
Inventories are valued at lower of cost or net realisable value

8 Cash and cash equivalents

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Balances with banks:		
Balance in current account	5,13,58,314	12,69,14,010
	5,13,58,314	**12,69,14,010**

9	Share capital	March 31, 2020 Amt in `	March 31, 2019 Amt in `
	Authorised		
	4,50,00,000 Equity Shares of ` 10 each (4,50,00,000 Equity Shares of ` 10 each as at March 31, 2019)	45,00,00,000	45,00,00,000
		45,00,00,000	**45,00,00,000**
	Issued, subscribed and fully paid up shares		
	4,50,00,000 Equity Shares of ` 10 each (4,50,00,000 Equity Shares of ` 10 each as at March 31, 2019)	45,00,00,000	45,00,00,000
		45,00,00,000	**45,00,00,000**

Notes:

(a) Reconciliation of the number of the shares outstanding at the beginning and end of the year:

	March 31, 2020		March 31, 2019	
	Nos	Amt in `	Nos	Amt in `
At the beginning of the year	4,50,00,000	45,00,00,000	4,50,00,000	45,00,00,000
New Shares Issued during the year	-	-	-	-
At the end of the year	**4,50,00,000**	**45,00,00,000**	**4,50,00,000**	**45,00,00,000**

(b) Terms/rights attached to equity shares:

The company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

(c) Shares held by parent company

Out of equity shares issued by the company, shares held by its parent company is as below:

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Adani Ports and Special Economic Zone Limited, the parent company and its nominee		
4,50,00,000 Equity Shares of ` 10 each (4,50,00,000 Equity Shares of ` 10 each as at March 31, 2019)	45,00,00,000	45,00,00,000

(d) Details of shareholder holding more than 5% shares in the Company

Equity shares of ` 10 each fully paid	Particulars	March 31, 2020	March 31, 2019
Adani Ports and Special Economic Zone Limited, the parent company	Nos	4,50,00,000	4,50,00,000
and its nominee	% Holding	100.00%	100.00%

10	Other Equity		March 31, 2020 Amt in `	March 31, 2019 Amt in `
(i)	**Equity Component of Borrowing**			
	- Opening balance		17,93,51,837	42,35,03,819
	- Addition / (Reduction) during the year		-	(24,41,51,982)
	- Closing Balance	(A)	**17,93,51,837**	**17,93,51,837**
(ii)	**Retained Earnings**			
	- Opening balance		(65,63,01,549)	(60,81,16,151)
	- Losses for the year		(9,55,56,089)	(4,72,81,772)
	- Other Comprehensive Income		(8,55,086)	(9,03,627)
		(B)	**(75,27,12,724)**	**(65,63,01,549)**

Note: The portion of profits not distributed among the shareholders are termed as retained earnings. The company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

(iii)	**Unsecured Pepetual Debt**			
	- At the beginnig of the year		1,85,00,00,000	-
	- Issued / (Redeemed) during the year		-	1,85,00,00,000
	- At the end of the year	(C)	**1,85,00,00,000**	**1,85,00,00,000**
		Total (A) + (B) + (C)	**1,27,66,39,113**	**1,37,30,50,288**

Note: The Company had issued perpetual non convertible debentures amounting to ` 1,85,00,00,000 to Parent Company during previous year. These securities are perpetual in nature with no fixed maturity or redemption period and are callable only at the option of the Company.These securities are issued with coupon of 6.50 % but payable at the option of the Company though in case Company decide to declare dividend, the interest will be paid. As these securities are perpetual in nature and the Company does not have any redemption obligation,these are classified as 'equity'.

11 Borrowings	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Non-Current		
Term loans		
Foreign currency term loans (secured) (refer note a, b)	16,74,54,437	45,22,20,877
Inter Corporate Deposit (refer note c) (Unsecured)	-	-
	16,74,54,437	**45,22,20,877**
Current maturities of long term borrowings		
Foreign currency term loans (secured) (refer note a, b)	32,73,36,868	44,51,21,441
Less: Amount shown under other current liabilities (refer note 12)	(32,73,36,868)	(44,51,21,441)
	-	-
Net Non-Current Borrowing	**16,74,54,437**	**45,22,20,877**
Current Borrowings		
Inter Corporate Deposit (refer note c) (Unsecured)	48,07,00,000	15,65,00,000
Net current borrowing	**48,07,00,000**	**15,65,00,000**
The above amount includes		
Secured borrowings	49,47,91,305	89,73,42,318
Unsecured borrowings	48,07,00,000	15,65,00,000
Total borrowings	**97,54,91,305**	**1,05,38,42,318**

Notes:

(a) Loan from Export Development Canada has been fully repaid during current financial year.

(b) Loan from Bank of America (` 49,47,91,304) which carries interest @ LIBOR plus 175 basis points. The loan is repayable in 6 quarterly instalments from the balance sheet date. The loan is secured by hypothecation of aircraft Legacy - 650. Additionally it is secured by corporate guarantee of holding company.

(c) Inter corporate deposit is received from Adani Ports and Special Economic Zone Ltd., the parent company, at Nil interest rate which is repayable within a year which may be further extended on mutual terms.

