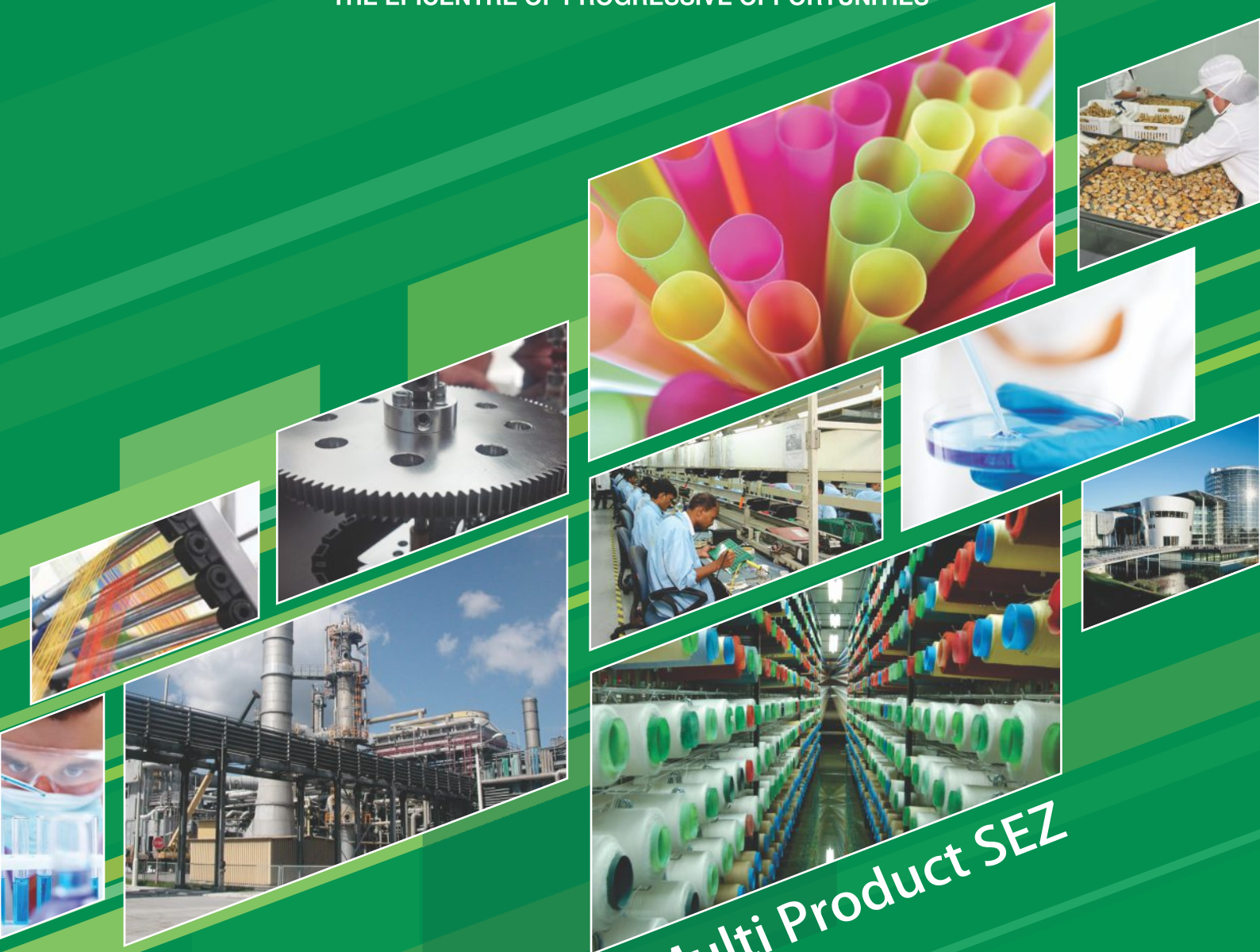




Mangalore SEZ Limited

THE EPICENTRE OF PROGRESSIVE OPPORTUNITIES



A Multi Product SEZ

9th ANNUAL REPORT
2014-15



BOARD OF DIRECTORS

Shri Dinesh Kumar Sarraf	Chairman
Shri Rajiv Banga	Managing Director & CEO (Upto 31-03-2015)
Shri Paritosh Kumar Gupta	Managing Director (w.e.f. 19-05-2015)
Shri I.S.N. Prasad	Independent Director
Shri Hari Sankaran	Director (Upto 01-04-2015)
Shri Santosh Nautiyal	Independent Director
Shri Vishnu Agrawal	Director
Shri Saibal Kumar De	Director
Shri Srinivas S Kamath	Independent Director
Shri Chakravarthi Mohan	Director (Upto 17-08-2015)
Shri Alope Kumar Banerjee	Director (Upto 01-05-2015)
Shri H. Kumar	Director (Co-opted on 07-05-2015)
Shri Pradeep Puri	Director (Co-opted on 03-08-2015)
Shri B.S. Shekharappa	Director (Co-opted on 11-09-2015)

COMPANY SECRETARY

Ashish Kulkarni

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

No. 16, 3rd Floor, Pranava Park,
Infantry Road, Vasanthnagar,
Bangalore-560 001

SITE OFFICE

3rd Floor,
Mangalore Urban Development Authority Building,
Ashoknagar, Urwa Stores,
Mangalore - 575 006

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NOTICE

Notice is hereby given that the 9th Annual General Meeting of the Members of MANGALORE SEZ LIMITED will be held on Thursday, the 24th September, 2015 at 12.30 p.m. at Hotel Le-Meridien, No.28, Sankey Road, Bangalore – 560062, Karnataka to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at 31st March, 2015 and the Statement of Profit and Loss for the financial year ending on that date along with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri D K Sarraf who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vishnu Agrawal 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 thereunder (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, the retiring Auditors of the Company from whom the Company has received a Certificate under Section 139 of the Act, being eligible, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the 10th Annual General Meeting at a remuneration not exceeding ₹ 2,80,000 p.a. plus applicable Service Tax 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 Kumar Hariharan (DIN: 06851988) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. May 07, 2015 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 his 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 retirement by rotation."
6. To consider and if thought fit, to pass with or without modification (s), the following as an **Ordinary Resolution:**

"RESOLVED THAT Shri Pradeep Puri (DIN: 00051987), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. August 03, 2015 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 his 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 retirement by rotation."
7. To consider and if thought fit, to pass with or without modification(s), as an **Ordinary Resolution;**

"RESOLVED THAT pursuant to the provisions of Section 149 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") and Rules made thereunder read with Schedule IV of the Companies Act, 2013 and

based on the recommendation of the Board, approval of the members be and is hereby accorded for the appointment of Shri ISN Prasad (DIN 01469651), as an Independent Director of the Company for a term of 5 years up to March 27, 2020 with effect from March 28, 2015, who shall not be liable to retire by rotation pursuant to Section 149(13) of the Act."

8. To consider and if thought fit, to pass with or without modification(s), as an **Ordinary Resolution;**

"RESOLVED THAT pursuant to the provisions of Section 149 and other applicable provisions if any, of the Companies Act, 2013 and Rules made thereunder read with Schedule IV of the Companies Act, 2013 ("The Act"), and based on the recommendation of the Board, approval of the members be and is hereby accorded for the appointment of Shri Srinivas S Kamath (DIN 01079043) as an Independent Director of the Company for a term of 5 years up to March 27, 2020 with effect from March 28, 2015, who shall not be liable to retire by rotation pursuant to Section 149(13) of the Act."

9. To consider and if thought fit, to pass with or without modification(s), as an **Ordinary Resolution;**

"RESOLVED THAT pursuant to the provisions of Section 149 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") and Rules made thereunder read with Schedule IV of the Companies Act, 2013, and based on the recommendation of the Board, approval of the members be and is hereby accorded for the appointment of Shri Santosh Nautiyal (DIN 01127740) as an Independent Director of the Company for a term of 5 years up to March 27, 2020 with effect from March 28, 2015, who shall not be liable to retire by rotation pursuant to Section 149(13) of the Act."

10. 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 One (1) year with effect from May 19, 2015, 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 it.

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 Ashish Kulkarni, 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."



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

“**RESOLVED THAT** Shri B S Shekharappa who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. September 11, 2015 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 his 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 retirement by rotation.”

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

Place: Mangaluru
Date: September 15, 2015

**Ashish Kulkarni
Company Secretary**

Registered Office:

No. 16, 3rd Floor, Pranava Park,
Infantry Road, Vasathnagar,
Bangalore-560001

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. Instrument of proxies in order to be effective must be received by the Company not less than forty-eight hours before the time for holding the meeting.
2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
3. In pursuance of the recommendation of SEBI committee on corporate Governance for the appointment/re-appointment of retiring Directors, brief profile of Shri D K Sarraf and Shri Vishnu Agrawal by rotation at the ensuring Annual general meeting and being eligible offers themselves for re-appointment are provided in the Corporate Governance Report forming part of the Annual Report.

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 at its meeting held on May 16, 2015 appointed Shri Kumar Hariharan as an Additional Director of the Company w.e.f. May 07, 2015. He holds his office up to the date of this Annual General Meeting in terms of the provisions of Section 161(1) of the Companies Act, 2013. Notice under Section 160(1) of the Act has been received from a member of the Company together with the requisite deposit signifying his intention to propose the candidature of Shri Kumar Hariharan as a Director of the Company.

Shri Kumar Hariharan, 57 Years, is an 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 TMTPALPG plant, at Chakan, Pune.

Shri Kumar Hariharan is also Chairman in the Petronet Mangalore –Hassan Bangalore pipeline Limited Board representing ONGC and Chairman in Shell MRPL Aviation Fuel & Services Pvt Ltd. He is also Director-in-charge of ONGC Mangalore Petrochemicals Ltd, (OMPL).

Since his appointment w.e.f. May 07, 2015, Mr. H Kumar has attended two Board meetings held on May 16, 2015 and September 11, 2015. Further, he does not hold any shares in the Company.

The Board of Directors recommends the resolution for your approval.

Except Shri Kumar Hariharan 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 has appointed Shri Pradeep Puri as an Additional Director of the Company w.e.f. August 03, 2015. He holds his office up to the date of this Annual General Meeting in terms of the provisions of Section 161(1) of the Companies Act, 2013. Notice under Section 160(1) of the Act has been received from a member of the Company together with the requisite deposit signifying his intention to propose the candidature of Shri Pradeep Puri as a Director of the Company.

Shri. Pradeep Puri, 59 years, is Graduate in BA (Hons) in History. He holds a Post Graduate degree in Master of Arts, History from Delhi University securing a First Class with a Gold Medal in both degrees.

In a working career of 36 years, Shri. Pradeep Puri has spent equal time in the Civil Service and private sector. In Government, he held positions in the Ministry of Commerce and the Dept. of Economic Affairs, Ministry of Finance, Govt. of India, dealing with International Trade and Investment. Shri. Pradeep Puri resigned from the Civil Service in 1997 and joined IL&FS. In this period he was closely associated with India's first major BOOT project, the Noida Toll Bridge Co. Ltd., the first toll road to be listed on the LSE. Shri. Pradeep Puri has nearly two decades of experience in various facets of urban infrastructure.

Currently, he is an Executive Chairman of IL&FS Water Limited and Chairman of FICCI's National Executive Committee on Smart Cities. His other directorships are mentioned below:

1. IIDC Limited
2. IL&FS Transportation Networks Limited
3. North Karnataka Expressway Limited
4. Urban Mass Transit Company Limited
5. Pipavav Railway Corporation Limited
6. Rapid MetroRail Gurgaon Limited
7. Rapid MetroRail Gurgaon South Limited
8. IL&FS Water Limited
9. IL&FS Paradip Refinery Water Limited



Since his appointment as a Director in the Company Shri Pradeep Puri has attended one Board meeting held on September 11, 2015. Further, he does not hold any shares in the Company.

The Board of Directors recommends the resolution for your approval.

Except Shri Pradeep Puri 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

The Board, at its meeting held on March 28, 2015 has appointed Shri ISN Prasad, as an Independent Director for a period of five years up to March 27, 2020 with effect from March 28, 2015, subject to the approval of Shareholders in ensuing Annual General Meeting

Shri I.S.N. Prasad, is Indian Administrative Service (IAS) – 1986 - Karnataka Cadre. He has academic background of BE (Civil), Delhi College of Engineering, Delhi and Master in Development Management, Asian Institute of Management, Manila, Philippines.

Shri Prasad held posting at various levels as Assistant Commissioner, Deputy Secretary, Chief Executive Officer, Joint Commissioner, Chief Project Officer and also as Managing Director & CEO with various Government Departments. Shri Prasad was promoted as Principal Secretary to Chief Minister, Govt. of Karnataka with effect from 1st January 2011 and Principal Secretary to Government, Department of Information Technology, Biotechnology and Science & Technology from 9th July 2012. Shri ISN Prasad joined the Board of Mangalore SEZ Limited on 11.08.2009. Other Directorships of Shri ISN Prasad are mentioned below.

1. ONGC Mangalore Petrochemicals Limited
2. Karnataka Neeravari Nigam Limited
3. Krishna Bhagya Jala Nigam Limited
4. Karnataka Power Transmission Corporation Limited
5. Cauvery Neeravari Nigam Limited
6. Bangalore Metro Rail Corporation Limited
7. Karnataka State Beverages Corporation Limited
8. Karnataka State Industrial & Infrastructure Development Corporation
9. Karnataka Power Corporation Limited

During the year, there were four Board Meetings held and Shri ISN Prasad had attended two Board Meetings. He does not hold any shares of the Company in his name.

The Company has received a declaration from Shri ISN Prasad to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 and other applicable provisions of the Companies Act, 2013.

In the opinion of the Board, Shri ISN Prasad fulfills the conditions for appointment as Independent Director as specified in the Companies Act 2013. Shri ISN Prasad is independent of the management.

The Board has proposed a resolution for seeking the approval of members for the appointment of Shri ISN Prasad as an Independent Director of the Company for a term of 5 years up to March 27, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri ISN Prasad is not liable to retire by rotation.

Except Shri ISN Prasad 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. 8

The Board, at its meeting held on March 28, 2015 has appointed Shri Srinivas S Kamath, as an Independent Director for a period of five years up to March 27, 2020 with effect from March 28, 2015, subject to the approval of Shareholders in ensuing Annual General Meeting.

Shri Srinivas S Kamath, 48 years is a Fellow Member of the Institute of Chartered Accountants of India and has an experience in taxation, accounting, financial management, treasury, etc over 20 years. He was appointed as a Director in the Company in 2009 and then later on appointed as an Independent Director on March 28, 2015 for a term of five years. He does not hold directorships in other companies. He is a Chairman of Audit Committee of Mangalore SEZ Limited.

During the year, there were four Board Meetings convened and Shri Srinivas S Kamath has attended one meeting.

He does not hold any shares in the Company.

The Company has received a declaration from Shri Srinivas S Kamath, to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 and other applicable provisions of the Companies Act, 2013.

In the opinion of the Board, Shri Srinivas S Kamath, fulfills the conditions for appointment as Independent Directors as specified in the Companies Act, 2013. Shri Srinivas S Kamath is independent of the management.

The Board has proposed a resolution for seeking the approval of members for the appointment of Shri Srinivas S Kamath, as an Independent Director of the Company for a term of 5 years up to March 27, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri Srinivas S Kamath is not liable to retire by rotation.

Except Shri Srinivas S Kamath, 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. 9

The Board, at its meeting held on March 28, 2015 has appointed Shri Santosh Nautiyal, as an Independent Director for a period of five years up to March 27, 2020 with effect from March 28, 2015, subject to the approval of Shareholders in ensuing Annual General Meeting.

Shri Santosh Nautiyal was a member of the Indian Administrative Service (IAS). He retired from the post of Chairman of the National Highways Authority of India (NHAI) which is engaged in implementation of the monumental National Highways Development Project (NHDP). He has also held many other important positions under both, the Central Government as well as the State Government (Orissa). These include Managing Director of the Industrial Promotion & Investment Corporation of Orissa Ltd (IPICOL), and later, Principal Secretary, Industries Department in the State Government.

