Mangalore SEZ Limited

Your Gateway to Global & Indian Markets

STRIVING TOWARDS

Sustainable Development

14th

ANNUAL

Report

2019-20

Inauguration of Office of Development Commissioner, Mangalore Special Economic Zone by Shri D.V. Swamy, IAS, Zonal Development Commissioner, CSEZ on 23rd January 2020.

Marketing Initiatives

As an Exhibitor in Chemtech South World Expo – 2019, an International Exhibition with focus on chemical & bio-pharma processing equipment & technologies at Hyderabad.

As an Exhibitor at annual international convention in Bio Asia 2020, life sciences and health care organized by the Government of Telangana in partnership with the Government of India from 17th to 19th February, 2020 in Hyderabad.

CORPORATE INFORMATION

Board of Directors

Shri Shashi Shanker	:	Chairman – Nominee Director of ONGC
Shri Subhash Kumar	:	Nominee Director of ONGC
Shri M.Venkatesh	:	Nominee Director of ONGC
Shri I.S.N.Prasad	:	Independent Director
Shri Srinivas S Kamath	:	Independent Director
Shri Paritosh Kumar Gupta	:	Nominee Director of IL&FS W.e.f 19th November, 2019 Managing Director (up to 18th November, 2019)
Shri Nand Kishore	:	Nominee Director of IL&FS
Shri Isaac Vas	:	Additional Director – Nominee of KCCI (W.e.f 03rd February, 2020)
Shri P.B.Abdul Hameed	:	Nominee Director of KCCI (up to 16th January, 2020)
Shri Ashwani Kumar	:	Nominee Director of IL&FS (up to 09th September, 2019)

Chief Executive Officer	**Chief Financial Officer**	**Company Secretary**
Velnati Suryanarayana	K.S.Ramesh	V. Phani Bhushan

Statutory Auditors	**Internal Auditors**	**Secretarial Auditor**	**Cost Auditor**
M/s Ray & Ray., Chartered Accountants, Bangalore.	M/s. N.M. Raiji & Co, Chartered Accountants Bangalore	M/s P.N. Pai & Co, Company Secretaries Mangalore	Mr. P. Venkatagiri Rao Cost Accountant Mangaluru.

Bankers:	**Security Trustee:**	**Registrar and Transfer Agent:**
State Bank of India Corporate Account Group –II, Redfort Capital Parsvnath Towers 4th & 5th Floor, Bhai Veer Singh Marg Gole Market, New Delhi-110001.	**SBICAP Trustee Company Ltd** 202, Maker tower E, Cuffe Parade Mumbai - 400 005	**KFIN Technologies Private Limited** Karvy Selenium, Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad – 500 032, Telangana

Registered Office	**Project Site**
Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore Taluk Dakshina Kannada (Dist), Karnataka – 574142. Phone : 0824-2885501-02, Fax : 0824- 2885503 Website : www.mangaloresez.com; Email : info@msezl.com CIN : U45209KA2006PLC038590.	Bajpe, Permude Village Mangaluru – 574 509 Dakshina Kannada (Dist) Karnataka.

CONTENTS

NOTICE OF 14th ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the Members of MANGALORE SEZ LIMITED (MSEZL) will be held on Tuesday, the 29th Day of September, 2020 at 9.45 Hours through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt
   a. The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, the report of the Board of Directors and the report of the Auditor's thereon; and
   b. The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 and the report of the Auditor's thereon.
2. To appoint a Director in place of **Shri M.Venkatesh (DIN: 07025342)** who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 (the Rules), including any statutory modification(s) or re-enactments thereof for the time being in force, and in accordance with the Articles of Association of the Company, **Shri Isaac Vas (DIN: 00712781),** who was appointed as an Additional Director of the Company with effect from February 03, 2020, pursuant to Section 161 of the Act and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting of the Company, who being eligible, offers himself for appointment and in respect of whom a notice in writing under Section 160 of the Act has been received from a member proposing his candidature for the office of Director, be and is, hereby appointed as Director (Nominee of KCCI) of the Company, liable to retire by rotation."

4. **TO RATIFY THE REMUNERATION PAYABLE TO COST AUDITOR, SHRI P. VENKATGIRI RAO, COST ACCOUNTANT FOR THE FINANCIAL YEAR ENDING 31st MARCH 2021.**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), **Shri P. Venkatagiri Rao,** Cost Accountant (Firm Registration Number: 101602) appointed by the Board of Directors of the company as cost auditor for the financial year ending 31st March, 2021 be paid a remuneration of Rs 50,000 (Rupees Fifty Thousand only) per annum plus out of pocket expenses, at actuals, and applicable taxes.

   "RESOLVED FURTHER THAT the Audit Committee/Board of Directors of the company be and are hereby severally authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

By Order of the Board of Directors
For Mangalore SEZ Limited

Sd/-
Phani Bhushan V.
Company Secretary

Place: Mangalore
Date : 02.09.2020

NOTES:

1. The Explanatory Statement setting out the material facts concerning each item of Special Businesses to be transacted at the Annual General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice. Information on all the Directors proposed to be appointed/re-appointed at the Meeting are provided in the Annexure to this Notice.

2. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") the 14th AGM of the Company is being conducted through Video Conference (VC) / Other Audio Visual Means (OAVM), which does not require physical presence of Members at a common venue. In terms with the Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, the venue of the 14th AGM shall be deemed to be the Registered Office of the Company situated at Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village Mangalore Taluk, Dakshina Kannada (Dist), Karnataka – 574142.

3. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circulars has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2020 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e- mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice and Annual Report for financial year ended 2019-20 shall also be available on the website of the Company at www.mangaloresez.com.

4. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members under Section 105 will not be available for the 14th AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, in terms of the provisions of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes. In case a poll is demanded, the designated email id is phanibhushan@msezl.com to which the members can send email to cast their vote.

5. Members of the Company under the category Corporate Shareholders are encouraged to attend and vote at the AGM through VC/OAVM are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization can be sent to the Company by email to phanibhushan@msezl.com.

6. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

7. Participation of Members through VC /OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.

8. Those Shareholders whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent (R&STA)/Company Secretary by providing their Name as registered with the R&STA, Address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them.

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

10. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance by email to phanibhushan@msezl.com.

11. Members may send in their queries at least a week in advance to the Company at phanibhushan@msezl.com to facilitate clarifications during the Meeting.

12. Members who hold shares in physical form are requested to intimate to the Company Bank mandate under the signature of Sole/first named joint shareholder specifying Bank's name, Address (with PIN No.) of the Branch, Account Type - Saving (SA) or Current (CA), Account No.

13. As per the Ministry of Corporate affairs notification dt 10th September, 2018, every holder of securities of an unlisted public company who intends to transfer such securities on or after 2nd October, 2018, shall get such securities dematerialized before the transfer.

14. Members who still hold share certificates in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which include easy liquidity, since transfers are permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

15. Members are also requested to notify any changes in their email ID or Bank Mandates or address to the Company and always quote their Folio Number or DP ID and Client ID Numbers in all correspondence with the Company. In respect of holding in electronic form, Members are requested to notify any change of email ID or Bank mandates or address to their Depository Participants.

16. Nomination facility: Pursuant to Section 72 of the Companies Act, 2013 (corresponding section 109A of the Companies Act, 1956) individual/ joint members are entitled to register nomination in respect of the shares held by them in Form No.SH-13 and send it to the Company.

17. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available only in electronic form for inspection during the Meeting through VC.

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

1. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at phanibhushan@msezl.com requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID and for any queries regarding the access, members can send email to phanibhushan@msezl.com or contact the Company secretary at 0824-2885510.

2. Members who are desirous of attending the AGM through VC/OAVM and whose email IDs are not registered with the company, may get their email IDs registered with the Registrar & Transfer Agent or with the Company by sending an email to phanibhushan@msezl.com with the following credentials:
   a. Name registered as per the records of the company
   b. DPID-Client ID/ Folio Number
   c. Email ID to be registered for attending the Meeting

3. Members may send the above-mentioned request at least 7 days before the meeting date. In case of joint holding, the credentials of the first named holder shall be accepted.

4. On successful registration with the company, the invitation to join the AGM will be sent to the Members on their registered email IDs.

5. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING, they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above – Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.

6. In case of Android/iPhone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.

7. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.

8. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 3 :

Kanara Chamber of Commerce and Industry (KCCI) vide its letter October 31, 2019 had nominated Shri Isaac Vas, President of KCCI as Director on the Board of the company.

Pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company, the Board of Directors have appointed Shri Isaac Vas,as an Additional Director (Nominee of KCCI) of the Company with effect from February 03, 2020.

Shri Isaac Vas will hold office up to the date of this AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Shri Isaac Vas for the office of Director.

Copy of the notice received under Section 160 of the Companies Act, 2013 will be made available electronically for inspection by the members at the Registered Office of the Company during the business hours on all working days up to the date of the meeting.

Shri Isaac Vas holds a Bachelor's Degree in Commerce. Prior to starting his own business enterprise, he had worked in various capacities in the finance department for about 12 years in Mangalore Chemicals and Fertilisers Ltd.

He is the Managing Director of Merger Beverages Private Limited and proprietor of a leading out of Home advertising firm M/s Jyothi Advertisers.

Shri Isaac Vas has been appointed as Concessionaire for Panambur and Kapu beaches for development of Tourism by the Government of Karnataka. He had also served as a Secretary for Kanara Industries Association, Mangalore, Secretary of Mangalore Club and as Director of MACO Co-operative Society. He is presently the President of KCCI, which is an apex body for all Trade and Commerce related matters in the Dakshina Kannada Dist.

The appointment of Shri Isaac Vas as Director was made during the fourth quarter of FY 2019-20; hence he has not attended any Board meetings during the year.

Shri Isaac Vas is not related to any of the Directors on the Board. He doesn't hold any equity shares of the Company. Accordingly, the Board of Directors of the Company recommends passing of the Ordinary Resolution set out in this item for your approval. None of the Directors, Key Managerial Personnel and their relatives except Shri Isaac Vas is concerned or interested in this resolution. The Board recommends the resolution for your approval.

Item No. 4 :

The 62nd Board based on the recommendation of the 46th audit committee, had approved the appointment of Shri P.Venkatgiri Rao, Practicing Cost Accountant, Mangalore bearing membership No.32390 and firms registration no 101602 as cost auditors at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand) per annum plus out of pocket expenses, at actuals and applicable taxes, to conduct the audit of the cost records of the company for the financial year ending 31st March, 2021.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31st March, 2021.

None of the directors or key managerial personnel of the company and their relatives are, concerned or interested, financially or otherwise, in the resolution set out in item no. 4 of the notice.

The Board recommends the resolution set forth in item no. 4 of the notice for approval of the members.

By Order of the Board of Directors
For Mangalore SEZ Limited

Sd/-
Phani Bhushan V.
Company Secretary

Place: Mangalore
Date : 02.09.2020

Annexure to the Notice

Details of the Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting

Name of Director	Shri M.Venkatesh	Shri Isaac Vas
Date of Birth	11.01.1965	01.04.1961
Date of Appointment	25.06.2018	03.02.2020
Expertise in specific functional areas	Shri Venkatesh Madhava Rao is a Chemical Engineer having over three decades of experience in Oil & Gas Sector. He is associated with Mangalore Refinery and Petrochemicals Ltd (MRPL) since 1994 and has executed all major projects.	Shri Isaac Vas prior to starting his own business enterprise, he had worked in various capacities in the finance department for about 12 years in Mangalore Chemicals and Fertilisers Ltd. He is the Managing Director of Merger Beverages Private Limited and proprietor of a leading out of Home advertising firm M/s Jyothi Advertisers. Shri Isaac Vas has been appointed as Concessionaire for Panambur and Kapu beaches for development of Tourism by the Government of Karnataka. He had also served as a Secretary for Kanara Industries Association, Mangalore, Secretary of Mangalore Club and as Director of MACO Co-operative Society. He is presently the President of KCCI, which is an apex body for all Trade and Commerce related organisation in the Dakshina Kannada Dist.
Qualification	Chemical Engineer	Bachelor's Degree in Commerce.
List of other companies in which directorship is held as on March 31st 2020*	1. Mangalore Refinery and Petrochemicals Ltd 2. ONGC Mangalore Petrochemicals Limited 3. Petronet MHB Limited 4. Shell MRPL Aviation Fuel and Services Limited	Nil

Chairman/Member of the Committees of the Board of the other Companies in which he/she is a director as on March 31, 2020*	Nil	Nil
Equity Shares held in the Company	Nil	Nil
Relationship between Directors inter-se	Nil	Nil

* Directorships and Committee memberships in Mangalore SEZ Ltd and its Committees are not included in the aforesaid disclosure. The directorships in Private Limited Companies, Foreign Companies and Section 8 companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committees and Stake holders' relationship Committees of only public Companies have been included in the aforesaid table.

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 14th Annual Report of the Company for the year ended 31st March, 2020.

Financial Performance:

The highlights of the financial results of the Company for the year ended 31st March, 2020 are as follows:

Rs. in Crores

Particulars	Standalone		Consolidated	
	2019-20	**2018-19**	**2019-20**	**2018-19**
REVENUE:				
Income from operations	174.07	206.81	174.07	206.81
Other Income	7.46	5.83	7.46	5.83
Total Revenue	**181.53**	**212.64**	**181.53**	**212.64**
EXPENSES:				
Cost of materials consumed	44.52	31.19	44.52	31.19
Employee Benefit Expenses	7.58	7.98	7.58	7.98
Finance Costs	50.67	47.36	50.67	47.36
Depreciation and amortization expense	43.91	44.97	43.91	44.97
Other Expenses	64.71	80.15	64.71	80.16
Total Expenses	**211.39**	**211.66**	**211.39**	**211.66**
Profit Before Exceptional items and tax from continuing operations	(29.86)	0.98	(29.86)	0.98
Profit Before Tax	**(29.86)**	**0.98**	**(29.86)**	**0.98**
Tax Expense-Current Tax	0.29	29.54	0.29	29.54
Tax Expense-Deferred Tax	1.48	(30.97)	1.48	(30.97)
Profit for the period from continuing operations	**(31.63)**	**2.41**	**(31.63)**	**2.41**
Profit/Loss & Tax from Discontinued operations				
Profit/Loss for the period	**(31.63)**	**2.41**	**(31.63)**	**2.41**
Other Comprehensive Income	**(0.06)**	**(0.02)**	**(0.06)**	**(0.02)**
Total Comprehensive Income	**(31.69)**	**2.39**	**(31.69)**	**2.39**

Review of Performance and state of the company's affairs

During the year under review, the standalone revenues (operations) have decreased by 15.83% to Rs 174.07 Cr from Rs. 206.81 Cr of the previous year 2018-19, while the comprehensive income has decreased to Rs. (31.69) Cr compared to Rs. 2.39 Cr of the previous year 2018-19.

The Company has substantially completed infrastructure development for Phase – I of the Project. The status and salient features of the infrastructure development during the year are as under:

- Up to 31st March 2020, the Company has awarded 210 orders for infra development of the zone cumulatively amounting to Rs. 852 Cr towards infrastructure development within SEZ, out of which 198 work orders have been completed at a cost of Rs. 825 Cr. The balance orders are under various stages of execution.

- The GE make ultra-filtration membranes installed at the Tertiary Treatment Plant at Kavoor in 2011 have been replaced with Asahi Kasei-Japan make ultra-filtration membranes through a global tender. The new membranes have been installed and commissioned on 31st January, 2020.

- The JV Company Mangalore STP Limited (MSTPL) jointly promoted by the company and Mangalore City Corporation (MCC) is successfully operating the associated wet wells of Kavoor STP from January 2014. M/s Pooja Construction Co, Rajkot is the O&M operator for a period of 3 years which is valid up to September 30th, 2020.

- In order to effectively treat the waste water from the fish processing industries, the contract for Design, Construction, Supply, Erection, Testing, Trial run, Commissioning and Operation of DAF system and Digester system at existing 3.5 MLD capacity CETP at MSEZ has been awarded on 27th February, 2020 with a completion period of 5 months.

- The structural and interior works of the new Administrative Office building in the zone have been completed and the new premises have been occupied on 04th November, 2019 as registered office of the Company.

- The Road flyover across Konkan Railway Corporation Limited (KRCL) railway track near Jokatte taken up with a grant of Rs 15 Cr from Government of Karnataka (GoK) under Assistance to States for Infrastructure Development of Exports (ASIDE) scheme is completed except for the obligatory span over the railway track which is being executed by KRCL themselves. The construction of flyover over the obligatory span got delayed owing to denial of approval from chief railway safety which was received during the current year after submitting the revised modifications in designs vetted by Chennai IIT. Accordingly, steel girders have been procured by the KRCL contractor and launching of girders was scheduled during the 3rd week of March, 2020. However, due to the lockdown announced by the Government of India due to Covid 19 pandemic, the same was deferred.

- Treated effluents from MRPL and OMPL are being discharged to the marine environment by complying with all the statutory compliances through the marine outfall facilities completed and commissioned by MSEZL in 2014. JBF has also entered into an agreement for utilising the marine outfall facility with a minimum guaranteed discharge clause. MSEZL has obtained the Consent for Operation (CFO) from Karnataka State Pollution Control Board (KSPCB) for operating this facility and has also installed online analysers to monitor the discharge of treated effluents on real-time basis.

- MSEZL has completed construction of all the power infrastructure consisting of 110/33/11 KV Grid Substation and laid transmission lines for tapping power from 220 KV Main receiving sub station (MRSS) 33KV and 11KV cables and remote metering units (RMU) have also been installed along the roads in the zone for distributing power to the units. Further, street lighting has also been completed in the Zone.

Land Acquisition

- The land required for the Project has been acquired through Karnataka Industrial Areas Development Board (KIADB). A total land of 2125.92 acres has been acquired out of which 1607.71 acres was notified vide MOCI order dt 14th November, 2017 (which has been reduced from 1619.75 acres) due to denotification of MRPL PP road and others land. The balance land is for R&R Colony, Corridor and other requirements viz., ISPRL's booster station, road widening, water infrastructure etc.

Permissions & "Right of Way".

- MSEZL has taken on lease, the land requierd for Pipeline-cum-Road Corridor from New Mangalore Port Trust (NMPT), Kudremukh Iron Ore Company Ltd (KIOCL) and the balance land requried for the corridor is acquired by the company.

Rehabilitation and Resettlement (R&R) of Displaced People

- Overall, 1424 plots have been developed in 9 R&R colonies. All the 9 R&R colonies have been fully developed (48.15,17.66, 10.93 & 9.88 acres at Kulai, 16 acres at Permude, 4 acres at Kalavar, 35 acres at Bajpe, 69 Acres at thokur and 6.48 acres at Bajpe).
- As part of the implementation of the Government Order for R&R activities, out of the total no of 1628 eligible PDF candidates for employment, onetime compensation has been paid to 872 candidates and balance 756 are to be provided employment. Out of the 756 candidates 604 candidates have been provided employment and balance 152 is yet to be placed. Payment of Stipend & Sustenance allowance to PDF nominees is being paid.
- The Company has initiated the process for handing over the R&R Colonies to the Local body as per the Government order. As part of that, the civic amenities area of the Colonies has been transferred to Mangalore Urban Development authority (MUDA) through the KIADB and is in the process of transferring the open spaces, Roads and parks to the Local panchayats and Municipal bodies.

Infrastructure Development

- The Company has completed substantial development of infrastructure for Phase-I. The Company has incurred expenditure of Rs 1518 Cr as against Rs 1707 Cr towards Land, R&R, infrastructure development and proponents' share of corridor as on 31st March, 2020.

Corridor

- The pipeline-cum-road Corridor of approximate 11.45 km length from NMPT to MSEZ area has been developed in six construction packages.
- The Company has entered Tripartiate agreements with MRPL, OMPL for development and utilisation of Corridor.
- The Company has also entered into agreements with ISPRL, GAIL India Ltd, Emami Agrotech Ltd and Hindustan Petrolieum Corporation Ltd for utilisation of the Corridor.
- During the year, MRPL, HPCL has started laying the pipelines in the Corridor space.

Water

MSEZ water requirements are being sourced as follows:

The Company has approvals in place for drawal of 27 MGD of River water from Netravathi and Gurupur rivers. The Company is presently pumping the river water from sarpady to OMPL & MRPL and other units since October 2013.

The GoK (Water resources Dept) had levied the Water Cess towards the charges for lifting the water from the rivers. The Cess has been revised from Rs 1800/MCFT/Year to Rs 1,50,000/MCFT/Year, whereby the Company needs to pay Rs 19.78 Cr towards Water drawl charges for the year 2018 -19 and also to remit Rs 23.72 Cr towards water lifting charges of 27MGD for the year 2019-20 and execute the water drawl agreement before May 2019. The Company has taken up the issue with the GoK for reduction in water cess and also to charge based on the actual drawal of quantity of water instead of allocated quantity of 27 MGD .The Gok has reduced the water cess from Rs 1,50,000/MCFT/Year to Rs 1,00,000/MCFT/Year. The issue related to payment of water cess on actual drawal quantity is being persued with the Gok and is expected in first half of 2021.

Power

- The grid substation is fully operational and no new capacity enhancing works is done in FY 19-20. The Company had filed review petition against the ARR and Tarriff order for FY 2017-18. The Karnataka Electricity Regulatory Commission (KERC) vide its order dated 26th October, 2017 has allowed the Company to carry forward the net revenue deficit of Rs 3.91 Cr into the ARR of FY 2019-20. KERC had vide its order dated 14th May, 2018 passed order allowing your Company to recover dues of Rs.3.91 Cr from the units. One of the consumers had filed petition before KERC challenging the recovery of dues amounting to Rs. 79,32,960 and your Company had appealed against the petition filed. The KERC has vide its order dated 28th May, 2019 dismissed the petition filed by the consumer and upheld the recovery of dues of Rs. 79,32,960 from the said consumer. The consumer has since filed a writ petition before the Hon'ble High Court of Karnataka against the KERC and restrained the recovery of dues. The Hon'ble High Court has not yet listed the case for hearing.

- The Company has filed before KERC for approval of Annual Performance Review (APR) for FY 2018-19, Annual Revenue Requirement (ARR) and determination of retail supply tariff for FY 2020-21.

Environment

- The Company is submitting the Compliance reports as per the Environmental Clearance conditions to the Ministry of Environment & Forests (MoEF) and Karnataka State Pollution Control Board (KSPCB) as stipulated.
- The Company is in the process of carrying out modifications to the existing CETP by installing DAF system and Digester system at existing 3.5 MLD capacity CETP.
- The company has installed an online ambient air quality monitoring station as mandated by MoEF & Pollution Control Board. The online monitored data is continuously uploaded to Central Pollution Control Board website.

Green Belt Development

- As per environment clearance & amendments thereto, out of around 1620 acres land notified, MSEZ need to develop green belt excluding OMPL and ISPRL green belt requirements which are developed by respective units. MSEZL so far developed green belt in 272 acres by planting 1,22,400 saplings in processing and non-processing areas.
- Green belt development by MSEZ along with avenue plantation by forest department has been taken up in 25 acres is being maintained during the year. The Karnataka state forest department has also planted around 1000 Avenue trees on either side of the reach 3 corridor.
- MSEZ developed garden at new customs office and CETP area by planting lawn and flowering shrubs to improve the aesthetics at the entrance of the Zone.
- MSEZ created own nursery in house to meet the requirement of ornamental plant species and same is being planted inside the zone.

Marketing Initiatives

- During FY 2019-20, MSEZL has participated as an Exhibitor at 17th edition of annual international convention in Bio Asia 2020, life sciences and healthcare organized by the Government of Telangana in partnership with the Government of India from 17th to 19th February, 2020 in Hyderabad to show case the Company and to attract the Pharma industries.
- The Company had also participated as an Exhibitor in Chemtech South World Expo – 2019 which is an International Exhibition with focus on chemical & bio-pharma processing equipment & technologies. The Exhibition had concurrent events of BioPharma South Expo 2019, Lab Analytix South Expo 2019, Water Ex, PVF South Expo 2019 and Industry Automation and control South Expo 2019. The Exhibition has given advantage to showcase and market the Mangalore SEZ.
- To promote the leasing of the land, the company has put in place success fee of 1% to those entities who successfully markets the land to the prospective investors.

As Government of India has not extended the sun set clause expiring on 31st March, 2020 (excepting further extension given up to September, 2020 due to Covid- 19 pandemic) providing Income tax incentives for SEZ units and further the Company has noticed the demand for Domestic Tariff Area (DTA) land. In view of the above, the Company is exploring to de-notify part of the SEZ land to market as DTA land for the potential small and medium scale industries keeping the Multi Product SEZ status intact.

Administrative Matters

- The Registered office of the Company w.e.f 04th November, 2019 is situated at Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village Mangalore taluk, Dakshina Kannada (Dist), Karnataka – 574142.
- The Project site of the company is at Bajpe, Permude village, Mangalore – 574 509, Dakshina Kannada (Dist), Karnataka.
- The total strength of the employees as at March 31, 2020 is 45.
- The company has a HR policy which has been approved by the Board.

Units in SEZ

The Company has leased/allotted land to 12 Units in the SEZ. Presently, 9 companies viz ONGC Mangalore Petrochemicals Limited (OMPL), Indian Strategic Petroleum Reserve Limited (ISPRL), Authentic Ocean Treasure (AOT), Cardolite Specialty Chemicals India LLP (Cardolite), Ulka India (ULKA), Gadre Marine Exports Pvt Ltd (Gadre)and Yashaswi Fish Meal and Oil Company (Yashaswi), Syngene International Ltd (Syngene) (a subsidiary of M/s Biocon Ltd) and Catàsynth Speciality Chemicals Private Ltd (Anthea) had already commenced its operations, while the other 3 entities are in the process of setting up units in the SEZ and are in different stages of implementation.

Share Capital

During the period under review there is no change in the authorised and paid up capital of the Company. The authorised share capital is Rs 425,00,00,000 and paid up share capital is Rs 50,00,12,000.

As at 31st March, 2020, 6 shareholders representing 1,34,81,200 Equity Shares constituting 26.96% of the paid-up share capital are held in Demat form, while the balance 3 shareholders representing 3,65,20,000 Equity Shares constituting 73.04% of the paid up share capital are held in Physical form.

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Companies Act, 2013 read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

Dividend

No dividend is being recommended by the Company for the year ended 31st March, 2020 as there is no profit during the year and no amount has been transferred to General Reserve during the FY 2019-20.

Credit Rating

The Company had obtained domestic credit rating from CARE Ratings Ltd for the term loan of Rs 551.05 Cr outstanding. CARE has assigned a rating of CARE A+ Stable (Single A plus) with outlook as stable on 31st December, 2019 revised from CARE AA minus stable.

Declaration of Commercial Operation Date (COD)

The Company has achieved the Commercial Operations Date (COD) with effect from April 01, 2015.

Credit facilities

The company has Term Loan facility of Rs 585 Cr from State Bank of India (Refinanced from consortium of 7 Banks lead by Indian Overseas Bank). The outstanding amount as at 31st March 2020 is around Rs 551.02 Cr.

After the annual reset of MCLR in December, 2019, the Interest rate applicable for the Term Loan from 23rd December, 2019 to 01st March, 2020 was 8.15% p.a and the interest rate increased to 8.30% p.a from 02nd March, 2020 due to revision in the credit ratings.

Financial Accounting

Your Company's financial statements for the year ended March 31, 2020 are prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable from time to time.

Consolidated Financial Statements:

The Annual Audited Consolidated Financial Statements together with Auditors' report thereon form part of annual report.

The Company has the following two Subsidiaries:

1. **Mangalore STP Limited (MSTPL)**

   Mangalore STP Limited is a Special Purpose Company registered under the Companies Act, 2013 on 24th March 2011. The main object of the Company is to undertake the O&M of the 3 sewage treatment plants and connected wet wells on Cost sharing basis in the ratio of 70:30 between the Company and MCC. The shareholding is held by Mangalore SEZ Limited (70%) and Mangalore City Corporation (MCC) (30%).

   MSTPL presently operates the Kavoor STP and its associated wet wells plus wet well 6 and 7 of Bajal STP which were taken over from MCC for efficient operation & maintenance.

   The Company has engaged M/s Pooja Construction Co, Rajkot as the O&M operator for a period of 3 years valid up to September 30, 2020. MSTPL has been supplying STP water to MSEZ on a regular basis.

   During the year under review, the revenues from operations stood at Rs 7.45 Cr as compared to Rs 8.03 Cr during the FY 2018-19. The comprehensive income is Nil in the current year and Previous year.

2. **MSEZ Power Limited (MPL)**

   MSEZ Power Limited is a 100% Subsidiary of the company formed with the prime objective of distribution of Power to the units in MSEZL. This Subsidiary will commence its operations once the power distribution segment currently vesting with Mangalore SEZ Ltd (MSEZL) is transferred to MPL.It has also been granted a Co-Developer status from the Ministry of Commerce and Industries on May 19, 2015.

   During the year under review, the company had other revenue income of Rs 0.36 Lakhs as compared to Rs 0.35 Lakhs during the FY 2018-19. The comprehensive income for the period is Rs 0.06 Lakhs compared to loss of Rs 0.05 Lakhs in the Previous year.

   The statement containing the salient features of the financial statement of a company's subsidiaries under the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 is annexed in form AOC-1 as **Annexure VI.**

Directors & Meetings of the Board

Six meetings of the Board of Directors were held during the financial year. The details of the meetings have been furnished in the Corporate Governance report annexed to this report as **Annexure-II.**

Directors and Key Managerial Personnel - changes during the financial year 2019-20:

Change in Directors (Resignations):

1. Shri Ashwani Kumar resigned as Director of the Company w.e.f. 09.09.2019.
2. Shri P.B.Abdul Hameed resigned as Director of the company w.e.f. 16.01.2020.
3. Shri Paritosh Kumar Gupta ceases to be a Managing Director w.e.f. 19.11.2019.
4. Shri ISN Prasad has completed the tenure as Independent Director on 27.03.2020.

Your Directors wish to place on record their sincere appreciation for the valuable services rendered by Shri Ashwani Kumar, Shri P.B.Abdul Hameed and Shri ISN Prasad during their association with the Company. The Directors also wish to place on record their sincere appreciation for the valuable services rendered by Shri Paritosh Kumar Gupta during his tenure as Managing Director of the Company.