12 Other financial liabilities	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Current		
Other current financial liabilities		
Current maturities of long term borrowings (refer note 11)	32,73,36,868	44,51,21,441
Interest accrued but not due on borrowings	16,61,726	64,56,627
Capital creditors, retention money and other payable	58,547	24,75,995
Derivative Liabilities	-	57,05,261
	32,90,57,141	**45,97,59,324**

13 Deferred Tax Assets (net)	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Tax effect of items constituting deferred tax liabilities :		
Property, Plant & Equipment	53,23,84,380	54,58,03,787
Total	**53,23,84,380**	**54,58,03,787**
Tax effect of items constituting deferred tax assets :		
(i) Unabsorbed depreciation	52,89,41,583	54,38,87,293
(ii) Unpaid leave encashment	7,99,265	12,57,427
(iii) Unpaid Gratuity	5,94,116	2,28,483
(iv) Unpaid Bonus	20,49,416	4,30,585
Total	**53,23,84,380**	**54,58,03,788**

Note :

As per IndAS 12, net deferred tax assets as on March 31, 2020 is ` 17,36,32,223/- (March 31, 2019 ` 15,25,52,325/-). However the company has recognised deferred tax assets only to the extent of deferred tax liability on prudential basis.

(a) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Profit / (loss) before taxes	**(9,55,56,088.60)**	**(4,72,81,771.51)**
Income tax expense calculated at 29.12%	(2,78,25,933.00)	(1,37,68,451.86)
Unrecognised tax impact of OCI (income) / expenses	(2,49,001.04)	(2,63,136.18)
Unrecognised deffered tax	2,09,40,534.05	3,20,06,080.88
Effect of expenses that are not deductible in determining taxable profit	-	69,92,626.00
Temporary difference on which deferred tax not created	71,34,400.00	-
Impact of Deferred Tax of Previous year	-	(2,49,67,119.00)
Income tax expense recognised in profit or loss	**-**	**-**

(b) Movement in deferred tax assets/liabilities for the year ended 31st March, 2020 Amt in `

Particulars	Opening Balance as at 1st April, 2019	Recognised in profit and Loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2020
Tax effect of items constituting deferred tax liabilities :				
Property, Plant & Equipment	54,58,03,787	(1,34,19,407)	-	53,23,84,380
Total	**54,58,03,787**	**(1,34,19,407)**	**-**	**53,23,84,380**
Tax effect of items constituting deferred tax assets :				
(i) Unabsorbed depreciation	54,38,87,292	(1,49,45,709)	-	52,89,41,583
(ii) Unpaid leave encashment	12,57,427	7,91,989	-	20,49,416
(iii) Unpaid Gratuity	2,28,483	5,70,782	-	7,99,265
(iv) Unpaid Bonus	4,30,585	1,63,531	-	5,94,116
Total	**54,58,03,787**	**(1,34,19,407)**	**-**	**53,23,84,380**
	-	-	-	-

(c) Movement in deferred tax assets/liabilities for the year ended 31st March, 2019 Amt in `

Particulars	Opening Balance as at 1st April, 2018	Recognised in profit and Loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2019
Tax effect of items constituting deferred tax liabilities :				
Property, Plant & Equipment	58,59,16,332	(4,01,12,545)	-	54,58,03,787
Total	**58,59,16,332**	**(4,01,12,545)**	**-**	**54,58,03,787**
Tax effect of items constituting deferred tax assets :				
(i) Unabsorbed depreciation	58,46,49,213	(4,07,61,921)	-	54,38,87,292
(ii) Unpaid leave encashment	9,90,447	2,66,980	-	12,57,427
(iii) Unpaid Gratuity	(1,39,513)	3,67,996	-	2,28,483
(iv) Unpaid Bonus	4,16,185	14,400	-	4,30,585
Total	**58,59,16,332**	**(4,01,12,545)**	**-**	**54,58,03,787**
	-			-
	-	-	-	-

(d) Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Particulars	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
Unabsorbed depreciation	59,62,64,502	52,38,74,741
	59,62,64,502	**52,38,74,741**

14 Provisions

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Non-current		
Provision for gratuity (refer note 28)	27,44,730	7,84,624
Provision for compensated absences	46,64,791	27,39,046
	74,09,521	**35,23,670**
Current		
Provision for compensated absences	23,73,037	15,79,041
	23,73,037	**15,79,041**

Note :
Bifurcation of provision for compensated absences & gratuity into current and non-current is based on Actuary Report.

