Mangalore SEZ Limited

Your Gateway to Global & Indian Markets

STRIVING TOWARDS

SUSTAINABLE DEVELOPMENT

13th

ANNUAL REPORT 2018-19

Marketing Initiatives

As an Exhibitor in Global Economic Zones Expo and Convention in March 2019 at New Delhi.

As an Exhibitor in Bio Asia 2019, Life Sciences in February 2019 at Hyderabad.

Infrastructure at a Glance

Entrance Gate

Water Treatement Plant

Pipeline cum Road Corridor

CETP

Marine Outfall

Grid Sub Station

Internal Roads

Flyover under Construction

CORPORATE INFORMATION

Board of Directors

Shri Shashi Shanker	:	Chairman
Shri Paritosh Kumar Gupta	:	Managing Director
Shri I.S.N.Prasad	:	Independent Director
Shri Srinivas S Kamath	:	Independent Director
Shri M.Venkatesh	:	Nominee Director of ONGC (Co-opted on 25th June 2018)
Shri Subhash Kumar	:	Additional Director-Nominee of ONGC (Co-opted on 26th February, 2019)
Shri P.B.Abdul Hameed	:	Additional Director-Nominee of KCCI (Co-opted on 26th February, 2019)
Shri Nand Kishore	:	Additional Director-Nominee of IL&FS (Co-opted on 13th May, 2019)
Shri Ashwani Kumar	:	Additional Director -Nominee of IL&FS (Co-opted on 13th May, 2019)
Shri H Kumar	:	Nominee Director of ONGC (up to 01st June 2018)
Shri Saibal Kumar De	:	Nominee Director of IL&FS (Up to 07th December, 2018)
Shri A K Sahoo	:	Nominee Director of ONGC (Up to 11th December, 2018)
Smt. Cholpady Vathika Kamath	:	Nominee Director of KCCI (Up to 02nd February, 2019)

Chief Executive Officer & Head (Finance & Accounts) I/c	**Company Secretary**
Velnati Suryanarayana	V. Phani Bhushan

Statutory Auditors	**Internal Auditors**	**Secretarial 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

Bankers:	**Security Trustee:**	**Registrar & 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 -110 001	**SBICAP Trustee Company Ltd** 202, Maker tower E, Cuffe Parade, Mumbai - 400 005	**Karvy Fintech Private Limited** Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana

Registered Office	**Project Site**
3rd Floor, MUDA Building, Ashok Nagar, Urwa Stores, Mangalore - 575 006, Dakshina Kannada Dist, Karnataka. Phone: 0824-2452748 / 2452750, Fax: 0824- 2452749 Website: www.mangaloresez.com; Email: info@msezl.com CIN: U45209KA2006PLC038590	Bajpe, Permude village, Mangalore - 574 509, Dakshina Kannada (Dist), Karnataka

CONTENTS

NOTICE OF 13TH ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of the Members of MANGALORE SEZ LIMITED (MSEZL) will be held on Friday, the 27th Day of September, 2019 at12.30 Hours at The Gateway Hotel, Old Port Road, Bunder, Mangalore - 575 001 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, 2019, the report of the Board of Directors and the report of the Auditors thereon; and
   b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.
2. To appoint a Director in place of **Shri Shashi Shanker (DIN:06447938)** 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 Subhash Kumar (DIN: 07905656)**, who was appointed as an Additional Director of the Company with effect from February 26, 2019, 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 ONGC) of the Company, liable to retire by rotation."

4. 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, **Poonjamogru Bandashala Abdul Hameed (DIN: 02814115)**, who was appointed as an Additional Director of the Company with effect from February 26, 2019, 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."

5. 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 Nand Kishore (DIN: 08267502)**, who was appointed as an Additional Director of the Company with effect from May 13, 2019, 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 IL&FS) of the Company, liable to retire by rotation."

6. 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 Ashwani Kumar (DIN: 00910864)**, who was appointed as an Additional Director of the Company with effect from May 13, 2019, 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 IL&FS) of the Company, liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 196, 197, 203 and other applicable provisions if any, of the Companies Act 2013 ("The Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time, approval of the Shareholders be and is hereby accorded for the re-appointment of **Shri Paritosh Kumar Gupta (DIN: 01054182)** as Managing Director for a further period of 6 months with effect from May 19, 2019, at a Nil remuneration per annum.

   "RESOLVED FURTHER THAT the Board be and is hereby authorized to alter the terms and conditions of the said appointment in such a manner as may be agreed by the Board and Shri Paritosh Kumar Gupta so as, not to exceed the limits specified in Section 196, 197 and Schedule V of the Companies Act, 2013, or any amendment thereto or enactments thereof with effect from such date as may be decided the Board".

   "RESOLVED FURTHER THAT notwithstanding anything herein contained, where in any financial year during the currency of the tenure of re-appointment of Shri Paritosh Kumar Gupta as Managing Director, if the Company has no profits or its profits are inadequate, the company shall pay to Shri Paritosh Kumar Gupta, the remuneration by way of salary and perquisites as minimum remuneration but not exceeding the limits specified under Clause A of Section II of Part II of Schedule V of the Companies Act, 2013, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration".

"RESOLVED FURTHER THAT Shri V.Phani Bhushan, Company Secretary be and are hereby severally authorized to file e-forms with the Ministry of Corporate Affairs / Registrar of Companies, Karnataka and to do all such acts, deeds and things as may be deemed necessary to give effect to this resolution."

8. **TO RATIFY THE REMUNERATION PAYABLE TO COST AUDITORS, SHRI P. VENKATGIRI RAO, COST ACCOUNTANT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020.**

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 31 March 2020, 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 board of directors of the company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

9. **TO SHIFT THE REGISTERED OFFICE FROM ONE PLACE TO ANOTHER PLACE OUTSIDE THE LIMITS OF THE CITY**

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

"RESOLVED THAT pursuant to Section 12 of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions if any, consent of the members of the Company be and is hereby accorded to shift the registered office of the Company from 3rd floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006 to **Sy. No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore Taluk, Dakshina Kannada (Dist), Karnataka – 574 142 with effect from 04th November, 2019** or such other date as the Board of Directors of the Company may decide.

"RESOLVED FURTHER THAT Managing Director, Chief Executive Officer, Company Secretary (Authorized officers) be and are hereby severally authorised to do all such acts and things including the filing of forms with the Registrar of Companies/Ministry of Corporate affairs 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: New Delhi
Date : 29/07/2019

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company at its registered office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable. A person shall not act as a Proxy for one or more members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

2. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.

3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of items **3 to 9** of the Notice are **annexed** hereto.

4. The statement of the particulars of Directors seeking appointment / re-appointment as per the corporate governance regulations is **Annexed** to the Notice and forms part of the Annual Report.

5. Relevant documents if any, referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

6. Members are requested to inform the Company, immediately of change in their particulars viz., email id's, addresses etc. including their residential status.

7. 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.

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

10. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

11. Dematerialization of Shares: Pursuant to rule 9A of Companies (Prospectus and Allotment of Securities) Rules, 2018, all the members holding Equity shares in physical form are required to get the shares dematerialized.

10. Route map for venue of 13th AGM is Annexed.

ANNEXURE TO THE NOTICE

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

Item No. 3 :

Oil and Natural Gas Corporation Limited (ONGC), vide their letter Ref. No. CS/MSEZ/2019 dated 21st January 2019 had nominated Shri Subhash Kumar (DIN 07905656), Director (Finance) of ONGC as Director on the Board of MSEZL.

Pursuant to provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company, the Board of Directors had appointed Shri Subhash Kumar as an Additional Director (Nominee of ONGC) of the Company with effect from February 26, 2019.

Shri Subhash Kumar 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 Subhash Kumar for the office of Director.

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

Shri Subhash Kumar is Fellow Member of ICMAI and also Associate Member of ICSI. He is an alumnus of Panjab University, Chandigarh, where he obtained his Bachelor's degree and Master's degree in Commerce with Gold Medal.

Shri Subhash Kumar joined ONGC in 1985 as Finance & Accounts Officer (F&AO). After initially working in Jammu and Dehradun, he had a long stint at ONGC Videsh, the overseas arm of ONGC. During his tenure with ONGC Videsh, Shri Subhash Kumar was associated with key acquisitions and expansion of company's footprint from single asset company in 2001 into a company with global presence in 17 countries with 37 assets. He played a key role in evaluation and acquisition of many Assets abroad by ONGC Videsh.

He worked as Head Business Development, Finance & Budget and also as Head Treasury Planning & Portfolio Management Group at ONGC Videsh from April 2010 to March 2015. He then went on to serve as Chief Financial Officer of Mansarovar Energy Colombia Limited, a 50:50 joint venture of ONGC Videsh and Sinopec of China, from September 2006 to March 2010.

Shri Subhash Kumar joined back ONGC as Chief Commercial & Head Treasury of ONGC in July, 2016 where he played a key role in evaluation, negotiation, and concluding outstanding issues pertaining to the organization.

Prior to joining as Director (Finance), ONGC, Shri Subhash Kumar served a brief stint with Petronet LNG Limited where he joined as Director (Finance) in August 2017.

Currently Shri Subhash Kumar is the Director (Finance) and Chief Financial Officer of ONGC. The appointment of Shri Subhash Kumar, as Director was made during the fourth quarter of FY 2018-19, hence he has not attended any Board meetings during the year.

Shri Subhash Kumar 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 Subhash Kumar is concerned or interested in this resolution. The Board recommends the resolution for your approval.

Item No. 4

Kanara Chamber of Commerce and Industry (KCCI) vide its letter reference no. 2018-19/0348 dated 10th November, 2018 had nominated Shri P.B. Abdul Hameed, 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 P.B. Abdul Hameed, as an Additional Director (Nominee of KCCI) of the Company with effect from February 26, 2019.

Shri P.B. Abdul Hameed 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 P.B. Abdul Hameed for the office of Director.

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

Shri P.B. Abdul Hameed holds a B.A Degree from the Mysore University. He is the fourth Generation Businessman from Bunder at Mangalore. The P.B Group founded way back stood for the religious harmony as Hindu and Muslim families jointly functioned as a single family and carried on the Business for 2 Generations. In the 3rd Generation, there was diversification in the Business. Now Shri Hameed is the Chairman of M/s P.B.Abdul Hameed & Sons. Shri Hameed is also associated with Kanara Chamber of Commerce and Industry (KCCI) since 1988 in various capacities. He was elected as President of KCCI unanimously for the Year 2018-19.

The appointment of Shri P.B. Abdul Hameed, as Director was made during the fourth quarter of FY 2018-19, hence he has not attended any Board meetings during the year.

Shri P.B. Abdul Hameed 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 P.B.Abdul Hameed is concerned or interested in this resolution. The Board recommends the resolution for your approval.

Item No. 5 :

Infrastructure Leasing and Financial Services Ltd (IL&FS) vide their letter dated 23rd April, 2019 has nominated Shri Nand Kishore (DIN 08267502) as Director on the Board of MSEZL.

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 Nand Kishore as an Additional Director (Nominee of IL&FS) of the Company with effect from May 13, 2019.

Shri Nand Kishore 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 Nand Kishore for the office of Director.

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

Shri Nand Kishore is a 1981 batch officer from the Indian Audit and Account Service and has been a senior bureaucrat holding key positions across various departments over the years. Mr Kishore has been the Deputy Comptroller and Auditor General (CAG) and looked after audit of Defence, Railways & Communications - before retiring on July 31, 2018.

Shri Kishore has a Bachelor of Engineering (Electrical) degree from University of Roorkee (now IIT Roorkee) and is also a Certified Internal Auditor from The Institute of Internal Auditors Florida. USA.

Shri Kishore was appointed as one of the seven members on the Board of Infrastructure Leasing & Financial Services Ltd (IL&FS) on October 1, 2018 by the Government of India. Thereafter, Mr Kishore has also been inducted on the Board of key IL&FS Subsidiaries as per the decision taken by the new IL&FS Board in its meeting held on October 12, 2018.

The appointment of Shri Nand Kishore, as Director was made after 31st March, 2019, hence attendance at the Board meetings is not applicable.

Shri Nand Kishore 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 Nand Kishore is concerned or interested in this resolution. The Board recommends the resolution for your approval.

Item No.6:

Infrastructure Leasing and Financial Services Ltd (IL&FS) vide their letter dated 23rd April, 2019 has nominated Shri Ashwani Kumar (DIN 00910864) as Director on the Board of MSEZL.

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 Ashwani Kumar as an Additional Director (Nominee of IL&FS) of the Company with effect from May 13, 2019.

Shri Ashwani Kumar 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 Ashwani Kumar for the office of Director.

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

Shri Ashwani Kumar is PGDM from Indian Institute of Management, Bangalore in 1990 and holds a Bachelor of Engineering degree in Mechanical stream from Regional Engineering College, Jaipur in 1988. He is an alumnus of Harvard Business School having attended the General Management Programme in 2001. Shri Ashwani Kumar has joined IL&FS Energy Development Company Limited, as Chief Executive Officer on 02/08/2017. He has worked with Larsen & Toubro Ltd., where he was leading the power project portfolio as Chief Executive- Power Development. He was responsible for overseeing L&T initiatives in Iran & China. He was also heading the Corporate Strategy for Infrastructure, Heavy Engineering, Defence and Hydrocarbon verticals. He has also worked with Reliance Power Ltd, as President- Corporate Development, where he was responsible for Corporate Affairs and Corporate Planning for Reliance Power and PowerGen India Ltd. as Business Development Director- India.

The appointment of Shri Ashwani Kumar, as Director was made after 31st March, 2019, hence attendance at the Board meetings is not applicable.

Shri Ashwani Kumar 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 Ashwani Kumar is concerned or interested in this resolution. The Board recommends the resolution for your approval.

Item No. 7

The Board of Directors at the 57th meeting held on May 13, 2019 have re-appointed Shri Paritosh Kumar Gupta, as the Managing Director of the company for further period of 6 months with effect from 19th May, 2019 at nil remuneration, subject to the approval of the shareholders in the General Meeting.

Statement of Particulars required to be furnished as part of Schedule V of the Companies Act, 2013:

<table>
<tr><th>S.No</th><th>Particulars</th><th>Details</th></tr>
<tr><td colspan="3">I. General Information</td></tr>
<tr><td>1</td><td>Nature of Industry</td><td>Development, Operation and Maintenance of Multi Product Special Economic Zone.</td></tr>
<tr><td>2</td><td>Date ~~or expected date~~ of commencement of commercial production</td><td>01st April 2015</td></tr>
<tr><td>3</td><td>In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus</td><td>Not Applicable</td></tr>
<tr><td>4</td><td>Financial performance based on given indicators</td><td>
<table>
<tr><th>Particulars</th><th>FY 2018-19 (Rs in Cr)</th><th>FY 2017-18 (Rs in Cr)</th><th>FY 2016-17 (Rs in Cr)</th></tr>
<tr><td>Turnover</td><td>212.64</td><td>177.37</td><td>134.72</td></tr>
<tr><td>Expenses</td><td>211.65</td><td>166.45</td><td>125.58</td></tr>
<tr><td>Profit Before Tax</td><td>0.99</td><td>10.92</td><td>9.14</td></tr>
<tr><td>Profit After Tax</td><td>2.42</td><td>3.66</td><td>(5.98)</td></tr>
<tr><td>Net Comprehensive Income.</td><td>2.40</td><td>3.67</td><td>(6.13)</td></tr>
</table>
</td></tr>
<tr><td>5</td><td>Foreign investments or collaborations, if any.</td><td>Nil</td></tr>
<tr><td colspan="3">II. Information about the appointee</td></tr>
<tr><td>1</td><td>Background details</td><td>Shri Paritosh Kumar Gupta, 57 years, holds a Masters Degree in Economics from Delhi School of Economics, and an MBA from IIM, Lucknow with specialization in finance and marketing. He is a business leader & strategist with over 32 years broad-based experience in leading & transforming businesses/ organizations and in developing, marketing, managing & financing infrastructure projects with extensive exposure to business partnerships with Governments.</td></tr>
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2	Past remuneration drawn in the Company.	Rs 56 Lakhs per annum from May 2015 – May 2016 Rs 56 Lakhs per annum from May 2016 – May 2017 Rs 30 Lakhs per annum from May 2017 – May 2018 Rs 30 Lakhs per annum from May 2018 – May 2019
3	Recognition or awards	He is the recipient of the British Nehru Fellowship Award (1994) and Monbusho Fellowship Award (1996), Japan. Participated in Leadership Management programme on "Achieving Outstanding Performance Programme" held by INSEAD in Fontainebleau Cedex, France in September 2008
4	Job profile and his suitability	Out of the 32 years' experience, during the last about 15 years, Mr Paritosh Gupta has been managing infrastructure project development and financing companies and running them profitably at leadership or CEO levels. He has also been working with high quality Board members of Government, Public Sector Undertakings, Financial Institutions, Institutional Investors etc. This interaction and management have given him a very rich experience in running and managing progressive companies. Having studied in some of the finest institutions in India and abroad with proven management, leadership and institution building experience and adequate knowledge and experience in running infrastructure and financing companies profitably, Mr Paritosh Gupta is eminently suitable for the post.
5	Remuneration proposed	Rs Nil per annum
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Not Applicable
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Nil
III. Other Information		
1	Reasons of loss or inadequate profits	- Higher provisioning towards impairment allowance for doubtful debts on trade receivables. - Due to provisioning of current tax of prior period.
2	Steps taken or proposed to be taken for improvement	- Increased marketing efforts for leasing the balance land.
3	Expected increase in productivity and profits in measurable terms	- During the FY 2019-20, the Company anticipates for improvement in the revenues and margins.
IV. Disclosures are provided in the Corporate Governance Report.		

The details of Board meeting attendance and other details of Shri Paritosh Kumar Gupta have been mentioned in the Corporate Governance Report which is forming part of the Board's Report. Shri Paritosh Gupta holds 500 equity shares of Rs.10 each in Mangalore SEZ Limited.

In order to have continuity and stability in the operations of the Company, the Board of Directors recommends the resolution for your approval.

Except Shri Paritosh Kumar Gupta, who may be deemed to be concerned or interested in his own appointment, none of the other Directors, Key Managerial Personnel & their relatives are concerned or interested in the said resolution.

Item No. 8

The board, on the recommendation of the audit committee, has 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 31 March 2020.

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.8 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31 March 2020.

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. 8 of the notice.

The board recommends the resolution set forth in item no. 8 of the notice for approval of the members.

Item No.9 :

During the project implementation stage, the registered office was situated at Bangalore mainly to cater to the requirements of various liaison works with the Government Departments and various approvals required from the statutory authorities on a day to day basis. When the project is substantially completed and has entered into Operation and Maintenance (O&M) phase, the registered office was moved near the project to MUDA office in Mangalore. In order to economize the cost and further to improve the service delivery to the units, the Board of Directors at the 58th Board meeting had approved the shifting of registered office from 3rd floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006 to Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore Taluk, Dakshina Kannada (Dist), Karnataka – 574142 w.e.f 04th November, 2019 subject to approval of Shareholders.

Pursuant to section 12 (5) of the Companies Act, 2013, a company may shift the registered office outside the local limits of any city, town or village if it approved by the shareholders at a general meeting by passing a Special Resolution. Accordingly, this item is required to be approved by shareholders of the Company by way of a special resolution.

The Directors recommend the approval of the Special Resolution. None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in this resolution.