Change in Directors (Appointments)

The following persons were appointed as Directors during the year

1. Shri Nand Kishore was appointed as an Additional Director (Nominee of IL&FS) w.e.f 13.05.2019.
2. Shri Ashwani Kumar was appointed as an Additional Director (Nominee of IL&FS) w.e.f 13.05.2019.
3. Shri Paritosh Kumar Gupta was re-appointed as Managing Director of the company for a period of 6 months w.e.f 19.05.2019.
4. Shri Isaac Vas was appointed as an Additional Director (Nominee of KCCI) w.e.f 03.02.2020.
5. Shri ISN Prasad was re-appointed as Independent Director at the 61st Board meeting subject to approval of shareholders for a period of 2 years w.e.f 28.03.2020.
6. Shri Srinivas S Kamath was re-appointed as Independent Director for another term of 2 years w.e.f. 28.03.2020.

Changes Key Managerial Personnel:

1. Shri G.C.Swain, CFO was superannuated from the services of the Company w.e.f 01.04.2019.
2. Shri V.Suryanarayana was appointed as Chief Executive Officer w.e.f 19.05.2019.
3. Shri K.S.Ramesh was appointed as Chief Financial officer w.e.f 26.09.2019.

a. *Re-appointments of Directors at the 14th AGM:*

The following re-appointments to the Board are proposed:

Approval of the shareholders is being sought for the re-appointment of Shri M.Venkatesh (DIN: 07025342), Director of the Company, who retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer himself for re-appointment in accordance with the provisions of the Companies Act, 2013 and pursuant to Articles of Association of the Company.Your Board recommends his re- appointment.

b. *Appointments of Directors at the 14th AGM:*

Shri Isaac Vas (DIN: 00712781) was inducted as an Additional Director on the Board w.e.f. February 03, 2020. As per the provisions of Section 161 of the Companies Act, 2013, he holds office only up to the date of the Annual General Meeting of the Company. Approval of the Shareholders is being sought for his appointment as Director (Nominee of KCCI) (Non-Executive) in the ensuing Annual General Meeting pursuant to the provisions of the Section 160 of the Companies Act, 2013. Being eligible, the Board recommends his appointment.

Declarations by Independent Directors:

The Company had received declarations form the Independent Directors under Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

Directors' Responsibility Statement

As required under clause (c) of sub-section (3) of section 134 of the Companies Act, 2013, your Directors confirm that:

a) the applicable accounting standards have been followed along with proper explanations relating to material departures, if any, for preparation of the annual accounts.

b) the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2020 and of the profit and Loss of the Company for that period.

c) proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities.

d) the annual accounts have been prepared on a going concern basis.

e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

The report on Corporate Governance is annexed to this report as **Annexure-II.**

Contracts and Arrangements with Related Parties

Related party transactions that were entered during the financial year are on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters,Directors, Management or their relatives, which could have a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its review. The particulars of transactions made with the Related Parties during the year in the prescribed Form AOC-2 are enclosed as **Annexure-III.**

Corporate Social Responsibility (CSR) initiatives

As a socially responsible organization, MSEZL is committed to the well-being of the communities around the SEZ area and with this objective, the Company has taken up a number of schemes/ development activities during the FY 2019-20. These activities pertain to the areas of education, water supply, sanitation, community and social development.

As required under the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits in the immediately three preceding financial years. The average profit before tax for the last three years viz., 2016-17, 2017-18 and 2018-19 was Rs 7.02 Cr and 2% of 3 year average profit before tax will be Rs 0.1404 Cr.

Your Company has spent Rs 12,10,616 during the FY 2019-20. The balance amount of Rs. 1,93,384 is being carried forward for spending during the FY 2020-21. The Company had some commitments for carrying out the CSR activities such as Distribution of food and essential kits, preventive health care arising due to Covid 19 pandemic and distribution of furniture, bags etc to Anganwadi (2No's) which could not be undertaken during the FY 2019-20 on account of un precedented lock down announced by the Government of India due to Covid 19 Pandemic.

The CSR Policy may be accessed on the Company's website at http://www.mangaloresez.com/index.php/about-us/company-policies. A report on the CSR activities for FY 2019-20 is provided as an **Annexure-IV** to this report.

Risk Management

The Risk Management Policy has been adopted for the organization by the Board. The Risk Management Committee reviews various types of risks whether present or future and updates the risk register. The Management appraises the same to the Audit Committee periodically.

Internal Financial Control Systems and their Adequacy:

Your Company has in place a Policy on Internal Financial Controls.The Audit Committee regularly reviews the Internal Audit Reports for the audit carried out in all the key areas of the operations. Additionally, the Audit Committee reviews the significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as and when required.

The Company's assets are adequately covered by comprehensive insurance,risk assessments,inspections and safety audits are carried out periodically.

Statutory Auditors

M/s Ray & Ray, Chartered Accountants, bearing Registration No. 301072E are the Statutory Auditors of the Company for a period of 5 years from the conclusion of 12th Annual General Meeting till the conclusion of 17th Annual General Meeting (i.e FY 2018-19) at such remuneration as may be decided by the Audit Committee/Board of Directors thereon. They have audited the Financial Statements for the FY 2019-20 and submitted their report which forms part of this report.

Auditors' Report:

The report of the Auditors of the Company and notes to the accounts are self-explanatory and therefore do not call for any further comments and may be treated as adequate compliance of Section 134(2) of the Companies Act, 2013.

The Auditors' Report is un qualified but has an emphasis on the following matters:

Audit Report on Standalone Financials:

1. Notes 13 and 42 of the standalone financial statements, an amount of Rs. 9,738.91 Lakh (net of impairment provision) is included in the company's receivables for which the company has moved to the National Company Law Tribunal as operational creditor to initiate Corporate insolvency Resolution process under the IBC Code. In lieu of the same, the Company on the grounds of Prudence has not recognized revenue to the tune of Rs. 6,794.09 lakhs in the current period.

   With respect to the emphasis matter on non-recognition of revenue from JBF Petrochemicals Ltd, the Company believes that the entire manufacturing facility is still intact with in SEZ area and the said unit cannot commence production without the assured water supply from the Company. The Company has also made application for recovery of the outstanding old dues before the NCLT and believes that the same are realizable once the JBF commences production.

2. Notes 50 (b) of the standalone financial statements, the company received a claim of Rs. 2,892.54 lakh from Water Resources Development Organization (WRDO), Government of Karnataka towards water Cess for the two years of 2018-19 and 2019-20 calculated on the basis of maximum approved capacity, against which the company has represented to WRDO to allow to pay the water cess on the basis of actual usage during these two years. The company has paid a total amount of Rs. 825.33 lakh calculated on the basis of actual usage. No further provision has been made for the difference amount of Rs. 2,067.21 Lakh.

   With respect to the emphasis matter on Water Cess, the Company has made a representation to the WRDO, Government of Karnataka to allow the Company to pay the Water Cess based on actual drawal instead of allocated capacity. The matter is under active consideration by the GOK and the Company is hopeful of getting a favourable order and accordingly the Company has remitted the water cess for FY 2018-19 and 2019-20 based on the actual quantity of water drawn by the Company. The balance unpaid amount of Rs. 2067.21 lacs has been shown as a contingent liability vide Notes to accounts No. 50 (b).

Internal Auditors

The Board of Directors have appointed M/s. N.M. Raiji & Co., Chartered Accountants as Internal Auditors of the Company for the financial year 2019-20.

Secretarial Audit

The Board has re-appointed M/s P.N. Pai & Co, Company Secretaries to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith and marked as **Annexure-I** to this Report. The Secretarial Audit Report do not contain any qualification, reservation or adverse remark.

Cost Auditors & Cost Records

Mr. P. Venkatgiri Rao, Practicing Cost Accountant, Mangalore bearing Membership No. 32390 and firms Registration No. 101602 was appointed by the Board of Directors as the Cost Auditor of the company for doing the cost audit of the product voluntarily pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, for the Financial Year 2019-20. They are required to submit the report within 180 (One Hundred and Eighty) days from the end of the accounting year.

Further, upon recommendation of the 46th Audit Committee, the Board of Directors at their 62nd Meeting held on June 04, 2020 have approved re-appointment of Mr. P. Venkatgiri Rao, Practicing Cost Accountant, being eligible, as the Cost Auditors of the Company for the Financial Year 2020-21 at a remuneration of Rs 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and out of pocket expenses, subject to ratification of the said remuneration by the Members at the ensuing 14th Annual General Meeting pursuant to Section 148 of the Companies Act, 2013. The Company has maintained the necessary accounts and records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 pertaining to Cost Audit.

Evaluation of Board

The provisions of Section 134(3)(p) of the Companies Act, 2013 read with rule 8(4) of the Companies (Accounts) rules, 2014 requires every listed company and every other public Company having paid-up share capital of Rs 25 Cr or more shall include a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Accordingly, based on the criteria of Board evaluation approved by the Nomination and Remuneration Committee (NRC), the Board of Directors have evaluated the performance of Board, Managing Director, Non-Executive and Non-Independent Directors, Committees of Board and Independent Directors of the Company. A consolidated report was submitted to the Nomination and Remuneration Committee and to the Board for its review. The Nomination and Remuneration Committee reviewed the consolidated report on Evaluation and noted the % of rating obtained against each category by the Directors. Based on the % of rating obtained, the NRC has expressed its satisfaction and recommended for continuation of all Directors of the Company. The Consolidated report on the performance of Board, Managing Director, Non-Executive and Non-Independent Directors, Committees of Board and Independent Directors was placed for review and noting by the Board. The Board reviewed and noted the Consolidated report on performance evaluation and recommendations of the NRC.

Meeting of Independent Directors

A Separate meeting of the Independent Directors was held on January 31, 2020, inter-alia, to discuss the evaluation of performance of Non- Independent Directors, the Board as a whole, evaluation of the performance of the Chairman and the evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. The Independent Directors expressed satisfaction over the same.

Disclosures:

Audit Committee

The Audit Committee Consists of the following Directors as its members. The constitution consists of one Independent Director and one non-independent Directors as at 31.03.2020. The details of the Terms of reference are provided in the Corporate Governance Report.

Name of Director	Designation
Shri Srinivas S Kamath	Chairman and Independent Director
Shri ISN Prasad up to 27.03.2020	Independent Director
Shri Subhash Kumar	Member

Corporate Social Responsibility Committee

Consequent to the appointment of Shri P. B. Abdul Hameed, the CSR Committee was re-constituted by the Board on 30th March, 2019. Further consequent to the resignation of Shri P. B. Abdul Hameed and appointment of Shri Isaac Vas, the CSR Committee was reconstituted by the Board of Directors on 03rd February, 2020 with following Directors as its members. The constitution consists of at least one Independent Director as member as required under Section 135 of the Companies Act, 2013. The details of the Terms of reference are provided in the Corporate Governance Report.

Name of Director	Designation
Shri Srinivas S Kamath	Chairman and Independent Director
Shri Paritosh Kumar Gupta	Member
Shri Isaac Vas	Member

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of following Directors as its members. The constitution consists of 2 non independent Directors and one Independent Director. The details of the Terms of reference are provided in the Corporate Governance Report.The Nomination and Remuneration Policy may be accessed on the Company's website at http://www.mangaloresez.com/index.php/about-us/company-policies.

Name of Director	Designation
Shri Srinivas S Kamath	Chairman and Independent Director
Shri ISN Prasad up to 27.03.2020	Member and Independent Director
Shri M.Venkatesh	Member
Shri Subhash Kumar	Member

Internal Complaints Committee (ICC):

The Company in compliance of instruction of Department of Woman and Child development read with the guidelines issued by the Honorable Supreme Court, the company has constituted an Internal Complaints Committee to enquire into the complaints on sexual harassment of women at work place under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Since Mrs Veena Shetty and Shri V.Phani Bhushan have completed tenure of 3 years as members of the Committee, the ICC was re-constituted on 25th February, 2020 with the following as the members of the ICC., Mrs Ashwini Hegde (Presiding officer), Mrs Kavya Akshay, Mr. Sudarshan Nayak and Mr Yogeesha K and Mrs Priya D'souza. During the financial year ended 31st March, 2020, 4 meetings were held and the Company has not received any complaints pertaining to Sexual Harassment.

Vigil Mechanism:

The Company has adopted in its Board Meeting held on 28th March, 2015 a Vigil mechanism and Whistle blower policy (part of HR policy) which would be administered by the Audit Committee under which an employee who observes any unethical or improper practices or alleged wrongful conduct, shall make a disclosure to the Company Secretary in writing through letter or e-mail as soon as possible but not later than 30 consecutive calendar days after becoming aware of the same. The Company Secretary shall prepare a written summary of the employee's disclosure and provide a copy to the employee and the Chairman, Audit Committee. Under exceptional circumstances employees may also directly report to the Chairman of the Audit Committee. Detailed policy on vigil mechanism is available on the Company's website viz., www.mangaloresez.com.During the year, the Company has not received any Complaints under the Vigil mechanism..

Details of frauds reported by auditors under Section 143(12) other than those which are reportable to the Central Government – Nil

Particulars of Loans given, Investments made, Guarantees given and securities provided

During the year, the Company has not made any investment and no loans or guarantees or securities were provided to other business entities.

Fixed Deposit

The Company did not invite or accept any deposits from the public during the year within the meaning of Section 73 of the Companies Act, 2013. There are no unpaid or unclaimed deposits with the Company.

Particulars of Conservation of Energy, Technology Absorption etc.

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy :	
i) the steps taken or impact on conservation of energy	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimise use of energy with continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.
ii) the steps taken by the company for utilising alternate sources of energy	
iii) the capital investment on energy conservation equipments;	
(B) Technology absorption :	
(i) the efforts made towards technology absorption	Updation of Technology is a Continuous process, absorption implemented and adapted by the Company for innovation. Efforts are continuously made to developing infrastructure and rendering allied services to its clients.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	The Company has been successful in conservation of river water by constructing Sewage Treatment Plants for treating the secondary sewage water with the help of the State of the Art Technology and making it fit for Industrial use.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Not applicable since 5 years period is over.
(a) the details of technology imported	
(b) the year of import;	
(c) whether the technology been fully absorbed	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv) the expenditure incurred on Research and Development.	Nil

Foreign Exchange Earnings and Outgo	2019-20	2018-19
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Rs. 6,37,96,038	Nil

Extract of Annual Return

The extract of the annual return in Form MGT-9 in terms of Section 92(3) of the Companies Act, 2013 for the financial year under review has been provided as **Annexure-V** which forms part of the Directors' Report. The same is also made available on the website of the Company at www.mangaloresez.com.

Particulars of Employees

Since, your Company is an unlisted company, the Company is not required to provide any disclosures required in terms of Section 197(12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However, any such information required shall be made available to any shareholder on a specific request made by him in writing before or after the date of such Annual General Meeting.

Material changes and commitments, if any, affecting the financial position of the company

There are no material changes and commitments affecting the financial position of the company which occurred between the end of the financial year to which the financial statements relate and the date of the report.

Significant and Material Orders passed by the Regulators or Courts

No significant and material orders were passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

Environment Protection Measures

The Company has taken up regular environmental monitoring to check the quality of water and air to maintain the environmental standards. It has installed an online ambient air quality monitoring station as mandated by MoEF & Pollution Control Board. The online monitored data is continuously uploaded to Central Pollution Control Board website.

Acknowledgment

Your Directors wish to express a deep sense of gratitude and acknowledge the co-operation, assistance and support extended by the Central and State Government, Government departments & agencies, Banks and local authorities for their continued guidance and support. The Directors also wish to place on record their sincere appreciation for the total commitment, dedication and hard work put in by the employees at all levels for the development of the Company.

The Directors place on record their appreciation for the continued co-operation and confidence reposed by all stakeholders viz Oil and Natural Gas Corporation Ltd(ONGC), Infrastructure Leasing and Financial Services Ltd (IL&FS), Karnataka Industrial Areas Development Board (KIADB), Kanara Chamber of Commerce and Industry (KCCI) and ONGC Mangalore Petrochemical Ltd (OMPL)

On Behalf of the Board
For Mangalore SEZ Limited

	Sd/-	Sd/-
	Venkatesh Madhava Rao	**Srinivas S Kamath**
Place : Mangalore	Director	Director
Dated: 02.09.2020	DIN : 07025342	DIN : 01079043

ANNEXURE I TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020)

[Pursuant of section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel Rules, 2014]

To,

The Members
MANGALORE SEZ LIMITED
Sy. No 168/3A, Plot No U-1
Administrative Building
Mangalore Special Economic Zone
Bajpe Village, Mangalore- 574 142

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

Based on our verification of **MANGALORE SEZ LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period on 31st March 2020 complied with the statutory provisions listed in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by MANGALORE SEZ LIMITED for the financial year on 31st March 2020 according to the provisions of:

   I) The Companies Act, 2013 (the act) and the Rules made there under;

   II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder do not apply to the Company as it is Unlisted Public Company.

   III) The Depository Act, 1996 and the Regulations and Bye-laws do not apply to the company as it is Unlisted Public Company.

   IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under.

   V) The regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') is not applicable to Company as it is not a listed Company.

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines & Standards mentioned above.

2. I further report that

The Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

a) Maintenance of various statutory registers and documents and making necessary entries therein.

b) Closure of the Register of Members.

c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government.

d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies.

e) Notice of Board meetings and Committee Meetings of Directors.

f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;.

g) The Annual General Meeting was held on 27.09.2019;

h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;

6 Board Meetings, 5 Audit Committee Meetings, 5 CSR Committee Meetings, 4 NRC Meetings and 1 Independent Directors Meeting were conducted in the period under review.

i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government Authorities, wherever required.

j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Whole-time Directors.

k) Payment of remuneration to Directors including the Whole-time Directors.

l) Appointment and Remuneration of Auditors and Internal Auditors.

m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares if any.

n) Declaration and payment of dividends if any; is not applicable.

o) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs is not applicable.

p) Borrowings and registration, modification and satisfaction of charges wherever applicable.

q) Investment of the Company's funds including investments and loans to others if any.

r) Form of Balance Sheet as prescribed under Part I, form of Statement of Profit and Loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act.

s) Directors' Report.

t) Contracts, common seal, registered office and publication of name of the Company; and

u) Generally, all other applicable provisions of the Act and the Rules made under the Act.

3. **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors (Nil), Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes, the Company has obtained all necessary approvals under the various provisions of the Act; and There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories and Guidelines framed under these Acts against/ on the Company, its Directors and Officers.The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management personnel;

4. The provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding is not applicable to this company.

5. **I further report that:**

Based on the information received and records maintained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For P N Pai & Co

Sd/-

CS Narasimha Pai P

Practicing Company Secretary

FCS No.9543, CP No.11629

UDIN: F009543B000486184

Place: Mangalore

Date: 22.07.2020

ANNEXURE II TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2019-20

Company's philosophy on Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. It is an integral part of the Company's core values which include transparency, integrity, honesty and accountability. The Company believes in practicing good Corporate Governance and endeavors to improve on these aspects on an ongoing basis.

Board of Directors

As on March 31, 2020, the Company's Board of Directors comprised of Seven Directors consisting of Six Non-Executive Directors and One Non-Executive and Independent Director. The Details of the Directors are as under :

Name of Director	Designation	Category of Directorship
Shri. Shashi Shanker	Chairman	Non-Executive Director
Shri Subhash Kumar	Nominee Director from ONGC.	Non-Executive Director
Shri M.Venkatesh	Nominee Director from ONGC	Non-Executive Director
Shri Paritosh Kumar Gupta	Managing Director up to 18.11.2019. Nominee Director of IL&FS w.e.f 19.11.2019.	Non-Executive Director
Shri Nand Kishore	Nominee Director from IL&FS	Non-Executive Director
Shri Isaac Vas	Additional Director (Nominee of KCCI)	Non-Executive Director
Shri Srinivas S Kamath	Independent Director	Non-Executive Director

Changes during the financial year 2019-20:

Name of the Director	Date of Resignation/Tenure	Remarks
Shri Ashwani Kumar	09.09.2019	Resigned as Director of the Company.
Shri P.B.Abdul Hameed	16.01.2020	Consequent to Ceasing as President of KCCI, resigned as Director of the Company.
Shri Paritosh Kumar Gupta	19.11.2019	Ceases to be a Managing Director
Shri ISN Prasad	27.03.2020	Consequent upon completion of his tenure as Independent Director.

Name of the Director	Date of Appointment	Remarks
Shri Nand Kishore	13.05.2019	Nominee of IL&FS
Shri Ashwani Kumar	13.05.2019	Nominee of IL&FS
Shri Paritosh Kumar Gupta	19.05.2019	Re-appointed as Managing Director.
Shri ISN Prasad	28.03.2020	Re-appointed as Independent Director for 2 Years.
Shri Srinivas S Kamath	28.03.2020	Re-appointed as Independent Director for 2 Years.
Shri Isaac Vas	03.02.2020	Additional Director (Nominee of KCCI)

Changes in the Board of Directors after 31st March 2020.

1. Shri ISN Prasad was appointed as an Independent Director to hold office for another term of 2 years w.e.f 04.06.2020 to 03.06.2022.

The Board places on record its appreciation for the valuable services rendered by the outgoing Directors during their respective tenure.

Directors Appointments/Re-appointments

In terms of Section 152 of the Companies Act, 2013, Shri M.Venkatesh, Director (DIN: 07025342) will retire by rotation at the Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommend his re-appointment.

In terms of Section 160 of the Companies Act, 2013, Shri Isaac Vas (DIN: 00712781) who was appointed as additional director by the Board on 03rd February 2020 is proposed to be appointed as Director (Nominee of KCCI) at the ensuing Annual General Meeting. The Board of Directors of the Company recommends his appointment.

A Statement showing the particulars of Directors as per the corporate governance regulations is Annexed to the Notice.

Board Meetings held during the financial year 2019-20

During the financial year under review, the Board of Directors met Six times as under:

Number of the Meeting	Date of Meeting	Place of Meeting
56th	25th April, 2019	New Delhi
57th	13th May, 2019	New Delhi
58th	29th July, 2019	New Delhi
59th	21st September, 2019	Mysuru
60th	31st October, 2019	New Delhi
61st	03rd February, 2020	New Delhi

Attendance of Directors as on March 31, 2020 at the Board meetings held during the financial year 2019-20 and attendance at the 13th AGM and directorships/Committee positions held in other companies were as under :

Name of Director	No. of Board meetings held during the year	No. of Board Meetings attended	Attendance at the 13th AGM	Directorships in other companies*	No. of outside committee #	
					Member	Chairman
Shri Shashi Shanker	6	5	Absent	7	-	-
Shri Subhash Kumar (w.e.f 26.02.2019)	6	6	Absent	6	3	-
Shri M.Venkatesh	6	5	Present	4	-	-
Shri Srinivas S Kamath	6	6	Present	-	-	-
Shri Nand Kishore w.e.f 13.05.2019	6	2	Absent	9	4	4
Shri Paritosh Kumar Gupta	6	6	Absent	7	1	-
Shri Isaac Vas w.e.f. 03.02.2020	6	NA	NA	2	-	-

Chairmanship/Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies,

*excludes directorships in foreign companies.

Details of attendance of Directors (resigned during the year/completed tenure) at the Board meetings held during the financial year 2019-20 and attendance at the 13th AGM and directorships/Committee positions held in other companies.

Name of Director	No. of Board meetings held during the year	No. of Board Meetings attended	Attendance at the 13th AGM	Directorships in other companies*	No. of outside committee #	
					Member	Chairman
Shri I.S.N Prasad	6	1	Absent	8	4	-
Shri Ashwani Kumar	6	1	NA	6	-	-
Shri P.B.Abdul Hameed (up to 16.02.2020)	6	4	Absent	1	-	-

Chairmanship/Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies,
*excludes directorships in foreign companies.

Independent Directors

In order to comply with the provisions of Companies Act 2013, the company has appointed Independent Directors. Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and memberships held in various committees of other companies by such persons while selecting such Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision subject to the approval of Shareholders in the General Meeting. Accordingly, the existing independent Directors registered in the data bank of Independent Directors were reviewed by the Nomination and Remuneration Committee and recommended for re-appointment for another term of 2 years.

Following are the Independent Directors as at 31st March, 2020.

Name	Effective date of Appointment	Tenure
Shri Srinivas S. Kamath	28th March, 2020	2 Years

Disclosure of Relationships between directors Inter-se:

Inter-se relationships between Directors and Key Managerial Personnel of the Company: None

Number of Shares held by Non-Executive Directors:

Among the Non-Executive Director, one Director holds 500 Equity shares in the Company.

Audit Committee

The Company has a duly Constituted Audit Committee in accordance with the provisions of the Companies Act, 2013. However, as at 31st March, 2020, there is only one Independent Director as the other Independent Director tenure got completed on 27.03.2020. As per rule 4 of the Companies (Appointment and Qualification of Directors) rules, 2014, any intermittent vacancy of an independent director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later. The Board is in the process of filling the vacancy. The broad terms of reference, role and scope were drawn as per the provisions of the Act. The terms of reference of the Audit Committee as approved by the Board is reproduced below:

- To discuss with the auditors periodically about the internal control systems, the scope of audit including the observation of the auditors.
- To review the half-yearly and annual financial statements before submission to the Board for its approval.
- To ensure compliance of internal control systems.
- To investigate into any matter in relation to the items referred to it by the Board.
- To make any recommendations on any matter relating to financial management, including the Audit Report.
- Review of annual capital and revenue budgets.

Five meetings of the Audit Committee were held during the financial year 2019-20;

Number of the meeting	Date of Meeting	Place of meeting
41st	25th April, 2019	New Delhi
42nd	13th May, 2019	New Delhi
43rd	25th July, 2019	Bangalore
44th	31st October, 2019	New Delhi
45th	31st January, 2020	Bangalore

The composition of the Committee during the year under review and the details of meetings attended by the Directors during the financial year are given below:

Name of Director	Designation	No. of meetings held during the year	No. of meetings attended
Shri Srinivas S Kamath	Chairman & Independent Director	5	5
Shri Subhash Kumar	Member	5	4
Shri ISN Prasad*	Member & Independent Director	5	3

*Tenure completed on 27.03.2020.

The Statutory Auditors and Internal Auditors of the Company were invited to attend the Audit Committee meetings where ever required.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted on 03rd February, 2020 pursuant to Section 135 of the Companies Act, 2013. The CSR Committee formulates the CSR Policy, monitors the CSR activities & CSR spending of the company as per the guidelines of Companies Act, 2013.

Five meetings of the Corporate Social Responsibility Committee was held during the financial year 2019-20;

Number of the Meeting	Date of Meeting	Place of Meeting
8th	25th April, 2019	New Delhi
9th	13th May, 2019	New Delhi
10th	29th July, 2019	New Delhi
11th	31st October, 2019	New Delhi
12th	03rd February, 2020	New Delhi

The composition of the Committee during the year under review and the details of meetings attended by the Directors during the financial year are given below:

Name of Director	Designation	No. of meetings held during the Year	No. of meetings attended
Shri Srinivas S Kamath	Chairman & Independent Director	5	5
Shri Paritosh Kumar Gupta	Member	5	5
Shri P.B.Abdul Hameed*	Member	5	4
Shri Isaac Vas**	Member	5	NA

*Ceased to be member w.e.f 16th January, 2020.

** Member w.e.f. 03rd February, 2020.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted by the Board on 29th August, 2014 pursuant to Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee shall:

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

b. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

c. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel (at Board level).

d. Review the organogram, HR policy framework, compensation structure bench marked to (a) other companies in infrastructure arena, other JV's of ONGC, the KPI's of different roles of the executives and the role relationship amongst the intra functional and inter functional teams of the Company for the Construction phase and O&M phase.

Four meetings of the Nomination and Remuneration Committee was held during the financial year 2019-20;

Number of the meeting	Date of Meeting	Place of meeting
8th	25th April, 2019	New Delhi
9th	26th August, 2019	New Delhi
10th	03rd September, 2019	Mangalore
11th	31st January, 2020	Bangalore

The composition of the Committee during the year under review and the details of meetings attended by the Directors during the financial year are given below:

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Srinivas S Kamath	Chairman & Independent Director	4	4
Shri ISN Prasad *	Member & Independent Director	4	1
Shri M.Venkatesh (w.e.f 05.09.2018)	Member	4	4
Shri Subhash Kumar (w.e.f 30.03.2019)	Member	4	4

*Tenure completed on 27.03.2020.

Committee of Directors (COD)

The Committee of Directors is constituted for following powers based on the value of contracts and proposals:

1. To approve the work contracts: Award of contracts on open tender basis from Rs.10 Crore to Rs.200 Crore, limited tender basis from Rs. 7.5 Crore to Rs. 150 Crore and single tender basis from Rs.2.50 to Rs. 50 Crore.
2. To approve appointment of consultants ranging from Rs. 50 Lakhs to Rs. 1 Crore.
3. To approve variation proposals where value of variation is between Rs. 5 Crore to Rs. 50 Crore subject to max ceiling of 10% of the contract value.
4. Consideration of proposals of new capital investment, marketing related proposals beyond the approved business plan under the Scope of the Committee of Directors.

Committee of Directors reviews all proposals of award of works which requires approval of Board of Directors and furnishes its recommendation to the Board. Committee of Directors have powers up to 5% of the order value mentioned against in S. No.1 above to waive compensation for loss and/or liquidated damage/price reduction already claimed /levied due to failure of contractors/suppliers.

One COD Meeting was held during the financial year 2019-20 on 03rd September, 2019.

The composition of the Committee during the year under review and the details of meeting attended by the Directors during the financial year are given as under:

Name of Director	Designation	No. of meetings held during the period	No. of meetings attended
Shri Paritosh Kumar Gupta	Member	1	1
Shri M.Venkatesh (w.e.f 30.03.2019)	Member	1	1
Shri Srinivas S Kamath (w.e.f 30/03/2019)	Member	1	1

Remuneration to Directors

The Company pays sitting fees to Non-Executive Independent Directors for attending the Board and Audit Committee meetings. The Details of sitting fees paid during the financial year 2019-20 are provided hereunder:

Name of Director	Amount In Rs
Shri ISN Prasad	1,00,000
Shri Srinivas S Kamath	2,75,000

The company do not pay any sitting fees to the Non-Executive Directors and Executive Director.