15 Other Liabilities

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Current		
Statutory liability		
- TDS Payable	40,76,563	12,66,197
- PF Payable	5,77,150	4,30,765
- Other statutory liability (Including Professional Tax,GST,etc.)	31,64,078	1,23,86,879
Advance from customers	15,117	-
	78,32,908	**1,40,83,841**

16 Trade Payables

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Total outstanding dues of micro enterprises and small enterprises (refer note - 31)	-	1,68,179
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,73,32,150	9,43,43,234
	5,73,32,150	**9,45,11,413**

Note: refer note - 31 for related parties dues

17 Revenue from Operations

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Revenue from Contract with Customers		
Income from Aircraft Operations	47,92,53,304	62,71,73,298
	47,92,53,304	**62,71,73,298**

a) Reconciliation of revenue recognised with contract price:

Particulars	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Revenue as per contracted price	47,94,76,742	62,76,94,965
Adjustments:		
Discounts	(2,23,438)	(5,21,667)
Revenue from Contract with Customers	**47,92,53,304**	**62,71,73,298**

18 Other Income

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Interest Income on		
Income Tax Refund	-	5,03,851
Gain / (loss) on redumption of current investments (Net)	34,27,333	25,30,028
Insurance Claims income	5,43,40,000	-
	5,77,67,333	**30,33,879**

19 Operating Expenses

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Aircraft fuel	5,36,51,627	6,28,97,453
Airport charges	3,01,65,244	3,06,48,431
Aircraft hiring charges	1,23,87,822	80,18,756
Aircraft running & operating expenses	1,50,41,674	48,95,574
Pilot hiring charges	14,25,536	22,70,032
	11,26,71,903	**10,87,30,246**

20 Employee benefit expense

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Salaries and wages	6,32,90,572	4,43,03,408
Contribution to provident and other funds	31,03,859	22,43,037
Gratuity (refer note 28)	11,05,020	6,20,221
Staff welfare expenses	6,22,413	6,96,299
	6,81,21,864	**4,78,62,965**

21 Finance Costs

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Interest Expenses:		
Interest on foreign currency borrowings	2,94,00,187	5,11,63,656
Interest on loan from related party	-	2,40,13,139
Interest on service tax	2,53,364	-
Others	8,902	13,122
Other Borrowing Cost:		
Bank and other finance charges	55,72,709	40,57,041
	3,52,35,162	**7,92,46,958**
(Gain) / Loss on derivatives / Swap contracts (net)	(84,94,835)	36,25,812
	2,67,40,327	**8,28,72,770**

22 Other Expenses

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Legal & Professional expenses	75,54,278	66,83,303
Membership & Subscription Expenses	25,74,449	5,63,630
Travelling and Conveyance	72,96,255	94,90,800
Stores & Spares consumed	2,45,52,973	3,69,22,579
Repair & Maintenance expenses		
Aircraft	16,17,83,699	19,50,09,424
Buildings	4,57,707	944
Others	8,20,923	2,65,491
Rent expenses	13,23,312	13,23,744
Communication Expenses	10,18,253	11,35,514
Rates and Taxes - Permission & License Fees	4,33,316	11,15,681
Printing and Stationery Expenses	2,74,009	2,61,863
Security expenses	13,22,116	2,37,458
Office expenses	2,20,053	2,31,349
Electricity expenses	2,35,740	2,38,730
Miscellaneous expenses	42,857	1,49,388
Insurance expenses	81,05,978	59,59,187
Allowance for Credit Loss	2,45,00,000	-
Loss on foreign exchange variation (net)	2,43,639	4,665
Advertisement and Publicity	68,250	83,139
Payment to auditors (refer note 1 below)	97,250	85,000
Directors sitting fee	-	48,000
	24,29,25,057	**25,98,09,888**

Note: 1

Payment to Auditor	March 31, 2020 Amt in `	March 31, 2019 Amt in `
As auditor:		
Audit fee	89,250	85,000
In other capacity:		
Certification fees	8,000	-
Other services	-	-
Reimbursement of expenses	-	-
	97,250	**85,000**

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24 Earnings per share

	March 31, 2020 Amt in `	March 31, 2019 Amt in `
Profit / (Loss) attributable to equity shareholders of the company	(9,55,56,089)	(4,72,81,772)
Weighted average number of equity shares outstanding during the year	4,50,00,000	4,50,00,000
Basic and Diluted earning per share (in `) (face value of equity shares ` 10 each)	(2.12)	(1.05)

