



Mangalore SEZ Limited
Your Gateway to Global & Indian Markets

10th

**ANNUAL REPORT
2015-16**

**ENHANCING
OPPORTUNITIES
FOR ALL**



Annual Report 2015-16

Our Infrastructure at a Glance



Pipe line cum Road Corridor



River Water Reservoir and Pump house



Marine out fall

**BOARD OF DIRECTORS**

Shri Dinesh Kumar Sarraf	Chairman
Shri Paritosh Kumar Gupta	Managing Director
Shri I.S.N. Prasad	Independent Director
Shri Santosh Nautiyal	Independent Director
Shri Srinivas S Kamath	Independent Director
Shri H. Kumar	Director (Co-opted on 07-05-2015)
Shri Pradeep Puri	Director (Co-opted on 03-08-2015)
Shri Saibal Kumar De	Director
Shri A.K. Sahoo	Director (Co-opted on 12-02-2016)
Shri B.S. Shekharappa	Director (Up to 03-06-2016)

COMPANY SECRETARY

V. Phani Bhushan

CHIEF FINANCIAL OFFICER

Gouranga Charan Swain

STATUTORY AUDITORS

M/s. Maharaj N R Suresh and Co
Chartered Accountants
Chennai

BANKERS

Indian Overseas Bank
Bank of Baroda
Corporation Bank
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
United Bank of India

REGISTERED OFFICE

Al-Latheef, 1st Floor No.2 Union Street,
Off Infantry Road Bangalore,
Karnataka- 560001, India
Phone: +91-80-40343333
Fax: +91-80-40343310
Email: mangaloresezltd@gmail.com
Website: www.mangaloresez.com
CIN: U45209KA2006PLC038590

SITE OFFICE

3rd Floor, MUDA Building, Ashok Nagar,
Urwa Stores, Mangalore - 575 006
Phone: 0824-2452748 / 2452750
Fax: 0824-2452749
Website: www.mangaloresez.com
Email : mangaloresezltd@gmail.com

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NOTICE OF 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the Members of MANGALORE SEZ LIMITED will be held on Thursday, the 29th September, 2016 at 12.45 PM at Hotel Le-Meridien, No.28, Sankey Road, Bangalore – 560 052, Karnataka to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, 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, 2016 and the Report of the Auditors thereon.
2. To appoint a Director in place of Shri Saibal Kumar De (DIN: 00498241) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri H.Kumar (DIN: 06851988) who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Statutory Auditors

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

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any of the Companies Act, 2013, read with rules framed there under (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) M/s Maharaj N R Suresh & Co., Chartered Accountants, bearing Registration No. FRN 001931S from whom the Company has received a Certificate under Section 139 of the Act, being eligible, be and are hereby, appointed as the Statutory Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the 12th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this AGM) at a remuneration not exceeding ₹ 3,25,000/- as audit fees plus applicable Taxes and out of pocket expenses.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Shri Akshaya Kumar Sahoo (DIN: 07355933) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. February 12, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act 2013 (“The Act”) and in respect of whom the Company has received notice in writing, pursuant to Section 160(1) of the Companies Act, 2013 proposing him as candidature to the office of Director of the Company, be and is hereby, appointed as Director of the Company, whose term of office shall be liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification (s), the following 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 Remunerations of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time, consent of the Shareholders be and is hereby accorded to the appointment of Shri Paritosh Kumar Gupta (DIN: 01054182), as Managing Director for a period of 6 months extendable by another 6 months with effect from May 19, 2016, at a remuneration of ₹56 lakhs p.a. or 35% of his current CTC at IL&FS whichever is lower.

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 by the Board”

RESOLVED FURTHER THAT, notwithstanding anything herein contained, where in any financial year during the currency of the tenure of appointment of Shri Paritosh Kumar Gupta, as the Managing Director, the Company has no profits or its profits are inadequate, the company shall pay to Shri Paritosh Kumar Gupta, the above remuneration by way of salary and perquisites as minimum remuneration but not exceeding the limits specified under Clause (d) of Section III of Part II of Schedule V to 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 Gouranga C Swain, Chief Financial Officer or Shri V.Phani Bhushan, Company Secretary of the Company 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.”

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

“RESOLVED THAT in supersession of earlier resolutions passed by the shareholders at their meeting held on November 09, 2010 and pursuant to Section 180(1)(c) and applicable provisions of the of the Companies Act, 2013, including any re-enactment or statutory modifications consent of the shareholders be and is hereby accorded to the Board of Directors to borrow monies from time to time any sum or sums for the purpose of the business of the Company which, together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid up share capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board and outstanding at any time shall not exceed the sum of ₹ 2000 Crore (Rupees Two Thousand Crore only).

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

RESOLVED THAT in supersession of the ordinary resolution passed by shareholders’ at an Extraordinary General Meeting held on 9th November, 2010 and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the rules notified there under and the Articles of Association of the Company and such other approvals as may be necessary, consent of the shareholders be and is hereby accorded to mortgage and/or charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable / immoveable properties of the Company, both present and future and/or whole or any part of undertaking(s) of the Company in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) in foreign currency and/or rupee currency and Securities (comprising fully / partly Convertible Debentures and/or Non-Convertible Debentures, on all or any of the above, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes / bonds or other debt instruments) issued / to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest, in case of default accumulated interest, liquidated damages, commitment charges premia on prepayments, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Trust Deed(s) or any other document, entered into / to be entered into between the Company and



the Lender(s) / Agent(s) / Trustee(s), in respect of the said loans / borrowings / debentures / bonds or other securities and containing such specific terms and conditions covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s) / Agent(s) / Trustee(s) upto an amount not exceeding in the aggregate at any point of time ₹ 2000 Crore (Rupees Two Thousand Crore only).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board of Directors / Committee of the Board or the Chief Financial Officer or the Company Secretary of the Company be and are hereby severally authorized in this regard to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid.”

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

“**RESOLVED THAT** pursuant to the provisions of Section of 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules framed there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company, consent of the shareholders be and hereby accorded to sell and transfer 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.”

RESOLVED FURTHER THAT Managing Director, Chief Financial Officer of the Company be and are hereby severally authorised to do such acts, deeds, things and execute all such documents, undertaking, agreements including filing or providing clarifications with the necessary authorities as may be necessary for giving effect to the resolution.”

**By Order of the Board of Directors
For Mangalore SEZ Limited**

Place: Mangalore
Date: September 03, 2016

**Phani Bhushan V.
Company Secretary**

Registered Office:

Al-Latheef, 1st Floor No.2 Union Street,
Off Infantry Road Bangalore, Karnataka- 560001, India
Phone: +91-80-40343333 Fax: +91-80-40343310
Email: mangaloresezltd@gmail.com; Website:www.mangaloresez.com;
CIN: U45209KA2006PLC038590

**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 more than 50 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 intentions to inspect the proxies lodged shall be required to be provided to the Company.
3. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of items 5 to 9 of the Notice is annexed hereto.
4. The statement of the particulars of Directors seeking Appointment / Re-appointment as per the corporate governance regulations are provided in the Corporate Governance Report forming part of the Annual Report.
5. Relevant documents 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, 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.
9. 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.

ANNEXURE TO THE NOTICE

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

In respect of Item No. 5

The Board appointed Shri Akshaya Kumar Sahoo as an Additional Director of the Company with effect from February 12, 2016 through Circular Resolution, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Akshaya Kumar Sahoo will hold office up to the date of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Shri Akshaya Kumar Sahoo for the office of director.

Shri Akshaya Kumar Sahoo is a Fellow Member of the Institute of Cost Accountants of India. He is a Post Graduate in Analytical and Applied Economics from Utkal University, Odisha, from where he also graduated in science with a first class. Shri Akshaya Kumar Sahoo took charge as Director Finance of MRPL, the mini ratna - category 1, Schedule A, ONGC subsidiary. Shri Akshaya Kumar Sahoo brings to the table over 25 years of rich experience in various aspects of Finance and Finance Management, with 16 years specifically in Project implementation and management. Adding to his expertise is the fact that he has served in diverse sectors like Mining, Manufacturing, and Service before turning to Refining and Petrochemicals Industry in India's Oil & Gas. Having started his career as a trainee with NALCO in 1989, Shri A.K. Sahoo worked in various capacities with various State and Central PSUs viz. Industrial Development Corporation of Odisha (1992), Odisha Hydro Power Corporation (1996), Dredging Corporation of India (2002) before joining MRPL.

Since his appointment w.e.f. February 12, 2016, Shri Akshaya Kumar Sahoo has not attended any meetings during the year. Further, he does not hold any shares in the Company.

The Board of Directors recommends the resolution for your approval.

Except Shri Akshaya Kumar Sahoo 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.

In respect of Item No. 6

The Board at its meeting held on May 12, 2016 appointed Shri Paritosh Kumar Gupta, as a Managing Director for the period of Six months extendable by another Six months with effect from 19th May, 2016 at a remuneration of Rs.56 lakhs p.a. or 35% of his current CTC at IL&FS whichever is lower subject to the approval of the shareholders in the General Meeting. His remuneration and perquisites was approved by the Board at the above mentioned meeting as recommended by the Nomination and Remuneration Committee which are within the limits prescribed under sections 196, 197, 198 and Schedule V and other applicable provisions of the Companies Act, 2013.

Shri Paritosh Kumar Gupta, 54 years, holds a Masters in Economics from Delhi School of Economics, and an MBA from IIM, Lucknow. He is currently heading IIDC, a Project Development Arm of IL&FS. He has been the Director on the MSEZL Board, as a Nominee of IL&FS since December, 2009 and is fully aware of the project execution details.

He is also a Member of different Committees of the Board viz., Audit Committee, Business Committee, Corporate Social Responsibility Committee and Committee of Directors.

The details of attendance of Shri Paritosh Gupta in the Board meetings during the year have been mentioned in the Corporate Governance Report which is forming part of the Board's Report.

The directorships held by Shri Paritosh Gupta in other Companies are mentioned below.

1. Urban Mass Transit Company Limited
2. IIDC Limited
3. Uttarakhand Infrastructure Projects Company Limited
4. Bengal Urban Infrastructure Development Limited
5. Andhra Pradesh Urban Infrastructure Asset Management Ltd
6. Tamil Nadu Water Investment Company Limited



7. PDCOR Limited
8. Free Trade Warehousing Private Limited
9. Mangalore STP Limited
10. MSEZ Power Limited

During the year there were four Board Meetings held and Shri Paritosh Gupta had attended four Board Meetings. Shri Paritosh Gupta holds 500 equity shares of Rs.10 each in Mangalore SEZ Limited.

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.

In respect of Item No. 7 & 8

The Shareholders of the Company by way of Ordinary Resolutions passed at their Extraordinary General Meeting held on November 09, 2010 had authorized the Board of Directors for raising both domestic and foreign currency borrowings through loans, credits etc. up to a limit of Rs. 2,000 crore (including Public Deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

The Companies Act, 2013 has been notified to become effective from 1st April 2014. The provisions of Section 180(1)(c) of the Companies Act 2013, provide that the Board of Directors of a Company shall exercise the powers to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business only with the consent of the company by a special resolution.

It is, therefore, proposed to seek the approval of the shareholders to the borrowing limits of Rs. 2,000 crore (apart from temporary loans obtained from company's bankers in the ordinary course of business) for both domestic and foreign currency borrowings by way of a Special Resolution.

Similarly the approval of shareholders was also obtained by way of ordinary resolution at the same meeting as mentioned above to create security or charge on the assets of the Company for the purposes of the borrowings. The mortgage and/or charge by the Company on its moveable and/or immoveable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Lender(s), may be regarded as disposal of the Company's undertaking(s) within the meaning of section 180(1)(a) of the Companies Act 2013 which provides for approval of shareholders by a Special Resolution. Hence, approval of the shareholders is solicited vide Resolution No. 8.

The Board of Directors of your Company recommends the Special Resolutions as set out in Item No. 7 & 8 in the accompanied notice for approval of the Shareholders.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolutions either financially or otherwise, except to the extent of their equity holding in the Company.

In respect of Item No. 9

The Members of the Company are requested to note that Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a Company shall exercise the power to sell, lease or otherwise dispose of the whole of any undertaking(s) of the Company, only with the approval of the members of the Company by way of a Special Resolution. Explanation (i) to Section 180 (1)(a) of the Companies Act, 2013 states that the meaning of an 'Undertaking' for the purposes of Section 180(1)(a) of the Companies Act, 2013 is an Undertaking in which the investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the previous financial year or an undertaking which generates 20% of the total income of the Company during the previous financial year. Explanation (ii) to Section 180 (1)(a) of the Companies Act, 2013 states that the meaning of 'Substantially the whole of the Undertaking' for the purposes of Section 180(1)(a) of the Companies Act, 2013 in any financial year, 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

Accordingly, pursuant to Section 180(1)(a) of the Companies Act, 2013, members of the Company are further requested to note that their consent is being sought by way of a Special Resolution to sell and transfer, the entire Power Distribution Activity including the assets and liabilities of the Power business to MSEZ Power Limited, a Wholly Owned Subsidiary of the Company on a Slump Sale basis at a value of Rs.27.09 Cr.



Members are further requested to note that Section 188(1) of the Companies Act, 2013 read with relevant Rules made there under requires any transaction entered into between related parties for selling or otherwise disposing of, or buying property of any kind, where the amount involved exceeds Rs.100 Cr (Rupees One Hundred Crore) or 10% of the networth, whichever is lower to be approved by the members of the Company by way of an ordinary resolution.

The fourth proviso to Section 188(1) of the Companies Act, 2013, states that passing of such resolution shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. The transfer of assets is between the Mangalore SEZ Ltd (Holding Company) and MSEZ Power Limited (wholly owned subsidiary of the Company), hence seeking of approval from members is exempted from the provision of Section 188(1) of the companies Act, 2013

None of the Promoters, Directors, Key Managerial Personnel and their relatives either directly or indirectly, are in any way, concerned or interested in the above said resolutions either financially or otherwise, except Mr. Paritosh Gupta, Managing Director and Mr. Gouranga C Swain, Chief Financial Officer by virtue of their position as Directors in MSEZ Power Limited.

**By Order of the Board of Directors
For Mangalore SEZ Limited**

Place: Mangalore
Date: September 03, 2016

**Phani Bhushan V.
Company Secretary**



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 10th Annual Report of the Company for the year ended 31st March, 2016.

Financial Performance:

The highlights of the standalone financial results of the Company for the year ended 31st March, 2016 are as follows:

₹ in Crores

Particulars	2015-16	2014-15
REVENUE :		
Income from operations	110.09	64.44
Other Income	4.31	9.66
Total Revenue	114.40	74.10
EXPENSES :		
Employee Benefit Expenses	5.44	5.99
Finance Costs	41.65	27.67
Depreciation and amortization expense	30.53	13.39
Other Expenses	28.69	16.65
Total Expenses	106.31	63.70
Profit Before Exceptional and Extraordinary item	8.08	10.40
Exceptional items	-	(0.05)
Profit Before Tax	8.08	10.35
Tax Expense-Current Tax	1.35	1.54
Tax Expense-Deferred Tax	10.64	10.65
Profit After Tax for the year	(3.91)	(1.85)

Review of Performance and state of the company's affairs

During the year under review, members will notice that the standalone revenues (operations) have increased by 70% to Rs 110.09 Cr from Rs 64.44 Cr of the previous year 2014-15, while the Loss after Tax was at Rs. 3.91 Cr from Loss after tax of Rs 1.85 Cr achieved during the previous year 2014-15.

The Company has substantially completed infrastructure development for Phase-I of the Project. The salient features of the infrastructure development in the previous year are as under:

- ❖ The Company has so far awarded 122 major orders cumulatively amounting to Rs. 804.57 Cr towards infrastructure development within SEZ out of which 97 work orders cumulatively amounting to Rs.635.58 Cr have been satisfactorily concluded.
- ❖ River water is being supplied to MRPL, OMPL and other SEZ units successfully through the O&M operator VA Tec Wabag Ltd. Development works for river water infrastructure are being undertaken in a phased manner and have been



completed for meeting the requirements of MRPL & OMPL. The balance infrastructure required for upcoming industries in MSEZ is planned and is in the process of taking up the same.

- ❖ The 5 MGD Tertiary Treatment plant at Kavoor commissioned in 2013 has been successfully operating and supplying the required quality of water to MRPL consistently. MSEZ has appointed VA Tech Wabag, Chennai as the O & M operator for 5 years.
- ❖ The JV Company (MSTPL) jointly promoted by the company and Mangalore Municipal Corporation (MCC) is successfully operating the associated wet wells and Kavoor STP for the last 3 years through O&M operator GET water solutions, Chennai.
- ❖ MSEZ has taken up the expansion plans for augmenting the inflows to Kavoor STP by connecting Bajal STP water and also augmenting the treatment capacity at Kavoor.
- ❖ The pipeline-cum-road corridor development has been substantially completed with finishing works in progress. OMPL and ISPRL have already laid their Pipe lines on the corridor in their allocated space.
- ❖ The company has taken up the construction of Road flyover across KRCL railway track near Jokatte for which a grant of Rs 15 Cr has also been obtained from GoK under ASIDE scheme. With the completion of flyover, direct road connectivity from the port to the SEZ will be established.
- ❖ Since from 2014, MSEZ has commissioned marine out fall facility and the treated effluents from MRPL and OMPL have been discharged to the marine environment by complying all the statutory compliances. MSEZ has obtained the Consent for Operation (CFO) from KSPCB for operating this facility and has also installed online analysers to monitor the discharge of treated effluents on real-time basis.
- ❖ MSEZ has completed construction of all the power infrastructure consisting of 110/33/11 KV Grid Substation, laid transmission lines for tapping power from 220 KV MRSS. Completed street lighting in the Zone and is distributing power to various units in the zone.
- ❖ River water treatment plant of 60 MLD capacity has been Commissioned and treated water is being supplied to SEZ units. Completed Site grading activities for ~505 acres of land and also completed the Internal roads and storm water drainage system

❖ **Land Acquisition**

A total of 2353.23 acres of land has been acquired including 251.23 acres of land for MRPL, 1619.75 acres for SEZ and balance for R& R Colony, Corridor and other requirements viz. ISPRL's booster station, road widening, water infrastructure and exchange with forest land etc through Karnataka Industrial Area Development Board (KIADB). 1619.75 acres of land is already notified for SEZ.

Update on Permissions & "Right of Way".

- ❖ MSEZ Phase I has been notified as a Multi product SEZ since Sept '13, thus upgrading the sector specific SEZ status for Petroleum & Petrochemicals accorded by Ministry of Commerce & Industry (MoCI) on 30th July 2007. With the first unit of Cardolite Specialty Chemicals India LLP and second unit OMPL became operational in 2014, MSEZ is recognised as being 'operational' and COD is declared effective from 01 April 2015.
- ❖ MSEZ Phase I project has obtained Environment clearance from MoEF and Consent for Establishment from KSPCB in 2008. MSEZ has now received the amendment to Environment clearance for allowing Downstream Petrochemical units in lieu of Olefin complex in Phase I area as well as extension to CFE from KSPCB. MSEZL had obtained amendment to Environment Clearance from Ministry of Environment and Forests for permitting Multi-Product SEZ on 18.06.2015. MSEZL has obtained Right of Way from Public Works Department, GoK, National Highways, Zilla Panchyat, Mangalore for laying ~42 kms length of River water pipeline from Netravathi river to MSEZL.
- ❖ 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 Tripartite agreements with MRPL, OMPL for development and utilisation of Corridor.

Rehabilitation and Resettlement (R&R) of Displaced People

Allotment of Plots for PDFs continued by developing the balance R&R colonies. Overall, 1424 plots have been planned to be developed in 10 R&R colonies. All the 10 R&R colonies have been fully developed (48, 16 & 9.88 acres at Kulai, 16 acres at Permude, 4 acres at Kalavar, 1.58 acres at Rampal, 35 acres at Bajpe, 9.58 acres at Kulai and 69 acres at Thokur). In all, 1362 plots have already been handed over to the PDF's thus far leading to the company evacuating 1220 families out of 1232 PDFs in the acquired land. Balance 12 families are proposed to be evacuated shortly.

As a part of the implementation of the Government Order for R&R activities, out of the total no of 1637 eligible PDF's candidates for employment, one time compensation has been paid to 829 candidates and balance 808 are to be provided employment. Out of the 808 candidates 577 candidates have been provided employment and balance 231 are yet to be placed. Payment of Stipend & Sustenance allowance to PDF nominees, who have not opted for the ex-gratia is continuing and payment has been made by MSEZL.

