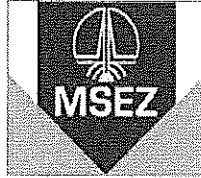
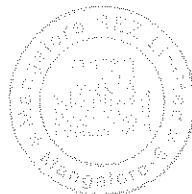


MANGALORE SEZ LIMITED



Annual Performance Review for FY 16 and Annual Revenue Requirement (ARR) for the Distribution and Retail Supply Business And Tariff Petition for FY 18

FILED ON 30th November, 2016



Submitted to

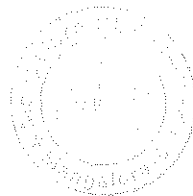
KARNATAKA ELECTRICITY REGULATORY COMMISSION

By

MANGALORE SEZ LIMITED

30th November, 2016

**BEFORE KARNATAKA ELECTRICITY REGULATORY
COMMISSION
AT BANGALORE**



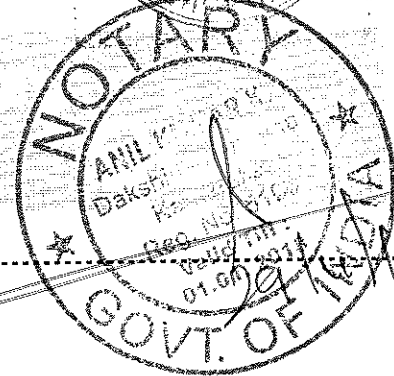
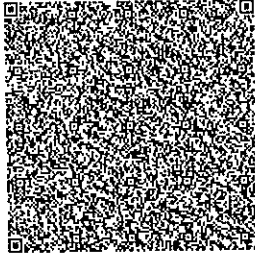


सत्यमेव जयते

INDIA NON JUDICIAL Government of Karnataka

e-Stamp

Certificate No. : IN-KA444959309016840
Certificate Issued Date : 28-Nov-2016 02:40 PM
Account Reference : NONACC (FI)/ kacrsf08/ MANGALORE8/ KA-DK
Unique Doc. Reference : SUBIN-KAKACRSFL08386315899584600
Purchased by : MSEZL
Description of Document : Article 4 Affidavit
Description : AFFIDAVIT
Consideration Price (Rs.) : 0
(Zero)
First Party : MSEZL
Second Party : KERC
Stamp Duty Paid By : MSEZL
Stamp Duty Amount(Rs.) : 20
(Twenty only)



Please write or type below this line

AFFIDAVIT

I, V. Suryanarayana, S/o V. Srinivasa Rao, aged 48 years, Vice President, Mangalore SEZ Limited, Mangalore, do solemnly affirm and say as follows.

Errors/Corrections Etc.



Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

2. I, V. Suryanarayana, dealing with Regulatory Affairs, Mangalore SEZ Limited, Mangalore, duly authorized to make this Affidavit. The Managing Director, Mangalore SEZ Limited has accorded the approval on 24th August, 2015 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2nd Board Meeting held on 8th July, 2006).

3. The statement made in Chapters 1 to 14 and the related Annexure of ERC herein now shown to me are true to the best of my knowledge and the statements made in Chapters 1 to 14 are based on information I believe to be true.

4. Solemnly affirmed at Mangalore on this 29th day of November 2016 that the contents of the above Affidavit are true to the best of my knowledge, no part of it is false and no material information has been concealed there from.

For **Mangalore SEZ Limited**

Place: Mangalore

Date: 29.11.2016

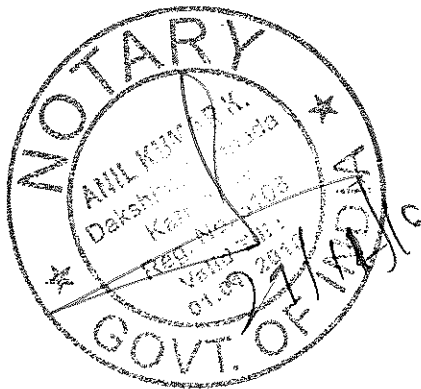
V. Suryanarayana

Authorized Signatory

**Vice President
Mangalore SEZ Limited**



Sworn/Solemnly Affirmed & Signed before
me this... 29th Nov 2016
at Mangalore



ANIL
ANIL KUMAR K.