25 Contingent liabilities not provided for

Amt in `

Sr.No.	Particulars	March 31, 2020	March 31, 2019
a	In terms of the Show Cause cum Demand Notice issued by the Office of the Commissioner of Customs Preventive Section dated 27/02/2009, a demand of Rs. 14.67 Crore along with applicable interest and penalty thereon for the differential amount of Customs Duty in respect of import of Aircraft Hawker 850 XP under Non-Scheduled Operation Permit (NSOP) has been raised on the Company against which Corporate Guarantee from Holding Company and Bank Guarantee given to Customs department.	29,34,30,972	29,34,30,972
b	In terms of the Show Cause Notice issued by the Office of the Commissioner of Customs for a demand of Rs. 18.33 Crore along with applicable interest and penalty thereon for the differential amount of Customs Duty in respect of import of Bombardier Challenger CL-605 under Non-Scheduled Operation Permit (NSOP) has been raised on the Company against which Corporate Guarantee from Holding Company and Bank Guarantee given to Customs department.	36,65,63,102	36,65,63,102
c	Show cause notice received from Directorate General of Central Excise Intelligence for Non-Payment of Service Tax on Domestic Journey and on certain Foreign Service on reverse base mechanism amounting to Rs. 3,03,74,964/-, In this matter Company had filed appeal with Commissioner of Service Tax & Company has also received order for the same. In reference to order passed by Commissioner of Service Tax, the Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal against Order of Commissioner for confirmation of tax liability of Rs.3,71,30,634/- (including Penalty). The Company has taken an external opinion in the matter based on which the management is of the view that no liability shall arise on the Company. The company has paid Rs 35,00,000/- under protest.	3,71,30,634	3,71,30,634
d	Bank Guarantee given to Deputy Commissioner of Customs for import of Aircraft Legacy 650 under the Notification No. 12/2012 Sr. No. 453 customs condition no. 77 notified by the Govt. of India.	26,80,00,000	26,80,00,000
e	Company has received assessment order u/s 143(3) r.w.s 147 of the Income Tax Act, 1961 dated 21.10.2015 whereby certain remittances made to non-residents are disallowed due to non-withholding of taxes for A.Y. 2010-11 (F.Y. 2009-10). Company has filed appeal with CIT(A) and it has dismissed the appeal filed by company vide order dated 16.02.2018. Further, company has filed appeal with ITAT on 17th April 2018 against order of CIT(A). Considering the tax losses for A.Y. 2010-11 demand is nil.	-	-
f	The Hon'ble Supreme Court (SC) has passed a judgement dated 28th February 2019, relating to components of salary structure to be included while computing the contribution to provident fund under the Employees Provident Fund Act, 1952. The Company's Management is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any. Currently, the Company has not considered any impact in these financial statements.	-	-

Notes:

- The amount of interest and penalty on the above contingencies is not included in the above amounts wherever not ascertainable.
- Management is not expecting any future cash outflow with respect to above litigations.

26 Capital & other commitments:

Amt in `

Particulars	March 31, 2020	March 31, 2019
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	9,68,628	88,087

27 Segment information

In accordance with the Ind-As 108 -" Operating Segments" , the Company has a single operating segment as Aviation services.Therefore, the segment revenue, results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement themselves as at and for the financial year ended 31st March, 2020.

adani Ports and Logistics

28 Disclosures as required by Ind AS - 19 Employee Benefits

The Company has made provision in the accounts for Gratuity based on actuarial valuation. The particulars under the Ind AS 19 "Employee Benefits" furnished below are those which are relevant and available to the Company for this year.

Contributions to Defined Contribution Plan, recognised as expense for the year are as under:

Amt in `

Particular		For the year ended March 31, 2020	For the year ended March 31, 2019
Provident Fund		29,59,033	21,31,568
Super Annuation Fund		-	-
	Total	**29,59,033**	**21,31,568**

The company has a defined gratuity plan. Under the plan every employee who has completed at least five year of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Tata AIA Life Insurance Company Ltd. (TATA AIA Life) in form of a qualifying insurance policy for future payment of gratuity to the employees.

Liability in respect of Gratuity is determined based on actuarial valuation done by actuary as at the balance sheet date. Each year, the management reviews the level of funding in the gratuity fund. Such review includes the asset - liability matching strategy. The management decides its contribution based on the results of this review. The management aims to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

These post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk

Investment Risk	These Plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

Gratuity

a)Changes in present value of the defined benefit obligation are as follows: Amt in `

Particulars	March 31, 2020	March 31, 2019
Present value of the defined benefit obligation at the beginning of the year	45,97,574	30,92,878
Current service cost	10,45,262	6,57,564
Interest cost	3,50,159	2,41,073
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	72,506	(77,437)
- change in financial assumptions	5,29,707	7,58,610
- experience variance	2,16,552	1,85,014
Benefits paid	-	(2,17,655)
Liability Transfer In	-	57,292
Liability Transfer Out	-	(99,765)
Present value of the defined benefit obligation at the end of the year	**68,11,760**	**45,97,574**

b)Changes in fair value of plan assets are as follows: Amt in `

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets at the beginning of the year	38,12,950	35,71,976
Investment income	2,90,401	2,78,416
Contributions by employer	-	-
Return on plan assets , excluding amount recognised in net interest expense	(36,321)	(37,442)
Fair value of plan assets at the end of the year	**40,67,030**	**38,12,950**

c) Net asset/(liability) recognised in the balance sheet Amt in `

Particulars	March 31, 2020	March 31, 2019
Present value of the defined benefit obligation at the end of the year	68,11,760	45,97,574
Fair value of plan assets at the end of the year	40,67,030	38,12,950
Amount recognised in the balance sheet	(27,44,730)	(7,84,624)
Net (liability)/asset - Current	-	-
Net (liability)/asset - Non-current	**(27,44,730)**	**(7,84,624)**

d) Expense recognised in the statement of profit and loss for the year Amt in `

Particulars	March 31, 2020	March 31, 2019
Current service cost	10,45,262	6,57,564
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	59,758	(37,343)
Total Expenses included in employee benefits expense	**11,05,020**	**6,20,221**

e) Recognised in the other comprehensive income for the year Amt in `

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/losses arising from		
- change in demographic assumptions	72,506	(77,437)
- change in financial assumptions	5,29,707	7,58,610
- experience variance (i.e. actual experience vs assumptions)	2,16,552	1,85,014
Return on plan assets, excluding amount recognised in net interest expense	36,321	37,442
Recognised in comprehensive income	**8,55,086**	**9,03,629**

f) Quantitative sensitivity analysis for significant assumption is as below

Increase/(decrease) in present value of defined benefits obligation at the end of the year