Infrastructure Development

During the year under review, the Company has completed substantial development of infrastructure for Phase-I. The Company has incurred expenditure of ₹1342 Cr towards Land, R&R, infrastructure development and other overheads as on 31st March, 2016.

The Company has taken up additional infrastructure development like construction of Common Effluent Treatment Plant and a Flyover across Konkan Railways near Jokatte village. For the above two projects, the Company was successful in getting a sanction of ₹20 crores from ASIDE funding from the State Govt. of Karnataka, out of which Rs 13 Cr has been released by Govt of Karnataka.

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 all major works and finishing works are in progress.

The entire stretch of ~11.45 km was handed over to OMPL during the previous year for laying their pipelines which has been completed as on date. OMPL has commenced exporting its products through this pipeline from October, 2014.

Water

MSEZ water requirements are being sourced as follows:

- (i) River water from Netravathi and Gurupur rivers - Government of Karnataka has already accorded necessary permissions for constructing two barrages each across Netravathi and Gurupur rivers.

The Company had entered into an agreement with M/s AMR Power Private Limited (APPL) and M/s Rithwik Energy Generation Private Ltd (REGPL) for drawing water from the barrage & reservoir built by M/s APPL and M/s REGPL across the Netravathi River on a cost sharing basis. MSEZ has initiated tender process for appointing O&M contractor as per the Barrage sharing agreement for taking up the O&M of Sarpady Barrage. All civil and electro mechanical works completed at Sarpady and Jakribettu. The Company has been successfully pumping the river Water from the AMR Barrage to OMPL & MRPL and other units since October 2013.

MSEZ is in discussion with M/s Greenko, MCC and GoK for taking up the barrage construction at Jakribettu. AMR is in the process of appointing design consultant for redesigning the Jakribettu barrage for taking up the construction works.

- (ii) Mangalore City Corporation (MCC) Sewage treatment Plants (STPs) post tertiary treatment for the STP water - Construction of 5MGD Tertiary Treatment Plant (TTP) for STP Water has been completed. This TTP is the first of its scale and size in India using "state-of-the-art" GE membrane technology for further treating secondary treated sewage



water and making it fit for industrial use. The construction of ~13.5 kms treated water pipeline from Kavoor STP to SEZ including related infrastructure has been completed and treated water supplies commenced to MRPL on a regular basis. Construction of Water treatment plant & 120 ML reservoir inside the SEZ for river water and internal pipeline distribution system for fire fighting network is completed and commissioned. Construction of 120 ML and 10 ML reservoirs for TTP water has also been completed.

Power

- ❖ MSEZ has completed construction of all the power infrastructure consisting of 110/33/11 KV Grid Substation, laid transmission lines for tapping power from 220 KV MRSS. Completed street lighting in the Zone and is distributing power to various units in the zone.

Your company is a Deemed Licensee for distribution of power to consumers in MSEZ. Accordingly, during the year under review, your Company has filed before Karnataka Electricity Regulatory Commission (KERC) for determination of Annual Revenue Requirement (ARR) for control period FY 2016-17 to FY 2018-19 and retail supply tariff for FY 2016-17. Your Company had proposed a two tariff structure i.e. HT- industrial and HT – Construction categories for FY 2016-17. KERC has allowed the tariff application vide its tariff order dated 30th March 2016.

- ❖ The Board at its meeting held on March 15, 2016 has approved (subject to approval of share holders) for the sale and 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.

Environment

- ❖ The Company is complying with the prescribed Conditions and submitting the Compliance reports as per the Environmental Clearance conditions to the Ministry of Environment & Forests and KSPCB as stipulated.
- ❖ Your Company has also obtained Consent for Operation for marine outfall in August, 2014.
- ❖ The Company has taken up construction of Common Effluent Treatment Plant in SEZ and the same is likely to get completed by end of 2016.

Green Belt Development

- ❖ As per environment clearance, out of 1638 acres land notified for MSEZ need to develop green belt in 272 acres as green cover. MSEZL so far developed green belt in 207 acres by planting 87,000 plants in processing and non processing areas.
- ❖ Green belt development along with avenue plantation has been taken up in additional 55 acres during 2015-16 and Plantation of 24,750 plants and laying of irrigation system have been completed and are under first year maintenance schedule.
- ❖ MSEZL along with Karnataka State Pollution Control Board and Ministry for Environment and Forests celebrated World Environment Day on 18th June, 2016. A Mass tree plantation was organised jointly by MSEZL and Cordolite Speciality Chemicals India LLP at MSEZL'S premises and 300 saplings were planted which was attended by District Judge along with KSPCB officials and representatives from other industries from Dakshina Kannada District.

Marketing Initiatives

During FY 2015-2016 MSEZ has participated in some of the events as Delegate, Speaker and Exhibitor with a view to showcasing and promoting the Project among potential investors from wide diaspora of Petrochemical, chemical and allied industries. These include

Abu Dhabi, Dubai and Sharjah with prospective investors during 6th to 8th January, 2016



During FY 2015-16, MSEZL was able to allot 23.5 acres of land to M/s Anthea Aromatics Pvt Ltd and M/s Trident Infrastructure for setting up of production facility in the Zone. Apart from this, discussions are on-going with various prospective investors for allotment of additional land and expect to close few more deals in the forth coming year.

Since MSEZ turned Multi Product, efforts are being directed towards the targeted sectors suitable for investments in SEZ. MSEZ is in the process of commissioning a detailed study on assessing the suitable sectors that can flourish in MSEZ by keeping in view the skilled labour, technology, capital investments, backward and forward integrations.

Administrative Matter

The Company has a Registered office at Al-Latheef, 1st Floor, No.2, Union Street, Off Infantry Road, Bangalore – 560061 and Site Office at 3rd Floor, MUDA building, Ashok Nagar, Urwa Stores, Mangalore – 575 006. Both offices are operational with a total strength of 51 employees as at March 31, 2016.

The company has adopted and implemented a HR policy which is approved by the Board during the year.

Units in SEZ

Presently, 2 companies viz ONGC Mangalore Petrochemicals Limited (OMPL) and Cardolite Specialty Chemicals India LLP has already commenced its operation in 2014, while the other 5 companies are in the process of setting up units in the SEZ and are in different stages of implementation. The Five Companies are Indian Strategic Petroleum Reserve Limited (ISPRL), JBF Petrochemicals Limited (JBFPL), Syngene International Ltd (Syngene) (a subsidiary of M/s Biocon Ltd), Anthea Aromatics Pvt Ltd. and Trident Infrastructure Ltd. Discussions with other potential investors are at different stages of progress.

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 ₹ 425,00,00,000 and paid up share capital is ₹ 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 Act 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, 2016 and no amount has been transferred to General Reserve during the FY 2015-16.

Credit Rating

The Company had obtained domestic credit rating from ICRA Limited for the term loan of ₹ 699.63 Cr. The ICRA Limited has upgraded its rating from A- (pronounced as ICRA A minus) to A (Pronounced as ICRA A) for the aforesaid fund based term loan for FY-2016-17.

Declaration of COD

The Company has achieved the Commercial Operations Date (COD) with effect from April 01, 2015. The company has made repayment of principal of ₹ 56 Cr during the Financial Year 2015-16.

Consolidated Financial Statements:

The Annual Audited Consolidated Financial Statements together with Auditors' report thereon form part of annual report. The Auditors' Report to the shareholders contains Emphasis matter pertaining to

- a. Note 25 (d) dues from and dues to related parties are based on the books of accounts of the company and confirmations of balance have not been obtained.
- b. Note 32 (b) income from river water charges includes ₹ 18.35 Crore disputed by a customer. The company has been advised by its legal counsel that the claim of the customer is not sustainable, in terms of the agreement.

**The Company has the following 2 Subsidiaries:****1. Mangalore STP Limited (MSTPL)**

Mangalore STP Limited is a Special Purpose Vehicle company with 70% stake by Mangalore SEZ Limited and balance 30% stake held by Mangalore City Corporation.

Mangalore STP Limited has already commenced phased takeover of the designated STP's of Mangalore City Corporation along with associated wet wells for efficient operation & maintenance based on a cost sharing formula which has been agreed with Mangalore City Corporation (MCC) on 10th Jan, 2008 and approved by Govt. of Karnataka on 11th Mar 2008.

Currently, MSTPL is managing one Sewage Treatment Plant and nine Wet Wells in and around Mangalore. The Company has engaged an O&M operator to manage the operation and maintenance activities of STP. MSTPL had started supplying water to MSEZ on a regular basis.

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 in its name. The Company has obtained approval of the Board at its 44th meeting for transfer of Power Distribution Business to MPL and the company will transfer the business once the share holders approval and other approval that are required to be obtained in this regard. MPL has also been granted a Co-Developer Status from the Ministry of Commerce and Industries on May 19, 2015.

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 is annexed in form **AOC-1 as Annexure VI**

Directors & Meetings of the Board

Four meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance annexed to this report as **Annexure-II**.

Directors and Key Managerial Personnel - changes during the financial year 2015-16:**Change in Directors (Resignations) :**

1. Shri Hari Sankaran has resigned as director of the company w.e.f 01/04/2015
2. Shri A.K. Banerjee has resigned as director of the company w.e.f 01/05/2015
3. Shri Chakravarthi Mohan has resigned as director of the company w.e.f 17/08/2015
4. Shri Vishnu Agrawal has resigned as director of the company w.e.f 12/02/2016

Your Directors wish to place on record their sincere appreciation for the invaluable services rendered by Shri Hari Sankaran, Shri A.K. Banerjee, Shri Chakravarthi Mohan and Shri Vishnu Agrawal during their association with the Company.

Change in Directors (Appointments)

The following persons were appointed as Directors during the year

1. Shri H. Kumar was appointed as Director of the company w.e.f 07/05/2015
2. Shri Pradeep Puri was appointed as Director of the company w.e.f 03/08/2015
3. Shri B.S. Shekharappa was appointed as Director of the company w.e.f 11/09/2015
4. Shri A.K. Sahoo was appointed as Director w.e.f. 12/02/2016.

Changes in KMP

During the year Shri Ashish Kulkarni resigned as Company Secretary w.e.f. 08/12/2015.

**Proposed Appointments:****Re-appointments of Directors at the 10th AGM:**

The following appointments to the Board are proposed:

Approval of the shareholders is being sought for the re-appointment of Shri Saibal Kumar De, Director and Shri H Kumar, Director of the Company, who retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves 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 their re- appointment.

Shri A.K.Sahoo was inducted as an Additional Director on the Board w.e.f February 12, 2016. 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 (Non Executive) in the ensuing Annual General Meeting pursuant to the provisions of the Section 160 of the Companies Act, 2013. Being eligible, the Board recommends his appointment.

Declarations by Independent Directors:

The Company has received declarations from 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, 2016 and of the profit and loss of the Company for that year.
- 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 had 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-2015-16. 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 profits before taxes in the immediately three preceding years. The average profit before tax for the last three years viz., 2012-13, 2013-14 and 2014-15 was ₹13.01 crores; 2% of which was ₹ 26.01 lakhs.

Your Company for the FY 2015-16 has spent ₹ 8.63 lakhs and an amount of Rs 4.00 Lakhs was spent after the closure of the financial year i.e after 31 March 2016, the company has made commitments for the balance Rs 13.38 Lakhs which will be spent during the current financial year . The prime reasons for not spending the CSR amounts is due to the following

- a. Change in requirements of Model Village Programme under Prime Minister's Initiative
- b. The health camps and educational activities planned around the project area could not be undertaken due to unrest and other conditions prevailing in the project vicinity.
- c. The company has awarded work for construction of Public toilets in Bantwal Municipality at a cost of ₹ 6.12 Lakhs and the work could not be completed due to the land issue which has to be resolved by the Municipality.

A report on the same 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 appraises the same to the management and the Audit Committee periodically.

Internal Financial Control Systems and their Adequacy:

Management has put in place effective Internal Financial Control Systems to provide reasonable assurance for:

- ❖ Safeguarding Assets and their usage.
- ❖ Maintenance of Proper Accounting Records and
- ❖ Adequacy and Reliability of the information used for carrying on Business Operations.

Key elements of the Internal Control Systems are as follows:

- (i) Existence of Authority Manuals and periodical updating of the same for all Functions.
- (ii) Existence of clearly defined organisational structure and authority.
- (iii) Existence of corporate policies for Financial Reporting and Accounting.
- (iv) Existence of Management information system updated from time to time as may be required.
- (v) Existence of Annual Budgets and Long Term Business Plans.
- (vi) Existence of Internal Audit System.
- (vii) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Controls Systems in place.

The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally, the Audit Committee approves all the audit plans and reports for 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 required.

Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance, Risk assessments, inspections and safety audits are carried out periodically.

**Statutory Auditors**

M/s Maharaj N R Suresh & Co., Chartered Accountants, Statutory Auditors holds their office until the conclusion of the forthcoming Annual General Meeting of the Company. M/s Maharaj N R Suresh & Co., Chartered Accountants bearing Firm Registration No. 001931S are proposed to be appointed as Statutory Auditors of the Company from the conclusion of the ensuing 10th Annual General Meeting till the conclusion of the 12th Annual General Meeting of the Company held thereafter, subject to ratification of the appointment by the members at every AGM.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Maharaj N R Suresh & Co., Chartered Accountants to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under.

The Board of Directors and the Committee thereof, recommend the appointment. Appropriate resolutions form part of the agenda at the ensuing Annual General Meeting.

Internal Auditors

The Board of Directors have appointed M/s. Chokshi & Chokshi LLP, Chartered Accountants as Internal Auditors of the Company for the financial year 2016-17.

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 to the shareholders contains emphasis matter pertaining to

- a. Note 25 (d) dues from and dues to related parties are based on the books of accounts of the company and confirmations of balance have not been obtained.

Management's Reply:

The company has sent letters seeking confirmation of debit/credit balances as on March 31, 2016 to all the related parties. But few related parties viz MRPL, OMPL and KIADB have not confirmed their balances in spite of efforts by the company.

- b. Note 31 (b) income from river water charges includes ₹ 18.35 Crore disputed by a customer. The company has been advised by its legal counsel that the claim of the customer is not sustainable, in terms of the agreement.

Management's Reply:

As per clause 8 of the water agreement dt 4th December 2014, the customer is liable to pay for 90% of the estimated demand for each month whether or not such quantity of water is actually utilised or not. Accordingly the company is raising invoices from August 2015 and an amount of ₹ 18.35 Crore is payable as per the legal advise.

Secretarial Audit

The Board has appointed M/s P.N. Pai & Co, Company Secretaries to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as **Annexure-I** to this Report. The Secretarial Audit Report does not contain any major qualification, reservation or adverse remark.

Evaluation of Board

The Company is in the process of adopting a policy on evaluation of the Board.

Disclosures:**Audit Committee**

The Board has constituted Audit Committee with following Directors as its members. The following constitution consists of majority of Members with Independent Directors as required under section 177 of the Companies Act, 2013.



Name of Director	Designation
Shri Srinivas S Kamath	Chairman and Independent Director
Shri ISN Prasad	Independent Director
Shri Santosh Nautiyal	Independent Director
Shri Paritosh Kumar Gupta	Member
Shri A.K.Sahoo	Member

Corporate Social Responsibility Committee

The Board has constituted Corporate Social Responsibility Committee with following Directors as its members. The following constitution consists of at least one Independent Director as Member as required under Section 135 of the Companies Act, 2013

Name of Director	Designation
Shri Santosh Nautiyal	Chairman and Independent Director
Shri Paritosh Kumar Gupta	Member
Shri A.K.Sahoo	Member

Nomination and Remuneration Committee

The Board has constituted Nomination and Remuneration Committee with following Directors as its members. The following constitution consists of half of Members as Independent Directors as required under Section 178 of the Companies Act, 2013.

Name of Director	Designation
Shri Santosh Nautiyal	Chairman and Independent Director
Shri ISN Prasad	Member and Independent Director
Shri H Kumar	Member
Shri Pradeep Puri	Member

Internal Complaints Committee :

The Company in compliance of instruction of Department of Woman and Child development read with the guidelines issued by the Honorable Supreme Court, the company has constituted an Internal Complaints Committee to enquire into the complaints on sexual harassment of women at work place under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2016, 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

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 during the year.

**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	2015-16	2014-15
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	₹ 798,330/-

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as **Annexure-V** to this Report.

Particulars of Employees

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees



drawing remuneration in excess of the limits set out in the said Rules – Not Applicable

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.

Environment Protection Measures

MSEZL, on its part, has already taken various Environment protection measures like re-using the secondary sewage treated water ex-Mangalore City Corporation (MCC) by setting up a state-of-the-art Tertiary Treatment plant for 5 MGD capacity making it fit for industrial use, thereby reducing the pollution load which otherwise would have been discharged into river/ sea by MCC as well as reducing the load on fresh water, a precious natural resource. This is the largest plant of its scale & type in the country. Further plans to enhance this facility to 10 MGD will be aligned to availability of further quantities of sewage treated water from MCC.

The Company has taken up regular environmental monitoring to check the quality of water and air to maintain the environmental standards.

Acknowledgment

The 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**

Place: New Delhi
Date:

**Dinesh Kumar Sarraf
Chairman**

**ANNEXURE I TO DIRECTORS REPORT****FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

To,
The Members
MANGALORE SEZ LIMITED
Al-Latheef, 1st Floor No.2 Union Street,
Off Infantry Road Bangalore, Karnataka- 560001

I 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 ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. 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 2016 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 there under do not apply to the company as it is Unlisted Public company.
 - III. The Depositories 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 (Registrars to and 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 held on 24/09/2015
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- 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;
- 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;
- 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 VI 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 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.

Place : Mangalore
Date : 07/07/2016

Narasimha Pai P
ACS No.31740, CPNo:11629



ANNEXURE II TO DIRECTORS REPORT
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16

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**Directors**

The following is the composition of the Board of Directors for the financial year 2015-16

Name of Director	Designation	Category of Directorship
Shri. D. K. Sarraf	Chairman	Non-Executive Director
Shri Paritosh Kumar Gupta *	Managing Director	Executive Director
Shri ISN Prasad	Independent Director	Non-Executive Director
Shri Santosh Nautiyal	Independent Director	Non-Executive Director
Shri Srinivas S Kamath	Independent Director	Non-Executive Director
Shri Pradeep Puri	Director	Non-Executive Director
Shri H.Kumar	Director	Non-Executive Director
Shri Saibal Kumar De	Director	Non-Executive Director
Shri A.K.Sahoo	Additional Director	Non-Executive Director
Shri B.S.Shekarappa	Director	Non Executive Director

* The Board at its meeting held on May 16, 2015 had appointed Shri Paritosh Gupta as Managing Director w.e.f. May 19, 2015

Changes during the Financial year 2015-16:

Name of the Director	Date of Resignation	Remarks
Shri Hari Sankaran	01/04/2015	-
Shri A.K.Banerjee	01/05/2015	Due to Superannuation from the services of ONGC as a Director (Finance)
Shri Chakravarthi Mohan	17/08/2015	Due to transfer of office as Commissioner for Collegiate Education Department
Shri Vishnu Agrawal	12/02/2016	Due to Superannuation from the services of Mangalore Refinery and Petrochemicals Ltd as a Director (Finance)

Name of the Director	Date of Appointment	Remarks
Shri H Kumar	07/05/2015	Nominee of ONGC
Shri Pradeep Puri	03/08/2015	Nominee of IL&FS
Shri B.S.Shekarappa	11/09/2015	Nominee of KIADB
Shri A.K.Sahoo	12/02/2016	Nominee of ONGC



Directors Profile

In terms of Section 152 of the Companies Act, 2013, Shri Saibal Kumar De (DIN 00498241) and Shri H Kumar (DIN 06851988), Directors, retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.

Brief profiles of the above directors are provided below.

Shri Saibal Kumar De, 57 years (DIN 00498241) is the Whole Time Director and Chief Executive officer at IL&FS Maritime Infrastructure Company Ltd (IMICL). Mr De has more than 30 years of work experience spread across sectors and he has been specifically associated with the infrastructure sector for more than last 15 years. Mr De has been responsible for the conceptualization, structuring, implementation and delivery of many PPP projects across multiple sectors while working in partnership with the various State Governments. His extensive experience in infrastructure spans across maritime projects, logistics, urban infrastructure, industrial parks, SEZs etc. He has been actively involved in various forums for the policy making and sector related reforms. He has successfully steered IMICL's delivery of projects from the development to operational stage. Mr. De has done B. Tech (Chemical) from IIT, Kharagpur and has also done short courses on Project Management and Infrastructure Finance & Project Development from IIM. Shri Saibal Kumar De does not hold any shares in the Company.