Advocate & Notary
II Floor, Ram Bhavan Complex
Kodialbail, Mangalore
Notary for D.K. Dist., Karnataka
Govt. of India

NOTARIAL REGN. No: 3268/2016

**NOTARY 29.11.16
MANGALORE D.K. DIST.**

Errors/Corrections Etc.

**BEFORE KARNATAKA ELECTRICITY REGULATORY COMMISSION AT
BANGALORE**

Filing No. _____
Case No. _____

IN THE MATTER OF

An Application for approval for Annual Performance Review for FY 16 and Annual Revenue Requirement and Expected Revenue from Charges (ERC) for wires and supply business of Mangalore SEZ Limited, Mangalore And approval of tariff filing for FY 18 of Mangalore SEZ Limited under Section 61 & 62 of the Electricity Act, 2003 read with relevant Regulations of KERC (Tariff) Regulations including KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006.

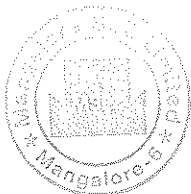
AND

IN THE MATTER OF

Mangalore SEZ Limited (MSEZL), Mangalore.

AFFIDAVIT

1. I, V. Suryanarayana, S/o V. Srinivasa Rao, aged 48 years, Vice President, Mangalore SEZ Limited, Mangalore, do solemnly affirm and say as follows.
2. I, V. Suryanarayana, dealing with Regulatory Affairs, Mangalore SEZ Limited, Mangalore, duly authorized to make this Affidavit. The Managing Director, Mangalore SEZ Limited has accorded the approval on 24th August, 2015 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2nd Board Meeting held on 8th July, 2006).
3. The statement made in Chapters 1 to 14 and the related Annexure of ERC herein now shown to me are true to the best of my knowledge and the statements made in Chapters 1 to 14 are based on information I believe to be true.




**Vice President
Mangalore SEZ Limited**

4. Solemnly affirmed at Mangalore on this 29th day of November 2016 that the contents of the above Affidavit are true to the best of my knowledge, no part of it is false and no material information has been concealed there from.

For **Mangalore SEZ Limited**

Place: Mangalore

Date: 29.11.2016

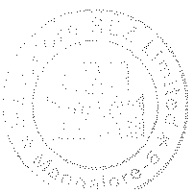

Authorized Signatory


**Vice President
Mangalore SEZ Limited**



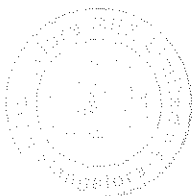
ABBREVIATIONS

A &G	Administrative and General
ARR	Aggregate revenue requirement
AGM	Annual General Meeting
APR	Annual Performance Review
CSEZ	Cochin Special Economic Zone
CERC	Central Electricity Regulatory Commission
CAPEX	Capital Expenditure
CWIP	Capital Work in Progress
Cr	Crore
DC	Development Commissioner
D:E	Debt to Equity Ratio
ERC	Expected Revenue from Charges
FAC	Fuel Cost Adjustment Charges
FY	Financial Year
HT	High Tension
Gol	Government of India
GSS	Grid Substation
GFA	Gross Fixed Asset
HV	High Voltage
ICAI	Institute of Chartered Accountants of India
KPTCL	Karnataka Power Transmission Company
KERC and Hon'ble Commission	Karnataka Electricity Regulatory Commission
KV	Kilo volts
KVA	Kilo volt Amperes
KW	Kilo Watt
KWh	Kilo Watt hours
LT	Low Tension
MAT	Minimum Alternate Tax
MESCOM	Mangalore Electricity Supply Company
MRPL	Mangalore Refinery and Petrochemicals Ltd
MRSS	Main Receiving Substation
MSEZ	Mangalore Special Economic Zone
MSEZL	Mangalore SEZ Limited
MUs	Million Units
MVA	Mega Volt Amp
MWs	Mega Watts
MYT	Multi Year Tariff
NFA	Net Fixed Asset
O & M	Operation & maintenance
ONGC	Oil & Natural Gas Corporation Limited
OMPL	ONGC Mangalore Petrochemicals Limited
OSID	Oil Industry Safety Directorate
RBI	Reserve Bank of India
R & M	Repairs and Maintenance




 Vice President
 Mangalore SEZ Limited

RoE	Return on Equity
SEZ	Special Economic Zone
SPV	Special Purpose Vehicle
VAT	Value Added Tax
TDS	Tax Deducted at Source
w.e.f.	With effect from




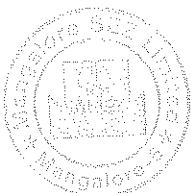

Vice President
Mangalore SEZ Limited.