Shri Santosh Nautiyal was Joint Secretary in the Steel Ministry for a period of five years. With these varied and important postings, he has acquired a good insight into the industrial and infrastructure sectors. During his tenure as Chairman NHAI, Shri Santosh Nautiyal gained valuable experience of successful implementation of large projects in the highways sector in the PPP (Public Private Participation) mode. He has also served as Independent Director in the Board of Directors of prestigious PSUs like ONGC and NTPC. He was inducted as an Independent Director in Mangalore SEZ Limited on 09.11.2010. He is also a Director in ONGC Mangalore Petrochemicals Limited and Indian Metals & Ferro Alloys Limited.

During the year there were four Board Meetings held and Shri Santosh Nautiyal had attended four Board Meetings.

He does not hold any shares of the Company in his name.

The Company has received a declaration from Shri Santosh Nautiyal, to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 and other applicable provisions of the Companies Act, 2013.

In the opinion of the Board, Shri Santosh Nautiyal, fulfills the conditions for appointment as Independent Directors as specified in the Companies Act, 2013. Shri Santosh Nautiyal is independent of the management.

The Board has proposed a resolution for seeking the approval of members for the appointment of Shri Santosh Nautiyal, as an Independent Director of the Company for a term of 5 years up to March 27, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri Santosh Nautiyal is not liable to retire by rotation.

Except Shri Santosh Nautiyal, 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. 10

The Board at its meeting held on May 16, 2015 has appointed Shri Paritosh Kumar Gupta, as a Managing Director for the period of One (1) year with effect from 19th May, 2015 at a remuneration of ₹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, 53 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 directorships held by Shri Paritosh Kumar Gupta in other Companies are mentioned below.

1. Uttarakhand Infrastructure Projects Company Limited
2. IIDC Limited
3. Bengal Urban Infrastructure Development Limited
4. KSIIDC – IL&FS Project Development Company Limited
5. PDCOR Limited
6. Free Trade Warehousing Private Limited
7. Urban Mass Transit Company Limited
8. Tamil Nadu Water Investment Company Limited
9. Mangalore STP Limited
10. MSEZ Power Limited

During the year, there were four Board Meetings held and Shri Paritosh Kumar Gupta had attended four Board Meetings. Shri Paritosh Kumar 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. 11

The Board at its meeting held on September 11, 2015 has appointed Shri B S Shekharappa, IAS as an Additional Director of the Company w.e.f. September 11, 2015. He holds his office up to the date of this Annual General Meeting in terms of the provisions of Section 161(1) of the Companies Act, 2013. Notice under Section 160(1) of the Act has been received from a member of the Company together with the requisite deposit signifying his intention to propose the candidature of Shri B S Shekharappa, IAS as a Director of the Company.

Shri B S Shekharappa, 55 years is Indian Administrative Service (IAS) – 2005 - Karnataka Cadre. He holds a Bachelor's Degree in Arts, and a PGDPM.

He has successfully handled the positions of CEO – Local self Government / Panchayat Raj, Chikaballapur, Deputy Commissioner – Land Revenue Management & District Administration, Kodagu and Deputy Commissioner – Land Revenue Management & District Administration, Chikmagalur. He is a Director in Information Technology Park Limited.

He does not hold any shares in the name of the Company.

The Board of Directors recommends the resolution for your approval.

Except Shri B S Shekharappa, IAS 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.

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

Place: Mangaluru
Date: September 15, 2015

**Ashish Kulkarni
Company Secretary**

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 9th Annual Report with the Annual Audited Financial Statements of the Company for the year ended 31st March, 2015.

Financial Performance:

The highlights of the standalone financial results of the Company for the year ended 31st March, 2015 are as follows:

₹ in millions

Particulars	2014-15	2013-14
REVENUE :		
Income from operations	644.45	140.60
Other Income	96.64	108.76
Total Revenue	741.09	249.36
EXPENSES :		
Employee Benefit Expenses	59.99	41.48
Finance Costs	276.68	5.70
Depreciation and amortization expense	133.93	1.33
Other Expenses	166.43	23.08
Total Expenses	637.03	71.59
Profit Before Exceptional and Extraordinary item	104.06	177.77
Exceptional items	(0.54)	-
Profit Before Tax	103.52	177.77
Tax Expense-Current Tax	15.49	14.78
Tax Expense-Deferred Tax	106.56	-
Profit After Tax for the year	(18.53)	162.99

Dividend

No dividend is being recommended by the Company for the year ended 31st March, 2015 and no amount has been transferred to General Reserve during the FY 2014-15.

Overview

While the land acquisition and rehabilitation & resettlement (R&R) facilities of project displaced families are substantially complete, the Company is currently focusing on 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 106 major orders cumulatively amounting to ₹7897.4 Million towards infrastructure development within SEZ out of which 67 work orders cumulatively amounting to ₹3767.9 Million have been satisfactorily concluded.



- ❖ Development works for river water infrastructure are being undertaken in a phased manner and have been completed for meeting the requirements of MRPL & OMPL. Supply of River water commenced to MRPL & OMPL and other existing units since October, 2013.
- ❖ The first tranche of development of water infrastructure for tertiary treatment of secondary treated water from the Kavour Sewage Treatment Plant (STP) of Mangalore City Corporation (MCC) including tertiary treatment system, laying of TTP water pipeline and storage reservoirs at SEZ have been completed and Tertiary Treated STP water supply has commenced to MRPL Phase-III project. **This 5 MGD plant is the first of its scale in India, using state of the art GE membrane technology for treating secondary sewage water ex-MCC's STP Plants & making it fit for industrial use.** The plant has been in regular operation since **October 2013** and consistently delivering a BoD of < 2 ppm, as per stipulated performance criteria. In this connection, Karnataka State Pollution Control Board, Govt. of Karnataka has conferred an award to MSEZL for adopting "Best Technology for Tertiary Treatment Plant for the year 2015-16.
- ❖ The pipeline-cum-road corridor development has also progressed well. The corridor development works over ~11.45 km to accommodate OMPL pipe lines were completed and handed over to OMPL. The entire pipeline-cum-road corridor of ~11.45 kms is expected to be completed by end of Dec, 2015.
- ❖ Development of marine disposal pipeline over ~11.0km in the land portion has been completed as on date along with the 1.2 km portion of the marine disposal pipeline extending into the sea which has been completed and commissioned from April, 2014. The Company had also obtained Consent For Operation from Karnataka State Pollution Control Board in August, 2014 for Marine Outfall.
- ❖ Construction of the 110/33/11 KV Grid Substation has been completed within the SEZ area and the sub-station is charged with 110 KV supply from KPTCL's MRSS. Work on internal power distribution cabling and street lighting is nearing completion.
- ❖ During the year under review, your Company has filed an Annual Revenue Requirement with the Karnataka Electricity Regulatory Commission for fixing the Tariff for the year 2015-16 as it is a Deemed Licensee for distribution of power in the SEZ as per the provisions of the Electricity Act. KERC has considered the application and fixed a tariff of ₹6.36/Kwh for the FY 2015-16. Accordingly, the Company has started distributing power to its units in SEZ at the above rate with effect from April 01, 2015.
- ❖ Commissioning of the river water treatment plant of 60 MLD capacity for MSEZ units is under progress.
- ❖ Site grading activities for ~505 acres of land have been completed. 95 % construction for roads & storm water drainage in the processing area is completed and remaining works are in progress.

Land Acquisition

A total of 2345.88 acres of land has been acquired including 251.23 acres of land for MRPL, 1619.95 acres for SEZ, 304 acres for R & R Colony, 85.85 Acres for Corridor and 85.05 Acres towards 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 SEZ land is already notified.

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 Products becoming operational in Jan.'14, MSEZ has now been recognised as being 'operational'.
- ❖ MSEZ Phase I project has obtained Environment clearance from MoEF and Consent for Establishment from KSPCB in 2008. MSEZ has also 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 has 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 Panchayat, Mangalore for laying ~40 kms length of River water pipeline from Netravathi river to MSEZL.

- ❖ MSEZL has taken up the matter with New Mangalore Port Trust (NMPT), Kudremukh Iron Ore & Steel Company (KISCO), Mangalore Chemicals & Fertilizers (MCF), towards balance land requirement for development of Pipeline-cum-Road Corridor between NMPT and MSEZL units, also seeking intervention of GoK officials, wherever necessary.
- ❖ During the year, private Land over a stretch of ~1.5 kms length has been acquired towards development of corridor near Totalgaz area.

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. 9 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). As regards the balance 1 colony viz., 6.5 acres at Bajpe, the plots have already been developed and handed over to PDF's while the infrastructural development activity is in an advanced stage. In all, 1350 plots have already been handed over to the PDF's thus far leading to the company evacuating 1215 families out of 1227 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, 389 PDF nominees have availed three year training programme at Karnataka Polytechnic (KPT), Mangalore. MSEZL has also co-ordinated the commencement of the employment process for PDF nominees. 562 PDF nominees have been employed so far with 183 nos. being employed by MRPL, 294 nos. by OMPL and 84 nos. in various other units within and including MSEZL itself. As a part of Government Order amendment pertaining to "ex-gratia" being administered in addition to the initial provision of "one time cash compensation" in lieu of employment as per initial Govt. order, compensation has cumulatively been paid to 829 Project Displaced Families. Payment of Stipend & Sustenance allowance to PDF nominees, who have not opted for the ex-gratia is continuing and 523 applications have been received out of which payment for 502 PDF nominees has already been made by MSEZL.

Infrastructure Development

During the year under review, the Company has made significant progress in development of infrastructure for Phase-I. The Company has incurred expenditure of ₹12170 Million towards Land, R&R, infrastructure development and other overheads as on 31st March, 2015. Further, as on March 31, 2015 contracts worth ₹7320 millions have been awarded for infrastructure development with an expenditure of ₹5650 Millions. The Company has achieved substantial progress in the infrastructure development works thus far with respect to water, power and pipeline-cum-road corridor.

The Company is taking up additional infrastructure development viz., the construction of Common Effluent Treatment Plant and Hazardous Waste Management System at MSEZ 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.

CORRIDOR

The pipeline-cum-road Corridor of approximate 11.45 km length from NMPT to MSEZ area is being developed in six construction packages, as per site conditions, as follows:

- ❖ Reach I - New Mangalore Port Trust (NMPT) to National Highway (NH) crossing (about 1.5 km length): All the works have duly been completed Further, ~0.5 km of pipe sleeper works have also been completed within the NMPT premises and handed over to OMPL for laying their pipes up to jetty no-13.
- ❖ Reach-II- National Highway crossing-(0.2 km) Pipebridge work across the NH has also been completed which was an extremely challenging work undertaken across NH-66 with four lane traffic operating on 24 X 7 basis.

- ❖ In Reach-II from NH crossing to Kudremukh Iron and Steel Company (KISCO) end (1.8 km length), the contract was awarded and road work formation was completed for 300 mts. While the work was under way, it met with resistance from local interest groups with a PIL also filed at the High Court. The matter has been disposed with directions issued to relevant Government authorities. Subsequently, MOEF has cleared the proposal for widening of road on riverside, and work was resumed in November, 2014 and the same is expected to be completed by Dec'2015.
- ❖ To enable the laying of pipelines by OMPL on priority basis, the contractor re-mobilized and completed Plan-"B" of pipe rack structure works in Reach-II.
- ❖ Reach-III-KISCO end to Nagarjuna Fertilizer Company Ltd (NFCL) Land, a stretch of about 1.50 km length:- Post price fixation and depositing of amount with KIADB on 27th Nov '14, documents have been submitted by the land owners to receive compensation. Disbursement of compensation commenced and possession certificates also received. Physical possession of land is being taken progressively aligned to disbursement of compensation. Contracts for construction of pipeline corridor and boundary wall along the corridor section in Reach-III already awarded and works are in progress.
- ❖ In order to enable the laying of pipelines by OMPL on priority basis, RoW was secured for an alternate Plan "B" alignment in Reach-III to accommodate OMPL pipes. The construction of sleeper works for laying OMPL pipelines has been completed.
- ❖ Reach-IV-NFCL land to MSEZ area-about 6 km long stretch:- Construction works completed
- ❖ The entire pipeline cum corridor of ~11.45 km was handed over to OMPL during the previous year for laying their pipelines has been completed. OMPL had commenced exporting its products through this pipeline from October, 2014.

As a whole, the entire pipeline corridor works are being completed on a war footing basis and the same is expected to be completed by end of December, 2015.

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 and M/s Rithwik Energy Generation for drawing water from the barrage & reservoir built by M/s AMR Power Private Limited and M/s Rithwik Energy Generation Private Limited across the Netravathi River on a cost sharing basis. Construction of head works at the existing barrage site, laying of pipeline, sourcing of 110KV/33KV power for pumping to SEZ has been completed. The Company has been successfully pumping the river Water from the AMR Barrage to OMPL & MRPL and other units since October 2013.

The balance barrages will be taken up in line with the water demand build-up for SEZ units.

- (ii) Mangalore City Corporation (MCC) Sewage treatment Plants (STPs) post tertiary treatment for the STP water - Construction of 5MGD Tertiary Filtration 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 treated secondary sewage water and making it fit for industrial use. The construction of ~13.5 kms treated water pipeline from Kavor STP to SEZ including pumping 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

- ❖ Construction of the 110/33/11 KV Grid Substation has been completed within the SEZ area and the sub-station is charged with 110 KV supply from KPTCL's MRSS. Work on internal power distribution cabling and street lighting is nearing completion.
- ❖ During the year under review, your Company has filed an Annual Revenue Requirement with the Karnataka Electricity Regulatory Commission for fixing the Tariff for the year 2015-16 as it is a Deemed Licensee for distribution of power in the SEZ as per the provisions of the Electricity Act. KERC allowed the petition and after considering the application had fixed a tariff of ₹6.36/Kwh for the FY 2015-16. Accordingly, the Company has started distributing power to its units in SEZ at the above said rate with effect from April 01, 2015.
- ❖ During the year under review, the Company has also incorporated a Wholly Owned Subsidiary viz., MSEZ Power Limited for the purposes of carrying out the power distribution activities in the SEZ.
- ❖ The power distribution segment currently vesting with Mangalore SEZ Limited is proposed to be transferred in the name of MSEZ Power Limited. In this connection, the Company is evaluating various options available to transfer the power distribution activity in the name of the new Subsidiary.

Environment

- ❖ Environmental studies have been completed for Phase I Special Economic Zone by National Environmental Engineering Research Institute (NEERI), National Institute of Oceanography (NIO), Goa. Environmental Clearance for Phase I is obtained from Ministry of Environment and Forest (MoEF), Government of India and Consent for Establishment from Karnataka State Pollution Control Board (KSPCB) during April 2008.
- ❖ 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.
- ❖ The Company has started environmental monitoring during the course of construction activity being undertaken in MSEZL area.
- ❖ The Company has obtained amendments to Environmental Clearance (EC) for locating Down Stream Petrochemical units in Phase -I project area.
- ❖ The Company has obtained Environment Clearance from the Ministry of Environment and Forests permitting Multi-Product SEZ on 18.06.2015.
- ❖ Your Company has also obtained Consent For Operation for marine outfall in August, 2014.
- ❖ The Company is taking up the construction of Common Effluent Treatment Plant and Hazardous Waste Management system in SEZ and the same is likely to get completed by end of 2016.

Green Belt Development

- ❖ As per environment clearance, MSEZL out of 1638 acres land notified for SEZ need to develop green belt in 272 acres as green cover. MSEZL so far developed green belt in 152 acres by planting 62,250 plants of processing and non processing areas and plants are under different stages of maintenance. Green belt development in additional 55 acres have been taken up and is in tendering stage and intended to complete plantation before December, 2015.
- ❖ MSEZL along with Karnataka State Pollution Control Board and Ministry of Environment and Forests celebrated World Environment Day on 27th June, 2015. A Mass tree plantation was organised at MSEZL'S Kavoov Tertiary Treatment Plant where approximately 500 saplings were planted by Honourable Minister for Environment and Forests, Govt of Karnataka and representatives from other industries from Udupi and Dakshina Kannada Districts.
- ❖ During the year 2014-15, MSEZL in co-ordination with KSPCB, MoEF and other organizations had conducted 24 "Green Nurturing Programs. MSEZL has distributed 2500 saplings to schools/organizations for plantation.