Shri Kumar Hariharan, 58 Years, has done Honors in Mechanical Engineer from Calicut University, trained in Advanced management Strategies by IIM, Kolkatta. He has 3 decades of professional experience in across the entire gamut of petroleum functions while serving India's foremost Oil PSEs – HPCL. Shri Kumar has held key positions in different verticals and diverse functional streams of Corporate Strategy, Retail Services & Ops, Projects & Pipelines and LPG Projects and is credited with many benchmarks in the course of his service - whether it be in the construction and commissioning of the 356 KMs Mangalore-Bangalore Pipeline (MBPL) or for the engineering and construction of the Mangalore LPG Import Facility (MLIF) project(a first in Industry) and the HPCL, Marketing Terminal for evacuation of MRPL products at Mangalore or the 44 TMTPA LPG plant, at Chakan, Pune. Shri Kumar Hariharan does not hold any shares in the Company.

In terms of Section 160 of the Companies Act, 2013, Shri Akshaya Kumar Sahoo (DIN: 07355933) who was appointed as additional director by the Board on 12th February 2016 is proposed to be appointed at the Annual General Meeting. The Board of Directors of the Company recommends his appointment.

Brief profile of Shri A.K.Sahoo is provided below.

Shri A K Sahoo is a Fellow Member of the Institute of Cost Accountants of India. He is a Post Graduate in Analytical and Applied Economics from Utkal University, Odisha, from where he also graduated in science with a first class. Shri A.K. Sahoo took charge as Director Finance of MRPL, the mini ratna - category 1, Schedule A, ONGC subsidiary. Mr. Sahoo brings to the table over 25 years of rich experience in various aspects of Finance and Finance Management, with 16 years specifically in Project implementation and management. Adding to his expertise is the fact that he has served in diverse sectors like Mining, Manufacturing, and Service before turning to Refining and Petrochemicals Industry in India's Oil & Gas. Having started his career as a trainee with NALCO in 1989, Shri A.K. Sahoo worked in various capacities with various State and Central PSUs viz. Industrial Development Corporation of Odisha (1992), Odisha Hydro Power Corporation (1996), Dredging Corporation of India (2002) before joining MRPL.

Board Meetings held during the financial year 2015-16

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

Date of Meeting	Place of Meeting
16th May, 2015	New Delhi
11th September, 2015	New Delhi
17th December, 2015	New Delhi
15th March, 2016	New Delhi

**Attendance of Directors at the Board meeting held during the financial year 2015-16 and attendance at the 9th AGM**

Name of Director	No. of Board meetings held during the year	No. of Board Meetings attended	Attendance at the 9th AGM	Directorships in other companies*	No. of outside committee #	
					Member	Chairman
Shri D. K. Sarraf	4	4	Absent	7	2	-
Shri Paritosh Kumar Gupta	4	4	Present	11	2	-
Shri I.S.N Prasad	4	1	Absent	9	9	-
Shri Santosh Nautiyal	4	4	Present	2	1	-
Shri Srinivas S Kamath	4	4	Present	-	-	-
Shri Saibal Kumar De	4	1	Absent	9	-	-
Shri H Kumar (Appointed w.e.f 07/05/2015)	4	4	Present	4	-	-
Shri Pradeep Puri (Appointed w.e.f 03/08/2015)	4	2	Absent	8	1	1
B.S.Shekarappa (Appointed w.e.f 11/09/2015)	4	1	Present	4	-	-
Shri A.K.Sahoo (Appointed w.e.f 12/02/2016)	4	1	NA	2	2	-
Shri Hari Sankaran (Resigned w.e.f 01/04/2015)	4	0	NA	-	-	-
Shri AK Banerjee (Resigned w.e.f 01/05/2015)	4	0	NA	-	-	-
Shri Chakravarthi Mohan (Resigned w.e.f 17/08/2015)	4	0	NA	-	-	-
Shri Vishnu Agrawal (Resigned w.e.f 12/02/2016)	4	3	Absent	-	-	-

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

*excludes directorships in foreign companies

Independent Directors

The Company as a good Governance Practice felt the need for appointment of Independent Directors and in order to comply with the provisions of Companies Act 2013 has appointed Independent Directors as mentioned below. 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.

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

Audit Committee

The Audit Committee was constituted on 25th September 2007 pursuant to Section 292A of the Companies Act, 1956. 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.

Five Meetings of the Audit Committee was held during the financial year 2015-16:

Date of Meeting	Place of meeting
9th May, 2015	New Delhi
03rd June, 2015	Bangalore
06th August, 2015	Mangalore
04th December, 2015	Mangalore
15th March 2016	New Delhi

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

Name of Director	Designation	No. of meetings held during the year	No. of meetings attended
Shri Srinivas S Kamath	Chairman & Independent Director	5	5
Shri ISN Prasad	Member & Independent Director	5	2
Shri Santosh Nautiyal	Member & Independent Director	5	4
Shri Paritosh Kumar Gupta	Member	5	5
Shri Vishnu Agrawal*	Member	5	2
Shri A.K.Sahoo*	Member	5	0

* Shri Vishnu Agrawal ceases to be a Member of the Audit Committee w.e.f. 12th February 2016 and Shri A.K.Sahoo became member of the Audit Committee w.e.f 15th March, 2016.



The Statutory Auditors and Internal Auditors of the Company were invited to the meeting.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on 29th August 2014 pursuant to Section 135 of the Companies Act, 2013.

One Meeting of the Corporate Social Responsibility Committee were held during the financial year 2015-16;

Date of Meeting	Place of meeting
06th August 2015	Mangalore

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 Santosh Nautiyal	Chairman & Independent Director	1	1
Shri Vishnu Agrawal*	Member	1	1
Shri Paritosh Kumar Gupta	Member	1	1
Shri A.K.Sahoo*	Member	1	0

* Shri Vishnu Agrawal ceases to be a member of the CSR Committee w.e.f. 12th February 2016 and Shri A.K.Sahoo became member of the CSR Committee w.e.f 15th March, 2016.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted by the Board on 20th April, 2015 pursuant to Section 178 of the Companies Act, 2013.

One Meeting of the Nomination and Remuneration Committee were held during the financial year 2015-16;

Date of Meeting	Place of meeting
20th April 2015	Mangalore

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 Santosh Nautiyal	Chairman & Independent Director	1	1
Shri ISN Prasad	Member & Independent Director	1	1
Shri H Kumar\$	Member	0	0
Shri Pradeep Puri@	Member	0	0
Shri Hari Sankaran*	Member	0	0
Shri A K Banerjee#	Member	1	1

* Shri Hari Sankaran resigned as a Director w.e.f. April 01, 2015

Shri A K Banerjee resigned as a Director w.e.f. May 01, 2015

\$ Shri H Kumar was inducted as a member of the committee w.e.f. May 16, 2015

@ Shri Pradeep Puri was inducted as a member of the committee w.e.f. September 11, 2015

**Committee of Directors (COD)**

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

1. To approve the work contracts: For award of contract on open tender basis (from ₹10 Crore to ₹200 Crore), limited tender basis (₹7.5 Crore to ₹150 Crore) and single tender basis (from ₹2.5 to ₹50 Crore).
2. To approve appointment of consultants (form 50 Lakhs to ₹1 Crore)
3. To approve variation proposals where value of variation is between ₹5 Crore to ₹50 Crore subject to max ceiling of 10% of the contract value.

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 No.1 above to waive compensation for loss and/or liquidated damage/price reduction already claimed /levied due to failure of contractors/suppliers.

COD Meeting held during the financial year 2015-16 are as under:

Date of Meeting	Place of meeting
30th April 2015	New Delhi
26th June 2015	New Delhi
06th August 2015	Mangalore
30th October 2015	New Delhi

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 Vishnu Agrawal*	Member	4	4
Shri Paritosh Kumar Gupta	Member	4	4
Shri Pradeep Puri#	Member	4	1
Shri A.K.Sahoo*	Member	4	0

Shri Pradeep Puri was inducted as a Member w.e.f. September 11, 2015

* Shri Vishnu Agrawal resigned as a director w.e.f February 12, 2016

* Shri A.K.Sahoo was inducted as a member of the Committee w.e.f 15 March 2016

HRM Committee

The HRM Committee was reconstituted by the Board on 15th March, 2016.

HRM Committee has not met during the financial year 2015-16;

The composition of the Committee during the year ended 31 March 2016 is given below:

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Santosh Nautiyal	Chairman	1	1
Shri ISN Prasad	Member	1	0
Shri Paritosh Kumar Gupta	Member	1	0
Shri A.K.Sahoo	Member	1	0

**Business Committee**

The Business Committee was reconstituted by the Board on 15th March, 2016. No Meetings of the Business Committee were held during the financial year 2015-16;

The composition of the Committee during the year ended 31 March 2016 is given below:

Name of Director	Designation
Shri Santosh Nautiyal	Chairman
Shri Paritosh Kumar Gupta	Member
Shri A.K.Sahoo	Member

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 2015-16 are provided hereunder

Name of Director	Amount In ₹
Shri ISN Prasad	25,000
Shri Santosh Nautiyal	1,55,000
Shri S.S.Kamath	1,25,000

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

The remuneration paid to Shri Paritosh Kumar Gupta, Managing Director towards salary and allowances, from April 19, 2015 to March 31, 2016 was ₹ 48,62,369/-.

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 2013	28th September 2013	14:00 Hrs	Hotel Le-Meridien, No.28, Sankey Road, Bangalore-560 052	-
31st March 2014	27th September 2014	14.30 Hrs	Hotel Le-Meridien, No.28, Sankey Road, Bangalore-560 052	Appointment of M/s Maharaj N R Suresh & Co, as Statutory Auditors.
31st March 2015	24th September 2015	12.30 Hrs	Hotel Le-Meridien, No.28, Sankey Road, Bangalore-560 052	Appointment of Shri Paritosh Kumar Gupta as Managing Director

Extra-ordinary General Meeting

No Extra-ordinary General Meeting was held during the financial year under review.

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 31 March 2016.

**CFO Certification**

Certificate on the financial statement and internal controls relating to financial reporting from Chief Financial Officer of the Company for the year ended 31st March, 2016 was submitted to the Board at its meeting held on 12th May, 2016.

General Shareholder Information

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.

The Annual General Meeting is scheduled to be held on 29th September, 2016.

Financial Calendar: April to March

Book Closure: None

Registrars/Transfer Agents: Company's in-house department carries out the related jobs.

Address for correspondence : 3rd Floor, MUDA Building, Ashoknagar, Urwa Stores, Mangalore - 575 006, Phone: 0824-2452748 / 2452750 Fax: 0824-2452749

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.

Designated Exclusive email-id: The Company has designated the following email-id exclusively for investor servicing: mangaloresezltd@gmail.com/info@msezl.com

Special Economic Zone Location; Mangalore SEZ Ltd, Bajpai, Permude village, Mangalore – 574 509 , Dakshina Kannada, Karnataka.

Shareholding Pattern as on 31st March 2016:

Sl. No.	Name of Shareholder	No. of Equity Shares of ₹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	11,500,000	23.00
4	ONGC Mangalore Petrochemicals Ltd.	480,000	0.96
5	Kanara Chamber of Commerce & Industries	20,000	0.04
6	Sanjeev T Karkera	100	0
7	Rishi Bhardwaj	500	0
8	S.Ramachandran	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.

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 apprises the same to the management.

**ANNEXURE III TO DIRECTORS 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 arms 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:

Name (s) of the related party	ONGC	IL&FS	KIADB	OMPL	MRPL	IIDC LTD
Nature of Relationship	Associate Company	Associate Company	Associate Undertaking	Associate Company	Associate Company	Associate Company
Nature of contracts/ arrangements/ transaction	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	Deputation Salary
Duration of the contracts/ arrangements / transaction	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	19.05.2015 to 31.03.2016
Salient terms of the contracts or arrangements or transaction including the value, if any	Reimbursement of Expenses	a) Charges for deputation of MD b) Security Deposit for Directorship c) Expenses incurred	a) Cost of Acquisition of Land b) Annual Lease Rent c) Right of way charges d) Advance towards Corridor land e) Advance towards land	a) Lease Rental Income b) Advance received towards Infrastructure development c) Expenses incurred on behalf of OMPL d) Supply & Operation & Maintenance of Water etc e) Advance towards O&M water f) Interest on security deposit h) Lease premium income	a) Expenses incurred on behalf of MRPL b) Supply & Operation & Maintenance of Water c) Advance towards O&M River Water d) Advance towards marine outfall e) Advance towards O&M TTP water f) Lease Rent on Immovable property g) Advance towards corridor	a) Deputation Salary
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
Date of approval by the Board	Not applicable	a. 16/05/15 b. Not applicable c. Not applicable	Not applicable	Not applicable	Not applicable	16th May, 2015
Amount incurred during the year (₹ In lakhs)	2.88	a) 48.62 b) 1 c) 5.48	a) 129.97 b) 5.04 c) 4.19 d) 8.02 e) 10.29	a) 233.96 b) 1000 c) 13.14 d) 1155.51 e) 31.27 f) 19.72 g) 534.33	a) 708.50 b) 4289 c) 22.18 d) 6.22 e) 45.72 f) 0.31 g) 8200	a) 29.98

Name (s) of the related party	IL&FS cluster development initiative Ltd	Mangalore STP Ltd	MSEZ Power Ltd	Key Managerial Personnel	Key Managerial Personnel
Nature of Relationship	Associate Company	Subsidiary Company	Subsidiary company	Chief Financial officer	Company Secretary
Nature of contracts/ arrangements/ transaction	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	As mentioned in Sl. No. (e) below	Remuneration	Remuneration
Duration of the contracts/ arrangements / transaction	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 08.12.2016
Salient terms of the contracts or arrangements or transaction including the value, if any	Professional charges	Expenses incurred on behalf of the company	Expenses incurred on behalf of the company	CFO	Company Secretary
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
Date of approval by the Board	Not applicable	Not applicable	Not applicable	29th August 2014	24th December, 2014
Amount incurred during the year (₹ In lakhs)	2.50	249.78	1.13	40.19	14.00

ANNEXURE IV TO DIRECTORS REPORT
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16

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.	The CSR Committee has allocated a budget for CSR activities during the year 2015-16. www.mangaloresez.com under policies, CSR Policy
2. Average net profit (PBT) of the Company for last three financial years	₹ 39.02 Cr
3. Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹ 0.26 Cr
4. Details of CSR spent during the financial year:	₹ 8.63 Lakhs
Total amount to be spent for the financial year	₹ 26.01 Lakhs
Amount unspent, if any	₹ 17.38 Lakhs
Manner in which the amount spent during the financial year	Details given below

CSR Expenditure incurred during the Financial Year 2015-16

(1) Sl. No	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs Local area or others Specify the State and district where projects or program was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads 1) Direct expenditure on project or programs 2) Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Model Village Programme under Prime Minister's Initiative – Balpa Village, Sullia	Under clause (i), (ii)& (x) of Schedule VII –Promoting Health care, Promoting education & Rural Development	Balpa Village, Sullia, Mangalore	₹ 7,50,000	₹ 3,19,750	₹ 3,19,750	Direct
2	Providing education to poor sections and to concerned PDFs in project areas	Under clause (ii) of Schedule VII – Promoting Education	1. Machina School Belthangady, DK Dist. 2. Kadri Mangalore 3. Govt Urdu Primary High school, Ajad Nagar, Bantwal 4. Bajpe Sunkadakatte, School, 5. Car Street, Mangalore	₹ 5,00,000	1. ₹ 2,50,000 2. ₹ 17,100 3. 10,000 4. 10,000 5. 10,000	₹ 2,97,100	Direct Direct Direct Direct Implementing Agency
3	Health and Medical camps, supporting Health Institutions and Educational Institutions	Clause (i) of Schedule VII – promoting health care including preventive health care.	Health camp at Bajpe, Mangalore Sponsorship for Anit malaria campaign, Mangalore	₹ 3,50,000	₹ 71,699 ₹ 175,180	₹ 2,46,879	Direct
4	Conservation of environment by way Green nurturing programme in Schools	Clause (iv) of Schedule VII of the Companies Act, 2013 – ensuring environmental sustainability and ecological balance.		₹ 3,50,000	₹ 0	₹ 0	
5	Any other CSR activity as per Sch VII			₹ 4,01,000	₹ 0	₹ 0	
	Total					₹ 8,63,729	



Annexure V to Directors Report

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016**

[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	Al-Latheef, 1st Floor No.2 Union Street, Off Infantry Road Bangalore, Karnataka- 560001 Tel: 080-40343333 Fax: 080 -40343310
VI	Whether listed company	No
VII	Name, Address & contact details Of the Registrar & Transfer Agent, if any.	NA

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	Development of Special Economic Zones (Lease Rent)	431: Demolition and site preparation*	21.23%
2	Water supply	360: Water collection, treatment and supply	75.00%
3	Sale of Power	351 ; Collection and distribution of electric energy	10.62%

* As per National Industrial Classification - Ministry of Statistics and Programme Implementation

On the basis of Gross Turnover

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No	Name and Address of the Company	CIN/GLN	Holding/subsidiary /Associate	% of shares held	Applicable Section
1	Mangalore STP Limited	U90009KA2011PLC057826	Subsidiary	70	2(87)(ii)
2	MSEZ Power Limited	U40104KA2014PLC077363	Subsidiary	100	2(87)(ii)



IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

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	0	1200	1200	0.0024	0	0
b) Central Govt. or State Govt.	0	2,45,00,000	2,45,00,000	48.9988	0	2,45,00,000	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
SUBTOTAL: (A) (1)	0	5,00,01,200	5,00,01,200	100	0	5,00,01,200	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
SUBTOTAL (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	0	5,00,01,200	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	0	0	0	0	0	0	0	0	0	0
i) others (specify)	0	0	0	0	0	0	0	0	0	0
SUBTOTAL: (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										
SUBTOTAL (B) (2)	0	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	0	5,00,01,200	5,00,01,200	100	0	5,00,01,200	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 Sanjeev T Karkera	100	0.0002	0	100	0.0002	0	0
7	Shri Rishi Bhardwaj	500	0.0010	0	500	0.0010	0	0
8	Shri Rajiv Banga	500	0.0010	0				
9	Shri Parithosh Kumar Gupta	-	-	-	500	0.0010	0	0
10	Shri S Ramachandran	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 Top 10 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 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	Shri Dinesh Kumar Sarraf, Chairman At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
2	Shri Paritosh Kumar Gupta, Managing Director At the beginning of the year Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment /transfer / bonus/sweat equity etc): 11/09/2015 At the end of the year	0 500 -	0.000 0.0010 -	- 500 500	- 0.0010 0.0010
3	Shri I S N Prasad, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
4	Shri Pradeep Puri, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
5	Shri Saibal Kumar De, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
6	Shri Srinivas Santhayya Kamath, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil
7	Shri Santosh Nautiyal, Director At the beginning of the year At the end of the year	Nil Nil	Nil Nil	Nil Nil	Nil Nil

8	Shri H Kumar, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
9	Shri B.S.Shekharappa, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
10	Shri A.K.Sahoo, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
11	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
12	Shri Ashish Kulkarni, 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	60075.49	NA	NA	60075.49
ii) Interest due but not paid	10.29	NA	NA	10.29
iii) Interest accrued but not due	NIL	NA	NA	NIL
Total (i+ii+iii)	60085.78	--	--	60085.78
Change in Indebtedness during the financial year				
o Addition	4548.25	NIL	NIL	4548.25
o Reduction	5608.29	NIL	NIL	5608.29
Net Change	(1060.04)	--	--	(1060.04)
Indebtedness at the end of the financial year				
i) Principal Amount	59019.70	NIL	NIL	59019.70
ii) Interest due but not paid	6.04	NA	NA	6.04
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	59025.74	--	--	59025.74



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	48.62	48.62
	(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	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	48.62	48.62

B. Remuneration to other directors:

(Rs. In lakhs)

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Santosh Nautiyal	Shri ISN Prasad	Shri S.S. Kamath	
1.	Independent Director				
	• Fees for attending board, committee meetings	1.55	0.25	1.25	1.95
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	1.55	0.25	1.25	1.95
2.	Other Non - Executive Directors	Shri D.K.Sarraf, Shri H.Kumar, Shri A.K.Sahoo, Shri Pradeep Puri, Shri Saibal Kumar De, Shri B.S.Shekharappa			
3.	Other Non - Executive Directors				
	• Fees for attending board, committee meetings	Nil			Nil
	• Commission				
	• Others, please specify				
	Total (2)	0	0	0	-
	Total (B) (1)+(2)	1.55	0.25	1.25	1.95
	Total Managerial Remuneration (A+B)				50.57
	Overall Ceiling as per the Act :	For Managerial Person Rs 2,40,00,000 as per Schedule V section III (d) and 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 Ashish Kulkarni Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40.19	14.00	54.19
	(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	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	40.19	14.00	54.19

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)
COMPANY					
Penalty Punishment Compounding			None		
B. DIRECTORS					
Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			None		



ANNEXURE VI TO DIRECTORS REPORT

FORM NO 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

S.No	Particulars	Name of the Subsidiary	
		Mangalore STPLtd	MSEZ Power Ltd
1	Reporting Currency	INR	INR
2	Exchange Rate	NA	NA
3	Share Capital	5,00,000	5,00,000
4	Reserves& surplus	0	(1,01,656)
5	Total Assets	39,97,776	5,31,644
6	Total Liabilities	39,97,776	5,31,644
7	Investment other than investment in Subsidiary	0	0
8	Turnover*	3,47,37,088	0
9	Profit/(Loss)before Tax	3,982	(1,01,656)
10	Provision for Taxation	3,982	0
11	Profit/(Loss)after taxation	0	(1,01,656)
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



INDEPENDENT AUDITOR'S REPORT To the Members of Mangalore SEZ Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MANGALORE SEZ LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

Note 28 (d) “dues from” and “dues to” related parties are based on the books of account of the Company and confirmations of balance have not been obtained.