Particulars	March 31, 2020		March 31, 2019	
Assumptions	Discount rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	Amt in `	Amt in `	Amt in `	Amt in `
	(6,29,784)	7,29,393	(3,86,646)	4,43,359

Particulars	March 31, 2020		March 31, 2019	
Assumptions	Salary Growth rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	Amt in `	Amt in `	Amt in `	Amt in `
	7,12,844	(6,28,142)	4,37,263	(3,88,671)

Particulars	March 31, 2020		March 31, 2019	
Assumptions	Attrition rate			
Sensitivity level	0.50% Increase	0.50% Decrease	0.50% Increase	0.50% Decrease
Impact on defined benefit obligations	Amt in `	Amt in `	Amt in `	Amt in `
	(2,08,324)	2,86,752	(73,498)	89,730

Particulars	March 31, 2020		March 31, 2019	
Assumptions	Mortality rate			
Sensitivity level	0.10% Increase	0.10% Decrease	0.10% Increase	0.10% Decrease
Impact on defined benefit obligations	Amt in `	Amt in `	Amt in `	Amt in `
	(1,318)	1,324	(155)	156

Sensitivity Analysis Method

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

g)The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

* As the gratuity fund is managed by Tata AIA Life Insurance Company Limited, details of fund invested by insurer are not available with company.

h)The principle assumptions used in determining gratuity obligations are as follows: Amt in `

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.70%	7.60%
Rate of escalation in salary (per annum)	8.00%	8.00%
Mortality	Indian assured mortality table 2012-14	Indian assured mortality table 2006-08
Attrition rate	6.71 %	7.75 %

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

i) Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected Contribution during the next annual reporting period

The company expects to contribute ` 39,53,393 /- (previous year ` 16,30,662/-) to gratuity fund in the next year.

c) Maturity Profile of Defined Benefit Obligation

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2019: 9 years). The expected maturity analysis of gratuity benefits is as follows :

Expected cash flows over the next (valued on undiscounted basis):	Amount in `
1 year	3,79,710
2 to 5 years	18,39,899
6 to 10 years	24,37,037
More than 10 years	1,02,80,149

j) Risk Exposure and Asset Liability Matching

Through its defined benefit plan of Gratuity, the Company is exposed to its number of risks, viz. asset volatility, changes in return on assets, inflation risks and life expectancy. The Company has purchased insurance policy, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk.

k) Compensated absences/ leaves

Other long term employee benefits comprise of compensated absences/leaves, which are recognised based on actuarial valuation. The actuarial liability for compensated absences as at the year ended March 31, 2020 is ` 31,54,288 (March 31, 2019: ` 54,52,043).

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23 Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

A) Financial Assets and Liabilities

The Company's principal financial assets include loans and trade receivables, investments, cash and cash equivalents and other receivables. The Company's principal financial liabilities other than derivatives comprise of borrowings, provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and projects.

B) Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level-1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level-2 : Inputs are other than quoted prices included within Level-1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level-3 : Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on the assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

C) Disclosure of fair value measurement and fair value hierarchy for financial assets and liabilities

The following tables summarises carrying amounts of financial instruments by their categories and their levels in fair value hierarchy for each year end pr

a) The carrying value of financial instruments by categories as of March 31, 2020 is as follows :

Amt in `

Particulars	Note	Fair Value through other Comprehensive Income	Fair Value through Profit & Loss (level II)	Amortised Cost	Total
Financial Assets					
Trade receivables	4	-	-	45,06,75,639	45,06,75,639
Cash and cash equivalents	8	-	-	5,13,58,314	5,13,58,314
Others financial assets	5	-	-	1,31,81,848	1,31,81,848
Derivative Assets	5	-	42,56,664	-	42,56,664
		-	**42,56,664**	**51,52,15,801**	**51,94,72,465**
Financial Liabilities					
Borrowings	11	-	-	64,81,54,437	64,81,54,437
Trade payables	16	-	-	5,73,32,150	5,73,32,150
Other financial liabilities	12	-	-	32,90,57,141	32,90,57,141
		-	**-**	**1,03,45,43,728**	**1,03,45,43,728**

b) The carrying value of financial instruments by categories as of March 31, 2019 is as follows :

Amt in `

Particulars	Note	Fair Value through other Comprehensive Income	Fair Value through Profit & Loss (level II)	Amortised Cost	Total
Financial Asset					
Trade receivables	4	-	-	50,60,14,719	50,60,14,719
Cash and Cash Equivalents	8	-	-	12,69,14,010	12,69,14,010
Others financial assets	5	-	-	1,36,94,646	1,36,94,646
		-	**-**	**64,66,23,375**	**64,66,23,375**
Financial Liabilities					
Borrowings	11	-	-	60,87,20,877	60,87,20,877
Trade payables	16	-	-	9,45,11,413	9,45,11,413
Other financial liabilities	12	-	-	45,40,54,063	45,40,54,063
Derivative Liabilities	12	-	57,05,261	-	57,05,261
		-	**57,05,261**	**1,15,72,86,353**	**1,16,29,91,614**