By Order of the Board of Directors
For Mangalore SEZ Limited

Sd/-
Phani Bhushan V.
Company Secretary

Place: New Delhi
Date : 29/07/2019

Annexure to the Notice

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

Name of Director	Shri Shashi Shanker	Shri Subhash Kumar	Shri P.B.Abdul Hameed	Shri Nand Kishore	Shri Ashwani Kumar	Shri Paritosh Kumar Gupta
Date of Birth	02/03/1961	01/01/1962	02/09/1955	08/07/1958	18/09/1965	21/06/1962
Date of Appointment	16/10/2017	26/02/2019	26/02/2019	13/05/2019	13/05/2019	19/05/2015
Expertise in specific functional areas	Shri Shashi Shanker is an industry veteran with over 31 years of experience in diverse E&P activities. Prior to his appointment as Director (T&FS) of ONGC in 2012, he has progressed through senior management roles in various work-centers including Institute of Drilling Technology, Dehradun; West Bengal Project; Assam Project and Deep-Water group at Mumbai. He was acclaimed for his performance in spearheading the deep/ultra-deep-water campaign of ONGC which was christened 'Sagar Samriddhhi'.	He was associated with key acquisitions and expansion of company's footprint from single asset company in 2001 into a company with global presence in 17 countries with 37 assets. He played a key role in evaluation and acquisition of many Assets abroad by ONGC Videsh. He worked as Head Business Development, Finance & Budget and also as Head Treasury Planning &Portfolio Management Group at ONGC Videsh. At ONGC he played a key role in evaluation, negotiation, and concluding outstanding issues pertaining to the organization.	He is the fourth Generation Businessman of Bunder at Mangalore	He is 1981 batch officer from the Indian Audit and Account Service and has been a senior bureaucrat holding key positions across various departments over the years. Mr Kishore has been the Deputy Comptroller and Auditor General (CAG) and looked after audit of Defence, Railways & Communications	He has lead the power project portfolio as Chief Executive- Power Development in L&T, He was also heading the Corporate Strategy for Infrastructure, Heavy Engineering, Defence and Hydrocarbon verticals. He has also worked with Reliance Power Ltd, as President- Corporate Development, where he was responsible for Corporate Affairs and Corporate Planning for Reliance Power and PowerGen India Ltd. as Business Development Director- India.	He is a business leader & strategist with over 32 years broad-based experience of leading & transforming businesses/ organizations, developing-marketing-managing & financing infrastructure projects and extensive exposure to business partnerships with governments

Qualification	Shri Shashi Shanker is a Petroleum Engineer from Indian School of Mines (ISM), Dhanbad. He also holds an MBA degree with specialization in Finance. He has also received executive education from prestigious Indian Institute of Management, Lucknow and Indian School of Business, Hyderabad.	Fellow Member of ICMAI, Associate Member of ICSI. Bachelor's degree and Master's degree in Commerce with Gold Medal.	B.A Degree from the Mysore University	Bachelor of Engineering (Electrical) degree from University of Roorkee (now IIT Roorkee) and is also a Certified Internal Auditor from The Institute of Internal Auditors Florida. USA.	PGDM from Indian Institute of Management, Bangalore and holds a Bachelor of Engineering degree in Mechanical stream from Regional Engineering College, Jaipur in 1988. He is an alumnus of Harvard Business School having attended the General Management Programme in 2001.	M.A. (Economics) from Delhi School of Economics (1985) and holds Masters in Business Administration from Indian Institute of Management (IIM) Lucknow with specialization in Marketing and Finance (1987).
List of other companies in which directorship is held as on March 31, 2019*	1. Oil and Natural Gas Corporation Ltd. (ONGC) 2. ONGC Videsh Limited (OVL) 3. Mangalore Refinery and Petrochemicals Limited (MRPL) 4. ONGC Petro additions Limited (OPaL) 5. ONGC Tripura Power Company Limited (OTPC) 6. ONGC Mangalore Petrochemicals Limited (OMPL) 7. Petronet LNG Ltd (PLL)	1. Oil and Natural Gas Corporation Limited. 2. Mangalore Refinery and Petrochemicals Limited 3. Hindustan Petroleum Corporation Limited 4. ONGC Tripura Power Company Limited 5. Petronet MHB Limited 6. ONGC Petro Additions Limited	1. Kanara Chamber of Commerce and Industry	1. IL&FS Transportation Networks Ltd 2. Infrastructure Leasing and Financial Services Limited 3. IL&FS Investment Managers Ltd 4. IL&FS Infra Asset Management Ltd 5. IL&FS Financial Services Ltd 6. ISSL Settlement & Transaction Services Limited 7. IL&FS Securities Services Limited 8. Terracis Technologies Limited 9. IL&FS Environmental Infrastructure and Services Limited	1. ONGC Tripura Power Company Limited 2. Saurya Urja Company of Rajasthan Limited 3. Tadas Wind Energy Private Limited 4. IL&FS Maritime Infrastructure Company Limited 5. IL&FS Tamil Nadu Power Company Limited	1. Urban Mass Transit Company Limited 2. Uttarakhand Infrastructure Projects Company Limited 3. Bengal Urban Infrastructure Development Limited 4. Andhra Pradesh Urban Infrastructure Asset Management Ltd 5. PDCOR Limited 6. Mangalore STP Limited 7. MSEZ Power Limited

Chairman/ Member of the Committees of the Board of the other Companies in which he/she is a director as on March 31, 2019*	Nil	1. Stakeholders 'Relationship Committee - Member (SRC) – Oil and Natural Gas Corporation Ltd 2. Audit Committee member – ONGC Petro Additions Ltd.	Nil	1. Audit Committee chairman- Infrastructure Leasing and financial services Ltd 2. Audit Committee member – IL&FS financial services Ltd 3. Audit Committee member – IL&FS Investment Managers Ltd 4. Audit Committee & Stakeholders relationship Committee member – IL&FS Transportation Networks Ltd 5. Audit Committee member – IL&FS Environment Infrastructure Services Ltd. 6. Audit Committee chairman - Terracis Technologies Limited	Nil	1.Urban mass Transit Company Ltd- member of audit Committee
Equity Shares held in the Company	Nil	Nil	Nil	Nil	Nil	500
Relationship between Directors inter-se	Nil	Nil	Nil	Nil	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 13th Annual Report of the Company for the year ended 31st March, 2019.

Financial Performance:

The highlights of the financial results of the Company for the year ended 31st March, 2019 are as follows:

Rs. in Crores

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
REVENUE:				
Income from operations	206.81	174.23	206.81	174.23
Other Income	5.83	3.14	5.83	3.15
Total Revenue	**212.64**	**177.37**	**212.64**	**177.38**
EXPENSES:				
Cost of Power Purchase	25.57	25.55	25.57	25.55
Employee Benefit Expenses	7.98	8.10	7.98	8.10
Finance Costs	47.36	50.90	47.36	50.90
Depreciation and amortization expense	44.97	41.46	44.97	41.46
Other Expenses	85.77	40.44	85.78	40.44
Total Expenses	**211.65**	**166.45**	**211.66**	**166.45**
Profit Before Exceptional items and tax from continuing operations	0.99	10.92	0.98	10.93
Profit Before Tax	**0.99**	**10.92**	**0.98**	**10.93**
Tax Expense-Current Tax	29.54	7.87	29.54	7.87
Tax Expense-Deferred Tax	(30.97)	(0.61)	(30.97)	(0.61)
Profit for the period from continuing operations	**2.42**	**3.66**	**2.41**	**3.68**
Profit/Loss & Tax from Discontinued operations	**-**	**-**	**-**	**-**
Profit/(Loss) for the period	**2.42**	**3.66**	**2.41**	**3.68**
Other Comprehensive Income	**(0.02)**	**0.01**	**(0.02)**	**0.01**
Total Comprehensive Income	**2.42**	**3.67**	**2.39**	**3.68**

Review of Performance and state of the company's affairs

During the year under review, the standalone revenues (operations) have increased by 18.69% to Rs 206.81 Cr from Rs 174.23 Cr of the previous year 2017-18, while the comprehensive income has decreased to Rs. 2.42 Cr compared to Rs 3.67 Cr of the previous year 2017-18.

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 2019, the Company has awarded 171 major orders cumulatively amounting to Rs 835 Cr towards infrastructure development within SEZ out of which 158 work orders cumulatively amounting to Rs 800 Cr have been satisfactorily concluded. The balance orders are under various stages of execution.

- The consultancy assignment for carrying out detailed engineering and estimation for the proposed barrage at Jakhribettu was awarded to EI Technologies Pvt Ltd, Bangalore. The DPR has been completed. The tendering and construction of the barrage will be taken up based on the commissioning of operations by JBF and tying up of the funds required for the project.

- Detailed engineering for replacement of UF membranes at the existing Tertiary Treatment Plant (TTP) and its tendering process has been completed. The issue of LOA for the lowest bidder is kept on hold due to tying up of funds and concurrence from MRPL for payments toward replacement of membranes as part of O&M of TTP.

- The JV Company Mangalore STP Limited (MSTPL) jointly promoted by the company and Mangalore City Corporation (MCC) is successfully operating the associated wet wells and Kavoor STP from January 2014. M/s Pooja Construction Co, Rajkot is the O&M operator for a period of 3 years from 1st October 2017.

- 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. As per the recommendation of the chief railway safety, konkan railway has modified the design of the flyover and got the designs vetted by Chennai IIT and have now taken up the procurement and construction works. Due to the design changes, Konkan railway has informed that there will be a cost escalation in the project cost. The flyover is expected to be completed in all respects and thrown open to traffic by Q4-2019.

- 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.

Update on Permissions & "Right of Way".

- MSEZL has taken on lease, the land required for Pipeline-cum-Road Corridor from New Mangalore Port Trust (NMPT), Kudremukh Iron Ore Company Ltd (KIOCL) and the balance land required for the corridor is acquired by the company. The Company has already entered Tripartiate agreements with MRPL, OMPL for development and utilisation of Corridor. The Company has also entered into agreements with GAIL India Ltd and Emami Agrotech Ltd for utilisation of the Corridor. During the year, the company has entered into agreements with Hindustan Petroleum Corporation Ltd for allotment of space in the pipeline corridor.

Rehabilitation and Resettlement (R&R) of Displaced People

- Allotment of plots for Project Displaced families (PDFs) have been completed by developing around 10 R&R colonies, which are now reduced to 9 R&R colonies due to clubbing of 1.58 acres colony at Rampal with 69 acres colony at Thokur.
- 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 Thokur and 6.48 acres at Bajpe).
- 1403 plots have already been handed over to the PDFs thus far leading the company evacuating 1246 families out of 1253 PDFs in the acquired and yet to be handed over land. Balance 7 families are proposed to be evacuated mainly from the yet to be handed over land.
- 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 594 candidates have been provided employment and balance 162 are yet to be placed. Payment of Stipend & Sustenance allowance to PDF nominees, who have not opted for the ex-gratia is continuing.
- During the year under review, your Company has evacuated around 11 families pertaining to Nellidadi families with the help of Dist administration, KIADB officials and police Department. The evacuation was done peacefully.

Infrastructure Development

- The Company has completed substantial development of infrastructure for Phase-I. The Company has incurred expenditure of Rs 1512 Cr as against Rs 1707 Cr towards Land, R&R, infrastructure development and proponents' share of corridor as on 31st March, 2019.
- Additional infrastructure development works viz., Expansion of Common Effluent Treatment Plant from 3 MLD to 6 MLD and Expansion of TTP from 5 MGD to 10 MGD is being planned and DPR's are under progress for taking up of the same during the FY 2019-20 depending upon availability of the funds.

Corridor

- The pipeline-cum-road Corridor of approximate 11.45 km length from NMPT to MSEZ area has been developed in six construction packages and completed.
- The company had allotted ROW to the following users viz., OMPL – 3 metres, MRPL – 3.60 metres, ISPRL – 2 metres, GAIL India – 1 metre, Emami Agrotech - 0.65 metre.
- During the year the Company has allotted 1 metre corridor space to HPCL and is in discussion with prospective investors for leasing the balance corridor space.
- During the year, MRPL has started laying the pipelines in the Corridor space and GAIL had completed laying the pipelines in the Corridor space.

Water

MSEZ water requirements are being sourced as follows:

(i) 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.

(ii) The GoK (Water resources Dept) has informed the Company that the 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 charging the cess based on actual drawal of quantity of water instead of allocated quantity of 27 MGD with a request to reduce the water cess as it is abnormally high.

(iii) The company is in the process of taking over the Bajal STP from MCC as per the agreement and also will take up the pipe line connectivity between Bajal STP to Kavoor STP to augment the TTP water from existing 5 MGD capacity to 10 MGD based on the availability of funds.

Power

- The Company has completed the 33 KV and 11 KV loop lines to facilitate connection up to the battery limits of the units.
- The Company had filed review petition against the ARR and Tariff 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. During the year under review, 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 unit 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 heard the submissions of both the parties and reserved its orders.
- The Company has filed before KERC for approval of Annual Performance Review (APR) for FY 2017-18, Annual Revenue Requirement (ARR) for FY 2019-20 and to determine retail supply tariff for FY 2019-20.
- The Board and share holders of the company have approved for the transfer of the entire Power distribution activity including the assets and liabilities pertaining to power distribution business of Mangalore SEZ Limited in favour of MSEZ Power Limited (MPL), a Wholly Owned Subsidiary of the Company, on a Slump Sale basis, at a fair value of Rs.27.09 Cr. The Company has obtained KERC approval required for the transfer of the assets and is yet to finalise the capital structure and loan transfer modalities for transfer of the power distribution activity, which will be taken up once the business gets stabilised.

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 has completed and made operational the CETP phase -1 since September, 2017 and also in the process of augmenting the CETP from 3 MLD to 6 MLD.
- 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.

Common Effluent Treatment Plant (CETP):

- The company to comply with the statutory requirements and also to make MSEZ fully operational has constructed 3.0 MLD capacity of CETP as a part of MSEZ Phase I of the Project. The plant has been commissioned during FY 2017-18 and is fully operational catering to the requirements of the fish processing units.

- The present estimated demand for treatment of process waste water exceeds the existing capacity as the company has leased land to fish processing and export industries like (i) Authentic Ocean Treasure, (ii) Ulka India (iii) Gadre Marine Exports and (iv) Yashaswi Fish Meal and Oil company who have indicated their CETP requirement in the range of 3.00 MLD initially and scalable to 5.75 MLD. Therefore, to cater to additional demand, the company has updated the DPR based on NEERI technical appraisal and has taken up the tendering for expanding the CETP from present 3.00 MLD capacity to 6.00 MLD.

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 247 acres by planting 1,11,150 saplings in processing and non-processing areas.
- Green belt development along with avenue plantation taken up in 30 acres is being maintained during the year. The Company had also planted around 300 palm trees on either side of the reach 3 corridor and also planted flowering shrubs near the security gate to improve the aesthetics at the entrance of the Zone.
- MSEZ has celebrated the world environmental day in association with District administration, pollution control board and other major industries of Mangalore. MSEZL had distributed more than 1000 saplings of different tree species to general public.

Marketing Initiatives

- During FY 2018-19, MSEZL has participated as an Exhibitor in Bio Asia 2019, life sciences, Disrupt the disruption in Hyderabad in February 2019 to show case the Company and to attract the Pharma industries.
- The Company has also participated as an Exhibitor in Global Economic Zones Expo and Convention during March 2019 at New Delhi. The Company had interacted with visitors and other SEZ’s in the Country.
- 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. Industries Dept, Govt of Karnataka has also shown its interest to engage with MSEZL through Karnataka Udyog Mitra to market the balance land of MSEZ on success fee model.
- MSEZL is in active discussions with some of the prominent Indian and global investors for marketing the balance land, including the following: -
  a. M/s Glen pharma has shown keen interest to take around 30 acres of land to set up their production facility in the Zone. The due diligence has since been completed and Glen pharma has indicated that they would require more time to close the deal.
  b. Universal Group, Surat for setting up of dyes and related equipment unit in around 10 Acres
  c. Vikram Solar, Kolkata for manufacturing of Solar panels in around 50 Acres
  d. Chint Group, China for electronics and electrical manufacturing and exports in around 50 Acres.
  e. LM Wind Power, Gujarat for manufacture of blades for wind mills/turbines in around 100 Acres
  f. Waterworks Technologies, Dubai for establishing their unit in around 5 Acres.
  g. Sudarshan Chemical industries Ltd, Pune for chemical manufacturing in around 25 Acres.

International client deals:

a. The company is in discussions with M/s AT & S for leasing out about 50 acres of land inside SEZ. They have carried out site visits and they have indicated that they may further approach after 2 to 3 months.

b. An Australian Company had enquired about the land and Port facilities available for setting up their organic fertilizer unit in the Zone.

Since MSEZ turned Multi Product, efforts are being directed towards the targeted sectors suitable for investments in SEZ. These sectors include the Chip manufacturer, Tankage industries, Cold Storage, Mass Housing, Food Processing Industries along with petrochemical, pharma and other allied industries.

Administrative Matters

- The Registered office of the Company is situated at 3rd Floor, MUDA Building, Ashok Nagar, Urwa Stores, Mangalore – 575 006.
- 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, 2019 is 47.
- 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, 7 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) had already commenced its operations, while the other 5entities are in the process of setting up units in the SEZ and are in different stages of implementation. The other 5 entities being JBF Petrochemicals Limited (JBFPL) Syngene International Ltd (Syngene) (a subsidiary of M/s Biocon Ltd), Anthea Aromatics Pvt Ltd (Anthea), Trident Infrastructure Ltd (Trident) and IMC.

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.

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, 2019 and no amount has been transferred to General Reserve during the FY 2018-19.

Credit Rating

The Company had obtained domestic credit rating from

a. CARE for the term loan of Rs 672 Cr outstanding (Sanctioned Rs 706.00 Cr). CARE has assigned a rating of AA- (Double A minus) with outlook as stable on 28th December, 2018.

b. The Company had issued a letter to ICRA Limited on 07th January 2019 for withdrawal of Credit ratings and not to undertake the ratings further.

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 2019 is around Rs 551.05 Cr.

After the annual reset of MCLR in December, 2018, the Interest rate applicable for the Term Loan is 8.80% p.a.

The Company had also tied up with Corporation Bank for the Term Loan for the Sub project aggregating Rs 121 Cr. The Company could not avail the Loan due to recent developments at IL&FS. This facility is subsequently closed on 31st May, 2019.

Financial Accounting

Your Company's financial statements for the year ended March 31, 2019 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. These documents will also be available for inspection during business hours at the registered office of the Company.

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 effective from 01st October 2017. MSTPL has been supplying STP water to MSEZ on a regular basis.

   During the year under review, the revenues from operations stood at Rs 8.03 Cr as compared to Rs 5.82 Cr during the FY 2017-18. 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 0.35 Lakhs as compared to Rs 0.33 Lakhs during the FY 2017-18. The comprehensive income for the period is Rs 0.05 Lakhs compared to loss of Rs 0.17 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

Three 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 2018-19:

Change in Directors (Resignations):

1. Shri H.Kumar resigned as Director of the Company w.e.f 01/06/2018.
2. Shri Saibal Kumar De resigned as Director of the company w.e.f 07/12/2018
3. Late Shri A.K.Sahoo ceased to be a Director of the Company w.e.f 11/12/2018.
4. Smt. Cholapady Vathika Kamath resigned as Director of the Company w.e.f 02/02/2019.

Your Directors wish to place on record their sincere appreciation for the valuable services rendered by Shri H. Kumar, Shri Saibal Kumar De, Late Shri A.K. Sahoo and Smt C. Vathika Kamath during their association with the Company.

Change in Directors (Appointments)

The following persons were appointed as Directors during the year

1. Shri Paritosh Kumar Gupta was re-appointed as Managing Director of the company for a period of 1 year w.e.f 19/05/2018.
2. Shri Venkatesh Madhava Rao was appointed as an Additional Director (Nominee of ONGC) w.e.f 25/06/2018.
3. Shri Subhash Kumar was appointed as an Additional Director (Nominee of ONGC) w.e.f 26/02/2019
4. Shri Poonjamogru Bandashala Abdul Hameed was appointed as an additional Director (Nominee from KCCI) w.e.f 26/02/2019.

Proposed Appointments:

a. Re-appointments of Directors at the 13th AGM:

The following re-appointments to the Board are proposed:

Approval of the shareholders is being sought for the re-appointment of Shri Shashi Shankar, 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 13th AGM:

Shri Subhash Kumar (DIN- 07905656) was inducted as an Additional Director on the Board w.e.f February 26, 2019. 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 ONGC) (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.

Shri P.B.Abdul Hameed (DIN- 02814115) was inducted as an Additional Director on the Board w.e.f February 26, 2019. 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.

Shri Nand Kishore (DIN- 08267502) was inducted as an Additional Director on the Board w.e.f May 13, 2019. 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 IL&FS) (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.

Shri Ashwani Kumar (DIN- 00910864) was inducted as an Additional Director on the Board w.e.f May 13, 2019. 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 IL&FS) (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.

c. Re-appointment of Managing Director at the 13th AGM:

Shri Paritosh Kumar Gupta (DIN- 01054182) was re-appointed as Managing Director by the Board of Directors on 13 May 2019 for a period of 6 months effective from 19th May 2019. Approval of the Shareholders is being sought for his re-appointment as Managing Director in the ensuing Annual General Meeting pursuant to the provisions of the Section 196, 197, 203 and other applicable provisions if any, of the Companies Act 2013 ("The Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board recommends his re-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, 2019 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 contracts entered during the year with the Related Parties 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 2018-19. 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 years. The average profit before tax for the last three years viz., 2015-16, 2016-17 and 2017-18 was Rs 9.38 crores; 2% of which was Rs 18.76 Lakhs.

Your Company has spent Rs 18.86 Lakhs during the FY 2018-19. As against the CSR budget of Rs 18.76 Lakhs, the Company has spent an amount of Rs 18.86 Lakhs, which is in excess by Rs 10,330 for FY 2018-19.

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 2018-19 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 appointed as 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 2018-19 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 unqualified but has an emphasis on the following matters:

a. Note 13(2) of the standalone financial statements, in terms of which the Company has placed reliance on a letter from the party in assessing the collectability of long outstanding dues of Rs. 130.85 Crores (net of impairment Provision). Note 12(2) of the consolidated financial statements, in terms of which the Company has placed reliance on a letter from the party in assessing the collectability of long outstanding dues of Rs. 130.85 Crores (net of impairment Provision).

   Based on the proposal made by JBF Petrochemicals Limited, the Company has gross trade receivable of Rs.171.90 Cr against which Rs 25.55 Cr was provided towards impairment credit loss and Rs 15.49 Cr towards fair value loss.

b. Note 43(D)(ii) of the standalone financial statements, in terms of which, the Company is confident of resolving issues in confirmation of receivables and payables with related parties. Note 42(D)(ii) of the consolidated financial statements, in terms of which, the Company is confident of resolving issues in confirmation of receivables and payables with related parties.

   - Owing to interpretation of certain clauses of the Corridor agreement relating to O&M charges, MRPL has not confirmed an amount of Rs 1.14 Cr.
   - The Company is required to pay certain amounts for the land acquired from KIADB which are pending due to reconciliation with KIADB.
   - With respect to sharing of residual contribution to OMPL and MRPL as per the Corridor agreement, the Company has shown the amounts payable based on the estimated project cost and residual contribution would be determined once the project is completed and final project cost is finalized in all respects.

The Company is confident of resolving the issues in the above matters.

Internal Auditors

The Board of Directors have re-appointed M/s. Chokshi & Chokshi LLP, Chartered Accountants as Internal Auditors of the Company for the financial year 2018-19.

Secretarial Audit

The Board has re-appointed M/s P.N. Pai & Co, Company Secretaries to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 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 Records

The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

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 recommended for continuation of all Directors to the Board. 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 04, 2019, 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

Consequent to the demise of Late Shri A.K.Sahoo, the Audit Committee was re-constituted by the Board w.e.f December 15, 2018 by induction of Shri Paritosh Kumar Gupta as member of the Committee. Consequent to the induction of Shri Subhash Kumar as Director, the Audit Committee was re-constituted with following Directors as its members. The constitution consists of majority of members as Independent Directors, as required under section 177 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 ISN Prasad	Independent Director
Shri Subhash Kumar	Member

Matters recommended by the Audit Committee and reasons for not acceptance by the Board.

1. The 36th Audit Committee keeping in view of the utility business proposal, valuations required to be carried, divestments of stakes by the equity holders and other audits/certificates that might be required by the Company had recommended for appointment of M/s Maharaj N R Suresh and Co as statutory auditors for another term of 5 Years commencing from FY 2018-19, but the 53rd Board denied the recommendation of the appointment citing,the statutory auditors have to be rotated after completion of their term of 5 Years as a prudent Corporate Governance practice.