- ❖ As directed by KSPCB and as part of school nurturing program by GOK, MSEZL has taken up school nurturing program at Govt High School Sarapady. As part of the program MSEZL provided Computer, ceiling fans, Rice cooker and Almajrah's to the school at an estimated cost of ₹ One lakh.
- ❖ So far MSEZL has covered 148 Schools, Colleges, Rotary, Lions clubs, Ladies and Youth clubs under various environment awareness programs.
- ❖ Vetiver grass to protect slopes and embankment has been developed in 12 acres in the SEZ Area.
- ❖ MSEZL is developing green belt and gardening at Sarapady Jackwell premises in 2 acres area as well as Water treatment plant (inside MSEZL) in about 1 acre.
- ❖ Going forward, MSEZL aims to complete plantation in required 272 acres by planting another 65 acres of land in the later part of FY 2015-16 and also to take up landscape gardening to enhance aesthetic beauty inside MSEZL.
- ❖ Greenbelt maintenance in Resettlement and Rehabilitation Colony developed by MSEZL reduced from 33% to 20%.

Marketing

During FY 2015 MSEZ has participated in 20 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 included:

- ❖ IDMA Investor AGM- Mumbai- April, 2014
- ❖ 18th Chemical weekly conference- Mumbai-April, 2014
- ❖ 360 Degree contract manufacturing-Pharmaceutical Conference- Mumbai-July 2014
- ❖ 4th National Agrochemical conference by FICCI -New Delhi- August 2014
- ❖ Economic Times: Infra Summit- New Delhi - September 2014
- ❖ India Chem. Conference FICCI -Mumbai-October 2014
- ❖ India Petrochem 2014- Elite Conferences, Mumbai-October 2014
- ❖ Chemexil Reverse Buyer Seller meet Mumbai- October 2014
- ❖ Pharmexil Conference - New Delhi-November 2014
- ❖ Pharmexil Conference-Baroda-November 2014
- ❖ 9th GPCA Forum- Dubai-November 2014
- ❖ FICCI Japanese Delegation meet -New Delhi- November 2014
- ❖ FICCI Chinese delegation meet -New Delhi- November 2014
- ❖ IDMA Annual General Body Meeting- January 2015
- ❖ Specialty chemical Delegation to Mangalore -Jan. 2015
- ❖ International Chemical Downstream Conference-Mumbai-Jan. 2015
- ❖ Plast India Exhibition-Ahmadabad- Feb 2015
- ❖ Assocham Conference on Petrochemicals-New Delhi- Feb 2015
- ❖ 8th Annual Indian Chemical Industry Outlook Conference-Mumbai-March 2015
- ❖ Technical Textile Industry Road Show- Coimbatore-March 2015

MSEZ was able to conclude a lease of 40 acres of land with Syngene International Limited, a Subsidiary of Biocon Limited during the financial year to set up a new greenfield site for the manufacture of Active Pharmaceutical Ingredients (API), Advanced Intermediates (AI) and Agro Chemicals (AC) meant for supplies to its customers in various scales viz. pilot scale, commercial scale etc. With improved investment climate, MSEZ is also in advanced stages of closing 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.

Efforts are continuing in attracting investments for Propane Dehydrogenation (PDH) facility (for producing Propylene) and Butane dehydrogenation facility (for producing Iso- butylenes) in MSEZ.

Administrative Matter

The Company has a registered Office at Bangalore and Site Office at Mangalore. Both offices are operational with a total strength of 59 employees. The Board at its meeting held on September 11, 2015 had approved the shifting of Registered Office within the city limits from No. 16, 3rd Floor, Pranava Park, Infantry Road, Bangalore - 560 061 to Al-Latheef, 1st Floor, No.2, Union Street, Off Infantry Road, Bangalore - 560 061 with effect from October 01, 2015.

Units in SEZ

Presently, four companies are setting up units in the SEZ viz. ONGC Mangalore Petrochemicals Limited (OMPL), Indian Strategic Petroleum Reserve Limited (ISPRL), JBF Petrochemicals Limited (JBFPL), Cardolite Specialty Chemicals India LLP and Syngene International Ltd. (a subsidiary of M/s Biocon Ltd). While OMPL and Cardolite Specialty Chemicals India LLP have already commenced their operation in 2014, the balance two unit's viz. ISPRL, JBFPL and Syngene are currently under implementation. Discussions with other potential investors are at different stages of progress.

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 BBB+ to A- (pronounced as ICRA A minus) for the aforesaid fund based - term loan for FY-2015-16.

Declaration of COD

The Company has declared the Date of Commercial Operations (COD) with effect from April 01, 2015. As a result of the COD, the rate of interest would come down by 1% to base rate viz. from 11.25% to base rate of respective banks @ 10.25%. Further, the repayment of loan would start from September 30, 2015.

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 does not contain any qualification.

Subsidiaries:

1. Mangalore STP Limited

The Company has a 70% stake in Mangalore STP Limited (a Special Purpose Vehicle company with 30% stake of 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 Municipal Corporation (MCC) on 10th Jan, 2008 in and approved by Govt. of Karnataka on 11th Mar 2008.



Currently, MSTPL is managing one Sewage Treatment Plant and three Wet Wells in and around Mangalore. The Company has engaged M/s. GET Water Solutions Private Limited as 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

During the year under review, your Company has incorporated 100% Subsidiary viz; MSEZ Power Limited with an objective of distribution of Power to the units in MSEZL. The new Subsidiary will commence its operations once the power distribution segment currently vesting with Mangalore SEZ Limited is transferred in the name of the new Subsidiary. The Company is currently evaluating various options available for transferring the power distribution vertical. The Ministry of Commerce and Industries has granted a Co-Developer status to the Company on May 19, 2015.

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, 2015 and of the profits 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 were on an arm's length basis and 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 same are also placed before the Board for taking note of the same as good governance practice. 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-2014-15. These activities pertain to the areas of education sponsorships, water supply, sanitation and community facility, social development.

As required under the Companies Act, 2013, the Company is required to spend at least 2% of the average profits (PBT) in the immediately three preceding years. The average profit (PBT) for the last three years viz., 2011-12, 2012-13 and 2013-14 was ₹10.32 crores; 2% of which was ₹21 lakhs.

Your Company for the FY 2014-15 has spent ₹25 lakhs over and above the stipulated 2% as required under the Companies Act, 2013. 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 apprises the same to the management.

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 Financial Control Systems in place.

The Audit Committee is regularly reviewing the Internal Audit Reports for the audit 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.

Directors and Key Managerial Personnel

Changes during the financial year 2014-15:

Shri K.S Jamestin resigned as Director w.e.f. 01 August, 2014 consequent upon his superannuation from the services of Oil and Natural Gas Corporation Limited (ONGC) as a Director (HR).

The Board has appointed Shri Alok Kumar Banerjee in its meeting held on August 29, 2014 as Additional Director w.e.f. 26th August, 2014.

Shri Rajiv Banga resigned as Managing Director and CEO with effect from 31st March, 2015 consequent upon his reassignment within the IL&FS Group.

Your Directors wish to place on record their appreciation for the invaluable services rendered by Shri K.S. Jamestin and Shri Rajiv Banga during their association with the Company.

During the year under review, Shri Gouranga C Swain has been designated as Chief Financial Officer and as Key Managerial Personnel w.e.f. August 29, 2014.

During the financial year Shri Ashok Mishra resigned as Company Secretary w.e.f. 1st August, 2014 and in his place, the Board at its meeting held on December 24, 2014 has appointed Shri Ashish Kulkarni as the Company Secretary w.e.f. December 24, 2014.



Appointment of Independent Directors

Shri ISN Prasad, Shri S S Kamath and Shri Santosh Nautiyal, existing Directors have been appointed as Independent Directors w.e.f. 28th March 2015 under section 149 (10) of the Companies Act, 2013 for a term of five years subject to the approval of Shareholders in ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Shri ISN Prasad, Shri S S Kamath and Shri Santosh Nautiyal fulfill the conditions for appointment as independent directors as specified in the Companies Act, 2013. Shri ISN Prasad, Shri S S Kamath and Shri Santosh Nautiyal are independent of the management.

Re-appointments:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri Vishnu Agrawal and Shri D K Sarraf and Shri Vishnu Agrawal, Directors, retire by rotation in the forthcoming AGM and being eligible, offer themselves for re-appointment.

None of the Directors are disqualified from being appointed as Directors in terms of provisions of Section 164 of the Companies Act, 2013.

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. The Board recommends their appointment for your approval.

The Board of Directors have appointed M/s. Chokshi & Chokshi LLP, Chartered Accountants as Internal Auditors of the Company for the financial year 2015-16.

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. There are no qualifications in the Auditors' Report for the year ended 31st March, 2015.

Secretarial Audit

The Board has appointed M/s Ullas Kumar Melinamogaru & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as **Annexure-I** to this Report. The Secretarial Audit Report does not contain any major qualification, reservation or adverse remark except for an observation pertaining to appointment of Independent Directors.

Auditor's observation: "...the composition of the Independent Directors on the Board will not be according to the provisions of Section 149 of the Companies Act, 2013 during the financial year covering the audit period".

Management Reply: The Board has already initiated the steps in connection with appointment of independent Directors and the Board at its meeting held on March 28, 2015, had appointed Shri ISN Prasad, Shri S S Kamath and Shri Santosh Nautiyal as Independent Directors for a term of five years with effect from March 28, 2015. Since there was no Extraordinary General Meeting held after the said Board Meeting, the appointment of the Independent Directors is being put before the shareholders at the ensuing Annual General Meeting for their approval.

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 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 Vishnu Agrawal	Member
Shri Paritosh Gupta	Member

Corporate Social Responsibility Committee

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

Name of Director	Designation
Shri Santosh Nautiyal	Chairman and Independent Director
Shri Vishnu Agrawal	Member
Shri Paritosh Gupta	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 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

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

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 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

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.



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

During the year, the Company has made an investment of ₹5,00,000/- as an initial equity capital in MSEZ Power Limited a wholly owned subsidiary of the Company. However, 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	2014-15	2013-14
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	₹798,330/-	₹1,575,160/-

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 are given below.

1	2	3	4	5	6
Sl. No	Name	Age	Designation	Remuneration Paid FY 2014-15	Qualification & Experience
1	Shri Rajiv Banga (till March 31, 2015)	56	Managing Director & CEO	₹ 17,590,356/-	BE & 34 years
7	8	9	10	11	
Date of commencement of employment	Nature of Employment	Previous Employment	% of equity shares held	Relationship with Directors/Managers	
29.12.2009	Regular	SME Engineering Construction Company	0.0010	NIL	

Sustainable Development Performance Report

Mangalore SEZ Ltd is exploring projects and systems for the sustainable development. The key focus is the development of MSEZL as a cluster encouraging growth of mutually supportive units catalyzed by vibrant infrastructure and synergy of shared facilities to the units in SEZ.

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 in to 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 environment 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 during this critical and challenging development phase of the Company.

And to you, our shareholders ONGC, IL&FS, KIADB, KCCI and OMPL, we are deeply grateful for the confidence and faith that you have reposed upon us all through these years.

**On Behalf of the Board
For Mangalore SEZ Limited**

Place:
Date:

**Dinesh Kumar Sarraf
Chairman**



FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[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.
#16, 3rd Floor, "Pranava Park",
Infantry Road,
Bangalore - 560001

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mangalore SEZ Ltd ("the Company") for the financial year ended on 31st March 2015, according to the provisions of:\

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder do not applicable to the Company as it is an Unlisted Public Company
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder do not applicable to the Company as it is an Unlisted Public Company;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company as it is an Unlisted Public 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Provisions of Contract Labour (Regulation & Abolition) Act, 1970, Employment Exchanges (CNV) Act 1959, Equal Remuneration Act, 1976, Payment of Wages Act, 1936, Industrial Disputes Act, 1947 and Employees State Insurance Act, 1948, Maternity Benefit Act, 1961, Minimum Wages Act, 1948, Payment of Bonus Act, 1965, Payment of Gratuity Act, 1972, Employees Provident Fund and Miscellaneous Act, 1952, Indian Trusts Act, 1882, Workmen Compensation Act, 1923, Employees Liability Act, 1938 and Superannuation Fund/Trust regulations made thereunder.\
- vii. Provisions of Environment (Protection) Act, 1986, The Water (Prevention & Control of Pollution) Act, 1974 and the Water (Prevention & Control of Pollution) Cess Act, 1977, The Air (Prevention & Control of Pollution) Act, 1981 and rules made thereunder.
- viii. The Public Liability Insurance Act 1991, Central Excise & Salt Act, Reserve Bank of India Rules, Import Export Regulations, Indirect Taxes and Sales Tax and local laws as applicable.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the Company during the audit period)
- ii. The Listing Agreements entered into by the Company with the Stock Exchanges does not apply to the Company as it is an Unlisted Public Company.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to observation mentioned in the subsequent paragraph below.

I further report that

The Board of Directors of the Company is constituted of Non-Executive Directors and Independent Directors. However, one Independent Director forming the composition of the Board during the audit period was appointed prior to the commencement of Section 149 of the Companies Act, 2013 and additional Independent Directors were considered and recommended by the Board to the Members for their approval during the financial year covering the Audit period. As a result the composition of the Independent Directors on the Board will not be according to the provisions of Section 149 of the Companies Act, 2013 during the financial year covering the audit period.

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 decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has incorporated a wholly owned subsidiary "MSEZ POWER LIMITED".

For Ullas Kumar Melinamogaru & Associates
Practising Company Secretaries

CS Ullas Kumar Melinamogaru
Proprietor
FCS 6202, CP No. 6640

Date : July 3, 2015
Place : Mangalore

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2014-15
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 has duly complied with the requirements of the Corporate Governance Code and the disclosure requirements which are given below:

Board of Directors
Composition and Category of Directors

The following is the composition of the Board of Directors for financial year 2014-15

Name of Director	Business Relationship	Category of Directorship
Shri. D. K. Sarraf	Chairman	Non-Executive
Shri Rajiv Banga*	Managing Director & CEO	Executive
Shri Paritosh Kumar Gupta\$	Managing Director	Executive
Shri Hari Sankaran#	Director	Non-Executive
Shri Alope Kumar Banerjee@	Director	Non-Executive
Shri ISN Prasad	Independent Director	Non-Executive
Shri Santosh Nautiyal	Independent Director	Non-Executive
Shri Vishnu Agrawal	Director	Non-Executive
Shri Chakravarthi Mohan	Director	Non-Executive
Shri Saibal Kumar De	Director	Non-Executive
Shri Srinivas S Kamath	Independent Director	Non-Executive

* The Board at its meeting held on 28-03-2015 had approved the resignation of Shri Rajiv Banga as MD & CEO of the Company with effect from 31.03.2015

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

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

@ Shri Alope Kumar Banerjee resigned as a Director w.e.f. May 01, 2015

Changes during the financial year 2014-15:

Shri K.S Jamestin resigned as Director w.e.f. 01 August, 2014 consequent upon his superannuation from the services of Oil and Natural Gas Corporation Limited (ONGC) as a Director (HR).

The Board has appointed Shri Alope Kumar Banerjee in its meeting held on August 29, 2014 as Additional Director w.e.f. 26th August, 2014.

Shri Rajiv Banga resigned as Managing Director and CEO with effect from 31st March, 2015 consequent upon his reassignment within the IL&FS Group.

During the financial year Shri Ashok Mishra resigned as Company Secretary w.e.f. 1st August, 2014 and in his place, the Board at its meeting held on December 24, 2014 has appointed Shri Ashish Kulkarni as the Company Secretary w.e.f. December 24, 2014.

Directors Profile

In terms of Section 152 of the Companies Act, 2013, Shri D K Sarraf (DIN 00147870) and Shri Vishnu Agrawal (DIN 03127566), Directors, retire by rotation at the Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commend their respective re-appointments.

Brief profile of the above directors are provided below.

Shri Dinesh K Sarraf, 57 years (DIN 00147870), is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC), India's one of the most valuable public sector enterprises and one of the most premier E&P companies in the world. He is also the Chairman of ONGC Videsh Limited, Mangalore Refinery and Petrochemicals Ltd and other ONGC Group companies viz., ONGC Petroadditions Ltd, ONGC Mangalore Petrochemicals Ltd, Mangalore SEZ Ltd and ONGC Tripura Power Company Ltd.

Shri Sarraf graduated in Commerce from the prestigious Shri Ram College of Commerce, Delhi University and holds a post graduate degree in Commerce from the same University. He is an Associate member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India.