The remuneration payable to Shri Paritosh Kumar Gupta, Managing Director towards salary and allowances, from April 01, 2019 to May 18, 2019 is around Rs 4,03,226/-.

Other Disclosures as required under Schedule V part II of Section II :

S.No	Particulars	Details
i	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors.	The Managing Director is to be paid the fixed Remuneration. Sitting fees is paid to Independent Directors for attending the Board and Audit Committee meetings.
ii	Details of fixed component. and performance linked incentives along with the performance criteria.	NA
iii	Service contracts, notice period, severance fees; and	Nil
iv	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	NA

Annual General Meetings (AGM)

The details of the last three Annual General Meetings of the Company are as under:

Financial Year Ended	Date of AGM	Time	Venue	Special Resolution passed
31st March 2017	19th August, 2017.	9.30 Hrs	3rd Floor, MUDA Building, Urwa Stores, Ashok Nagar, Mangalore -575 006.	Appointment of Shri Paritosh Kumar Gupta as Managing Director.
31st March 2018	28th September, 2018.	12.30 Hrs	The Ocean Pearl, Navabharath Circle, Kodialbail, Mangalore- 575 003.	Appointment of Shri Paritosh Kumar Gupta as Managing Director.
31st March 2019	27th September, 2019.	12.30 Hrs	The Gateway Hotel, Old Port Road, Bunder, Mangalore – 575 001.	Re-Appointment of Shri Paritosh Kumar Gupta as Managing Director for Six months with effect from May 19, 2019.

Extra-ordinary General Meeting

During the year under review, the company has conducted One Extra-Ordinary General Meeting.

Code of Conduct

The Company is committed to conducting its business in conformity with ethical standards and applicable laws and regulations. This commitment stands evidenced by the Code of Conduct adopted by the Board of Directors at their 32nd meeting held on 26th March, 2013 which is applicable to each member of the Board of Directors and Senior Management of the Company. The Board Members and Senior Management have affirmed the compliance to the Code of Conduct of the company for the year ended 31st March, 2020.

CEO and CFO Certification

Certificate on the financial statement and internal controls relating to financial reporting from Chief Executive Officer and Chief Financial Officer for the year ended 31st March, 2020 was submitted to the Board at its meeting held on 04th June, 2020.

General Shareholder Information

a. The Company is registered in the State of Karnataka, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U45209KA2006PLC038590.

b. The Annual General Meeting is scheduled to be held on 29.09.2020.

c. Financial Calendar	:	April to March.
d. Book Closure	:	None.
e. ISIN	:	INE04YJ01012.
f. Registrars/Transfer Agent	:	KFIN Technologies Private Limited. Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana. Contact person: Mr. Hanumantha Rao P, Sr Manager – Corporate Registry, (040) 6716 2222/ 6716 1602 email: hanumantha.patri@kfintech.com
g. Shareholders' Enquiries	:	Shri V. Phani Bhushan, Company Secretary, E-mail ID for shareholders' queries: Email: phanibhushan@msezl.com.
h. Address for correspondence	:	Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore Taluk, Dakshina Kannada (Dist), Karnataka – 574142.
i. Annual Report	:	Annual Report containing inter-alia, Audited Accounts, Board's Report, Corporate Governance Report, Auditor's Report including information for the shareholders and other important information is circulated to the members and others entitled thereto.

j. Designated Exclusive email-id	:	The Company has designated the following email-id exclusively for investor services: info@msezl.com
k. Special Economic Zone Location	:	Mangalore SEZ Ltd, Bajpe, Permude Village, Mangalore - 574 509, Dakshina Kannada (Dist), Karnataka.

Shareholding Pattern as on 31st March, 2020:

Sl. No.	Name of Shareholder	No. of Equity Shares of Rs.10/- each Held	% of Shareholding
1	Infrastructure Leasing and Financial Services Ltd. (IL&FS)	25,000,000	50.00
2	Oil and Natural Gas Corporation Ltd. (ONGC)	13,000,000	26.00
3	Karnataka Industrial Area Development Board (KIADB)	11,500,000	23.00
4	ONGC Mangalore Petrochemicals Ltd.(OMPL)	480,000	0.96
5	Kanara Chamber of Commerce & Industries (KCCI)	20,000	0.04
6	V.Suryanarayana	100	0
7	Rishi Bhardwaj	500	0
8	Diwakar Sinha	100	0
9	Paritosh Kumar Gupta	500	0
	TOTAL	**50,001,200**	**100.00**

Disclosures:

Related Party Transactions: There was no materially significant related party transaction with its promoters, the Directors or the management or relative of the Directors that may have potential conflict with the interests of the Company.

Disclosure of Accounting Treatment: In preparation of the Financial Statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountant of India (ICAI), to the extent applicable.

Compliances: The Company has complied with provisions of law and regulations as applicable to the Company.

Transfer to Investor Education and Protection Fund (IEPF): The Company has not accepted any deposits from the public and also the Company has not declared any dividend since its incorporation. Therefore, transfer by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 124 of the Companies Act, 2013 do not arise.

On Behalf of the Board
For Mangalore SEZ Limited

	Sd/-	Sd/-
	Venkatesh Madhava Rao	**Srinivas S Kamath**
Place : Mangalore	Director	Director
Dated: 02.09.2020	DIN : 07025342	DIN : 01079043

ANNEXURE III TO BOARD'S REPORT

FORM NO AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso is given below:

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

Sl. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of ~~contracts/arrangements/~~transaction	Nil
c)	Duration of the contracts/arrangements /transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

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

S.No	Name (s) of the related party	ONGC	IL&FS	KIADB	OMPL	MRPL	Hindustan Petroleum Corporation Ltd
A	Nature of Relationship	Associate	Associate	Associate	ONGC-Ultimate holding company	Subsidiary of ONGC	Subsidiary of ONGC
B	Nature of contracts/ arrangements/ transaction	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below
C	Duration of the contracts/ arrangements / transaction	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
D	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil	a) Service received – Deputation of MD b) Service received -Others	a) Services received – Annual lease rent	a) Supply of services- Annual lease rental b) Sale of products c) Supply of Services d) Interest payable on security deposit e) Other payable	a) Sale of products b) Supply of services c) Other payable	a) Supply of Service
E	Justification for entering into such contracts or arrangements or transactions	Ordinary Course of Business	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business
F	Date of approval by the Board	Not Applicable.	Not Applicable.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
G	Amount incurred during the year (Rs In Lakhs)	Nil	a) 4.03 b) Nil	a) 5.97	a) 233.96 b) 2864.36 c) 1050.00 d) 10.01 e) 525.22	a) 2548.52 b) 4515.44 c) 282.28	a) 3.73

S.No	Name (s) of the related party	Mangalore STP Ltd	MSEZ Power Ltd	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
A	Nature of Relationship	Subsidiary Company	Wholly owned Subsidiary company	Chief Executive Officer	Chief Financial officer	Company Secretary
B	Nature of contracts/ arrangements/ transaction	As mentioned in Sl. No. (d) below	As mentioned in Sl. No. (d) below	Remuneration	Remuneration	Remuneration
C	Duration of the contracts/ arrangements / transaction	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	26.09.2019 to 31.03.2020	01.04.2019 to 31.03.2020
D	Salient terms of the contracts or arrangements or transaction including the value, if any	a) Supply of goods	a) Supply of services	Chief Executive Officer w.e.f 19.05.2019	Chief Financial Officer	Company Secretary
E	Justification for entering into such contracts or arrangements or transactions	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business
F	Date of approval by the Board	Not applicable	Not applicable	13.05.2019	21.09.2019	12.05.2016
G	Amount incurred during the year (Rs In Lakhs)	586	0.02	58.80	17.08	24.48

On Behalf of the Board
For Mangalore SEZ Limited

Place : Mangalore
Dated: 02.09.2020

Sd/-
Venkatesh Madhava Rao
Director
DIN : 07025342

Sd/-
Srinivas S Kamath
Director
DIN : 01079043

ANNEXURE IV TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy.	To actively contribute to the social and economic development of the communities in which we operate through our services, conduct and initiatives with environmental concern. In so doing build a better, sustainable way of life for the weaker sections of society. Depending upon their core competency and business interest, Company shall undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of its operations. These include: Promoting education, skill building for livelihood of people, health, cultural and social welfare etc, particularly targeting sections of society. To generate through its CSR initiatives, a community goodwill for MSEZL and help re-inforce a positive and socially responsible image of the Company as a Corporate entity The CSR Committee has allocated the budget for CSR activities for the FY 2019-20. The CSR Policy is available at companies Website viz www.mangaloresez.com under policies.
2. Composition of CSR Committee	Shri Srinivas S. Kamath – Chairman Shri Paritosh Kumar Gupta – Member Shri Isaac Vas – Member
3. Average net profit (PBT) of the Company for last three financial years	Rs. 7.02 Cr
4. Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above)	Rs. 14.04 Lakhs
5. Details of CSR spent during the financial year:	Rs. 12.11 Lakhs
Total amount to be spent for the financial year	Rs. 14.04 Lakhs
Amount unspent, if any	Rs. 1.93 Lakhs
Manner in which the amount spent during the financial year	Details given below
6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Reasons for not spending have been provided in the Boards Report
7. Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	Yes

CSR Expenditure incurred during the Financial Year 2019-20

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified.	Sector in which the project is covered.	Projects or programs Local area or others Specify the State and district where projects or program was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1) Direct expenditure on project or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education and other allied activities titled **Vidya Vikas.**	Under clause (ii) of Schedule VII of the Act –Promoting education, Livelihood enhancement and Rural Development projects.	Distribution of text and academic books, books to Library, Lab Equipment, Providing art and drawing material, Computer and Printer, Desks, Bench, Furniture and Close Circuit Camera Surveillance system etc., to various schools majority falling under Local area viz Katipalla,Shibharoor, Kodikere, Borugudde, Kenjar, Kalavar, Chilimbi, Jokatte, Kuthluru, Koragatte,Sunkadakkatte, Konchady, Kallige, Mangalore, Dakshina Kannada (Dist), Karnataka,plus Construction of Bus Shelter at Shediguri near Thokur.	Rs 6,00,000	Rs 8,68,743 (Direct & no overheads)	Rs 8,68,743	Direct
2	Promoting Health Care, sanitation and other allied activities as per the Sch VII titled **Arogya Vikas.**	Under clause (i) of Schedule VII of the Act–Promoting Health Care including preventing Health Care, Making available safe drinking water, Eradicating Hunger, Poverty and Malnutrition.	Providing of Water Purifier, making available drinking water facility, Distribution of rice bags and Blood donation camp at Padupadavu, Aliyoor, Moodbidre, Pranthya and Kalavar Managalore,Dakshina Kannada Dist, Karnataka.	Rs 600,000	Rs 1,51,873 (Direct & no overheads)	Rs 1,51,873	Direct

3	Protection of National Heritage, arts and culture, promotion and development of arts and handicrafts etc titled as **Nagarika Vikas.**	Clause (v) of Schedule VII of the Act – Promoting and Protection of Arts, Public libraries and National Heritage.	Activities in the field of Indian Culture, Education and food relief Mangalore, Dakshina Kannada, Karnataka.	Rs 50,000	Rs 15,000 (Direct & no overheads)	Rs 15,000	Direct
4	Conservation of environment by way Green nurturing programme in Schools titled **Prakruthi Vikas.**	Clause (iv) of Schedule VII of the Companies Act – ensuring environmental sustainability and ecological balance and protection of environment.	Distribution of saplings on the eve of nature conservation day at Mangalore, Dakshina Kannada Dist, Karnataka.	Rs 1,00,000	Rs 0 (Direct & no overheads)	Rs 0	Direct
5	Any other CSR activity	Schedule VII of the Act (vi),(vii),(i)(ii) and (iv).	To provide aid to the families of soldiers martyred in the Kargil war on the eve of Kargil Vijay divas at Surathkal, Mangalore, Promotion of Sports Pro Kabadi 2019, Educational and Health activities at MSEZ colony, Kulai, Beach Schooling and Plactic recycle activities at Managlore.	Rs 54,000	Rs 1,75,000	Rs 1,75,000	Direct
6	**Total**			**Rs 14,04,000**		**Rs 12,10,616**	

On Behalf of the Board
For Mangalore SEZ Limited

Sd/-	Sd/-
Venkatesh Madhava Rao	**Srinivas S Kamath**
Director	CSR Committee Chairman
DIN : 07025342	DIN : 01079043

Place : Mangalore
Dated: 02.09.2020

ANNEXURE V TO BOARD'S REPORT

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS :		
i	CIN	U45209KA2006PLC038590
ii	Registration Date	24.02.2006
iii	Name of the Company	MANGALORE SEZ LIMITED
iv	Category/Sub-category of the Company	Company having Share Capital
v	Address of the Registered office & contact details	Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore taluk, Dakshina Kannada (Dist), Karnataka – 574142. Tel: 0824- 2885501-02 Fax: 0824–2885503
vi	Whether listed company	No
vii	Name , Address & contact details Of the Registrar & Transfer Agent, if any.	**KFin Technologies Private Limited.** Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana, Contact person: Mr. Hanumantha Rao P, Sr Manager– Corporate Registry, (040) 6716 2222/ 6716 1602 email: hanumantha.patri@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sl.No.	Name and Description of main products / services	NIC Code of the Product/Service*	% to Total Turnover of the Company#
1.	Water supply	360: Water Collection, Treatment and Supply	45.53%
2.	Sale of Power	351: Collection and Distribution of Electric Energy	26.80%
3.	Development of Special Economic Zone (Lease rent and Lease Premium)	431: Demolition and Site Preparation	10.25%

* As per National Industrial Classification –2008 Ministry of Statistics and Programme Implementation.
# On the basis of Gross Turnover(operations).

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl.No	Name and Address of the Company	CIN/GLN	Holding/ subsidiary /Associate	% of shares held	Applicable Section
1.	Mangalore STP Limited Kavoor Sewage Treatment Plant, Mullakad Opposite Kavoor Rice Mill, Kavoor Mangalore Dakshina Kannada Dist, Karnataka- 575015	U90009KA2011PLC057826	Subsidiary	70	2(87)(ii)
2.	MSEZ Power Limited Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore taluk, Dakshina Kannada (Dist), Karnataka – 574142	U40104KA2014PLC077363	Subsidiary	100	2(87)(ii)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Bank/FI	0	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds										
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL: (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non Institutions										
a) Bodies Corporates	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 Lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 Lakhs	0	0	0	0	0	0	0	0	0	0
c) Any Other (specify) NRIs	0	0	0	0	0	0	0	0	0	0
d) Foreign Bodies Corporate	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**1,30,00,100**	**3,70,01,100**	**5,00,01,200**	**100**	**1,34,81,200**	**3,65,20,000**	**5,00,01,200**	**100**	**0**	**0**

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)
(i) Category wise shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/ ~~HUF~~	100	1100	1200	0.0024	1200	0	1200	0.0024	0	0
b) Central Govt. or State Govt.	1,3000,000	1,15,00,000	2,45,00,000	48.9988	1,30,00000	1,15,00,000	2,45,00,000	48.9988	0	0
c) Bodies Corporates	0	2,55,00,000	2,55,00,000	50.9988	4,80,000	2,50,20,000	2,55,00,000	50.9988	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (1)	**1,30,00,100**	**3,70,01,100**	**5,00,01,200**	**100**	**1,34,81,200**	**3,65,20,000**	**5,00,01,200**	**100**	**0**	**0**
(2) Foreign	0	0	0	0	0	0	0	0	0	0
a) NRI-Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)										
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	**1,30,00,100**	**3,70,01,100**	**5,00,01,200**	**100**	**1,34,81,200**	**3,65,20,000**	**5,00,01,200**	**100**	**0**	**0**

(ii) SHARE HOLDING OF PROMOTERS:

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share Holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of Shares	% of total Shares of the company	% of shares pledged encumbered to total shares	
1	Infrastructure Leasing and Financial Services Limited (IL&FS)	2,50,00,000	49.9988	0	2,50,00,000	49.9988	0	0
2	Oil and Natural Gas Corporation Limited (ONGC)	1,30,00,000	25.9994	0	1,30,00,000	25.9994	0	0
3	Karnataka Industrial Area Development Board	1,15,00,000	22.9994	0	1,15,00,000	22.9994	0	0
4	ONGC Mangalore Petrochemicals Limited	4,80,000	0.9600	0	4,80,000	0.9600	0	0
5	Kanara Chamber of Commerce & Industries	20,000	0.0400	0	20,000	0.0400	0	0
6	Shri V. Suryanarayana	100	0.0002	0	100	0.0002	0	0
7	Shri Rishi Bhardwaj	500	0.0010	0	500	0.0010	0	0
8	Shri Paritosh Kumar Gupta	500	0.0010	0	500	0.0010	0	0
9	Shri Diwakar Sinha	100	0.0002	0	100	0.0002	0	0
	Total	**5,00,01,200**	**100**	**0**	**5,00,01,200**	**100**	**0**	**0**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):

Sl. No		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	No changes in Promoters shareholding during the year			
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.)	No changes in Promoters shareholding during the year			
3	At the end of the year	No changes in Promoters shareholding during the year			

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

Sl. No	For Each of the Top10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No.of shares	% of total shares of the company
	Nil				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
1	Shri Shashi Shanker, Chairman At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
2	Shri Paritosh Kumar Gupta, Director At the beginning of the year Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g.allotment /transfer / bonus/sweat equity etc):	500	0.0010	500	0.0010
3	Shri Nand Kishore, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
4	Shri Subhash Kumar, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
5	Shri Srinivas Santhayya Kamath, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
6	Shri Isaac Vas, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
7	Shri M.Venkatesh, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
8	Shri V.Suryanarayana, Chief Executive Officer At the beginning of the year At the end of the year	100	0.0002	100	0.0002
9	Shri K.S.Ramesh, Chief Financial Officer At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
10.	Shri V.Phani Bhushan, Company Secretary At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 54,986.74 - -	 - - -	 - - -	 54,986.74 - -
Total (i+ii+iii)	**54,986.74**			**54,986.74**
Change in Indebtedness during the financial year • Addition • Reduction	 12.71 2.32	 - -	 - -	 12.71 2.32
Net Change	**10.39**			**10.39**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 54,997.13 - -	 - - -	 - - -	 54,997.13 - -
Total (i+ii+iii)	**54,997.13**	**-**	**-**	**54,997.13**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, ~~Whole-time Directors and/or Manager:~~

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/~~WTD/ Manager~~	Total Amount
		Shri Paritosh Kumar Gupta	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	 4.03 - -	 4.03 - -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	 - -	 - -
5.	Others, please specify	-	-
	Total (A)	**4.03***	**4.03**

*Provision has been made in the books, not claimed

B. Remuneration to other directors:

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Name of Directors		Total Amount
		Shri ISN Prasad	Shri S.S.Kamath	
1.	Independent Director • Fees for attending board, Audit committee meetings • Commission • Others, please specify	1.00 - -	2.75 - -	3.75 - -
	Total (1)	**1.00**	**2.75**	**3.75**
2.	Other Non – Executive Directors	Shri Shashi Shanker, Shri Subhash Kumar Shri M.Venkatesh, Shri Isaac Vas, Shri Nand Kishore and Shri Paritosh Kumar Gupta		Nil
	Other Non-Executive Directors • Fees for attending Board, Committee Meetings • Commission • Others, please specify	Nil		Nil
3.	**Total (2)**	**0**		**-**
4.	**Total (B) (1)+(2)**	**1.00**	**2.75**	**3.75**
5.	Total Managerial Remuneration (A+B)	-	-	**7.78**
6.	Overall Ceiling as per the Act :	For Managerial Person Rs 84,00,000 as per Schedule V part II, section II A of the Act. The act provides for paying sitting fees up- to Rs 1,00,000 per meeting.		

C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		Shri V.Suryanarayana, Chief Executive Officer	Shri K.S.Ramesh Chief Financial Officer *	Shri V.Phani Bhushan Company Secretary	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	58.80 - -	17.08 - -	24.48 - -	100.36 - -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	- -	- -	- -	- -
5.	Others, please specify	-	-	-	-
	Total	**58.80**	**17.08**	**24.48**	**100.36**

*CFO was appointed w.e.f 26.09.2019

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty Compounding	None				
B. DIRECTORS					
Penalty Punishment Compounding	None				
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding	None				

On Behalf of the Board
For Mangalore SEZ Limited

	Sd/-	Sd/-
	Venkatesh Madhava Rao	**Srinivas S Kamath**
Place : Mangalore	Director	Director
Dated: 02.09.2020	DIN : 07025342	DIN : 01079043

Annexure VI to Board's Report

Form AOC -1

Statement containing salient features of the financial statements of subsidiaries/associate companies/ Joint ventures

Statement pursuant to first proviso to sub section (3) of section 129 of the companies act, 2013, read with rule 5 of companies (Accounts) Rules, 2014.

Part –A : Subsidiaries

Amount in Rupees Lakhs

S.No	Particulars	Name of the Subsidiary	
		Mangalore STP Ltd	MSEZ Power Ltd
1	Reporting Currency	INR	INR
2	Exchange Rate	NA	NA
3	Share Capital	5.00	5.00
4	Other Equity	0	(1.01)
5	Total Assets	91.33	5.96
6	Total Liabilities	91.33	5.96
7	Investment other than investment in Subsidiary	0	0
8	Turnover*	745.47	0
9	Profit /(Loss)before Tax	0	0.06
10	Provision for Taxation	0	0.004
11	Profit /(Loss)after taxation	0	0.06
12	Proposed Dividend	0	0
13	% of share holding	70	100

*turnover do not include other income

1. Names of subsidiaries which are yet to commence operations; MSEZ Power Ltd is yet to commence its operations.
2. Names of subsidiaries which have been liquidated or sold during the year; Not Applicable

Part "B": Associates and Joint Ventures – Not Applicable

On Behalf of the Board
For Mangalore SEZ Limited

	Sd/-	Sd/-
	Venkatesh Madhava Rao	**Srinivas S Kamath**
Place: Mangalore	Director	Director
Dated: 02.09.2020	DIN : 07025342	DIN : 01079043

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANGALORE SEZ LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mangalore SEZ Limited ("the Company"), which comprisethe Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the 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 give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, 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'sResponsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of theCompany 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, subject to our note below, to provide a basis for our audit opinion on the standalone financial statements.

Our opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the management of the company. Due to the COVID - 19 induced restrictions on physical movement and strict timelines, our audit team could not visit the company offices at Mangalore for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing and ICAI Advisory for Statutory Audit.

Emphasis of Matter

We draw attention to :

1. Notes 13 and 42 of the standalone financial statements, an amount of Rs. 9,738.91 lakh (net of impairment provision) is included in the company's receivables for which the company has moved to the National Company Law Tribunal as operational creditor to initiate Corporate lnsolvencyResolution process under the IBC Code. In lieu of the same, the Company on the grounds of Prudence has not recognized revenue to the tune of Rs. 6,794.09 lakhs in the current period.

2. Notes 50 (b) of the standalone financial statements, the company received a claim of Rs. 2,892.54 lakh from Water Resources Development Organization (WRDO), Government of Karnataka towards water Cess for the two years of 2018-19 and 2019-20 calculated on the basis of maximum approved capacity, against which the company has represented to WRDO to allow to pay the water cess on the basis of actual usage during these two years. The company has paid a total amount of Rs. 825.33 lakh calculated on the basis of actual usage. No further provision has been made for the difference amount of Rs. 2,067.21 lakh.

Our opinion is not modified in respect of these matters.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

- 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 Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit subject to our note on COVID – 19 limitation.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 50 to the standalone financial statements.

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

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

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

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
(Membership No.051472)
UDIN 20051472AAAAAJ9031

Place: Bangalore
Date: 04.06.2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mangalore SEZ Limited of even date)

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

We have audited the internal financial controls over financial reporting of MANGALORE SEZ LIMITED ("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.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
(Membership No.051472)
UDIN 20051472AAAAAJ9031

Place: Bangalore
Date: 04.06.2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mangalore SEZ Limited of even date)

i. In respect of the Company's fixed assets:

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

(b) These fixed assets have been physically verified by the management at reasonable intervals which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, and the records examined by us, we report that, out of the total leasehold immovable properties as mentioned in Note 44 of the Financial Statements, registered title deeds in the name of the Company are not available for the following as on 31.03.2020:
1) 320.2627 acres of land outside notified area

2) 139.2031 acres allotted to Project Displaced Families as a part of project obligation

3) 4.0167 acres acquired towards roads and corridor

ii. The Company does not have any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013

iv. In our opinion and according to the information and explanations given to us, as the Company has not granted loans, made investments or provided guarantees and securities, the compliance to provisions of Sections 185 and 186 of the Act does not arise.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. In our opinion and according to the information and explanations given to us and on the basis of Compliance Certificate issued by an independent Cost Auditor, the Company has generally complied with the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013.

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

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

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax,Cess,etc which have not been deposited as at March 31, 2020 on account of dispute are given below:

Name of the Statute	Nature of dues	Rupees in lakh	Period to which it relates	Forum where dispute is pending
Karnataka Irrigation (Levy of Water Rates) Rules, 2002	Water Cess	2,067.21	2018-19& 2019-20	Water Resources Department, Govt. of Karnataka
Income-Tax act, 1961	TDS default	8.26	2011-12, 2012-13	TDS-CPC

viii. The company has not defaulted in repayment of dues to financial institutions, bank, Government or to the debenture holders.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

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

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

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

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

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

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

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

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
(Membership No.051472)
UDIN 20051472AAAAAJ9031

Place: Bangalore
Date: 04.06.2020

Balance Sheet as at 31st March, 2020

Rs. in Lakhs

		Notes	As at 31.03.2020	As at 31.03.2019
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3	78,216.28	78,173.38
	(b) Capital work in progress	4	19,098.78	18,886.85
	(c) Investment Property	5	45,702.69	45,653.29
	(d) Other Intangible Assets	6	1,257.33	1,321.21
	(e) Financial Assets			
	(i) Investments	7	8.50	8.50
	(ii) Trade Receivables	8	820.80	962.00
	(iii) Loans	9	638.79	526.01
	(iv) Others	10	0.25	0.25
	(f) Other non-current assets	11	974.68	1,257.28
			1,46,718.10	**1,46,788.77**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Investments	12	3,882.20	5,293.46
	(ii) Trade receivables	13	13,655.49	16,188.47
	(iii) Cash and cash equivalents	14	530.72	1,772.79
	(iv) Bank Balances other than (iii) above	15	3,434.73	1,354.33
	(v) Loans	16	0.25	2.07
	(vi) Others	17	114.42	63.20
	(b) Current tax asset (Net)	18	622.59	-
	(c) Other current assets	19	494.86	297.09
			22,735.26	**24,971.40**
	Total Assets		**1,69,453.36**	**1,71,760.18**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity Share capital	20	5,000.12	5,000.12
	(b) Other equity	21	(604.68)	2,565.02
			4,395.44	**7,565.14**
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	53,347.43	54,986.74
	(ii) Other financial liabilities	23	2,514.79	76.19
	(b) Provisions	24	209.86	172.25
	(c) Deferred tax liabilities (Net)	25	1,038.21	892.13
	(d) Other Non Current Liabilities	26	93,572.15	95,738.32
			1,50,682.44	**1,51,865.63**
(3)	**Current liabilities**			
	(a) Financial Liabilities			
	(ii) Trade payables	27		
	- To Micro and Small enterprises		13.81	52.90
	- To Others		1,813.10	1,012.32
	(iii) Other financial liabilities	28	8,061.76	6,097.31
	(b) Other current liabilities	29	2,955.23	3,345.12
	(c) Provisions	30	1,531.58	1,562.18
	(d) Current tax liabilities (net)	31	-	259.58
			14,375.48	**12,329.40**
	Total Liabilities		**1,65,057.92**	**1,64,195.03**
	Total Equity and Liabilities		**1,69,453.36**	**1,71,760.18**

Significant accounting policies and key accounting estimates and judgements — Notes 1 to 2
The accompaying notes are an integral part of these financial statements — Notes 3 to 52

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

Statement of Profit and Loss for the year ended 31st March, 2020

Rs. in Lakhs

	Particulars	Notes	Year 2019-20	Year 2018-19
I	Revenue from Operations	32	17,406.53	20,680.87
II	Other Income	33	746.03	582.76
III	**Total Income (I+II)**		**18,152.56**	**21,263.63**
IV	**EXPENSES**			
	Cost of materials consumed	34	4,452.00	3,118.65
	Employee benefit expense	35	757.56	798.13
	Finance costs	36	5,067.44	4,736.17
	Depreciation and amortisation Expense	37	4,391.01	4,497.35
	Other expenses	38	6,470.80	8,015.31
	Total Expense (IV)		**21,138.81**	**21,165.61**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(2,986.25)**	**98.02**
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V - VI)**		**(2,986.25)**	**98.02**
VIII	**Tax expense**	**39**		
	(1) Current tax		28.94	2,954.01
	(2) Deferred tax		148.27	(3,097.14)
	Total Tax expense		**177.21**	**(143.13)**
IX	Profit/(loss) for the period from continuing operations (VII - VIII)		(3,163.46)	241.15
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X -XI)		-	-
XIII	**Profit/(loss) for the period (IX + XII)**		**(3,163.46)**	**241.15**
XIV	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans (net of tax)		(6.24)	(2.12)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
			(6.24)	**(2.12)**
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**(3,169.70)**	**239.03**
XVI	**Earnings per equity share:**	**48**		
	(1) Basic		(6.33)	0.48
	(2) Diluted		-	-

Significant accounting policies and key accounting estimates and judgements Notes 1 to 2
The accompaying notes are an integral part of these financial statements Notes 3 to 52

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Place: Bangalore
Date: 04.06.2020

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 04.06.2020

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

(A) Equity Share Capital

Rs. in Lakhs

Balance at the beginning of the reporting period April 01, 2019	**5,000.12**
Changes in equity share capital during the year	-
Balance at the end of the reporting period March 31, 2020	**5,000.12**

(B) Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus	TOTAL
	Retained Earnings	
Balance at the end of the reporting period March 31, 2018	**2,081.99**	**2,081.99**
Changes in accounting policy	244.00	244.00
Restated balance at the beginning of the reporting period April 01, 2018 (A)	2,325.99	2,325.99
Additions during the year:		
Profit/(Loss) for the year	**241.15**	**241.15**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	(2.12)	(2.12)
Total Comprehensive Income for the year 2018-19 - (B)	239.03	239.03
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2019 (D= A+B+C)	**2,565.02**	**2,565.02**
Changes in accounting policy	-	-
Restated balance at the beginning of the reporting period April 01, 2019 (E)	**2,565.02**	**2,565.02**
Additions during the year:		
Profit/(Loss) for the year	(3,163.46)	(3,163.46)
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	(6.24)	(6.24)
Total Comprehensive Income for the period March 31, 2020 (F)	**(3,169.70)**	**(3,169.70)**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change	-	-
Total (G)	-	-
Balance at the end of the reporting period March 31, 2020 (E+F-G)	**(604.68)**	**(604.68)**

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Place: Bangalore
Date: 04.06.2020

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 04.06.2020

Cash Flow Statement for the year ended 31st March, 2020

Rs. in Lakhs

	Particulars	Year 2019-20		Year 2018-19	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax	**(2,986.25)**		**98.02**	
	Adjustments for:				
	- Depreciation and amortisation	4,391.01		4,497.35	
	- Impairment	3,157.79		4,725.26	
	-Interest on Borrowings	4,781.72		4,630.94	
	-Interest on lease liability	211.66		-	
	-Provision for Gratuity	20.94		18.88	
	-Provision for Leave Encashment	32.35		29.56	
	-Provision for other Employee benefits	63.97		60.24	
	- Insurance claim received	(17.05)		(3.29)	
	-Interest Income	(129.98)		(149.89)	
	-Dividend Income	(278.74)		(138.51)	
	-Deferred Government Grant	(33.00)		(33.00)	
	-Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	17.12		17.19	
	Operating Profit before Working Capital Changes	**9,231.54**		**13,752.74**	
	Adjustments for:-				
	-(Increase)/decrease in Trade and other receivables	(483.61)		(6,077.28)	
	-(Increase)/decrease in Other assets	(348.10)		269.56	
	-Increase/(Decrease) in Trade payable and other liabilities	(1,350.82)		3,464.40	
	Increase/(Decrease) in provisions	(88.87)		(109.98)	
	Cash generated from Operating activities	**6,960.14**		**11,299.45**	
	Income Tax Paid (net of refund)	(632.70)		(1,477.00)	
	Net Cash generated from Operating activities		**6,327.45**		**9,822.45**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Payments for Property, plant and equipment	(2,272.55)		(2,125.75)	
	Payments for investment property	(49.39)		(742.31)	
	Payment for intangible asset	(2.70)		-	
	Insurance claim receipt anc Proceeds from sale of Property, plant and equipment	17.28		88.00	
	Receipt of government grants	-		99.00	
	Purchase of Term Deposits	(2,080.40)		(831.65)	
	Proceeds from maturity of term deposits	-		1,097.28	
	Dividend received from Others	278.74		138.51	
	Interest received	122.34		146.80	
	Net Cash (used) in Investing activities		**(3,986.68)**		**(2,130.12)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from non-current borrowings	-		-	
	Repayment of non-current borrowings	(2.32)		(2,306.61)	
	Interest paid on lease liability (refer note 43)	(211.66)		-	
	Principal paid of lease liability (refer note 43)	(11.11)		-	
	Finance Cost paid	(4,769.01)		(4,618.31)	
	Net Cash (used) in Financing activities		**(4,994.10)**		**(6,924.92)**
D	**Net (Decrease)/Increase in cash and cash equivalents [A+B+C]**		**(2,653.33)**		**767.41**
	Add: Opening Cash and Cash Equivalents		**7,066.25**		**6,298.84**
	Closing Cash and cash Equivalents		**4,412.92**		**7,066.25**

Notes:

i The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow statements.

ii Payments for property, plant and equipment includes movement of Capital Work-in-progres during the year.

iii Brackets indicate cash outflow/ deduction.