2. The 36th Audit Committee has recommended for payment of advisory fees to SBI Capital Markets for carving out Divestment of stake/carving out utility business as per the offer. But the 53rd Board has not accepted the recommendation and advised to split the offer into 2 distinct parts viz., Part-1 for studying the various options for unlocking the value and make a presentation to the Board and Part -2 carving out the divestment of the stake which can be undertaken after seeking the express approval of the Board.

Corporate Social Responsibility Committee

Consequent to the demise of Late Shri A.K. Sahoo, the Board of Directors had re-constituted the Corporate Social Responsibility Committee 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 P.B.Abdul Hameed	Member

Nomination and Remuneration Committee

Consequent to the resignation of Shri H. Kumar as Director and Shri Saibal Kumar De as Director, the Board at its 54th meeting held on September 05, 2018 and on 30th March 2019 had re-constituted the Nomination and Remuneration Committee with following Directors as its members. The constitution consists of half of Members as Independent Directors as required under Section 178 of the Companies Act, 2013. The details of the Terms of reference are provided in the Corporate Governance Report. The Nomination & 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	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 Honourable 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. The following are the members of the ICC., Mrs Ashwini Hegde (Presiding officer), Mrs Kavya Akshay, Mrs Veena Shetty, Mr. Sudarshan Nayak and Mr. V. Phani Bhushan. During the financial year ended 31st March, 2019, 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 had received one Compliant under the Vigil mechanism, the same was dealt as per the procedure envisaged in the policy of the Company.

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	2018-19	2017-18
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	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/-
Place: New Delhi	**Paritosh Kumar Gupta**	**M.Venkatesh**
Dated: 29.07.2019	Managing Director	Director
	DIN : 01054182	DIN :07025342

ANNEXURE I TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
(FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019)

[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
3rd Floor, Mangalore Urban Development Authority
(MUDA) Building, Urwa stores, Ashok Nagar
Mangalore, Karnataka - 575 006

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 2019 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 2019 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.

      a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;

      b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

      c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Registers to an issue and Share Transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;

e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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 28.09.2018;

h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
3 Board meetings were conducted in the period under review; however, 4 board meetings were conducted during the Calendar year as per Revised Secretarial Standard-1.

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 Managing Director and Whole-time Directors;

k) Payment of remuneration to Directors including the Managing Director and 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, 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.

Sd/-
CS Narasimha Pai P
Practicing Company Secretary
FCS No.9543, CP No.11629

Place: Mangalore
Date: 08/07/2019

ANNEXURE II TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018-19

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, 2019, the Company's Board of Directors comprised of Seven Directors consisting of one Executive Director and four Non-Executive Directors and Two Non-Executive and Independent Directors. The Details of the Directors are as under :

Name of Director	Designation	Category of Directorship
Shri Shashi Shanker	Chairman	Non-Executive Director
Shri Paritosh Kumar Gupta	Managing Director	Executive Director
Shri ISN Prasad	Independent Director	Non-Executive Director
Shri Srinivas S Kamath	Independent Director	Non-Executive Director
Shri M. Venkatesh	Nominee Director from ONGC	Non-Executive Director
Shri Subhash Kumar	Additional Director (Nominee of ONGC)	Non-Executive Director
Shri P.B. Abdul Hameed	Additional Director (Nominee of KCCI)	Non-Executive Director

Changes during the financial year 2018-19:

Name of the Director	Date of Resignation	Remarks
Shri H.Kumar	01/06/2018	Consequent upon superannuation from the services of MRPL as Managing Director, Shri H.Kumar has resigned as Director on the Board of Company
Shri Saibal Kumar De	07/12/2018	Resigned as Director of the Company.
Shri A.K .Sahoo	11/12/2018	Due to Demise
Smt. C. Vathika Kamath	02/02/2019	Consequent upon completion of his tenure as President of KCCI, Smt. Vathika Kamath resigned as Director of the Company.

Name of the Director	Date of Appointment	Remarks
Shri M.Venkatesh	25/06/2018	Nominee of ONGC
Shri Subhash Kumar	26/02/2019	Nominee of ONGC
Shri P.B.Abdul Hameed	26/02/2019	Nominee of KCCI
Shri Paritosh Kumar Gupta	14/05/2018	Re-appointed as Managing Director

Changes in the Board of Directors after 31st March 2019

1. Shri Nand Kishore was appointed as an Additional Director (Nominee of IL&FS) of the Company effective from 13th May, 2019, pursuant to the nomination made by IL&FS vide its letter dated 23rd April, 2019.
2. Shri Ashwani Kumar Kishore was appointed as an Additional Director (Nominee of IL&FS) of the Company effective from 13th May, 2019, pursuant to the nomination made by IL&FS vide its letter dated 23rd April, 2019.

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 Shashi Shanker (DIN 06447938) Director 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 Subhash Kumar (DIN: 07905656) who was appointed as additional director by the Board on 26th February 2019 is proposed to be appointed as Director at the ensuing Annual General Meeting. The Board of Directors of the Company recommends his appointment.

In terms of Section 160 of the Companies Act, 2013, Shri P.B. Abdul Hameed (DIN:02814115) who was appointed as additional director by the Board on 26th February 2019 is proposed to be appointed as Director at the ensuing Annual General Meeting. The Board of Directors of the Company recommends his appointment.

In terms of Section 160 of the Companies Act, 2013, Shri Nand Kishore (DIN: 08267502) who was appointed as additional director by the Board on 13th May 2019 is proposed to be appointed as Director at the ensuing Annual General Meeting. The Board of Directors of the Company recommends his appointment.

In terms of Section 160 of the Companies Act, 2013, Shri Ashwani Kumar (DIN: 00910864) who was appointed as additional director by the Board on 13th May 2019 is proposed to be appointed as Director at the ensuing Annual General Meeting. The Board of Directors of the Company recommends his appointment.

The Board of Directors at the 57th meeting held on May 13, 2019 have re-appointed Shri Paritosh Kumar Gupta, as the Managing Director of the company for further period of 6 months with effect from 19th May, 2019 at a remuneration of Nil, subject to the approval of the shareholders in the General Meeting. The Board of Directors of the Company recommends his re-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 2018-19

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

Number of the Meeting	Date of Meeting	Place of Meeting
53rd	14th May, 2018	New Delhi
54th	05th September, 2018	New Delhi
55th	27th December, 2018	New Delhi

Attendance of Directors as on March 31, 2019 at the Board meetings held during the financial year 2018-19 and attendance at the 12th 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 12th AGM	Directorships in other companies*	No. of outside committee #	
					Member	Chairman
Shri Shashi Shanker	3	3	Absent	7	-	-
Shri Paritosh Kumar Gupta	3	3	Present	8	1	-
Shri I.S.N Prasad	3	1	Absent	10	-	-
Shri Srinivas S Kamath	3	3	Present	-	-	-
Shri M.Venkatesh	3	2	Present	4	2	-
Shri Subhash Kumar (w.e.f 26.02.2019)	3	NA	NA	6	2	-
Shri P.B. Abdul Hameed (w.e.f 26.02.2019)	3	NA	NA	1	-	-

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) at the Board meetings held during the financial year 2018-19 and attendance at the 12th 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 12th AGM	Directorships in other companies*	No. of outside committee #	
					Member	Chairman
Shri H.Kumar (Up to 01/06/2018)	3	1	NA	4	-	-
Shri Saibal Kumar De (Up to 07/12/2018)	3	1	Absent	10	1	-
Smt C.Vathika Kamath (Up to 02/02/2019)	3	0	Present	1	-	-
Shri A.K.Sahoo (Up to 11/12/2018)	3	2	Absent	2	2	-

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.

Following are the Independent Directors as at 31st March, 2019.

Name	Date of Appointment	Tenure
Shri I.S.N Prasad	28th March 2015	5 Years
Shri Srinivas S. Kamath	28th March 2015	5 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:

The Non-Executive Directors do not hold any shares in the Company.

Audit Committee

The Company has a duly Constituted Audit Committee in accordance with the provisions of the Companies Act, 2013. 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 2018-19;

Number of the meeting	Date of Meeting	Place of meeting
36th	11th May, 2018	Bangalore
37th	05th September, 2018	New Delhi
38th	27th December, 2018	New Delhi
39th	04th January, 2019	Bangalore
40th	06th March, 2019	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 ISN Prasad	Member & Independent Director	5	3
Shri A.K.Sahoo*	Member	5	1
Shri Paritosh Kumar Gupta**	Member	5	1
Shri Subhash Kumar***	Member	5	-

*Ceased to be member w.e.f 11th December, 2018.

**Member w.e.f 15th December, 2018.

*** Member w.e.f 30th March, 2019

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 constituted on 29th August 2014 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.

One meeting of the Corporate Social Responsibility Committee was held during the financial year 2018-19;

Number of the meeting	Date of Meeting	Place of meeting
7th	05th September, 2018	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	1	1
Shri Paritosh Kumar Gupta	Member	1	1
Shri A.K.Sahoo*	Member	1	1
Shri P.B.Abdul Hameed**	Member	1	NA

*Ceased to be member w.e.f 11th December, 2018.

** Member w.e.f 30th March, 2019

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

One meeting of the Nomination and Remuneration Committee was held during the financial year 2018-19;

Number of the meeting	Date of Meeting	Place of meeting
7th	11th May 2018	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 tenure	No. of meetings attended
Shri Srinivas S Kamath (w.e.f 11/05/2017)	Chairman & Independent Director	1	1
Shri ISN Prasad	Member & Independent Director	1	1
Shri H Kumar*	Member	1	1
Shri Saibal Kumar De**	Member	1	1
Shri M.Venkatesh (w.e.f 05.09.2018)	Member	1	-
Shri Subhash Kumar (w.e.f 30.03.2019)	Member	1	-

*Resigned as Director w.e.f 01st June, 2018.

** Resigned as Director w.e.f 07th December 2018

Committee of Directors (COD)

The Committee of Directors is constituted for exercising the 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 2018-19 on 14th November, 2018.

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 A.K. Sahoo*	Member	1	-
Shri Saibal Kumar De (w.e.f 05/03/2019)	Member	1	-NA-
Shri M.Venkatesh (w.e.f 30/03/2019)	Member	1	-NA-
Shri Srinivas S Kamath (w.e.f 30/03/2019)	Member	1	-NA-

* Ceases to be a Director w.e.f 11th December, 2018

Dissolution of HRM Committee & Business Committee :

The scope of HRM Committee viz 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 etc., was included under the Terms of reference of the Nomination and Remuneration Committee.

The scope of Business Committee pertaining to review of annual capital and revenue budgets was included under the Terms of reference of the Audit Committee and the Scope of Business Committee pertaining to Consideration of proposals of new capital investment, marketing related proposals beyond the approved business plan was included under the Scope of the Committee of Directors.

In view of the above, the Board of Directors vide circular resolution dt 30th March, 2019 have dissolved the HRM Committee and Business Committee.

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 2018-19 are provided hereunder

Name of Director	Amount in Rs
Shri ISN Prasad	1,00,000
Shri S.S. Kamath	2,00,000

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, 2018 to March 31, 2019 is around Rs. 30,00,000/-.

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 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 2016	29th September 2016	12.45 Hrs	Hotel Le-Meridien, No.28, Sankey Road, Bangalore - 560 052	a. Appointment of Shri Paritosh Kumar Gupta as Managing Director b. Resolution under 180(1)(c) c. Resolution under 180(1)(a) d. Transfer of Assets and Liabilities of power distribution business of MSEZL to MSEZ Power Ltd.
31st March 2017	19th August 2017	9.30 Hrs	3rd floor, MUDA Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006	a. 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	b. Appointment of Shri Paritosh Kumar Gupta as Managing Director

Extra-ordinary General Meeting

During the year under review, the company has not conducted any 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 March 31, 2019.

CEO and CFO Certification

Certificate on the financial statement and internal controls relating to financial reporting from Managing Director and Chief Operating Officer & Head (Finance & Accounts) I/c of the Company for the year ended 31st March, 2019 was submitted to the Board at its meeting held on 13th May, 2019.

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 September 27, 2019

c. Financial Calendar: April to March

d. Book Closure: None

e. ISIN: INE04YJ01012

f. Registrars/Transfer Agent:	**Karvy Fintech Private Limited** Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana Contact person: Mr. S P Venugopal, DGM – Corporate Registry, (040) 67162222, email: venu.sp@karvy.com
g. Shareholders' Enquiries:	Shri V.Phani Bhushan, Company Secretary, E-mail ID for shareholders' queries: Email: phanibhushan@msezl.com
h. Address for correspondence:	3rd Floor, MUDA Building, Ashoknagar, Urwa Stores, Mangalore-575006, Phone: 0824-2452748 / 2452750 Fax: 0824-2452749
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 2019:

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/-
Place: New Delhi	**Paritosh Kumar Gupta**	**M.Venkatesh**
Dated: 29.07.2019	Managing Director	Director
	DIN : 01054182	DIN :07025342

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	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
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	a) Sale of products b) Supply of services	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 Crores)	Nil	a) 0.30 b) 0.20	a) 0.04	a) 2.34 b) 29.36 c) 9.38 d) 0.10	a) 25.42 b) 25.63	a) 32.35

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	Subsidiary Company	Chief Operating 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	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
d	Salient terms of the contracts or arrangements or transaction including the value, if any	a) Supply of goods	a) Supply of services	Chief Operating Officer	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	15th October 2016	29th August 2014	12th May 2016
g	Amount incurred during the year (Rs. In Crores)	a) 5.46	a) 0.00	a) 0.54	a) 0.80	a) 0.22

On Behalf of the Board
For Mangalore SEZ Limited

Place: New Delhi
Dated: 29.07.2019

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
M.Venkatesh
Director
DIN :07025342

ANNEXURE IV TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

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 2018-19. The CSR Policy is available at companies Website viz www.mangaloresez.com under policies.
2. Composition of CSR Committee	Shri S.S.Kamath– Chairman Shri Paritosh Kumar Gupta – Member Shri P.B. Abdul Hameed– Member
3. Average net profit (PBT) of the Company for last three financial years	Rs 9.38 Cr
4. Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above)	Rs 18.76 Lakhs
5. Details of CSR spent during the financial year:	Rs 18.86 Lakhs
Total amount to be spent for the financial year	Rs 18.76 Lakhs
Amount unspent, if any	Nil
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.	Not Applicable
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 2018-19

(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	Rural Development projects for upliftment of livelihood of the society and promoting education and other allied activities.	Under clause (ii) of Schedule VII of the Act –Promoting education, Livelihood enhancement and Rural Development projects	Distribution of text and academic books, Screen, LCD projector, drawing materials, benches, cupboards, Audio systems, printer and wall slate etc., to school buildings at various villages majority falling under Local area viz Jokatte, Koragatte, Surathkal, Kenjar, Thodambila, Kulai, Parapade, Accharakatte, Kalavaru, Katipalla, Mangalore, Dakshina Kannada (Dist), Karnataka	Rs 6,00,000	Rs 5,01,760 (Direct & no overheads)	Rs 5,01,760	Direct
2	Providing Health Care, sanitation and other allied activities	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	Beach cleaning, eye camp, distribution of food, Rice bags, providing water purifiers and portable water facilities, construction of toilet blocks and advertising for anti-malaria Campaign, providing water heater at Surathkal, Bajpe, Balagrama panchayat, Daddalakadu, Konchady, Managalore, Dakshina Kannada Dist, Karnataka.	Rs 6,00,000	Rs 12,23,900 (Direct & no overheads)	Rs 12,23,900	Direct

3	Protection of National Heritage, arts and Culture, Promotion and development of arts and Handicrafts	Clause (v) of Schedule VII of the Act – Promoting and Protection of Arts, Public libraries and National Heritage.	Promoting traditional art games and culture called Yakshagana, Rangachavadi and other arts at Kadri, Kavoor, Mangalore, Dakshina Kannada, Karnataka.	Rs 2,00,000	Rs 55,000 (Direct & no overheads)	Rs 55,000	Direct
4	Conservation of environment by way Green nurturing programme in Schools	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 3,00,000	Rs 80,670 (Direct & no overheads)	Rs 80,670	Direct
5	Any other CSR activity	Schedule VII of the Act	To provide aid to the families of soldiers martyred in the Kargil war on the eve of Kargil Vijay divas at Surathkal, Mangalore	Rs 1,76,000	Rs 25,000	Rs 25,000	Direct
6	**Total**					**Rs 18,86,330**	

On Behalf of the Board
For Mangalore SEZ Limited

Place: New Delhi
Dated: 29.07.2019

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
S.S.Kamath
CSR Committee Chairman
DIN : 01079043

ANNEXURE V TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2019

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

I. REGISTRATION & 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	3rd Floor, MUDA Building, Urwa Stores, Ashok Nagar, Mangalore, Karnataka- 575 006 Tel: 0824- 2452760 Fax: 0824–2452749
vi	Whether listed company	No
vii	Name, Address & contact details Of the Registrar & Transfer Agent, if any.	**Karvy Fintech Private Limited** Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana Contact person: Mr. S P Venugopal, DGM – Corporate Registry (040) 67162222, email: venu.sp@karvy.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	59.64%
2	Sale of Power	351: Collection and distribution of electric energy	15.63%

* 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	Nameand Address of the Company	CIN/GLN	Holding/subsidiary /Associate	% of shares held	Applicable Section
1	Mangalore STP Limited 3rd Floor, MUDA Building, Urwa Stores, Mangalore – 575 006	U90009KA2011PLC057826	Subsidiary	70	2(87)(ii)
2	MSEZ Power Limited 3rd Floor, MUDA Building, Urwa Stores, Mangalore – 575 006	U40104KA2014PLC077363	Subsidiary	100	2(87)(ii)

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	0	1200	1200	0.0024	100	1100	1200	0.0024	0	0
b) Central Govt. or State Govt.	0	2,45,00,000	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	0	2,55,00,000	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)	**0**	**5,00,01,200**	**5,00,01,200**	**100**	**1,30,00,100**	**3,70,01,100**	**5,00,01,200**	**100**	**0**	**0**
(2) Foreign										
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)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**5,00,01,200**	**5,00,01,200**	**100**	**1,30,00,100**	**3,70,01,100**	**5,00,01,200**	**100**	**0**	**0**

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)	**0**	**5,00,01,200**	**5,00,01,200**	**100**	**1,30,00,100**	**3,70,01,100**	**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	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
2	Shri Paritosh Kumar Gupta, Managing Director				
	At the beginning of the year	500	0.0010	500	0.0010
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/sweat equity etc):				
	At the end of the year	500	0.0010	500	0.0010
3	Shri I S N Prasad, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
4	Shri Subhash Kumar, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5	Shri Srinivas Santhayya Kamath, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
6	Shri P.B.Abdul Hameed, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
7	Shri M.Venkatesh, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
8	Shri Gouranga Charan Swain, Chief Financial Officer				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
9	Shri V.Phani Bhushan, Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	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	57,280.71 - -	-	-	57,280.71 - -
Total (i+ii+iii)	**57,280.71**	**-**	**-**	**57,280.71**
Change in Indebtedness during the financial year • Addition • Reduction	2,293.97	-	-	2,293.97
Net Change	**2,293.97**	**-**	**-**	**2,293.97**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	- -	- -	- -	- -
Total (i+ii+iii)	**54,986.74**			**54,986.74**

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	30.00 - -	30.00 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	- -	- -
5.	Others, please specify	-	-
	Total (A)	**30.00***	**30.00**

*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 - -	2.00 - -	3.00 - -
	Total (1)	**1.00**	**2.00**	**3.00**
2.	Other Non-Executive Directors	Shri Shashi Shanker, Shri Subhash Kumar, Shri M.Venkatesh, Shri P.B.Abdul Hameed		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**	**2.00**	**3.00**
5.	Total Managerial Remuneration (A+B)			**33.00**
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 Gouranga Charan Swain 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	80.00 - -	22.00 - -	102.00 - -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	- -	- -	- -
5.	Others, please specify	-	-	-
	Total	**80.00***	**22.00**	**102.00**

*Includes full and final settlement made on superannuation

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/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
M.Venkatesh
Director
DIN :07025342

Place: New Delhi
Dated: 29.07.2019

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	(1.08)
5	Total Assets	121.50	5.62
6	Total Liabilities	121.50	5.62
7	Investment other than investment in Subsidiary	0	0
8	Turnover*	803.01	0
9	Profit /(Loss) before Tax	0	0.07
10	Provision for Taxation	0	0.02
11	Profit /(Loss) after taxation	0	0.05
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/-
Place: New Delhi	**Paritosh Kumar Gupta**	**M.Venkatesh**
Dated: 29.07.2019	Managing Director	Director
	DIN : 01054182	DIN :07025342

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 comprise of the Balance Sheet as at March 31, 2019, 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, 2019, the profit 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's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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 to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to –

1. Note 13(2) of the standalone financial statements, in terms of which the Company has placed reliance on a letter from the party in assessing the collectability of long outstanding dues of Rs. 130.85 Crores (net of impairment provision).
2. Note 43(D)(ii) of the standalone financial statements, in terms of which, the Company is confident of resolving issues in confirmation of receivables and payables with related parties.