He has experience of over three decades in the oil and gas industry, having started his oil and gas career in India's second largest upstream oil company – Oil India Limited and worked there till 1991 where he inculcated the experience in various facets of E&P at oil field level. He joined ONGC in 1991 and handled various key assignments at corporate offices. He was elevated to the post of Director (Finance) in ONGC Videsh in February, 2005 where he served till December, 2007. During this period, ONGC Videsh made significant acquisitions in Syria, Brazil, Colombia, Venezuela, Cuba, Egypt and Myanmar. In December 2007, he tookover as Director (Finance), ONGC. In September 2011, Shri Sarraf went back to ONGC Videsh assuming the charge of its Managing Director. In March 2014, he tookover as Chairman & Managing Director of ONGC. In recognition of his excellence in financial management and various other outstanding contributions, he has been conferred with several accolades including the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011. He has been conferred Distinguished Fellowship 2015 by the Institute of Directors (IOD) for practicing highest standards of corporate governance while steering the boards of ONGC, a Maharatna firm and its group companies.

Shri Dinesh K Sarraf does not hold any shares in the Company.

Shri Vishnu Agrawal (DIN 03127566), Shri Vishnu Agrawal is a Fellow Member of the Institute of Chartered Accountants of India and has over 30 years of functional experience in Finance and Accounts, Commercial, International Trade, Treasury, Corporate Finance, Marketing, Management Information Systems - Primarily in Oil Sector (both in downstream and upstream sector).

Shri Vishnu Agrawal does not hold any shares in the Company.

Directorships held by Shri Vishnu Agrawal in other Companies are Mangalore Refinery and Petrochemicals Limited, Shell MRPL Aviation Fuels and Services Limited and ONGC Mangalore Petrochemicals Limited also he is a Chairman/Member of the Committees in following Companies



Name of the Companies	Designation	Name of the Committees
Shell MRPL Aviation Fuels and Services Limited	Member Member	Audit Committee Remuneration Committee
ONGC Mangalore Petrochemicals Limited	Member	Audit Committee

Board Meetings held during the financial year 2014-15

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

Date of Meeting	Place of Meeting
10th May, 2014	New Delhi
29th August, 2014	New Delhi
24th December, 2014	New Delhi
28th March, 2015	New Delhi

Attendance of Directors at the Board meeting held during the financial year 2014-15

Name of Director	No. of Board meetings held during the tenure	No. of Board Meetings attended
Shri D. K. Sarraf	4	4
Shri Rajiv Banga (Resigned w.e.f. 31.03.2015)	4	4
Shri I.S.N Prasad	4	2
Shri Hari Sankaran (Resigned w.e.f. 01.04.2015)	4	0
Shri Santosh Nautiyal	4	4
Shri Vishnu Agrawal	4	3
Shri K S Jamestin (Resigned w.e.f. August 01, 2014)	1	0
Shri Saibal Kumar De	4	2
Shri Paritosh Kumar Gupta	4	4
Shri Chakravarthi Mohan (Resigned w.e.f. August 17, 2015)	4	1
Shri Srinivas S Kamath	4	1
Shri A K Banerjee (Resigned w.e.f. May 01, 2015)	3	3

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 during the year. 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 ensuing 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 for 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.

Four Meetings of the Audit Committee was held during the financial year 2014-15;

Date of Meeting	Place of meeting
6th May, 2014	Bangalore
28th August, 2014	New Delhi
20th November, 2014	Bangalore
27th February, 2015	New Delhi

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

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Srinivas S Kamath	Chairman & Independent Director	4	3
Shri ISN Prasad	Member & Independent Director	4	2
Shri Santosh Nautiyal	Member & Independent Director	4	3
Shri Paritosh Kumar Gupta	Member	4	3
Shri Vishnu Agrawal*	Member	0	0

* Shri Vishnu Agrawal was inducted as a Member of the Audit Committee w.e.f. May 16, 2015

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.

Two Meetings of the Corporate Social Responsibility Committee were held during the financial year 2014-15;

Date of Meeting	Place of meeting
21st October 2014	New Delhi
19th March 2015	New Delhi

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

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Santosh Nautiyal	Chairman & Independent Director	2	2
Shri Vishnu Agrawal	Member	2	2
Shri Paritosh Kumar Gupta	Member	2	2
Shri Rajiv Banga (Resigned on 31.03.2015)	Member	2	2

Nomination and Remuneration Committee

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

Two Meetings of the Nomination and Remuneration Committee were held during the financial year 2014-15;

Date of Meeting	Place of meeting
12th November 2014	New Delhi
2nd March 2015	New Delhi

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

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Santosh Nautiyal	Chairman & Independent Director	2	2
Shri ISN Prasad	Member & Independent Director	2	1
Shri Hari Sankaran*	Member	2	2
Shri A K Banerjee#	Member	2	2
Shri H. Kumar@	Member	0	0
Shre Pradeep Puri\$	Member	0	0

* 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 Nomination and Remuneration Committee w.e.f. May 16, 2015

\$ Shri Pradeep Puri was inducted as a Member of the Nomination and Remuneration 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 2014-15 are as under:

Date of Meeting	Place of meeting
13th May 2014	New Delhi
10th July 2014	Bangalore
21st October 2014	New Delhi
19th March 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 tenure	No. of meetings attended
Shri Rajiv Banga (Resigned on 31.03.2015)	Member	4	4
Shri Vishnu Agrawal	Member	4	4
Shri Paritosh Kumar Gupta	Member	4	4
Shri Pradeep Puri#	Member	0	0

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

HRM Committee

The HRM Committee was reconstituted by the Board on 29th August, 2014

HRM Committee has met once during the financial year 2014-15;

Date of Meeting	Place of meeting
23rd December 2014	New Delhi

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

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Santosh Nautiyal	Chairman	1	1
Shri ISN Prasad	Member	1	0
Shri Vishnu Agrawal*	Member	1	0
Shri Paritosh Kumar Gupta	Member	1	0
Shri A K Banerjee#	Member	1	1
Shri Rajiv Banga (Resigned on 31.03.2015)	Member	1	1
Shri H. Kumar*	Member	0	0

* Shri H. Kumar was Inducted as a Member in place of Shri Vishnu Agrawal

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

**Business Committee**

The Business Committee was reconstituted by the Board on 29th August, 2014. Two Meetings of the Business Committee were held during the financial year 2014-15;

Date of Meeting	Place of meeting
21st October 2014	New Delhi
19th March 2015	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 2014-15 are given below:

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Shri Santosh Nautiyal	Member	2	2
Shri Vishnu Agrawal	Member	2	2
Shri Paritosh Gupta	Member	2	2
Shri Rajiv Banga (Resigned on 31.03.2015)	Member	2	2

Remuneration to Directors

No sitting fee was paid to any of the Non-Executive Directors except to Mr. Santosh Nautiyal being an Independent Director, for the Board and Audit Committee meetings totaling to an amount of ₹70,000/- for the year 2014-15.

The remuneration paid to Shri Rajiv Banga, Managing Director & CEO towards salary and allowances, from April 1, 2014 to March 31, 2015 was ₹1,75,90,356/-.

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
31st March 2012	17th September 2012	12:30 Hrs	Hotel Le-Meridien, No.28, Sankey Road, Bangalore-560 052
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

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.

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, 2015 was submitted to the Board in its meeting held on 16th May, 2015.

General Shareholder Information

The Annual General Meeting is scheduled to be held on Thursday, the 24th September, 2015 at 12.30 p.m. at Hotel Le-Meridien, No. 28, Sankey Road, Bangalore - 560 062.

Financial Calendar: April to March

Book Closure: None

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

Shareholding Pattern as on 31st March 2015:

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	Others- Individuals	1,200	0.00
	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:

Sl. No	Particulars	Details											
		IL&FS	KIADB	OMPL	MRPL	IIDC LTD	Petronet MHB Ltd	Mangalore STP Ltd	MSEZ Power Ltd	Key Managerial Personnel	Key Managerial Personnel		
a)	Name (s) of the related party	Associate Company	Associate Undertaking	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Associate Company	Subsidiary	Subsidiary	Chief Financial Officer	Company Secretary
b)	Nature of Relationship	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	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	Remuneration	Remuneration
c)	Nature of contracts/arrangements/transaction	Charges for deputation of MD & CEO	Annual Lease Rent towards Corridor land	Lease Rental Income	Expenses incurred towards Infrastructure development	Expenses incurred on behalf of OMPL	Expenses received towards Infrastructure development	Supply & Operation & Maintenance of Water	Advance received towards Infrastructure development	Advance towards Operation & Maintenance of Water	Security deposit	Interest on security deposit	Lease premium income
d)	Duration of the contracts/arrangements/transaction	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 05.12.2014	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	20.11.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.09.2014 to 31.03.2015
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	Charges for deputation of MD & CEO	Annual Lease Rent towards Corridor land	Lease Rental Income	Expenses incurred towards Infrastructure development	Expenses incurred on behalf of OMPL	Expenses received towards Infrastructure development	Supply & Operation & Maintenance of Water	Advance received towards Infrastructure development	Advance towards Operation & Maintenance of Water	Security deposit	Interest on security deposit	Lease premium income
f)	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	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business	Ordinary course of business
g)	Date of approval by the Board	29th December, 2009	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	27th March, 2014	Not applicable	Not applicable	29th August, 2014	24th December, 2014
h)	Amount incurred during the year (₹ in lakhs)	175.90 0.58	2.43 259.21 151.43	233.96 4074.00 98.90 400.99 1248.30 271.15 7.03 534.33	15.46 4292.83 2684.00 52.66 55.47	91.08	Not applicable	192.20	5 0.20	35.25	7.70		

ANNEXURE IV TO DIRECTORS REPORT
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15

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 2014-15. www.mangaloresez.com under policies, CSR Policy
2. Average net profit (PBT) of the Company for last three financial years	₹ 10,32,01,621
3. Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹20,64,032
4. Details of CSR spent during the financial year:	
Total amount to be spent for the financial year	₹20,64,032
Amount unspent, if any	Not Applicable
Manner in which the amount spent during the financial year	Details given below

CSR Expenditure incurred during the Financial Year 2014-15

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or others 2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1) Direct expenditure on project or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Construction of Community Hall in Sasihithlu	Under clause (x) of Schedule VII - Rural Development	Local/ Mangalore	₹25 Lakhs	₹25 Lakhs	₹25 Lakhs	Direct
2	Construction of Padasale (Public Service Centers) at Moodabidri and surrounding areas.	Under clause (x) of Schedule VII - Rural Development	Local Moodabidri	₹4 Lakhs	₹4 Lakhs	₹4 Lakhs	Direct
Total					₹29 Lakhs	₹29 Lakhs	

Annexure V

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

[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	No. 16, 3rd Floor, Pranava Park, Infantry Road, Vasanthnagar, BANGALORE, Karnataka - 560001 Tel: 080 22867552/53 Fax: 080 - 22867551
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	65.73%

* 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
SUB TOTAL: (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
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0 0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	0	5,00,01,200	5,00,01,200	100	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
b) Bank/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) others(specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL: (B)(1)	0	0	0	0	0	0	0	0	0
(2) Non Institutions									
a) Bodies Corporates	0	0	0	0	0	0	0	0	0
b) Individuals	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
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0
c) Any Other (specify) NRIs	0	0	0	0	0	0	0	0	0
d) Foreign Bodies Corporate									
SUB TOTAL (B) (2)	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

(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	500	0.0010	0	0
9	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 Rajiv Banga, MD & CEO (Resigned w.e.f 31.03.2015)				
	At the beginning of the year	500	0.0010	500	0.0010
	At the end of the year	500	0.0010	500	0.0010
2	Shri Dinesh Kumar Sarraf, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
3	Shri Hari Sankaran, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
4	Shri Paritosh Kumar Gupta, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5	Shri Saibal Kumar De, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
6	Shri Srinivas Santhayya Kamath, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
7	Shri Santosh Nautiyal, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
8	Shri ISN Prasad, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

9	Shri Chakravarthi Mohan, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
10	Shri Vishnu Agrawal, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
11	Shri Alope Kumar Banerjee, Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
12	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
13	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	55466.20	NIL	NIL	55466.20
ii) Interest due but not paid	NIL	NA	NA	NIL
iii) Interest accrued but not due	9.61	NA	NA	9.61
Total (i+ii+iii)	55475.81	--	--	55475.81
Change in Indebtedness during the financial year				
o Addition	4609.29	NIL	NIL	4609.29
o Reduction	NIL	NIL	NIL	NIL
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	60075.49	NIL	NIL	60075.49
ii) Interest due but not paid	NIL	NA	NA	NIL
iii) Interest accrued but not due	10.29	NA	NA	10.29
Total (i+ii+iii)	60085.78	--	--	60085.78

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 Rajiv Banga (Resigned from 31.03.2015)	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	175.90 - -	175.90 - -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	- -	- -
5	Others, please specify	-	-
	Total (A)	175.90	175.90

B. Remuneration to other directors:

(Rs. In lakhs)

Sl. No	Particulars of Remuneration	Name of Directors	Total Amount
		Shri Santosh Nautiyal	
1.	Independent Director " Fees for attending board, committee meetings " Commission " Others, please specify	0.70 - -	0.70 - -
	Total (1)	0.70	0.70
2.	Other Non - Executive Directors • Fees for attending board, committee meetings • Commission • Others, please specify	- - -	- - -
	Total (2)	-	-
	Total (1)+(2)	0.70	0.70

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 (d) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (e) Value of perquisites u/s 17(2) Income-tax Act, 1961 (f) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	35.25 - -	7.70 - -	42.95 - -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	- -	- -	- -
5.	Others, please specify	-	-	-
	Total	35.25	7.70	42.95

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				

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 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, 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 25(d) that "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.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors report) order, 2015 ("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 a statement on the matters Specified in paragraph 3 of the Order to the extent applicable.

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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2)of the Act.
- (f) In our opinion and to the best of our information and according to the explanation given to us,we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i) The Company has no pending litigations which may have an impact on its financial position in its financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commencing on any material foreseeable losses thereon does not arise.
 - 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. The question of delay in transferring such sums does not arise.