Note 31(b) Income from River water charges includes Rs183.49 Million disputed by a customer. The Company is advised by its legal Counsel, the claim of the Customer is not sustainable, interms of the Agreement.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit .
 - (b) In our opinion,proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards 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 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms ofSection 164 (2)of theAct.
 - (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, 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 financial statements - Refer Note No. 20(a) to the financial statements;
 - (ii) the Company did not have any long-term contracts, including derivative contracts; and
 - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the investor Education and protection Fund. Therefore the question of delay in transferring such sums does not arise.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure “B” a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.

For **Maharaj N R Suresh And Co**
(FRN No. 001931 S)
Chartered Accountants

N.R. Suresh
Partner
M.No. 021661

Place: Bengaluru
Date: 12-05-2016

**ANNEXURE “A” to The Independent Auditor's Report of even date on the Standalone Financial Statements of Mangalore SEZ Limited****Report on the Internal Financial Controls 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, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) 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, 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, 2016, 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.

Annexure “B” to the Independent Auditors' Report of even date on the Standalone Financial Statements of Mangalore SEZ Limited

- (i) (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) All the title deeds of immovable properties are held in the name of the Company except 320.2627 Acres of lease hold land amounting to Rs 576.06 Million not registered as on 31.03.2016.
- (ii) The Management has carried out physical verification of Inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 1956 in respect of Investments provided by the company. The company has not granted loans or provided any guarantee or security to any company covered under Section 185
- (v) The Company has not accepted any deposits from the public
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the industry in which the company is engaged
- (vii) According to the information and explanations given to us in respect of Statutory dues :
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees State insurance, Income Tax, , Service tax, Sales Tax, Value added tax and other material statutory dues as applicable to it. There were no undisputed amounts payable in respect of Income Tax, Wealth tax, Service tax, Value added tax, and Sales Tax, were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and cess, which have not been deposited on account of any dispute



- (viii) The Company has not defaulted in repayment of dues to financial institutions, banks, Government or to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and the term loans borrowed by the company have been applied for the purpose for the which the loans were obtained.
- (x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi company and hence clause (xii) of Paragraph 3 is not applicable to the Company.
- (xiii) All Transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bengaluru
Date: 12-05-2016

For **Maharaj NR Suresh And Co**
(FRN No. 001931 S)
Chartered Accountants

N.R. Suresh
Partner
M.No. 021661

**Balance Sheet as at 31st March 2016**

Particulars	Note No.	As at 31st March 2016		As at 31st March 2015	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	500,012,000		500,012,000	
(b) Reserves and surplus	3	239,976,801	739,988,801	278,631,995	778,643,995
2 Non-current liabilities					
(a) Long-Term Borrowings	4	4,712,570,881		5,447,849,407	
(b) Deferred tax liabilities	5	213,042,451		106,559,596	
(c) Long term liabilities	6	7,303,199,628		5,973,656,309	
(d) Long-term provisions	7	8,627,504	12,237,440,464	7,073,459	11,535,138,771
3 Current liabilities					
(a) Trade payables	8	30,849,211		15,670,856	
(b) Other current liabilities	9	2,681,624,295		1,847,818,615	
(c) Short-term provisions	10	122,874,019	2,835,347,525	130,950,514	1,994,439,985
TOTAL			15,812,776,790		14,308,222,751
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	11				
(i) Tangible assets		9,244,397,688		7,671,032,516	
(ii) Intangible assets		151,846,561		158,448,585	
(iii) Capital work-in-progress	11(b)	4,438,875,876		4,927,103,625	
(b) Non-current investments	12	850,000		850,000	
(c) Long-term loans and advances	13	205,567,099		234,363,297	
(d) Other non-current assets	14	25,000	14,041,562,224	25,000	12,991,823,023
2 Current assets					
(a) Inventories	15	464,251		-	
(b) Trade receivables	16	369,137,088		241,089,915	
(c) Cash and cash equivalents	17	966,901,075		804,456,343	
(d) Short-term loans and advances	18	308,683,467		237,934,037	
(e) Other current assets	19	126,028,686	1,771,214,566	32,919,433	1,316,399,728
TOTAL			15,812,776,790		14,308,222,751

Contingent liabilities and Commitments 20

Significant Accounting policies 1

See accompanying notes to the financial statements (Note no 24 to 33)

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

**Statement of Profit and Loss for the year ended 31st March 2016**

Particulars	Note No	2015-16 ₹	2014-15 ₹
Revenue:			
Revenue from Operations	21	1,100,914,272	644,451,327
Other Income	22	43,112,252	96,638,895
Total Revenue		1,144,026,524	741,090,222
Expenses:			
Employee benefit expense:	23(a)	54,401,135	59,987,470
Finance Costs	23(b)	416,494,247	276,677,997
Depreciation and amortization expense		305,296,766	133,928,695
Other expenses	23(c)	286,999,429	166,433,067
Total Expenses		1,063,191,577	637,027,229
Profit before Exceptional and Extraordinary itmes and tax		80,834,947	104,062,993
Exceptional items		-	(543,722)
Profit before tax		80,834,947	103,519,271
Tax expense:			
Current tax		13,508,958	15,485,100
Deferred tax		106,482,855	106,559,596
Profit/ (Loss) for the period		(39,156,866)	(18,525,425)
Earning per equity share:	30		
Basic and diluted		(0.78)	(0.37)
Face value per share		10.00	10.00

Significant Accounting policies **1**
See accompanying notes to the financial statements (Note no 24 to 33)

As per our report attached
For **Maharaj N R Suresh and Co**
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Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

**Cash Flow Statement for the year ended 31st March 2016**

Particulars	2015-16 ₹	2014-15 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Tax & exceptional items	80,834,947	104,062,993
Adjustment for :		
Depreciation/Amortisation	305,296,766	133,928,695
Dividend Income	(14,578,351)	(26,123,760)
Interest Income	(25,243,994)	(46,053,597)
Cash Generated from operations	346,309,368	165,814,331
Direct Taxes Paid (net)	(186,941,874)	97,615,223
Net Cash from/(used in) Operating Activities (A)	159,367,494	263,429,554
B. CASH FLOW FROM INVESTING ACTIVITIES		
Project Development Expenditure including advance from customers	1,552,345,293	503,852,046
Purchase of Fixed assets	(1,388,793,085)	(1,459,646,331)
Sale/adjustment to fixed assets	88,590,252	86,849
Interest Received	25,243,994	46,682,813
Dividend Received	14,578,351	26,123,760
Purchase/Sale of Long Term Investment	-	(500,000)
Net Cash from/(used in) Investing Activities (B)	291,964,805	(883,400,863)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan Availed	454,221,474	460,929,349
Long Term Loan repaid during the period	(559,800,000)	-
Interest Paid on Long Term Loan	(183,309,041)	(323,283,615)
Net Cash from/(used in) Financing Activities (C)	(288,887,567)	137,645,734
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	162,444,732	(482,325,575)
Cash and Cash Equivalents as at the beginning of the year	804,456,343	1,286,781,918
Cash and Cash Equivalents as at the end of the year	966,901,075	804,456,343

NOTES:

- 1) Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
- 2) Purchase of Fixed Assets includes movement of Capital Work-in-progress and other non current assets during the period
- 3) Cash and cash equivalents include cash and bank balances, fixed deposits and short-term highly liquid investments.
- 4) Previous year figures have been re-grouped/re-classified wherever necessary to confirm to the current year's presentation.

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

Notes accompanying financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in Rule 7 of the Companies (Accounts) Rules, 2014, prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, future obligations in respect of retirement benefits plans, etc. Actual results could differ from these estimates.

B) Revenue recognition

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Escalation and other claims are accounted for as and when accepted / acknowledged by the parties.

- a. Lease Premium from the lease of land is recognised over the primary lease period as per agreement.
- b. Lease rental income is accounted for on time proportion basis as per the terms agreed with lessees.
- c. River Water charges and TTP charges are recognised based on the quantity committed/delivered to the consumer and invoiced at the agreed rates.
- d. Operation and maintenance charges (O&M charges) are recognised based on the agreement with the customer. Where agreements are not finalized, O&M Charges are recognized "at Cost plus mark up". On finalization of agreements the adjustments, if any will be effected in the year of finalization
- e. Marine outfall usage charges received in advance are recognised over the useful life of the asset on proportionate basis.
- f. Income from licensed activity (distribution of power) is recognised as per actual consumption billed at Karnataka Electricity Regulatory Commission (KERC) approved rate.
- g. Other operational income will be recognised on accrual basis.
- h. Dividend income is recognized when the right to receive is established.
- i. Interest income on deposits is recognized at the agreed rates on time proportion basis.

C) Government Grants

Government grants received towards cost of fixed assets is reduced from the cost of fixed asset. Pending completion of construction of the asset, the grant received is disclosed under current liabilities.

D) Fixed assets

Fixed Assets are stated at historical cost less accumulated depreciation. All costs specifically attributable to acquisition of fixed assets till the time of commissioning of such assets are capitalised.

Project Development Expenditure including administrative and other general overhead expenses which are specifically attributable to a project, incurred up to the date of commencement of commercial operation are capitalized as a part of the cost of the fixed asset.



Notes accompanying financial statements

E) Depreciation

Depreciation on fixed assets is provided under straight-line method in accordance with the Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein and reckoning residual value at 5% of the original cost of the asset (excluding on Roads) except for the following, whose useful life have been taken on the basis of the technical certification obtained.

Asset	Useful life (in years)
Electrical Installations & Equipment	15
Hydraulic works, pipelines & sluices	30
Marine Pipeline Asset - Pipeline Inside Sea	15
TTP Water Membranes	7

Depreciation on power distribution assets is provided as per rate of depreciation notified by Central Electricity Regulatory Commission (CERC)

Useful life and residual values are reviewed periodically at the each financial year end.

F) Intangible assets and amortisation

Intangible assets are recognised 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:

- Specialised software over a period of five years from the month of addition
- Barrage cost is amortised on a straight line basis over the lease period / life of the asset whichever is less.

G) Investments

Current Investments are carried at lower of cost and fair value. The determination of carrying value of such investments is done on the basis of specific identification. Long-term investments are carried at cost, after providing for any diminution in values, if such diminution is other than temporary in nature.

H) Inventory

Inventories are valued at lower of cost and net realisable value, whichever is lower.

I) Unbilled Revenue

Unbilled revenue represents revenue accrued and recognized for which invoices are to be raised on the customer on finalization of agreements with customers

J) Foreign currency transactions

- a. Foreign currency transactions are recorded on initial recognition using exchange rate prevailing on the date of the transaction.
- b. Foreign currency monetary items as at the Balance Sheet date are reported at rates as applicable at the reporting dates.
- c. The exchange differences on settlement of monetary items / reporting of monetary items at each Balance Sheet date at closing rate are recognized as income or expense in the period in which they arise.

K) Employee benefits

- a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term



Notes accompanying financial statements

employee benefits. Benefits such as salaries, wages, and short-term compensated absences are recognised in the period in which the employee renders the related service.

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 recognised during the period in which the employee renders the related service.

ii) **Defined Benefit plans:** The employees' 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 terms of related obligations.

Actuarial gains and losses are recognised immediately in the financial statement.

c) Long term employee benefits

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

L) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

M) Segment Reporting

Segment accounting policies are in line with the accounting policies of the Company. In addition the specific accounting policies that have been followed for segment reporting as under:

The Company has identified four business segments namely, leasing of land, water infrastructure, corridor and power. Revenue and expenses have been identified to the respective segment on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable revenue and expenses.

Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.

Inter segment revenue / expenditure / is recognised at fair value / market price.

Geographical segment - not applicable

N) Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid during development period of the project are included in the Project Development Expenditure and are charged off in the operational period.

Land taken on lease is amortised over the period of lease from the month of addition.

O) Taxes on income

a. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.



Notes accompanying financial statements

- b. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- c. Deferred tax assets relating to unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- d. Other deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized.

P) Cash and Cash Equivalents for AS 3 - Cash Flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Q) Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation and
- c. the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.

Contingent liability is disclosed in the case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a present obligation when no reliable estimate is possible; and
- c. a possible obligation, arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet.

2. Share Capital**(a) Details of Authorised, Issued, Subscribed and Paid up Share Capital**

Description	As at 31st March 2016		As at 31st March 2015	
	Number	₹	Number	₹
Authorised Equity Shares of ₹ 10/- each	425,000,000	4,250,000,000	425,000,000	4,250,000,000
Issued Equity Shares of ₹ 10/- each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Subscribed and fully Paid up Equity Shares of ₹ 10/- each	50,001,200	500,012,000	50,001,200	500,012,000
Total	50,001,200	500,012,000	50,001,200	500,012,000



Notes accompanying financial statements

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

There is no movement in Share Capital during the year. (Previous Year -Nil)

(c) Details of Shareholders holding more than 5% of equity shares at the end of the year

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	% of Holding	No. of Shares held	% of Holding	No. of Shares held
Infrastructure Leasing and Financial Services Ltd	50%	25,000,000	50%	25,000,000
Oil and Natural Gas Corporation Ltd	26%	13,000,000	26%	13,000,000
Karnataka Industrial Area Development Board	23%	11,500,000	23%	11,500,000

(d) Terms / rights attached to equity shares:

- 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.
- No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.
- The shares issued and subscribed carry equal rights and voting power.
- All the shares issued and subscribed carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

3. Reserves and Surplus

Description	As at 31st March 2016	As at 31st March 2015
	₹	₹
Surplus in statement of profit & loss:		
Balance as at the beginning of the year	278,631,995	297,184,898
Add/(Less) : Profit/(Loss) for the year	(39,156,866)	(18,525,425)
Less/Add : Income tax provisions for earlier year	501,672	(27,478)
Balance as at the end of the year	239,976,801	278,631,995

4. Long Term Borrowings

Description	As at 31st March 2016	As at 31st March 2015
	₹	₹
Secured by mortgage of 949.1045 acres of land and hypothecation of immovable and movable property of the company		
Term loan from banks (Refer note below)	4,712,570,881	5,447,849,407
Total	4,712,570,881	5,447,849,407



Notes accompanying financial statements

- The Term loan is Repayable in 36 unequal quarterly instalments commencing after moratorium period of 6 months from Commercial Operation Date which was extended from 1st April 2014 to 1st April 2015
- Interest on the loan is paid at base rate of the individual lending bankers.
- There has been no default in payment of principle/interest during the year
- Out of the total sanction of ₹ 6996.30 millions, the Company has availed loan amounting ₹ 6461.77 millions as at 31st March 2016 out of which Company has repaid ₹ 559.80 millions of loan on 31st March 2016
- Term of repayment is given below (₹ millions)

Repayment schedule for the sanctioned amount

Financial Year	QTR	QTRLY Installment	Yearly
2015 - 16	1 to 3	186.60	559.80
2016 - 17	4 to 7	297.30	1,189.20
2017 - 18	8 to 11	244.90	979.60
2018 - 19	12 to 15	174.90	699.60
2019 - 20	16 to 19	174.90	699.60
2020 - 21	20 to 23	174.90	699.60
2021 - 22	24 to 27	174.90	699.60
2022 - 23	28 to 31	174.90	699.60
2023 - 24	32 to 35	139.90	559.60
2024 - 25	36	210.00	210.10
			6,996.30

5. Deferred Tax Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
On account of deprecation		
Balance at the beginning of the year	106,559,596	-
Add: Transferred from Profit and Loss account	106,482,855	106,559,596
Balance at the end of the year	213,042,451	106,559,596

6. Long Term Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Advance from Customers :		
Related parties (Refer note (a) below)	1,815,806,751	1,261,065,951
Others	610,300,854	86,842,585
Lease Premium received in advance (Refer note (b) below)	4,490,179,720	4,594,880,979
Usage charges for marine assets received in advance (Refer note (c) below)	348,105,266	
Security deposits (Refer note (d) below)	38,807,037	30,527,037
Retention Money payable	-	339,757
Total	7,303,199,628	5,973,656,309



Notes accompanying financial statements

a) Includes

Name of Party	Nature of transactions	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards corridor cost	900,000,000	80,000,000
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards corridor cost	900,000,000	800,000,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges	-	5,265,951
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance Operation & Maintenance charges	3,127,164	
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-Marine outfall	622,209	
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-River water	7,484,710	
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-Marine outfall-TTP water	4,572,668	
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards marine outfall infrastructure	-	107,400,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards marine outfall infrastructure	-	268,400,000
Total		1,815,806,751	1,261,065,951

- (b) Lease premium received represent unamortised portion of lease premium received from customers as per agreement to be recognised as income over the primary lease period on time proportion basis.

Lease premium includes ₹ 2292.73 millions received from ONGC Mangalore Petrochemicals Limited (OMPL)

- (c) Usage charges for marine assets received in advance from ONGC Mangalore Petrochemicals Limited (OMPL) & Mangalore Refinery and Petrochemicals Limited MRPL represents unamortized portion of usage charges received from customers as per agreement to be recognised as income over the useful life of assets on proportionate basis.
- (d) Security deposit from Customers includes ₹ 15,400,000/- (previous year ₹ 15,400,000/-Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply)

7. Long Term Provisions

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Provision for employees benefits		
Compensated Absences	4,173,388	3,650,236
Gratuity (Refer Note No 24 infra)	4,454,116	3,423,223
Total	8,627,504	7,073,459



Notes accompanying financial statements

8. Trade Payables

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Total outstanding dues of micro, small & medium enterprises (Refer Note (a) below)	-	-
Total outstanding dues of creditors other than micro, small & medium enterprises	30,849,211	15,670,856
Total	30,849,211	15,670,856

- a) 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

Particulars	2015-16 ₹	2014-15 ₹
i) Principal amount remaining unpaid but not due as at year end to micro, small and medium enterprises	Nil	Nil
ii) Interest due thereon as at year end	Nil	Nil
iii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
iv) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
v) Interest accrued and remaining unpaid as at year end	Nil	Nil
vi) Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil



Notes accompanying financial statements

9. Other Current Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Current Maturities Long Term Debt	1,189,400,000	559,700,000
Interest accrued but not due on borrowings	604,499	1,029,340
Income Received in Advance		
Marine Outfall Usage charges received in advance Related parties	12,432,330	
Lease premium received in advance		
a) Related Party	53,433,191	53,433,191
b) Others	51,268,068	51,268,068
Advance Received towards infrastructure facility (Refer Note (a) below)	177,652,300	
Retention Money	407,223,552	477,596,536
Other liabilities :		
(i) Statutory payments	11,331,985	21,082,280
(ii) Security Deposits ; (Refer Note (b))		
Customers	5,605,808	18,914,856
Vendors	271,278	346,268
(iii) Earnest Money Deposit	5,202,050	6,589,500
(iv) Payable for capital goods	260,774,431	176,036,116
(iv) Others (Refer Note (c))	506,424,803	481,822,460
Total	2,681,624,295	1,847,818,615

- (a) Grant Received towards infrastructure facility includes amount received from Visvesvaraya Trade Promotion Centre (VTPC) a Government of Karnataka Organisation under ASIDE Scheme for construction of two lane flyover and common effluent treatment plant (CEPT). The grant will be adjusted against the capital cost on completion of work.
- (b) Security deposit from Customers includes ₹ 5,491,328 /- (previous year ₹ 11,714,856/-Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply)
- (c) Others include due to related parties ₹ 393,723,437/- (Previous year ₹ 403,104,767/-) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation.