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.
   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, 2019 taken on record by the Board of Directors, none of the directors 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 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. 48(b) 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/-
Bidyut Prakas Bhattacharya
Partner
(Membership No.053906)

Place: New Delhi
Date: 13th May, 2019

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 Managalore 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 March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Sd/-
Bidyut Prakas Bhattacharya
Partner
(Membership No.053906)

Place: New Delhi
Date: 13th May, 2019

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 41(i) of the Financial Statements, registered title deeds in the name of the Company are not available for the following as on 31.03.2019 –

1) 320.2327 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, etc which have not been deposited as at March 31, 2019 on account of dispute are given below:

Name of the Statute	Nature of dues	Rupees in Cr.	Period to which it relates	Forum where dispute is pending
Karnataka Irrigation (Levy of Water Rates) Rules, 2002	Water Cess	19.78	2018-19	Water Resources Department, Govt of Karnataka
Income-Tax act, 1961	TDS default	0.08	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/-
Bidyut Prakas Bhattacharya
Partner
(Membership No.053906)

Place: New Delhi
Date: 13th May, 2019

Balance Sheet as at 31st March, 2019

Rs. in Crores

		Notes	As at 31.03.2019	As at 31.03.2018
	ASSETS			
(1)	**Non-current Assets**			
	(a) Property, plant and equipment	3	781.71	823.31
	(b) Capital work in progress	4	188.87	170.57
	(c) Investment Property	5	456.53	449.89
	(d) Other Intangible Assets	6	13.21	13.88
	(e) Financial Assets			
	(i) Investments	7	0.09	0.09
	(ii) Trade Receivables	8	0.50	0.50
	(iii) Loans	9	5.26	5.19
	(iv) Others	10	0.003	0.003
	(f) Other non-current assets	11	12.58	26.65
			1,458.75	**1,490.08**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Investments	12	52.93	54.87
	(ii) Trade receivables	13	187.22	169.78
	(iii) Cash and cash equivalents	14	17.73	8.12
	(iv) Bank Balances other than (iii) above	15	13.54	16.20
	(v) Loans	16	0.02	0.01
	(vi) Others	17	0.63	0.97
	(b) Current tax asset (Net)	18	-	0.79
	(c) Other current assets	19	2.98	3.54
			275.05	**254.28**
	Total Assets		**1,733.80**	**1,744.36**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity Share capital	20	50.00	50.00
	(b) Other equity	21	25.66	20.82
			75.66	**70.82**
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	549.87	562.92
	(ii) Other financial liabilities	23	0.76	0.29
	(b) Provisions	24	1.72	1.50
	(c) Deferred tax liabilities (Net)	25	8.91	40.74
	(d) Other Non Current Liabilities	26	973.61	931.66
			1,534.87	**1,537.11**
(3)	**Current liabilities**			
	(a) Financial Liabilities			
	(ii) Trade payables	27	10.65	19.60
	(iii) Other financial liabilities	28	60.95	83.50
	(b) Other current liabilities	29	33.45	25.26
	(c) Provisions	30	15.62	8.07
	(d) Current tax liabilities (net)	31	2.60	-
			123.27	**136.43**
	Total liabilities		**1,658.14**	**1,673.54**
	Total Equity and Liabilities		**1,733.80**	**1,744.36**

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

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head (Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 13.05.2019

Place: New Delhi
Date: 13.05.2019

Statement of Profit and Loss for the year ended 31st March, 2019

Rs. in Crores

	Particulars	Notes	Year 2018-19	Year 2017-18
I	Revenue from Operations	32	206.81	174.23
II	Other Income	33	5.83	3.14
III	**Total Income (I+II)**		**212.64**	**177.37**
IV	**EXPENSES**			
	Cost of purchased power	34	25.57	25.55
	Employee benefit expense	35	7.98	8.10
	Finance costs	36	47.36	50.90
	Depreciation and amortisation expense	37	44.97	41.46
	Other expenses	38	85.77	40.44
	Total Expense (IV)		**211.65**	**166.45**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**0.99**	**10.92**
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V - VI)**		**0.99**	**10.92**
VIII	**Tax expense**	39		
	(1) Current tax		29.54	7.87
	(2) Deferred tax		(30.97)	(0.61)
	Total Tax expense		**(1.43)**	**7.26**
IX	**Profit/(loss) for the period from continuing operations (VII - VIII)**		**2.42**	**3.66**
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)**		**2.42**	**3.66**
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)		(0.02)	0.01
	(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		-	-
			(0.02)	0.01
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**2.40**	**3.67**
XVI	**Earnings per equity share:**	46		
	(1) Basic		0.48	0.73
	(2) Diluted		0.48	0.73

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

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head (Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:13.05.2019

Place: New Delhi
Date:13.05.2019

Statement of Changes in Equity for the year ended 31st March, 2019

(A) Equity Share Capital

Rs. in Crores

Balance at the beginning of the reporting period April 01, 2018	**50**
Changes in equity share capital during the year	-
Balance at the end of the reporting period March 31, 2019	**50**

(B) Other Equity

Rs. in Crores

Particulars	Reserves and Surplus	TOTAL
	Retained Earnings	
Balance as at 1st April, 2017 (A)	17.15	17.15
Additions during the year:		-
Profit/(Loss) for the year	3.66	3.66
Items of OCI for the year, net of taxes:		-
Remeasurement benefit of defined benefit plans	0.01	0.01
Total Comprehensive Income for the year 2017-18 - (B)	**3.67**	**3.67**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2018 (D)= (A+B-C)	**20.82**	**20.82**
Changes in accounting policy (Refer Note 40)	2.44	2.44
Restated balance at the beginning of the reporting period April 01, 2018 (E)	**23.26**	**23.26**
Additions during the year:		
Profit/(Loss) for the year	2.42	2.42
Items of OCI for the year, net of taxes:		
Remeasurement benefit of defined benefit plans	(0.02)	(0.02)
Total Comprehensive Income for the year 2018-19 - (F)	**2.40**	**2.40**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (G)	-	-
Balance at the end of the reporting period March 31, 2019 (E+F-G)	**25.66**	**25.66**

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head
(Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 13.05.2019

Place: New Delhi
Date: 13.05.2019

Cash Flow Statement for the year ended 31st March, 2019

Rs. in Crores

	Particulars	Year 2018-19		Year 2017-18	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax	**0.99**		**10.92**	
	Adjustments for:				
	- Depreciation & Amortisation expense	44.97		41.46	
	- Impairment	47.25		7.09	
	- Interest on Borrowings	46.31		49.84	
	- Interest on security deposits measured at fair value	0.08		0.06	
	- Provision for Gratuity	0.22		0.23	
	- Provision for Leave Encashment	0.30		0.23	
	- Provision for other Employee benefits	0.60		0.84	
	- Insurance claim received	(0.03)		-	
	- Interest Income	(1.50)		(1.32)	
	- Interest from security deposits measured at fair value	(0.13)		(0.08)	
	- Dividend Income	(1.39)		(1.41)	
	- Deferred Government Grant	(0.33)		(0.08)	
	- Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	0.18		0.00	
	Operating Profit before Working Capital Changes	**137.53**		**107.78**	
	Adjustments for:-				
	- (Increase)/decrease in Trade and other receivables	(60.78)		(103.59)	
	- (Increase)/decrease in Other assets	2.70		(1.18)	
	- Increase/(Decrease) in Trade payable and other liabilities	34.67		108.61	
	- Increase/(Decrease) in provisions	(1.13)		(0.51)	
	Cash generated from Operating activities	**112.99**		**111.10**	
	Income Tax Paid (net of refund)	(14.77)		(2.34)	
	Net Cash generated from Operating activities		**98.22**		**108.77**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Payments for Property, plant and equipment	(21.16)		(44.83)	
	Payments for investment property	(7.42)		(6.24)	
	Proceeds from sale of Property, plant and equipment	0.88		0.00	
	Receipt of government grants	0.99		2.97	
	Purchase of Term Deposits	(8.32)		(9.16)	
	Proceeds from maturity of term deposits	10.97		0.00	
	Dividend received from Others	1.39		1.41	
	Interest received	1.47		1.36	
	Net Cash (used) in Investing activities		**(21.30)**		**(54.49)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from non-current borrowings	-		-	
	Repayment of non-current borrowings	(23.07)		(6.61)	
	Finance Cost paid	(46.18)		(51.79)	
	Net Cash (used) in Financing activities		**(69.25)**		**(58.40)**
D.	**Net (Decrease)/Increase in cash and cash equivalents [A+B+C]**		**7.67**		**(4.12)**
	Add: Cash and Cash Equivalents as at 1st April		62.99		67.11
	Cash and cash Equivalents as at 31st March		**70.66**		**62.99**

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 Crores

iv	Cash and cash Equivalents as per above comprises of:	As at March 31, 2019	As at March 31, 2018
	Balances with Banks:		
	Current account	9.73	4.08
	Deposits with original maturity of less than three months	8.00	4.04
	Deposits with original maturity of more than three months	-	-
	Cash on hand	0.0011	0.00
	Add: Investment in liquid mutual funds	52.93	54.87
	Cash and cash equivalents in Cash Flow Statement	**70.66**	**62.99**

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 Crores

	As at 31.03.2018	Cash Flows	Non-cash changes		As at 31.03.2019
			Fair value changes	Current/ Non-current classification	
Borrowings - Non Current	562.92	(13.18)	0.13	-	549.87
Other Financial Liabilities	9.89	(9.89)	-	-	-

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head (Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 13.05.2019

Place: New Delhi
Date: 13.05.2019

1. Corporate information

Mangalore SEZ Limited (MSEZ) is a Public Limited Company domiciled and incorporated in India having its Registered Office at 3rd Floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006.

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 Mangalore.

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
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 Ind AS 116 - Leases

On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The effective date for adoption of Ind AS 116 is annual accounting periods beginning on or after April 1, 2019. Accordingly, this standard is not applicable for preparation of the financial statement for the year ended 31.03.2019. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. This standard introduces single accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The company would evaluate the impact of this standard and disclose the same in the annual periods beginning on or after April 1, 2019.

2.12 Revenue recognition

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.

Effective from 1st April, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. Thus, opening reserves is restated at the beginning of the reporting period 01st April, 2018 (refer note 40).

Lease Income and Lease rentals paid are recognized in accordance with the recognition and measurement principles as per Ind AS 17 – Leases

a) Lease Premium:

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

b) Lease Rentals:

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

c) Sale of Goods

Revenue arising from sale of goods is recognized when the significant Risks and Rewards are 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 River water and Tertiary Treatment Plant are recognized on the basis of quantity committed/delivered to the units and invoiced at the agreed rates.
2. Income from licensed activity (distribution of power) is recognized as per actual consumption billed at Karnataka Electricity Regulatory Commission (KERC) approved tariff.

d) 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) 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.

e) 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 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 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.

2.15 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 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.

2.16 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 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.

2.17 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 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.

2.19 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 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.

2.20 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 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 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 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 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.

2.21 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 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 are 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 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 amortisation 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.

2.22 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 Company 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, MSEZ 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.

2.26 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 49), 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.

2.27 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 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 Crores

	Gross carrying amount				Depreciation /Amortisation				Net carrying amount	
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land - Leasehold	0.36	-	-	**0.36**	0.06	0.02	-	**0.08**	**0.28**	0.30
Buildings	432.56	1.29	0.81	**433.04**	16.32	12.46	0.04	**28.74**	**404.30**	416.24
Plant and equipment	401.20	2.21	0.03	**403.38**	34.65	14.73	0.03	**49.35**	**354.03**	366.55
Furniture and fixtures	0.85	0.01	-	**0.86**	0.38	0.08	-	**0.46**	**0.40**	0.47
Vehicles	1.92	-	-	**1.92**	0.40	0.23	-	**0.63**	**1.29**	1.52
Office equipment	0.62	0.06	0.04	**0.64**	0.40	0.11	0.03	**0.48**	**0.16**	0.23
Roads	80.88	-	0.06	**80.82**	42.88	16.70	0.01	**59.57**	**21.25**	38.00
Total	**918.39**	**3.57**	**0.94**	**921.02**	**95.09**	**44.33**	**0.11**	**139.31**	**781.71**	**823.31**
Previous Year	**591.02**	**327.38**	**0.004**	**918.39**	**54.30**	**40.80**	**0.00**	**95.09**	**823.31**	**536.73**

3(i) Interest capitalized during the year is NIL (previous year - Rs.2.25 Cr).

3(ii) 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(iii) Refer Note No.48(a) for disclosure of contractual commitments for acquisition of Property, Plant & Equipment.

3(iv) **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:

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

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

(iii) 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.

(iv) 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'.

(v) 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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Capital work in progress		
Development of Land	108.41	102.73
Infrastructure Development	80.46	67.84
Total	**188.87**	**170.57**

4(i) Capital work in progress includes Rs. 108.41 Cr as at March 31, 2019 (Rs.102.34 Cr as at March 31, 2018) 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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Rehabilitation Compensation including training	2.35	0.62
Rehabilitation Colony Development Cost	13.02	7.22
Total	**15.37**	**7.84**

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. 48 (a) for disclosure of contractual commitments for acquisition of Plant, Property & Equipment.

Note 5: Investment Property

Rs. in Crores

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land - Lease cum Sale	449.89	7.42	0.78	**456.53**	-	-	-	-	**456.53**	449.89
Previous Year	**443.64**	**6.24**	**-**	**449.89**	**-**	**-**	**-**	**-**	**449.89**	**443.64**

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

5(ii) Refer Note 41(i) on Finance lease.

5(iii) Refer note 47 on 'amounts recognised in statement of profit & loss account'.

5(iv) Refer Note No.48 (a) for disclosure of contractual 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 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Intangible Assets										
Specialised Software	0.02	-	-	**0.02**	0.01	0.00	-	**0.01**	**0.01**	0.01
Barrage usage rights	15.84	-	-	**15.84**	1.98	0.66	-	**2.64**	**13.20**	13.86
Total	**15.86**	**-**	**-**	**15.86**	**1.99**	**0.66**	**-**	**2.65**	**13.21**	**13.88**
Previous Year	**15.86**	**-**	**-**	**15.86**	**1.32**	**0.66**	**-**	**1.99**	**13.88**	**14.54**

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 Crores

Particulars	No of shares	Face value (Rs.)	As at 31.03.2019	As at 31.03.2018
Investments in Equity Instruments:				
Unquoted Equity Shares				
Subsidiaries (measured at cost)				
a) MSEZ Power Limited, Mangalore (Wholly owned subsidiary)	0.005	10	0.05	0.05
50,000 shares as on March 31, 2019; 50,000 shares as on March 31, 2018				
b) Mangalore STP Limited, Mangalore (Partly owned subsidiary)	0.004	10	0.04	0.04
35,000 shares as on March 31, 2019; 35,000 shares as on March 31, 2018				
Total			**0.09**	**0.09**
Aggregate amount of unquoted investments - At Cost			**0.09**	**0.09**

Note 8: Trade Receivables

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	0.50	0.50
(c) Unsecured, considered doubtful debts	-	-
Less: Allowance for doubtful debts	-	-
Total	**0.50**	**0.50**

Note 9: Loans

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Security Deposit	5.26	5.19
Total	**5.26**	**5.19**

Break-up for Security Details

Particulars	As at 31.03.2019	As at 31.03.2018
Secured, considered good	-	-
Unsecured, considered good	5.26	5.19
Unsecured, considered doubtful	-	-
Total	**5.26**	**5.19**

Note 10: Other Financial Assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Balance with banks (more than 12 months)	0.003	0.003
Total	**0.003**	**0.003**

Note 11: Other Non current Assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Advances:	1.54	3.35
Others		
- Security deposits	0.55	0.59
- Income Tax (Net of Provision)	10.49	22.71
Total	**12.58**	**26.65**

Note 12: Investments

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Investments in Mutual Funds - Quoted		
(i) UTI Liquid cash plan -Institutional- Direct Plan- Daily dividend reinvestment		
NIL (Previous year 1,47,641.072 units of NAV Rs.1019.4457 each)	-	15.05
(ii) SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend		
NIL (Previous year 2,37,701.815 units of NAV Rs.1675.03 each)	-	39.82
(iii) SBI Liquid Fund - Direct Daily Dividend		
527,631.361 units of NAV Rs.1003.2500 each	52.93	-
Total	**52.93**	**54.87**
Aggregate amount of quoted investments - At market value	**52.93**	**54.87**

Note 13: Trade Receivables

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	187.22	169.78
(c) Unsecured, considered doubtful debts	45.89	18.14
	233.11	**187.92**
Less: Allowance for doubtful debts	45.89	18.14
Total	**187.22**	**169.78**

(1) Trade receivables includes balance aged more than one year Rs. 110.07 Crores (net of impairment provision) for which the Company is confident of obtaining balance confirmations.

(2) Trade receivables includes dues of Rs.130.85 Cr (net of impairment provision) from a party which, in the opinion of the company is not credit impaired. The Company places its reliance on the letter from party dated 09.04.2019, wherein the party has assured to pay the dues.

Note 14: Cash and Bank Balances

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
(A) Cash and cash equivalents		
(a) Balances with banks:		
Current accounts	9.73	4.08
(b) Cash on hand	0.0011	0.0008
Total (A)	**9.73**	**4.08**
(B) Other balances with banks		
Term deposits with original maturity of less than three months	8.00	4.04
Total (B)	**8.00**	**4.04**
Total (A+B)	**17.73**	**8.12**

Note 15: Bank Balances other than above

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
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	13.54	16.20
Total	**13.54**	**16.20**

Note 16: Loans

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Security Deposit	0.02	0.01
Total	**0.02**	**0.01**

Break-up for Security Details

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Secured, considered good	-	-
Unsecured, considered good	0.02	0.01
Unsecured, considered doubtful	-	-
Total	**0.02**	**0.01**

Note 17: Others

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Due from related parties	0.01	0.01
Interest accrued on deposits	0.37	0.34
Other Receivables	0.25	0.62
Total	**0.63**	**0.97**

Note 18: Current tax asset (net)

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Income tax (Net of provisions)	-	0.79
Total	**-**	**0.79**

Note 19: Other current assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances other than capital advances		
(i) Advances to Suppliers	0.14	0.03
(ii) Balances with government authorities		
Goods and Service Tax Input	1.11	0.61
Service Tax	0.10	0.17
VAT	0.75	0.75
Prepaid expenses	0.88	1.99
Total	**2.98**	**3.54**

Note 20: Equity Share Capital

Authorised, Issued, Subscribed and Paid up Share Capital:

Rs. in Crores

	As at 31.03.2019	As at 31.03.2018
Authorised		
425000000 Equity Shares of Rs. 10 each	425	425
Issued		
100000000 Equity Shares of Rs. 10 each fully paid up	100	100
Subscribed and fully Paid up capital		
50001200 Equity Shares of Rs. 10 each fully paid up	50.0012	50.0012
	50	**50**

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

Fully paid Equity shares	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount in Rs. Cr	No. of Shares	Amount in Rs. Cr
At the beginning of the year	5,00,01,200	50.0012	5,00,01,200	50.0012
Add: Issued during the year	-	-	-	-
At the end of the year	**5,00,01,200**	**50.0012**	**5,00,01,200**	**50.0012**

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 31.03.2019		As at 31.03.2018	
	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 Crores

Particulars	Reserves and Surplus	
	Retained Earnings	Total
Balance as at 1st April, 2017 (A)	**17.15**	**17.15**
Additions during the year:		
Profit/(Loss) for the year	3.66	3.66
Items of OCI for the year, net of taxes:		
Remeasurement benefit of defined benefit plans	0.01	0.01
Total Comprehensive Income for the year 2017-18 - (B)	**3.67**	**3.67**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	**-**	**-**
Balance at the end of the reporting period March 31, 2018 (D) = (A+B-C)	**20.82**	**20.82**
Changes in accounting policy or prior period errors (Refer Note 40)	2.44	2.44
Restated balance at the beginning of the reporting period April 01, 2018 (E)	**23.26**	**23.26**
Additions during the year:		
Profit/(Loss) for the year	2.42	2.42
Items of OCI for the year, net of taxes:		
Remeasurement benefit of defined benefit plans	(0.02)	(0.02)
Total Comprehensive Income for the year 2018-19 - (F)	**2.40**	**2.40**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (G)	**-**	**-**
Balance at the end of the reporting period March 31, 2019 (E+F-G)	**25.66**	**25.66**

Note 22: Borrowings

Rs. in Crores

Particulars	Maturity date	Terms of repayment	Effective interest rate	As at 31.03.2019	As at 31.03.2018
Secured					
Rupee Term Loans	March 2032	Sixty two unequal quarterly installments	8.84% (8.24%)*	549.87	572.81
Total non-current borrowings				**549.87**	**572.81**
Less: Amount included under the head "Other financial liabilities" - 'Current maturities of long-term debt ' (Refer note 28)				-	(9.89)
Total				**549.87**	**562.92**

* Indicates the EIR as at 31.03.2018

(i) Term loan from banks including current maturities is secured by mortgage 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 rehabilitation 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 accruing to the project.