D) Financial Instruments and Financial Risk Review

The company's Financial Risk management is an integral part of how to plan and execute its business strategies. The Company's risk management activities are subject to the management direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the Company. The Management ensures appropriate risk governance framework for the Company through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

In the ordinary course of business, the Company is mainly exposed to risks resulting from interest rate movements (Interest rate risk) ,Commodity price changes (Commodity risk) and exchange rate fluctuation (Currency risk) collectively referred as Market Risk, Credit Risk, Liquidity Risk and other price risks such as equity price risk. The Company's senior management oversees the management of these risks.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: Commodity risk, interest rate risk, currency risk and price risk.

Foreign currency risk

Exchange rate movements, particularly the United States Dollar (USD) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into suitable foreign exchange contracts in stable currency environment on foreign currency borrowing.

The sensitivity of profit or loss due to changes in the exchange rates arises mainly from non-derivative foreign currency denominated financial instruments (mainly financial instruments denominated in USD and SGD currencies). The same is summarized as below:

Amt in `

Sr. No.	Particulars	Impact on profit before tax	
		For the year ended March 31, 2020	For the year ended March 31, 2019
1	**USD Sensitivity** INR / USD – by 1%	1,71,358	1,17,650

Derivative instruments and unhedged foreign currency exposure

The Company has taken forward contracts to hedge its principal payment of foreign currency loan. The aggregate outstanding details of derivative

Nature	Particulars of derivatives		Purpose
	March 31, 2020 Amt in $	March 31, 2019 Amt in $	
Forward Contract	10,69,183	53,75,523	Hedging of foreign currency borrowing.
Total	**10,69,183**	**53,75,523**	

The details of foreign currency exposures those are not hedged by a derivative instrument or otherwise are as under:

Nature	March 31, 2020		March 31, 2019	
	Amount Amt in ₹	Foreign Currency Amt in $	Amount Amt in ₹	Foreign Currency Amt in $
Foreign currency loan	41,38,91,602	54,70,054	52,55,98,025	76,00,290
Interest accrued but not due	16,61,726	21,962	64,56,627	93,365
Trade payables	1,54,74,047	2,04,507	53,08,369	76,760
Total	**43,10,27,375**	**56,96,523**	**53,73,63,021**	**77,70,415**

Closing Rate as at March 31, 2020
INR / USD = 75.665

Closing Rate as at March 31, 2019
INR / USD = ₹ 69.155

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 is exposed to changes in interest rates due to its financing, investing and cash management activities. The risks arising from interest rate movements arise from borrowings with variable interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for interest rate risk. The Group's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and mitigated in accordance with the Group's policies and risk objectives.

For Company's total borrowings, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Particulars	March 31, 2020	March 31, 2019
Total Borrowings	97,54,91,305	1,05,38,42,318
% of borrowings out of above bearing variable rate of interest	50.72%	85.15%

In case of fluctuation in interest rates by 50 basis points and all other variable were held constant, the Company's profit for the year would increase or decrease as follows

Amt in `

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impact on profit before tax for the year	24,73,957	44,86,712

ii) **Credit risk**

Credit risk refers to the risk that a counterparty or customer will default on its contractual obligations resulting in a loss to the Company. Financial instruments that are subject to credit risk principally consist of Loans, Trade and Other Receivables, Cash & Cash Equivalents, Investments and Other Financial Assets. The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of counter parties on continuous basis with appropriate approval mechanism for sanction of credit limits.

Other Financial Assets

Credit risk from balances with banks, financial institutions and investments is managed by the Company's treasury team in accordance with the Company's risk management policy. Cash and cash equivalents and Bank deposits are placed with banks having good reputation, good past track record and high quality credit rating.

Trade Receivables

Credit risk on receivables is limited as almost majority of credit sales are against security deposits, advances, cheques and guarantees of banks of national standing. Moreover, given the diverse nature of the Company’s businesses trade receivables are spread over a number of customers with no significant concentration of credit risk.

Receivables are deemed to be past due or impaired with reference to the Company’s normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer’s credit quality and prevailing market conditions. Receivables that are classified as ‘past due’ are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company’s customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Movement in expected credit loss allowance on trade receivables

Amt in `

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Balance of Credit Losses	67,07,892	67,07,892
Changes during the year	2,45,00,000	-
Closing Balance of Credit Losses	3,12,07,892	67,07,892

iii) **Liquidity risk**

Liquidity risk refers the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of its financial investments, committed funding and projected cash flows from operations. The Company’s objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner and to manage its capital structure. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

i) Maturity profile of financial liabilities:

The tables below analyze the company's financial liabilities into relevant maturity groupings based on their contractual maturities:

As at March 31, 2020	Note	Total Carrying Value	Less than 1 year	1 to 5 years	Over 5 years
Borrowings	11	97,54,91,305	80,80,36,868	16,74,54,437	-
Trade payables	16	5,73,32,150	5,73,32,150	-	-
Other financial liabilities	12	17,20,273	17,20,273	-	-
Total		**1,03,45,43,728**	**86,70,89,291**	**16,74,54,437**	-

As at March 31, 2019	Note	Total Carrying Value	Less than 1 year	1 to 5 years	Over 5 years
Borrowings	11	1,05,38,42,318	60,16,21,441	45,22,20,877	-
Trade payables	16	9,45,11,413	9,45,11,413	-	-
Other financial liabilities	12	1,46,37,883	1,46,37,883	-	-
Total		**1,16,29,91,614**	**71,07,70,737**	**45,22,20,877**	-

ii) Maturity profile of financial assets

The tables below analyze the company's financial assets into relevant maturity groupings based on their contractual maturities.

As at March 31, 2020	Note	Total Carrying Value	Less than 1 year	1 to 5 years	Over 5 years
Trade receivables	4	45,06,75,639	45,06,75,639	-	-
Cash and cash equivalents	8	5,13,58,314	5,13,58,314	-	-
Other financial assets	5	1,74,38,512	51,46,620	-	1,22,91,892
Total		**51,94,72,465**	**50,71,80,573**	**-**	**1,22,91,892**

As at March 31, 2019	Note	Total Carrying Value	Less than 1 year	1 to 5 years	Over 5 years
Trade receivables	4	50,60,14,719	50,60,14,719	-	-
Cash and cash equivalents	8	12,69,14,010	12,69,14,010	-	-
Other financial assets	5	1,36,94,646	9,02,754	-	1,27,91,892
Total		**64,66,23,375**	**63,38,31,483**	**-**	**1,27,91,892**

E) Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.The capital structure of the Company is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to maintain creditors and market confidence.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The Company monitors capital using gearing ratio, which is net debt (borrowing less cash and bank balances) divided by total capital plus debt.

Particulars	March 31, 2020	March 31, 2019
Net debt (total debt less cash and cash equivalents)	92,41,32,991	92,69,28,308
Total capital	1,72,66,39,113	1,82,30,50,288
Total capital and net debt	2,65,07,72,104	2,74,99,78,596
Gearing ratio	34.86%	33.71%

Management monitors the return on capital, as well as the level of dividends to equity shareholders. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

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Ports and Logistics

Note-29 Related Party Disclosures

Particulars	Name of Company
Parent Company	Adani Ports and Special Economic Zone Limited
Entities over which major shareholders of parent company are able to exercise Significant Influence through voting power	Adani Wilmar Limited
	Adani Power Limited
	Adani Power Mundra Limited
	Belvedere Golf And Country Club Private Limited
	Adani Infrastructure Management Services Limited
	Talabira (Odisha) Mining Private Limited
	Maharashtra Eastern Grid Power Transmission Company Limited
	Adani Estate Management Private Limited (Earlier known as Shantigram Estate Management Private Limited)
	Adani Gas Limited
	Adani Enterprises Limited
	Adani Bunkering Private Limited
	Adani Electricity Mumbai Ltd
	Adani Green Energy Limited
	Mundra Solar Pvt Limited
	Adani Power Jharkhand Limited
	Adani Townships And Real Estate Company Private Limited
Key Management Personnel	1. Mr S. K. Bhatti (Director)
	2. Mr Shrikumar Nair (Director)
	3. Mr Ashutosh Verma (Director)
	4. Mr Anish Shah (Chief Financial Officer)
	5. Anant Shukla (Company Secretary) [w.e.f. June 03, 2019]

Terms and conditions of transactions with related parties

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions.

Notes:

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

Amt in ₹

Transactions	Name of Related Party	March 31, 2020	March 31, 2019
Services Rendered	Adani Ports & Special Economic Zone Limited	20,00,01,500	33,70,92,049
	Adani Power Limited	-	4,31,00,000
	Maharashtra Eastern Grid Power Transmission Company Limited	-	3,24,66,665
	Adani Estate Management Private Limited	3,00,00,594	2,40,00,000
	Adani Gas Limited	3,00,00,352	2,40,00,000
	Adani Enterprises Limited	4,00,47,303	4,97,57,997
	Adani Bunkering Private Limited	-	75,42,000
	Adani Electricity Mumbai Limited	11,00,01,858	4,02,00,000
	Adani Green Energy Limited	3,00,00,594	2,40,00,000
	Mundra Solar Pv Limited	3,00,00,594	2,40,00,000
	Adani Power Jharkhand Limited	-	17,71,356
	Talabira (Odisha) Mining Private Limited	3,04,514	-
Recovery of Expenses (incl. net of reimbursement)	Adani Ports and Special Economic Zone Limited	-	21,75,000
Interest accrued but not due	Adani Ports and Special Economic Zone Limited	-	2,40,13,140
Services availed	Adani Enterprises Limited	3,24,167	10,48,080
	Belvedere Golf And Country Club Private Limited	1,166	-
	Adani Townships And Real Estate Company Private Limited	-	4,354
Director Sitting Fees	Jay Shah	-	48,000
Issue of Perpetual Securities	Adani Ports and Special Economic Zone Limited	-	1,85,00,00,000
Inter-corporate deposit (taken)	Adani Ports and Special Economic Zone Limited	32,42,00,000	31,21,00,000
Inter-corporate deposit (repaid)	Adani Ports and Special Economic Zone Limited	-	3,09,73,94,490