Rs. in Lakhs

iv	Cash and cash Equivalents as per above comprises of:	**As at 31.03.2020**	**As at 31.03.2019**
	Balances with Banks:		
	Current account	530.66	972.68
	Deposits with original maturity of less than three months	-	800.00
	Deposits with original maturity of more than three months	-	-
	Cash on hand	0.06	0.11
	Add: Investment in liquid mutual funds	3,882.20	5,293.46
	Cash and cash equivalents in Cash Flow Statement	**4,412.92**	**7,066.25**

v Statement showing reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Rs. in Lakhs

	As at 31.03.2019	**Cash Flows**	**Non-cash changes**		**As at 31.03.2020**
			Fair value changes	**Current/ Non-current classification**	
Borrowings - Non Current	54,986.74	(2.32)	12.71	(1,649.70)	53,347.43
Other Financial Liabilities	-	-	-	1,649.70	1,649.70

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

1. Corporate information

Mangalore SEZ Limited (MSEZL) is a Public Limited Company domiciled and incorporated in India having its registered office at Survey No. 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Karnataka -574 142.

The Company is jointly promoted by Karnataka Industrial Area Development Board (KIADB), Oil & Natural Gas Corporation Limited (ONGC) and Infrastructure Leasing and Financial Services Limited (IL&FS).

The company's shares are unlisted and the Company is engaged in developing and maintenance of Special Economic Zone (SEZ) at Mangaluru.

2. Significant accounting policies

2.1 Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Technical Guide on Accounting for Special Economic Zones (SEZs) Development Activities issued by the Institute of Chartered Accountants of India.

2.2 Basis of Preparation

The Standalone Financial Statements have been prepared on the historical cost basis except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or noncurrent as per the Company's operating cycle and other criteria set out in Ind AS-I Presentation of Financial Statements (Ind AS-I) and Schedule III to the Companies Act, 2013.

The Standalone Financial Statements are presented in Indian Rupees.

Fair value Measurement

The Company measures financial instruments 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 liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising 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 and 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 at a whole) at the end of each reporting period.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.3 Investments in subsidiaries

The Company records the investments in subsidiaries at cost less impairment loss, if any.

2.4 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

2.5 Accounting for Government Grants and Disclosure of Government Assistance

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

These are recognized in the Standalone Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized at fair value as deferred revenue and disclosed as 'Deferred revenue arising from government grant a liability in the Standalone Balance Sheet and transferred to the Standalone Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

2.6 Tangible Assets – Property, Plant and Equipment

Buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the Standalone Balance Sheet at cost less accumulated depreciation and impairment losses, if any.

PPE in the course of construction for production, supply or administrative purposes are carried at cost less accumulated depreciation less any recognized impairment loss. The cost of an asset comprises its purchase price or its construction costs (net of applicable tax credits) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Parts of an item of PPE having different useful life and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided on the cost of PPE less residual value, under straight-line method in accordance with the Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein,except for the following, whose useful life have been taken on the basis of the technical certification obtained.However,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.

Asset	Useful life (in years)
Electrical Installations &Equipments	15
Hydraulic works, pipelines & sluices	30
Marine Pipeline Asset – Pipeline Inside Sea	15
TTP Water Membranes	7/10
Car Parking Shed	20
Corridor	30
Common Effluent Treatment Plant	15

Depreciation on power distribution assets is provided at the rate of depreciation notified by Central Electricity Regulatory Commission (CERC).

Buildings and pipelines related to River Water System, Tertiary Treatment Plant and Water Treatment Plant are depreciated on Units of Production Method.

The estimated useful lives and residual values are reviewed at the end of each year and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of assets and is recognized in the Statement of Profit and Loss.

The company follows a plan of physical verification of items of Property, Plant and Equipment so as to ensure full coverage over 3 years in a phased manner. This would provide adequate control having regard to the nature of assets and the operations of the Company.

2.7 Investment properties (Freehold Land):

Property (Freehold Land) that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment properties are measured initially at its cost, including related transaction costs, and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.8 Intangible Assets

(i) Intangible Assets and Amortization

Intangible assets acquired are measured on initial recognition at cost.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably and are amortized under straight line method as follows:

- Specialized software over a period of 5 years from the month of addition.
- Cost of Barrage usage Rights is amortized on a straight line basis over the lease period/life of the underlying asset whichever is less and determined at 25 Years.

(ii) De-recognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. When the asset is derecognized, Gains or losses, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized as impairment in the Statement of Profit & Loss.

2.9 Impairment of Tangible and Intangible Assets

The Company reviews the carrying amount of its tangible and intangible assets, Property, Plant and Equipment (including Capital Works in progress) annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and its value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of impairment loss are recognized in the Statement of Profit and Loss.

2.10 Inventories

Inventories are valued at lower of cost (weighted average method) and net realizable value.

Unserviceable and scrap items, when determined, are valued at estimated net realizable value less all costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Revenue recognition

Under Ind AS 115, Revenue is recognized upon transfer of control of promised products or services to consumers in an amount that reflects the consideration we expect to receive in exchange of those products or services.

a) Sale of Goods

Revenue arising from sale of goods is recognized when the control is passed to the buyer and the company does not retain any managerial involvement in the goods transferred and the amount of revenue can be measured reliably.

1. Income from supply of River water and Tertiary Treated Plant are recognized on the basis of quantity committed/delivered to the units and invoiced at the agreed rates.
2. Income from distribution of power is recognized as per actual consumption billed at Karnataka Electricity Regulatory Commission (KERC) approved tariff.

b) Sale of Services

Revenue from services is recognized when the outcome of services can be estimated reliably and it is probable that the economic benefits associated with rendering of services will flow to the Company, the amount of revenue can be measured reliably.

1. Operation and Maintenance charges (O&M), CETP Treatment and Usage Charges are recognized based on the agreed rates with the units.
2. Marine outfall usage charges, Corridor Usage charges, CETP joining fees, internal corridor charges received in advance are recognized over the useful life of the asset on proportionate basis.

c) Non-Operating Revenue

1. Dividend income from the investments is recognized when the right to receive payment is established.
2. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is

accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

3. Rental and other charges for usage of long term assets of the company which do not partake the character of lease, are recognized as and when they fall due as per the terms of the agreements.

2.12 Leases

The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, using the modified retrospective method.

On transition, the adoption of the standard resulted in recognition of Right-to-Use assets with corresponding equivalent lease liabilities (Refer Note 43).

Lease Income and Lease rentals paid are recognized in accordance with the recognition and measurement principles as per Ind AS 116.

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

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset. Lease other than financial lease are classified as operating lease.

AS LESSEE:

Land acquired from KIADB on a long term lease cum sale and to be converted into a sale subject to fulfillment of the terms and conditions is treated as finance lease and recognized under Investment Property.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Prepayments towards operating lease are amortized on straight line basis over the period of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

AS LESSOR:

Lease agreements with a definite term with no stipulation for transfer of the ownership of the asset by the end of the lease term or for further renewal, are treated as operating lease.

Lease Premium:

Lease Premium received/receivable are recognized on straight line basis over the lease term as specified in the lease agreements.

Lease Rentals:

Lease rentals are recognized as and when they fall due as per the terms of the lease agreements.

2.13 Foreign Exchange Transaction

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

a. Foreign currency monetary items are translated using the closing rate.

b. Non Monetary items measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in the previous financial statements are recognized in the statement of profit and loss of the period.

2.14 Employee Benefits

a) Short term employee benefits

All employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service are classified as short term employee benefits.

All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

b) Post-employment benefits

i) Defined Contribution Plans: The provident fund scheme and the employee pension scheme are defined contribution plans. The contribution paid / payable under the schemes are recognized during the period in which the employee renders the related service.

ii) Defined Benefit plans: The employee's gratuity liability is the company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the term of related obligations.

Actuarial gains and losses are recognized immediately in Other Comprehensive Income (OCI).

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

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 liability), are recognized 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.

2.15 Taxes on Income

Income tax expense represents the aggregate of Current tax and Deferred tax.

(i) Current tax

Current tax is the amount of Income tax payable in respect of the taxable profit for a period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 of situations in which applicable tax regulations re subject to interpretation ad establishes provisions where appropriate.

(ii) Deferred Tax

Deferred tax is recognized on deductable/taxable temporary differences between the carrying amounts of assets and liabilities in the Financial Statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to get future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.16 Borrowing Costs

Borrowing costs specifically identified in the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss applying the "effective interest method" as described in Ind AS 109, Financial Instruments.

Borrowing Cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the Financial Statements by way of notes to accounts where an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.18 Financial instruments

A Financial Instrument is a contract that gives rise to a financial asset or a financial liability or an equity instrument of another entity.

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

2.19 Financial assets

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest/risk adjusted rate method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

Impairment of financial assets

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

a) Lease receivables under Ind AS 116.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

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 116

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes 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 group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rate cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Derecognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Profit and Loss.

2.20 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities recognized 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 delivered financial instruments.

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

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include 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 team. 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit and 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 is recognized in OCI. These gains/losses 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 recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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 amortization is included as finance costs in the statement of profit and loss.

The 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 falls to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, 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 recognized less cumulative amortization.

Derecognition

A financial liability is derecognized 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.

Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

De-recognition of Financial Liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

2.21 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.22 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.23 Operating Segments

Operating Segments are identified based on the business activities from which they earn revenue and incur expenses and whose operating results are regularly reviewed by the entities Chief operating decision maker and for which discrete financial information is available.

2.24 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Application of many of the accounting policies used in preparing the Financial Statements, MSEZL Management makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

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

Key source of judgments and estimation of uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment, useful lives of Property, Plant and Equipment, retirement benefit obligations, provisions, valuation of deferred tax assets and contingent assets & liabilities.

2.25 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 51), that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

2.26 Key sources of estimation uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may differ from these estimates.

a) Impairment of 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 that 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 flows that are largely independent of those from other assets or groups 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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

For assets excluding goodwill, am assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

b) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Note 3: Property, Plant & Equipment

Rs. in Lakhs

	Gross carrying amount				Depreciation /Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Lease- Right-of-use assets										
- Leasehold land	36.24	-	-	36.24	8.65	2.17	-	10.82	25.42	27.59
- Lease assets (Refer Note 37 and 43)	-	2,324.08	-	2,324.08	-	108.98	-	108.98	2,215.10	-
Buildings	43,303.47	345.30	-	43,648.77	2,874.02	1,284.78	7.39	4,151.41	39,497.36	40,429.27
Plant and equipment	40,338.20	1,504.74	23.84	41,819.10	4,935.49	1,507.25	6.64	6,436.10	35,383.00	35,402.90
Furniture and fixtures	86.76	35.58	-	122.34	46.27	8.57	-	54.83	67.51	40.50
Vehicles	191.56	-	-	191.56	62.32	22.75	-	85.07	106.49	129.24
Office equipment	65.07	8.68	1.49	72.26	47.84	9.45	1.33	55.96	16.30	17.22
Roads	8,083.66	166.31	-	8,249.97	5,957.00	1,387.86	-	7,344.86	905.10	2,126.66
Total	**92,104.96**	**4,384.69**	**25.33**	**96,464.32**	**13,931.58**	**4,331.82**	**15.36**	**18,248.04**	**78,216.28**	**78,173.38**
Previous Year	**91,840.56**	**357.45**	**93.05**	**92,104.96**	**9,509.86**	**4,433.60**	**11.88**	**13,931.58**	**78,173.38**	**82,330.87**

3(i) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.22 towards security and pledge).

3(ii) Refer Note No.50(a) for disclosure of contractual commitments for acquistion of Property, Plant & Equipment

3(iii) Corridor Asset:

In the development of the Special Economic Zone (SEZ), the Company has set up a Pipeline-cum-Road Corridor Project from New Mangalore Port Trust (NMPT) to Mangalore SEZ (MSEZ). The project has been developed on a self-sustainable, cost and revenue model under an agreement with two customers viz., MRPL and OMPL.

In terms of the agreement:

(a) All the three parties have contributed in equal shares towards cost of the project.

(b) The title, ownership, possession and maintenance of the assets vests with MSEZ only.

(c) OMPL and MRPL have been given perpetual rights to use the corridor for specified width leaving substantial width of the corridor for commercial exploitation by MSEZL.

(d) The 'usership fee' relating to the width allocated to OMPL and MRPL on 'cost basis' is adjusted against the contribution and the balance is also treated as 'user fee' but reckoned for 'residual contribution'.

(e) The revenue on the corridor project from third party customers accrue to the three parties in the ratio of their 'residual contributions'.

Note 4: Capital work in progress

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital work in progress	-	-
Development of Land	10,864.04	10,840.84
Infrastructrure Development	8,234.74	8,046.01
Total	**19,098.78**	**18,886.85**

4(i) Capital work in progress includes Rs.10,864.04 lakh as at March 31, 2020 (Rs.10,840.84 lakh as at March 31, 2019) mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to the Government of Karnataka ORder No.KE 309 REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.

4(ii) The Company has an obligation vide Government Order no. RD 309 REH 2006 dated 20.06.2007 to provide various compensations to the Project Displaced Families (PDFs) including one job per family and sites for construction. The PDFs can opt for cash in lieu of site and cash in lieu of job. The estimated provision in respect of various compensations is as under which has been included in development of land.

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Rehabilitation Compensation including training	215.00	234.61
Rehabilitation Colony Development Cost	1,301.59	1,301.59
Total	**1,516.59**	**1,536.20**

The Company has made the above provision based on present obligation as a result of past event. Further, the said R&R package has been amended vide G.O. no. RD 116 REH 2011 dated 02.12.2011 by including the following:

a) Exit Option - the PDF's can opt for an ex-gratia cash in lieu of employment, in addition to the one time cash compensation payable as per earlier G.O.

b) Payment of stipend/sustenance allowance to PDF/nominees who do not opt for the ex-gratia as mentioned in option (a) above.

4(iii) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.22 towards security and pledge).

4(iv) Refer Note No.50 (a) for disclosure of contractual commitments for acquistion of Plant, Property & Equipment.

Note 5: Investment Property

Rs. in Lakhs

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land - Lease cum Sale	45,653.29	49.40	-	45,702.69	-	-	-	-	45,702.69	45,653.29
Previous Year	**44,988.53**	**742.31**	**77.55**	**45,653.29**	**-**	**-**	**-**	**-**	**45,653.29**	**44,988.53**

5(i) No fair value has been obtained for investment property.

5(ii) Refer Note 44(i) on Finance lease.

5(iii) Refer note 49 on 'amounts recognised in statement of profit & loss account'.

5(iv) Refer Note No.50(a) for discloure of contraucal obligation to purchase, construct or develop investment property or for its repairs, maintenance or enhancement.

Note 6: Other Intangible Assets

Rs. in Lakhs

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.12.2019
Intangible Assets										
Specialised Software	1.65	2.70	-	4.35	0.84	0.57	-	1.41	2.94	0.81
Barrage usage rights	1,584.49	-	-	1,584.49	264.08	66.02	-	330.10	1,254.39	1,320.40
Total	**1,586.14**	**2.70**	**-**	**1,588.84**	**264.92**	**66.59**	**-**	**331.51**	**1,257.33**	**1,321.21**
Previous Year	**1,586.13**	**-**	**-**	**1,586.14**	**198.57**	**66.35**	**-**	**264.92**	**1,321.21**	**1,387.57**

6(i) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.22 towards security and pledge).

Note 7: Investments

Rs. in Lakhs

Particulars	No of shares	Fave value (Rs.)	As at 31.03.2020	As at 31.03.2019
Investments in Equity Instruments				
Unquoted Equity Shares				
Subsidiaries (measured at cost)				
a) MSEZ Power Limited, Mangaluru (Wholly owned subsidairy)	50,000	10	5.00	5.00
50,000 shares as on March 31, 2020; 50,000 shares as on March 31, 2019				
b) Mangalore STP Limited, Mangaluru (Partly owned subsidiary)	35,000	10	3.50	3.50
35,000 shares as on March 31, 2020; 35,000 shares as on March 31, 2019				
Total			**8.50**	**8.50**
Aggregate amount of unquoted investments - At Cost			**8.50**	**8.50**

Note 8: Trade Receivables

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	820.80	962.00
(c) Unsecured, considered doubtful debts	-	-
Less: Allowance for doubtful debts	-	-
Total	**820.80**	**962.00**

Note 9: Loans

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Security Deposit	638.79	526.01
Total	**638.79**	**526.01**

Break-up for Security Details

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Secured, Considered good	-	-
Unsecured, considerd good	638.79	526.01
Unsecured, considered doubtful	-	-
Total	**638.79**	**526.01**

Note 10: Other financial Assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Balance with banks (more than 12 months)	0.25	0.25
Total	**0.25**	**0.25**

Note 11: Other Non current Assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital Advances:	154.19	154.19
Others		
-Security deposits	50.31	54.51
-Income Tax (Net of Provision)	770.18	1,048.58
Total	**974.68**	**1,257.28**

Note 12: Investments

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Investments in Mutual Funds - Quoted		
SBI Liquid Fund - Direct Daily Dividend		
386,962.641 units of face value Rs.1003.2500 each (Previous corresponding March, 2019 - 527,631.361 units of face value Rs.1003.2500 each)	3,882.20	5,293.46
Total	**3,882.20**	**5,293.46**
Aggregate amount of quoted investments - At market value	**3,882.20**	**5,293.46**

Note 13: Trade Receivables

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	13,655.49	16,188.47
(c) Unsecured, considered doubtful debts	7,135.16	4,589.05
	20,790.64	**20,777.52**
Less: Allowance for doubtful debts	7,135.16	4,589.05
Total	**13,655.49**	**16,188.47**

Note: 13 (a) Trade Receivables includes dues of Rs.9738.91 lakhs (net of impairment) from JBF Petrochemicals Limited (JBF) aged more than one year. The company is continuing its best efforts to realize the dues. The Company had also filed an application as an operational creditor under the Insolvency and Bankruptcy Code, 2016 (IBC) against JBF before the NCLT, Ahmedabad Bench.

Note: 13(b): For disclosure on revenue from JBF for financial year 2019-20, note 42 to be referred.

Note 14: Cash and Cash Equivalents

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
(A) Cash and cash equivalents		
(a) Balances with banks:		
Current accounts	530.66	972.68
(b) Cash on hand	0.06	0.11
Total (A)	**530.72**	**972.79**
(B) Other balances with banks		
Term deposits with original maturity of less than three months	-	800.00
Total (B)	**-**	**800.00**
Total (A+B)	**530.72**	**1,772.79**

Note 15: Bank Balances other than above

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Other Balances with banks		
Term Deposits with original maturity of more than three months but less than 12 months	-	-
Term deposits held as margin money	3,434.73	1,354.33
Total	**3,434.73**	**1,354.33**

Note 16: Loans

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Security Deposit	0.25	2.07
Total	**0.25**	**2.07**

Break-up for Security Details

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Secured, Considered good	-	-
Unsecured, Considerd good	0.25	2.07
Unsecured, Considered doubtful	-	-
Total	**0.25**	**2.07**

Note 17: Others

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Due from related parties	23.99	1.46
Due from others		
Interest accrued on deposits	44.26	36.62
Other Receivables	46.17	25.12
Total	**114.42**	**63.20**

Note 18: Current tax asset (net)

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax (Net of provisions)	622.59	-
Total	**622.59**	**-**

Note 19: Other current assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital advances	-	-
Advances other than capital advances		
(i) Advances to Suppliers	11.55	14.18
(ii) Balances with government authorities		
Goods and Service Tax Input	241.98	111.00
Service Tax	-	9.78
VAT	-	74.58
Prepaid expenses	241.33	87.55
Total	**494.86**	**297.09**

Note 20. Equity Share Capital

Authourised, Issued, Subscribed and Paid up Share Capital

Rs. in Lakhs

	As at 31.03.2020	As at 31.03.2019
Authorised :		
425000000 Equity Shares of Rs. 10 each	42,500	42,500
Issued		
100000000 Equity Shares of Rs. 10 each fully paid up	10,000	10,000
Subscribed and fully Paid up capital		
50001200 Equity Shares of Rs. 10 each fully paid up	5,000.12	5,000.12
	5,000.12	**5,000.12**

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

Fully paid Equity shares	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount in Rs.Lakhs	No. of Shares	Amount in Rs. Lakhs
At the beginning of the year	5,00,01,200	5,000.12	5,00,01,200	5,000.12
Add: Issued during the year	-	-	-	-
At the end of the year	**5,00,01,200**	**5,000.12**	**5,00,01,200**	**5,000.12**

b) Terms / rights attached to equity shares:

(i) The Company has issued only one class of equity shares and no securities have been issued with the right / option to convert the same into equity shares at a later date.

(ii) No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

(iii) The shares issued and subscribed carry equal rights and voting power.

(iv) All the shares issued and subscribed carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

c) **Details of Shareholders holding more than 5% of equity shares in the Company:**

Name of the Shareholders	As at 31.03.2020		As at 31.03.2019	
	No. of Equity Shares	Percentage of Holding	No. of Equity Shares	Percentage of Holding
Fully paid Equity Shares of Rs.10 each held by:				
Infrastructure Leasing and Financial Services Limited (Associate)	2,50,00,000	50%	2,50,00,000	50%
Oil and Natural Gas Corporation Limited (Associate)	1,30,00,000	26%	1,30,00,000	26%
Karnataka Industrial Areas Development Board (Associate)	1,15,00,000	23%	1,15,00,000	23%

Note 21: Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus	
	Retained Earnings	Total
Balance at the end of the reporting period March 31, 2018	**2,081.99**	**2,081.99**
Changes in accounting policy	**244.00**	**244.00**
Restated balance at the beginning of the reporting period April 01, 2018 (A)	**2,325.99**	**2,325.99**
Additions during the year:		
Profit/(Loss) for the year	**241.15**	**241.15**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	**(2.12)**	**(2.12)**
Total Comprehensive Income for the year 2018-19 - (B)	**239.03**	**239.03**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2019 (D= A+B+C)	**2,565.02**	**2,565.02**
Changes in accounting policy	-	-
Restated balance at the beginning of the reporting period April 01, 2019 (E)	**2,565.02**	**2,565.02**
Additions during the year:		-
Profit/(Loss) for the year	**(3,163.46)**	**(3,163.46)**
Items of OCI for the year, net of taxes:		-
Remeasurment benefit of defined benefit plans	**(6.24)**	**(6.24)**
Total Comprehensive Income for the period March 31, 2020 (F)	**(3,169.70)**	**(3,169.70)**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (G)	-	-
Balance at the end of the reporting period March 31, 2020 (E+F-G)	**(604.68)**	**(604.68)**

Note 22: Borrowings

Rs. in Lakhs

Particulars	Maturity date	Terms of repayment	Effective interest rate	As at 31.03.2020	As at 31.03.2019
Secured					
Rupee Term Loans	March 2032	Sixty two unequal quarterly installments	8.34 (8.84%)*	54,997.13	54,986.74
Total non-current borrowwings				**54,997.13**	**54,986.74**
Less: Current maturities of long-term debt (included under Other Current financial liabilities Note 28)				(1,649.70)	-
Total non-current borrowwings				**53,347.43**	**54,986.74**

* Indicates the EIR as at 31.03.2019

(i) Term loan from banks including current maturities is secured by mortagage of the land and structure/lease hold rights, of the entire immovable assets of the borrower both present and future, excluding land & structure pertaining to the rehabiltation and resettlement of the colony and lands for which lease agreements with tenants of the SEZ project already in place. First charge on the entire assets of the borrower present and future both movable and immovable. First charge on all revenues/receivables accuring to the project.

(ii) There has been no default in payment of principal and interest during the year.

(iii) The carrying amount of Rupee term loan is accounted at amortized cost and hence, will not reconcile to contractual cash outflows.

Note 23: Other financial liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Lease liabilities (Refer Note 43)	2,312.97	-
Less: Current maturities of lease liabilities (included under Other Current financial liabilities refer Note 28)	(16.11)	-
Total non current lease liabilities	**2,296.86**	**-**
Trade Deposits	217.93	76.19
Total	**2,514.79**	**76.19**

Note 24: Provisions

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits		
Provision for Gratuity (Refer Note 45)	124.48	99.92
Provision for Compensated absences (Refer Note 45)	85.38	72.33
Total	**209.86**	**172.25**

Note 25: Deferred tax

The major components of deferred tax liabilities/(assets) arising on account of timing differences are as follows:

As at 31st March, 2020

Rs. in Lakhs

Particulars	Balance Sheet	Recognised in Profit and Loss	Recognised in Other Comprehensive income	Balance Sheet
	01.04.2019	**2019-20**	**2019-20**	**31.03.2020**
Difference between written down value/capital work in progress of fixed assets (including Investment Property) as per the books of accounts and Income Tax Act, 1961	5,076.72	184.53	-	5,261.25
Difference between written down value of Intangible assets as per the books of accounts and Income Tax Act, 1961	270.56	(20.09)	-	250.47
Difference in carrying value and tax base of unwinding of security deposit	10.30	(15.68)	-	(5.38)
Difference in carrying value and tax base of term loan measuerd at amortized cost	34.36	(6.99)	-	27.37
Employee benefit, provision for expense allowed for tax purpose on payment basis	(6.83)	2.10	(2.19)	(6.92)
DTA on non refundable one time user fee considered as income for Income Tax, while the same is amortized over the period of agreement under IND AS	(4,492.98)	4.40	-	(4,488.58)
Net Deferred tax liabilities	**892.13**	**148.26**	**(2.19)**	**1,038.21**

Note 26: Other non current liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advances from customers	94,136.64	96,166.64
Less: Current maturities of advances from customers (included under 'Other Current liabilities' Refer Note 29)	(2,645.06)	(2,552.01)
Total (A)	**91,491.57**	**93,614.64**
Government grant (refer Note 47)	1,905.75	1,938.75
Deferred income	217.94	228.05
Less: Current portion of government grant (included under 'Other Current Liabilities' Refer Note 29)	(33.00)	(33.00)
Less: Current portion of deferred income (included under 'Other Current Liabilities' Refer Note 29)	(10.11)	(10.11)
Total (B)	**2,080.58**	**2,123.69**
Total (A+B)	**93,572.15**	**95,738.32**

Note 27: Trade Payables

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Outstanding dues to Micro and Small Enterprises	13.81	52.90
Outstanding dues of creditors other than Micro and Small Enterprises	1,813.10	1,012.32
Total	**1,826.91**	**1,065.22**

The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.

Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows.

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal	13.81	52.90
b. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c. The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	Nil	Nil
d. The amount of interest accrued and remaining unpaid at the end of the accounting year and	Nil	Nil
e. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	Nil	Nil

Note 28: Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Current maturity of long term debt (refer note 22)	1,649.70	-
Retention monies relating to capital expenditure/projects	867.03	1,193.97
Security Deposits	669.69	456.84
Lease liabilities (refer note 23)	16.11	-
Earnest Money Deposit	11.23	36.09
Payable towards capital/project related expenditure/works; contractual obligations	4,777.56	4,350.17
Payable to employees	70.44	60.24
Total	**8,061.76**	**6,097.31**

Payable to contractors towards project related EMD accepted by company and retention monies to contractors, are non-interest bearing.

Note 29: Other Current Liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advances from customers (refer Note 26)	2,645.06	2,552.01
Government grant (refer Note 26)	33.00	33.00
Deferred income (refer Note 26)	10.11	10.11
Others		
Payable towards Goods & Service tax	212.43	715.53
Payable towards TDS under Income Tax	52.60	33.37
Payable towards Providend fund, Profession Tax and ESIC	2.02	1.10
Total	**2,955.23**	**3,345.12**

Note 30: Provisions

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Employee Benefits		
Provision for Gratuity (Refer Note 45)	7.25	12.03
Provision for Compensated absences (Refer Note 45)	7.74	13.95
Provision towards Rehabilitation & Resettlement cost (refer note 4 (ii))	1,516.59	1,536.20
Total	**1,531.58**	**1,562.18**

Movement for Rehabilitation & Resettlement provision

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening provision	1,536.20	784.42
Addition during the year	-	841.51
Utilized during the year	3.80	89.73
Closing provision	**1,532.40**	**1,536.20**

Note 31: Current tax liabilities (net)

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax (Net of provisions)	-	259.58
Total	**-**	**259.58**

Note 32: Revenue from operations (#)

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Sale of Products		
River water and Tertiary treated water	3,825.13	9,770.37
Power	4,664.84	3,232.91
Sale of Services		
Land Lease Premium	1,349.49	1,366.78
Land Lease Rental	435.25	529.08
Operation and Maintenance Charges	5,246.53	4,181.05
Other Operating revenues		
Usuage charges towards infrastructure facilities	1,885.29	1,600.68
Total	**17,406.53**	**20,680.87**

(#) Refer Note 42

Note 33: Other Income

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Interest Income		
(i) On financial assets measured at amoritzed cost	129.98	149.89
(ii) On security deposits measured at amortized cost	12.97	12.77
Dividends from mutual fund investments measure at FVTPL	278.74	138.51
Government grant	33.00	33.00
Other Non operating income	291.34	248.59
Total	**746.03**	**582.76**

Note 34: Cost of materials consumed

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Purchase of Power	3,930.17	2,556.54
STP water drawal	521.83	562.11
Total	**4,452.00**	**3,118.65**

Note 35: Employee benefit expense

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Salaries and wages	628.82	677.25
Contribution to provident and other funds	64.19	59.65
Staff welfare expenses	64.55	61.23
Total	**757.56**	**798.13**

Note 36: Finance costs

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Interest on financial liabilities measured at amortized cost		
- Interest on bank borrowings	4,781.72	4,630.94
- Interest on security deposit	45.78	24.24
Interest on security deposits measured at fair value	8.70	8.38
Interest on lease liability (refer Note 43)	211.66	-
Other borrowing cost	12.50	28.10
Interest on income tax	7.08	44.51
Total	**5,067.44**	**4,736.17**

Note 37: Depreciation and amortisation Expense

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Depreciation of Property, plant and equipment (Refer Note 3)	4,213.26	4,428.83
Amortization of right-of-use assets (Refer Note 3 and Note 43)	111.16	-
Amortisation of Intangible assets (Refer Note 6)	66.59	68.52
Total	**4,391.01**	**4,497.35**

Note 38: Other expenses

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Rent	67.14	438.08
Rates & taxes	830.06	6.44
Repair and Maintenance	2,060.78	2,109.49
Insurance	87.59	57.83
Advertising and publicity	39.72	26.64
Travelling expenses	102.65	134.80
Professional & consultancy charges	63.97	106.15
Allowance for doubtful debts	2,800.90	4,725.26
Payment to auditors (Refer Note 38(a))	15.81	11.80
Corporate social responsibility (Refer Note 38(b))	15.07	18.86
Miscellaneous Expenses	387.11	379.96
Total	**6,470.80**	**8,015.31**

Note 38(a): Payment to auditors

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Audit fee	3.75	3.75
Tax Audit fee	1.00	0.63
Certification fees	5.21	1.88
Re-imbursement of expenses	5.85	5.55
Total payment to auditors	**15.81**	**11.80**

Note 38(b): Corporate Social Responsibility Expenses

Rs. in Lakhs

	Year 2019-20	Year 2018-19
A. Gross amount required to be spent by the Company	14.04	18.76
B. Amount spent during the year on:		
i. Construction/Acquisition of any assets	7.49	10.93
ii. Purposes other than (i) above	7.58	7.93
Total	**15.07**	**18.86**
Amount spent against current year budget	**14.04**	-
Amount spent against previous year	1.03	-

Note 39: Income Tax Expense

A. The major components of income tax expense for the year are as under:

Income tax recognised/reported in the Statement of Profit and loss

Rs. in Lakhs

	31-Mar-20	31-Mar-19
Current Tax:		
Current tax on profits for the year	-	2,377.99
Adjustments for current tax of prior periods	28.94	576.02
Total current tax expense	**28.94**	**2,954.01**
Deferred tax:		
(i) Increase/(Decrease) in deferred tax	148.27	(3,184.19)
(ii) Deferred tax Asset MAT entitlement (not recognised)/reversal of excess MAT - of earlier years	-	87.05
Total deferred tax expense/(benefit)	**148.27**	**(3,097.14)**
Income tax expense	**177.21**	**(143.13)**
Income tax expense is attributable to:		
Profit from continuing operations	**177.21**	**(143.13)**

B. Other Comprehensive Income Section

Deferred tax related to items recognised in OCI during in the year

Rs. in Lakhs

	31-Mar-20	31-Mar-19
Net loss/(gain) on remeasurement of defined benefit plans	(2.19)	(0.87)
Income tax charged to OCI	**(2.19)**	**(0.87)**

Note 40A: Category-wise Classification of Financial instruments

Rs. in Lakhs

Financial assets measured at fair value through profit or loss (FVTPL)	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Investments in quoted mutual funds	12	-	-	3,882.20	5,293.46
		-	**-**	**3,882.20**	**5,293.46**

Rs. in Lakhs

Financial assets measured at fair value through other comprehensive income (FVTOCI)	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Investment in unquoted equity shares (*)	7	8.50	8.50	-	-
		8.50	**8.50**	**-**	**-**

Rs. in Lakhs

Financial assets measured at amortised cost	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Trade Receivables	8, 13	820.80	962.00	13,655.49	16,188.47
Term deposits with original maturity of more than 12 months	10	0.25	0.25	-	-
Cash and cash equivalents	14	-	-	530.72	1,772.79
Term deposits held as margin money	15	-	-	3,434.73	1,354.33
Security deposit	9, 16	638.79	526.01	0.25	2.07
Other Receivables	17	-	-	114.42	63.20
		1,459.84	**1,488.26**	**17,735.61**	**19,380.86**

Rs. in Lakhs

Financial liabilities measured at fair value through profit or loss	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
		-	-	-	-

Rs. in Lakhs

Financial liabilities measured at fair value through amortized cost	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Term loan from bank	22, 28	53,347.43	54,986.74	1,649.70	-
Trade deposits	23	217.93	76.19	-	-
Trade payables	27	-	-	-	-
Retention monies relating to capital expenditure/projects	28	-	-	867.03	1,193.97
Security Deposits	28	-	-	669.69	456.84
Payable to contractors towards project related Earnest Money Deposit	28	-	-	11.23	36.09
Payable towards capital/project related expenditure/works	28	-	-	4,777.56	4,350.17
Payable to employees	28	-	-	70.44	60.24
		53,565.36	**55,062.93**	**8,045.63**	**6,097.31**

(*) Investments in the equity shares represents the investment is subsidiary companies and the shares are not held for trading. The Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these investments is the Statement of Profit and Loss may not be indicative of the performance of the Company.

Note 40(B) Fair Value Measurments

(i) The following table provides the fair value measurment hirearchy of the Company's financial assets and liabilities:

As at March 31, 2020 Rs. in Lakhs

Financial Assets	Refer Note	Fair value as at 31.03.2020	Fair Value hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	12	3,882.20	3,882.20		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	8.50			8.50

As at 31st March, 2019 Rs. in Lakhs

Financial Assets	Refer Note	Fair value as at 31.03.2019	Fair Value Hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	12	5,293.46	5,293.46		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	8.50			8.50

(ii) Valuation technique used to determine fair value

Financial instruments measured at fair value

The valuation technique used to value financial instruments at fair value is based on the quoted market prices of mutual funds recognised at their closing NAV per unit.

The fair value of security deposits is determined using long term G-sec rates

Note 40 (C) Financial Risk Management - Objectives and Policies

The Company's financial liabilities comprises mainly of viz., term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, trade receivables, investments in mutual funds and other receivables.

The Company has financial risk exposure in the form of viz., market risk, credit risk and liquidity risk. The Risk Management Committee under the Board of Directors oversees the risk to which the Company is exposed and operates.

The present disclosures made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. The financial instruments affected by market risk includes rupee term loan and loans & advance.

a) Interest Rate Risk exposure

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 has availed significant rupee term loans at floating (reset every year) interest rates from State Bank of India, New Delhi. The interest rate is at 0.40% (spread) plus MCLR rate of SBI and the interest rate is reset once every year, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Rs. in Lakhs

	31-Mar-20	**31-Mar-19**
Variable rate borrowings	551.02	551.05
Fixed rate borrowings	-	-
	551.02	**551.05**

As at the end of the reporting period, the company has the following variable rate borrowings outstanding:

	31-Mar-20			**31-Mar-19**			
	Weighted average interest rate	**Balance (*) Amount in Rs. Lakh**	**% of total loans**		**Weighted average interest rate**	**Balance (*) Amount in Rs. Lakh**	**% of total loans**
Rupee term loan	8.65%	551.02	100%	Rupee term loan	8.21%	551.05	100%
Exposure to cash flow interest rate risk		**551.02**	**100%**	**Exposure to cash flow interest rate risk**		**551.05**	**100%**

(*) The term loan in Balance sheet is measured at amortised cost using effective interest rate (refer note 22)

Interest Rate Sensitivity analysis

The Company considering the economic enviornment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

Rs. in Lakhs

Senstivity	Impact on Profit before tax	
	31-Mar-20	31-Mar-19
Interest rates - increase by 50 basis points	275.52	281.29
Interest rates - decrease by 50 basis points	(275.52)	(281.29)

The interest rate senstivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is cheifly attributable to the Company's exposure to interest rates on its variable rate of borrowigs.

b) Foreign currency risk exposure

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company undertakes transactions in Indian Rupees and its borrowings/loans payable & trade receivables are also denominated in Indian Rupees and hence, there is no exposure of the Company's operations to foreign exchange rate fluctuations does not arise.

Foreign currency rate senstivity analysis:

Since, there is no foreign currency risk, senstivity analysis for the same does not arise

c) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctutate due to changes in market traded prices. The Companys investment in liquid cash divident reinvestment plan wherein the NAV is fixed and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary is not held for trading and hence, not subjected to price movement and thus, there is no risk.

2) Credit Risk

The Credit risk refers to risk that a counterparty will default on its contratual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, Bank balances and other receivables.

The Company primarily deals with the units/consumers operating inside the Mangalore Special Economic Zone (MSEZ). The units/consumers are the industries who have invested in MSEZ for setting up their industry. The Company enters into MOU/Lease deed for lease of land and receives on-time lease premium (as per agreed milestones) and also collects annual lease rentals. The Company supplies water;power and provides services to units/consumers through pre-determined contracts and agreed rates. In so far as supply of power is concerned the Company charges tariff based on the approved tariff by regulatory commission. The Company's exposure are continuously monitored and the aggregate value of transactions is reasonably spread amongst the units. Further, the Company has balance leaseable land area of 287.273 Acres (out of 1075 Acres of leaseable land) as on March 31, 2020. The Company upon entering into MOU/lease agreement with the prospective units/ consumer would receive one-time lease premium and annual rentals and concurrently, would also receive steady operating cash flows through sale of products and supply of services.

The credit risk arising from the exposure of investing in mutual funds and bank balances is limited and there is no collateral held against these because the counterparties are the recognised financial institutions and public sector banks, which are creditworthy.

The credit period in majority of the trade receivables range from 7 days-15 days and average credit period is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's establised policy, procedures and control relating to customer credit risk management. The concentration of the credit risk is limited due to fact that the area of operation of the Company is confined to one geography (MSEZ) and the number of units/consumers are also limited, wherein again the credit risk mitigated through pre-existing contract obligations.

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses and fair value loss measured at present value wherein G-sec rate including risk premium is used.

Movement in expected credit loss allowance on trade receivables

Rs. in Lakhs

Particulars	31.03.2020	31.03.2019
Balance at the beginning of the year	**4,589.05**	**1,813.91**
Impairment allowance	3,053.11	3,176.63
Impairment written-off	(611.69)	(1,950.11)
Fair value losses provided	104.69	1,548.63
Balance at the end of the year	**7,135.16**	**4,589.05**

3) Liquidity risk

Liquidity risk is the risk that the Compnay will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidty risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making avaliable the funds from realising timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Companys liquity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liablities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities. .

The company makes an annual/long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

Note 40(D) Capital Management

The Company's objective when managing capital are to:

a) Safeguard the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

b) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may vary the distribution of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at March 31, 2020, the Company has only one class of equity share and rupee term loan. Consequent to such capital structure, there are no externally imposed capital requirements.

The capital structure of the Company consists of debt (borrowings as detailed in notes 22 and 28) and total equity including advances received from units towards lease of land and use of infrastructure facilities of the Company and monitors capital, based on this capital structure's gearing ratio.

The gearing ratio at the end of the reporting period is computed as follows:

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
i) Debt	54,997.13	54,986.74
ii) Equity share capital	5,000.12	5,000.12
iii) Other equity	(604.68)	2,565.02
iv) One time non-refundable amounts from customers	94,124.38	96,149.46
v) Total equity [(ii)+(iii)+(iv)]	**98,519.82**	**1,03,714.60**
vi) Debt to equity ratio (times)	0.56	0.53

Note 41: The company has only one operating segment (Development, Operation & Maintenance of Mangalore Special Economic Zone)

Note 42: Revenue from Contracts with Customers

The Company on the grounds of (i) Prudence and (ii) Revenue recognition criteria under IND AS 115 on 'Revenue from Contracts with Customers', has not recognised revenues for the financial year 2019-20 from JBF Petrochemicals Limited (JBF).

The details of JBF revenue not recognised are as under:

Sl. No.	Nature of revenue	Amount Rs. in Lakhs
1	Supply of water	6,442.12
2	Annual lease rent	99.19
3	Treated Effluent Disposal Fees	143.89
4	Zone Operation & Maintenance charges	108.89
	Total	**6,794.09**

The Company emphasizes that non recognition/accrual of the revenue from JBF, as per IND AS 115, does not discharge the liability cum obligation of JBF Petrochemicals Limited to pay under the said contracts in vogue nor vitiate theCharge by the Company over such receivables from JBF.

Note 43: Leases - As lessee

Right-of-use assets

The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, using the modified retrospective method. On transition, the adoption of the standard resulted in recognition of Right-to-Use assets with corresponding equivalent lease liabilities amounting to Rs.2,324.08 lakhs as at April 1, 2019.

In connection with the above lease, the following amounts are disclosed for the period FY 19-20

Rs. in Lakhs

Sl. No.	Particulars	Note	Amount
1	Depreciation charge for right-of-use assets	3	108.98
2	Interest expense on lease liabilities	36	211.66
3	Total cash outflow for leases	-	(222.76)
4	Carrying amount of right-to-use assets	3	2,215.10
5	Present value of lease liabilities	23	2,312.97

Note 44: Leases - As lessor

Lease of land

(i) Finance Lease:

The Company has obtained on a lease-cum-sale basis from Karnataka Industrial Area Development Board (KIABD) vide lease-cum-sale agreement dated 28.12.2010. The lease is for a period of 50 years. The lease agreement with KIADB stipulates various conditions related to lease, including in relation to the manner in which the Company will obtain freehold title of land. The Company is reasonably certain to obtain freehold title, since the terms and conditions for conversion to freehold land has been fulfilled and have already applied to KIADB for absolute sale deed in favour of the Company. Since, reasonable certainity exists that ownership of the asset - land the economic ownership of the land ab initio would eventually pass on to the Company the land is accounted as a tangible asset of the Company e.g.Leasehold land convertible into freehold. Thus in substantive terms, the Company has acquired a tangible asset - only in legal terms the conversion into freehold status is pending.

The Company paid leasehold premium upfront and same has been capitalized.

The details of land lease period and execution of lease cum sale agreement is as under:

Area Details - in Acres

Total Area as on 31.03.2020	Agreement date	Lease Commencement date	Area Registered as on 31.03.2020	Land surrendered to KIADB	Balance not registered as on 31.03.2020			Total Area as on 31.03.2019	Area Registered as on 31.03.2019	Balance not registered as on 31.03.2019 (after surrender to KIADB)
					Land - Outside Notified area	Others	Total			
1972.20	28.12.2010*	27.01.2010	1543.21		320.26	108.73	428.99	1972.20	1,543.21	428.99
	29.06.2011#	27.12.2010								
2.47	07.12.2011	28.10.2011	2.47					2.47	2.47	
86.52	03.11.2014	25.07.2012	86.52					86.52	86.52	
274.36			-	251.23		23.13	23.13	274.36		23.13
11.37						11.37	11.37	11.37		11.37
2346.92			**1632.20**	**251.23**	**320.26**	**143.2198 ^**	**463.49**	**2,346.92**	**1,632.20**	**463.49**

* For 1533.22 acres

\# For 9.99 acres

^ Includes 139.2031 acres allocated to Project Displaced Families and 4.0167 acres for road & corridor.

(ii) Operating Lease

The Company has sub leased land inside MSEZ (lease-cum-sale land acquired from KIADB) on operating lease to various units. The sub-lease are long term in nature and the period of sub-lease with the units is co-terminous with that of the lease period entered into by the company with KIADB i.e.until 26th January 2060. The sub-lease are non-cancellable and does not include contingent rent. The subleases are renewable for a further period on substantial terms as specified in the lease agreements.

The total future minimum lease premiums/rentals receivable as at March 31, 2020 (based on the agreements concluded with the units) is as under:

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Not later than one year	1,247.59	5,401.13
later than one year and not later than five years	1,961.02	2,013.45
later than five years	20,030.23	21,536.71

Note 45: Employee Benefits

(i) Post-employment benefits

Breif Description: A general description of the type of employee benefit plan is as follows:

Defined benefit gratuity plan (Unfunded):

The company has a defined benefit gratuity plan for its employees. It is governed by Payment of Gratuity Act, 1972. Under the said Act employees who have completed five years of service is entitled to gratuity benefits. The level of benefit provided depends on the employees length of service and last drawn salary.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method (PUCM).

This post-employment plan typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to markek yields at the end of the reporting period on government bonds.
Interest rate Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the bese estimate of the mortality of plan participants both during and after their employment. An increase in the life expentancy 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.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage payout based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

The company has changed the benefit scheme in line with Payment of Gratuity Act, 1972 by increasing the monetary ceiling from Rs.10 Lakhs to Rs.20 Lakhs. Change in liability (if any) due to this scheme change is recognied as past service cost.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at March 31, 2020.

The principal actuarial assumptions used in determing Gratuity are as follows:

Rs. in Lakhs

Sl. No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Discount Rate	6.84%	7.69%
2	Annual increase in salary	9%	9%
3	Employee Turnover	5%	5%

The discount rate relates to the benchmark rate available on G.Sec. And is taken as per deal rate as on 31.03.2020. The tenure of the G.Sec. Rate matches with the expected term of the obligation.

The following table summarize the components fo the defined benefits expense recognised in the statement of profit or loss/OCI.

Rs. in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	12.33	11.62
Net Interest Cost	8.61	7.26
Components of defined benefit costs recognised in profit or loss	**20.94**	**18.88**
Re-measurment on the net defined benefit liability:		
Actuarial (gains)/losses arising from change in assumptions		2.99
Components of remeasurment recognised in other comprehensive income	8.43	2.99
Total	**29.37**	**21.87**

The following table summarize the components fo the defined benefits expense recognised in the Balance sheet

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of benefit obligation at the end of the Period	131.73	111.95
(Fair Value of plan assets at the end of the period)	-	-
Net (liability)/Asset recognised in the Balance sheet	131.73	111.95

Movements in the present value of the defined benefit obligation are as follows:

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Present Value of Benefit Obligation at the beginning of the period	111.95	92.09
Interest Cost	8.61	7.26
Current Service Cost	12.33	11.62
Past Service Cost		-
(Benefit paid Directly by the Employer)	(9.59)	(2.00)
Actuarial (Gains)/ Losses on Obligations - Due to change in Demographic Assumptions		-
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	10.35	1.99
Actuarial (Gains)/ Losses on Obligations - Due to Experience	(1.92)	1.00
Present Value of Benefit Obligation at the end of the period	**131.73**	**111.95**
Current	7.25	12.03
Non-Current	124.48	99.92

Significant acturial assumptions for the determination of the defined obligation are discount rate, expected salary increase and employee turnover. The sentivity analysis below have been determined based on the reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all the other assumption constant.

Rs. in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Projected benefit Obligation on Current Assumptions	131.73	111.95
Discount Rate		
-Impact due to increase of 1%	(12.04)	(9.83)
-Impact due to decrease of 1%	14.04	0.11
Salary increase		
-Impact due to increase of 1%	9.78	8.47
-Impact due to decrease of 1%	(9.66)	(8.28)
Employee Turnover		
-Impact due to increase of 1%	(1.49)	(0.75)
-Impact due to decrease of 1%	1.64	0.82

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the dfference between assumed and the actual is not following the parameters of the senstivity analysis.

Furthermore, in presenting the above senstivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liabiltiy recognised in the balance sheet.

(ii) Other employee long term benefits

Actual Leave and Sick leave assumptions

Compensated absences - Earned leave eligibility is 25 days per annum and sick leave 12 days per annum. Encashment permitted up to a maximum of 300 days per employee.

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2020 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in increase in liability by Rs. 6.85 Lakhs (Previous year Rs. 6 Lakhs).

Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	60 years	60 years
Attrition rate	5% p.a.	5% p.a.
Salary Escalation Rate	9% p.a.	9% p.a.
Discount Rate	6.84% p.a.	7.69% p.a.
While is service Encashment rate	5% of the Leave balance (for the next year)	5% of the Leave balance (for the next year)

Note 46: Related Party disclosures

A. Name of related parties and description of relationship:

(i) Parent entities

Name of the Company	Type	Place of incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
Infrastructure Leasing and Financial Services Limited (IL&FS)	Associate	India	50%	50%
Oil and Natural Gas Corporation Limited (ONGC)	Associate	India	26%	26%
Karnataka Industrial Areas Development Board (KIADB)	Associate	India	23%	23%

(i) Subsidiaries :(where control exists)

Name of the Company	Type	Place of Incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
Mangalore STP Limited (MSTP Limited)	Subsidiary	India	70%	70%
MSEZ Power Limited	Wholly owned subsidiary	India	100%	100%

B. Key Management Personnel

(i)

Shri Shashi Shanker	Chairman
Shri Paritosh Kumar Gupta	Managing Director, upto 18.11.2019
Shri Srinivas Santhayya Kamath	Independent Director
Shri Inturi Srinivas Nagesh Prasad	Independent Director, upto 27.03.2020
Shri Subhash Kumar	Nominee Director of ONGC
Shri Venkatesh Madhava Rao	Nominee Director of ONGC
Shri Nand Kishore	Nominee Director of IL&FS, w.e.f.13.05.2019
Shri Isaac Vas	Nominee Director of KCCI, w.e.f.03.02.2020

(ii) Shri Velnati Suryanarayana Chief Executive Officer (w.e.f.19.05.2019) and Head (Finance) I/c upto 25.09.2019

(iii) Shri K S Ramesh Chief Financial Officer (w.e.f.26.09.2019)

(iv) Shri Phani Bhushan V Company Secretary

C. List of related parties

Name of the Company	Relationship
ONGC Mangalore Petrochemicals Limited (OMPL)	ONGC - Ultimate holding company
Mangalore Refineries and Petrochemicals Limited (MRPL)	Subsidiary of ONGC
Karnataka Industrial Areas Development Board (KIADB)	A statutory body of Government of Karnataka
Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of ONGC

D. Details of transactions:

(i) Transactions with related parties Rs. in Lakhs

Name of related Party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
OMPL	Supply of services - Annual lease rental	233.96	233.96
	Sale of products	2,864.36	2,935.60
	Supply of services	1,050.08	937.89
	Interest payable on security deposit	10.01	9.63
	Other payable	525.22	-
MRPL	Sale of products	2,548.52	2,541.56
	Supply of services	4,515.44	2,562.51
	Other payable	282.28	-
IL&FS	Service received - Deputation of MD	4.03	30.00
	Service received - Others	-	20.00
KIADB	Services received - Annual Lease rent	5.97	4.45
MSTP Limited	Supply of goods	586	545.80
MSEZ Power Limited	Supply of services	0.02	0.03
HPCL	Supply of services	3.73	3,235.38

(ii) Outstanding balances with related parties

Rs. in Lakhs

Name of related Party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Amount payable:			
Infrastructure Leasing and Financial Services Limited (IL&FS) *	Trade payable	35.13	31.50
Karnataka Industrial Areas Development Board *	Towards acquisition of land	3,571.92	3,571.92
	Trade payable	0.38	0.37
ONGC Mangalore Petrochemicals Limited *	Other payable	636.58	111.02
Mangalore STP Limited	Supply of goods	-	41.67
Mangalore Refinery and Petrochemicals Limited #	Other payable	325.16	42.88
b. Amount Receivable:			
OMPL *	Other receivable	0.24	0.24
	Trade Receivable	775.95	1,513.89
MRPL	Other receivable	84.41	59.26
	Trade Receivable	1,059.58	132.79
MSTP Limited	Trade Receivable	22.50	-
MSEZ Power Ltd	Other receivable	1.49	1.46
c. Loans and other assets (Debit balances)			
Karnataka Industrial Area Development Board *	Security deposit	11.60	11.60
	Capital advances	154.19	154.19
Mangalore Refinery and Petrochemicals Limited	Security deposit	0.13	0.13
d. Advances & Deposits (Credit balances)			
Name of related Party	**Nature of Transaction**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
ONGC Mangalore Petrochemicals Limited*	Security deposits	279.06	185.27
Mangalore Refinery and Petrochemicals Limited	Security deposits	126.80	126.80
Hindustan Petroleum Corporation Limited	Advance towards Corridor	-	3,234.32

* Balance confirmations awaited from parties

The balances payable to Mangalore Refinery and Petrochemicals Limited have been confirmed less to the tune of Rs.325.16 Lakhs.

The Company is in correspondence with the parties mentioned above and is confident of resolving the issues.

(iii) Provisions for doubtful debts related to amount of outstanding balances

Rs. in Lakhs

Name of the related party	Nature of Transaction	As at 31.03.2020	As at 31.03.2019
ONGC Mangalore Petrochemicals Limited	Supply of services	29.06	53.47
Mangalore Refinery and Petrochemicals Limited	Supply of services	-	18.30
Total		**29.06**	**71.77**

(iv) Expense recognised during the period in respect of bad or doubtful debts

Rs. in Lakhs

Name of the related party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
ONGC Mangalore Petrochemicals Limited	Supply of services	90.31	927.69
Mangalore Refineries and Petrochemicals Limited	Supply of services	123.38	632.26
Total		**213.69**	**1,559.95**

The transactions with related parties are made on terms equivalent to those that prevail in an arm's length transactions. The outstanding balances are unsecured and will be settled in cash.

(v) Compensation to Key management personnel:

(a) Chief Executive Officer

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	58.58	54.00
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	11.82	7.17
Contribution to providend fund	0.22	0.216
Total	**70.61**	**61.39**

(b) Chief financial officer (w.e.f.26.09.2019)

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	16.86	-
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	1.25	-
Contribution to providend fund	0.22	-
Total	**18.33**	**-**

(c) Company Secretary

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	24.26	22.00
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	6.01	3.81
Contribution to providend fund	0.22	0.216
Total	**30.48**	**26.03**

(d) Independent directors

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sitting fees	3.75	3.00

Note 47: Government Grants and Government Assistance

(a) Government Grants (refer Note 26)

The Company has received government grants from Visvesvaraya Trade Promotion Centre (VTPC), a Government of Karnataka organisation under ASIDE scheme for construction of Common Effluent Treatment Plant (CETP) Rs.495 lakh as at March 31, 2020 (Rs.495 Lakh as at March 31, 2019) and Two lane Flyover near Jokatte, Manglore SEZ (MSEZ) Rs.1485 Lakh as at March 31, 2020 (Rs.1485 Lakh as at March 31, 2019).

Movement in Government Grants

(i) CETP

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	453.75	486.75
Add: Addition during the year	-	-
Less: Amortisation during the year	33.00	33.00
Closing Balance	**420.75**	**453.75**

(ii) Two lane Flyover

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	1,485.00	1,386.00
Add: Addition during the year	-	99.00
Less: Amortisation during the year	-	-
Closing Balance	**1,485.00**	**1,485.00**

The Company has adopted income approach, under which a grant is recognised in profit or loss on a systematic basis over the useful life of assets which have been capitalized.