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

Note 23: Other financial liabilities

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade Deposits	0.76	0.29
Total	**0.76**	**0.29**

Note 24: Provisions

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits		
Provision for Gratuity (Refer Note 44)	1.00	0.83
Provision for Compensated absences (Refer Note 44)	0.72	0.67
Total	**1.72**	**1.50**

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, 2019

Rs. in Crores

Particulars	Balance Sheet	Profit and Loss	OCI	Balance Sheet
	01.04.2018	2018-19	2018-19	31.03.2019
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	47.74	3.02	-	50.76
Difference between written down value of Intangible assets as per the books of accounts and Income Tax Act, 1961	2.99	(0.28)	-	2.70
Provision for expense allowed for tax purpose on payment basis	(0.90)	0.83	-	(0.07)
Remeasurement benefit of the defined benefit plans through OCI	0.01		(0.01)	-
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	(9.53)	(35.40)		(44.93)
Difference in carrying value and tax base of unwinding of security deposit	0.01	0.10		0.11
Difference in carrying value and tax base of term loan measured at amortized cost	0.45	(0.11)		0.34
MAT Credit	(0.03)	0.87		
Net Deferred tax liabilities	**40.74**	**(30.97)**	**(0.01)**	**8.91**

Note 26: Other non Current Liabilities

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances from customers	977.89	932.65
Less: Amount included under the head 'Other Current liabilities' - Advances from customers (refer note 29)	(25.52)	(20.76)
Total (A)	**952.37**	**911.89**
Government grant (refer note 45)	19.39	18.73
Deferred income	2.28	1.43
Less: Amount included the head 'Other Current Liabilities' - 'Deferred income' (refer note 29)	(0.43)	(0.39)
Total (B)	**21.24**	**19.77**
Total (A+B)	**973.61**	**931.66**

Note 27: Trade Payables

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Outstanding dues to Micro and Small Enterprises	0.53	0.45
Outstanding dues of creditors other than Micro and Small Enterprises	10.12	19.15
Total	**10.65**	**19.60**

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 Crores

Particulars	31-Mar-19	31-Mar-18
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal	0.53	0.45
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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Current maturity of long term debt (refer note 22)	-	9.89
Retention monies relating to capital expenditure/projects	11.86	14.94
Security Deposits	4.55	4.28
Earnest Money Deposit	0.36	0.28
Payable towards capital/project related expenditure/works; contractual obligations	43.58	53.26
Payable to employees	0.60	0.84
Total	**60.95**	**83.50**

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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances from customers (refer note 26)	25.52	20.76
Deferred income (refer note 26)	0.43	0.39
Others		
Payable towards Goods & Service tax	7.16	3.50
Payable towards TDS under Income Tax	0.33	0.60
Payable towards Provident Fund, Profession Tax and ESIC	0.01	0.01
Total	**33.45**	**25.26**

Note 30: Provisions

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits		
Provision for Gratuity (Refer Note 44)	0.12	0.09
Provision for Compensated absences (Refer Note 44)	0.14	0.13
Provision towards Rehabilitation & Resettlement cost (refer note 4 (iii))	15.36	7.84
Total	**15.62**	**8.07**

Movement for Rehabilitation & Resettlement provision

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening provision	7.84	8.64
Addition during the year	8.42	0.87
Utilized during the year	(0.90)	(1.66)
Closing provision	**15.36**	**7.84**

Note 31: Current tax liabilities (net)

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Income tax (Net of provisions)	2.60	-
Total	**2.60**	**-**

Note 32: Revenue from operations

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Sale of Products		
River water and Tertiary treated water	97.70	76.08
Power	32.33	29.72
Sale of Services		
Land Lease Premium	13.67	13.07
Land Lease Rental	5.29	4.64
Operation and Maintenance Charges	41.81	40.60
Other Operating revenues		
Usage charges towards infrastructure facilities	16.01	10.12
Total	**206.81**	**174.23**

Note 33: Other Income

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Interest Income		
(i) On financial assets measured at amortized cost	1.50	1.32
(ii) On security deposits measured at amortized cost	0.13	0.08
Dividends from mutual fund investments measure at FVTPL	1.39	1.41
Government grant	0.33	0.08
Other Non operating income	2.49	0.25
Total	**5.83**	**3.14**

Note 34: Cost of Purchased Power

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Purchase of Power	25.57	25.55
Total	**25.57**	**25.55**

Note 35: Employee benefit expense

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Salaries and wages	6.77	7.00
Contribution to provident and other funds	0.60	0.60
Staff welfare expenses	0.61	0.50
Total	**7.98**	**8.10**

Note 36: Finance costs

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Interest on financial liabilities measured at amortized cost		
- Interest on bank borrowings	46.31	49.84
- Interest on security deposit	0.24	0.26
Interest on security deposits measured at fair value	0.08	0.06
Other borrowing cost	0.28	0.74
Interest on income tax	0.45	-
Total	**47.36**	**50.90**

Note 37: Depreciation and Amortisation Expense

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Depreciation of Property, plant and equipment (Refer Note 3)	44.31	40.80
Amortisation of Intangible assets (Refer Note 6)	0.66	0.66
Total	**44.97**	**41.46**

Note 38: Other Expenses

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Rent	4.38	1.73
Rates & taxes	0.06	0.41
Repair and Maintenance	26.72	23.77
Insurance	0.58	0.51
Advertising and publicity	0.27	0.26
Travelling expenses	1.35	1.28
Professional & consultancy charges	1.06	1.09
Allowance for doubtful debts - trade receivables	47.25	7.09
Payment to auditors (Refer Note 38(a))	0.12	0.07
Corporate social responsibility (Refer Note 38(b))	0.19	0.32
Miscellaneous Expenses	3.80	3.91
Total	**85.77**	**40.44**

Note 38(a): Payment to auditors

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Audit fee	0.04	0.04
Tax Audit fee	0.01	0.01
Certification fees	0.02	0.02
Re-imbursement of expenses	0.06	0.01
Total payment to auditors	**0.12**	**0.07**

Note 38(b): Corporate Social Responsibility Expenses

Rs. in Crores

	Year 2018-19	Year 2017-18
A. Gross amount required to be spent by the Company	0.19	0.18
B. Amount spent during the year on:		
i. Construction/Acquisition of any assets	0.11	0.25
ii. Purposes other than (i) above	0.08	0.07
	0.19	**0.32**
Amount spent against current year budget	0.19	0.19
Amount spent against previous years shortfall:		
FY 2015-16	-	0.06
FY 2016-17	-	0.07
C. Total	**0.19**	**0.32**

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 Crores

	31-Mar-19	31-Mar-18
Current tax:		
Current tax on profits for the year	23.78	7.87
Adjustments for current tax of prior periods	5.76	-
Total current tax expense	**29.54**	**7.87**
Deferred tax:		
(i) Increase/(Decrease) in deferred tax	(31.84)	5.27
(ii) Deferred tax Asset MAT entitlement (not recognised)/reversal of excess MAT - of earlier years	0.87	(5.89)
Total deferred tax expense/(benefit)	**(30.97)**	**(0.61)**
Income tax expense	**(1.43)**	**7.26**
Income tax expense is attributable to:		
Profit from continuing operations	**(1.43)**	**7.26**

Other Comprehensive Income Section

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

Rs. in Crores

	31-Mar-19	31-Mar-18
Net loss/(gain) on remeasurement of defined benefit plans	(0.01)	0.01
Income tax charged to OCI	**(0.01)**	**0.01**

B. Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate for the year is as under

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Profit/(loss) before tax from continuing operations	0.99	10.92
Income tax expense calcualted at Company's domestic tax rate at 29.12% (previous year 34.608%)	0.29	3.78
Tax Effect of:		
- Deduction u/s.80IAB	(4.69)	(41.29)
- Tax effect of unabsorbed depreciation	-	(7.19)
- Tax effect of non-deductable expenses	0.34	1.19
- Effect of income exempted from tax	(0.69)	(0.69)
- Effect of receipts which is offered for tax	1.45	58.89
- MAT Credit	-	(5.89)
- Effect of change in tax rate	(2.42)	-
- Others	(1.47)	(1.55)
- Total	**(7.19)**	**7.26**
- Adjustments for current tax of prior periods	5.76	-
- Tax expense as per Statement of Profit and Loss	**(1.43)**	**7.26**

39(i) The tax rate used for reconciliation above is the corporate tax rate of 29.12% payable by Corporate entities in India on taxable profits under Indian tax law.

Note: 40

A. Effect of IND AS 115 adoption on the transition date as at 1 April 2018

Rs. in Crores

		Notes	As at 31.03.2018	Effect of Transition to Ind AS 115	As at April 1, 2018 (Date of Transition)
	ASSETS				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	3	823.31	-	823.31
	(b) Capital work in progress	4	170.57	-	170.57
	(c) Investment Property	5	449.89	-	449.89
	(d) Other Intangible Assets	6	13.88	-	13.88
	(e) Financial Assets			-	
	(i) Investments	7	0.09	-	0.09
	(ii) Trade Receivables	8	0.50	-	0.50
	(iii) Loans	9	5.19	-	5.19
	(iv) Others	10	0.003	-	0.003
	(f) Other non-current assets	11	26.65	-	26.65
			1,490.08	**-**	**1,490.08**

(2)	**Current assets**				
	(a) Financial Assets				
	(i) Investments	12	54.87	-	54.87
	(ii) Trade receivables	13	169.78	3.91	173.69
	(iii) Cash and cash equivalents	14	8.12	-	8.12
	(iv) Bank Balances other than (iii) above	15	16.20	-	16.20
	(v) Loans	16	0.01	-	0.01
	(vi) Others	17	0.97	-	0.97
	(b) Current tax asset (Net)	18	0.79	-	0.79
	(c) Other current assets	19	3.54	-	3.54
			254.28	**3.91**	**258.19**
	Total Assets		**1,744.36**	**3.91**	**1,748.27**
	EQUITY AND LIABILITIES				
(1)	**EQUITY**				
	(a) Equity Share capital	20	50.00	-	50.00
	(b) Other equity	21	20.82	2.44	23.26
			70.82	**2.44**	**73.26**
	LIABILITIES				
(2)	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	22	562.92	-	562.92
	(ii) Other financial liabilities	23	0.29	-	0.29
	(b) Provisions	24	1.50	-	1.50
	(c) Deferred tax liabilities (Net)	25	40.74	-	40.74
	(d) Other Non Current Liabilities	26	931.66	1.47	933.13
			1,537.11	**1.47**	**1,538.58**
(3)	**Current liabilities**				
	(a) Financial Liabilities				
	(ii) Trade payables	27	19.60	-	19.60
	(iii) Other financial liabilities	28	83.50	-	83.50
	(b) Other current liabilities	29	25.26	-	25.26
	(c) Provisions	30	8.07	-	8.07
			136.43	**-**	**136.43**
	Total liabilities		**1,673.54**	**1.47**	**1,675.01**
	Total Equity and Liabilities		**1,744.36**	**3.91**	**1,748.27**

B. Statement showing effect of IND AS 115 adoption on the Statement of Change in Equity as on 1st April, 2018

Rs. in Crores

Sl. No.	Nature of Adjustments	Reserves and Surpluses
		Retained earnings
	Balance at the end of the reporting period March 31, 2018 (i)	**20.82**
	Changes due to IND AS 115	
	- One time joining fee	(1.50)
	- Proportionate revenue of the one time joining for the year.	0.03
	- Rent of earlier year	0.09
	- Revenue recoverable from customers pursuant to the tariff order dated 14.05.2018 passed by Karnataka Electricity Regulatory Commission	3.82
	Total effect of transition to IND AS 115 (ii)	**2.44**
	Restated balance at the beginning of the reporting period 01.04.2018 (i)+(ii)	**23.26**

C. Statement showing effect of IND AS 115 adoption on the statement of cash flow for the year ended 31st March, 2018

Rs. in Crores

Cash flow from operating activities	
Increase in cash flow from operating activities (PBT) (i)	**2.44**
Adjustments for:-	
(Increase)/decrease in trade receivables	(3.91)
Increase /(Decrease) in other liabilities	1.47
Cash generated from operating activities (ii)	**(2.44)**
Net cash flow from operating activities (i) + (ii)	-

Note 41 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 31.03.2019	Agreement date	Lease Commence-ment date	Area Registered as on 31.03.2019	Land surrendered to KIADB	Balance not registered as on 31.03.2019			Total Area as on 31.03.2018	Area Registered as on 31.03.2018	Balance not registered as on 31.03.2018 (after surrender to KIADB)
					Land - Outside Notified area	Others	Total			
1972.20	28.12.2010* 29.06.2011#	27.01.2010 27.12.2010	1543.21		320.26	108.73	428.99	1,972.20	1,543.21	428.99
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	9.77		9.77
2346.92			**1632.20**	**251.23**	**320.26**	**143.2198 ^**	**463.48**	**2,345.32**	**1,632.20**	**461.89**

* 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, 2019 (based on the agreements concluded with the units) is as under:

Rs. in Crores

	As at 31.03.2019	As at 31.03.2018
Not later than one year	54.01	65.80
Later than one year and not later than five years	20.13	24.67
Later than five years	215.37	210.48

Note 42 (A) Category-wise Classification of Financial instruments

Rs. in Crores

Financial assets measured at fair value through profit or loss (FVTPL)	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Investments in quoted mutual funds	12	-	-	52.93	54.87
		-	**-**	**52.93**	**54.87**

Rs. in Crores

Financial assets measured at fair value through other comprehensive income (FVTOCI)	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Investment in unquoted equity shares (*)	7	0.09	0.09	-	-
		0.09	**0.09**	**-**	**-**

Rs. in Crores

Financial assets measured at amortised cost	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Trade Receivables	8, 13	0.50	0.50	187.22	169.78
Term deposits with original maturity of more than 12 months	10	0.00	0.00	-	-
Cash and cash equivalents	14	-	-	17.73	8.12
Term deposits held as margin money	15	-	-	13.54	16.20
Security deposit	9, 16	5.26	5.19	0.02	0.01
Other Receivables	17	-	-	0.63	0.97
		5.76	**5.69**	**219.15**	**195.07**

Financial liabilities measured at fair value through profit or loss	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
		-	-	-	-

Rs. in Crores

Financial liabilities measured at fair value through amortized cost	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Term loan from bank	22, 28	549.87	562.92	-	9.89
Trade deposits	23	0.76	0.29	-	-
Trade payables	27	-	-	10.65	19.60
Retention monies relating to capital expenditure/projects	28	-	-	11.86	14.94
Security Deposits	28	-	-	4.55	4.28
Payable to contractors towards project related Earnest Money Deposit	28	-	-	0.36	0.28
Payable towards capital/project related expenditure/works	28	-	-	43.58	53.26
Payable to employees	28	-	-	0.60	0.84
		550.63	**563.21**	**71.61**	**103.09**

(*) 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 42 (B) Fair value Measurements

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

As at March 31, 2019 Rs. in Crores

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	52.93	52.93		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	0.09			0.09

As at 31st March, 2018 Rs. in Crores

Financial assets	Refer Note	Fair value as at 31.03.2018	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	54.87	54.87		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	0.09			0.09

(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 42 (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 0.25% (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 Crores

	31-Mar-19	31-Mar-18
Variable rate borrowings	551.05	574.11
Fixed rate borrowings	-	-
	551.05	**574.11**

As at the end of the reporting period, the company had the following variable rate borrowings outstanding.

	31-Mar-19			31-Mar-18			
	Weighted average interest rate	**Balance (*) Amount in Rs. Cr**	**% of total loans**		**Weighted average interest rate**	**Balance (*) Amount in Rs. Cr**	**% of total loans**
Rupee term loan	8.21%	551.05	100%	Rupee term loan	8.97%	574.11	100%
Exposure to cash flow interest rate risk		**551.05**		**Exposure to cash flow interest rate risk**		**574.11**	

(*) 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 environment 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 Crores

	Impact on Profit before tax	
	31-Mar-19	31-Mar-18
Interest rates - increase by 50 basis points	2.81	2.89
Interest rates - decrease by 50 basis points	(2.81)	(2.89)

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

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

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 fluctuate due to changes in market traded prices. The Company's investment in liquid cash dividend 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 contractual 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, 2019. 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 established 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 Crores

Particulars	31.03.2019	31.03.2018
Balance at the beginning of the year	18.14	11.05
Loss allowance measured at life time expected credit losses	-	-
Impairment allowance	31.77	7.09
Impairment written-off	(19.50)	-
Fair value losses provided	15.49	-
Balance at the end of the year	**45.89**	**18.14**

3) Liquidity risk

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

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realising timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity 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 liabilities 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 42 (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, 2019, 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 Crores

		As at 31.03.2019	As at 31.03.2018
i)	**Debt**	**549.87**	**572.81**
ii)	Equity share capital	50.00	50.00
iii)	Other equity	25.66	20.82
iv)	One time non-refundable amounts from customers	977.71	932.63
v)	**Total equity [(ii)+(iii)+(iv)]**	**1,053.37**	**1,003.45**
vi)	Debt to equity ratio (times)	0.52	0.57

Note 43 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-19	31-Mar-18
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-19	31-Mar-18
Mangalore STP 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
Shri Srinivas Santhayya Kamath	Independent Director
Shri Inturi Srinivas Nagesh Prasad	Independent Director
Shri Subhash Kumar	Nominee Director of ONGC
Shri Venkatesh Madhava Rao	Nominee Director of ONGC
Shri P B Abdul Hameed	Nominee Director of KCCI

(ii) Shri Velnati Suryanarayana	Chief Operating Officer
(iii) Shri Gouranga Charan Swain	Chief Financial Officer
(iv) Shri Phani Bhushan V.	Company Secretary

C. List of related parties

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

D. Details of transactions:

(i) Transactions with related parties

Rs. in Crores

Name of related Party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
ONGC Mangalore Petrochemicals Limited	Supply of services - Annual lease rental	2.34	2.34
	Sale of products	29.36	27.84
	Supply of services	9.38	10.05
	Interest payable on security deposit	0.10	0.10
Mangalore Refineries and Petrochemicals Limited	Sale of products	25.42	25.42
	Supply of services	25.63	28.90
Infrastructure Leasing and Financial Services Limited (IL&FS)	Service received - Deputation of MD	0.30	0.33
	Service received - Others	0.20	0.00
Karnataka Industrial Areas Development Board	Services received - Annual Lease rent	0.04	0.05
Mangalore STP Limited	Supply of goods	5.46	3.93
MSEZ Power Limited	Supply of services	0.00	0.00
Hindustan Petroleum Corporation Limited	Supply of services	32.35	-

(ii) Outstanding balances with related parties

Rs. in Crores

Name of related Party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
a. Amount payable:			
Infrastructure Leasing and Financial Services Limited (IL&FS)*	Trade payable	0.32	0.05
Karnataka Industrial Areas Development Board*	Towards acquisition of land	35.72	35.72
	Trade payable	0.004	-
ONGC Mangalore Petrochemicals Limited#	Other payable	1.11	1.11
Mangalore STP Limited	Supply of goods	0.42	0.25
Mangalore Refinery and Petrochemicals Limited#	Other payable	0.43	0.43
b. Amount Receivable:			
ONGC Mangalore Petrochemicals Limited	Other receivable	0.0024	0.0024
	Trade receivable	15.14	18.46
Mangalore Refinery and Petrochemicals Limited @	Other receivable	0.59	2.49
	Trade receivable	1.33	7.18
MSEZ Power Ltd	Other receivable	0.01	0.01
c. Loans and other assets (Debit balances):			
Karnataka Industrial Areas Development Board *	Security deposit -Lease of land	0.12	0.12
	Capital advances towards land	1.54	3.14
d. Advances & Deposits (Credit balances):			
ONGC Mangalore Petrochemicals Limited	Security deposit -Power	1.54	1.54
	Security deposit -River water	0.31	0.31
Mangalore Refinery and Petrochemicals Limited	Security deposit -River water	0.75	0.75
	Security deposit -Marine Outfall	0.06	0.06
	Security deposit -TTP Water	0.46	0.46
	Security deposit - Hire of Machinery	0.00	0.00
Hindustan Petroleum Corporation Limited	Advance towards Corridor	32.34	-

* Balance confirmations awaited from parties.

The balances payable to ONGC Mangalore Petrochemicals Limited & Mangalore Refinery and Petrochemicals Limited have been confirmed less by the parties to the tune of Rs. 1.02 crores and Rs. 0.43 crores respectively.

@ The balance receivable from Mangalore Refinery & Petrochemicals Limited has been confirmed less by the party to the tune of Rs. 1.14 crores.

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 Crores

Name of the related party	Nature of Transaction	As at 31.03.2019	As at 31.03.2018
ONGC Mangalore Petrochemicals Limited	Supply of services	0.53	4.20
Mangalore Refinery and Petrochemicals Limited	Supply of services	0.18	2.57
Total		**0.71**	**6.77**

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

Rs. in Crores

Name of the related party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
ONGC Mangalore Petrochemicals Limited	Supply of services	9.28	0.03
Mangalore Refineries and Petrochemicals Limited	Supply of services	6.32	-
Total		**15.60**	**0.03**

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 operating officer

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.54	0.57
Post-employment benefits (gratuity) & long-term benefit (compensated absences)	0.07	0.04
Contribution to Provident Fund	0.002	0.002
Total	**0.61**	**0.61**

(b) Chief financial officer

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.64	0.61
Post-employment benefits (gratuity) & long-term benefit (compensated absences)	0.16	0.13
Contribution to Provident Fund	0.002	0.002
Total	**0.80**	**0.74**

(c) Company Secretary

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.22	0.21
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	0.04	0.02
Contribution to Provident Fund	0.002	0.002
Total	**0.26**	**0.23**

(d) Independent directors

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sitting fees	0.03	0.04

Note 44 Employee Benefits

1. Post-employment benefits:

Brief 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 market 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 base estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

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.

During the year, 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 recognised 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, 2019.

The principal actuarial assumptions used in determining Gratuity are as follows

Sl. No	Particulars	As at 31st March 2019	As at 31st March 2018
1	Discount Rate	7.69%	7.88%
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 31.03.2019. The tenure of the G.Sec. Rate matches with the expected term of the obligation.

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

Rs. in Crores

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Service Cost	0.12	0.11
Net Interest Cost	0.07	0.05
Components of defined benefit costs recognised in profit or loss	**0.19**	**0.16**
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from change in assumptions	0.03	(0.02)
Components of re-measurement recognised in other comprehensive income	0.03	(0.02)
Total	**0.22**	**0.14**

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

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at the end of the Period	1.12	(0.92)
(Fair Value of plan assets at the end of the period)	-	-
Net (liability)/Asset recognised in the Balance sheet	1.12	(0.92)

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

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Present Value of Benefit Obligation at the beginning of the period	0.92	0.73
Interest Cost	0.07	0.05
Current Service Cost	0.12	0.11
Past Service Cost	-	0.09
(Benefit paid Directly by the Employer)	(0.02)	(0.04)
Actuarial (Gains)/ Losses on Obligations - Due to change in Demographic Assumptions	-	-
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	0.02	(0.06)
Actuarial (Gains)/ Losses on Obligations - Due to Experience	0.01	0.04
Present Value of Benefit Obligation at the end of the period	**1.12**	**0.92**
Current	0.12	0.09
Non-Current	1.00	0.83

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

Rs. in Crores

	For the year ended March 31, 2019	For the year ended March 31, 2018
Projected benefit Obligation on Current Assumptions	1.12	0.92
Discount Rate		
- Impact due to increase of 1%	(0.10)	(0.08)
- Impact due to decrease of 1%	0.11	0.10
Salary increase		
- Impact due to increase of 1%	0.08	0.07
- Impact due to decrease of 1%	(0.08)	(0.07)
Employee Turnover		
- Impact due to increase of 1%	(0.01)	(0.01)
- Impact due to decrease of 1%	0.01	0.01

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 difference between assumed and the actual is not following the parameters of the sensitivity analysis.