10. Short terms provisions

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Provision for employees benefits :		
Compensated Absences	438,391	2,336,903
Gratuity	241,373	92,869
Other Provisions ;	122,194,255	128,520,742
Rehabilitation & Resettlement cost (Refer Note no 11(d)(ii) infra)		
Total	122,874,019	130,950,514



Notes accompanying financial statements

11. FIXED ASSETS
11(a) - Tangible and intangible assets

	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1st April 2015	Additions	Deductions	As at 31st March 2016	Upto 31st March 2015	For the period	Deductions	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Land - Leasehold	4,313,946,854	129,205,294	85,037,822	4,358,114,326	-	-	-	-	4,358,114,326	4,313,946,854
Land - Leasehold	4,343,872	-	-	4,343,872	720,127	213,076	-	933,203	3,410,669	3,623,745
Plant and equipment										
- Computer	5,428,671	176,760	147,942	5,457,489	4,642,713	582,433	147,942	5,077,204	380,285	785,958
- Office equipments	6,322,834	3,052,298	407,917	8,967,215	3,499,667	1,753,238	394,418	4,858,487	4,108,728	2,823,167
- Weigh Bridge	562,923	-	-	562,923	43,786	37,066	-	80,852	482,071	519,137
- Grass Cutting Machine	78,000	78,000	-	78,000	1,236	1,236	-	1,236	76,764	-
Furniture and fixtures	8,539,297	2,489,263	-	11,028,560	3,505,866	1,284,660	-	4,790,526	6,238,034	5,033,431
Roads	494,778,734	202,125,236	-	696,903,970	24,376,022	125,876,942	-	150,252,964	546,651,006	470,402,712
Factory Building	697,335,522	390,492,097	2,646,636	1,085,180,983	18,959,494	30,599,821	33,815	49,525,500	1,035,655,483	678,376,028
Electrical Installations & Equipment	380,854,425	136,803,054	883,294	516,774,185	20,658,456	34,118,934	33,565	54,743,825	462,030,360	360,195,969
Hydraulic works, pipelines & sluices	1,895,180,274	546,798,254	-	2,441,978,528	59,854,760	83,462,684	-	143,317,444	2,298,661,084	1,835,325,514
Power distribution										
Transformers, Substations parts & Other fixed apparatus	-	210,686,099	-	210,686,099	-	10,011,803	-	10,011,803	200,674,296	-
Underground cables, towers, poles and fixtures	-	338,734,810	-	338,734,810	10,820,229	10,820,229	-	10,820,229	327,914,581	-
Total	7,807,293,406	1,960,641,165	89,123,611	9,678,810,960	136,260,890	298,762,122	609,740	434,413,272	9,244,397,688	7,671,032,516
Previous Year	3,513,930,227	4,293,520,477	157,298	7,807,293,406	8,500,588	127,830,751	70,449	136,260,890	7,671,032,516	3,505,429,639
Intangible Assets										
Specialised Software	1,134,225	-	-	1,134,225	1,134,220	-	-	1,134,220	5	5
Barrage usage rights	165,050,604	-	-	165,050,604	6,602,024	6,602,024	-	13,204,048	151,846,556	158,448,580
Total	166,184,829	-	-	166,184,829	7,736,244	6,602,024	-	14,338,268	151,846,561	158,448,585
Previous Year	1,134,225	165,050,604	-	166,184,829	1,094,578	6,641,666	-	7,736,244	158,448,585	39,647



Notes accompanying financial statements

11(b) Capital Work in Progress

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Development of land	1,186,368,913	1,273,161,227
Building	2,238,269,912	1,705,479,552
Infrastructure development	829,294,171	1,831,903,841
Project Development Expenditure	184,942,880	377,132,826
	4,438,875,876	5,187,677,446
Less: Transferred to MRPL including project development expenditure (Refer note 11(c) below)	-	260,573,821
Total	4,438,875,876	4,927,103,625

11(c) Fixed Assets:

The Company had taken possession of 2355.85 acres of land from KIADB including 251.2292 acres of land (as per measurement) for MRPL to set up their project in Domestic Tariff Area which was initially meant for their project in special economic zone. Accordingly, the Company has surrendered 248.33 acres of land to KIADB vide letter dated 30th March 2011 for directly allotting the said land to MRPL. In addition company has paid directly to KIADB for acquiring 2.90 acres of land.

The cost of land & development cost and project development expenditure detailed below have been reduced from the cost of land and work in progress and debited to MRPL as under

The details are as under

Particulars	Amount	Amount
Cost of land (251.2292 acres)		394,904,518
Development cost :		
Development cost of R&R colonies	181,144,906	
R&R Compensation	110,835,295	
PDF Training for students	12,376,726	
Land consultancy	8,078,060	312,434,987
Project development expenditures		48,530,563
Total		755,870,068

11(d) Land leasehold:

(i) Land lease period and execution of lease cum sale agreement:

Execution of lease cum sale agreement

Total Area (Acres) as on 31.03.2016	Agreement date	Lease Commence -ment date	Area Registered as on 31.03.2016 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2016 (Acres)	Total Area as on 31.03.2015 (Acres)	Area Registered as on 31.03.2015 (Acres)	Balance Not registered as on 31.03.2015 (Acres) (after surrender to KIADB)
1985.15	28.12.2010*	27.01.2010	1543.21		441.94	1985.15	1543.21	441.94
	29.06.2011#	27.12.2010						
2.47	07.12.2011	28.10.2011	2.47		-	2.47	2.47	
86.5242	03.11.2014	25.07.2012	86.5242		-	86.5242	86.5242	
274.36			-	251.23	23.13	274.36	-	23.13
7.35			-	-	7.35			
2355.85			1632.2042	251.23	472.42	2348.50	1632.20	465.07

* For 1533.22 acres

For 9.99 acres



Notes accompanying financial statements

- (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.

Particulars	Amount (₹)	
	As at 31.03.2016	As at 31.03.2015
Rehabilitation Compensation including training	45,139,716	56,309,379
Rehabilitation Colony Development Cost	77,054,539	72,211,363
Total	122,194,255	128,520,742

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:

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

11(e) Capital Work in Progress :

Capital work in progress includes ₹ 938.52 millions as on 31-03-2016 (includes PDE allocation as at 31.03.2016) (previous year ₹765.94 millions), 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 the land in the year in which the obligation is completed.

11(f) Capitalisation of assets :

The water infrastructure system viz., treated effluents disposal facility and assets relating to licensed activity (power distribution facility) have been capitalised w.e.f. 01.04.2015.

11(g) Interest capitalised during the period ₹ 194.56 millions (Previous year ₹ 363.18 millions)

12. Non Current investments

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Long Term Investment-Un quoted Fully paid equity shares in Subsidiary Company Partly owned subsidiary (70%)	350,000	350,000
Mangalore STP Limited 35,000 shares @ ₹ 10/share, Wholly owned subsidiary (100%) MSEZ Power Ltd 50,000 shares @ ₹ 10/- each	500,000	500,000
Total	850,000	850,000



Notes accompanying financial statements

13. Long Term Loans and Advances

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good :		
Capital Advances:		
Related Party (Refer note (a) below)	26,800,402	49,952,902
Others	96,260,940	81,358,948
Security Deposit with :		
Government Departments	47,962,000	68,463,150
Others	9,054,682	10,382,349
Income Tax (Net of provisions)	25,489,075	24,205,948
Total	205,567,099	234,363,297

(a) Capital advances to related party represents an advance of ₹ 26,800,402/- (Previous year ₹ 49,952,902/-) paid to Karnataka Industrial Area Development Board (KIADB) towards acquisition of land.

14. Other Non Current Assets

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Other Bank Balances		
Fixed Deposit with maturity greater than twelve months	25,000	25,000
Total	25,000	25,000

15. Inventories

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Stores and Spares (For method of valuation please refer note no 1(H))	464,251	-
Total	464,251	-

16. Trade Receivable

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good:		
Outstanding for a period exceeding six months	125,016,984	34,326,526
Others	244,120,104	206,763,389
Total	369,137,088	241,089,915

17. Cash and cash equivalents

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Cash and cash equivalents		
In current account	40,039,529	24,412,472
In deposit account	693,740,944	700,000,000
Cash on hand	16,120	17,740
Investments in Mutual Funds (Refer (a) below)	233,104,482	80,026,131
228,658.066 units of ₹ 1019.4457 each (Previous year 78,499.65 units of ₹ 1019.44575/- each)		
Total	966,901,075	804,456,343

(a) Investments in Mutual Funds refer to Non trade unquoted investments in UTI Liquid Cash Plan Institutional - Daily Dividend Reinvestment option which are highly liquid and subject to insignificant risk of changes in value.



Notes accompanying financial statements

18. Short Term Loans & Advances

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good		
Due from related parties (Refer details below)		
Security Deposit	1,173,296	1,173,296
Others	42,366,282	107,137,951
Advance to Suppliers	27,041,472	16,987,379
Others:		
Income Tax (net of provisions)	185,582,006	-
Service Tax	4,590,065	3,717,763
VAT	36,562,844	49,636,634
Prepaid expenses	9,694,588	6,927,112
Others	1,672,914	52,353,902
Total	308,683,467	237,934,037

Name of Party	Nature of transaction	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Others receivable :			
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying of River water pipeline	160,000	160,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Security deposit towards permission for cable laying and erection of VCB panel	13,296	13,296
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying pipeline Corridor	1,000,000	1,000,000
Security deposit		1,173,296	1,173,296
Related party advance includes			
Mangalore Refinery and Petrochemicals Limited (MRPL)	Receivable towards land acquired on behalf of MRPL	17,438,138	37,429,613
Mangalore Refinery and Petrochemicals Limited (MRPL)	Expense incurred on behalf of the MRPL	631,167	46,255,361
Mangalore STP Limited	Expense incurred on behalf of the Mangalore STP Ltd.	561,915	-
ONGC Mangalore Petrochemicals Limited (OMPL)	Towards Expenses incurred on behalf of OMPL	0	1,145,347
OMPL	Towards stipend and sustenance	17,314,047	15,999,915
Mangalore Refinery and Petrochemicals Limited (MRPL)	Non operational lease rent	760,450	760,450
MRPL	Towards stipend and sustenance	5,547,265	5,547,265
MSEZ Power Ltd	Expenses incurred on behalf of Company	113,300	
Others receivable		42,366,282	107,137,951



Notes accompanying financial statements

19. Other Current Assets

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good:		
Interest accrued but not due on deposits	5,274,819	7,240,593
Un billed Revenue	120,753,867	-
Others	-	25,678,840
Total	126,028,686	32,919,433

20. Contingent liabilities and commitments

(a) Contingent liabilities :

- (i) Claims against the company not acknowledged as debt is ₹ 614.51 millions (previous year ₹ 445.48 millions)
(ii) Service tax demand pending in appeal ₹ 2.10 millions (previous year ₹ 2.1 million)

(b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 1,131,964,389/- (Previous year ₹ 2,053,145,221/-)

21. Revenue from operations

Description	2015-16 ₹	2014-15 ₹
Lease Premium	104,701,259	104,701,259
Lease Rental	39,938,204	52,645,551
River water charges	423,917,255	246,845,976
TTP water charges	118,231,548	122,537,528
O&M Charges - River water, TTP Water, Marine outfall & Zone	284,651,488	117,721,013
Marine Outfall Right of Usage charges	12,432,330	
Sale of power -Licensed activity	117,042,188	-
Total	1,100,914,272	644,451,327

22. Other Income

Description	2015-16 ₹	2014-15 ₹
Interest Income on Short Term Deposits with Banks & others	25,243,994	46,053,597
Dividend from Current Investments	14,578,351	26,123,760
Non-Operational Lease Rental	1,766,455	393,447
Other Non Operational Income	-	22,015,959
Miscellaneous Income	1,523,452	2,052,132
Total	43,112,252	96,638,895

23(a) Employee benefit expense

Description	2015-16 ₹	2014-15 ₹
Salaries	50,987,705	58,004,634
Contribution to Provident and Other Funds	839,934	721,189
Staff Welfare	2,573,496	1,261,647
Total	54,401,135	59,987,470



Notes accompanying financial statements

23 (b) Finance costs

Description	2015-16 ₹	2014-15 ₹
Interest on term loan	408,800,526	274,612,761
Other borrowing cost	3,886,892	2,065,236
Interest on security deposit	3,806,829	-
Total	416,494,247	276,677,997

23(c) Other Expenses

Description	2015-16 ₹	2014-15 ₹
Rent	3,614,001	2,898,938
Repair and Maintenance	3,732,559	3,210,041
Advertising and publicity	2,816,259	4,982,094
Travelling expenses	12,158,904	14,215,350
Marketing Expenses	4,187,762	5,068,047
Rates and taxes	118,780	116,455
Professional & consultancy charges	12,253,781	28,362,191
Insurance	3,475,946	3,178,189
Purchase of Power - Licensed Activity	73,355,110	-
Infrastructure development charges	13,233,740	4,150,200
Operational & Maintenance Expenses	151,048,752	93,668,810
Auditors Remuneration:		
Audit Fees	280,000	225,000
Taxation matter	62,500	50,000
Other Services	125,000	100,000
Out of pocket expenses	396,959	354,411
Miscellaneous Expenses	6,139,376	5,853,341
Total	286,999,429	166,433,067

24. Disclosure pursuant to Accounting Standard 15 "Employee Benefits" is given below:

(A) Brief description: A general description of the type of Defined Benefit Plans and Long Term Employee Benefits is as follows:

- 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.
- Gratuity: As per the Payment of Gratuity Act, 1972
- Liabilities for compensated absentees and gratuity is unfunded
- The amount recognised in the Balance Sheet for post-employment benefit plan in respect of gratuity is as under:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	4,695,489	3,516,092
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	241,373	92,869
	Non-current	4,454,116	3,423,223
	Total	4,695,489	3,516,092



Notes accompanying financial statements

(B) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	3,516,092	2,241,580
2	Service Cost	797,060	603,829
3	Interest Cost	280,584	208,691
4	Actuarial losses (gains)	218,975	548,286
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	(117,222)	86294
8	Closing defined benefit obligation	4,695,489	3,516,092

(C) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	797,060	603,829
2	Interest on obligation	280,584	208,691
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	218,975	548,286
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'	1,296,619	1,360,806
8	Actual return on plan assets	-	-

(D) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying financial statements

(E) (i) Sick Leave disclosure Statement as per AS 15 is as under

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	
2	Fair value of plan assets	-	
3	Present value of unfunded obligation	3,945,765	4,925,794
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	433,398	1,780,299
	Non-current	3,512,367	2,870,201
	Total	3,945,765	4,650,500

(ii) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	4,650,500	
2	Service Cost	357,623	
3	Interest Cost	371,110	
4	Actuarial losses (gains)	1,549,323	
5	Exchange differences on foreign plans	-	
6	Liability transfer in	-	-
7	Benefits paid	(2,982,791)	
8	Closing defined benefit obligation	3,945,765	4,650,500

(iii) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	357,623	
2	Interest on obligation	371,110	
3	Expected return on plan assets	-	
4	Net actuarial losses / (gains) recognised in the period	1,549,323	
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'.	2,278,056	
8	Actual return on plan assets	-	-

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying financial statements

(F)(i) Sick Leave disclosure Statement as per AS 15 is as under

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	
2	Fair value of plan assets	-	
3	Present value of unfunded obligation	666,014	1,336,639
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	4,993	556,604
	Non-current	661,021	780,035
	Total	666,014	1,336,639

(ii) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	1,336,639	1,502,174
2	Service Cost	83,897	66,406
3	Interest Cost	106,664	139,852
4	Actuarial losses (gains)	(861,186)	(371,793)
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid		
8	Closing defined benefit obligation	666,014	1,336,639

(iii) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	83,897	66,406
2	Interest on obligation	106,664	139,852
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	(861,186)	(371,793)
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'	(670,625)	(165,535)
8	Actual return on plan assets	-	-

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying financial statements

25. Segment Reporting

Particulars	Land		Water		Corridor		Power		Zone O&M		Unallocated (Refer Note)		Eliminations		Consolidated	
	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	Ist April 2014 to 31st March 2015	Ist April 2015 to 31st March 2016	
REVENUE																
External Sales	146,748,359	179,756,216	718,715,152	487,104,517	300,308		121,554,254		120,943,914		35,764,537	74,229,489			1,144,026,524	741,090,222
Inter-Segment Sales							1,738,742						(1,738,742)			
Total Revenue	146,748,359	179,756,216	718,715,152	487,104,517	300,308		123,292,996		120,943,914		35,764,537	74,229,489	(1,738,742)		1,144,026,524	741,090,222
RESULT																
Segment Result	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,782,181)		47,713,171				(1,738,742)		452,625,253	523,927,010
Unallocated Corporate Expenses											(12,595,379)	(217,972,335)			(12,595,379)	(217,972,335)
Operating Profit	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,782,181)		47,713,171		(12,595,379)	(217,972,335)			441,768,616	305,954,675
Interest Expense											(412,813,355)	(274,612,761)			(412,813,355)	(274,612,761)
Interest/Dividend Income											35,388,113	72,177,357			35,388,113	72,177,357
Income taxes											(103,500,239)	(122,044,696)			(103,500,239)	(122,044,696)
Profit from ordinary activities	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,782,181)		47,713,171		(493,520,860)	(542,452,435)			(39,156,865)	(18,525,425)
Extraordinary Loss																
Net Profit	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,782,181)		47,713,171		(493,520,860)	(542,452,435)			(39,156,865)	(18,525,425)
Other information																
Segment Assets	6,409,329,601	6,449,835,164	4,466,003,453	4,224,052,299	2,361,599,954	1,674,303,720	674,047,380	582,407,062	122,592,800						14,033,573,187	12,930,598,245
Unallocated Corporate Assets																
Total Assets	6,409,329,601	6,449,835,164	4,466,003,453	4,224,052,299	2,361,599,954	1,674,303,720	674,047,380	582,407,062	122,592,800						15,812,776,790	14,308,222,751
Segment Liabilities	5,995,465,283	5,509,521,781	652,669,955	683,294,342	2,071,407,606	1,029,044,356	121,194,328	131,405,460	6,865,781						8,847,602,953	7,353,265,939
Unallocated Corporate Liabilities																
Total Liabilities	5,995,465,283	5,509,521,781	652,669,955	683,294,342	2,071,407,606	1,029,044,356	121,194,328	131,405,460	6,865,781						15,072,787,989	13,529,578,756
Capital expenditure	1,277,805,336	1,141,832,126	630,322,811	1,214,073,476	2,150,827,542	1,576,234,832		520,086,708							4,438,875,876	4,927,103,825
Depreciation	116,407,539	27,007,014	161,911,386	103,657,084			21,948,652								305,296,766	134,472,417
Non cash expenses other than depreciation																

Note: Capital Work in Progress of CETP has been classified under unallocated since, the same is not a reportable segment under AS-17. Internal pipeline corridor has been classified under unallocated since, the same is not reportable segment under AS-17. Corridor project is working progress.



Notes accompanying financial statements

26. Taxes on income

The company is eligible for Tax holiday for a period of 10 years from the FY 2011-12 in respect of income relating to SEZ activities in accordance with section 80I(AB) of the Income Tax Act.

The company has recognized Minimum Alternate Tax on the book profits as required under section 115 JB of the Income Tax Act

Deferred Tax Liability for the year is ₹ 106,482,855/- (previous year ₹ 106,559,596/- is recognized on account of timing differences between depreciation for tax purpose and accounting purposes.