Place: New Delhi
Date: 16-05-2015

For **Maharaj N R Suresh And Co**
Chartered Accountants
(FRN No. 01931 S)
CAN.R. Suresh
Partner
Membership No. 021661

ANNEXURE

The Annexure referred to in Paragraph "Report on Other Legal and Regulatory Requirements" of our report of even date:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) We are informed that the management of the company has physically verified during the year these fixed assets at reasonable interval and no material discrepancies were noticed on such verification.
- ii. The Company did not carry any inventory during the year.
- iii. According to the information and explanations given to us, the company has not granted any loans secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the said internal control systems. The Company does not have any purchase of inventory and accordingly reporting on the same under clause 4(iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Value Added Tax, and other statutory dues as applicable to it with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income tax and other statutory dues outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and on the basis of our examinations of the books of account, in our opinion, there are no statutory dues of Sales Tax, Income Tax, Wealth Tax, Service Tax and Value Added Tax which have not been deposited on account of any dispute.
(c) There is no amount required to be transferred to Investor Education and Protection Fund.
- viii. In our opinion, accumulated losses of the Company are not more than 50% of its net worth at the end of the year. Further the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix. The Company has not defaulted in any repayment of dues to Banks.
- x. The Company has not given any guarantee for loans taken by others from Banks.
- xi. In our opinion and according to the information and explanations given to us the term loans borrowed by the company have been applied for the purpose for which the loans were obtained.
- xii. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

Place: New Delhi
Date: 16-05-2015

For **Maharaj N R Suresh And Co**
Chartered Accountants
(FRN No. 01931 S)
CAN.R. Suresh
Partner
Membership No. 021661



Balance Sheet as at 31st March 2015

Particulars	Note No.	As at 31st March 2015		As at 31st March 2014	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	500,012,000		500,012,000	
(b) Reserves and surplus	3	278,631,995	778,643,995	297,184,898	797,196,898
2 Non-current liabilities					
(a) Long-Term Borrowings	4	5,447,849,407		5,546,620,058	
(b) Deferred tax liabilities (Net)		106,559,596		-	
(c) Long term liabilities	5	6,049,192,501		5,328,809,781	
(d) Long-term provisions	6	7,073,459	11,610,674,963	4,804,843	10,880,234,682
3 Current liabilities					
(a) Other current liabilities	7	1,787,953,279		999,605,863	
(b) Short-term provisions	8	130,950,514	1,918,903,793	228,698,677	1,228,304,540
TOTAL			14,308,222,751		12,905,736,120
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	9				
(i) Tangible assets		7,671,032,516		3,505,429,639	
(ii) Intangible assets		158,448,585		39,647	
(iii) Capital work-in-progress		4,927,103,625		7,507,940,296	
(b) Non-current investments	10	850,000		350,000	
(c) Long-term loans and advances	11	210,157,349		361,865,803	
(d) Other non-current assets	12	25,000	12,967,617,075	25,000	11,375,650,385
2 Current assets					
(a) Trade receivables	13	241,089,915		28,112,544	
(b) Cash and cash equivalents	14	804,456,343		1,286,781,918	
(c) Short-term loans and advances	15	262,139,985		166,628,223	
(d) Other current assets	16	32,919,433	1,340,605,676	48,563,050	1,530,085,735
TOTAL			14,308,222,751		12,905,736,120
Contingent liabilities and Commitments	17				
Significant Accounting policies	1				
See accompanying notes to the financial statements (Note no 21 to 31)					

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

Statement of Profit and Loss for the year ended 31st March 2015

Particulars	Note No	2014-15 ₹	2013-14 ₹
Revenue:			
Revenue from Operations	18	644,451,327	140,597,125
Other Income	19	96,638,895	108,761,418
Total Revenue		741,090,222	249,358,543
Expenses:			
Employee benefit expense:	20 (a)	59,987,470	41,480,148
Finance Costs	20(b)	276,677,997	5,701,501
Depreciation and amortization expense		133,928,695	1,328,111
Other expenses	20(c)	166,433,067	23,077,244
Total Expenses		637,027,229	71,587,004
Profit before Exceptional and Extraordinary items and tax		104,062,993	177,771,539
Exceptional items		(543,722)	-
Profit before tax		103,519,271	177,771,539
Tax expense:			
Current tax		15,485,100	14,780,932
Deferred tax		106,559,596	-
Profit/ (Loss) for the year		(18,525,425)	162,990,607
Earning per equity share:	27		
Basic and diluted		(0.37)	3.26
Face value per share		10.00	10.00

Significant Accounting policies 1
See accompanying notes to the financial statements (Note no 21 to 31)

As per our report attached
For **Maharaj N R Suresh and Co**
Chartered Accountants
(Firm's Registration No. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

**Cash Flow Statement for the year ended 31st March 2015**

Particulars	2014-15 ₹	2013-14 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Tax & exceptional items	104,062,993	177,771,539
Adjustment for :		
Depreciation/Amortisation	133,928,695	1,328,111
Dividend Income	(26,123,760)	(106,549,492)
Interest Income	(46,053,597)	(1,524,568)
Cash Generated from operations	165,814,331	71,025,590
Direct Taxes Paid (net)	97,615,223	(683,384)
Net Cash from/(used in) Operating Activities (A)	263,429,554	70,342,206
B. CASH FLOW FROM INVESTING ACTIVITIES		
Project Development Expenditure including advance from customers	503,852,046	242,339,396
Purchase of Fixed assets	(1,459,646,331)	(1,546,462,597)
Sale/adjustment to fixed assets	86,849	74,007
Interest Received	46,682,813	965,191
Dividend Received	26,123,760	106,549,492
Purchase/Sale of Long Term Investment	(500,000)	-
Net Cash from/(used in) Investing Activities (B)	(883,400,863)	(1,196,534,511)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan Availed	460,929,349	1,213,622,552
Interest Paid on Long Term Loan	(323,283,615)	(562,429,677)
Net Cash from/(used in) Financing Activities (C)	137,645,734	651,192,875
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(482,325,575)	(474,999,429)
Cash and Cash Equivalents as at the beginning of the year	1,286,781,918	1,761,781,347
Cash and Cash Equivalents as at the end of the year	804,456,343	1,286,781,918

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. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

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 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.
- e. Other operational income will be recognised on accrual basis.
- f. Dividend income is recognized when the right to receive is established.
- g. Interest income on deposits is recognized at the agreed rates on time proportion basis.

C) 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.

D) 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
Electrical Installations & Equipment	15
Hydraulic works, pipelines & sluices	30

E) Intangible assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets

Notes accompanying financial statements

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.

F) 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.

G) 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.

H) 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.

I) 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.

J) 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

K) 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.

L) 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.

M) 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.

N) 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 2015		As at 31st March 2014	
	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 2015		As at 31st March 2014	
	% 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:

- (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 2015	As at 31st March 2014
	₹	₹
Surplus:		
Balance as at the beginning of the year	297,184,898	134,194,291
Add/(Less) : Profit/(Loss) for the year	(18,525,425)	162,990,607
Less : Income tax provisions for earlier year	(27,478)	-
Balance as at the end of the year	278,631,995	297,184,898

4. Long Term Borrowings

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Secured by mortgage of immovable assets, hypothecation of movable assets & receivables.		
Term loan from banks (Refer note below)	5,447,849,407	5,546,620,058
Total	5,447,849,407	5,546,620,058

- 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 up to the date of commercial operations at base rate of the individual senior lender plus the agreed spread (i.e. at 11.25%). After the COD the spread shall be reduced by 100 bps.
- There has been no default in payment of interest during the period
- Out of the total sanction of ₹6,996.3 millions, the Company has availed loan amounting ₹ 6007.55 millions as at 31st March, 2015
- 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. Long Term Liabilities

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Advance from Customers :		
Related parties (Refer note (a) below)	1,261,065,951	580,000,000
Others	86,842,585	1,000,000
Lease Premium received in advance (Refer note (b) below)	4,699,582,238	4,670,205,497
Security deposits	1,361,970	1,361,970
Retention Money payable	339,757	76,242,314
Total	6,049,192,501	5,328,809,781



Notes accompanying financial statements

a) Includes

Name of Party	Nature of transactions	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards corridor cost	80,000,000	80,000,000
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards corridor cost	800,000,000	500,000,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges	5,265,951	-
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		1,261,065,951	580,000,000

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

6. Long Term Provisions

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Provision for employees benefits		
Compensated Absences	3,650,236	2,629,863
Gratuity	3,423,223	2,174,980
(Refer Note No 21 infra)		
Total	7,073,459	4,804,843

7. Other Current Liabilities

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Current Maturities of Long Term Debt	559,700,000	-
Amount due to :		
Micro, small and medium Enterprises (Refer Note (a) below)	-	-
Other suppliers and contractors	176,507,036	78,625,214
Related parties : (Refer Note (b) below)	407,810,859	389,850,359
Advance Received from customers (Refer Note (c) below)	-	13,407,800
Interest accrued but not due on borrowings	1,029,340	960,833
Retention Money	477,596,536	434,960,672
Other liabilities :		
Statutory payments	21,082,280	22,596,975
Security deposits (Refer Note (d))		
Customers	47,714,856	10,000,000
Vendors	711,335	844,299
Earnest Money Deposit	6,589,500	3,734,000
Others (Refer Note (e))	89,211,537	44,625,711
Total	1,787,953,279	999,605,863

- 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 relating to dues to micro, small and medium enterprises

Particulars	2014-15 ₹	2013-14 ₹
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

- (b) Amount due to related parties - include ₹ 403,104,767/- (Previous year ₹ 389,653,594/-) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation.
- (c) Includes Advance lease rental received towards land from JBF Petrochemicals Limited ₹ Nil (Previous year ₹ 13,407,800/-)
- (d) Security deposit from Customers includes ₹ 27,114,856/-Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply
- (e) Includes ₹ 632,602/- towards interest payable on Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply

8. Short Term Provisions

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Provision for employees benefits :		
Compensated Absences	2,336,903	3,798,105
Gratuity	92,869	66,600
Other Provisions ; Rehabilitation & Resettlement cost (Refer Note no 9(d)(iii) infra)	128,520,742	224,833,972
Total	130,950,514	228,698,677

9. FIXED ASSETS

9(a) - Tangible and intangible assets

	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April 2014	Additions	Deductions	As at 31st March 2015	Upto 31st March 2014	For the year	Deductions	Upto 31st March 2015	As at 31st March 2015	As at 31st March 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Land - Leasehold (Refer note (a) below)	3,490,447,839	823,499,015	-	4,313,946,854	-	-	-	-	4,313,946,854	3,490,447,839
Land - Leasehold (Refer note (b) below)	4,343,872	-	-	4,343,872	506,785	213,342	-	720,127	3,623,745	3,837,087
Plant and equipment										
- Computer	4,413,456	246,701	-	4,660,157	2,769,148	1,470,822	-	4,239,970	420,187	1,644,308
- Office equipments	5,332,238	1,147,894	157,298	6,322,834	2,608,045	962,071	70,449	3,499,667	2,823,167	2,724,193
- Weigh Bridge	562,923	-	-	562,923	6,685	37,101	-	43,786	519,137	556,238
Furniture and fixtures	8,829,899	477,912	-	9,307,811	2,609,925	1,298,683	-	3,908,608	5,399,203	6,219,974
Roads										
		494,778,734	-	494,778,734	-	24,376,022	-	24,376,022	470,402,712	-
Factory Building		697,335,522	-	697,335,522	-	18,959,494	-	18,959,494	678,376,028	-
Electrical Installations & Equipment		380,854,425	-	380,854,425	-	20,658,456	-	20,658,456	360,195,969	-
Hydraulic works, pipelines & sluices		1,895,180,274	-	1,895,180,274	-	59,854,760	-	59,854,760	1,835,325,514	-
Total	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
Previous Year	3,508,043,186	6,643,453	756,412	3,513,930,227	6,835,704	2,004,603	339,719	8,500,588	3,505,429,639	3,501,207,482
Intangible Assets										
Specialised Software	1,134,225	-	-	1,134,225	1,094,578	39,642	-	1,134,220	5	39,647
Barrage usage rights		165,050,604	-	165,050,604	-	6,602,024	-	6,602,024	158,448,580	-
Total	1,134,225	165,050,604	-	166,184,829	1,094,578	6,641,666	-	7,736,244	158,448,585	39,647
Previous Year	1,134,225	-	-	1,134,225	945,215	149,363	-	1,094,578	39,647	189,010

(a) Land-Leasehold represents ₹ 3,248,964,298/- paid to Karnataka Industrial Area Development Board (KIADB) for land taken on lease cum sale basis for the purpose of Company's operations and ₹ 1,064,982,556/- incurred for Rehabilitation and Resettlement (R&R) of Project Displaced Families (PDFs) and other direct expenses incurred towards development of land.

(b) Land-Leasehold: The Company is in possession of 2.47 acres of land in exchange for an equivalent quantum of forest land from the Government of Karnataka, Forest Department, vide agreement dated 7th December 2011 on lease for period of 20 years. A sum of ₹ 1,148,000/- has been paid towards compensatory afforestation to the MoEF as per their demand and included in development of land. The MoEF has revised the fair value of the afforestation already fixed by it which is being contested by the State Government before the Supreme Court for its decision. As the amount in respect of differential value, if any, which the Company has agreed to pay to KIADB is not determinable, no provision could be made by the Company.



9(b) Capital Work in Progress

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Development of land	1,273,161,227	1,545,418,055
Building	1,705,479,552	1,170,467,405
Infrastructure development	1,831,903,841	3,318,617,208
Project Development Expenditure	377,132,826	1,734,011,449
	5,187,677,446	7,768,514,117
Less: Transferred to MRPL including project development expenditure (Refer note 9(c) below)	260,573,821	260,573,821
Total	4,927,103,625	7,507,940,296

9(c) Fixed Assets:

The Company had taken possession of 2348.505 acres of land from KIADB including 251.23 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. The cost of the said land ₹ 510,190,396/-, cost of development of land ₹ 208,714,783/- and project development expenditure of ₹ 51,859,038/- were debited to MRPL on provisional basis during the earlier year. In addition company has paid ₹ 5,097,326/- to KIADB for transfer of 2.90 acres of land directly by KIADB to MRPL. Further adjustments, if any, in this regard will be accounted for as and when the final costs are determined. The said amount is subject to confirmation by MRPL

9(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 31.03.2015	Agreement date	Lease Commence -ment date	Area Registered as on 31.03.2015 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2015 (Acres)	Total Area as on 31.03.2014 (Acres)	Area Registered as on 31.03.2014 (Acres)	Balance Not registered as on 31.03.2014 (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		-			
274.36			-	251.23	23.13	345.1	-	93.87
2348.50			1632.2042	251.23	465.07	2332.72	1545.68	535.81

* For 1533.22 acres

For 9.99 acres

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- (ii) Land (Lease cum sale) includes 352.36 acres acquired at a total consideration of ₹ 363,766,434/- for the purpose of R&R colony for settling the Project Displaced Families (PDF) and land for bypass road for the purpose of the project. Additional cost, if any, required to be incurred by the Company for the purpose of transferring lease hold land to PDFs as per R&R scheme shall be accounted as and when incurred. The above land will be transferred to PDFs / appropriate authorities upon completion of the said activities.
- (iii) 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 31.03.2015	As at 31.03.2014
Rehabilitation Compensation including training	47,057,000	51,559,897
Horticulture	9,252,379	10,436,168
Rehabilitation Colony Development Cost	72,211,363	162,837,907
Total	128,520,742	224,833,972

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.

The Company has accordingly provided ₹ 33,457,000 /- towards stipend and sustenance allowance.

9(e) Capital Work in Progress :

Capital work in progress includes ₹ 765.94 millions as on 31-03-2015 (includes PDE allocation as at 31.03.2015) (previous year ₹636.14 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.

9(f) Capitalisation of assets :

The water infrastructure system viz., river water plant, tertiary treatment plant has been capitalised w.e.f. 01.04.2014.

9(g) Interest capitalised during the year ₹ 363.18 millions (Previous year ₹ 564.41 millions)

10. Non Current investments

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Long Term Investment-Un quoted Fully paid equity shares in Subsidiary Company Partly owned subsidiary (70%)	350,000	350,000
Mangalore STPLimited 35,000 shares @ ₹ 10 /share, Wholly owned subsidiary (100%) MSEZ Power Ltd 50,000 shares @ ₹ 10/- each	500,000	-
Total	850,000	350,000



Notes accompanying financial statements

11. Long Term Loans and Advances

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good :		
Capital Advances:		
Related Party (Refer note (a) below)	49,952,902	51,504,670
Others	81,358,948	290,301,989
Security Deposit with :		
Government Departments	68,463,150	10,227,000
Others	10,382,349	9,832,144
Total	210,157,349	361,865,803

(a) Capital advances to related party represents an advance of ₹ 49,952,902/- (Previous year ₹ 51,504,670/-) paid to Karnataka Industrial Area Development Board (KIADB) towards acquisition of land.