(b) Government Assistance

The Company had developed special economic zone (SEZ) at Mangalore, Karnataka, India. Accordingly, it is eligible for certian economic benefits such as exemptions from customs duty, Goods and Service tax etc. which are in the nature of government assistance. These benefits are subject to fulfillment of certain obligations by the company.

Note 48: Earnings Per Share (EPS)

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

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) after tax for the year attrib utable to equity shareholders (Rs. in Lakh)	(3,163.46)	241.15
Weighted average number of equity shares	5,00,01,200	5,00,01,200
Basic & diluted earnings per share (Rs.)	(6.33)	0.48
Face value per equity share (Rs.)	10.00	10.00

Note 49: The amount recognised in Profit & Loss Account for investment property (refer note 5)

Rs. in Lakhs

Particulars	Year 2019-20	Year 2018-19
Rental Income	1,784.74	1,895.86
Direct Operating Expenses from property that generate direct rental income	153.94	185.25
Profit from investment property before depreciation	1,630.80	1,710.61
Profit from investment property	1,630.80	1,710.61

Note 50: Contingent Liabilities and Commitments

(a) Commitments

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Plant, Property & Equipment	1,053.11	525.08
ii. Towards Investment Property	-	1.25
Total	**1,053.11**	**526.33**

Note 50

b. Contigent liabilities

The claims against the company not acknowledged as debt is Rs.2,329.47 lakhs (previous year Rs. Rs.753 lakhs) and other contingent items is Rs.2067.21 lakhs (previous year Rs.1986 lakhs). The details are as under

Sl. No.	Petitioner	A brief description nature of court cases	Estimate of the financial effect - Amount in Rs. lakhs	Indication of the uncertanities relating to the amount or timing of any outflow
1	BSNL	The Petitioner has claimed that the Company while laying river water pipeline had damaged the optical fiber cables.	15.00	The Company has contracted the work relating to laying of river water pipeline works to Koya & Co, (2nd Defendant). The Contractor has to carry out the work efficiently. The liability to pay for any damage, if caused, would be on the person who might have caused the damage. The case is before Adalat, Mangalore and is pending for hearing.
2	Mr. Ravindranath Bajpe	The Company had laid the water pipeline by the side of Mangalore-Bajpe Old Airport PWD Road abutting the schedule properties and other properties on the same line commencing from Nethravathi River Bank at sarapady to MSEZ Industrial area. While carrying out works near the plaintiffs (Ravindranath Bajpe) property, had contended that Company officials & contractors have tresspassed his property and demolished the stone compound wal of 7 feet height, foundation of 3 feet height beneath the ground & 2 feet wide to the extent of about 500 meters and also cut & destroyed about 101 valuable trees and laid pipeline beneath the schedule properties about to extent of 500 meters. Therefore, Ravindranath Bajpe has filed an Original Suit before the civil court directing the defendants jointly and severally to pay a sum of Rs 47,90, 500/-	47.91	Ravindranath Bajpe is neither absolute owner nor is in possession of the plaint schedule Property or any part thereof. The assertion of the occupancy right contradicts the claim of absolute ownership. The Plaintiff (Ravindranath Bajpe) and other members of his family are having litigation in local court with regard to his claims on occupancy holding. Therefore, we maintain that the Plaintiff is not entitled to claim the alleged loss or any other claim
		Petitioner (Ravindranath Bajpe has filed this Special Leave Petition contending whether The High Court & Session Court quashed the process issued by the learned trial court without appreciating the allegations in the Compalint and also as to whether the High Court & Session Court were expected to see the letter accompanying the Compalint which was written by respondent No. 4 on behalf of the Company to the Petitioner.		To establish a criminal offence, oral and documentary evidence needs to be furnished so as to substantiate any of the alleged offences. The letter written by Respondent No. 4 merely refers to compensate the complainant for the losses if any incurred by him, which need to be determined separately in a civil proceeding, or otherwise, as deemed fit by the persons responsible for the damage. The complainant cannot allege a criminal flavor to the proceedings on the basis of the said letter.

3	Cherian Varkey Construction Company (CVCC)	The petitioner was awarded the Reach IV contract forming part of Pipeline cum Road Corridor on August 2011. The petitioner had failed to complete the awarded contract as per milestones. Due to which the contract was extended. The petitioner has also stopped the work in an authourized manner on multiple occasions. Due to non-handing over of the front for executing work on Part A of the contract within the original contract period, the petitioner was seeking increase in rates for items covered under BOQ. The contract entered between the Compnay and petitioner being a fixed price contract did not provide for esclation of rates and compensation events to deal with instances of delay in handing over fronts.The intransigence on part of the petitioner lead to delay in works. Hence, the contract was terminated with immediated effect on 06.11.2013 and all Bank Guarantees furnished by the petitioner was invoked. The petitioner approached the Hon'ble District Court in Mangalore and secured a temporary injunction restraining the Company form encashing the BG. After the matter came up for argument in the Court and several adjournments, the case filed by petitioner was dismissed by Hon'ble on 05th April 2014. The petitioner has also initiated proceedings in the matter. In order to settle the dispute out of court/arbitration an opportunity for redressal through an independent committee, the Company sought consent for constituitng an Outside Expert Committee (OEC) which was accepted by petitioner. The arbitration proceedings was put on hold while OEC took over the dispute resolution. The OEC has recommeded the Company to pay Rs.9.39 Cr to petitioner. However, the petitioner did not accept the the recommendations of the OEC and choose to pursue the Arbitration proceedings. The Arbitral Tribubal had passed the award on 24.09.2016 stating that the performance and completion of works under the contract was on account of breaches/defaults committed by the Company and termination of contract was unlawful. The Company was directed to pay to Rs.19,23,53,085. Aggrieved by the Arbitration award, the company and the Petitioner had filed a Arbitration suits contesting the Arbitration Award before the 1st Additional Dist Session Judge, Mangaluru and matter is still pending. Further, the petitioner filed an exectution petition for recovery of Rs.29,13,63,551 and sought for attachment of bank accounts to the tune of Rs.35 Cr. After several rounds of court proceedings, the Ist Additional District Judge, Mangaluru vide order dated 28.02.2020 has dismissed the contentions of the Company and passed orders to attach the bank accounts of the Company to the tune of Rs.35 Crore.	2,266.56	The Company filed a writ petition No 4974/2020 (GM-CPC) before the Hon'ble High Court of Karnataka, Bengaluru, wherein the Hon'ble High Court vide order dated 17.03.2020 stayed the order dated 28.02.2020 passed by Ist Additional District Judge, Magaluru subject to the Company furnishing security of fixed deposit to an extent of award amount of Rs.19 Crore. The Company has followed the directions of High Court and executed a term deposit of Rs.1921 lakh.
		Total A	**2,329.47**	

4		The Executive Engineer, Water Resources Department has vide 01.01.2020 has sought payment of water drawal charges as per revised rates at Rs.1,00,000/MCFT on 27 MGD for years FY 18-19 and FY 19-20. The amount directed to be remitted for both the years is Rs.28,92,54,057/-	2,067.21	The company has sought for modification in the said order and has again requested the concerned Department vide letter dated 27.04.2020 to allow the Company to pay the water drawal charges, as per clause 4 of G.O order JSE 292 VBE 2012 dated 19.11.2014, on actual water drawn rather than on 27 MGD. Subsequently, the Company has based on the actual water drawn for FY 18-19 and FY 19-20 has already remitted Rs.8,25,33,283 on 20.03.2020
		Total B	**2,067.21**	
		TOTAL (A+B)	**4,396.67**	
		A brief description of other court cases - Non Contingent in nature		
5	Cardolite Specialty Chemicals India LLP	The Cardolite Speciality Chemicals India LLP (a unit in MSEZ) has filed a writ petition in the Hon'ble High Court, Karnataka against the tariff order passed by Karnataka State Electricity Commission (KERC)	**79.33**	The company aggrieved by the KERC tariff order for FY 17-18 had filed an review petition (RP) before KERC. The KERC had vide RP order dt.26.10.2017 passed order in favour of the company and allowed recovery of Rs.3.91 Crore from the consumers, including the petitioners amount of Rs.79.33 lakhs. The petitioner aggrieved by the tariff order had filed an review petition before KERC. The KERC had vide RP order dt.28.05.2019 dismissed the review petition and directed the petitioner to pay the amount of Rs.79.33 lakhs. Subsequently, the petitioner filed an writ petition before the Hon'ble High Court and stayed the recovery of Rs.79.33 lakhs

Note 51: Critical judgements in applying accounting policies

I. Recognistion of Revenue

(a) The Company's power distribution business is rate/tariff regulated by Karnataka Electricity Regulatory Commission (KERC). Hence, the Company files Annual Revenue Requirement/tariff application before KEFC. The KERC passes tariff order determining and notifies the retail supply tariff to be charged from Consumers. In respect of FY 2019-20, the revenue is recognized based on the KERC tariff order dated May 30, 2019 applicable w.e.f. April 1, 2019. The Company upon submission of Annual audited accounts (pertaining to power distribution business) the KERC appraises the accounts and finalizes the revenue requirement. Thus, on final determination of the revenue requirement by KERC, the effect will be given for the difference, if any accordingly.

(b) The Company has recognised revenue, from a consumer, amounting to Rs.29.16 Lakh for the current year (previous year 2018-19 Rs.125 Lakh) towards Zone Operation and Maintenance (O&M) charges. The agreement with the said consumser is under discussion. Pending finalization of agreement, the Zone O&M charge with the said consumer is recognised at Board approved rate/sft.

II. Recognition of borrowing cost

Borrowing costs are charged to the Statement of Profit & Loss applying the effective interest method. The interest charged on the loan is 40 basis point plus one year Maximum Commercial Lending Rate (MCLR) rate of the Lender. If the Lender changes the MCLR rate, the effective rate of interest will also change resulting in reduction or increase in interest cost.

III. Estimated useful life of tangible and intangible assets

(a) The Company has estimated the useful life of certain assets based technical evaluation and that of certain assets based on useful life as specified in Schedule-II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The estimated useful life and residual values are reviewed at the end of each financial year and if necessary, changes in estimates are accounted. The Company has adopted unit of production method for charging depreciation in respect of River Water Assets and Tertiary Treatment Plant assets (both excluding Electrical Installations and Equipment) Under unit of production method, the Management estimates the production likely to be achieved in future years. The actual productions are reviewed at the end of each financial year and if necessary, changes in estimation are accounted.

(b) The Company amortizes the cost of barrage useful usage rights on a straight-line basis over the lease period.

IV. Impairment of Trade Receivable

The impairment provision for financial assets is based on the assumption about risk of default and expected loss rates. The Company uses judgements in making these assumptions and selecting the input impairment calculation based on the Company past history as well as forward looking assumptions at the end of each reporting period.

V. Income taxes

The computation of advance taxes, provision for current/deferred tax are made based on significant judgements and which may get revised pursuant to position taken by the tax authourities.

Note 52: Previous year's figures have been regrouped wherever necessary to correspond with the current year's classification/disclosure

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MANGALORE SEZ LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mangalore SEZ Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, subject to our note below, to provide a basis for our audit opinion on the consolidated financial statements.

Our opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the management of the company. Due to the COVID - 19 induced restrictions on physical movement and strict timelines, our audit team could not visit the company offices at Mangalore for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing and ICAI Advisory for Statutory Audit.

Emphasis of Matter

We draw attention to :

1. Notes 12 and 41 of the consolidated financial statements, an amount of Rs. 9,738.91 lakh (net of impairment provision) is included in the company's receivables for which the company has moved to the National Company Law Tribunal as operational creditor to initiate Corporate lnsolvency Resolution process under the IBC Code. In lieu of the same, the Company on the grounds of Prudence has not recognized revenue to the tune of Rs. 6,794.09 lakhs in the current period.

2. Notes 49 (b) of the consolidated financial statements, the company received a claim of Rs. 2,892.54 lakh from Water Resources Development Organization (WRDO), Government of Karnataka towards water Cess for the two years of 2018-19 and 2019-20 calculated on the basis of maximum approved capacity, against which the company has represented to WRDO to allow to pay the water cess on the basis of actual usage during these two years. The company has paid a total amount of Rs. 825.33 lakh calculated on the basis of actual usage. No further provision has been made for the difference amount of Rs. 2,067.21 lakh.

Our opinion is not modified in respect of these matters.

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Obtain an understanding of internal financial 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 and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 91.33 lakh as at 31st March 2020, total comprehensive income of Rs. NIL and net cash flows amounting to Rs 0.48 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have been furnished to us by the management and our opinion in the consolidated financial statements in so far as it related to the amounts and disclosure included in respect of the aforesaid subsidiary, and our report in terms of subsection (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations, subject to our note on COVID – 19 limitations above, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

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

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India.

   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, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group – Refer Note no. 49 to Consolidated Financial Statements.

      ii. The group did not have any long-term contracts, including derivative contracts; and

      iii. There has not been an occasion during the year under report to transfer any sums to the Investor Education and Protection Fund by the Holding company or its subsidiary Companies. Therefore, the question of delay in transferring such sums does not arise.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
(Membership No.051472)
UDIN: 20051472AAAAAK1957

Place: Bangalore
Date: 04.06.2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mangalore SEZ Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **MANGALORE SEZ LIMITED** (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **RAY & RAY**
Chartered Accountants
(Firm's Registration No. 301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
(Membership No.051472)
UDIN: 20051472AAAAAK1957

Place: Bangalore
Date: 04.06.2020

Consolidated Balance Sheet as at 31st March, 2020

Rs. in Lakhs

		Notes	As at 31.03.2020	As at 31.03.2019
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3	78,216.28	78,173.38
	(b) Capital work in progress	4	19,098.78	18,886.85
	(c) Investment Property	5	45,702.69	45,653.29
	(d) Other Intangible Assets	6	1,257.33	1,321.21
	(e) Financial Assets			
	(ii) Trade Receivables	7	820.80	962.00
	(iii) Loans	8	646.78	531.76
	(iv) Others	9	0.25	0.25
	(f) Other non-current assets	10	974.68	1,257.28
			1,46,717.59	**1,46,786.02**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Investments	11	3,882.20	5,293.46
	(ii) Trade receivables	12	13,738.33	16,233.98
	(iii) Cash and cash equivalents	13	531.46	1,801.64
	(iv) Bank Balances other than (iii) above	14	3,440.44	1,359.68
	(v) Loans	15	0.25	2.07
	(vi) Others	16	90.43	61.74
	(b) Current tax asset (Net)	17	622.58	-
	(c) Other current assets	18	494.86	297.09
			22,800.55	**25,049.66**
	Total Assets		**1,69,518.14**	**1,71,835.68**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity Share capital	19	5,000.12	5,000.12
	(b) Other equity	20	(605.67)	2,563.97
	Total Equity Attributable to owners of the Company		**4,394.45**	**7,564.09**
	Non-Controlling Interests	19	**1.50**	**1.50**
	Total Equity		**4,395.95**	**7,565.59**
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	53,347.43	54,986.74
	(ii) Other financial liabilities	22	2,514.79	76.19
	(b) Provisions	23	209.86	172.25
	(c) Deferred tax liabilities (Net)	24	1,038.21	892.13
	(d) Other Non Current Liabilities	25	93,572.15	95,738.32
			1,50,682.44	**1,51,865.63**
(3)	**Current liabilities**			
	(a) Financial Liabilities			
	(ii) Trade payables	26		
	- To Micro and Small enterprises		57.64	137.39
	- To Others		1,831.45	987.83
	(iii) Other financial liabilities	27	8,062.88	6,110.52
	(b) Other current liabilities	28	2,956.20	3,346.98
	(c) Provisions	29	1,531.58	1,562.18
	(d) Current tax liabilities (net)	30	-	259.56
			14,439.75	**12,404.46**
	Total liabilities		**1,65,122.19**	**1,64,270.10**
	Total Equity and Liabilities		**1,69,518.14**	**1,71,835.68**

Significant accounting policies and key accounting estimates and judgements — Notes 1 to 2
The accompanying notes are an integral part of these financial statements — Notes 3 to 51

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
Mrinal Kanti Banerjee
Part ner
Membership No. 051472

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

Rs. in Lakhs

	Particulars	Notes	Year 2019-20	Year 2018-19
I	Revenue from Operations	31	17,406.53	20,680.87
II	Other Income	32	746.41	583.11
III	**Total Income (I+II)**		**18,152.94**	**21,263.98**
IV	**EXPENSES**			
	Cost of materials consumed	33	4,452.00	3,118.65
	Employee benefit expense	34	757.56	798.13
	Finance costs	35	5,067.44	4,736.17
	Depreciation and amortisation Expense	36	4,391.01	4,497.35
	Other expenses	37	6,471.11	8,015.59
	Total Expense (IV)		**21,139.12**	**21,165.89**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(2,986.19)**	**98.09**
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V - VI)**		**(2,986.19)**	**98.09**
VIII	**Tax expense**	38		
	(1) Current tax		28.95	2,954.03
	(2) Deferred tax		148.27	(3,097.14)
	Total Tax expense		**177.22**	**(143.11)**
IX	**Profit/(loss) for the period from continuing operations (VII - VIII)**		**(3,163.40)**	**241.20**
X	Profit/(loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(loss) from Discontinued operations (after tax) (X -XI)			
XIII	**Profit/(loss) for the period (IX + XII)**		**(3,163.40)**	**241.20**
XIV	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans (net of tax)		(6.24)	(2.12)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
			(6.24)	(2.12)
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**(3,169.64)**	**239.08**
XVI	**Earnings per equity share:**	47		
	(1) Basic		(6.33)	0.48
	(2) Diluted		-	-

Significant accounting policies and key accounting estimates and judgements Notes 1 to 2
The accompaying notes are an integral part of these financial statements Notes 3 to 51

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

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

(A) Equity Share Capital

Rs. in Lakhs

Balance at the beginning of the reporting period April 01, 2019	**5,000.12**
Changes in equity share capital during the year	-
Balance at the end of the reporting period March 31, 2020	**5,000.12**

(B) Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus	TOTAL
	Retained Earnings	
Balance at the end of the reporting period March 31, 2018	**2,080.88**	**2,080.88**
Changes in accounting policy	244.00	**244.00**
Restated balance at the beginning of the reporting period April 01, 2018 (A)	2,324.88	**2,324.88**
Additions during the year:		
Profit/(Loss) for the year	241.20	**241.20**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	(2.12)	**(2.12)**
Total Comprehensive Income for the year 2018-19 - (B)	239.08	**239.08**
Reductions during the year:		
Transfer to general reserves	-	**-**
Any other change -	-	**-**
Total (C)	-	**-**
Balance at the end of the reporting period March 31, 2019 (D= A+B+C)	**2,563.97**	**2,563.97**
Changes in accounting policy	-	**-**
Restated balance at the beginning of the reporting period April 01, 2019 (E)	**2,563.97**	**2,563.97**
Additions during the year:		
Profit/(Loss) for the year	**(3,163.40)**	**(3,163.40)**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	(6.24)	**(6.24)**
Total Comprehensive Income for the period March 31, 2020 (F)	**(3,169.64)**	**(3,169.64)**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change	-	-
Total (G)	-	**-**
Balance at the end of the reporting period March 31, 2020 (E+F-G)	**(605.67)**	**(605.67)**

For and on behalf of the Board

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

Consolidated Cash Flow Statement for the year ended 31st March, 2020

Rs. in Lakhs

	Particulars	Year 2019-20		Year 2018-19	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax	**(2,986.19)**		**98.09**	
	Adjustments for:				
	- Depreciation and amortisation	4,391.01		4,497.35	
	- Impairment	3,157.79		4,725.26	
	- Interest on Borrowings	4,781.72		4,630.94	
	- Interest on lease liability	211.66		-	
	- Provision for Gratuity	20.94		18.88	
	- Provision for Leave Encashment	32.35		29.56	
	- Provision for other Employee benefits	63.97		60.24	
	- Insurance claim received	(17.05)		(3.29)	
	- Interest Income	(130.35)		(150.24)	
	- Dividend Income	(278.74)		(138.51)	
	- Deferred Government Grant	(33.00)		(33.00)	
	- Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	17.12		17.19	
	Operating Profit before Working Capital Changes	**9,231.24**		**13,752.47**	
	Adjustments for:-				
	- (Increase)/decrease in Trade and other receivables	(520.95)		(6,121.14)	
	- (Increase)/decrease in Other assets	(327.83)		269.31	
	- Increase/(Decrease) in Trade payable and other liabilities	(1,361.58)		3,509.98	
	Increase/(Decrease) in provisions	(88.87)		(109.98)	
	Cash generated from Operating activities	6,932.02	-	11,300.64	
	Income Tax Paid (net of refund)	(632.68)		(1,477.01)	
	Net Cash generated from Operating activities		**6,299.34**		**9,823.63**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Payments for Property, plant and equipment	(2,272.55)		(2,125.75)	
	Payments for investment property	(49.39)		(742.31)	
	Payment for intangible asset	(2.71)		-	
	Insurance claim receipt anc Proceeds from sale of Property, plant and equipment	17.28		88.00	
	Receipt of government grants	-		99.00	
	Purchase of Term Deposits	(2,080.40)		(831.65)	
	Proceeds from maturity of term deposits	-		1,097.28	
	Dividend received from Others	278.74		138.51	
	Interest received	122.70		147.38	
	Net Cash (used) in Investing activities		**(3,986.32)**		**(2,129.54)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from non-current borrowings	-		-	
	Repayment of non-current borrowings	(2.32)		(2,306.61)	
	Interest paid on lease liability (refer note 42)	(211.66)		-	
	Principal paid of lease liability (refer note 42)	(11.11)		-	
	Finance Cost paid	(4,769.01)		(4,618.31)	
	Net Cash (used) in Financing activities		**(4,994.10)**		**(6,924.92)**
D	**Net (Decrease)/Increase in cash and cash equivalents [A+B+C]**		**(2,681.08)**		**769.16**
	Add: Opening Cash and Cash Equivalents		**7,100.45**		**6,331.29**
	Closing Cash and cash Equivalents		**4,419.37**		**7,100.45**

Notes:

i. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on Cash Flow statements.

ii. Payments for property, plant and equipment includes movement of Capital Work-in-progres during the year.

iii. Brackets indicate cash outflow/ deduction.

Rs. in Lakhs

iv	Cash and cash Equivalents as per above comprises of:	As at 31.03.2020	As at 31.03.2019
	Balances with Banks:		
	Current account	531.40	1,001.53
	Deposits with original maturity of less than three months	-	800.00
	Deposits with original maturity of more than three months	5.71	5.35
	Cash on hand	0.06	0.11
	Add: Investment in liquid mutual funds	3,882.20	5,293.46
	Cash and cash equivalents in Cash Flow Statement	**4,419.37**	**7,100.45**

v Statement showing reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes

Rs. in Lakhs

Particulars	As at 31.03.2019	Cash Flows	Non-cash changes		As at 31.03.2020
			Fair value changes	Current/ Non-current classification	
Borrowings - Non Current	54,986.74	(2.32)	12.71	(1,649.70)	53,347.43
Other Financial Liabilities	-	-	-	1,649.70	1,649.70

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

1. **Corporate information**

Mangalore SEZ Limited (MSEZ) is a Public Limited Group domiciled and incorporated in India having its Registered Office at Survey No. 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village Mangalore Taluk, Karnataka -574 142.

The Group is jointly promoted by Karnataka Industrial Area Development Board (KIADB), Oil & Natural Gas Corporation Limited (ONGC) and Infrastructure Leasing and Financial Services Limited (IL&FS). The group's shares are unlisted.

The Consolidated Financial Statements relate to the Group, its Subsidiaries and Joint Venture Entities. The Group (comprising of the Group and its subsidiaries), Joint Venture Entities and Associates are mainly engaged in Development, Operation and Maintenance of SEZ, Sewage water treatment and Supply of power.

2. **Significant accounting policies**

2.1. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Technical Guide on Accounting for Special Economic Zones(SEZs) Development Activities, issued by the Institute of Chartered Accountants of India.

2.2 Basis of Preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or noncurrent as per the Group's operating cycle and other criteria set out in Ind AS-I Presentation of Financial Statements (Ind AS-I) and Schedule III to the Companies Act, 2013.

The Conslidated Financial Statements are presented in Indian Rupees.

Fair value Measurement

The group measures financial instruments 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 Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The group 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 minimising 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 and 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 group 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 at a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.3 Principles of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as "the Group"). The Group has investments in associates and joint ventures which are accounted using equity method in these consolidated financial statements. Refer note 2.4 for the accounting policy of investment in associates and joint ventures in the Consolidated Financial Statements. Subsidiaries are entities controlled by the Company.

The Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date of their acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except otherwise stated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's Significant Accounting Policies. The Consolidated Financial Statements have been prepared by combining the financial statements of the company and its subsidiaries on a line-by-line basis by adding together the book values of like items of assets, liabilities, equity, income, expenses and cash flow after eliminating in full intra-group assets, liabilities, equity, income, expenses and cash flow relating to intra-group transactions and unrealized profits.

2.4 Investments in subsidiaries

The Group records the investments in subsidiaries at cost less impairment loss, if any.

2.5 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

2.6 Accounting for Government Grants and Disclosure of Government Assistance

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

These are recognized in the Standalone Statement of Profit and Loss on a systematic basis over the periods in which the Group recognizes the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized at fair value as deferred revenue and disclosed as 'Deferred revenue arising from government grant a liability in the Standalone Balance Sheet and transferred to the Standalone Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

2.7 Tangible Assets – Property, Plant and Equipment

Buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the Standalone Balance Sheet at cost less accumulated depreciation and impairment losses, if any.

PPE in the course of construction for production, supply or administrative purposes are carried at cost less accumulated depreciation less any recognized impairment loss. The cost of an asset comprises its purchase price or its construction costs (net of applicable tax credits) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Parts of an item of PPE having different useful life and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided on the cost of PPE less residual value, under straight-line method in accordance with the Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein, except for the following, whose useful life have been taken on the basis of the technical certification obtained. However, 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.

Asset	Useful life (in years)
Electrical Installations & Equipments	15
Hydraulic works, pipelines & sluices	30
Marine Pipeline Asset – Pipeline Inside Sea	15
TTP Water Membranes	7/10
Car Parking Shed	20
Corridor	30
Common Effluent Treatment Plant	15

Depreciation on power distribution assets is provided at the rate of depreciation notified by Central Electricity Regulatory Commission (CERC).

Buildings and pipelines related to River Water System, Tertiary Treatment Plant and Water Treatment Plant are depreciated on Units of Production Method.

The estimated useful lives and residual values are reviewed at the end of each year and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of assets and is recognized in the Statement of Profit and Loss.

The group follows a plan of physical verification of items of Property, Plant and Equipment so as to ensure full coverage over 3 years in a phased manner. This provides adequate control having regard to the size and nature of operations of the Group.

2.8 Investment properties (Freehold Land):

Property (Freehold Land) that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment properties are measured initially at its cost, including related transaction costs, and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.9 Intangible Assets

(i) Intangible Assets and Amortization

Intangible assets acquired are measured on initial recognition at cost.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably and are amortized under straight line method as follows:

- Specialized software over a period of 5 years from the month of addition.
- Cost of Barrage usage Rights is amortized on a straight line basis over the lease period/life of the underlying asset whichever is less and determined at 25 Years.

(ii) De-recognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. When the asset is derecognized, Gains or losses, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized as impairment in the Statement of Profit & Loss.

2.10 Impairment of Tangible and Intangible Assets

The Group reviews the carrying amount of its tangible and intangible assets, Property, Plant and Equipment (including Capital Works in progress) annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and its value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of impairment loss are recognized in the Statement of Profit and Loss.

2.11 Inventories

Inventories are valued at lower of cost (weighted average method) and net realizable value.

Unserviceable and scrap items, when determined, are valued at estimated net realizable value less all costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Revenue recognition

Under Ind AS 115, Revenue is recognized upon transfer of control of promised products or services to consumers in an amount that reflects the consideration we expect to receive in exchange of those products or services.

a) Sale of Goods:

Revenue arising from sale of goods is recognized when the control is passed to the buyer and the company does not retain any managerial involvement in the goods transferred and the amount of revenue can be measured reliably.

1. Income from supply of River water and Tertiary Treated Plant are recognized on the basis of quantity committed/delivered to the units and invoiced at the agreed rates.
2. Income from distribution of power is recognized as per actual consumption billed at Karnataka Electricity Regulatory Commission (KERC) approved tariff.

b) Sale of Services

Revenue from services is recognized when the outcome of services can be estimated reliably and it is probable that the economic benefits associated with rendering of services will flow to the Company, the amount of revenue can be measured reliably.

1. Operation and Maintenance charges (O&M), CETP Treatment and Usage Charges are recognized based on the agreed rates with the units.
2. Marine outfall usage charges, Corridor Usage charges, CETP joining fees, internal corridor charges received in advance are recognized over the useful life of the asset on proportionate basis.

c) Non-Operating Revenue

1. Dividend income from the investments is recognized when the right to receive payment is established.
2. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.
3. Rental and other charges for usage of long term assets of the company which do not partake the character of lease, are recognized as and when they fall due as per the terms of the agreements

2.13 Leases

The Company has adopted Ind AS 116 "Leases" effective 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, using the modified retrospective method.

On transition, the adoption of the standard resulted in recognition of Right-to-Use assets with corresponding equivalent lease liabilities (Refer Note 42).

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

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset. Lease other than financial lease are classified as operating lease.

AS LESSEE:

Land acquired from KIADB on a long term lease cum sale and to be converted into a sale subject to fulfillment of the terms and conditions is treated as finance lease and recognized under Investment Property.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Prepayments towards operating lease are amortized on straight line basis over the period of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

AS LESSOR:

Lease agreements with a definite term with no stipulation for transfer of the ownership of the asset by the end of the lease term or for further renewal, are treated as operating lease.

Lease Premium:

Lease Premium received/receivable are recognized on straight line basis over the lease term as specified in the lease agreements.

Lease Rentals:

Lease rentals are recognized as and when they fall due as per the terms of the lease agreements.

2.14 Foreign Exchange Transaction

The functional currency of the Group is Indian Rupees which represents the currency of the economic environment in which it operates.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

a. Foreign currency monetary items are translated using the closing rate.

b. Non Monetary items measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in the previous financial statements are recognized in the statement of profit and loss of the period.