27. Leases

- (a) The Company has taken various residential / office premises including furniture under cancellable operating leases. These lease agreements are normally renewed on expiry.
- (b) Lease rentals paid/payable in respect of operating leases during the period ₹ 4,137,875/- (Previous year ₹3,841,208/-)

28. Information as per Accounting Standard-18 on Related Party Disclosures:

- (a) List of related parties with whom the Company had transactions during the year

Name of the Party	Relationship
Oil and Natural Gas Corporation Limited (ONGC)	Investing Company (Controlling Enterprise)
Infrastructure Leasing and Financing Services Ltd (ILFS)	Investing Company (Controlling Enterprise)
Karnataka Industrial Area Development Board (KIADB)	Investing Company
ONGC Mangalore Petrochemicals Ltd (OMPL)	Controlled by ONGC
Mangalore STP Ltd	Subsidiary Company
Mangalore Refineries and Petrochemicals Ltd (MRPL)	Subsidiary of ONGC
IIDC Ltd	Subsidiary of ILFS
IL&FS Financial Services Ltd	Subsidiary of ILFS
IL&FS Cluster Development Initiative Ltd	Subsidiary of ILFS
MSEZ Power Ltd	Subsidiary Company
Petronet MHB Ltd (PMHBL)	Joint Venture of ONGC
<u>Key Managerial Personnel</u>	
Mr. Paritosh Kumar Gupta (appointed wef 19.05.2015)	Managing Director & Chief Executive Officer (MD & CEO)
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Ashish Kulkarni (Resigned wef 08.02.2016)	Company Secretary

Notes accompanying financial statements

(b) Transactions with and due to / due from related parties:

No.	Name	Nature of Transaction	Amount of Transactions (₹)	Amount payable as at 31st March 2016 (₹)	Amount receivable as at 31st March 2016 (₹)
1	ONGC	Reimbursement of expenses	288,780 (Nil)		
2	IL&FS	Charges for deputation of MD & CEO	4,862,369 (17,590,356)	457,341 (4,543,211)	
		Security deposit -Directorship	100,000 (Nil)	(Nil) (Nil)	
		Reimbursement of out of Pocket Expenses	Nil (58,336)	Nil (Nil)	
		Expenses Incurred	548,587 (Nil)		
3	KIADB	Cost of Acquisition of Land	12,997,644 (Nil)	393,723,437 (403,104,767)	
		Annual Lease rent	504,306 (242,576)	182,255 (173,417)	
		Security deposit	Nil (Nil)		1,160,000 (1,160,000)
		Right of way charges	419,375 (Nil)	Nil (Nil)	
		Advance towards Corridor land	802,341 (25,921,350)		17,295,600 (21,863,100)
		Expenses incurred on behalf of KIADB	Nil (Nil)		130,773 (130,773)
		Advance towards land	1,029,182 (15,143,302)		9,504,802 (28,089,802)
4	OMPL	Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	100,000,000 (407,400,000)	900,000,000 (907,400,000)	
		Expenses incurred on behalf of OMPL (Power & Others)	Nil (9,889,602)		Nil (1,145,347)
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	1,314,132 (40,098,774)		17,314,047 (15,999,915)
		Supply & Operation & Maintenance of Water, Effluent Discharge & Tarriff revenue from licensed activity	115,551,509 (124,829,682)		12,511,693 (27,678,176)



Notes accompanying financial statements

		Security deposit	Nil (27,114,856)	20,891,328 (27,114,856)	
		Advance towards O & M water	3,127,164 (Nil)	3,127,164 (Nil)	
		Interest on security deposit (Power)	1,972,842 (702,891)	1,775,558 (632,602)	
		Lease premium income	53,433,191 (53,433,191)		
5	MRPL	Advance / Adjustment towards land	Nil (Nil)		17,438,138 (37,429,613)
		Expenses incurred on behalf of the MRPL	70,850,085 (1,546,250)		631,167 (46,255,361)
		Supply & Operation & Maintenance of Water	428,900,313 (429,282,524)		70,779,422 (93,246,930)
		Advance received towards Infrastructure development	Nil (268,400,000)	Nil (268,400,000)	
		Advance towards O & M River water	2,218,759 (5,265,951)	7,484,710 (5,265,951)	
		Advance towards Marine outfall	622,209 (Nil)	622,209 (Nil)	
		Advance towards O & M TTP water	4,572,668 (Nil)	4,572,668 (Nil)	
		Non-operational Lease rental from lease of land	Nil (Nil)		760,450 (760,450)
		Security deposit towards usage of premises	Nil (Nil)		13,296 (13,296)
		Lease rent on immovable property	31,368 (Nil)	Nil (Nil)	
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	Nil (5,547,265)		5,547,265 (5,547,265)
				Advance towards Corridor	820,000,000 (Nil)
6	IIDC Ltd	Deputation salary	2,998,999 (9,108,000)	226,923 (Nil)	
7	IL&FS Cluster Development Initiative Ltd	Professional charges	250,000 (Nil)		
8	Petronet MHB Ltd (PMHBL)	Purchase of pipes	Nil (9,293,347)		



Notes accompanying financial statements

9	Mangalore STPLtd	Expenses incurred on behalf of the Company	24,978,035 (19,220,800)	Nil (100,158)	561,915 (Nil)
10	MSEZ Power Ltd	Investment in Share Capital	Nil (500,000)		
11	MSEZ Power Ltd	Expenses incurred on behalf of the Company	113,380 (20,080)	Nil (20,080)	133,380 (Nil)
12	Key Managerial Personnel	Chief Financial Officer	4,019,200 (3,525,758)		
13	Key Managerial Personnel	Company Secretary	1,400,657 (770,000)		

Figures in brackets represent previous year.

All the amounts are exclusive of refundable service tax.

- (c) No amounts due from/due to relating to the related parties have been written off or written back during the year
- (d) "Dues from" and "due to" related parties are based on the books of account of the company and confirmation of balance have not been obtained.

29. Expenditure in foreign currency

Particulars	2015-16 ₹	2014-15 ₹
Advertisement and Publicity	-	798,330

30. Earnings per share (EPS)

Particulars	2015-16	2014-15
Profit after tax (₹)	(39,156,866)	(18,525,425)
Number of equity shares	50,001,200	50,001,200
Basic & diluted earnings per share (₹)	(0.78)	(0.37)

31. (a) Pursuant to declaration of Commercial Operation date from 1st April, 2015, pending finalization of agreements and based on discussions with customers and having regard to the services currently undertaken by the company, income from O & M charges of ₹ 120.75 million is recognized as income "at cost plus mark up" basis. The adjustments, if any will be effected in the year of finalisation of agreements."
- (b) Income from water charges includes ₹183.49 millions disputed by the customer. The company is advised by its legal council the claim of the customer is not sustainable in terms of agreement.



Notes accompanying financial statements

32. The Company is covered under Section 135 of the Companies Act on Corporate Social Responsibility (CSR) for the Financial Year 2015 -16 and the company has incurred CSR expenditure during the year on following:

SL.No	CSR Activity	Amount ₹
1	Contribution towards publishing book on Mangalore Culture	500,000
2	Contribution towards basic amenities to Government school, Machina	250,000
3	Contribution towards Central Government initiated programme "Sansad Adarsha Gram Yojana"	319,750
4	Contribution towards Health Checkup Camp	71,699
5	Contributions towards Development of School (purchase of books, development of greenary, facility for drinking water)	30,000
6	Contribution towards distribution of Rice bags to poor people	17,100
	Total	1,188,549

33. Previous year's figures have been regrouped wherever necessary to confirm to the current year's presentation.

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

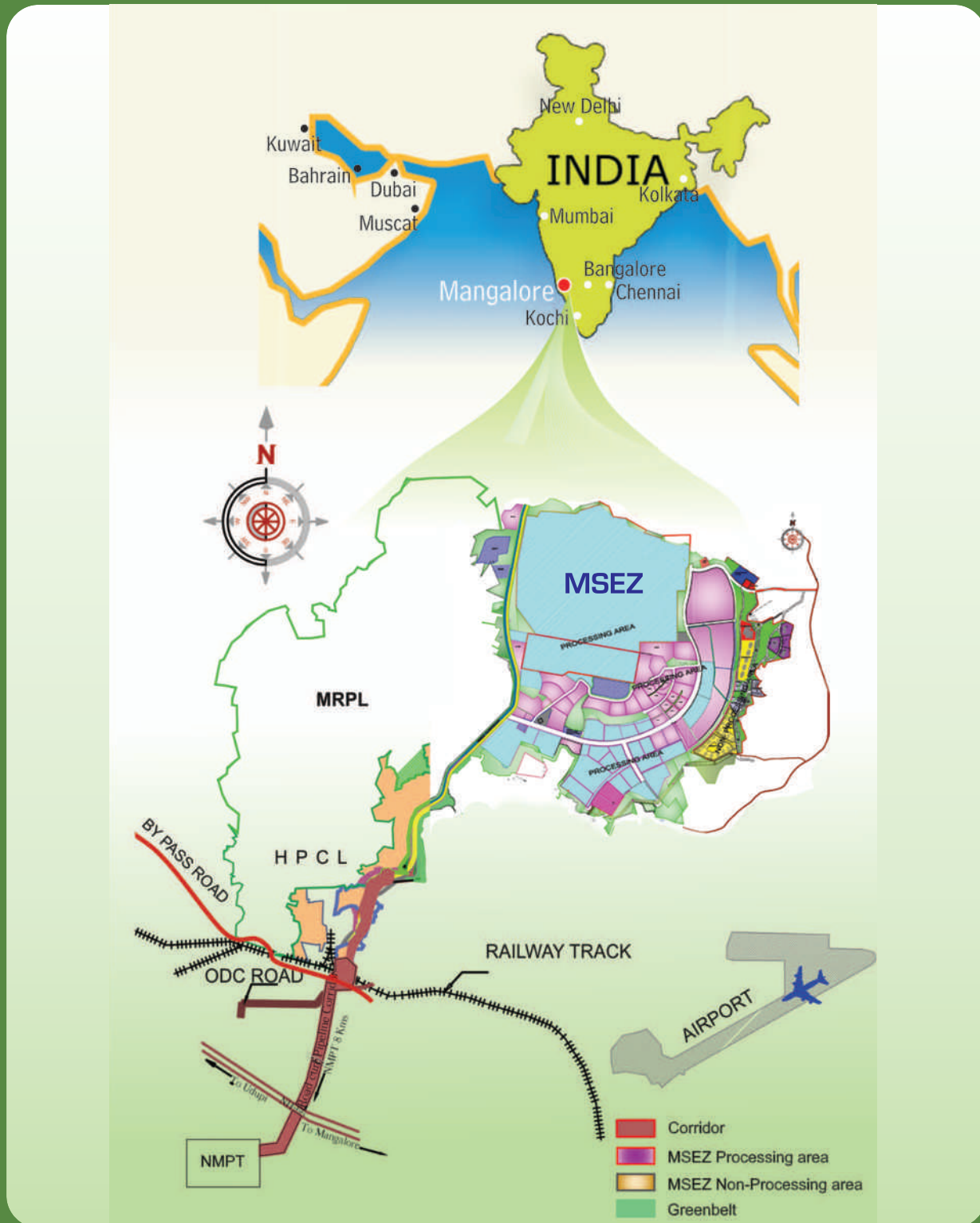
Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

CONSOLIDATED FINANCIAL STATEMENTS 2016



● Mangalore SEZ Limited ● Mangalore STP Limited ● MSEZ Power Limited



INDEPENDENT AUDITOR'S REPORT To the Members of Mangalore SEZ Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of MANGALORE SEZ LIMITED (“the Holding Company”), and its subsidiaries (Collectively referred to as “the Group”) which comprise of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management’s Responsibility for the Standalone Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the Consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2016, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:



Note 27 (d) “dues from” and “dues to” related parties are based on the books of account of the Company and confirmations of balance have not been obtained.

Note 32 (b) Income from River water charges includes Rs 183.49 Million disputed by a customer. The Company is advised by its legal Counsel, the claim of the Customer is not sustainable, in terms of the Agreement.

Our opinion is not modified in respect of these matters.

Other Matters

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of Rs45.29 lakhs as at 31st March 2016, total revenues of Rs(0.97) lakhs and net cash flows amounting to Rs39.44 lakhs 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 relates to the amounts and disclosure included in respect of these subsidiaries, and our reports in terms of subsection (3) and (11) of section 143 of act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report to the Extent applicable 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 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 by the Company so far as it appears from our examination of those books
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards 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 Holding Company as on 31st March, 2016 and taken on record by the Board of Directors of the Holding company, none of the directors of the subsidiary companies, none of the directors of the group companies is disqualified as on 31st March, 2016 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, 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 financial statements - Refer Note No. 19(a) to the financial statements;
 - (ii) the group did not have any long-term contracts, including derivative contracts; and
 - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the investor Education and protection Fund by the Holding company and its subsidiary Company. Therefore the question of delay in transferring such sums does not arise.

For **Maharaj NR Suresh And Co**
(FRN No. 001931 S)
Chartered Accountants

N.R. Suresh
Partner
M.No. 021661

Place: Bengaluru
Date: 12-05-2016

**ANNEXURE “A” to The Independent Auditor’s Report of even date on the Consolidated Financial Statements of Mangalore SEZ Limited.****Report on the Internal Financial Controls 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 Holding Company”) and its subsidiary companies as of March 31, 2016 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) 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, the Holding Company its subsidiary companies 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, 2016, 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 **Maharaj N R Suresh And Co**
(FRN No. 001931 S)
Chartered Accountants

N.R. Suresh
Partner
M.No. 021661

Place: Bengaluru
Date: 12-05-2016



Consolidated Balance Sheet as at 31st March 2016

Particulars	Note No.	As at 31st March 2016		As at 31st March 2015	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	500,012,000		500,012,000	
(b) Reserves and surplus	3	239,875,145	739,887,145	278,631,995	778,643,995
Minority Interest			150,000		150,000
2 Non-current liabilities					
(a) Long-Term Borrowings	4	4,712,570,881		5,447,849,407	
(b) Deferred tax liabilities	5	213,042,451		106,559,596	
(c) Long term liabilities	6	7,303,199,628		5,973,656,309	
(d) Long-term provisions	7	8,627,504	12,237,440,464	7,073,459	11,535,138,771
3 Current liabilities					
(a) Trade payables	8	33,801,090		15,670,856	
(b) Other current liabilities	9	2,681,624,295		1,850,923,094	
(c) Short-term provisions	10	122,878,001	2,838,303,386	131,103,619	1,997,697,569
TOTAL			15,815,780,995		14,311,630,335
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	11				
(i) Tangible assets		9,244,397,688		7,671,032,516	
(ii) Intangible assets		151,846,561		158,448,585	
(iii) Capital work-in-progress	11(b)	4,438,875,876		4,927,103,625	
(b) Long-term loans and advances	12	205,694,239		234,363,297	
(c) Other non-current assets	13	25,000	14,040,839,364	25,000	12,990,973,023
2 Current assets					
(a) Inventories	14	464,251			
(b) Trade receivables	15	369,137,088		241,089,915	
(c) Cash and cash equivalents	16	970,845,527		808,051,340	
(d) Short-term loans and advances	17	308,011,434		237,934,037	
(e) Other current assets	18	126,483,332	1,774,941,631	33,582,020	1,320,657,312
TOTAL			15,815,780,995		14,311,630,335

Contingent liabilities and Commitments 19

Significant Accounting policies 1

See accompanying notes to the consolidated financial statements (Note no 23 to 34)

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

**Consolidated Statement of Profit and Loss for the year ended 31st March 2016**

Particulars	Note No	2015-16 ₹	2014-15 ₹
Revenue:			
Revenue from Operations	20	1,100,914,272	644,451,327
Other Income	21	43,144,071	97,289,280
Total Revenue		1,144,058,343	741,740,607
Expenses:			
Employee benefit expense:	22(a)	54,401,135	59,987,470
Finance Costs	22(b)	416,494,247	276,677,997
Depreciation and amortization expense		305,296,766	133,928,695
Other expenses	22(c)	287,132,904	166,433,067
Total Expenses		1,063,325,052	637,027,229
Profit before Exceptional and Extraordinary itmes and tax		80,733,291	104,713,378
Exceptional items		-	(543,722)
Profit before tax		80,733,291	104,169,656
Tax expense:			
Current tax		13,508,958	15,485,100
Deferred tax		106,482,855	106,559,596
Profit/ (Loss) for the period		(39,258,522)	(17,875,040)
Share of (Profit)- Minority Interest		-	195,116
Profit/ (Loss) for the year		(39,258,522)	(18,070,156)
Earning per equity share:	29		
Basic and diluted		(0.79)	(0.36)
Face value per share		10.00	10.00

Significant Accounting policies **1**
See accompanying notes to the consolidated financial statements (Note no 23 to 34)

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

**Consolidated Cash Flow Statement for the year ended 31st March 2016**

Particulars	2015-16 ₹	2014-15 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Tax & exceptional items	80,733,291	104,713,378
Adjustment for :		
Depreciation/Amortisation	305,296,766	133,928,695
Dividend Income	(14,578,351)	(26,123,760)
Interest Income	(25,275,813)	(46,053,597)
Cash Generated from operations	346,175,893	166,464,716
Direct Taxes Paid (net)	(186,941,874)	97,615,223
Net Cash from/(used in) Operating Activities (A)	159,234,019	264,079,939
B. CASH FLOW FROM INVESTING ACTIVITIES		
Project Development Expenditure including advance from customers	1,552,796,405	503,731,178
Purchase of Fixed assets	(1,388,793,086)	(1,459,646,331)
Sale/adjustment to fixed assets	88,590,252	86,849
Interest Received	25,275,813	46,682,813
Dividend Received	14,578,351	26,123,760
Purchase/Sale of Long Term Investment	-	-
Net Cash from/(used in) Investing Activities (B)	292,447,735	(883,021,731)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan Availed	454,221,474	460,929,349
Long Term Loan repaid during the period	(559,800,000)	-
Interest Paid on Long Term Loan	(183,309,041)	(323,283,615)
Net Cash from/(used in) Financing Activities (C)	(288,887,567)	137,645,734
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	162,794,187	(481,296,058)
Cash and Cash Equivalents as at the beginning of the year	808,051,340	1,289,347,398
Cash and Cash Equivalents as at the end of the year	970,845,527	808,051,340

NOTES:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006
- Purchase of Fixed Assets includes movement of Capital Work-in-progress and other non current assets during the period
- Cash and cash equivalents include cash and bank balances, fixed deposits and short-term highly liquid investments.
- Previous year figures have been re-grouped / re-classified wherever necessary to confirm to the current year's presentation.

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

Notes accompanying consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (“GAAP”) and in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in Rule 7 of the Companies (Accounts) Rules, 2014, prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, future obligations in respect of retirement benefits plans, etc. Actual results could differ from these estimates.

B) Revenue recognition

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Escalation and other claims are accounted for as and when accepted / acknowledged by the parties.

- a. Lease Premium from the lease of land is recognised over the primary lease period as per agreement.
- b. Lease rental income is accounted for on time proportion basis as per the terms agreed with lessees.
- c. River Water charges and TTP charges are recognised based on the quantity committed/delivered to the consumer and invoiced at the agreed rates.
- d. Operation and maintenance charges (O&M charges) are recognised based on the agreement with the customer. Where agreements are not finalized, O&M Charges are recognized “at Cost plus mark up”. On finalization of agreements the adjustments, if any will be effected in the year of finalization
- e. Marine outfall usage charges received in advance are recognised over the useful life of the asset on proportionate basis.
- f. Income from licensed activity (distribution of power) is recognised as per actual consumption billed at Karnataka Electricity Regulatory Commission (KEREC) approved rate.
- g. Other operational income will be recognised on accrual basis.
- h. Dividend income is recognized when the right to receive is established.
- i. Interest income on deposits is recognized at the agreed rates on time proportion basis.

C) Government Grants

Government grants received towards cost of fixed assets is reduced from the cost of fixed asset. Pending completion of construction of the asset, the grant received is disclosed under current liabilities.

D) Fixed assets

Fixed Assets are stated at historical cost less accumulated depreciation. All costs specifically attributable to acquisition of fixed assets till the time of commissioning of such assets are capitalised.



Notes accompanying consolidated financial statements

Project Development Expenditure including administrative and other general overhead expenses which are specifically attributable to a project, incurred up to the date of commencement of commercial operation are capitalized as a part of the cost of the fixed asset.

E) Depreciation

Depreciation on fixed assets is provided under straight-line method in accordance with the Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein and reckoning residual value at 5% of the original cost of the asset (excluding on Roads) except for the following, whose useful life have been taken on the basis of the technical certification obtained.

Asset	Useful life (in years)
Electrical Installations & Equipment	15
Hydraulic works, pipelines & sluices	30
Marine Pipeline Asset - Pipeline Inside Sea	15
TTP Water Membranes	7

Depreciation on power distribution assets is provided as per rate of depreciation notified by Central Electricity Regulatory Commission (CERC)

Useful life and residual values are reviewed periodically at the each financial year end.