12. Other Non Current Assets

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Other Bank Balances		
Fixed Deposit with maturity greater than twelve months	25,000	25,000
Total	25,000	25,000

13. Trade Receivable

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good:		
Outstanding for a period exceeding six months	34,326,526	9,504,143
Others	206,763,389	18,608,401
Total	241,089,915	28,112,544

14. Cash and cash equivalents

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Cash and cash equivalents		
In current account	24,412,472	61,139,667
In deposit account	700,000,000	500,000,000
Cash on hand	17,740	17,164
Investments in Mutual Funds (Refer (a) below)	80,026,131	725,625,087
78,499.65 units of ₹ 1019.4457 each (Previous year 71,1786.95 units of ₹ 1019.44575/- each)		
Total	804,456,343	1,286,781,918

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

15. Short Term Loans & Advances

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good		
Due from related parties (Refer details below)		
Advance Receivable	83,684,974	100,784,390
Other Receivable ;		
Security Deposit	1,173,296	1,173,296
Others	23,452,977	13,196,454
Other short term advances ;		
Income Tax (net of provisions)	24,205,948	12,806,575
Service Tax	3,717,763	1,399,809
VAT	49,636,634	9,785,880
Prepaid expenses	6,927,112	3,088,311
Others	69,341,281	24,393,508
Total	262,139,985	166,628,223

Name of Party	Nature of transaction	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Related party advance includes			
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance receivable towards land paid on behalf of MRPL	37,429,613	37,429,613
Mangalore Refinery and Petrochemicals Limited (MRPL)	Expense paid on behalf of the MRPL	46,255,361	62,244,826
Mangalore STP Limited	Expense paid on behalf of the Mangalore STP Ltd.	-	1,109,951
Advance receivable		83,684,974	100,784,390

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 others include			
ONGC Mangalore Petrochemicals Limited (OMPL)	Towards Expenses incurred on behalf of OMPL	1,145,347	12,436,004
OMPL	Towards stipend and sustenance	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	
Others receivable		23,452,977	13,196,454



Notes accompanying financial statements

16. Other Current Assets

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good:		
Interest accrued but not due on deposits	7,240,593	629,216
Others	25,678,840	47,933,834
Total	32,919,433	48,563,050

17. Contingent liabilities and commitments

(a) Contingent liabilities as at 31st March 2015

Input credit receivable under dispute ₹ 2,104,428/- (Previous year ₹ Nil)

(b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 2,053,145,221/- (Previous year ₹ 2,762,030,210/-) which includes R&R colony Infrastructure (LOI issued) - ₹ 19,530,175/-

18. Revenue from operations

Description	2014-15 ₹	2013-14 ₹
Lease Premium	104,701,259	101,775,921
Lease Rental	52,645,551	38,821,204
River water charges	246,845,976	-
TTP water charges	122,537,528	-
O&M Charges - River & TTP Water	117,721,013	-
Total	644,451,327	140,597,125

19. Other Income

Description	2014-15 ₹	2013-14 ₹
Interest Income on Short Term Deposits with Banks	46,053,597	1,524,568
Dividend from Current Investments	26,123,760	106,549,492
Non-Operational Lease Rental	393,447	687,358
Other Non Operational Income	22,015,959	-
Miscellaneous Income	2,052,132	-
Total	96,638,895	108,761,418

20(a) Employee benefit expense

Description	2014-15 ₹	2013-14 ₹
Salaries	58,004,634	40,194,138
Contribution to Provident and Other Funds	721,189	341,281
Staff Welfare	1,261,647	944,729
Total	59,987,470	41,480,148

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20 (b) Finance costs

Description	2014-15 ₹	2013-14 ₹
Interest on term loan	274,612,761	5,677,599
Other borrowing cost	2,065,236	23,902
Total	276,677,997	5,701,501

20(c) Other Expenses

Description	2014-15 ₹	2013-14 ₹
Rent	2,898,938	2,793,373
Repair and Maintenance	3,210,041	2,102,303
Advertising and publicity	4,982,094	6,172,665
Travelling expenses	14,215,350	1,073,506
Marketing Expenses	5,068,047	5,004,820
Rates and taxes	116,455	38,940
Professional & consultancy charges	28,362,191	959,692
Insurance	3,178,189	7,349
Operational & Maintenance Expenses	93,668,810	-
Auditors Remuneration:		
Audit Fees	225,000	225,000
Taxation matter	50,000	50,000
Other Services	100,000	280,000
Out of pocket expenses	354,411	196,713
Miscellaneous Expenditure	10,003,541	4,172,883
Total	166,433,067	23,077,244

21. 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:

- (i) Compensated absences - Earned leave eligibility is 30 days per annum and sick leave 10 days per annum. Encashment permitted up to a maximum of 300 days per employee.
- (ii) Gratuity: As per the Payment of Gratuity Act, 1972
- (iii) Liabilities for compensated absentees and gratuity is unfunded
- (iv) 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 2015 ₹	As at 31st March 2014 ₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	3,516,092	2,241,580
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	92,869	66,600
	Non-current	3,423,223	2,174,980
	Total	3,516,092	2,241,580



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 2015 ₹	As at 31st March 2014 ₹
1	Opening defined benefit obligation	2,241,580	2,370,540
2	Service Cost	603,829	586,234
3	Interest Cost	208,691	195,570
4	Actuarial losses (gains)	548,286	15,406
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	86,294	926,170
8	Closing defined benefit obligation	3,516,092	2,241,580

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Current Service Cost	603,829	586,234
2	Interest on obligation	208,691	195,570
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	548,286	15,406
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'	1,360,806	797,210
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 2015	As at 31st March 2014
1	Discount Rate	7.98%	9.31%
2.	Retirement Age	60	60
3	Attrition Rate	2%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	5%	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 2015 ₹	As at 31st March 2014 ₹
1	Present value of funded obligation	-	
2	Fair value of plan assets	-	
3	Present value of unfunded obligation	1,336,639	1,502,174
4	Unrecognised past service cost	-	
5	Net Liability		
	Current	556,604	994,178
	Non-current	780,035	507,996
	Total	1,336,639	1,502,174

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Opening defined benefit obligation	1,502,174	
2	Service Cost	66,406	
3	Interest Cost	139,852	
4	Actuarial losses (gains)	(371,793)	
5	Exchange differences on foreign plans	-	
6	Liability transfer in	-	
7	Benefits paid		
8	Closing defined benefit obligation	1,336,639	1,502,174

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Current Service Cost	66,406	
2	Interest on obligation	139,852	
3	Expected return on plan assets	-	
4	Net actuarial losses / (gains) recognised in the period	(371,793)	
5	Past Service Cost	-	
6	Losses / (Gains) on curtailments and settlements	-	
7	Total included in 'employee benefit expenses'.	(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 2015	As at 31st March 2014
1	Discount Rate	7.98%	9.31%
2	Retirement Age	60	60
3	Attrition Rate	2%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	5%	5%

Notes accompanying financial statements

22. Segment Reporting

Particulars	Land	Water	Corridor	Power	Unallocated (Refer Note)	Eliminations	Consolidated
REVENUE							
External Sales	179,756,216	487,104,517			74,229,489		741,090,222
Inter-Segment Sales							-
Total Revenue	179,756,216	487,104,517	-	-	74,229,489	-	741,090,222
RESULT							
Segment Result	153,680,139	370,246,871	-	-	2,052,132	-	525,979,142
Unallocated Corporate Expenses					(220,024,467)		(220,024,467)
Operating Profit	153,680,139	370,246,871	-	-	(217,972,335)	-	305,954,675
Interest Expense					(274,612,761)		(274,612,761)
Interest /Dividend Income					72,177,357		72,177,357
Income taxes					(122,044,696)		(122,044,696)
Profit from ordinary activities	153,680,139	370,246,871	-	-	(542,452,435)	-	(18,525,425)
Extraordinary Loss							-
Net Profit	153,680,139	370,246,871	-	-	(542,452,435)	-	(18,525,425)
Other Information							
Segment Assets	6,449,835,164	4,224,052,299	1,674,303,720	582,407,062		-	12,930,598,245
Unallocated Corporate Assets					1,377,624,506		1,377,624,506
Total Assets	6,449,835,164	4,224,052,299	1,674,303,720	582,407,062	1,377,624,506	-	14,308,222,751
Segment Liabilities	5,509,521,781	683,294,342	1,029,044,356	131,405,460			7,353,265,939
Unallocated Corporate Liabilities					6,069,753,221		6,069,753,221
Total Liabilities	5,509,521,781	683,294,342	1,029,044,356	131,405,460	6,069,753,221	-	13,423,019,160
Capital expenditure	1,141,832,126	1,214,073,476	1,576,234,832	520,086,708	474,876,483		4,927,103,625
Depreciation	27,007,014	103,657,084			3,808,319		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. Corridor and Power projects are in work in progress.

23. 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 ₹106,559,596/--is recognized on account of timing differences between depreciation for tax purpose and accounting purposes.

24. 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 year ₹ 3,841,208/- (Previous year ₹ 4,530,366/-)

25. 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. Rajiv Banga (Resigned wef 31.03.2015)	Managing Director & Chief Executive Officer (MD & CEO)
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Ashish Kulkarni	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 2015 (₹)	Amount receivable as at 31st March 2015 (₹)
1	IL&FS	Charges for deputation of MD & CEO	17,590,356 (11,000,000)	4,543,211 (Nil)	
		Reimbursement of out of Pocket Expenses	58,336 Nil	(Nil) (Nil)	
2	KIADB	Cost of Acquisition of Land	Nil (120,000,000)	403,104,767 (389,653,594)	
		Annual Lease rent	242,576 (2185,41)	173,417 (173,417)	
		Advance towards Land at Sarapady	Nil (Nil)		Nil (3,981,670)
		Security deposit	Nil (1,000,000)		1,160,000 (1,160,000)
		Right of way charges	Nil (301,800)	Nil (Nil)	
		Advance towards Corridor land	25,921,350 (Nil)		21,863,100 (34,576,500)
		Expenses incurred on behalf of KIADB	Nil (130,773)		130,773 (130,773)
		Advance towards land	15,143,302 (12,946,500)		28,089,802 (12,946,500)
3	OMPL	Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	407,400,000 (150,000,000)	907,400,000 (500,000,000)	
		Expenses incurred on behalf of OMPL (Power & Others)	9,889,602 (100,925,413)		1,145,347 (12,436,004)
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	40,098,774 (Nil)		15,999,915 (Nil)
		Supply & Operation & Maintenance of Water	124,829,682 (Nil)		27,678,176 (Nil)
		Security deposit	27,114,856 (Nil)	27,114,856 (Nil)	
		Interest on security deposit (Power)	702,891 (Nil)	632,602 (Nil)	
		Lease premium income	53,433,192 (53,433,192)		

4	MRPL	Advance / Adjustment towards land	Nil (Nil)		37,429,613 (37,429,613)
		Expenses incurred on behalf of the MRPL	1,546,250 (18,710,582)		46,255,361 (62,244,826)
		Supply & Operation & Maintenance of Water	429,282,524 (Nil)		93,246,930 (Nil)
		Advance received towards Infrastructure development	268,400,000 (Nil)	348,400,000 (80,000,000)	
		Advance towards O & M water	5,265,951 (Nil)	5,265,951 (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)
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	5,547,265 (Nil)		5,547,265 (Nil)
5	IIDC Ltd	Transaction Advisor Fee	9,108,000/- (7,560,000)	Nil (Nil)	
6	IL&FS Financial Services Ltd.	Reimbursement of out of Pocket Expenses	Nil (154,121)	Nil (154,121)	
7	Petronet MHB Ltd (PMHBL)	Purchase of pipes	9,293,347 (Nil)		
8	Mangalore STP Ltd	Expenses incurred on behalf of the Company	19,220,800 (1,349,587)	100,158 (Nil)	Nil (1,109,951)
9	MSEZ Power Ltd	Investment in Share Capital	500,000 (Nil)		
10	MSEZ Power Ltd	Expenses incurred on behalf of the Company	20,080/- (Nil)	20,080/- (Nil)	
11	Key Managerial Personnel	Chief Financial Officer	3,525,758 (Nil)		
12	Key Managerial Personnel	Company Secretary	770,000 (Nil)		

Figures in brackets represent previous year.

All the amounts are exclusive of refundable service tax.



Notes accompanying financial statements

- (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.

26. Expenditure in foreign currency

Particulars	2014-15 ₹	2013-14 ₹
Advertisement and Publicity	7,98,330	15,75,160

27. Earnings per share (EPS)

Particulars	2014-15	2013-14
Profit after tax (₹)	(18,525,425)	162,990,607
Number of equity shares	50,001,200	50,001,200
Basic & diluted earnings per share (₹)	(0.37)	3.26

28. Lease rental income includes ₹ 1,27,07,347 relating to financial years 2011-12 and 2012-13 which got crystalized during this financial year pursuant to the negotiations with the customers.
29. The Company has changed method of providing depreciation from 1st April 2014 as required by the Companies Act, 2013. Accordingly depreciation is provided in accordance with Schedule-II thereof, for the current year as against the rates specified in Schedule-XIV to the Companies Act, 1956 adopted in the previous year. As a result depreciation for the current year is lower by ₹ 9.14 millions.

However in respect of assets whose remaining useful life is nil, their carrying amounts as on 1st April 2014, after retaining the residual value have charged to the statement of profit and loss account and disclosed as an exception item.

30. The Company is covered under Section 135 of the Companies Act on Corporate Social Responsibility (CSR) for the Financial Year 2014-15 and the company has incurred CSR expenditure during the year on following:

SL.No	CSR Activity	Amount ₹
1	Construction of Community Hall in Sasihithlu	2,500,000
2	Construction of Padasale (Public Service Centers) at Moodabidri and surrounding areas.	400,000
	Total	2,900,000

31. 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. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary
Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015



Consolidated Financial Statements

2015

- 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

1. We have audited the accompanying consolidated financial statements of MANGALORE SEZ LIMITED (hereinafter referred to as "Holding Company") and its subsidiaries (Collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. 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

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
5. 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

6. 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, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

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

Note 25(d) that "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.

Our opinion is not modified in respect of this matter.

Other Matters

8. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of Rs 43.77 lakhs as at 31st March 2015, total revenues of Rs. 6.50 lakhs and net cash flows amounting to Rs. 35.94 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

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors;
 - 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.
 - 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.
 - On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - In our opinion and to the best of our information and according to the explanation given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - There were no pending litigations which would impact the consolidated financial position of the Group.;
 - The Group did not have any long-term contracts including derivative contracts; as such the question of commencing on any material foreseeable losses thereon does not arise.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

Place: New Delhi
Date: 16-05-2015

For **Maharaj N R Suresh And Co**
Chartered Accountants
(FRN No. 01931 S)
CAN. R. Suresh
Partner
Membership No. 021661

ANNEXURE

The annexure referred to in Paragraph "Report on Other Legal and Regulatory Requirements" of our report of even date:

- i. (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the management of the Group has physically verified during the year these fixed assets at reasonable interval and no material discrepancies were noticed on such verification.
- ii. The Group did not carry any inventory during the year.
- iii. According to the information and explanations given to us, the Group has not granted any loans secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and the nature of its business, for the purchase of fixed assets and for sale of services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the said internal control systems. The Group does not have any purchase of inventory and accordingly reporting on the same under clause 4(iv) of the Order is not applicable to the Company.
- v. The Group has not accepted any deposits from the public.
- vi. We have broadly reviewed the books of account maintained by the Group pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Group is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Sales Tax, Income Tax, Wealth Tax, Service Tax, Value Added Tax, and other statutory dues as applicable to it with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income tax and other statutory dues outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examinations of the books of account, in our opinion, there are no statutory dues of Sales Tax, Income Tax, Wealth Tax, Service Tax and Value Added Tax which have not been deposited on account of any dispute.
- (c) There is no amount required to be transferred to Investor Education and Protection Fund.
- viii. In our opinion, accumulated losses of the Group are not more than 50% of its net worth at the end of the year. Further the Group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix. The Group has not defaulted in any repayment of dues to Banks.
- x. The Group has not given any guarantee for loans taken by others from Banks.
- xi. In our opinion and according to the information and explanations given to us the term loans borrowed by the Group have been applied for the purpose for which the loans were obtained.
- xii. According to the information and explanations given to us no fraud on or by the Group has been noticed or reported during year.