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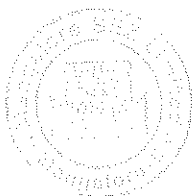
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2	MSEZL in Brief	14
3	Segregating Licensed and Non-Licensed activities of MSEZL	18
4	Annual Performance Review – FY 16	25
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Vice President
Mangalore SEZ Limited

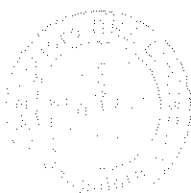
ARR FILING FORMATS

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3.	Balance Sheet	A2	70
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Vice President
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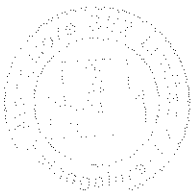
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Vice President
Mangalore SEZ Limited

ARR FILING ANNEXURES

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2	Statutory Auditor Independent Report for FY 16 Licensed Activity	II
3	Meters Calibration Report	III
4	OMPL Commitment Letter	IV




Vice President
Mangalore SEZ Limited

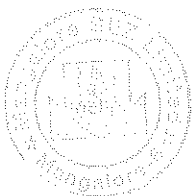
NOTE

In this application:

Previous year is defined as Financial Year 2015 – 16
(Referred as FY – 16)

Current year is defined as Financial Year 2016 – 17
(Referred as FY – 17)

Ensuing year is defined as Financial Year 2017 –18
(Referred as FY – 18)




Vice President
Mangalore SEZ Limited

1. STATUTORY ADHERANCE

In accordance with The Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations-2006, every Distribution Licensee is required to file an application for approval of ARR and ERC under the MYT framework for the Control Period. The filing for the Control period shall have to be made by the licensed within a period not less than 120 days before the commencement of the Control Period. The filing shall be for the entire Control Period. The filing shall be in the same form as specified in the KERC (Tariff) Regulations, with year wise details for each year of the Control Period, duly complying with the principles for determination of ARR as specified in these Regulations.

MSEZL is a company incorporated in February 2006 under Companies Act 1956, having its registered office at Al-Latheef, 1st Floor, No.2, Union Street, Off Infantry Road, Bangalore - 560 001 and having a site office at 3rd Floor, MUDA Building, Ashok Nagar, URWA Stores, Mangalore - 575006. MSEZL is a project co-promoted by Oil and Natural Gas Corporation Ltd (ONGC), Infrastructure Leasing & Financial Services Ltd (IL&FS), Karnataka Industrial Areas Development Board (KIADB) and Kanara Chamber of Commerce and Industries (KCCI) and others. The Company is implementing a Sector Specific Special Economic Zone (SEZ) in its Phase-I for Petroleum and Petrochemical Sector and has been upgraded as "Multi-Product" Special Economic Zone (SEZ) in year 2013.

MSEZ is located in Mangalore of Dakshina Kannada District. The Company's objective is to develop industrial land complete with provision of providing infrastructure facilities, utilities and services to entire SEZ area, which include water, waste management, tele-communication, distribution and retail supply of power etc., these common shared infrastructure facilities, attracts units to set up their investments in the designated SEZ area.




Vice President
Mangalore SEZ Limited

As per the Extraordinary Gazette Notification dated 3-3-2010 issued by Ministry of Commerce, Government of India, the Developers / Co-Developers of a Special Economic Zones notified under sub section 1 of section 4 of SEZ act 2005, shall be deemed a Licensee as per Section 14 of the Electricity Act 2003.

The first unit in MSEZL began its operations w.e.f.13.01.2014, as per the notification received from DC, CSEZ Cochin. We have considered this date as the date of commencement of operations. This necessitated us to file the tariff petition before the Hon'ble Commission for determination of retail supply tariff charged by MSEZL on consumers in MSEZ.