F) Intangible assets and amortisation

Intangible assets are recognised 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:

- Specialised software over a period of five years from the month of addition
- Barrage cost is amortised on a straight line basis over the lease period / life of the asset whichever is less.

G) Investments

Current Investments are carried at lower of cost and fair value. The determination of carrying value of such investments is done on the basis of specific identification. Long-term investments are carried at cost, after providing for any diminution in values, if such diminution is other than temporary in nature.

H) Inventory

Inventories are valued at lower of cost and net realisable value, whichever is lower.

I) Unbilled Revenue

Unbilled revenue represents revenue accrued and recognized for which invoices are to be raised on the customer on finalization of agreements with customers

J) Foreign currency transactions

- Foreign currency transactions are recorded on initial recognition using exchange rate prevailing on the date of the transaction.
- Foreign currency monetary items as at the Balance Sheet date are reported at rates as applicable at the reporting dates.
- The exchange differences on settlement of monetary items / reporting of monetary items at each Balance Sheet date at closing rate are recognized as income or expense in the period in which they arise.

K) Employee benefits

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short-term compensated absences are recognised in the period in which the employee renders the related service.

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 recognised during the period in which the employee renders the related service.

ii) Defined Benefit plans: The employees' 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 terms of related obligations.

Actuarial gains and losses are recognised immediately in the financial statement.

c) Long term employee benefits

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

L) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

M) Segment Reporting

Segment accounting policies are in line with the accounting policies of the Company. In addition the specific accounting policies that have been followed for segment reporting as under:

The Company has identified four business segments namely, leasing of land, water infrastructure, corridor and power. Revenue and expenses have been identified to the respective segment on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable revenue and expenses.

Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.

Inter segment revenue / expenditure / is recognised at fair value / market price.

Geographical segment – not applicable

**N) Leases**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid during development period of the project are included in the Project Development Expenditure and are charged off in the operational period.

Land taken on lease is amortised over the period of lease from the month of addition.

O) Taxes on income

- a. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- b. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- c. Deferred tax assets relating to unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- d. Other deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized.

P) Cash and Cash Equivalents for AS 3 – Cash Flow Statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Q) Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation and
- c. the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.

Contingent liability is disclosed in the case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a present obligation when no reliable estimate is possible; and
- c. a possible obligation, arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet.

R) Principles of consolidation

- a. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra group balances, intra group transactions and unrealised profits resulting there from and are presented to the extent possible, in the same manner as the Company's independent financial statements.

Notes accompanying consolidated financial statements

- b. The financial statements of the parent company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- c. The excess of cost to the parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as “goodwill on consolidation” and carried in the balance sheet as an asset. Where the share of equity in the subsidiary Companies as on the date of investment, is in excess of cost of investment of the Company, it is recognised as “Capital Reserve” and shown under the head Reserves and Surplus, in the consolidated financial statements.
- d. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary Companies and further movements in their share in the equity, subsequent to the dates of investments.

2. Share Capital

- (a) Details of Authorised, Issued, Subscribed and Paid up Share Capital

Description	As at 31st March 2016		As at 31st March 2015	
	Number	₹	Number	₹
Authorised Equity Shares of ₹ 10/- each	425,000,000	4,250,000,000	425,000,000	4,250,000,000
Issued Equity Shares of ₹ 10/- each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Subscribed and fully Paid up Equity Shares of ₹ 10/- each	50,001,200	500,012,000	50,001,200	500,012,000
Total	50,001,200	500,012,000	50,001,200	500,012,000

- (b) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year.**

There is no movement in Share Capital during the year. (Previous Year -Nil)

- (c) **Details of Shareholders holding more than 5% of equity shares at the end of the period**

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	% of Holding	No. of Shares held	% of Holding	No. of Shares held
Infrastructure Leasing and Financial Services Ltd	50%	25,000,000	50%	25,000,000
Oil and Natural Gas Corporation Ltd	26%	13,000,000	26%	13,000,000
Karnataka Industrial Area Development Board	23%	11,500,000	23%	11,500,000



Notes accompanying consolidated financial statements

(d) 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.

3. Reserves and Surplus

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Surplus in statement of profit and loss :		
Balance as at the beginning of the year	278,631,995	296,684,513
Add/(Less) : Profit/(Loss) for the year	(39,258,522)	(18,070,156)
Less/ Add : Income tax provisions for earlier year	501,672	(27,478)
Add: Share of loss absorbed in the earlier years		45,116
Balance as at the end of the year	239,875,145	278,631,995

4. Long Term Borrowings

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Secured by mortgage of 949.1045 acres of land and hypothecation of immovable and movable property of the company		
Term loan from banks (Refer note below)	4,712,570,881	5,447,849,407
Total	4,712,570,881	5,447,849,407

- a) The Term loan is Repayable in 36 unequal quarterly instalments commencing after moratorium period of 6 months from Commercial Operation Date which was extended from 1st April 2014 to 1st April 2015
- b) Interest on the loan is paid at base rate of the individual lending bankers.
- c) There has been no default in payment of principle/interest during the year
- d) Out of the total sanction of ₹ 6996.30 millions, the Company has availed loan amounting ₹ 6461.77 millions as at 31st March 2016 out of which Company has repaid ₹ 559.80 millions of loan on 31st March 2016



Notes accompanying consolidated financial statements

e) Term of repayment is given below (₹ millions)

Repayment schedule for the sanctioned amount

Financial Year	QTR	QTRLY Installment	Yearly
2015 - 16	1 to 3	186.60	559.70
2016 - 17	4 to 7	297.30	1,189.40
2017 - 18	8 to 11	244.90	979.60
2018 - 19	12 to 15	174.90	699.60
2019 - 20	16 to 19	174.90	699.60
2020 - 21	20 to 23	174.90	699.60
2021 - 22	24 to 27	174.90	699.60
2022 - 23	28 to 31	174.90	699.60
2023 - 24	32 to 35	139.90	559.60
2024 - 25	36	210.00	210.00
			6,996.30

5. Deferred Tax Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
On account of depreciation		
Balance at the beginning of the year	106,559,596	-
Add: Transferred from Profit and Loss account	106,482,855	106,559,596
Balance at the end of the year	213,042,451	106,559,596

6. Long Term Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Advance from Customers :		
Related parties (Refer note (a) below)	1,815,806,751	1,261,065,951
Others	610,300,854	86,842,585
Lease Premium received in advance (Refer note (b) below)	4,490,179,720	4,594,880,979
Usage charges for marine assets received in advance (Refer note (c) below)	348,105,266	-
Security deposits (Refer note (d) below)	38,807,037	30,527,037
Retention Money payable	-	339,757
Total	7,303,199,628	5,973,656,309



Notes accompanying consolidated financial statements

a) Includes

Name of Party	Nature of transactions	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards corridor cost	900,000,000	80,000,000
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards corridor cost	900,000,000	800,000,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges	-	5,265,951
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance Operation & Maintenance charges	3,127,164	-
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-Marine outfall	622,209	-
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-River water	7,484,710	-
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges-Marine outfall-TTP water	4,572,668	-
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards marine outfall infrastructure	-	107,400,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards marine outfall infrastructure	-	268,400,000
Total		1,815,806,751	1,261,065,951

(b) Lease premium received represent unamortised portion of lease premium received from customers as per agreement to be recognised as income over the primary lease period on time proportion basis.

Lease premium includes ₹ 2292.73 millions received from ONGC Mangalore Petrochemicals Limited (OMPL)

(c) Usage charges for marine assets received in advance from ONGC Mangalore Petrochemicals Limited (OMPL) & Mangalore Refinery and Petrochemicals Limited MRPL represents unamortized portion of usage charges received from customers as per agreement to be recognised as income over the useful life of assets on proportionate basis.

(d) Security deposit from Customers includes ₹ 15,400,000/- (previous year ₹ 15,400,000/- Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply)

7. Long Term Provisions

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Provision for employees benefits		
Compensated Absences	4,173,388	3,650,236
Gratuity (Refer Note No 23 infra)	4,454,116	3,423,223
Total	8,627,504	7,073,459



Notes accompanying consolidated financial statements

8. Trade Payables

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Total outstanding dues of micro, small & medium enterprises (Refer Note (a) below)		-
Total outstanding dues of creditors other than micro, small & medium enterprises	33,801,090	15,670,856
Total	33,801,090	15,670,856

- a) 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

Particulars	2015-16 ₹	2014-15 ₹
i) Principal amount remaining unpaid but not due as at year end to micro, small and medium enterprises	Nil	Nil
ii) Interest due thereon as at year end	Nil	Nil
iii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
iv) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
v) Interest accrued and remaining unpaid as at year end	Nil	Nil
vi) Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil



Notes accompanying consolidated financial statements

9. Other Current Liabilities

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Current Maturities Long Term Debt	1,189,400,000	559,700,000
Interest accrued but not due on borrowings	604,499	1,029,340
Income Received in Advance		
Marine Outfall Usage charges received in advance Related parties	12,432,330	-
Lease premium received in advance		
a) Related Party	53,433,191	53,433,191
b) Others	51,268,068	51,268,068
Advance Received towards infrastructure facility (Refer Note (a) below)	177,652,300	-
Retention Money	407,223,552	477,596,536
Other liabilities :		
(i) Statutory payments	11,331,985	21,082,280
(ii) Security Deposits ; (Refer Note (b))		
Customers	5,605,808	18,914,856
Vendors	271,278	346,268
(iii) Earnest Money Deposit	5,202,050	6,589,500
(iv) Payable for capital goods	260,774,431	176,036,116
(iv) Others (Refer Note (c))	506,424,803	484,926,939
Total	2,681,624,295	1,850,923,094

- (a) Grant Received towards infrastructure facility includes amount received from Visvesvaraya Trade Promotion Centre (VTPC) a Government of Karnataka Organisation under ASIDE Scheme for construction of two lane flyover and common effluent treatment plant (CEPT). The grant will be adjusted against the capital cost on completion of work.
- (b) Security deposit from Customers includes ₹ 5,491,328 /- (previous year ₹ 11,714,856/-Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply)
- (c) Others include due to related parties ₹ 393,723,437/- (Previous year ₹ 403,104,767/-) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation.

10. Short terms provisions

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Provision for employees benefits :		
Compensated Absences	438,391	2,336,903
Gratuity	241,373	92,869
Income Tax	3,982	153,105
Other Provisions ;	122,194,255	128,520,742
Rehabilitation & Resettlement cost (Refer Note no 11(d)(ii) infra)		
Total	122,878,001	131,103,619



Notes accompanying consolidated financial statements

11. FIXED ASSETS
11(a) - Tangible and intangible assets

	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1st April 2015	Additions	Deductions	As at 31st March 2016	Upto 31st March 2015	For the period	Deductions	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Land - Leasehold	4,313,946,854	129,205,294	85,037,822	4,358,114,326	-	-	-	-	4,358,114,326	4,313,946,854
Land - Leasehold	4,343,872	-	-	4,343,872	720,127	213,076	-	933,203	3,410,669	3,623,745
Plant and equipment										
- Computer	5,428,671	176,760	147,942	5,457,489	4,642,713	582,433	147,942	5,077,204	380,285	785,958
- Office equipments	6,322,834	3,052,298	407,917	8,967,215	3,499,667	1,753,238	394,418	4,858,487	4,108,728	2,823,167
- Weigh Bridge	562,923	-	-	562,923	43,786	37,066	-	80,852	482,071	519,137
- Grass Cutting Machine	78,000	78,000	-	78,000	1,236	1,236	-	1,236	76,764	-
Furniture and fixtures	8,539,297	2,489,263	-	11,028,560	3,505,866	1,284,660	-	4,790,526	6,238,034	5,033,431
Roads	494,778,734	202,125,236	-	696,903,970	24,376,022	125,876,942	-	150,252,964	546,651,006	470,402,712
Factory Building	697,335,522	390,492,097	2,646,636	1,085,180,983	18,959,494	30,599,821	33,815	49,525,500	1,035,655,483	678,376,028
Electrical Installations & Equipment	380,854,425	136,803,054	883,294	516,774,185	20,658,456	34,118,934	33,565	54,743,825	462,030,360	360,195,969
Hydraulic works, pipelines & sluices	1,895,180,274	546,798,254	-	2,441,978,528	59,854,760	83,462,684	-	143,317,444	2,298,661,084	1,835,325,514
Power distribution										
Transformers, Substations parts & Other fixed apparatus		210,686,099	-	210,686,099	10,011,803	10,011,803	-	10,011,803	200,674,296	-
Underground cables, towers, poles and fixtures		338,734,810	-	338,734,810	10,820,229	10,820,229	-	10,820,229	327,914,581	-
Total	7,807,293,406	1,960,641,165	89,123,611	9,678,810,960	136,260,890	298,762,122	609,740	434,413,272	9,244,397,688	7,671,032,516
Previous Year	3,513,930,227	4,293,520,477	157,298	7,807,293,406	8,500,588	127,830,751	70,449	136,260,890	7,671,032,516	3,505,429,639
Intangible Assets										
Specialised Software	1,134,225	-	-	1,134,225	1,134,220	-	-	1,134,220	5	5
Barrage usage rights	165,050,604	-	-	165,050,604	6,602,024	6,602,024	-	13,204,048	151,846,556	158,448,580
Total	166,184,829	-	-	166,184,829	7,736,244	6,602,024	-	14,338,268	151,846,561	158,448,585
Previous Year	1,134,225	165,050,604	-	166,184,829	1,094,578	6,641,666	-	7,736,244	158,448,585	39,647



Notes accompanying consolidated financial statements

11(b) Capital Work in Progress

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Development of land	1,186,368,913	1,273,161,227
Building	2,238,269,912	1,705,479,552
Infrastructure development	829,294,171	1,831,903,841
Project Development Expenditure	184,942,880	377,132,826
	4,438,875,876	5,187,677,446
Less: Transferred to MRPL including project development expenditure (Refer note 11(c) below)	-	260,573,821
Total	4,438,875,876	4,927,103,625

11(c) Fixed Assets:

The Company had taken possession of 2355.85 acres of land from KIADB including 251.2292 acres of land (as per measurement) for MRPL to set up their project in Domestic Tariff Area which was initially meant for their project in special economic zone. Accordingly, the Company has surrendered 248.33 acres of land to KIADB vide letter dated 30th March 2011 for directly allotting the said land to MRPL. In addition company has paid directly to KIADB for acquiring 2.90 acres of land.

The cost of land & development cost and project development expenditure detailed below have been reduced from the cost of land and work in progress and debited to MRPL as under

The details are as under

Particulars	Amount	Amount
Cost of land (251.2292 acres)		394,904,518
Development cost :		
Development cost of R&R colonies	181,144,906	
R&R Compensation	110,835,295	
PDF Training for students	12,376,726	
Land consultancy	8,078,060	312,434,987
Project development expenditures		48,530,563
Total		755,870,068

11(d) Land leasehold:

(i) Land lease period and execution of lease cum sale agreement:

Execution of lease cum sale agreement

Total Area (Acres) as on 31.03.2016	Agreement date	Lease Commence -ment date	Area Registered as on 31.03.2016 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2016 (Acres)	Total Area as on 31.03.2015 (Acres)	Area Registered as on 31.03.2015 (Acres)	Balance Not registered as on 31.03.2015 (Acres) (after surrender to KIADB)
1985.15	28.12.2010*	27.01.2010	1543.21		441.94	1985.15	1543.21	441.94
	29.06.2011#	27.12.2010						
2.47	07.12.2011	28.10.2011	2.47		-	2.47	2.47	
86.5242	03.11.2014	25.07.2012	86.5242		-	86.5242	86.5242	
274.36			-	251.23	23.13	274.36	-	23.13
7.35			-	-	7.35			
2355.85			1632.2042	251.23	472.42	2348.50	1632.20	465.07

* For 1533.22 acres

For 9.99 acres



Notes accompanying consolidated financial statements

- (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.

Particulars	Amount (₹)	
	As at 31.03.2016	As at 31.03.2015
Rehabilitation Compensation including training	45,139,716	56,309,379
Rehabilitation Colony Development Cost	77,054,539	72,211,363
Total	122,194,255	128,520,742

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:

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

11(e) Capital Work in Progress :

Capital work in progress includes ₹ 938.52 millions as on 31-03-2016 (includes PDE allocation as at 31.03.2016) (previous year ₹ 765.94 millions), 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 the land in the year in which the obligation is completed.

11(f) Capitalisation of assets :

The water infrastructure system viz., treated effluents disposal facility and assets relating to licensed activity (power distribution facility) have been capitalised w.e.f. 01.04.2015.

11(g) Interest capitalised during the period ₹ 194.56 millions (Previous year ₹ 363.18 millions)

12. Long Term Loans and Advances

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good :		
Capital Advances:		
Related Party (Refer note (a) below)	26,800,402	49,952,902
Others	96,260,940	81,358,948
Security Deposit with :		
Government Departments	48,089,140	68,463,150
Others	9,054,682	10,382,349
Income Tax (Net of provisions)	25,489,075	24,205,948
Total	205,694,239	234,363,297

- (a) Capital advances to related party represents an advance of ₹ 26,800,402/- (Previous year ₹ 49,952,902/-) paid to Karnataka Industrial Area Development Board (KIADB) towards acquisition of land.



Notes accompanying consolidated financial statements

13. Other Non Current Assets

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Other Bank Balances Fixed Deposit with maturity greater than twelve months	25,000	25,000
Total	25,000	25,000

14. Inventories

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Stores and Spares (For method of valuation please refer note no 1(H))	464,251	-
Total	464,251	-

15. Trade Receivable

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good: Outstanding for a period exceeding six months Others	125,016,984 244,120,104	34,326,526 206,763,389
Total	369,137,088	241,089,915

16. Cash and cash equivalents

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Cash and cash equivalents In current account In deposit account	43,505,344 694,219,581	28,007,469 700,000,000
Cash on hand	16,120	17,740
Investments in Mutual Funds (Refer (a) below) 228,658.066 units of ₹ 1019.4457 each (Previous year 78,499.65 units of ₹ 1019.44575/- each)	233,104,482	80,026,131
Total	970,845,527	808,051,340

(a) Investments in Mutual Funds refer to Non trade unquoted investments in UTI Liquid Cash Plan Institutional -Daily Dividend Reinvestment option which are highly liquid and subject to insignificant risk of changes in value.