For Maharaj N R Suresh And Co
Chartered Accountants
(FRN No. 01931 S)

CAN.R. Suresh
Partner
Membership No. 021661

Place: New Delhi
Date: 16-05-2015



Consolidated Balance Sheet as at 31st March 2015

Particulars	Note No.	As at 31st March 2015		As at 31st March 2014	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	500,012,000		500,012,000	
(b) Reserves and surplus	3	278,631,995	778,643,995	296,684,513	796,696,513
Minority Interest			150,000		
2 Non-current liabilities					
(a) Long-Term Borrowings	4	5,447,849,407		5,546,620,058	
(b) Deferred tax liabilities (Net)		106,559,596		-	
(c) Long term liabilities	5	6,049,192,501		5,328,809,781	
(d) Long-term provisions	6	7,073,459	11,610,674,963	4,804,843	10,880,234,682
3 Current liabilities					
(a) Other current liabilities	7	1,791,057,758		1,001,235,969	
(b) Short-term provisions	8	131,103,619	1,922,161,377	228,698,677	1,229,934,646
TOTAL			14,311,630,335		12,906,865,841
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	9				
(i) Tangible assets		7,671,032,516		3,505,429,639	
(ii) Intangible assets		158,448,585		39,647	
(iii) Capital work-in-progress		4,927,103,625		7,507,940,296	
(b) Long-term loans and advances	10	210,157,349		361,865,803	
(c) Other non-current assets	11	25,000	12,966,767,075	25,000	11,375,300,385
2 Current assets					
(a) Trade receivables	12	241,089,915		28,112,544	
(b) Cash and cash equivalents	13	808,051,340		1,289,347,398	
(c) Short-term loans and advances	14	262,139,985		165,542,464	
(d) Other current assets	15	33,582,020	1,344,863,260	48,563,050	1,531,565,456
TOTAL			14,311,630,335		12,906,865,841
Contingent liabilities and Commitments	16				
Significant Accounting policies	1				
See accompanying notes to the financial statements (Note no 20 to 32)					

As per our report attached
For Maharaj N R Suresh and Co
Chartered Accountants
(Firm's Registration No. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

Consolidated Statement of Profit and Loss for the year ended 31st March 2015

Particulars	Note No	2014-15 ₹	2013-14 ₹
Revenue:			
Revenue from Operations	17	644,451,327	140,597,125
Other Income	18	97,289,280	108,761,418
Total Revenue		741,740,607	249,358,543
Expenses:			
Employee benefit expense:	19(a)	59,987,470	41,480,148
Finance Costs	19(b)	276,677,997	5,701,501
Depreciation and amortization expense		133,928,695	1,328,111
Other expenses	19(c)	166,433,067	23,077,244
Total Expenses		637,027,229	71,587,004
Profit before Exceptional and Extraordinary items and tax		104,713,378	177,771,539
Exceptional items		(543,722)	
Profit before tax		104,169,656	177,771,539
Tax expense:			
Current tax		15,485,100	14,780,932
Deferred tax		106,559,596	
Profit/ (Loss) for the year		(17,875,040)	162,990,607
Share of (Profit)-Minority Interest		195,116	
Profit/ (Loss) for the year		(18,070,156)	162,990,607
Earning per equity share:	26		
Basic and diluted		(0.36)	3.26
Face value per share		10.00	10.00

Significant Accounting policies 1
See accompanying notes to the financial statements (Note no 20 to 32)

As per our report attached
For Maharaj N R Suresh and Co
Chartered Accountants
(Firm's Registration No. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

**Consolidated Cash Flow Statement for the year ended 31st March 2015**

Particulars	2014-15 ₹	2013-14 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before Tax & exceptional items	104,713,378	177,771,539
Adjustment for :		
Depreciation/Amortisation	133,928,695	1,328,111
Dividend Income	(26,123,760)	(106,549,492)
Interest Income	(46,053,597)	(1,524,568)
Cash Generated from operations	166,464,716	71,025,590
Direct Taxes Paid (net)	97,615,223	(683,384)
Net Cash from/(used in) Operating Activities (A)	264,079,939	70,342,206
B. CASH FLOW FROM INVESTING ACTIVITIES		
Project Development Expenditure including advance from customers	503,731,178	243,914,005
Purchase of Fixed assets	(1,459,646,331)	(1,546,462,597)
Sale/adjustment to fixed assets	86,849	74,007
Interest Received	46,682,813	965,191
Dividend Received	26,123,760	106,549,492
Purchase/Sale of Long Term Investment	-	-
Net Cash from/(used in) Investing Activities (B)	(883,021,731)	(1,194,959,902)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan Availed	460,929,349	1,213,622,552
Interest Paid on Long Term Loan	(323,283,615)	(562,429,677)
Net Cash from/(used in) Financing Activities (C)	137,645,734	651,192,875
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(481,296,058)	(473,424,820)
Cash and Cash Equivalents as at the beginning of the year	1,289,347,398	1,762,772,218
Cash and Cash Equivalents as at the end of the year	808,051,340	1,289,347,398

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. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015

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 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.
- e. Other operational income will be recognised on accrual basis.
- f. Dividend income is recognized when the right to receive is established.
- g. Interest income on deposits is recognized at the agreed rates on time proportion basis.

C) 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.

D) 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 Roads) except for the following, whose useful life have been taken on the basis of the technical certification obtained.

Asset	Useful life
Electrical Installations & Equipment	15
Hydraulic works, pipelines & sluices	30

E) 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.

F) 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.

G) 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.

H) 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.

I) 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.

J) 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 segment 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

K) 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.

L) 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.

M) 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.

N) 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.

Notes accompanying consolidated financial statements

Contingent liability is disclosed in the case of

- 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
- a present obligation when no reliable estimate is possible; and
- 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.

O) Principles of consolidation

- 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.
- 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.
- 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.
- 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 2015		As at 31st March 2014	
	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 2015		As at 31st March 2014	
	% 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 2015	As at 31st March 2014
	₹	₹
Surplus:		
Balance as at the beginning of the year	296,684,513	133,693,906
Add/(less) : Profit/(Loss) for the year	(18,070,156)	162,990,607
Less : Income tax provisions for earlier year	(27,478)	
Add: Share of loss absorbed in the earlier years	45,116	
Balance as at the end of the year	278,631,995	296,684,513

4. Long Term Borrowings

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Secured by mortgage of immovable assets, hypothecation of movable assets & receivables.		
Term loan from banks (Refer note below)	5,447,849,407	5,546,620,058
Total	5,447,849,407	5,546,620,058



Notes accompanying consolidated 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 up to the date of commercial operations at base rate of the individual senior lender plus the agreed spread (i.e. at 11.25%). After the COD the spread shall be reduced by 100 bps.
- There has been no default in payment of interest during the period
- Out of the total sanction of ₹6,996.3 millions , the Company has availed loan amounting ₹ 6007.55 millions as at 31st March, 2015
- 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. Long Term Liabilities

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Advance from Customers :		
Related parties (Refer note (a) below)	1,261,065,951	580,000,000
Others	86,842,585	1,000,000
Lease Premium received in advance (Refer note (b) below)	4,699,582,238	4,670,205,497
Security deposits	1,361,970	1,361,970
Retention Money payable	339,757	76,242,314
Total	6,049,192,501	5,328,809,781

a) Includes

Name of Party	Nature of transactions	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards corridor cost	80,000,000	80,000,000
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards corridor cost	800,000,000	500,000,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance Operation & Maintenance charges	5,265,951	-
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards Marine outfall infrastructure facility	107,400,000	-
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards Marine outfall infrastructure facility	268,400,000	-
Total		1,261,065,951	580,000,000

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

6. Long Term Provisions

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Provision for employees benefits		
Compensated Absences	3,650,236	2,629,863
Gratuity	3,423,223	2,174,980
(Refer Note No 21 infra)		
Total	7,073,459	4,804,843



7. Other Current Liabilities

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Current Maturities of Long Term Debt	559,700,000	
Amount due to :		
Micro, small and medium Enterprises (Refer Note (a) below)	-	-
Other suppliers and contractors	176,507,036	78,625,214
Related parties : (Refer Note (b) below)	407,710,621	389,850,359
Advance Received from customers (Refer Note (c) below)	-	13,407,800
Interest accrued but not due on borrowings	1,029,340	960,833
Retention Money	477,596,536	434,960,672
Other liabilities :		
Statutory payments	21,082,280	22,596,975
Security deposits (Refer Note (d))		
Customers	47,714,856	10,000,000
Vendors	711,335	844,299
Earnest Money Deposit	6,589,500	3,734,000
Others (Refer Note (e))	92,416,254	46,255,817
Total	1,791,057,758	1,001,235,969

- 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 relating to dues to micro, small and medium enterprises

Particulars	2014-15 ₹	2013-14 ₹
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

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- (b) Amount due to related parties - include ₹ 403,104,767/- (Previous year ₹ 389,653,594/-) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation.
- (c) Includes Advance lease rental received towards land from JBF Petrochemicals Limited ₹ Nil (Previous year ₹ 13,407,800/-)
- (d) Security deposit from Customers includes ₹ 27,114,856/- Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply
- (e) Includes ₹ 632,602/- towards interest payable on Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply

8. Short Term Provisions

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Provision for employees benefits :		
Compensated Absences	2,336,903	3,798,105
Gratuity	92,869	66,600
Income Tax	153,105	
Other Provisions	128,520,742	224,833,972
Rehabilitation & Resettlement cost (Refer Note no 9(d)(iii) infra)		
Total	131,103,619	228,698,677

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

	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April 2014	Additions	Deductions	As at 31st March 2015	Upto 31st March 2014	For the year	Deductions	Upto 31st March 2015	As at 31st March 2015	As at 31st March 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Land - Leasehold (Refer note (a) below)	3,490,447,839	823,499,015	-	4,313,946,854	-	-	-	-	4,313,946,854	3,490,447,839
Land - Leasehold (Refer note (b) below)	4,343,872	-	-	4,343,872	506,785	213,342	-	720,127	3,623,745	3,837,087
Plant and equipment										
- Computer	4,413,456	246,701	-	4,660,157	2,769,148	1,470,822	-	4,239,970	420,187	1,644,308
- Office equipments	5,332,238	1,147,894	157,298	6,322,834	2,608,045	962,071	70,449	3,499,667	2,823,167	2,724,193
- Weigh Bridge	562,923	-	-	562,923	6,685	37,101	-	43,786	519,137	556,238
Furniture and fixtures	8,829,899	477,912	-	9,307,811	2,609,925	1,298,683	-	3,908,608	5,399,203	6,219,974
Roads										
		494,778,734	-	494,778,734	-	24,376,022	-	24,376,022	470,402,712	-
Factory Building										
		697,335,522	-	697,335,522	-	18,959,494	-	18,959,494	678,376,028	-
Electrical Installations & Equipment										
		380,854,425	-	380,854,425	-	20,658,456	-	20,658,456	360,195,969	-
Hydraulic works, pipelines & sluices										
		1,895,180,274	-	1,895,180,274	-	59,854,760	-	59,854,760	1,835,325,514	-
Total	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
Previous Year	3,508,043,186	6,643,453	756,412	3,513,930,227	6,835,704	2,004,603	339,719	8,500,588	3,505,429,639	3,501,207,482
Intangible Assets										
Specialised Software	1,134,225	-	-	1,134,225	1,094,578	39,642	-	1,134,220	5	39,647
Barrage usage rights										
		165,050,604	-	165,050,604	-	6,602,024	-	6,602,024	158,448,580	-
Total	1,134,225	165,050,604	-	166,184,829	1,094,578	6,641,666	-	7,736,244	158,448,585	39,647
Previous Year	1,134,225	-	-	1,134,225	945,215	149,363	-	1,094,578	39,647	189,010

(a) Land-Leasehold represents ₹ 3,248,964,298/- paid to Karnataka Industrial Area Development Board (KIADB) for land taken on lease cum sale basis for the purpose of Company's operations and ₹ 1,064,982,556/- incurred for Rehabilitation and Resettlement (R&R) of Project Displaced Families (PDFs) and other direct expenses incurred towards development of land.

(b) Land-Leasehold: The Company is in possession of 2.47 acres of land in exchange for an equivalent quantum of forest land from the Government of Karnataka, Forest Department, vide agreement dated 7th December 2011 on lease for period of 20 years. A sum of ₹ 1,148,000/- has been paid towards compensatory afforestation to the MoEF as per their demand and included in development of land. The MoEF has revised the fair value of the afforestation already fixed by it which is being contested by the State Government before the Supreme Court for its decision. As the amount in respect of differential value, if any, which the Company has agreed to pay to KIADB is not determinable, no provision could be made by the Company.

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9(b) Capital Work in Progress

Description	As at 31st March 2015	As at 31st March 2014
	₹	₹
Development of land	1,273,161,227	1,545,418,055
Building	1,705,479,552	1,170,467,405
Infrastructure development	1,831,903,841	3,318,617,208
Project Development Expenditure	377,132,826	1,734,011,449
	5,187,677,446	7,768,514,117
Less: Transferred to MRPL including project development expenditure	260,573,821	260,573,821
Total	4,927,103,625	7,507,940,296

9(c) Fixed Assets:

The Company had taken possession of 2348.505 acres of land from KIADB including 251.23 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. The cost of the said land ₹ 510,190,396/-, cost of development of land ₹ 208,714,783/- and project development expenditure of ₹ 51,859,038/- were debited to MRPL on provisional basis during the earlier year. In addition company has paid ₹ 5,097,326/- to KIADB for transfer of 2.90 acres of land directly by KIADB to MRPL. Further adjustments, if any, in this regard will be accounted for as and when the final costs are determined. The said amount is subject to confirmation by MRPL

9(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 31.03.2015	Agreement date	Lease Commence -ment date	Area Registered as on 31.03.2015 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2015 (Acres)	Total Area as on 31.03.2014 (Acres)	Area Registered as on 31.03.2014 (Acres)	Balance Not registered as on 31.03.2014 (Acres) (after surrender to KIADB)
1985.15	28.12.2010*	27.01.2010						
	29.06.2011#	27.12.2010	1543.21		441.94	1985.15	1543.21	441.94
2.47	07.12.2011	28.10.2011	2.47		-	2.47	2.47	
86.5242	03.11.2014	25.07.2012	86.5242		-			
274.36			-	251.23	23.13	345.1	-	93.87
2348.50			1632.2042	251.23	465.07	2332.72	1545.68	535.81

* For 1533.22 acres

For 9.99 acres



Notes accompanying consolidated financial statements

- (ii) Land (Lease cum sale) includes 352.36 acres acquired at a total consideration of ₹ 363,766,434/- for the purpose of R&R colony for settling the Project Displaced Families (PDF) and land for bypass road for the purpose of the project. Additional cost, if any, required to be incurred by the Company for the purpose of transferring lease hold land to PDFs as per R&R scheme shall be accounted as and when incurred. The above land will be transferred to PDFs / appropriate authorities upon completion of the said activities.
- (iii) 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 31.03.2015	As at 31.03.2014
Rehabilitation Compensation including training	47,057,000	51,559,897
Horticulture	9,252,379	10,436,168
Rehabilitation Colony Development Cost	72,211,363	162,837,907
Total	128,520,742	224,833,972

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.

The Company has accordingly provided ₹ 33,457,000/- towards stipend and sustenance allowance.

9(e) Capital Work in Progress :

Capital work in progress includes ₹ 765.94 millions as on 31-03-2015 (includes PDE allocation as at 31.03.2015) (previous year ₹636.14 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.

9(f) Capitalisation of assets :

The water infrastructure system viz., river water plant, tertiary treatment plant has been capitalised w.e.f. 01.04.2014.

9(g) Interest capitalised during the year ₹ 363.18 millions (previous year ₹ 564.41 millions)**10. Long Term Loans and Advances**

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good :		
Capital Advances:		
Related Party (Refer note (a) below)	49,952,902	51,504,670
Others	81,358,948	290,301,989
Security Deposit with :		
Government Departments	68,463,150	10,227,000
Others	10,382,349	9,832,144
Total	210,157,349	361,865,803

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- (a) Capital advances to related party represents an advance of ₹ 49,952,902/- (Previous year ₹ 51,504,670/-) paid to Karnataka Industrial Area Development Board (KIADB) towards acquisition of land.