Amt in ₹

Closing Balance	Name of Related Party	March 31, 2020	March 31, 2019
Trade Receivable	Adani Ports and Special Economic Zone Limited	1,11,95,246	-
	Adani Power Mundra Limited	24,85,59,166	26,40,27,042
	Adani Power Limited	-	4,99,62,423
	Adani Wilmar Limited	-	93,549
	Adani Gas Limited	26,30,417	27,06,666
	Adani Enterprises Limited	22,86,470	85,09,760
	Adani Bunkering Private Limited	-	10,42,720
	Adani Electricity Mumbai Limited	-	4,74,36,000
	Adani Green Energy Limited	5,32,58,623	2,47,19,597
	Mundra Solar Pv Limited	5,33,18,449	2,35,19,997
	Maharashtra Eastern Grid Power Transmission Company Limited	-	42,56,000
	Adani Estate Management Private Limited	6,32,33,198	2,83,20,000
Inter Corporate Deposit Payable	Adani Ports and Special Economic Zone Limited	48,07,00,000	15,65,00,000
Perpetual Securities Payable	Adani Ports and Special Economic Zone Limited	1,85,00,00,000	1,85,00,00,000
Trade Payable	Adani Townships And Real Estate Company Private Limited	-	4,354
	Belvedere Golf And Country Club Private Limited	1,144	-
	Adani Infrastructure Management Services Limited	5,527	-
	Adani Enterprises Limited	2,00,977	5,05,264

Others:

Amt in ₹

Balance - Guarantees & Collateral Securities	Adani Ports and Special Economic Zone Limited	1,09,41,72,856	1,49,67,23,869

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30 Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended)

Amt in ₹

Particulars of Liabilities arising from Financing activity	Note	As at April 1, 2019	Cash flows	Non Cash Changes		March 31, 2020
				Effect due to changes in foreign exchange rates	Other changes	
Foreign Loan - Long term	11	89,73,42,318	(45,75,33,530)	5,49,82,517	-	49,47,91,305
Inter Corporate Deposits	11	15,65,00,000	32,42,00,000	-	-	48,07,00,000
Total		**1,05,38,42,318**	**(13,33,33,530)**	**5,49,82,517**	**-**	**97,54,91,305**

Amt in ₹

Particulars of Liabilities arising from Financing activity	Note	As at April 1, 2018	Cash flows	Non Cash Changes		March 31, 2019
				Effect due to changes in foreign exchange rates	Other changes	
Foreign Loan - Long term	11	1,25,20,13,691	(43,94,07,825)	8,47,36,452	-	89,73,42,318
Inter Corporate Deposits	11	2,67,36,29,369	(2,78,52,94,490)	-	26,81,65,122	15,65,00,000
Total		**3,92,56,43,060**	**(3,22,47,02,315)**	**8,47,36,452**	**26,81,65,122**	**1,05,38,42,318**

31 Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and Schedule III the Companies Act, 2013 for the year ended March 31, 2020.

Amt in ₹

Sr No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year. Principal Interest	 - Nil	 1,68,179 Nil
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	Nil	Nil

Note:
There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. 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. This has been relied upon by the auditors

32 Standard issued but not effective:

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

33 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 30, 2020, there are no subsequent events to be recognized or reported that are not already disclosed.

34 In the last week of March 2020, an outbreak situation arose in India on account of COVID-2019. The Company has considered such outbreak situation as subsequent event to the Balance Sheet date i.e., March 31, 2020 in terms of Ind AS 10 "Reporting on Event After Balance Sheet Date" and has assessed the operational and financial risk on going forward basis.

In assessing the impact on the recoverability of financial and non-financial assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts whereby it expects to recover the carrying amounts of the assets. The Company has performed sensitivity analysis on the assumptions used on assessing the impact on the Company's operations. On overall basis, the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due, and compliance with the debt covenants, as applicable.

The impact on the operations and earnings/ cashflows of the Company due to COVID- 2019 outbreak may be different from that estimated as at date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

35 Approval of financial statements

The financial statements were approved for issue by the board of directors on April 30, 2020.

For SHAH DHANDHARIA & CO.
Chartered Accountants
Firm Registration No.: 118707W

Shubham Rohatgi
Partner
Membership No. 183083

Place: Ahmedabad
Date: April 30, 2020

For and on behalf of Board of Directors of
Karnavati Aviation Private Limited

Ashutosh Verma
Director
DIN: 08038591
Place: Ahmedabad

Shrikumar Nair
Director
DIN: 03035537
Place: Mumbai

Anish Shah
Chief Financial Officer
Place: Ahmedabad

Anant Shukla
Company Secretary
Place: Ahmedabad

Date: April 30, 2020