Furthermore, in presenting the above sensitivity 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 liability recognised in the balance sheet.

2. Other Long term employee 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, 2019 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in increase in liability by Rs.0.06 Cr (Previous year Rs.0.09 Cr).

Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
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	9.00% p.a.	9.00% p.a.
Discount Rate	7.69% p.a.	7.88% p.a.
While is service Encashment rate	5.00% for the next year	5.00% for the next year

Note 45 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. 4.95 Crore as at March 31, 2019 (Rs.4.95 Crore as at March 31, 2018) and Two lane Flyover near Jokatte, Mangalore SEZ (MSEZ) Rs.14.85 Crore as at March 31, 2019 (Rs.13.86 Crore as at March 31, 2018).

(i) Movement in Government Grants

(a) CETP

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	4.87	3.96
Add: Addition during the year	-	0.99
Less: Amortisation during the year	0.33	0.08
Closing Balance	**4.54**	**4.87**

(b) Two lane Flyover

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	13.86	11.88
Add: Addition during the year	0.99	1.98
Less: Amortisation during the year	-	-
Closing Balance	**14.85**	**13.86**

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 develops special economic zone (SEZ) at Mangalore, Karnataka, India. Accordingly, it is eligible for certain 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 46 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, 2019	For the year ended March 31, 2018
Profit/(Loss) after tax for the year attributable to equity shareholders (Rs. in Cr)	2.42	3.66
Weighted average number of equity shares	5,00,01,200	5,00,01,200
Basic & diluted earnings per share (Rs.)	0.48	0.73
Face value per equity share (Rs.)	10.00	10.00

Note 47 The amount recognised in Profit & Loss Account for investment property (refer note 5)

Rs. in Crores

Particulars	Year 2018-19	Year 2017-18
Rental Income	18.96	17.71
Direct Operating Expenses from property that generate direct rental income	1.85	2.15
Direct Operating Expenses from property that did not generate direct rental income	-	-
Profit from investment property before depreciation	17.11	15.55
Depreciation	-	-
Profit from investment property	17.11	15.55

Note 48 Contingent Liabilities and Commitments

(a) Commitments

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Plant, Property & Equipment	5.25	12.54
ii. Towards Investment Property	0.01	6.05
iii. Towards Intangible Assets	-	-
Total	**5.26**	**18.59**

Operating Lease Commitments- The Company has taken office premises under cancellable operating lease and also pays annual lease rentals towards lease of lands for projects. The agreements are renewed on expiry. The Company has paid for the period ending March 31, 2019 Rs. 4.38 Cr/- (March 31, 2018 Rs. 1.68 Cr)

Note 48

b Contingent liabilities

The claims against the company not acknowledged as debt is Rs.7.53 Crore (previous year Rs. Rs.7.54 Crore) and other contingent items is Rs.19.86 Cr. The details are as under

Sl. No.	Petitioner	A brief description nature of court cases	Estimate of the financial effect - Amount in Rs. Crores	Indication of the uncertainties relating to the amount or timing of any outflow
1	BSNL	Petitioner is claiming that MSEZL through his men & material while laying river water pipeline, the optical fiber cables were damaged in and between Bantwal - Moodbidri routes which carried the broad band network and 12F and 24F optical fiber between various Telephone exchanges.	0.15	MSEZL has granted the 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	MSEZL has 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, he had contended that MSEZL Officials & Contractors have trespassed his property and demolished the stone compound wall 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/-.	0.48	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 Complaint and also as to whether the High Court & Session Court were expected to see the letter accompanying the Complaint which was written by Respondent No. 4 (Eta Sreenivasulu) on behalf of MSEZL 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 authorized 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 MSEZL and petitioner being a fixed price contract did not provide for escalation 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 immediate 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 MSEZL form encashing the BG. After the matter came up for argument in the Court and several adjournments, the case filed by petitioner as 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 MSEZL sought consent for constituting 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 recommended MSEZL to pay Rs.9.39 Cr to petitioner. However, the petitioner did not accept the recommendations of the OEC and choose to pursue the Arbitration proceedings. The Arbitral Tribunal 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 MSEZL and termination of contract was unlawful. MSEZL was directed to pay to Rs.19,23,53,085.	6.90	To Set Aside the Arbitral Award dated 24.09.2016 and modified award dated 27.11.2016 passed by Arbitral Tribunal. The company and also CVCC had filed a petition contesting the Arbitration Award before the Prl.District & Sessions Court at Mangalore under AS No. 1of 2017 & AS No2 of 2017 in Jan & Feb '17. A commercial Court has been established in Bengaluru. Thus, the case is to be transferred to said Court. Plaintiff counsel filed copy of IO in WP 5765/2019 to transfer this case to commercial Court at Bengaluru.
		Total A	**7.53**	

Sl. No.		A brief description	Estimate of the financial effect - Amount in Rs. Crores	Indication of the uncertainties relating to the amount or timing of any outflow
1	MSEZL	In August 2018, The Executive Engineer, Water Resources Department (WRDO) has informed the company vide GoK Order No:KBS 2017, Bangalore, Dt. 28.05.18 that the water drawal charges towards lifting 27 MGD for industrial usage is revised from Rs. 1800/MCFT/Year to Rs.1,50,000/MCFT/Year and directed MSEZL to remit Rs. 19.78 Cr. for FY 18-19.	**19.78**	The GoK vide notification dated 18.09.2018 had sought to amend the cess and invited objections from affected persons. The company vide letters dt. 06.10.2018 and latest letter dated 15.04.2019 addressed to Principal Secretary to Government, WRDO, GoK, Bangalore has requested (i) to charge water drawal charges based on metered quantity of 10.29 MGD (ii) to revise the tariff and (iii) Pending finalization of revised rate by GoK to direct the Executive Engineer, WRDO to collect the earlier water drawal charges & allow the company to draw water for uninterrupted water supply to industries. The revised orders are still awaited from the GoK. Further, the company is expecting that the water drawal charges would be restricted to actual water drawal of 10.29 MGD in which case the cess would be Rs. 7.36 Cr and also, this amount can be back charged to the consumers of the company.
2	MSEZL	The income tax department has generated TDS mismatches in data filed by the company.	**0.08**	The company is in the process of resolving the data mismatches.
		Total B	**19.86**	
		TOTAL (A+B)	**27.39**	

Note 49 Critical judgements in applying accounting policies

I. Recognition 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 2018-19, the revenue is recognized based on the KERC tariff order dated May 14, 2018 applicable w.e.f. April 1, 2018. 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 revenues amounting to Rs.1.25 Cr for the current year (previous year 2017-18 Rs.11.73 Cr) towards Zone Operation and Maintenance (O&M) charges. The agreements for Zone O&M charges are under finalization. Pending finalization of agreements, Zone O&M charges are recognised at Board approved rate.

(c) The ROW charges for internal pipeline corridor which is in the nature of operating lease is recognized as income on straight line basis over the period of the useful life of the asset.

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 25 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 authorities.

Note 50: The company has only one operating segment (Development, Operation & Maintenance of Mangalore Special Economic Zone).

Note 51: Previous year's figures have been regrouped / reclassified 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/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head
(Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:13.05.2019

Place: New Delhi
Date:13.05.2019

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, 2019, 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, 2019, 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 to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to –

1. Note12(2) of the consolidated financial statements, in terms of which the Company has placed reliance on a letter from the party in assessing the collectability of long outstanding dues of Rs. 130.85 Crores (net of impairment provision).
2. Note 42(D)(ii) of the consolidated financial statements, in terms of which, the Company is confident of resolving issues in confirmation of receivables and payables with related parties.

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.1.22 Crores as at 31st March 2019, total comprehensive income of Rs. NIL and net cash flows amounting to Rs 0.02 Crores 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, in sofar 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 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 (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, 2019 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. 47(b) 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/-
Bidyut Prakas Bhattacharya
Partner
(Membership No.053906)

Place: New Delhi
Date: 13th May, 2019

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, 2019, 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion 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, 2019, 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/-
Bidyut Prakas Bhattacharya
Partner
(Membership No.053906)

Place: New Delhi
Date: 13th May, 2019

Consolidated Balance Sheet as at 31st March, 2019

Rs. in Crores

		Notes	As at 31.03.2019	As at 31.03.2018
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3	781.71	823.31
	(b) Capital work in progress	4	188.87	170.57
	(c) Investment Property	5	456.53	449.89
	(d) Other Intangible Assets	6	13.21	13.88
	(e) Financial Assets			
	(ii) Trade Receivables	7	0.50	0.50
	(iii) Loans	8	5.32	5.25
	(iv) Others	9	0.003	0.003
	(f) Other non-current assets	10	12.58	26.65
			1,458.72	**1,490.05**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Investments	11	52.93	54.87
	(ii) Trade receivables	12	187.69	169.80
	(iii) Cash and cash equivalents	13	18.02	8.40
	(iv) Bank Balances other than (iii) above	14	13.59	16.25
	(v) Loans	15	0.02	0.01
	(vi) Others	16	0.62	0.95
	(b) Current tax asset (Net)	17	-	0.79
	(c) Other current assets	18	2.98	3.54
			275.85	**254.61**
	Total Assets		**1,734.57**	**1,744.66**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity Share capital	19	50.00	50.00
	(b) Other equity	20	25.64	20.81
	Total Equity Attributable to owners of the Company		**75.64**	**70.81**
	Non-Controlling Interests		**0.02**	**0.02**
	Total Equity		**75.66**	**70.83**
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	549.87	562.92
	(ii) Other financial liabilities	22	0.76	0.30
	(b) Provisions	23	1.72	1.50
	(c) Deferred tax liabilities (Net)	24	8.91	40.74
	(d) Other Non Current Liabilities	25	973.60	931.66
			1,534.86	**1,537.12**
(3)	**Current liabilities**			
	(a) Financial Liabilities			
	(ii) Trade payables	26	11.39	19.87
	(iii) Other financial liabilities	27	60.97	83.49
	(b) Other current liabilities	28	33.47	25.28
	(c) Provisions	29	15.62	8.07
	(d) Current tax liabilities (net)	30	2.60	-
			124.05	**136.71**
	Total liabilities		**1,658.91**	**1,673.83**
	Total Equity and Liabilities		**1,734.57**	**1,744.66**

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 50

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head (Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:13.05.2019

Place: New Delhi
Date:13.05.2019

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

Rs. in Crores

	Particulars	Notes	Year 2018-19	Year 2017-18
I	Revenue from Operations	31	206.81	174.23
II	Other Income	32	5.83	3.15
III	**Total Income (I+II)**		**212.64**	**177.38**
IV	**EXPENSES**			
	Cost of purchased power	33	25.57	25.55
	Employee benefit expense	34	7.98	8.10
	Finance costs	35	47.36	50.90
	Depreciation and amortisation expense	36	44.97	41.46
	Other expenses	37	85.78	40.44
	Total Expense (IV)		**211.66**	**166.45**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**0.98**	**10.93**
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V - VI)**		**0.98**	**10.93**
VIII	**Tax expense**	38		
	(1) Current tax		29.54	7.87
	(2) Deferred tax		(30.97)	(0.61)
	Total Tax expense		**(1.43)**	**7.26**
IX	**Profit/(loss) for the period from continuing operations (VII - VIII)**		**2.41**	**3.67**
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)**		**2.41**	**3.67**
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)		(0.02)	0.01
	(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			
			(0.02)	0.01
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**2.39**	**3.68**
XVI	**Earnings per equity share:**	45		
	(1) Basic		0.48	0.73
	(2) Diluted		0.48	0.73

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 50

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head
(Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 13.05.2019

Place: New Delhi
Date: 13.05.2019

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

(A) Equity Share Capital

Rs. in Crores

Balance at the beginning of the reporting period April 01, 2018	**50**
Changes in equity share capital during the year	**-**
Balance at the end of the reporting period March 31, 2019	**50**

(B) Other Equity

Rs. in Crores

	Reserves and Surplus	TOTAL
	Retained Earnings	
Balance as at 1st April, 2017 (A)	17.14	**17.14**
Additions during the year:		
Profit/(Loss) for the year	3.66	**3.66**
Items of OCI for the year, net of taxes:		
Remeasurement benefit of defined benefit plans	0.01	**0.01**
Total Comprehensive Income for the year 2017-18 - (B)	3.67	**3.67**
Reductions during the year:		
Transfer to general reserves	-	**-**
Any other change -	-	**-**
Total (C)	-	**-**
Balance at the end of the reporting period March 31, 2018 (D) = (A+B-C)	20.81	**20.81**
Changes in accounting policy or prior period errors (Refer Note 39)	2.44	**2.44**
Restated balance at the beginning of the reporting period April 01, 2018 (E)	23.25	**23.25**
Additions during the year:		
Profit/(Loss) for the year	2.41	**2.41**
Items of OCI for the year, net of taxes:		
Remeasurement benefit of defined benefit plans	(0.02)	**(0.02)**
Total Comprehensive Income for the year 2018-19 - (F)	2.39	**2.39**
Reductions during the year:		
Transfer to general reserves	-	**-**
Any other change -	-	**-**
Total (G)	-	**-**
Balance at the end of the reporting period March 31, 2019 (E+F-G)	25.64	**25.64**

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
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Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head (Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 13.05.2019

Place: New Delhi
Date: 13.05.2019

Consolidated Cash Flow Statement for the year ended 31st March, 2019

Rs. in Crores

	Particulars	Year 2018-19		Year 2017-18	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax	**0.98**		**10.93**	
	Adjustments for:				
	- Depreciation & amortisation expense	44.97		41.46	
	- Impairment	47.25		7.09	
	- Interest on Borrowings	46.31		49.84	
	- Interest on security deposits measured at fair value	0.08		0.06	
	- Provision for Gratuity	0.22		0.23	
	- Provision for Leave Encashment	0.30		0.23	
	- Provision for other Employee benefits	0.60		0.84	
	- Insurance claim received	(0.03)		-	
	- Interest Income	(1.50)		(1.33)	
	- Interest from security deposits measured at fair value	(0.13)		(0.08)	
	- Dividend Income	(1.39)		(1.41)	
	- Deferred Government Grant	(0.33)		(0.08)	
	- Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	0.19		0.00	
	Operating Profit before Working Capital Changes	**137.52**		**107.78**	
	Adjustments for:-				
	- (Increase)/decrease in Trade and other receivables	(61.22)		(103.45)	
	- (Increase)/decrease in Other assets	2.69		(1.19)	
	- Increase/(Decrease) in Trade payable and other liabilities	35.14		108.68	
	Increase/(Decrease) in provisions	(1.13)		(0.51)	
	Cash generated from Operating activities	**113.00**		**111.31**	
	Income Tax Paid (net of refund)	(14.77)		(2.35)	
	Net Cash generated from Operating activities		**98.23**		**108.96**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Payments for Property, plant and equipment	(21.25)		(44.82)	
	Payments for investment property	(7.42)		(6.24)	
	Proceeds from sale of Property, plant and equipment	0.88		0.00	
	Receipt of government grants	0.99		2.97	
	Purchase of Term Deposits	(8.32)		(9.16)	
	Proceeds from maturity of term deposits	10.97		-	
	Dividend received from Others	1.39		1.41	
	Interest received	1.47		1.36	
	Net Cash (used) in Investing activities		**(21.29)**		**(54.48)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from non-current borrowings			-	
	Repayment of non-current borrowings	(23.07)		(6.61)	
	Finance Cost paid	(46.18)		(51.79)	
	Net Cash (used) in Financing activities		**(69.25)**		**(58.40)**
D	**Net (Decrease)/Increase in cash and cash equivalents [A+B+C]**		**7.69**		**(3.92)**
	Add: Cash and Cash Equivalents as at 1st April		**63.31**		**67.23**
	Cash and cash Equivalents as at 31st March		**71.00**		**63.31**

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-progress during the year.

iii Brackets indicate cash outflow/ deduction.

Rs. in Crores

iv	Cash and cash Equivalents as per above comprises of:	As at March 31, 2019	As at March 31, 2018
	Balances with Banks:		
	Current account	10.02	4.36
	Deposits with original maturity of less than three months	8.00	4.04
	Deposits with original maturity of more than three months	0.05	0.05
	Cash on hand	0.001	0.001
	Add: Investment in liquid mutual funds	52.93	54.87
	Cash and cash equivalents in Cash Flow Statement	**71.00**	**63.31**

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 Crores

	As at 31.03.2018	Cash Flows	Non-cash changes		As at 31.03.2019
			Fair value changes	Current/ Non-current classification	
Borrowings - Non Current	562.92	(13.18)	0.13	-	549.87
Other Financial Liabilities	9.89	(9.89)	-	-	-

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

For and on behalf of the Board

Sd/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head
(Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:13.05.2019

Place: New Delhi
Date:13.05.2019

1. Corporate information

Mangalore SEZ Limited (MSEZ) is a Public Limited Company domiciled and incorporated in India having its Registered Office at 3rd Floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006.

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 Mangalore.

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
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 provides adequate control having regard to the size and nature of 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 Ind AS 116 - Leases

On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The effective date for adoption of Ind AS 116 is annual accounting periods beginning on or after April 1, 2019. Accordingly, this standard is not applicable for preparation of the financial statement for the year ended 31.03.2018. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. This standard introduces single accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The company would evaluate the impact of this standard and disclose the same in the annual periods beginning on or after April 1, 2019.

2.12 Revenue recognition

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.

Effective from 1st April, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. Thus, opening reserves is restated at the beginning of the reporting period 01st April, 2018 (refer note 39).

Lease Income and Lease rentals paid are recognized in accordance with the recognition and measurement principles as per Ind AS 17 – Leases

a) Lease Premium:

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

b) Lease Rentals:

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

c) Sale of Goods:

Revenue arising from sale of goods is recognized when the significant Risks and Rewards are 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 River water and Tertiary Treatment Plant (TTP) are recognized on the basis of quantity committed/delivered to the units and invoiced at the agreed rates.
2. Income from licensed activity (distribution of power) is recognized as per actual consumption billed at Karnataka Electricity Regulatory Commission (KERC) approved tariff.

d) 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) 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.

e) 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 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 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.

2.15 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 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.

2.16 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 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.

2.17 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 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.

2.19 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 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.

2.20 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 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 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 Company follows ‘simplified approach’ for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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 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.

2.21 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 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 are 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 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 amortisation 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.

2.22 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 Company 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, MSEZ 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.

2.26 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 48), 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.

2.27 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 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 Crores

	Gross carrying amount				Depreciation /Amortisation				Net carrying amount	
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land - Leasehold	0.36	-	-	**0.36**	0.06	0.02	-	**0.08**	**0.29**	0.30
Buildings	432.56	1.29	0.81	**433.04**	16.32	12.46	0.04	**28.74**	**404.30**	416.24
Plant and equipment	401.20	2.21	0.03	**403.38**	34.65	14.73	0.03	**49.35**	**354.03**	366.55
Furniture and fixtures	0.85	0.01	-	**0.86**	0.38	0.08	-	**0.46**	**0.39**	0.47
Vehicles	1.92	-	-	**1.92**	0.40	0.23	-	**0.63**	**1.28**	1.52
Office equipment	0.62	0.06	0.04	**0.64**	0.40	0.11	0.03	**0.48**	**0.16**	0.23
Roads	80.88		0.06	**80.82**	42.88	16.70	0.01	**59.57**	**21.25**	38.00
Total	**918.39**	**3.57**	**0.94**	**921.02**	**95.09**	**44.33**	**0.11**	**139.31**	**781.71**	**823.31**
Previous Year	**591.02**	**327.38**	**0.004**	**918.39**	**54.30**	**40.80**	**0.00**	**95.09**	**823.31**	**536.73**

3(i) Interest capitalized during the year is NIL (previous year - Rs.2.25 Cr)

3(ii) 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(iii) Refer Note No.47(a) for disclosure of contractual commitments for acquisition of Property, Plant & Equipment

3(iv) 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:

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

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

(iii) 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.

(iv) 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'.

(v) 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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Capital work in progress		
Development of Land	108.41	102.73
Infrastructure Development	80.46	67.84
Total	**188.87**	**170.57**

4(i) Capital work in progress includes Rs. 108.41 Cr as at March 31, 2019 (Rs. 102.34 Cr as at March 31, 2018) 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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Rehabilitation Compensation including training	2.35	0.62
Rehabilitation Colony Development Cost	13.02	7.22
Total	**15.37**	**7.84**

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.47(a) for disclosure of contractual commitments for acquisition of Plant, Property & Equipment

Note 5: Investment Property

Rs. in Crores

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land - Lease cum Sale	449.89	7.42	0.78	456.53	-	-	-	-	456.53	449.89
Previous Year	**443.64**	**6.24**	**-**	**449.89**	**-**	**-**	**-**	**-**	**449.89**	**443.64**

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

5(ii) Refer Note 40(i) on Finance lease.

5(iii) Refer note 46 on 'amounts recognised in statement of profit & loss account'.