2.15 Employee Benefits

a) Short term employee benefits

All employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service are classified as short term employee benefits.

All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

b) Post-employment benefits

i) **Defined Contribution Plans:** The provident fund scheme and the employee pension scheme are defined contribution plans. The contribution paid / payable under the schemes are recognized during the period in which the employee renders the related service.

ii) **Defined Benefit plans:** The employee's gratuity liability is the group's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the term of related obligations.

Actuarial gains and losses are recognized immediately in Other Comprehensive Income (OCI).

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

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 liability), are recognized 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.

2.16 Taxes on Income

Income tax expense represents the aggregate of Current tax and Deferred tax.

(i) Current tax

Current tax is the amount of Income tax payable in respect of the taxable profit for a period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 of situations in which applicable tax regulations re subject to interpretation ad establishes provisions where appropriate.

(ii) Deferred Tax

Deferred tax is recognized on deductable/taxable temporary differences between the carrying amounts of assets and liabilities in the Financial Statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to get future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

(iii) Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.17 Borrowing Costs

Borrowing costs specifically identified in the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss applying the "effective interest method" as described in Ind AS 109, Financial Instruments.

Borrowing Cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the Financial Statements by way of notes to accounts where an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.19 Financial instruments

A Financial Instrument is a contract that gives rise to a financial asset or a financial liability or an equity instrument of another entity.

Financial assets and financial liabilities are recognized when Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

2.20 Financial assets

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.e.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest/risk adjusted method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

Impairment of financial assets

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

a) Lease receivables under Ind AS 17

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

The Group 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

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes 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 group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rate cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Derecognition of financial assets

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Statement of Profit and Loss.

2.21 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and delivered financial instruments.

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

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include 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 team. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit and 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 is recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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 amorisation is included as finance costs in the statement of profit and loss.

The category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor falls to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, 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 recognized less cumulative amortization.

Derecognition

A financial liability is derecognized 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.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

2.22 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.24 Operating Segments

Operating Segments are identified based on the business activities from which they earn revenue and incur expenses and whose operating results are regularly reviewed by the entities Chief operating decision maker and for which discrete financial information is available.

2.25 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Application of many of the accounting policies used in preparing the Financial Statements, the group makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

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

Key source of judgments and estimation of uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment, useful lives of Property, Plant and Equipment, retirement benefit obligations, provisions, valuation of deferred tax assets and contingent assets & liabilities.

2.26 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 50), that the group have made in the process of applying the Group's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

2.27 Key sources of estimation uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may differ from these estimates.

a) Impairment of assets

The Group 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 Group estimates that 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 flows that are largely independent of those from other assets or groups 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

For assets excluding goodwill, am assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

b) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Note 3: Property, Plant & Equipment

Rs. in Lakhs

	Gross carrying amount				Depreciation /Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the period	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Lease- Right-of-use assets										
Leasehold land	36.24	-	-	36.24	8.65	2.17	-	10.82	25.42	27.59
Lease assets (Refer Note 36 and 42)	-	2,324.08	-	2,324.08	-	108.98	-	108.98	2,215.10	-
Buildings	43,303.47	345.30	-	43,648.77	2,874.02	1,284.78	7.39	4,151.41	39,497.36	40,429.27
Plant and equipment	40,338.20	1,504.74	23.84	41,819.10	4,935.49	1,507.25	6.64	6,436.10	35,383.00	35,402.90
Furniture and fixtures	86.76	35.58	-	122.34	46.27	8.57	-	54.83	67.51	40.50
Vehicles	191.56	-	-	191.56	62.32	22.75	-	85.07	106.49	129.24
Office equipment	65.07	8.68	1.49	72.26	47.84	9.45	1.33	55.96	16.30	17.22
Roads	8,083.66	166.31	-	8,249.97	5,957.00	1,387.86	-	7,344.86	905.10	2,126.66
Total	**92,104.96**	**4,384.69**	**25.33**	**96,464.32**	**13,931.58**	**4,331.82**	**15.36**	**18,248.04**	**78,216.28**	**78,173.38**
Previous Year	**91,840.56**	**357.45**	**93.05**	**92,104.96**	**9,509.86**	**4,433.60**	**11.89**	**13,931.57**	**78,173.39**	**82,330.87**

3. (i) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.21 towards security and pledge).

3. (ii) Refer Note No.49 (a) for disclosure of contractual commitments for acquistion of Property, Plant & Equipment

3. (iii) Corridor Asset:

In the development of the Special Economic Zone (SEZ), the Company has set up a Pipeline-cum-Road Corridor Project from New Mangalore Port Trust (NMPT) to Mangalore SEZ (MSEZ). The project has been developed on a self-sustainable, cost and revenue model under an agreement with two customers viz., MRPL and OMPL.

In terms of the agreement:

(a) All the three parties have contributed in equal shares towards cost of the project.

(b) The title, ownership, possession and maintenance of the assets vests with MSEZ only.

(c) OMPL and MRPL have been given perpetual rights to use the corridor for specified width leaving substantial width of the corridor for commercial exploitation by MSEZL.

(d) The ‘usership fee’ relating to the width allocated to OMPL and MRPL on ‘cost basis’ is adjusted against the contribution and the balance is also treated as ‘user fee’ but reckoned for ‘residual contribution’.

(e) The revenue on the corridor project from third party customers accrue to the three parties in the ratio of their ‘residual contributions’.

Note 4: Capital work in progress

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital work in progress		
Development of Land	10,864.04	10,840.84
Infrastructrure Development	8,234.74	8,046.01
Total	**19,098.78**	**18,886.85**

4(i) Capital work in progress includes Rs.10,864.04 lakh as at March 31, 2020 (Rs.10,840.84 lakh as at March 31, 2019) mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to the Government of Karnataka Order No. KE 309 REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.

4(ii) The Company has an obligation vide Government Order no. RD 309 REH 2006 dated 20.06.2007 to provide various compensations to the Project Displaced Families (PDFs) including one job per family and sites for construction. The PDFs can opt for cash in lieu of site and cash in lieu of job. The estimated provision in respect of various compensations is as under which has been included in development of land.

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Rehabilitation Compensation including training	215.00	234.61
Rehabilitation Colony Development Cost	1,301.59	1,301.59
Total	**1,516.59**	**1,536.20**

The Company has made the above provision based on present obligation as a result of past event. Further, the said R&R package has been amended vide G.O. no. RD 116 REH 2011 dated 02.12.2011 by including the following:

a) Exit Option - the PDF's can opt for an ex-gratia cash in lieu of employment, in addition to the one time cash compensation payable as per earlier G.O.

b) Payment of stipend/sustenance allowance to PDF/nominees who do not opt for the ex-gratia as mentioned in option (a) above.

4(iii) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.21 towards security and pledge).

4(iv) Refer Note No.49 (a) for disclosure of contractual commitments for acquistion of Plant, Property & Equipment.

Note 5: Investment Property

Rs. in Lakhs

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the year	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2020
Land - Lease cum Sale	45,653.29	49.40	-	45,702.69	-	-	-	-	45,702.69	45,653.29
Previous Year	**44,988.53**	**742.31**	**77.55**	**45,653.29**	**-**	**-**	**-**	**-**	**45,653.29**	**44,988.53**

5 (i) No fair value has been obtained for investment property.

5 (ii) Refer Note 43(i) on Finance lease.

5 (iii) Refer note 48 on 'amounts recognised in statement of profit & loss account'.

5 (iv) Refer Note No.49(a) for discloure of contraucal obligation to purchase, construct or develop investment property or for its repairs, maintenance or enhancement.

Note 6: Other Intangible Assets

Rs. in Crores

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2019	Additions during the year	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions/ Adjust-ments	As at 31.03.2020	As at 31.03.2020	As at 31.12.2019
Intangible Assets										
Specialised Software	1.65	2.70	-	4.35	0.84	0.57		1.41	2.94	0.81
Barrage usage rights	1,584.49	-	-	1,584.49	264.08	66.02	-	330.10	1,254.39	1,320.40
Total	**1,586.14**	**2.70**	**-**	**1,588.84**	**264.92**	**66.59**	**-**	**331.51**	**1,257.33**	**1,321.21**
Previous Year	**1,586.13**	**-**	**-**	**1,586.13**	**198.57**	**66.35**	**-**	**264.92**	**1,321.21**	**1,387.57**

6(i) The company has taken borrowings from bank which carry charge over all the assets of the company (refer Note no.21 towards security and pledge).

Note 7: Trade Receivables

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	820.80	962.00
(c) Unsecured, considered doubtful debts	-	-
Less: Allowance for doubtful debts	-	-
Total	**820.80**	**962.00**

Note 8: Loans

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Security Deposit	646.78	531.76
Total	**646.78**	**531.76**

Break-up for Security Details

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Secured, Considered good	-	-
Unsecured, considerd good	646.78	531.76
Unsecured, considered doubtful	-	-
Total	**646.78**	**531.76**

Note 9: Other financial Assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Balance with banks (more than 12 months)	0.25	0.25
Total	**0.25**	**0.25**

Note 10: Other Non current Assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital Advances:	154.19	154.19
Others		
-Security deposits	50.31	54.51
-Income Tax (Net of Provision)	770.18	1,048.58
Total	**974.68**	**1,257.28**

Note 11: Investments

Rs. in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Investments in Mutual Funds - Quoted		
SBI Liquid Fund - Direct Daily Dividend 386,962.641 units of face value Rs.1003.2500 each (Previous corresponding March, 2019 - 527,631.361 units of face value Rs.1003.2500 each)	3,882.20	5,293.46
Total	**3,882.20**	**5,293.46**
Aggregate amount of quoted investments - At market value	**3,882.20**	**5,293.46**

Note 12: Trade Receivables

Rs. in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables	-	-
(a) Secured, considered good	-	-
(b) Unsecured, considered good	13,738.34	16,233.98
(c) Unsecured, considered doubtful debts	7,135.16	4,589.05
	20,873.49	**20,823.03**
Less: Allowance for doubtful debts	7,135.16	4,589.05
Total	**13,738.33**	**16,233.98**

(a) Trade Receivables includes dues of Rs.9738.91 lakhs (net of impairment) from JBF Petrochemicals Limited (JBF) aged more than one year. The company is continuing its best efforts to realize the dues. The Company had also filed an application as an operational creditor under the Insolvency and Bankruptcy Code, 2016 (IBC) against JBF before the NCLT, Ahmedabad Bench.

(b) For disclosure on revenue from JBF for financial year 2019-20, note 41 to be referred.

Note 13: Cash and Cash Equivalents

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
(A) Cash and cash equivalents		
(a) Balances with banks:		
Current accounts	531.40	1,001.53
(b) Cash on hand	0.06	0.11
Total (A)	**531.46**	**1,001.64**
(B) Other balances with banks		
Term deposits with original maturity of less than three months	-	800.00
Total (B)	**-**	**800.00**
Total (A+B)	**531.46**	**1,801.64**

Note 14: Bank Balances other than above

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Other Balances with banks		
Term Deposits with original maturity of more than three months but less than 12 months	5.71	5.35
Term deposits held as margin money	3,434.73	1,354.33
Total	**3,440.44**	**1,359.68**

Note 15: Loans

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Security Deposit	0.25	2.07
Total	**0.25**	**2.07**

Break-up for Security Details

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Secured, Considered good	-	-
Unsecured, considerd good	0.25	2.07
Unsecured, considered doubtful	-	-
Total	**0.25**	**2.07**

Note 16: Others

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued on deposits	44.26	36.62
Other Receivables	46.17	25.12
Total	**90.43**	**61.74**

Note 17: Current tax asset (net)

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax (Net of provisions)	622.58	-
Total	**622.58**	**-**

Note 18: Other current assets

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital advances	-	-
Advances other than capital advances		
(i) Advances to Suppliers	11.55	14.18
(ii) Balances with government authorities		
Goods and Service Tax Input	241.98	111.00
Service Tax	-	9.78
VAT	-	74.58
Prepaid expenses	241.33	87.55
Total	**494.86**	**297.09**

Note 19. Equity Share Capital

Authourised, Issued, Subscribed and Paid up Share Capital

Rs. in Lakhs

	As at 31.03.2020	As at 31.03.2019
Authorised :		
425000000 Equity Shares of Rs. 10 each	42,500	42,500
Issued		
100000000 Equity Shares of Rs. 10 each fully paid up	10,000	10,000
Subscribed and fully Paid up capital		
50001200 Equity Shares of Rs. 10 each fully paid up	5,000.12	5,000.12
	5,000.12	**5,000.12**

Rs. in Lakhs

	As at 31.03.2020	As at 31.03.2019
Equity Attributable to Non Controlling Interests	**1.50**	**1.50**

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

Fully paid Equity shares	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount in Rs. lakhs	No. of Shares	Amount Rs. in Lakhs
At the beginning of the year	5,00,01,200	5,000.12	5,00,01,200	5,000.12
Add: Issued during the year	-	-	-	-
At the end of the year	**5,00,01,200**	**5,000.12**	**5,00,01,200**	**5,000.12**

b) Terms / rights attached to equity shares:

(i) The Company has issued only one class of equity shares and no securities have been issued with the right / option to convert the same into equity shares at a later date.

(ii) No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

(iii) The shares issued and subscribed carry equal rights and voting power.

(iv) All the shares issued and subscribed carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

c) Details of Shareholders holding more than 5% of equity shares in the Company: Rs. in Lakhs

Name of the Shareholders	As at 31.03.2020		As at 31.03.2019	
	No. of Equity Shares	Percentage of Holding	No. of Equity Shares	Percentage of Holding
Fully paid Equity Shares of Rs.10 each held by:				
Infrastructure Leasing and Financial Services Limited (Associate)	2,50,00,000	50%	2,50,00,000	50%
Oil and Natural Gas Corporation Limited (Associate)	1,30,00,000	26%	1,30,00,000	26%
Karnataka Industrial Areas Development Board (Associate)	1,15,00,000	23%	1,15,00,000	23%

Note 20: Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus	
	Retained Earnings	Total
Balance at the end of the reporting period March 31, 2018	2,080.88	**2,080.88**
Changes in accounting policy	244.00	**244.00**
Restated balance at the beginning of the reporting period April 01, 2018 (A)	**2,324.88**	**2,324.88**
Additions during the year:		
Profit/(Loss) for the year	241.20	**241.20**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	(2.12)	**(2.12)**
Total Comprehensive Income for the year 2018-19 - (B)	**239.08**	**239.08**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2019 (D= A+B+C)	**2,563.97**	**2,563.97**
Changes in accounting policy	-	-
Restated balance at the beginning of the reporting period April 01, 2019 (E)	2,563.97	**2,563.97**
Additions during the year:		-
Profit/(Loss) for the year	(3,163.40)	**(3,163.40)**
Items of OCI for the year, net of taxes:		-
Remeasurment benefit of defined benefit plans	(6.24)	**(6.24)**
Total Comprehensive Income for the period March 31, 2020 (F)	**(3,169.64)**	**(3,169.64)**
Reductions during the year:		-
Transfer to general reserves	-	-
Any other change -	-	-
Total (G)	-	-
Balance at the end of the reporting period March 31, 2020 (E+F-G)	**(605.67)**	**(605.67)**

Note 21: Borrowings

Rs. in Lakhs

Particulars	Maturity date	Terms of repayment	Effective interest rate	As at 31.03.2020	As at 31.03.2019
Secured					
Rupee Term Loans	March 2032	Sixty two unequal quarterly installments	8.34 (8.84%)*	54,997.13	54,986.74
Total non-current borrowwings				**54,997.13**	**54,986.74**
Less: Current maturities of long-term debt (included under Other Current financial liabilities Note 27)				(1,649.70)	-
Total non-current borrowwings				**53,347.43**	**54,986.74**

* Indicates the EIR as at 31.03.2019

(i) Term loan from banks including current maturities is secured by mortagage of the land and structure/lease hold rights, of the entire immovable assets of the borrower both present and future, excluding land & structure pertaining to the rehabiltation and resettlement of the colony and lands for which lease agreements with tenants of the SEZ project already in place. First charge on the entire assets of the borrower present and future both movable and immovable. First charge on all revenues/receivables accuring to the project.

(ii) There has been no default in payment of principal and interest during the year.

(iii) The carrying amount of Rupee term loan is accounted at amortized cost and hence, will not reconcile to contractual cash outflows.

Note 22: Other financial liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Lease liabilities (Refer Note 42)	2,312.97	-
Less: Current maturities of lease liabilities (included under Other Current financial liabilities refer Note 27)	(16.11)	-
Total non current lease liabilities	**2,296.86**	**-**
Trade Deposits	217.93	76.19
Total	**2,514.79**	**76.19**

Note 23: Provisions

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits		
Provision for Gratuity (Refer Note 44)	124.48	99.92
Provision for Compensated absences (Refer Note 44)	85.38	72.33
Total	**209.86**	**172.25**

Note 24: Deferred tax

The major components of deferred tax liabilities/(assets) arising on account of timing differences are as follows:

As at 31st March, 2020 Rs. in Lakhs

Particulars	Balance Sheet	Recognised in Profit and Loss	Recognised in Other Comprehensive income	Balance Sheet
	01.04.2019	2019-20	2019-20	31.03.2020
Difference between written down value/capital work in progress of fixed assets (including Investment Property) as per the books of accounts and Income Tax Act, 1961	5,076.72	184.53	-	5,261.25
Difference between written down value of Intangible assets as per the books of accounts and Income Tax Act, 1961	270.56	(20.09)	-	250.47
Difference in carrying value and tax base of unwinding of security deposit	10.30	(15.68)	-	(5.38)
Difference in carrying value and tax base of term loan measuerd at amortized cost	34.36	(6.99)	-	27.37
Employee benefit, provision for expense allowed for tax purpose on payment basis	(6.83)	2.10	(2.19)	(6.92)
DTA on non refundable one time user fee considered as income for Income Tax, while the same is amortized over the period of agreement under IND AS	(4,492.98)	4.40	-	(4,488.58)
Net Deferred tax liabilities	**892.13**	**148.26**	**(2.19)**	**1,038.21**

Note 25: Other non current liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advances from customers	94,136.61	96,166.64
Less: Current maturities of advances from customers (included under 'Other Current liabilities' Refer Note 28)	(2,645.04)	(2,552.01)
Total (A)	**91,491.57**	**93,614.64**
Government grant (refer Note 46)	1,905.75	1,938.75
Deferred income	217.94	228.05
Less: Current portion of government grant (included under 'Other Current Liabilities' Refer Note 28)	(33.00)	(33.00)
Less: Current portion of deferred income (included under 'Other Current Liabilities' Refer Note 28)	(10.11)	(10.11)
Total (B)	**2,080.58**	**2,123.69**
Total (A+B)	**93,572.15**	**95,738.32**

Note 26: Trade payables

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Outstanding dues to Micro and Small Enterprises	57.64	137.39
Outstanding dues of creditors other than Micro and Small Enterprises	1,831.45	987.83
Total	**1,889.09**	**1,125.22**

The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.

Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal	57.64	137.39
b. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c. The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	Nil	Nil
d. The amount of interest accrued and remaining unpaid at the end of the accounting year and	Nil	Nil
e. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	Nil	Nil

Note 27: Other financial liabilities

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Current maturity of long term debt (refer note 21)	1,649.70	-
Retention monies relating to capital expenditure/projects	868.15	1,207.18
Security Deposits	669.69	456.84
Lease liabilities (refer note 22)	16.11	-
Earnest Money Deposit	11.23	36.09
Payable towards capital/project related expenditure/works; contractual obligations	4,777.56	4,350.17
Payable to employees	70.44	60.24
Total	**8,062.88**	**6,110.52**

Payable to contractors towards project related EMD accepted by company and retention monies to contractors, are non-interest bearing.

Note 28: Other current liabilties

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advances from customers (refer Note 25)	2,645.04	2,552.01
Government grant (refer Note 25)	33.00	33.00
Deferred income (refer Note 25)	10.11	10.11
Others		
Payable towards Goods & Service tax	212.43	715.53
Payable towards TDS under Income Tax	53.60	35.24
Payable towards Providend fund, Profession Tax and ESIC	2.02	1.10
Total	**2,956.20**	**3,346.98**

Note 29: Provisions

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Employee Benefits		
Provision for Gratuity (Refer Note 44)	7.25	12.03
Provision for Compensated absences (Refer Note 44)	7.74	13.95
Provision towards Rehabilitation & Resettlement cost (refer note 4 (ii))	1,516.59	1,536.20
Total	**1,531.58**	**1,562.18**

Movement for Rehabilitation & Resettlement provision

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening provision	1,536.20	784.42
Addition during the year	-	841.51
Utilized during the year	3.80	89.73
Closing provision	**1,532.40**	**1,536.20**

Note 30: Current tax liabilities (net)

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax (Net of provisions)	-	259.56
Total	**-**	**259.56**

Note 31: Revenue from operations (#)

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Sale of Products		
River water and Tertiary treated water	3,825.13	9,770.37
Power	4,664.84	3,232.91
Sale of Services		
Land Lease Premium	1,349.49	1,366.78
Land Lease Rental	435.25	529.08
Operation and Maintenance Charges	5,246.53	4,181.05
Other Operating revenues		
Usuage charges towards infrastructure facilities	1,885.29	1,600.68
Total	**17,406.53**	**20,680.87**

(#) Refer Note 41

Note 32: Other Income

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Interest Income		
(i) On financial assets measured at amoritzed cost	130.35	150.24
(ii) On security deposits measured at amortized cost	12.97	12.77
Dividends from mutual fund investments measure at FVTPL	278.74	138.51
Government grant	33.00	33.00
Other Non operating income	291.34	248.59
Total	**746.41**	**583.11**

Note 33: Cost of materials consumed

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Purchase of Power	3,930.17	2,556.54
STP water drawal	521.83	562.11
Total	**4,452.00**	**3,118.65**

Note 34: Employee benefit expense

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Salaries and wages	628.82	677.25
Contribution to provident and other funds	64.19	59.65
Staff welfare expenses	64.55	61.23
Total	**757.56**	**798.13**

Note 35: Finance costs

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Interest on financial liabilities measured at amortized cost		
- Interest on bank borrowings	4,781.72	4,630.94
- Interest on security deposit	45.78	24.24
Interest on security deposits measured at fair value	8.70	8.38
Interest on lease liability (refer note 42)	211.66	-
Other borrowing cost	12.50	28.10
Interest on income tax	7.08	44.51
Total	**5,067.44**	**4,736.17**

Note 36: Depreciation and Amortisation Expense

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Depreciation of Property, plant and equipment (Refer Note 3)	4,213.26	4,428.83
Amortization of right-of-use assets (Refer Note 3 and Note 42)	111.16	-
Amortisation of Intangible assets (Refer Note 6)	66.59	68.52
Total	**4,391.01**	**4,497.35**

Note 37: Other Expenses

Rs. in Lakhs

Particulars	31-Mar-20	31-Mar-19
Rent	67.14	438.08
Rates & taxes	830.09	6.47
Repair and Maintenance	2,060.78	2,109.49
Insurance	87.59	57.83
Advertising and publicity	39.72	26.64
Travelling expenses	102.65	134.80
Professional & consultancy charges	64.01	106.15
Allowance for doubtful debts	2,800.90	4,725.26
Payment to auditors	16.05	12.04
Corporate social responsibility	15.07	18.86
Miscellaneous Expenses	387.11	379.97
Total	**6,471.11**	**8,015.59**

Note 38: Income tax expense

A. The major components of income tax expense for the year are as under:

Income tax recognised/reported in the Statement of Profit and loss

Rs. in Lakhs

	31-Mar-20	31-Mar-19
Current tax:		
Current tax on profits for the year	0.0042	2,378.01
Adjustments for current tax of prior periods	28.94	576.02
Total current tax expense	**28.95**	**2,954.03**
Deferred tax:		
(i) Increase/(Decrease) in deferred tax	148.27	(3,184.19)
(ii) Deferred tax Asset MAT entitlement (not recognised)/reversal of excess MAT - of earlier years	-	87.05
Total deferred tax expense/(benefit)	**148.27**	**(3,097.14)**
Income tax expense	**177.22**	**(143.11)**
Income tax expense is attributable to:		
Profit from continuing operations	177.22	(143.11)

B.Other Comprehensive Income Section

Deferred tax related to items recognised in OCI during in the year

Rs. in Lakhs

	31-Mar-20	31-Mar-19
Net loss/(gain) on remeasurement of defined benefit plans	(2.19)	(0.87)
Income tax charged to OCI	**(2.19)**	**(0.87)**

Note 39 A: Category-wise Classification of Financial instruments

Rs. in Lakhs

Financial assets measured at fair value through profit or loss (FVTPL)	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Investments in quoted mutual funds	11	-	-	3,882.20	5,293.46
		-	**-**	**3,882.20**	**5,293.46**

Rs. in Lakhs

Financial assets measured at fair value through other comprehensive income (FVTOCI)	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Investment in unquoted equity shares		-	-	-	-
		-	-	-	-

Rs. in Lakhs

Financial assets measured at amortised cost	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Trade Receivables	7, 12	820.80	962.00	13,738.33	16,233.98
Term deposits with original maturity of more than 12 months	9	0.25	0.25	-	-
Cash and cash equivalents	13	-	-	531.46	1,801.64
Term deposits held as margin money	14	-	-	3,434.73	1,354.33
Security deposit	8, 15	646.78	531.76	0.25	2.07
Other Receivables	16	-	-	90.43	61.74
		1,467.83	**1,494.01**	**17,795.20**	**19,453.75**

Rs. in Lakhs

Financial liabilities measured at fair value through profit or loss	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
		-	-	-	-

Rs. in Lakhs

Financial liabilities measured at fair value through amortized cost	Refer Note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Term loan from bank	21, 27	53,347.43	54,986.74	1,649.70	-
Trade deposits	22	217.93	76.19	-	-
Trade payables	26	-	-	-	-
Retention monies relating to capital expenditure/projects	27	-	-	868.15	1,207.18
Security Deposits	27	-	-	669.69	456.84
Payable to contractors towards project related Earnest Money Deposit	27	-	-	11.23	36.09
Payable towards capital/project related expenditure/works	27	-	-	4,777.56	4,350.17
Payable to employees	27	-	-	70.44	60.24
		53,565.36	**55,062.93**	**8,046.76**	**6,110.52**

Note 39 (B) Fair value Measurments

(i) The following table provides the fair value measurment hirearchy of the Company's financial assets and liabilities:

As at March 31, 2020 Rs. in Lakhs

Financial assets	Refer Note	Fair value as at 31.03.2020	Fair Value hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	11	3,882.20	3,882.20	-	-

As at 31st March, 2019 Rs. in Lakhs

Financial assets	Refer Note	Fair value as at 31.03.2019	Fair Value hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	11	5,293.46	5,293.46	-	-

(ii) (ii) Valuation technique used to determine fair value

Financial instruments measured at fair value

The valuation technique used to value financial instruments at fair value is based on the quoted market prices of mutual funds recognised at their closing NAV per unit

The fair value of security deposits is determined using long term G-sec rates

Note 39 (C) Financial Risk Management - Objectives and Policies

The Company's financial liabilities comprises mainly of viz., term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, trade receivables, investments in mutual funds and other receivables.

The Company has financial risk exposure in the form of viz., market risk, credit risk and liquidity risk. The Risk Management Committee under the Board of Directors oversees the risk to which the Company is exposed and operates.

The present disclosures made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. The financial instruments affected by market risk includes rupee term loan and loans & advance.

a) Interest Rate Risk Exposure

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 has availed significant rupee term loans at floating (reset every year) interest rates from State Bank of India, New Delhi. The interest rate is at 0.40% (spread) plus MCLR rate of SBI and the interest rate is reset once every year, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Rs. in Lkahs

	31-Mar-20	31-Mar-19
Variable rate borrowings	551.02	551.05
Fixed rate borrowings	-	-
	551.02	**551.05**

As at the end of the reporting period, the company has the following variable rate borrowings outstanding:

	31-Mar-20			31-Mar-19			
	Weighted average interest rate	**Balance (*) Amount in Rs. lakh**	**% of total loans**		**Weighted average interest rate**	**Balance (*) Amount in Rs. lakh**	**% of total loans**
Rupee term loan	8.65%	551.02	100%	Rupee term loan	8.21%	551.05	100%
Exposure to cash flow interest rate risk		**551.02**	**100%**	**Exposure to cash flow interest rate risk**		**551.05**	**100%**

(*) The term loan in Balance sheet is measured at amortised cost using effective interest rate (refer note 21)

Interest Rate Senstivity analysis

The Company considering the economic enviornment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

Rs. in Lakhs

Senstivity	**Impact on Profit before tax**	
	31-Mar-20	**31-Mar-19**
Interest rates - increase by 50 basis points	275.52	281.29
Interest rates - decrease by 50 basis points	(275.52)	(281.29)

The interest rate senstivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is cheifly attributable to the Company's exposure to interest rates on its variable rate of borrowigs.

b) Foreign currency risk exposure

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company undertakes transactions in Indian Rupees and its borrowings/ loans payable & trade receivables are also denominated in Indian Rupees and hence, there is no exposure of the Company's operations to foreign exchange rate fluctuations does not arise.

Foreign currency rate sensitivity analysis:
Since, there is no foreign currency risk, sensitivity analysis for the same does not arise.

c) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctutate due to changes in market traded prices. The Companys investment in liquid cash divident reinvestment plan wherein the NAV is fixed and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary is not held for trading and hence, not subjected to price movement and thus, there is no risk.

2) Credit Risk

The Credit risk refers to risk that a counterparty will default on its contratual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, Bank balances and other receivables.

The Company primarily deals with the units/consumers operating inside the Mangalore Special Economic Zone (MSEZ). The units/consumers are the industries who have invested in MSEZ for setting up their industry. The Company enters into MOU/Lease deed for lease of land and receives on-time lease premium (as per agreed milestones) and also collects annual lease rentals. The Company supplies water;power and provides services to units/consumers through pre-determined contracts and agreed rates. In so far as supply of power is concerned the Company charges tariff based on the approved tariff by regulatory commission. The Company's exposure are continuously monitored and the aggregate value of transactions is reasonably spread amongst the units. Further, the Company has balance leaseable land area of 287.273 Acres (out of 1075 Acres of leaseable land) as on March 31, 2020. The Company upon entering into MOU/lease agreement with the prospective units/ consumer would receive one-time lease premium and annual rentals and concurrently, would also receive steady operating cash flows through sale of products and supply of services.