11. Other Non Current Assets

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Other Bank Balances Fixed Deposit with maturity greater than twelve months	25,000	25,000
Total	25,000	25,000

12. Trade Receivable

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good: Outstanding for a period exceeding six months Others	34,326,526 206,763,389	9,504,143 18,608,401
Total	241,089,915	28,112,544

13. Cash and cash equivalents

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Cash and cash equivalents In current account In deposit account Cash on hand Investments in Mutual Funds (Refer (a) below) 78,499.65 units of ₹ 1019.4457 each (Previous year 71,1786.95 units of ₹ 1019.44575/- each)	28,007,469 700,000,000 17,740 80,026,131	63,705,147 500,000,000 17,164 725,625,087
Total	808,051,340	1,289,347,398

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

14. Short Term Loans & Advances

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good Due from related parties (Refer details below) Advance Receivable Other Receivable : Security Deposit Others Other short term advances : Income Tax (net of provisions) Service Tax VAT Prepaid expenses Others	83,684,974 1,173,296 23,452,977 24,205,948 3,717,763 49,636,634 6,927,112 69,341,281	99,674,439 1,173,296 13,196,454 12,806,575 1,399,809 9,785,880 3,088,311 24,417,700
Total	262,139,985	165,542,464



Notes accompanying consolidated financial statements

Name of Party	Nature of transaction	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Related party advance includes			
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance receivable towards land paid on behalf of MRPL	37,429,613	37,429,613
Mangalore Refinery and Petrochemicals Limited (MRPL)	Expense paid on behalf of the MRPL	46,255,361	62,244,826
Mangalore STP Limited	Expense paid on behalf of the Mangalore STP Ltd.	-	1,109,951
Advance receivable		83,684,974	100,784,390

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 others include			
ONGC Mangalore Petrochemicals Limited (OMPL)	Towards Expenses incurred on behalf of OMPL	1,145,347	12,436,004
OMPL	Towards stipend and sustenance	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	-
Others receivable		23,452,977	13,196,454

15. Other Current Assets

Description	As at 31st March 2015 ₹	As at 31st March 2014 ₹
Unsecured, considered good:		
Interest accrued but not due on deposits	7,240,593	629,216
Others	26,341,427	47,933,834
Total	33,582,020	48,563,050

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16. Contingent liabilities and commitments

(a) Contingent liabilities as at 31st March 2015

Input credit receivables under dispute ₹ 2,104,428/- (previous year ₹ Nil)

(b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 2,053,145,221/- (Previous year ₹ 2,762,030,210/-) which includes R&R colony Infrastructure (LOI issued) - ₹ 19,530,175/-

17. Revenue from operations

Description	2014-15 ₹	2013-14 ₹
Lease Premium	104,701,259	101,775,921
Lease Rental	52,645,551	38,821,204
River water Charges	246,845,976	-
TTP water Charges	122,537,528	-
O&M Charges - River & TTP Water	117,721,013	-
Total	644,451,327	140,597,125

18. Other Income

Description	2014-15 ₹	2013-14 ₹
Interest Income on Short Term Deposits with Banks	46,053,597	1,524,568
Dividend from Current Investments	26,123,760	106,549,492
Non-Operational Lease Rental	393,447	687,358
Miscellaneous Income	2,052,132	-
Other Non Operating Income	22,015,959	-
MSTP Share of revenue	650,385	-
Total	97,289,280	108,761,418

19 (a) Employee benefit expense

Description	2014-15 ₹	2013-14 ₹
Salaries	58,004,634	40,194,138
Contribution to Provident and Other Funds	721,189	341,281
Staff Welfare	1,261,647	944,729
Total	59,987,470	41,480,148

19 (b) Finance costs

Description	2014-15 ₹	2013-14 ₹
Interest on term loan	274,612,761	5,677,599
Other borrowing costs	2,065,236	23,902
Total	276,677,997	5,701,501

19(c) Other Expenses

Description	2014-15 ₹	2013-14 ₹
Rent	2,898,938	2,793,373
Repair and Maintenance	3,210,041	2,102,303
Advertising and publicity	4,982,094	6,172,665
Travelling expenses	14,215,350	1,073,506
Marketing Expenses	5,068,047	5,004,820
Rates and taxes	116,455	38,940
Professional & Consultancy charges	28,362,191	959,692
Insurance	3,178,189	7,349
Operational & Maintenance Expenses	93,668,810	-
Auditors Remuneration:		
Audit Fees	225,000	225,000
Taxation matter	50,000	50,000
Other Services	100,000	280,000
Out of pocket expenses	354,411	196,713
Miscellaneous Expenditure	10,003,541	4,172,883
Total	166,433,067	23,077,244

20. 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:

- (i) Compensated absences - Earned leave eligibility is 30 days per annum and sick leave 10 days per annum. Encashment permitted up to a maximum of 300 days per employee.
- (ii) Gratuity: As per the Payment of Gratuity Act, 1972
- (iii) Liabilities for compensated absentees and gratuity is unfunded
- (iv) 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 2015 ₹	As at 31st March 2014 ₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	3,516,092	2,241,580
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	92,869	66,600
	Non-current	3,423,223	2,174,980
	Total	3,516,092	2,241,580

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Opening defined benefit obligation	2,241,580	2,370,540
2	Service Cost	603,829	586,234
3	Interest Cost	208,691	195,570
4	Actuarial losses (gains)	548,286	15,406
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	86,294	926170
8	Closing defined benefit obligation	3,516,092	2,241,580

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Current Service Cost	603,829	586,234
2	Interest on obligation	208,691	195,570
3	Expected return on plan assets	-	-
4	Net actuarial losses / (gains) recognised in the period	548,286	15,406
5	Past Service Cost	-	-
6	Losses / (Gains) on curtailments and settlements	-	-
7	Total included in 'employee benefit expenses'.	1,360,806	797,210
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 2015	As at 31st March 2013
1	Discount Rate	7.98%	9.31%
2	Retirement Age	60	60
3	Attrition Rate	2%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	5%	5%

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Present value of funded obligation	-	
2	Fair value of plan assets	-	
3	Present value of unfunded obligation	1,336,639	1,502,174
4	Unrecognised past service cost	-	
5	Net Liability		
	Current	556,604	994,178
	Non-current	780,035	507,996
	Total	1,336,639	1,502,174

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

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Opening defined benefit obligation	1,502,174	
2	Service Cost	66,406	
3	Interest Cost	139,852	
4	Actuarial losses (gains)	(371,793)	
5	Exchange differences on foreign plans	-	
6	Liability transfer in	-	
7	Benefits paid		
8	Closing defined benefit obligation	1,336,639	1,502,174

The total expenses recognised in the statement of Project Development Expenditure and statement of Profit and Loss are as follows:

Sl. No	Particulars	As at 31st March 2015 ₹	As at 31st March 2014 ₹
1	Current Service Cost	66,406	
2	Interest on obligation	139,852	
3	Expected return on plan assets	-	
4	Net actuarial losses/(gains) recognised in the period	(371,793)	
5	Past Service Cost	-	
6	Losses / (Gains) on curtailments and settlements	-	
7	Total included in 'employee benefit expenses'.	(165,535)	
8	Actual return on plan assets	-	-

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

Sl. No	Particulars	As at 31st March 2015	As at 31st March 2013
1	Discount Rate	7.98%	9.31%
2	Retirement Age	60	60
3	Attrition Rate	2%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	5%	5%

Notes accompanying consolidated financial statements

21. Segment Reporting

Particulars	Land	Water	Corridor	Power	Unallocated (Refer Note)	Eliminations	Consolidated
REVENUE							
External Sales	179,756,216	487,104,517			74,229,489		741,090,222
Inter-Segment Sales							-
Total Revenue	179,756,216	487,104,517	-	-	74,229,489	-	741,090,222
RESULT							
Segment Result	153,680,139	370,246,871	-	-	2,052,132	-	525,979,142
Unallocated Corporate Expenses					(220,024,467)		(220,024,467)
Operating Profit	153,680,139	370,246,871	-	-	(217,972,335)	-	305,954,675
Interest Expense					(274,612,761)		(274,612,761)
Interest /Dividend Income					72,177,357		72,177,357
Income taxes					(122,044,696)		(122,044,696)
Profit from ordinary activities	153,680,139	370,246,871	-	-	(542,452,435)	-	(18,525,425)
Extraordinary Loss							-
Net Profit	153,680,139	370,246,871	-	-	(542,452,435)	-	(18,525,425)
Other Information							
Segment Assets	6,449,835,164	4,224,052,299	1,674,303,720	582,407,062		-	12,930,598,245
Unallocated Corporate Assets					1,377,624,506		1,377,624,506
Total Assets	6,449,835,164	4,224,052,299	1,674,303,720	582,407,062	1,377,624,506	-	14,308,222,751
Segment Liabilities	5,509,521,781	683,294,342	1,029,044,356	131,405,460			7,353,265,939
Unallocated Corporate Liabilities					6,069,753,221		6,069,753,221
Total Liabilities	5,509,521,781	683,294,342	1,029,044,356	131,405,460	6,069,753,221	-	13,423,019,160
Capital expenditure	1,141,832,126	1,214,073,476	1,576,234,832	520,086,708	474,876,483		4,927,103,625
Depreciation	27,007,014	103,657,084			3,808,319		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. Corridor and Power projects are in work in progress.

22. 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 relatable 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 ₹ 106,559,596 /-is recognized on account of timing differences between depreciation for tax purpose and accounting purposes.

23. 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 year ₹ 3,841,208/- (Previous year ₹ 4,530,366/-)

24. 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 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
Petronet MHB Ltd (PMHBL)	Joint Venture of ONGC
<u>Key Managerial Personnel</u>	
Mr. Rajiv Banga (Resigned wef 31.03.2015)	Managing Director & Chief Executive Officer (MD & CEO)
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Ashish Kulkarni	Company Secretary

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

No.	Name	Nature of Transaction	Amount of Transactions (₹)	Amount payable as at 31st March 2015 (₹)	Amount receivable as at 31st March 2015 (₹)
1	IL&FS	Charges for deputation of MD & CEO	17,590,356 (11,000,000)	4,543,211 (Nil)	
		Reimbursement of out of Pocket Expenses	58,336 (Nil)	Nil (Nil)	
2	KIADB	Cost of Acquisition of Land	Nil (120,000,000)	403,104,767 (389,653,594)	
		Annual Lease rent	242,576 (218,541)	173,417 (173,417)	
		Advance towards Land at Sarapady	Nil (Nil)		Nil (3,981,670)
		Security deposit	Nil (1,000,000)		1,160,000 (1,160,000)
		Right of way charges	Nil (301,800)	Nil (Nil)	
		Advance towards Corridor land	25,921,350 (Nil)		21,863,100 (34,576,500)
		Expenses incurred on behalf of KIADB	Nil (130,773)		130,773 (130,773)
3	OMPL	Advance towards land	15,143,302 (12,946,500)		28,089,802 (12,946,500)
		Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	407,400,000 (150,000,000)	907,400,000 (500,000,000)	
		Expenses incurred on behalf of OMPL (Power & Others)	9,889,602 (100,925,413)		1,145,347 (12,436,004)
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	40,098,774 (Nil)		15,999,915 (Nil)
		Supply & Operation & Maintenance of Water	124,829,682 (Nil)		27,678,176 (Nil)
		Security deposit	27,114,856 (Nil)	27,114,856 (Nil)	
		Interest on security deposit (Power)	702,891 (Nil)	632,602 (Nil)	
		Lease premium income	53,433,192 (53,433,192)		

Notes accompanying consolidated financial statements

4	MRPL	Advance / Adjustment towards land	Nil (Nil)		37,429,613 (37,429,613)
		Expenses incurred on behalf of the MRPL	1,546,250 (18,710,582)		46,255,361 (62,244,826)
		Supply & Operation & Maintenance of Water	429,282,524 (Nil)		93,246,930 (Nil)
		Advance received towards Infrastructure development	268,400,000 (Nil)	348,400,000 (80,000,000)	
		Advance towards O & M water	5,265,951 (Nil)	5,265,951 (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)
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	5,547,265 (Nil)		5,547,265 (Nil)
5	IIDC Ltd	Transaction Advisor Fee	9,108,000/- (7,560,000)	Nil (Nil)	
6	IL&FS Financial Services Ltd.	Reimbursement of out of Pocket Expenses	Nil (154,121)	Nil (154,121)	
7	Petronet MHB Ltd (PMHBL)	Purchase of pipes	9,293,347 (Nil)		
8	Key Managerial Personnel	Chief Financial Officer	3,525,758 (Nil)		
9	Key Managerial Personnel	Company Secretary	770,000 (Nil)		

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.

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Notes accompanying consolidated financial statements

25. Expenditure in foreign currency

Particulars	2014-15	2013-14
	₹	₹
Advertisement and Publicity	798,330	1,575,160

26. Earnings per share (EPS)

Particulars	2014-15	2013-14
Profit after tax (₹)	(18,070,156)	162,990,607
Number of equity shares	50,001,200	50,001,200
Basic & diluted earnings per share (₹)	(0.36)	3.26

27. 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	99.87	777,643,995	(102.52)	(18,525,425)
Subsidiaries					
Mangalore STPLtd	India	0.05	350,000	(3.60)	650,385
MSEZ Power Ltd	India	0.06	500,000	0	
Minority interest	India	0.02	150,000		
Total		100.00		(106.12)	

28. 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 31.03.2015	As at 31.03.2014
Mangalore STPLimited	India	70%	70%
MSEZ Power Ltd	India	100%	-

29. Lease rental income includes ₹ 1,27,07,347 relating to financial years 2011-12 and 2012-13 which got crystallized during this financial year pursuant to the negotiations with the customers.

30. The Company has changed method of providing depreciation from 1st April 2014 as required by the Companies Act, 2013. Accordingly depreciation is provided in accordance with Schedule - II thereof, for the current year as against the



Notes accompanying consolidated financial statements

rates specified in Schedule - XIV to the Companies Act, 1956 adopted in the previous year. As a result depreciation for the current year is lower by ₹9.14 millions

However in respect of assets whose remaining useful life is nil, their carrying amounts as on 1st April 2014, after retaining the residual value have charged to the statement of profit and loss account and disclosed as an exception item.

31. The Company is covered under Section 135 of the Companies Act on Corporate Social Responsibility (CSR) for the Financial Year 2014-15 and the company has incurred CSR expenditure during the year on following:

Sl.No	CSR Activity	Amount ₹
1	Construction of Community Hall in Sasihithlu	2,500,000
2	Construction of Padasale (Public Service Centers) at Moodabidri and surrounding areas.	400,000
	Total	2,900,000

32. 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. 01931S)

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

Srinivas S. Kamath
Director

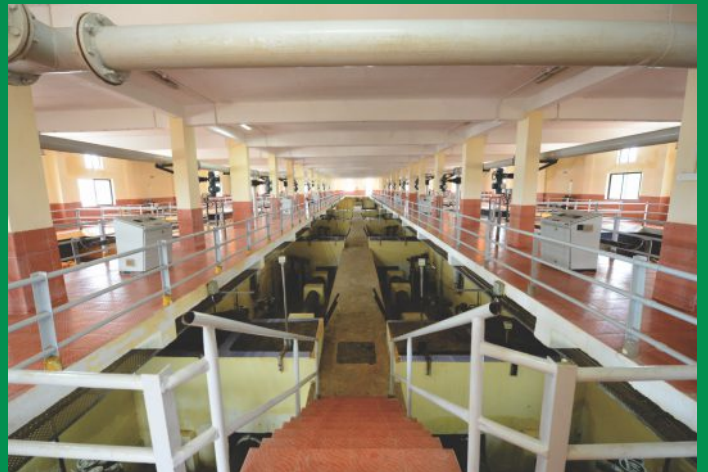
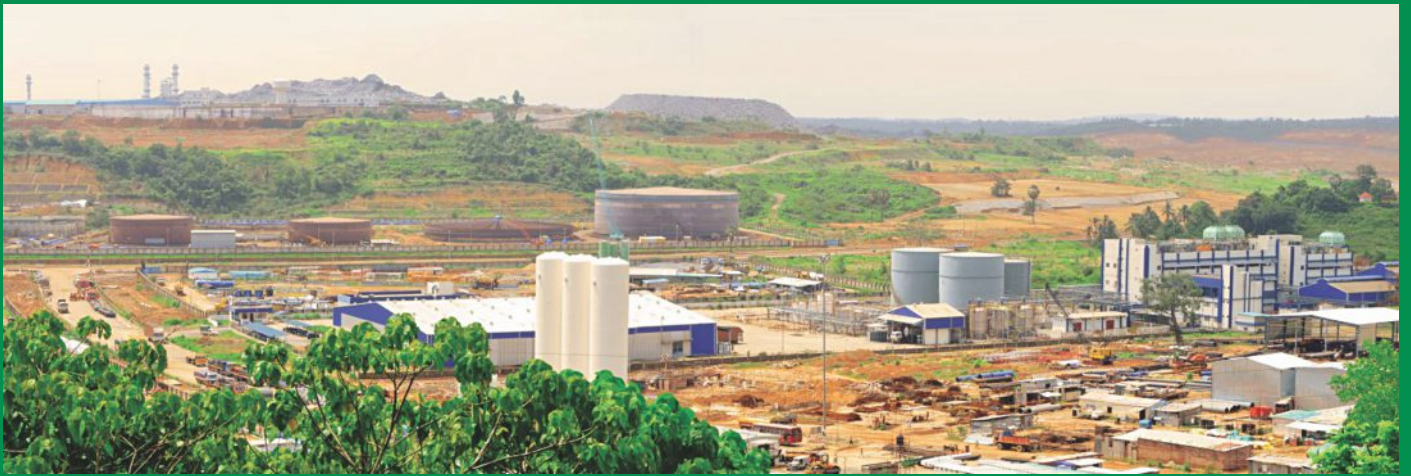
D. K. Sarraf
Chairman

Gouranga Charan Swain
Chief Financial Officer

Ashish Kulkarni
Company Secretary

Place: New Delhi
Date: 16th May 2015

Place: New Delhi
Date: 16th May 2015





Mangalore SEZ Limited

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