5(iv) Refer Note No.47 (a) for disclosure of contractual 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 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Intangible Assets										
Specialised Software	0.02	-	-	0.02	0.01	0.00	-	0.01	0.01	0.01
Barrage usage rights	15.84	-	-	15.84	1.98	0.66	-	2.64	13.20	13.86
Total	**15.86**	**-**	**-**	**15.86**	**1.99**	**0.66**	**-**	**2.65**	**13.21**	**13.88**
Previous Year	**15.86**	**-**	**-**	**15.86**	**1.32**	**0.66**	**-**	**1.99**	**13.88**	**14.54**

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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	0.50	0.50
(c) Unsecured, considered doubtful debts	-	-
Less: Allowance for doubtful debts	-	-
Total	**0.50**	**0.50**

Note 8: Loans

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Security Deposit	5.32	5.25
Total	**5.32**	**5.25**

Break-up for Security Details

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Secured, considered good	-	-
Unsecured, considered good	5.32	5.25
Unsecured, considered doubtful	-	-
Total	**5.32**	**5.25**

Note 9: Other Financial Assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Balance with banks (more than 12 months)	0.003	0.003
Total	**0.003**	**0.003**

Note 10: Other Non current Assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Advances:	1.54	3.35
Others		
-Security deposits	0.55	0.59
-Income Tax (Net of Provision)	10.49	22.71
Total	**12.58**	**26.65**

Note 11: Investments

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Investments in Mutual Funds - Quoted		
(i) UTI Liquid cash plan -Institutional- Direct Plan- Daily dividend reinvestment		
NIL (Previous year 1,47,641.072 units of NAV Rs.1019.4457 each)	-	15.05
(ii) SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend		
NIL (Previous year 2,37,701.815 units of NAV Rs.1675.03 each)	-	39.82
(iii) SBI Liquid Fund - Direct Daily Dividend		
527,631.361 units of NAV Rs.1003.2500 each	52.93	-
Total	**52.93**	**54.87**
Aggregate amount of quoted investments - At market value	**52.93**	**54.87**

Note 12: Trade Receivables

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	187.69	169.80
(c) Unsecured, considered doubtful debts	45.89	18.14
	233.58	**187.94**
Less: Allowance for doubtful debts	45.89	18.14
Total	**187.69**	**169.80**

(1) Trade receivables includes balance aged more than one year Rs.110.07 Crores (net of impairment provision) for which the Company is confident of obtaining balance confirmations.

(2) Trade receivables includes dues of Rs.130.85 Cr (net of impairment provision) from a party which, in the opinion of the company is not credit impaired. The Company places its reliance on the letter from party dated 09.04.2019, wherein the party has assured to pay the dues.

Note 13: Cash and Bank Balances

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
(A) Cash and cash equivalents		
(a) Balances with banks:		
Current accounts	10.02	4.36
(b) Cash on hand	0.0011	0.0008
Total (A)	**10.02**	**4.36**
(B) Other balances with banks		
Term deposits with original maturity of less than three months	8.00	4.04
Total (B)	**8.00**	**4.04**
Total (A+B)	**18.02**	**8.40**

Note 14: Bank Balances other than above

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Other Balances with banks		
Term Deposits with original maturity of more than three months but less than 12 months	0.05	0.05
Term deposits held as margin money	13.54	16.20
Total	**13.59**	**16.25**

Note 15: Loans

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Security Deposit	0.02	0.01
Total	**0.02**	**0.01**

Break-up for Security Details

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Secured, considered good	-	-
Unsecured, considered good	0.02	0.01
Unsecured, considered doubtful	-	-
Total	**0.02**	**0.01**

Note 16: Others

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Interest accrued on deposits	0.37	0.34
Other Receivables	0.25	0.61
Total	**0.62**	**0.95**

Note 17: Current tax asset (net)

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Income tax (Net of provisions)	-	0.79
Total	**-**	**0.79**

Note 18: Other current assets

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances other than capital advances		
(i) Advances to Suppliers	0.14	0.03
(ii) Balances with government authorities		
Goods and Service Tax Input	1.11	0.61
Service Tax	0.10	0.17
VAT	0.75	0.74
Prepaid expenses	0.88	1.99
Total	**2.98**	**3.54**

Note 19: Equity Share Capital

Authorised, Issued, Subscribed and Paid up Share Capital

Rs. in Crores

	As at 31.03.2019	As at 31.03.2018
Authorised :		
425000000 Equity Shares of Rs. 10 each	425	425
Issued		
100000000 Equity Shares of Rs. 10 each fully paid up	100	100
Subscribed and fully Paid up capital		
50001200 Equity Shares of Rs. 10 each fully paid up	50.0012	50.0012
	50.0012	**50.0012**

Rs. in Crores

	As at 31.03.2019	As at 31.03.2018
Equity Attributable to Non Controlling Interests	**0.02**	**0.02**

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

Fully paid Equity shares	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount Rs. in Cr	No. of Shares	Amount Rs. in Cr
At the beginning of the year	5,00,01,200	50.0012	5,00,01,200	50.0012
Add: Issued during the year	-	-	-	-
At the end of the year	**5,00,01,200**	**50.0012**	**5,00,01,200**	**50.0012**

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 31.03.2019		As at 31.03.2018	
	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 Crores

Particulars	Reserves and Surplus	
	Retained Earnings	Total
Balance as at 1st April, 2017 (A)	17.14	**17.14**
Additions during the year:		
Profit/(Loss) for the year	3.66	**3.66**
Items of OCI for the year, net of taxes:		
Re-measurement benefit of defined benefit plans	0.01	**0.01**
Total Comprehensive Income for the year 2017-18 - (B)	3.67	**3.67**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2018 (D) = (A+B-C)	20.81	**20.81**
Changes in accounting policy or prior period errors (Refer Note 39)	2.44	**2.44**
Restated balance at the beginning of the reporting period April 01, 2018 (E)	23.25	**23.25**
Additions during the year:		
Profit/(Loss) for the year	2.41	**2.41**
Items of OCI for the year, net of taxes:		
Re-measurement benefit of defined benefit plans	(0.02)	**(0.02)**
Total Comprehensive Income for the year 2018-19 - (F)	2.39	**2.39**
Reductions during the year:		
Transfer to general reserves	-	-
Any other change -	-	-
Total (G)	-	-
Balance at the end of the reporting period March 31, 2019 (E+F-G)	25.64	**25.64**

Note 21: Borrowings

Rs. in Crores

Particulars	Maturity date	Terms of repayment	Effective interest rate	As at 31.03.2019	As at 31.03.2018
Secured					
Rupee Term Loans	March 2032	Sixty two unequal quarterly installments	8.84% (8.24%)*	549.87	572.81
Total non-current borrowings				**549.87**	**572.81**
Less: Amount included under the head "Other financial liabilities" - 'Current maturities of long-term debt' (Refer note 27)				-	(9.89)
Total				**549.87**	**562.92**

* Indicates the EIR as at 31.03.2018

(i) Term loan from banks including current maturities is secured by mortgage 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 rehabilitation 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 accruing to the project.

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

Note 22: Other financial liabilities

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Trade Deposits	0.76	0.30
Total	**0.76**	**0.30**

Note 23: Provisions

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits		
Provision for Gratuity (Refer Note 43)	1.00	0.83
Provision for Compensated absences (Refer Note 43)	0.72	0.67
Total	**1.72**	**1.50**

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, 2019 Rs. in Crores

Particulars	Balance Sheet	Profit and Loss	OCI	Balance Sheet
	01.04.2018	2018-19	2018-19	31.03.2019
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	47.74	3.02	-	50.76
Difference between written down value of Intangible assets as per the books of accounts and Income Tax Act, 1961	2.99	(0.29)	-	2.70
Provision for expense allowed for tax purpose on payment basis	(0.90)	0.83	-	(0.07)
Remeasurement benefit of the defined benefit plans through OCI	0.01	-	(0.01)	(0.00)
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	(9.53)	(35.40)	-	(44.93)
Difference in carrying value and tax base of unwinding of security deposit	0.01	0.10	-	0.11
Difference in carrying value and tax base of term loan measured at amortized cost	0.45	(0.11)	-	0.34
MAT Credit	(0.03)	0.87	-	-
Net Deferred tax liabilities	**40.74**	**(30.98)**	**(0.01)**	**8.91**

Note 25: Other non current liabilities

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances from customers	977.88	932.65
Less: Amount included under the head 'Other Current liabilities' - Advances from customers (refer note 29)	(25.52)	(20.76)
Total (A)	**952.36**	**911.89**
Government grant (refer note 44)	19.39	18.73
Deferred income	2.28	1.43
Less: Amount included the head 'Other Current Liabilities' - 'Deferred income' (refer note 29)	(0.43)	(0.39)
Total (B)	**21.24**	**19.77**
Total (A+B)	**973.60**	**931.66**

Note 26: Trade payables

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Outstanding dues to Micro and Small Enterprises	1.03	0.81
Outstanding dues of creditors other than Micro and Small Enterprises	10.36	19.06
Total	**11.39**	**19.87**

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 Crores

Particulars	31-Mar-19	31-Mar-18
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year		
Principal	1.03	0.81
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 Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Current maturity of long term debt (refer note 21)	-	9.89
Retention monies relating to capital expenditure/projects	11.86	14.94
Security Deposits	4.57	4.28
Earnest Money Deposit	0.36	0.28
Payable towards capital/project related expenditure/works; contractual obligations	43.58	53.26
Payable to employees	0.60	0.84
Total	**60.97**	**83.49**

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

Note 28: Other current liabilities

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Advances from customers (Refer note 26)	25.52	20.76
Deferred income (Refer note 26)	0.43	0.39
Others		
Payable towards Goods & Service tax	7.16	3.50
Payable towards TDS under Income Tax	0.35	0.61
Payable towards Provident Fund, Profession Tax and ESIC	0.01	0.01
Total	**33.47**	**25.27**

Note 29: Provisions

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits		
Provision for Gratuity (Refer Note 43)	0.12	0.09
Provision for Compensated absences (Refer Note 43)	0.14	0.13
Provision towards Rehabilitation & Resettlement cost (Refer note 4 (iii))	15.36	7.85
Total	**15.62**	**8.07**

Movement for Rehabilitation & Resettlement provision

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening provision	7.85	8.64
Addition during the year	8.42	0.87
Utilized during the year	(0.90)	(1.66)
Closing provision	**15.37**	**7.85**

Note 30: Current tax liabilities (net)

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Income tax (Net of provisions)	2.60	-
Total	**2.60**	**-**

Note 31: Revenue from operations

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Sale of Products		
River water and Tertiary treated water	97.70	76.08
Power	32.33	29.72
Sale of Services		
Land Lease Premium	13.67	13.07
Land Lease Rental	5.29	4.64
Operation and Maintenance Charges	41.81	40.60
Other Operating revenues		
Usage charges towards infrastructure facilities	16.01	10.12
Total	**206.81**	**174.23**

Note 32: Other Income

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Interest Income		
(i) On financial assets measured at amortIzed cost	1.50	1.33
(ii) On security deposits measured at amortized cost	0.13	0.08
Dividends from mutual fund investments measure at FVTPL	1.39	1.41
Government grant	0.33	0.08
Other Non operating income	2.48	0.25
Total	**5.83**	**3.15**

Note 33: Cost of Purchased Power

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Purchase of Power	25.57	25.55
Total	**25.57**	**25.55**

Note 34: Employee benefit expense

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Salaries and wages	6.77	7.00
Contribution to provident and other funds	0.60	0.60
Staff welfare expenses	0.61	0.50
Total	**7.98**	**8.10**

Note 35: Finance costs

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Interest on financial liabilities measured at amortized cost		
- Interest on bank borrowings	46.31	49.84
- Interest on security deposit	0.24	0.26
Interest on security deposits measured at fair value	0.08	0.06
Other borrowing cost	0.28	0.74
Interest on income tax	0.45	-
Total	**47.36**	**50.90**

Note 36: Depreciation and Amortisation Expense

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Depreciation of Property, plant and equipment (Refer Note 3)	44.31	40.80
Amortisation of Intangible assets (Refer Note 6)	0.66	0.66
Total	**44.97**	**41.46**

Note 37: Other Expenses

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Rent	4.38	1.73
Rates & taxes	0.06	0.41
Repair and Maintenance	26.72	23.77
Insurance	0.58	0.51
Advertising and publicity	0.27	0.26
Travelling expenses	1.35	1.28
Professional & consultancy charges	1.06	1.09
Allowance for doubtful debts	47.25	7.09
Payment to auditors	0.12	0.07
Corporate social responsibility	0.19	0.32
Miscellaneous Expenses	3.80	3.91
Total	**85.78**	**40.44**

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 Crores

	31-Mar-19	31-Mar-18
Current tax:		
Current tax on profits for the year	23.78	7.87
Adjustments for current tax of prior periods	5.76	-
Total current tax expense	**29.54**	**7.87**
Deferred tax:		
(i) Increase/(Decrease) in deferred tax	(31.84)	5.27
(ii) Deferred tax Asset MAT entitlement (not recognised)/reversal of excess MAT - of earlier years	0.87	(5.89)
Total deferred tax expense/(benefit)	**(30.97)**	**(0.61)**
Income tax expense	**(1.43)**	**7.26**
Income tax expense is attributable to:		
Profit from continuing operations	(1.43)	7.26

Other Comprehensive Income Section

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

Rs. in Crores

	31-Mar-19	31-Mar-18
Net loss/(gain) on remeasurement of defined benefit plans	(0.01)	0.01
Income tax charged to OCI	**(0.01)**	**0.01**

B. Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate for the year is as under:

Rs. in Crores

Particulars	**31-Mar-19**	**31-Mar-18**
Profit before tax	0.98	10.93
Income tax expense calculated at Company's domestic tax rate at 29.12% (previous year 34.608%)	0.29	3.78
Tax Effect of:		
-Deduction u/s.80IAB	(4.69)	(41.29)
-Tax effect of unabsorbed depreciation	-	(7.19)
-Tax effect of non-deductable expenses	0.34	1.19
-Effect of income exempted from tax	(0.69)	(0.69)
-Effect of receipts which is offered for tax	1.45	58.89
-MAT Credit	-	(5.89)
-Effect of change in tax rate	(2.42)	-
-Others	(1.47)	(1.55)
-Total	**(7.19)**	**7.26**
-Adjustments for current tax of prior periods	5.76	-
-Tax expense as per Statement of Profit and Loss	**(1.43)**	**7.26**

38(i) The tax rate used for reconciliation above is the corporate tax rate of 29.12% payable by Corporate entities in India on taxable profits under Indian tax law.

Note: 39

A. Effect of IND AS 115 adoption on the transition date as at 1 April 2018

Rs. in Crores

		Notes	As at 31.03.2018	Effect of Transition to Ind AS 115	As at April 1,2018 (Date of Transition)
	ASSETS				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	3	823.31	-	823.31
	(b) Capital work in progress	4	170.57	-	170.57
	(c) Investment Property	5	449.89	-	449.89
	(d) Other Intangible Assets	6	13.88	-	13.88
	(e) Financial Assets			-	
	(i) Trade Receivables	7	0.50	-	0.50
	(ii) Loans	8	5.25	-	5.25
	(iii) Others	9	0.00	-	0.00
	(f) Other non-current assets	10	26.65	-	26.65
			1,490.05	**-**	**1,490.05**
(2)	**Current assets**				
	(a) Financial Assets				
	(i) Investments	11	54.87	-	54.87
	(ii) Trade receivables	12	169.80	3.91	173.71
	(iii) Cash and cash equivalents	13	8.40	-	8.40
	(iv) Bank Balances other than (iii) above	14	16.25	-	16.25
	(v) Loans	15	0.01	-	0.01
	(vi) Others	16	0.95	-	0.95
	(b) Current tax asset (Net)	17	0.79	-	0.79
	(c) Other current assets	18	3.54	-	3.54
			254.61	**3.91**	**258.53**
	Total Assets		**1,744.66**	**3.91**	**1,748.57**
	EQUITY AND LIABILITIES				
(1)	**EQUITY**				
	(a) Equity Share capital	19	50.00	-	50.00
	(b) Other equity	20	20.81	2.44	23.25
	Total Equity Attributable to owners of the Company		**70.81**	**2.44**	**73.25**
	Non-Controlling Interests	19	0.02	-	0.02
	Total Equity		**70.83**	**2.44**	**73.27**

	LIABILITIES				
(2)	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	21	562.92	-	562.92
	(ii) Other financial liabilities	22	0.30	-	0.30
	(b) Provisions	23	1.50	-	1.50
	(c) Deferred tax liabilities (Net)	24	40.74	-	40.74
	(d) Other Non Current Liabilities	25	931.66	1.48	933.14
			1,537.12	**1.48**	**1,538.60**
(3)	**Current liabilities**				
	(a) Financial Liabilities				
	(ii) Trade payables	26	19.87	-	19.87
	(iii) Other financial liabilities	27	83.49	-	83.49
	(b) Other current liabilities	28	25.28	-	25.28
	(c) Provisions	29	8.07	-	8.07
			136.71	**-**	**136.71**
	Total liabilities		**1,673.83**	**1.48**	**1,675.32**
	Total Equity and Liabilities		**1,744.66**	**3.91**	**1,748.57**

B. Statement showing effect of IND AS 115 adoption on the Statement of Change in Equity as on 1st April, 2018

Rs. in Crores

Sl. No.	**Nature of Adjustments**	**Reserves and Surpluses**
		Retained earnings
	Balance at the end of the reporting period March 31, 2018 (i)	**20.81**
	Changes due to IND AS 115	
	- One time joining fee	(1.50)
	- Proportionate revenue of the one time joining for the year.	0.03
	- Rent of earlier year	0.09
	- Revenue recoverable from customers pursuant to the tariff order dated 14.05.2018 passed by Karnataka Electricity Regulatory Commission	3.82
	Total effect of transition to IND AS 115 (ii)	**2.44**
	Restated balance at the beginning of the reporting period 01.04.2018 (i) + (ii)	**23.25**

C. Statement showing effect of IND AS 115 adoption on the statement of cash flow for the year ended 31st March, 2018

Rs. in Crores

Cash flow from operating activities		
Increase in cash flow from operating activities (PBT) (i)		**2.44**
Adjustments for:-		
(Increase)/decrease in trade receivables		(3.91)
Increase /(Decrease) in other liabilities		1.47
Cash generated from operating activities (ii)		**(2.44)**
Net cash flow from operating activities (i) + (ii)		-

Note 40 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 31.03.2019	Agreement date	Lease Commence-ment date	Area Registered as on 31.03.2019	Land surrendered to KIADB	Balance not registered as on 31.03.2019			Total Area as on 31.03.2018	Area Registered as on 31.03.2018	Balance not registered as on 31.03.2018 (after surrender to KIADB)
					Land - Outside Notified area	Others	Total			
1,972.20	28.12.2010* 29.06.2011#	27.01.2010 27.12.2010	1,543.21		320.26	108.73	428.99	1,972.20	1,543.21	428.99
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		274.36		23.13
11.37						11.37		9.77		9.77
2,346.92			**1,632.20**	**251.23**	**320.27**	**143.22 ^**	**463.49**	**2,345.32**	**1,632.20**	**461.89**

* 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, 2019 (based on the agreements concluded with the units) is as under:

Rs. in Crores

	As at 31.03.2019	As at 31.03.2018
Not later than one year	54.01	65.80
Later than one year and not later than five years	20.13	24.67
Later than five years	215.37	210.48

Note 41 (A) Category-wise Classification of Financial instruments

Rs. in Crores

Financial assets measured at fair value through profit or loss (FVTPL)	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Investments in quoted mutual funds	11	-	-	52.93	54.87
		-	**-**	**52.93**	**54.87**

Rs. in Crores

Financial assets measured at fair value through other comprehensive income (FVTOCI)	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Investment in unquoted equity shares (*)	7	-	-	-	-
		-	**-**	**-**	**-**

Rs. in Crores

Financial assets measured at amortised cost	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Trade Receivables	7,12	0.50	0.50	187.69	169.80
Term deposits with original maturity of more than 12 months	9	0.00	0.00	-	-
Cash and cash equivalents	13	-	-	18.02	8.40
Term Deposits with original maturity of more than three months but less than 12 months	15	-	-	0.05	0.05
Term deposits held as margin money	14	-	-	13.54	16.20
Security deposit	8, 15	5.32	5.25	0.02	0.01
Other Receivables	16	-	-	0.62	0.95
		5.82	**5.75**	**219.94**	**195.41**

Rs. in Crores

Financial liabilities measured at fair value through profit or loss	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
		-	-	-	-

Rs. in Crores

Financial liabilities measured at fair value through amortized cost	Refer Note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Term loan from bank	21, 27	549.87	562.92	-	9.89
Trade deposits	22	0.76	0.30	-	-
Trade payables	26	-	-	11.39	19.87
Retention monies relating to capital expenditure/projects	27	-	-	11.86	14.94
Security Deposits	27	-	-	4.57	4.28
Payable to contractors towards project related Earnest Money Deposit	27	-	-	0.36	0.28
Payable towards capital/project related expenditure/works	27	-	-	43.58	53.26
Payable to employees	27	-	-	0.60	0.84
		550.63	**563.22**	**72.36**	**103.36**

(*) 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 41 (B) Fair value Measurements

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

As at March 31, 2019

Rs. in Crores

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	52.93	52.93		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	-			-

As at 31st March, 2018 Rs. in Crores

Financial assets	Refer Note	Fair value as at 31.03.2018	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	54.87	54.87	-	-
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	-	-	-	-

(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 41 (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 0.25% (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 Crores

	31-Mar-19	31-Mar-18
Variable rate borrowings	551.05	574.11
Fixed rate borrowings	-	-
	551.05	**574.11**

As at the end of the reporting period, the company had the following variable rate borrowings outstanding.