The credit risk arising from the exposure of investing in mutual funds and bank balances is limited and there is no collateral held against these because the counterparties are the recognised financial institutions and public sector banks, which are creditworthy.

The credit period in majority of the trade receivables range from 7 days-15 days and average credit period is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's establised policy, procedures and control relating to customer credit risk management. The concentration of the credit risk is limited due to fact that the area of operation of the Company is confined to one geography (MSEZ) and the number of units/consumers are also limited, wherein again the credit risk mitigated through pre-existing contract obligations.

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses and fair value loss measured at present value wherein G-sec rate including risk premium is used.

Movement in expected credit loss allowance on trade receivables

Rs. in lakhs

Particulars	31.03.2020	31.03.2019
Balance at the beginning of the year	**4,589.05**	**1,813.91**
Impairment allowance	3,053.11	3,176.63
Impairment written-off	(611.69)	(1,950.11)
Fair value losses provided	104.69	1,548.63
Balance at the end of the year	**7,135.16**	**4,589.05**

3) Liquidity risk

Liquidity risk is the risk that the Compnay will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidty risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making avaliable the funds from realising timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Companys liquity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liablities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

The company makes an annual/long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities

Note 39(D) Capital Management

The Company's objective when managing capital are to:

a) Safeguard the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

b) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may vary the distribution of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at March 31, 2020, the Company has only one class of equity share and rupee term loan. Consequent to such capital structure, there are no externally imposed capital requirements.

The capital structure of the Company consists of debt (borrowings as detailed in notes 21 and 27) and total equity including advances received from units towards lease of land and use of infrastructure facilities of the Company and monitors capital, based on this capital structure's gearing ratio.

The gearing ratio at the end of the reporting period is computed as follows

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
i) Debt	54,997.13	54,986.74
ii) Equity share capital	5,000.12	5,000.12
iii) Other equity	(605.67)	2,563.97
iv) One time non-refundable amounts from customers	94,124.35	96,149.46
v) Total equity [(ii)+(iii)+(iv)]	**98,518.80**	**1,03,713.54**
vi) Debt to equity ratio (times)	0.56	0.53

Note 40: The company has only one operating segment (Development, Operation & Maintenance of Mangalore Special Economic Zone).

Note 41: Revenue from Contracts with Customers

The Company on the grounds of (i) Prudence and (ii) Revenue recognition criteria under IND AS 115 on 'Revenue from Contracts with Customers', has not recognised revenues for the financial year 2019-20 from JBF Petrochemicals Limited (JBF).

The details of JBF revenue not recognised are as under:

Sl. No.	Nature of revenue	**Amount** Rs. in Lakhs
1	Supply of water	6,442.12
2	Annual lease rent	99.19
3	Treated Effluent Disposal Fees	143.89
4	Zone Operation & Maintenance charges	108.89
	Total	**6,794.09**

The Company emphasizes that non recognition/accrual of the revenue from JBF, as per IND AS 115, does not discharge the liability cum obligation of JBF Petrochemicals Limited to pay under the said contracts in vogue nor vitiate the Charge by the Company over such receivables from JBF.

Note 42: Leases - As lessee

Right-of-use assets

The Company has adopted Ind AS 116 “Leases” effective 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standard), Amendment Rules, 2019, using the modified retrospective method. On transition, the adoption of the standard resulted in recognition of Right-to-Use assets with corresponding equivalent lease liabilities amounting to Rs.2,324.08 lakhs as at April 1, 2019.

In connection with the above lease, the following amounts are disclosed for the period FY 19-20.

Rs. in Lakhs

Sl. No.	Particulars	Note	Amount
1	Depreciation charge for right-of-use assets	3	108.98
2	Interest expense on lease liabilities	35	211.66
3	Total cash outflow for leases	-	(222.76)
4	Carrying amount of right-to-use assets	3	2,215.10
5	Present value of lease liabilities	22	2,312.97

Note 43: Leases - As lessor

Lease of land

(i) Finance Lease:

The Company has obtained on a lease-cum-sale basis from Karnataka Industrial Area Development Board (KIABD) vide lease-cum-sale agreement dated 28.12.2010. The lease is for a period of 50 years. The lease agreement with KIADB stipulates various conditions related to lease, including in relation to the manner in which the Company will obtain freehold title of land. The Company is reasonably certain to obtain freehold title, since the terms and conditions for conversion to freehold land has been fulfilled and have already applied to KIADB for absolute sale deed in favour of the Company. Since, reasonable certainity exists that ownership of the asset - land the economic ownership of the land ab initio would eventually pass on to the Company the land is accounted as a tangible asset of the Company e.g.Leasehold land convertible into freehold. Thus in substantive terms, the Company has acquired a tangible asset - only in legal terms the conversion into freehold status is pending.

The Company paid leasehold premium upfront and same has been capitalized.

The details of land lease period and execution of lease cum sale agreement is as under:

Area Details - in Acres

Total Area as on 31.03.2020	Agreement date	Lease Commencement date	Area Registered as on 31.03.2020	Land surrendered to KIADB	Balance not registered as on 31.03.2020			Total Area as on 31.03.2019	Area Registered as on 31.03.2019	Balance not registered as on 31.03.2019 (after surrender to KIADB)
					Land - Outside Notified	Others	Total			
1972.20	28.12.2010*	27.01.2010	1543.21		320.26	108.73	428.99	1,972.20	1,543.21	428.99
	29.06.2011#	27.12.2010								
2.47	07.12.2011	28.10.2011	2.47					2.47	2.47	
86.52	03.11.2014	25.07.2012	86.52					86.52	86.52	
274.36			-	251.23		23.13	23.13	274.36		23.13
11.37						11.37	11.37	11.37		11.37
2346.92			**1632.20**	**251.23**	**320.26**	**143.2198 ^**	**463.49**	**2,346.92**	**1,632.20**	**463.49**

* For 1533.22 acres

For 9.99 acres

^ Includes 139.2031 acres allocated to Project Displaced Families and 4.0167 acres for road & corridor.

(ii) Operating Lease

The Company has sub leased land inside MSEZ (lease-cum-sale land acquired from KIADB) on operating lease to various units. The sub-lease are long term in nature and the period of sub-lease with the units is co-terminous with that of the lease period entered into by the company with KIADB i.e.until 26th January 2060. The sub-lease are non-cancellable and does not include contingent rent. The subleases are renewable for a further period on substantial terms as specified in the lease agreements.

The total future minimum lease premiums/rentals receivable as at March 31, 2020 (based on the agreements concluded with the units) is as under:

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Not later than one year	1,247.59	5,401.13
later than one year and not later than five years	1,961.02	2,013.45
later than five years	20,030.23	21,536.71

Note 44: Employee Benefits

(i) Post-employment benefits

Breif Description: A general description of the type of employee benefit plan is as follows:

Defined benefit gratuity plan (Unfunded):

The company has a defined benefit gratuity plan for its employees. It is governed by Payment of Gratuity Act, 1972. Under the said Act employees who have completed five years of service is entitled to gratuity benefits. The level of benefit provided depends on the employees length of service and last drawn salary.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method (PUCM).

This post-employment plan typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to markek yields at the end of the reporting period on government bonds.
Interest rate Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the bese estimate of the mortality of plan participants both during and after their employment. An increase in the life expentancy 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.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage payout based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

The company has changed the benefit scheme in line with Payment of Gratuity Act, 1972 by increasing the monetary ceiling from Rs.10 Lakhs to Rs.20 Lakhs. Change in liability (if any) due to this scheme change is recognied as past service cost.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at March 31, 2020.

The principal actuarial assumptions used in determing Gratuity are as follows Rs. in Lakhs

Sl. No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Discount Rate	6.84%	7.69%
2	Annual increase in salary	9.00%	9%
3	Employee Turnover	5.00%	5%

The discount rate relates to the benchmark rate available on G.Sec. And is taken as per deal rate as on 31.03.2020. The tenure of the G.Sec. Rate matches with the expected term of the obligation

The following table summarize the components fo the defined benefits expense recognised in the statement of profit or loss/OCI. Rs. in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	12.33	11.62
Net Interest Cost	8.61	7.26
Components of defined benefit costs recognised in profit or loss	**20.94**	**18.88**
Re-measurment on the net defined benefit liability:		
Actuarial (gains)/losses arising from change in assumptions		2.99
Components of remeasurment recognised in other comprehensive income	8.43	2.99
Total	**29.37**	**21.87**

The following table summarize the components of the defined benefits expense recognised in the Balance sheet

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of benefits obligation at the end of the	131.73	111.95
(Fair Value of plan assets at the end of the period)	-	-
Net (liability) / Asset recognised in the balance sheet	131.73	111.95

Movements in the present value of the defined benefit obligation are as follows: Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Present Value of Benefit Obligation at the beginning of the period	**111.95**	**92.09**
Interest Cost	8.61	7.26
Current Service Cost	12.33	11.62
Past Service Cost		-
(Benefit paid Directly by the Employer)	(9.59)	(2.00)
Actuarial (Gains)/ Losses on Obligations - Due to change in Demographic Assumptions	-	-
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	10.35	1.99
Actuarial (Gains)/ Losses on Obligations - Due to Experience	(1.92)	1.00
Present Value of Benefit Obligation at the end of the period	**131.73**	**111.95**
Current	7.25	12.03
Non-Current	124.48	99.92

Significant acturial assumptions for the determination of the defined obligation are discount rate, expected salary increase and employee turnover. The sentivity analysis below have been determined based on the reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all the other assumption constant.

Rs. in Lakhs

	For the year ended March 31, 2020	**For the year ended March 31, 2019**
Projected benefit Obligation on Current Assumptions	131.73	111.95
Discount Rate		
-Impact due to increase of 1%	(12.04)	(9.83)
-Impact due to decrease of 1%	14.04	0.11
Salary increase		
-Impact due to increase of 1%	9.78	8.47
-Impact due to decrease of 1%	(9.66)	(8.28)
Employee Turnover		
-Impact due to increase of 1%	(1.49)	(0.75)
-Impact due to decrease of 1%	1.64	0.82

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the dfference between assumed and the actual is not following the parameters of the senstivity analysis.

Furthermore, in presenting the above senstivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liabiltiy recognised in the balance sheet.

(ii) Other employee long term benefits

Actual Leave and Sick leave assumptions

Compensated absences - Earned leave eligibility is 25 days per annum and sick leave 12 days per annum. Encashment permitted up to a maximum of 300 days per employee.

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2020 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in increase in liability by Rs.6.85 lakhs(Previous year Rs.6 lakhs).

Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	60 years	60 years
Attrition rate	5% p.a.	5% p.a.
Salary Escalation Rate	9% p.a.	9% p.a.
Discount Rate	6.84% p.a.	7.69% p.a.
While is service Encashment rate	5% of the Leave balance (for the next year)	5% of the Leave balance (for the next year)

Note 45: Related Party disclosures

A. Name of related parties and description of relationship:

(i) Parent entities

Name of the Company	Type	Place of incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
Infrastructure Leasing and Financial Services Limited (IL&FS)	Associate	India	50%	50%
Oil and Natural Gas Corporation Limited (ONGC)	Associate	India	26%	26%
Karnataka Industrial Areas Development Board (KIADB)	Associate	India	23%	23%

(ii) Subsidiaries :(where control exists)

Name of the Company	Type	Place of Incorporation	Ownership interest	
			31-Mar-20	31-Mar-19
Mangalore STP Limited (MSTP Limited)	Subsidiary	India	70%	70%
MSEZ Power Limited	Wholly owned subsidiary	India	100%	100%

B. Key Management Personnel

(i)

Name	Designation
Shri Shashi Shanker	Chairman
Shri Paritosh Kumar Gupta	Managing Director, upto 18.11.2019
Shri Srinivas Santhayya Kamath	Independent Director
Shri Inturi Srinivas Nagesh Prasad	Independent Director, upto 27.03.2020
Shri Subhash Kumar	Nominee Director of ONGC
Shri Venkatesh Madhava Rao	Nominee Director of ONGC
Shri Nand Kishore	Nominee Director of IL&FS, w.e.f.13.05.2019
Shri Isaac Vas	Nominee Director of KCCI, w.e.f.03.02.2020

(ii) Shri Velnati Suryanarayana — Chief Executive Officer (w.e.f.19.05.2019) and Head (Finance) I/c upto 25.09.2019

(iii) Shri K S Ramesh — Chief Financial Officer (w.e.f.26.09.2019)

(iv) Shri Phani Bhushan V — Company Secretary

C. List of related parties

Name of the Company	Relationship
ONGC Mangalore Petrochemicals Limited (OMPL)	ONGC - Ultimate holding company
Mangalore Refineries and Petrochemicals Limited (MRPL)	Subsidiary of ONGC
Karnataka Industrial Areas Development Board (KIADB)	A statutory body of Government of Karnataka
Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of ONGC

D. Details of transactions:

(i) Transactions with related parties — Rs. in Lakhs

Name of related Party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
OMPL	Supply of services - Annual lease rental	233.96	233.96
	Sale of products	2,864.36	2,935.60
	Supply of services	1,050.08	937.89
	Interest payable on security deposit	10.01	9.63
	Other payable	525.22	-
MRPL	Sale of products	2,548.52	2,541.56
	Supply of services	4,515.44	2,562.51
	Other payable	282.28	-
IL&FS	Service received -Deputation of MD	4.03	30.00
	Service received - Others	-	20.00
KIADB	Services received -Annual Lease rent	5.97	4.45
HPCL	Supply of services	3.73	3,235.38

(ii) Outstanding balances with related parties

Rs. in Lakhs

Name of related Party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Amount payable:			
Infrastructure Leasing and Financial Services Limited (IL&FS) *	Trade payable	35.13	31.50
Karnataka Industrial Areas Development Board *	Towards acquisition of land	3,571.92	3,571.92
	Trade payable	0.38	0.37
ONGC Mangalore Petrochemicals Limited *	Other payable	636.58	111.02
Mangalore Refinery and Petrochemicals Limited #	Other payable	325.16	42.88

b. Amount Receivable:			
ONGC Mangalore Petrochemicals Limited *	Other receivable	0.24	0.24
	Trade Receivable	775.95	1,513.89
Mangalore Refinery and Petrochemicals Limited	Other receivable	84.41	59.26
	Trade Receivable	1,059.58	132.79
c. Loans and other assets (Debit balances):			
Karnataka Industrial Area Development Board *	Security deposit -Lease of land	11.60	11.60
	Capital advances towards land	154.19	154.19
Mangalore Refinery and Petrochemicals Limited	Security deposit	0.13	0.13
d. Advances & Deposits (Credit balances):			
ONGC Mangalore Petrochemicals Limited *	Security deposits	279.06	185.27
Mangalore Refinery and Petrochemicals Limited	Security deposits	126.80	126.80
Hindustan Petroleum Corporation Limited	Advance towards Corridor	-	3,234.32

* balance confirmations awaited from parties

The balances payable to Mangalore Refinery and Petrochemicals Limited have been confirmed less to the tune of Rs.325.16 Lakhs.

The Company is in correspondence with the parties mentioned above and is confident of resolving the above issues.

(iii) Provisions for doubtful debts rela ted to amount of outstanding balances

Rs. in Lakhs

Name of the related party	Nature of Transaction	As at 31.03.2020	As at 31.03.2019
ONGC Mangalore Petrochemicals Limited	Supply of services	29.06	53.47
Mangalore Refinery and Petrochemicals Limited	Supply of services	-	18.30
Total		**29.06**	**71.77**

(iv) Expense recognised during the period in respect of bad or doubtful debts Rs. in Lakhs

Name of the related party	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
ONGC Mangalore Petrochemicals Limited	Supply of services	90.31	927.69
Mangalore Refineries and Petrochemicals Limited	Supply of services	123.38	632.26
Total		**213.69**	**1,559.95**

The transactions with related parties are made on terms equivalent to those that prevail in an arm's length transactions. The outstanding balances are unsecured and will be settled in cash.

(v) Compensation to Key management personnel:

(a) Chief executive officer

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	58.58	54.00
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	11.82	7.17
Contribution to Provident Fund	0.22	0.216
Total	**70.61**	**61.39**

(b) Chief financial officer (w.e.f. 26/09/2019)

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	16.86	-
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	1.25	-
Contribution to Provident Fund	0.22	-
Total	**18.33**	**-**

(c) Company Secretary

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits	24.26	22.00
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	6.01	3.81
Contribution to Provident Fund	0.22	0.216
Total	**30.48**	**26.03**

(d) Independent directors

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sitting fees	3.75	3.00

Note 46: Government Grants and Government Assistance

(a) Government Grants (refer Note 25)

The Company has received government grants from Visvesvaraya Trade Promotion Centre (VTPC), a Government of Karnataka organisation under ASIDE scheme for construction of Common Effluent Treatment Plant (CETP) Rs.495 lakh as at March 31, 2020 (Rs.495 lakh as at March 31, 2019) and Two lane Flyover near Jokatte, Manglore SEZ (MSEZ) Rs.1485 lakh as at March 31, 2020 (Rs.1485 lakh as at March 31, 2019).

(i) Movement in Government Grants

(a) CETP

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	453.75	486.75
Add: Addition during the year	-	-
Less: Amortisation during the year	33.00	33.00
Closing Balance	**420.75**	**453.75**

(b) Two lane Flyover

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Opening balance	1,485.00	1,386.00
Add: Addition during the year	-	99.00
Less: Amortisation during the year	-	-
Closing Balance	**1,485.00**	**1,485.00**

The Company has adopted income approach, under which a grant is recognised in profit or loss on a systematic basis over the useful life of assets which have been capitalized.

(b) Government Assistance:

Company developes special economic zone (SEZ) at Mangalore, Karnataka, India. Accordingly, it is eligible for certian economic benefits such as exemptions from customs duty, Goods and Service tax etc. which are in the nature of government assistance. These benefits are subject to fulfillment of certain obligations by the company.

Note 47: Earnings Per Share (EPS)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) after tax for the year attributable to equity share-holders (Rs. in lakh)	(3,163.40)	241.20
Weighted average number of equity shares	5,00,01,200	5,00,01,200
Basic & diluted earnings per share (Rs.)	(6.33)	0.48
Face value per equity share (Rs.)	10.00	10.00

Note 48: The amount recognised in Profit & Loss Account for investment property (refer note 5)

Rs. in Lakhs

Particulars	Year 2019-20	Year 2018-19
Rental Income	1,784.74	1,895.86
Direct Operating Expenses from property that generate direct rental income	153.94	185.25
Profit from investment property before depreciation	1,630.80	1,710.61
Profit from investment property	1,630.80	1,710.61

Note 49: Contingent Liabilities and Commitments

(a) Commitments

Rs. in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Plant, Property & Equipment	1,053.11	525.08
ii. Towards Investment Property	-	1.25
Total	**1,053.11**	**526.33**

Note 49

b. Contigent liabilities

The claims against the company not acknowledged as debt is Rs.2,329.47 lakhs (previous year Rs. Rs.753 lakhs) and other contingent items is Rs.2067.21 lakhs (previous year Rs.1986 lakhs). The details are as under

Sl. No.	Petitioner	A brief description nature of court cases	Estimate of the financial effect - Amount in Rs. lakhs	Indication of the uncertanities relating to the amount or timing of any outflow
1	BSNL	The Petitioner has claimed that the Company while laying river water pipeline had damaged the optical fiber cables.	15.00	The Company has contracted the work relating to laying of river water pipeline works to Koya & Co, (2nd Defendant). The Contractor has to carry out the work efficiently. The liability to pay for any damage, if caused, would be on the person who might have caused the damage. The case is before Adalat, Mangalore and is pending for hearing.
2	Mr. Ravindranath Bajpe	The Company had laid the water pipeline by the side of Mangalore-Bajpe Old Airport PWD Road abutting the schedule properties and other properties on the same line commencing from Nethravathi River Bank at sarapady to MSEZ Industrial area. While carrying out works near the plaintiffs (Ravindranath Bajpe) property, had contended that Company officials & contractors have tresspassed his property and demolished the stone compound wal of 7 feet height, foundation of 3 feet height beneath the ground & 2 feet wide to the extent of about 500 meters and also cut & destroyed about 101 valuable trees and laid pipeline beneath the schedule properties about to extent of 500 meters. Therefore, Ravindranath Bajpe has filed an Original Suit before the civil court directing the defendants jointly and severally to pay a sum of Rs 47,90, 500/-	47.91	Ravindranath Bajpe is neither absolute owner nor is in possession of the plaint schedule Property or any part thereof. The assertion of the occupancy right contradicts the claim of absolute ownership. The Plaintiff (Ravindranath Bajpe) and other members of his family are having litigation in local court with regard to his claims on occupancy holding. Therefore, we maintain that the Plaintiff is not entitled to claim the alleged loss or any other claim.
		Petitioner (Ravindranath Bajpe has filed this Special Leave Petition contending whether The High Court & Session Court quashed the process issued by the learned trial court without appreciating the allegations in the Compalint and also as to whether the High Court & Session Court were expected to see the letter accompanying the Compalint which was written by respondent No. 4 on behalf of the Company to the Petitioner.		To establish a criminal offence, oral and documentary evidence needs to be furnished so as to substantiate any of the alleged offences. The letter written by Respondent No. 4 merely refers to compensate the complainant for the losses if any incurred by him, which need to be determined separately in a civil proceeding, or otherwise, as deemed fit by the persons responsible for the damage. The complainant cannot allege a criminal flavor to the proceedings on the basis of the said letter.

3	Cherian Varkey Construction Company (CVCC)	The petitioner was awarded the Reach IV contract forming part of Pipeline cum Road Corridor on August 2011. The petitioner had failed to complete the awarded contract as per milestones. Due to which the contract was extended. The petitioner has also stopped the work in an authourized manner on multiple occasions. Due to non-handing over of the front for executing work on Part A of the contract within the original contract period, the petitioner was seeking increase in rates for items covered under BOQ. The contract entered between the Compnay and petitioner being a fixed price contract did not provide for esclation of rates and compensation events to deal with instances of delay in handing over fronts.The intransigence on part of the petitioner lead to delay in works. Hence, the contract was terminated with immediated effect on 06.11.2013 and all Bank Guarantees furnished by the petitioner was invoked. The petitioner approached the Hon'ble District Court in Mangalore and secured a temporary injunction restraining the Company form encashing the BG. After the matter came up for argument in the Court and several adjournments, the case filed by petitioner was dismissed by Hon'ble on 05th April 2014. The petitioner has also initiated proceedings in the matter. In order to settle the dispute out of court/arbitration an opportunity for redressal through an independent committee, the Company sought consent for constituitng an Outside Expert Committee (OEC) which was accepted by petitioner. The arbitration proceedings was put on hold while OEC took over the dispute resolution. The OEC has recommeded the Company to pay Rs.9.39 Cr to petitioner. However, the petitioner did not accept the the recommendations of the OEC and choose to pursue the Arbitration proceedings. The Arbitral Tribubal had passed the award on 24.09.2016 stating that the performance and completion of works under the contract was on account of breaches/defaults committed by the Company and termination of contract was unlawful. The Company was directed to pay to Rs.19,23,53,085. Aggrieved by the Arbitration award, the company and the Petitioner had filed a Arbitration suits contesting the Arbitration Award before the 1st Additional Dist Session Judge, Mangaluru and matter is still pending. Further, the petitioner filed an exectution petition for recovery of Rs.29,13,63,551 and sought for attachment of bank accounts to the tune of Rs.35 Cr. After several rounds of court proceedings, the Ist Additional District Judge, Mangaluru vide order dated 28.02.2020 has dismissed the contentions of the Company and passed orders to attach the bank accounts of the Company to the tune of Rs.35 Crore.	2,266.56	The Company filed a writ petition No 4974/2020 (GM-CPC) before the Hon'ble High Court of Karnataka, Bengaluru, wherein the Hon'ble High Court vide order dated 17.03.2020 stayed the order dated 28.02.2020 passed by Ist Additional District Judge, Magaluru subject to the Company furnishing security of fixed deposit to an extent of award amount of Rs.19 Crore. The Company has followed the directions of High Court and executed a term deposit of Rs.1921 lakh.
		Total A	**2,329.47**	

4		The Executive Engineer, Water Resources Department has vide 01.01.2020 has sought payment of water drawal charges as per revised rates at Rs.1,00,000/MCFT on 27 MGD for years FY 18-19 and FY 19-20. The amount directed to be remitted for both the years is Rs.28,92,54,057/-	2,067.21	The company has sought for modification in the said order and has again requested the concerned Department vide letter dated 27.04.2020 to allow the Company to pay the water drawal charges, as per clause 4 of G.O order JSE 292 VBE 2012 dated 19.11.2014, on actual water drawn rather than on 27 MGD. Subsequently, the Company has based on the actual water drawn for FY 18-19 and FY 19-20 has already remitted Rs.8,25,33,283 on 20.03.2020.
		Total B	**2,067.21**	
		TOTAL (A+B)	**4,396.67**	
		A brief description of other court cases - Non Contingent in nature		
5	Cardolite Specialty Chemicals India LLP	The Cardolite Speciality Chemicals India LLP (a unit in MSEZ) has filed a writ petition in the Hon'ble High Court, Karnataka against the tariff order passed by Karnataka State Electricity Commission (KERC)	**79.33**	The company aggrieved by the KERC tariff order for FY 17-18 had filed an review petition (RP) before KERC. The KERC had vide RP order dt.26.10.2017 passed order in favour of the company and allowed recovery of Rs.3.91 Crore from the consumers, including the petitioners amount of Rs.79.33 lakhs. The petitioner aggrieved by the tariff order had filed an review petition before KERC. The KERC had vide RP order dt.28.05.2019 dismissed the review petition and directed the petitioner to pay the amount of Rs.79.33 lakhs. Subsequently, the petitioner filed an writ petition before the Hon'ble High Court and stayed the recocery of Rs.79.33 lakhs.

Note 50: Critical judgements in applying accounting policies

I. Recognistion of Revenue

(a) The Company's power distribution business is rate/tariff regulated by Karnataka Electricity Regulatory Commission (KERC). Hence, the Company files Annual Revenue Requirement/tariff application before KEFC. The KERC passes tariff order determining and notifies the retail supply tariff to be charged from Consumers. In respect of FY 2019-20, the revenue is recognized based on the KERC tariff order dated May 30, 2019 applicable w.e.f. April 1, 2019. The Company upon submission of Annual audited accounts (pertaining to power distribution business) the KERC appraises the accounts and finalizes the revenue requirement. Thus, on final determination of the revenue requirement by KERC, the effect will be given for the difference, if any accordingly.

(b) The Company has recognised revenue, from a consumer, amounting to Rs.29.16 lakh for the current year (previous year 2018-19 Rs.125 lakh) towards Zone Operation and Maintenance (O&M) charges. The agreement with the said consumser is under discussion. Pending finalization of agreement, the Zone O&M charge with the said consumer is recognised at Board approved rate/sft.

II. Recognition of borrowing cost

Borrowing costs are charged to the Statement of Profit & Loss applying the effective interest method. The interest charged on the loan is 40 basis point plus one year Maximum Commercial Lending Rate (MCLR) rate of the Lender. If the Lender changes the MCLR rate, the effective rate of interest will also change resulting in reduction or increase in interest cost.

III. Estimated useful life of tangible and intangible assets

(a) The Company has estimated the useful life of certain assets based technical evaluation and that of certain assets based on useful life as specified in Schedule-II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The estimated useful life and residual values are reviewed at the end of each financial year and if necessary, changes in estimates are accounted. The Company has adopted unit of production method for charging depreciation in respect of River Water Assets and Tertiary Treatment Plant assets (both excluding Electrical Installations and Equipment) Under unit of production method, the Management estimates the production likely to be achieved in future years. The actual productions are reviewed at the end of each financial year and if necessary, changes in estimation are accounted.

(b) The Company amortizes the cost of barrage useful usage rights on a straight-line basis over the lease period.

IV. Impairment of Trade Receivable

The impairment provision for financial assets is based on the assumption about risk of default and expected loss rates. The Company uses judgements in making these assumptions and selecting the input impairment calculation based on the Company past history as well as forward looking assumptions at the end of each reporting period.

V. Income taxes

The computation of advance taxes, provision for current/deferred tax are made based on significant judgements and which may get revised pursuant to position taken by the tax authourities.

Note 51

Previous year's figures have been regrouped wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date
For Ray & Ray
Chartered Accountants
(Firms Registration No.301072E)

For and on behalf of the Board

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
Srinivas S Kamath
Director
DIN:01079043

Sd/-
Mrinal Kanti Banerjee
Partner
Membership No. 051472

Sd/-
V. Suryanarayana
Chief Executive Officer

Sd/-
K S Ramesh
Chief Financial Officer

Sd/-
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 04.06.2020

Place: New Delhi
Date: 04.06.2020

Notes

Infrastructure at a Glance


Entrance Gate


Water Treatement Plant


Pipeline cum Road Corridor


CETP


Marine Outfall


Grid Sub Station


Internal Roads


Girder launching at Flyover

Glimpses of CSR Activities


CC Camera setup to Permude Hindu Higher Primary School, Kodikere, Kulai, Mangalore.


Projector and Desktop Computer to Dakshina Kannada Zilla Panchayat Higher Primary School, Borugudde, Mangalore.


Furniture to Anganwadi, Thokur, Mangalore.


Projector and Desktop Computer to Government High School, Kenjar Post, Porkody, Mangalore.


Academic & competitive books to Library of Sri D Devaraj Arasu Backward Caste Post-Metric Women's Hostel, Chilimbi, Mangalore & Library of Minority Welfare Post-Metric Girls' Hostel, Minority Welfare Department, Chilimbi, Mangalore.


Desks and Benches to Dakshina Kannada Higher Primary School, Delanthabettu, Shibharoor, Mangalore.

Mangalore SEZ Limited

Your Gateway to Global & Indian Markets

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Administrative Building, Mangalore Special Economic Zone
Bajpe Village, Mangaluru Taluk, Dakshina Kannada District
Karnataka – 574 142
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