17. Short Term Loans & Advances

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good Due from related parties (Refer details below) Security Deposit Others	1,173,296 41,691,067	1,173,296 107,137,951
Advance to Suppliers	27,041,472	16,987,379
Others: Income Tax (net of provisions) Service Tax VAT Prepaid expenses Others	185,582,006 4,590,065 36,562,844 9,694,588 1,672,914	- 3,717,763 49,636,634 6,927,112 52,353,902
Total	308,011,434	237,934,037



Notes accompanying consolidated financial statements

Name of Party	Nature of transaction	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Others receivable :			
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying of River water pipeline	160,000	160,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Security deposit towards permission for cable laying and erection of VCB panel	13,296	13,296
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying pipeline Corridor	1,000,000	1,000,000
Security deposit		1,173,296	1,173,296
Related party advance includes			
Mangalore Refinery and Petrochemicals Limited (MRPL)	Receivable towards land acquired on behalf of MRPL	17,438,138	37,429,613
Mangalore Refinery and Petrochemicals Limited (MRPL)	Expense incurred on behalf of the MRPL	631,167	46,255,361
Mangalore STP Limited	Expense incurred on behalf of the Mangalore STP Ltd.	-	-
ONGC Mangalore Petrochemicals Limited (OMPL)	Towards Expenses incurred on behalf of OMPL	-	1,145,347
OMPL	Towards stipend and sustenance	17,314,047	15,999,915
Mangalore Refinery and Petrochemicals Limited (MRPL)	Non operational lease rent	760,450	760,450
MRPL	Towards stipend and sustenance	5,547,265	5,547,265
MSEZ Power Ltd	Expenses incurred on behalf of Company	-	-
Others receivable		41,691,067	107,137,951

18. Other Current Assets

Description	As at 31st March 2016 ₹	As at 31st March 2015 ₹
Unsecured, considered good:		
Interest accrued but not due on deposits	5,274,819	7,240,593
Un billed Revenue	120,753,867	-
Others	454,646	26,341,427
Total	126,483,332	33,582,020

19. Contingent liabilities and commitments

(a) Contingent liabilities :

- (i) Claims against the company not acknowledged as debt is ₹ 614.51 millions (previous year ₹ 445.48 millions)
- (ii) Service tax demand pending in appeal ₹ 2.10 millions (previous year ₹ 2.1 million)

(b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 1,131,964,389/- (Previous year ₹ 2,053,145,221/-)



Notes accompanying consolidated financial statements

20. Revenue from operations

Description	2015-16 ₹	2014-15 ₹
Lease Premium	104,701,259	104,701,259
Lease Rental	39,938,204	52,645,551
River water charges	423,917,255	246,845,976
TTP water charges	118,231,548	122,537,528
O&M Charges - River water, TTP Water, Marine outfall & Zone	284,651,488	117,721,013
Marine Outfall Right of Usage charges	12,432,330	-
Sale of power -Licensed activity	117,042,188	-
Total	1,100,914,272	644,451,327

21. Other Income

Description	2015-16 ₹	2014-15 ₹
Interest Income on Short Term Deposits with Banks & others	25,275,813	46,053,597
Dividend from Current Investments	14,578,351	26,123,760
Non-Operational Lease Rental	1,766,455	393,447
Other Non Operational Income	-	22,015,959
Miscellaneous Income	1,523,452	2,052,132
MSTP share of Income	-	650,385
Total	43,144,071	97,289,280

22(a) Employee benefit expense

Description	2015-16 ₹	2014-15 ₹
Salaries	50,987,705	58,004,634
Contribution to Provident and Other Funds	839,934	721,189
Staff Welfare	2,573,496	1,261,647
Total	54,401,135	59,987,470

22 (b) Finance costs

Description	2015-16 ₹	2014-15 ₹
Interest on term loan	408,800,526	274,612,761
Other borrowing cost	3,886,892	2,065,236
Interest on security deposit	3,806,829	-
Total	416,494,247	276,677,997



Notes accompanying consolidated financial statements

22(c) Other Expenses

Description	2015-16 ₹	2014-15 ₹
Rent	3,614,001	2,898,938
Repair and Maintenance	3,732,559	3,210,041
Advertising and publicity	2,816,259	4,982,094
Travelling expenses	12,158,904	14,215,350
Marketing Expenses	4,187,762	5,068,047
Rates and taxes	118,780	116,455
Professional & consultancy charges	12,253,781	28,362,191
Insurance	3,475,946	3,178,189
Purchase of Power - Licensed Activity	73,355,110	-
Infrastructure development charges	13,233,740	4,150,200
Operational & Maintenance Expenses	151,048,752	93,668,810
Auditors Remuneration:		
Audit Fees	300,000	225,000
Taxation matter	62,500	50,000
Other Services	125,000	100,000
Out of pocket expenses	396,959	354,411
Miscellaneous Expenses	6,252,851	5,853,341
Total	287,132,904	166,433,067

23. Disclosure pursuant to Accounting Standard 15 “Employee Benefits” is given below:

(A) Brief description: A general description of the type of Defined Benefit Plans and Long Term Employee Benefits is as follows:

- 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.
- Gratuity: As per the Payment of Gratuity Act, 1972
- Liabilities for compensated absentees and gratuity is unfunded
- The amount recognised in the Balance Sheet for post-employment benefit plan in respect of gratuity is as under:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	4,695,489	3,516,092
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	241,373	92,869
	Non-current	4,454,116	3,423,223
	Total	4,695,489	3,516,092



Notes accompanying consolidated financial statements

(B) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	3,516,092	2,241,580
2	Service Cost	797,060	603,829
3	Interest Cost	280,584	208,691
4	Actuarial losses (gains)	218,975	548,286
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	(117,222)	86294
8	Closing defined benefit obligation	4,695,489	3,516,092

(C) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	797,060	603,829
2	Interest on obligation	280,584	208,691
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	218,975	548,286
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'	1,296,619	1,360,806
8	Actual return on plan assets	-	-

(D) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying consolidated financial statements

(E) (i) Sick Leave disclosure Statement as per AS 15 is as under

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	
2	Fair value of plan assets	-	
3	Present value of unfunded obligation	3,945,765	4,925,794
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	433,398	1,780,299
	Non-current	3,512,367	2,870,201
	Total	3,945,765	4,650,500

(ii) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	4,650,500	
2	Service Cost	357,623	
3	Interest Cost	371,110	
4	Actuarial losses (gains)	1,549,323	
5	Exchange differences on foreign plans	-	
6	Liability transfer in	-	-
7	Benefits paid	(2,982,791)	
8	Closing defined benefit obligation	3,945,765	4,650,500

(iii) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	357,623	
2	Interest on obligation	371,110	
3	Expected return on plan assets	-	
4	Net actuarial losses / (gains) recognised in the period	1,549,323	
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'.	2,278,056	
8	Actual return on plan assets	-	-

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60\
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying consolidated financial statements

(F)(i) Sick Leave disclosure Statement as per AS 15 is as under

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	666,014	1,336,639
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	4,993	556,604
	Non-current	661,021	780,035
	Total	666,014	1,336,639

(ii) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Opening defined benefit obligation	1,336,639	1,502,174
2	Service Cost	83,897	66,406
3	Interest Cost	106,664	139,852
4	Actuarial losses (gains)	(861,186)	(371,793)
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid		
8	Closing defined benefit obligation	666,014	1,336,639

(iii) The total expenses recognised in the statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2016 ₹	As at 31st March 2015 ₹
1	Current Service Cost	83,897	66,406
2	Interest on obligation	106,664	139,852
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	(861,186)	(371,793)
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'	(670,625)	(165,535)
8	Actual return on plan assets	-	-

(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%



Notes accompanying consolidated financial statements

24. Segment Reporting

Particulars	Land		Water		Corridor		Power		Zone O&M		Unallocated (Refer Note)		Eliminations		Consolidated		
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
REVENUE																	
External Sales	146,748,359	179,756,216	718,715,152	487,104,517	300,308		121,586,073		120,943,914		35,764,537	74,229,489			1,144,058,343	741,090,222	
Inter-Segment Sales							1,738,742					(1,738,742)					
Total Revenue	146,748,359	179,756,216	718,715,152	487,104,517	300,308		123,324,815		120,943,914		35,764,537	74,229,489			1,144,058,343	741,090,222	
RESULT																	
Segment Result	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,883,838)		47,713,171						452,523,596	523,927,010	
Unallocated Corporate Expenses											(12,595,379)	(217,972,335)			(12,595,379)	(217,972,335)	
Operating Profit	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,883,838)		47,713,171		(12,595,379)	(217,972,335)			441,666,959	305,954,675	
Interest Expense											(412,813,355)	(274,612,761)			(412,813,355)	(274,612,761)	
Interest / Dividend Income											35,388,113	72,177,357			35,388,113	72,177,357	
Income taxes											(103,500,239)	(122,044,696)			(103,500,239)	(122,044,696)	
Profit from ordinary activities	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,883,838)		47,713,171		(493,520,860)	(542,452,435)			(39,258,522)	(18,525,425)	
Extraordinary Loss																	
Net Profit	2,174,992	153,680,139	405,957,705	370,246,871	300,308		(1,883,838)		47,713,171		(493,520,860)	(542,452,435)			(39,258,522)	(18,525,425)	
Other Information																	
Segment Assets	6,409,329,601	6,449,835,164	4,465,673,324	4,224,052,299	2,361,599,954	1,674,303,720	673,934,080	582,407,062	122,592,800						14,033,129,758	12,930,598,245	
Unallocated Corporate Assets											1,782,651,237	1,377,624,506			1,782,651,237	1,377,624,506	
Total Assets	6,409,329,601	6,449,835,164	4,465,673,324	4,224,052,299	2,361,599,954	1,674,303,720	673,934,080	582,407,062	122,592,800		1,782,651,237	1,377,624,506			15,815,780,995	14,308,222,751	
Segment Liabilities	5,995,465,283	5,509,521,781	655,605,816	683,294,342	2,071,407,606	1,029,044,356	121,214,328	131,405,460	6,865,781						8,850,556,814	7,353,265,939	
Unallocated Corporate Liabilities																	
Total Liabilities	5,995,465,283	5,509,521,781	655,605,816	683,294,342	2,071,407,606	1,029,044,356	121,214,328	131,405,460	6,865,781						8,850,556,814	7,353,265,939	
Capital expenditure	1,277,808,336	1,141,832,126	630,322,811	1,214,073,476	2,150,827,542	1,576,234,832		520,086,708			6,225,185,036	6,176,312,817			6,225,185,036	6,176,312,817	
Depreciation	116,407,539	27,007,014	161,911,366	103,657,084			21,948,652				379,917,187	474,876,483			4,438,875,876	4,927,103,625	
Non cash expenses other than depreciation											5,029,189	3,808,319			305,296,766	134,472,417	

Note: Capital Work in Progress of CETP has been classified under unallocated since, the same is not a reportable segment under AS-17. Internal pipeline corridor has been classified under unallocated since, the same is not reportable segment under AS-17. Corridor project is working progress.



Notes accompanying consolidated financial statements

25. Taxes on income

The company is eligible for Tax holiday for a period of 10 years from the FY 2011-12 in respect of income relating to SEZ activities in accordance with section 80I(AB) of the Income Tax Act.

The company has recognized Minimum Alternate Tax on the book profits as required under section 115 JB of the Income Tax Act

Deferred Tax Liability for the year is ₹ 106,482,855/- (previous year ₹ 106,559,596/- is recognized on account of timing differences between depreciation for tax purpose and accounting purposes.

26. Leases

(a) The Company has taken various residential / office premises including furniture under cancellable operating leases. These lease agreements are normally renewed on expiry.

(b) Lease rentals paid/payable in respect of operating leases during the period ₹ 4,137,875/- (Previous year ₹3,841,208/-)

27. Information as per Accounting Standard-18 on Related Party Disclosures:

(a) List of related parties with whom the Company had transactions during the year

Name of the Party	Relationship
Oil and Natural Gas Corporation Limited (ONGC)	Investing Company (Controlling Enterprise)
Infrastructure Leasing and Financing Services Ltd (ILFS)	Investing Company (Controlling Enterprise)
Karnataka Industrial Area Development Board (KIADB)	Investing Company
ONGC Mangalore Petrochemicals Ltd (OMPL)	Controlled by ONGC
Mangalore STPLtd	Subsidiary Company
Mangalore Refineries and Petrochemicals Ltd (MRPL)	Subsidiary of ONGC
IIDC Ltd	Subsidiary of ILFS
IL&FS Financial Services Ltd	Subsidiary of ILFS
IL&FS Cluster Development Initiative Ltd	Subsidiary of ILFS
MSEZ Power Ltd	Subsidiary Company
Petronet MHB Ltd (PMHBL)	Joint Venture of ONGC
<u>Key Managerial Personnel</u>	
Mr. Paritosh Kumar Gupta (appointed wef 19.05.2015)	Managing Director & Chief Executive Officer (MD & CEO)
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Ashish Kulkarni (Resigned wef 08.02.2016)	Company Secretary



Notes accompanying consolidated financial statements

(b) Transactions with and due to / due from related parties:

No.	Name	Nature of Transaction	Amount of Transactions (₹)	Amount payable as at 31st March 2016 (₹)	Amount receivable as at 31st March 2016 (₹)
1	ONGC	Reimbursement of expenses	288,780 (Nil)		
2	IL&FS	Charges for deputation of MD & CEO	4,862,369 (17,590,356)	457,341 (4,543,211)	
		Security deposit -Directorship	100,000 (Nil)	(Nil) (Nil)	
		Reimbursement of out of Pocket Expenses	Nil (58,336)	Nil (Nil)	
		Expenses Incurred	548,587 (Nil)		
3	KIADB	Cost of Acquisition of Land	12,997,644 (Nil)	393,723,437 (403,104,767)	
		Annual Lease rent	504,306 (242,576)	182,255 (173,417)	
		Security deposit	Nil (Nil)		1,160,000 (1,160,000)
		Right of way charges	419,375 (Nil)	Nil (Nil)	
		Advance towards Corridor land	802,341 (25,921,350)		17,295,600 (21,863,100)
		Expenses incurred on behalf of KIADB	Nil (Nil)		130,773 (130,773)
		Advance towards land	1,029,182 (15,143,302)		9,504,802 (28,089,802)
4	OMPL	Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	100,000,000 (407,400,000)	900,000,000 (907,400,000)	
		Expenses incurred on behalf of OMPL (Power & Others)	Nil (9,889,602)		Nil (1,145,347)
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	1,314,132 (40,098,774)		17,314,047 (15,999,915)
		Supply & Operation & Maintenance of Water, Effluent Discharge & Tarriff revenue from licensed activity	115,551,509 (124,829,682)		12,511,693 (27,678,176)



Notes accompanying consolidated financial statements

		Security deposit	Nil (27,114,856)	20,891,328 (27,114,856)	
		Advance towards O & M water	3,127,164 (Nil)	3,127,164 (Nil)	
		Interest on security deposit (Power)	1,972,842 (702,891)	1,775,558 (632,602)	
		Lease premium income	53,433,191 (53,433,191)		
5	MRPL	Advance / Adjustment towards land	Nil (Nil)		17,438,138 (37,429,613)
		Expenses incurred on behalf of the MRPL	70,850,085 (1,546,250)		631,167 (46,255,361)
		Supply & Operation & Maintenance of Water	428,900,313 (429,282,524)		70,779,422 (93,246,930)
		Advance received towards Infrastructure development	Nil (268,400,000)	Nil (268,400,000)	
		Advance towards O & M River water	2,218,759 (5,265,951)	7,484,710 (5,265,951)	
		Advance towards Marine outfall	622,209 (Nil)	622,209 (Nil)	
		Advance towards O & M TTP water	4,572,668 (Nil)	4,572,668 (Nil)	
		Non-operational Lease rental from lease of land	Nil (Nil)		760,450 (760,450)
		Security deposit towards usage of premises	Nil (Nil)		13,296 (13296)
		Lease rent on immovable property	31,368 (Nil)	Nil (Nil)	
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	Nil (5,547,265)		5,547,265 (5,547,265)
				Advance towards Corridor	820,000,000 (Nil)
6	IIDC Ltd	Deputation salary	2,998,999 (9,108,000)	226,923 (Nil)	
7	IL&FS Cluster Development Initiative Ltd	Professional charges	250,000 (Nil)		
8	Petronet MHB Ltd (PMHBL)	Purchase of pipes	Nil (9,293,347)		



Notes accompanying consolidated financial statements

9	Key Managerial Personnel	Chief Financial Officer	4,019,200 (3,525,758)		
10	Key Managerial Personnel	Company Secretary	1,400,657 (770,000)		

Figures in brackets represent previous year.

All the amounts are exclusive of refundable service tax.

- (c) No amounts due from/due to relating to the related parties have been written off or written back during the year
- (d) “Dues from” and “due to” related parties are based on the books of account of the company and confirmation of balance have not been obtained.

28. Expenditure in foreign currency

Particulars	2015-16 ₹	2014-15 ₹
Advertisement and Publicity	-	798,330

29. Earnings per share (EPS)

Particulars	2015-16	2014-15
Profit after tax (₹)	(39,258,522)	(17,875,040)
Number of equity shares	50,001,200	50,001,200
Basic & diluted earnings per share (₹)	(0.79)	(0.36)

30. Schedule-III additional disclosure on Consolidated Financial Statements

Name of the entity	Country of incorporation	Net Asset (i.e. Total Asset minus Total Liabilities)		Share in Profit or loss	
		As % of Consolidated Assets	Amount	As % of consolidated profit or loss	Amount
Parent :-					
Mangalore SEZ Ltd	India	99.79	738,463,586	(99.74)	(39,156,866)
Subsidiaries					
Mangalore STP Ltd	India	0.10	743,644	-	-
MSEZ Power Ltd	India	0.07	511,644	(0.26)	(101,656)
Minority interest	India	0.04	318,575	-	-
Total		100.00	740,037,145	(100.00)	



Notes accompanying consolidated financial statements

31. In terms of Accounting Standard (AS) 21 Consolidated Financial Statements specified by the Companies (Accounting Standards) Rules, 2006, the consolidated financial statements present the consolidated financial statements of Mangalore SEZ Limited (the parent Company) with its subsidiary as under:

Subsidiary	Country of incorporation	Proportion of ownership interest	
		As at 31.03.2016	As at 31.03.2015
Mangalore STP Limited	India	70%	70%
MSEZ Power Ltd	India	100%	100%

32. (a) Pursuant to declaration of Commercial Operation date from 1st April, 2015, pending finalization of agreements and based on discussions with customers and having regard to the services currently undertaken by the company, income from O & M charges of ₹ 120.75 million is recognized as income "at cost plus mark up" basis. The adjustments, if any will be effected in the year of finalisation of agreements.
- b) Income from water charges includes ₹183.49 millions disputed by the customer. The company is advised by its legal council the claim of the customer is not sustainable in terms of agreement.
33. The Company is covered under Section 135 of the Companies Act on Corporate Social Responsibility (CSR) for the Financial Year 2015-16 and the company has incurred CSR expenditure during the year on following:

Sl. No	CSR Activity	Amount ₹
1	Contribution towards publishing book on Mangalore Culture	500,000
2	Contribution towards basic amenities to Government school, Machina	250,000
3	Contribution towards Central Government initiated programme "Sansad Adarsha Gram Yojana"	319,750
4	Contribution towards Health Checkup Camp	71,699
5	Contributions towards Development of School (purchase of books, development of greenary, facility for drinking water)	30,000
6	Contribution towards distribution of Rice bags to poor people	17,100
	Total	1,188,549

34. Previous year's figures have been regrouped wherever necessary to confirm to the current year's presentation.

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 001931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Paritosh Kumar Gupta
Managing Director
DIN: 01054182

H. Kumar
Director
DIN: 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016



Mangalore SEZ Limited

Regd.Office: Al-Latheef, 1st Floor No.2 Union Street, Off Infantry Road

Bangalore, Karnataka- 560001, India

Phone: +91-80-40343333, Fax: +91-80-40343310

Email: mangaloresezltd@gmail.com; Website:www.mangaloresez.com;

CIN: U45209KA2006PLC038590

ATTENDANCE SLIP

10th Annual General Meeting – 29th September, 2016

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

Folio No

No.of Shares held

I Certify that I am member /Proxy for the member of the company, I hereby record my presence at the 10th Annual General Meeting of the Company to be held on Thursday, September 29, 2016 at 12.45 PM at Hotel Le-Meridien, No.28, Sankey Road, Bangalore – 560 052, Karnataka.

(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: Al-Latheef, 1st Floor No.2 Union Street, Off Infantry Road

Bangalore, Karnataka- 560001, India

Phone: +91-80-40343333, Fax: +91-80-40343310

Email: mangaloresezltd@gmail.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 _____ 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 10th Annual General Meeting of the Company to be held on Thursday the 29th September, 2016 at 12.45 PM at Hotel Le-Meridien, No.28, Sankey Road, Bangalore – 560 052, Karnataka 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 Financial Statements of the Company for the financial year ended March 31, 2016, 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, 2016 and the Report of the Auditors thereon.		
2	To appoint a director in place of Shri Saibal Kumar De (DIN 00498241), who retires by rotation and being eligible offers himself for re-appointment		
3	To appoint a director in place of Shri H.Kumar (DIN 06851988), who retires by rotation and being eligible offers himself for re-appointment		
4	To appoint M/s Maharaj N R Suresh & Co., Chartered Accountants, bearing Registration No. FRN 001931S as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the 12th Annual General Meeting.		
	Special Business		
5	To appoint Akshaya Kumar Sahoo (DIN: 07355933) as Director of the company		
6	To appoint Shri Paritosh Kumar Gupta (DIN: 01054182), as Managing Director of the company.		
7	To approve the resolution under Section 180(1)(c) of the of the Companies Act, 2013.		
8	To approve the resolution under Section 180(1)(a) of the of the Companies Act, 2013		
9	To approve the sale and transfer of 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)		

Signed this _____ day of _____ 2016

Signature of the Shareholder _____

Affix
Revenue
Stamp

.....
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.



Tertiary Treatment Plant (TTP)



Power Infrastructure – Grid Sub Station



24/7 Fire Tenders in operation



Round the clock security and surveillance



Mangalore SEZ Limited

Your Gateway to Global & Indian Markets

3rd Floor, MUDA Building, Urwa Stores, Mangalore - 575 006, Karnataka, India

Ph: +91 824 2452748 / 2452750 Fax: +91 824 2452749

www.mangaloresez.com Email: mangaloreseztld@gmail.com

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