	31-Mar-19			31-Mar-18			
	Weighted average interest rate	**Balance (*) - Amount Rs. in Cr**	**% of total loans**		**Weighted average interest rate**	**Balance (*) - Amount Rs. in Cr**	**% of total loans**
Rupee term loan	8.21%	551.05	100%	Rupee term loan	8.97%	574.11	100%
Exposure to cash flow interest rate risk		**551.05**		**Exposure to cash flow interest rate risk**		**574.11**	

(*) The term loan in Balance sheet is measured at amortised cost using effective interest rate (refer note 21)

Interest Rate Sensitivity analysis

The Company considering the economic environment 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 Crores

	Impact on Profit before tax	
	31-Mar-19	**31-Mar-18**
Interest rates - increase by 50 basis points	2.81	2.89
Interest rates - decrease by 50 basis points	(2.81)	(2.89)

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

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

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 fluctuate due to changes in market traded prices. The Company's investment in liquid cash dividend 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 contractual 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, 2019. 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 established 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 Crores

Particulars	**31.03.2019**	**31.03.2018**
Balance at the beginning of the year	18.14	11.05
Loss allowance measured at life time expected credit losses	-	-
Impairment allowance	31.77	7.09
Impairment written-off	(19.51)	-
Fair value losses provided	15.49	-
Balance at the end of the year	**45.89**	**18.14**

3) Liquidity risk

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

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realising timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity 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 liabilities 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 41(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, 2019, 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 Crores

	As at 31.03.2019	As at 31.03.2018
i) Debt	**549.87**	**572.81**
ii) Equity share capital	50.00	50.00
iii) Other equity	25.64	20.81
iv) One time non-refundable amounts from customers	977.71	932.63
v) Total equity [(ii)+(iii)+(iv)]	**1,053.35**	**1,003.44**
vi) Debt to equity ratio (times)	0.52	0.57

Note 42 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-19	31-Mar-18
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-19	31-Mar-18
Mangalore STP 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
Shri Srinivas Santhayya Kamath	Independent Director
Shri Inturi Srinivas Nagesh Prasad	Independent Director
Shri Subhash Kumar	Nominee Director of ONGC
Shri Venkatesh Madhava Rao	Nominee Director of ONGC
Shri P B Abdul Hameed	Nominee Director of KCCI

(ii) Shri Velnati Suryanarayana — Chief Operating Officer

(iii) Shri Gouranga Charan Swain — Chief Financial Officer

(iv) Shri Phani Bhushan V — Company Secretary

C. List of related parties

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

D. Details of transactions:

(i) Transactions with related parties

Rs. in Crores

Name of related Party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
ONGC Mangalore Petrochemicals Limited	Supply of services - Annual lease rental	2.34	2.34
	Sale of products	29.36	27.84
	Supply of services	9.38	10.05
	Interest payable on security deposit	0.10	0.10
Mangalore Refineries and Petrochemicals Limited	Sale of products	25.42	25.42
	Supply of services	25.63	28.90
Infrastructure Leasing and Financial Services Limited (IL&FS)	Service received -Deputation of MD	0.30	0.33
	Service received - Others	0.20	0.00
Karnataka Industrial Areas Development Board	Services received -Annual Lease rent	0.04	0.05
Hindustan Petroleum Corporation Limited	Supply of services	32.35	-

(ii) Outstanding balances with related parties

Rs. in Crores

Name of related Party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
a. Amount payable:			
Infrastructure Leasing and Financial Services Limited (IL&FS) *	Trade payable	0.32	0.05
Karnataka Industrial Areas Development Board *	Towards acquisition of land	35.72	35.72
	Trade payable	0.004	-
ONGC Mangalore Petrochemicals Limited #	Other payable	1.11	1.11
Mangalore Refinery and Petrochemicals Limited #	Other payable	0.43	0.43

b. Amount Receivable:			
ONGC Mangalore Petrochemicals Limited	Other receivable	0.002	0.002
	Trade Receivable	15.14	18.46
Mangalore Refinery and Petrochemicals Limited @	Other receivable	0.59	2.49
	Trade Receivable	1.33	7.18

c. Loans and other assets (Debit balances):			
Karnataka Industrial Area Development Board *	Security deposit -Lease of land	0.12	0.12
	Capital advances towards land	1.54	3.14
d. Advances & Deposits (Credit balances):			
ONGC Mangalore Petrochemicals Limited	Security deposit -Power	1.54	1.54
	Security deposit -River water	0.31	0.31
Mangalore Refinery and Petrochemicals Limited	Security deposit -River water	0.75	0.75
	Security deposit -Marine Outfall	0.06	0.06
	Security deposit -TTP Water	0.46	0.46
	Security deposit - Hire of Machinery	0.0013	0.0013
Hindustan Petroleum Corporation Limited	Advance towards Corridor	32.34	-

* balance confirmations from the above parties are awaited

The balances payable to ONGC Mangalore Petrochemicals Limited & Mangalore Refinery and Petrochemicals Limited have been confirmed less by the parties to the tune of Rs.1.02 crores and Rs.0.43 crores respectively.

@ the balance receivable from Mangalore Refinery & Petrochemicals Limited has been confirmed less by the party to the tune of Rs.1.14 crores.

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

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

Rs. in Crores

Name of the related party	Nature of Transaction	As at 31.03.2019	As at 31.03.2018
ONGC Mangalore Petrochemicals Limited	Supply of services	0.53	4.20
Mangalore Refinery and Petrochemicals Limited	Supply of services	0.18	2.57
Total		**0.71**	**6.77**

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

Rs. in Crores

Name of the related party	Nature of Transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
ONGC Mangalore Petrochemicals Limited	Supply of services	9.28	0.03
Mangalore Refineries and Petrochemicals Limited	Supply of services	6.32	-
Total		**15.60**	**0.03**

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 operating officer

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.54	0.57
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	0.07	0.04
Contribution to Provident Fund	0.002	0.002
Total	**0.61**	**0.61**

(b) Chief financial officer

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.64	0.61
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	0.16	0.13
Contribution to Provident Fund	0.002	0.002
Total	**0.80**	**0.74**

(c) Company Secretary

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	0.22	0.21
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	0.04	0.02
Contribution to Provident Fund	0.002	0.002
Total	**0.26**	**0.23**

(d) Independent directors

Rs. in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sitting fees	0.03	0.04

Note 43 Employee Benefits

1. Post-employment benefits:

Brief 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 market 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 expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

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.

During the year, 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 recognised 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, 2019.

The principal actuarial assumptions used in determining Gratuity are as follows

Sl. No	Particulars	As at 31st March 2019	As at 31st March 2018
1	Discount Rate	7.69%	7.88%
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 31.03.2019. The tenure of the G.Sec. Rate matches with the expected term of the obligation.

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

Rs. in Crores

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Service Cost	0.12	0.11
Net Interest Cost	0.07	0.05
Components of defined benefit costs recognised in profit or loss	**0.19**	**0.16**
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from change in assumptions	0.03	(0.02)
Components of remeasurement recognised in other comprehensive income	0.03	(0.02)
Total	**0.22**	**0.14**

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

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at the end of the Period	1.12	(0.92)
(Fair Value of plan assets at the end of the period)	-	-
Net (liability)/Asset recognised in the Balance sheet	1.12	(0.92)

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

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Present Value of Benefit Obligation at the beginning of the period	0.92	0.73
Interest Cost	0.07	0.05
Current Service Cost	0.12	0.11
Past Service Cost	-	0.09
(Benefit paid Directly by the Employer)	(0.02)	(0.04)
Actuarial (Gains)/ Losses on Obligations - Due to change in Demographic Assumptions	-	-
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	0.02	(0.06)
Actuarial (Gains)/ Losses on Obligations - Due to Experience	0.01	0.04
Present Value of Benefit Obligation at the end of the period	**1.12**	**0.92**
Current	0.12	0.09
Non-Current	1.00	0.83

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

Rs. in Crores

	For the year ended March 31, 2019	For the year ended March 31, 2018
Projected benefit Obligation on Current Assumptions	1.12	0.92
Discount Rate		
-Impact due to increase of 1%	(0.10)	(0.08)
-Impact due to decrease of 1%	0.11	0.10
Salary increase		
-Impact due to increase of 1%	0.08	0.07
-Impact due to decrease of 1%	(0.08)	(0.07)
Employee Turnover		
-Impact due to increase of 1%	(0.01)	(0.01)
-Impact due to decrease of 1%	0.01	0.01

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 difference between assumed and the actual is not following the parameters of the sensitivity analysis.

Furthermore, in presenting the above sensitivity 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 liability recognised in the balance sheet.

2 Other Long term employee benefit

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, 2019 based on actuarial valuation carried out by using Projected Unit Credit Method resulted in increase in liability by Rs.0.06 Cr (Previous year Rs.0.09 Cr).

Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
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	9.00% p.a.	9.00% p.a.
Discount Rate	7.69% p.a.	7.88% p.a.
While is service Encashment rate	5.00% for the next year	5.00% for the next year

Note 44 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. 4.95 Crore as at March 31, 2019 (Rs. 4.95 Crore as at March 31, 2018) and Two lane Flyover near Jokatte, Mangalore SEZ (MSEZ) Rs.14.85 Crore as at March 31, 2019 (Rs.13.86 Crore as at March 31, 2018).

(i) Movement in Government Grants

(a) CETP

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	4.87	3.96
Add: Addition during the year	-	0.99
Less: Amortisation during the year	0.33	0.08
Closing Balance	**4.54**	**4.87**

(b) Two lane Flyover

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	13.86	11.88
Add: Addition during the year	0.99	1.98
Less: Amortisation during the year	-	-
Closing Balance	**14.85**	**13.86**

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 develops special economic zone (SEZ) at Mangalore, Karnataka, India. Accordingly, it is eligible for certain 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 45 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, 2019	For the year ended March 31, 2018
Profit/(Loss) after tax for the year attributable to equity shareholders (Rs. in Cr)	2.41	3.67
Weighted average number of equity shares	5,00,01,200	5,00,01,200
Basic & diluted earnings per share (Rs.)	0.48	0.73
Face value per equity share (Rs.)	10.00	10.00

Note 46 The amount recognised in Profit & Loss Account for investment property (refer note 5)

Rs. in Crores

Particulars	Year 2018-19	Year 2017-18
Rental Income	18.96	17.71
Direct Operating Expenses from property that generate direct rental income	1.85	2.15
Direct Operating Expenses from property that did not generate direct rental income	-	-
Profit from investment property before depreciation	17.11	15.56
Depreciation	-	-
Profit from investment property	17.11	15.56

Note 47 Contingent Liabilities and Commitments

(a) Commitments

Rs. in Crores

Particulars	As at 31.03.2019	As at 31.03.2018
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Plant, Property & Equipment	5.25	12.54
ii. Towards Investment Property	0.01	6.05
iii. Towards Intangible Assets	-	-
Total	**5.26**	**18.59**

Operating Lease Commitments- The Company has taken office premises under cancellable operating lease and also pays annual lease rentals towards lease of lands for projects. The agreements are renewed on expiry. The Company has paid for the period ending March 31, 2019 Rs. 4.38 Cr (March 31, 2018 Rs.1.68 Cr)

Note 47

b. Contingent liabilities

The claims against the company not acknowledged as debt is Rs.7.53 Crore (previous year Rs. 7.54 Crore) and other contingent items is Rs.19.86 Cr. The details are as under

Sl. No.	Petitioner	A brief description nature of court cases	Estimate of the financial effect - Rs. in Crores	Indication of the uncertainties relating to the amount or timing of any outflow
1	BSNL	Petitioner is claiming that MSEZL through his men & material while laying river water pipeline, the optical fiber cables were damaged in and between Bantwal - Moodbidri routes which carried the broad band network and 12F and 24F optical fiber between various Telephone exchanges.	0.15	MSEZL has granted the 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	MSEZL has 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, he had contended that MSEZL Officials & Contractors have trespassed 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/-.	0.48	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 (Eta Sreenivasulu) on behalf of MSEZL 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	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 MSEZL and petitioner being a fixed price contract did not provide for escalation 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 MSEZL form encashing the BG. After the matter came up for argument in the Court and several adjournments, the case filed by petitioner as 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 MSEZL 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 MSEZL 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 MSEZL and termination of contract was unlawful. MSEZL was directed to pay to Rs.19,23,53,085.	6.90	To Set Aside the arbitral Award dated 24.09.2016 and modified award dated 27.11.2016 passed by Arbitral Tribunal. The company and also CVCC had filed a petition contesting the Arbitration Award before the Prl.District & Sessions Cout at Mangalore under AS No. 1of 2017 & AS No2 of 2017 in Jan & Feb '17. A commercial Court has been established in Bengaluru. Thus, the case is to be transferred to said Court. Plaintiff counsel filed copy of IO in WP 5765/2019 to transfer this case to commercial Court at Bengaluru.
		Total A	**7.53**	

Sl. No.		A brief description	Estimate of the financial effect - Rs. in Crores	Indication of the uncertanities relating to the amount or timing of any outflow
1	MSEZL	In August 2018, The Executive Engineer, Water Resources Department (WRDO) has informed the company vide GoK Order No:KBS 2017, Bangalore, Dt.28.05.18 that the water drawal charges towards lifting 27 MGD for industruial usage is revised from Rs.1800/MCFT/Year to Rs.1,50,000/MCFT/Year and directed MSEZL to remit Rs.19.78 Cr. for FY 18-19.	**19.78**	The GoK vide notification dated 18.09.2018 had sought to amend the cess and invited objections from affected persons. The company vide letters dt.06.10.2018 and latest letter dated 15.04.2019 addressed to Principal Secretary to Government, WRDO, GoK, Bangalore has requested (i) to charge water drawal charges based on metered quantity of 10.29 MGD (ii) to revise the tariff and (iii) Pending finalization of revised rate by GoK to direct the Executive Engineer, WRDO to collect the earlier water drawal charges & allow the company to draw water for uninterrrupted water supply to industries. The revised orders are still awaited from the GoK. Further, the company is expecting that the water drawal charges would be restricted to actual water drawal of 10.29 MGD in which case the cess would be Rs.7.36 Cr and also, this amount can be back charged to the consumers of the company.
2	MSEZL	The income tax department has generated TDS mismatches in data filed by the company.	**0.08**	The company is in the process of resolving the data mismatches.
		Total B	**19.86**	
		TOTAL (A+B)	**27.39**	

Note 48 Critical judgements in applying accounting policies

I. Recognition 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 2018-19, the revenue is recognized based on the KERC tariff order dated May 14, 2018 applicable w.e.f. April 1, 2018. 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 revenues amounting to Rs.1.25 Cr for the current year (previous year 2017-18 Rs.11.73 Cr) towards Zone Operation and Maintenance (O&M) charges. The agreements for Zone O&M charges are under finalization. Pending finalization of agreements, Zone O&M charges are recognised at Board approved rate.

(c) The ROW charges for internal pipeline corridor which is in the nature of operating lease is recognized as income on straight line basis over the period of the useful life of the asset.

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 25 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 49

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

Note 50

Previous year's figures have been regrouped / reclassified 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/-
Bidyut Prakas Bhattacharya
Partner
Membership No. 053906

Sd/-
Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Sd/-
Venkatesh Madhava Rao
Director
DIN: 07025342

Sd/-
V. Suryanarayana
Chief Operating Officer and Head
(Finance & Accounts) I/c

Sd/-
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:13.05.2019

Place: New Delhi
Date:13.05.2019

Notes

Mangalore SEZ Limited
Regd Office: 3rd Floor, MUDA Building, Urwa Stores, Ashok Nagar,
Mangalore, Karnataka - 575 006, India,
Phone: +91-0824-2452760 Fax: +91-0824-2452749
Email: info@msezl.com; Website: www.mangaloresez.com
CIN: U45209KA2006PLC038590

ATTENDANCE SLIP

13th Annual General Meeting on 27th September, 2019

(PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Sr. No: ....

Folio No/DP ID/Client ID No.:

Name of the Shareholder:

Registered Address:

No.of Shares held:

I Certify that I am member /Proxy for the member of the company, I hereby record my presence at the 13th Annual General Meeting of the Company to be held on Friday, the 27th day of September, 2019 at The Gateway Hotel, Old Port Road, Bunder, Mangalore – 575 001.

(Signature of Member / Proxy)

Note: Please fill in the attendance slip and hand it over at the entrance of the meeting.

Mangalore SEZ Limited

Regd Office: 3rd Floor, MUDA Building, Urwa Stores, Ashok Nagar, Mangalore, Karnataka - 575 006, India,
Phone: +91-0824-2452760 Fax: +91-0824-2452749 Email: info@msezl.com; Website:www.mangaloresez.com;
CIN: U45209KA2006PLC038590

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):
Registered address:
E-mail Id:
Folio No. / Client ID:
DP ID:

I/ We being the member(s) of and holds ______________________shares of the above named Company hereby appoint:

(1) Name: ______________________________
Address: ______________________________
E-mail Id: ______________________________ or failing him;

(2) Name: ______________________________
Address: ______________________________
E-mail Id: ______________________________ or failing him;

(3) Name: ______________________________
Address: ______________________________
E-mail Id: ______________________________ or failing him;

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ behalf at the 13th Annual General Meeting of the Company to be held on Friday, the 27th September, 2019 at 12.30 Hours at The Gateway Hotel, Old Port Road, Bunder, Mangalore – 575 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Particulars	For	Against
	Ordinary Business		
1	a. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, the Report of the Board of Directors and the Report of the Auditors thereon; and		
	b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 and the Report of the Auditors thereon.		
2	To appoint a director in place of Shri Shashi Shanker (DIN:06447938), who retires by rotation and being eligible offers himself for re-appointment		
	Special Business		
3	To appoint Shri Subhash Kumar (DIN: 07905656) as Director of the company		
4	To appoint Shri Poonjamogru Bandashala Abdul Hameed (DIN: 02814115) as Director of the company		
5	To appoint Shri Nand Kishore (DIN: 08267502) as Director of the company		
6	To appoint Shri Ashwani Kumar (DIN: 00910864) as Director of the company		
7	To re-appointment Shri Paritosh Kumar Gupta (DIN: 01054182), as Managing Director for a further period of 6 months with effect from May 19, 2019, at Nil remuneration per annum.		
8	To ratify the Remuneration payable to the Cost Auditors, Shri P.Venkatgiri Rao, Cost Accountant for the financial year ending 31 March, 2020		
9	To shift the registered office of the Company from 3rd Floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore - 575 006 to Sy.No 168/3A, Plot No U-1, Administrative Building, Mangalore Special Economic Zone, Bajpe Village, Mangalore Taluk, Dakshina Kannada (Dist), Karnataka – 574142 with effect from 04th November, 2019.		

Signed this ________________day of ________________2019

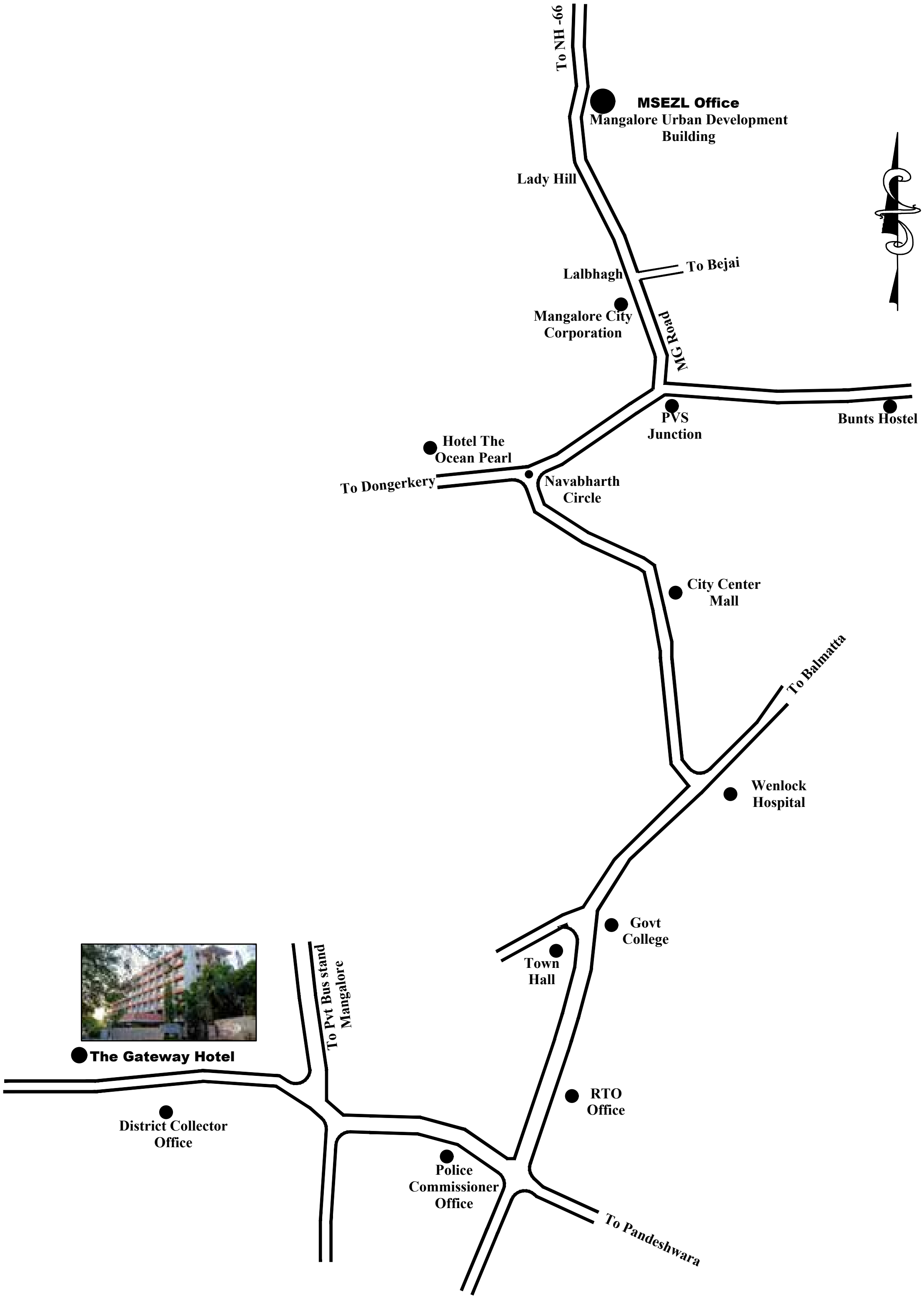
Affix Revenue Stamp

Signature of the Shareholder________________________

Signature of first proxy holder | Signature of second proxy holder | Signature of third proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ROUTE MAP FOR THE VENUE OF 13TH AGM OF MANGALORE SEZ LTD



Glimpses of CSR Activities

Benches and Desks to the Permude Hindu Aided Higher Primary School, Kodikere, Kulai, Mangalore.

LCD Projector to Pejawara High School, Kalavaru, Mangalore.

Audio system to Baalakara Sarvajanika Shree Sharada Mahothsava Trust, Urwa Chilimbi, Mangalore.

Gents and Ladies toilet block at Jokatte, Mangalore.

Shuddha filling counter to residents of Bala Grama Panchayat village, Mangalore.

Health Camp in association with KMC & Surathkal Mahila Wing at Kottara Chowki, Mangalore.

Water Purifier to D.K. Panchayath Higher Primary School, Borugudde, Mangalore.

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Your Gateway to Global & Indian Markets

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