Consequently, the Company had filed tariff petition for determination of Distribution and Retail Supply Tariff for FY 15, FY 16 and FY 17. The Hon'ble Commission passed the following Orders.

- a) In respect of FY 16 vide the findings contained in Tariff Order dated 03.03.2015; a Net ARR of Rs.52.21 Cr. was approved for FY 16. It also approved the Retail Supply & Distribution Tariff at Rs.140/KVA for demand charges and Rs.6.36/kWh for energy charges for the consumers of MSEZL.
- b) In respect of FY 17 vide the findings contained in Tariff Order dated 30.03.2016; a Net ARR of Rs.54.83 Cr was approved for FY 17. It also approved the Retail Supply & Distribution Tariff under two categories HT – Industrial - Rs.180/KVA and Rs.6.5/kwh for energy charges and HT – Construction – Rs.200/KVA and Rs.9.00/kwh for energy charges.

Now, MSEZL is filing the ARR and tariff petition for FY 18, besides, it is also filing the Annual Performance review petition for FY 16.

The content of this application is in accordance with the guidelines enumerated in the said Regulations.

As part of this exercise, MSEZL will provide such information as may be stipulated by the Commission from time to time. For any additional information not previously known or available to us at the time of forecast under the MYT framework for the Control Period, MSEZL will apply for modification of the ARR and ERC for the remaining part of the control period, as part of annual performance review.




**Vice President
Mangalore SEZ Limited**

2. MSEZL in brief

2.1 Profile of the company

The Government of India (GoI) has, over the last decade, adopted a multi-pronged approach for promotion of foreign investments in India. Government of India announced, the SEZ Policy, to enable the creation of SEZs in the country with a view to provide an internationally competitive and hassle-free environment for exports. This policy was intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations.

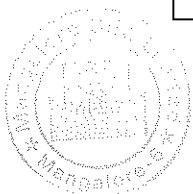
Mangalore SEZ Limited (MSEZL) is an SPV co-promoted by Oil and Natural Gas Corporation Limited (ONGC) (26%), Infrastructure Leasing & Financial Services Limited (IL&FS) (50%), Karnataka Industrial Areas Development Board (KIADB) (23%) and Kanara Chamber of Commerce and Industries (KCCI) and others (1%).

Based on the availability of contiguous parcel of land, MSEZ has been notified as a Sector Specific SEZ for Petroleum & Petrochemical sector in 2007, spread over 1620 acres. The development of SEZ will cater to the intermediate petrochemical units and downstream petrochemical industries adjacent to MRPL refinery and the existing aromatics complex of OMPL.

Now, MSEZL being upgraded to Multi Product SEZ can attract investments from sectors viz., Petroleum & Petrochemical Products, Plastics, IT & ITES, Pharma, Textiles and Manufacturing & Others. Currently, MSEZL has attracted investments from Pharma and Food Processing Industries.

Our Esteemed Consumer Profile is as under:

Sl. No	Customers
1	ONGC Mangalore Petrochemicals Limited
2	JBF Industries Ltd
3	Indian Strategic Petroleum Reserves Limited




Vice President
Mangalore SEZ Limited

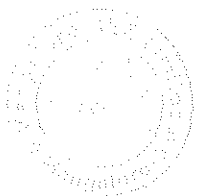
4	Sygene International Limited, a Biocon Company
5	Anthea
6	Cardolite Specialty Chemicals LLP
7	Trident Infra Pvt Limited
8	Authentic Ocean Treasure


2.2 Brief Introduction of Licensed Activities (Electrical Network)

MSEZL has constructed 110/33/11KV substation (GSS-03) with installed capacity of 40MVA, which can be augmented, to 80MVA to cater power to various units. Though MSEZL is a multiproduct SEZ, majority of industries located in it are petrochemical industries and as per the norms of OSID, MSEZL has receives and distributes power to all its units by underground cable only. Further, in order to provide stable and quality power to various 11KV consumers MSEZL has established Ring Main Units which are inter linked with UG cables and for 33KV consumers the supply directly fed through radial feeders emanating from 110/33/11KV GSS-03.

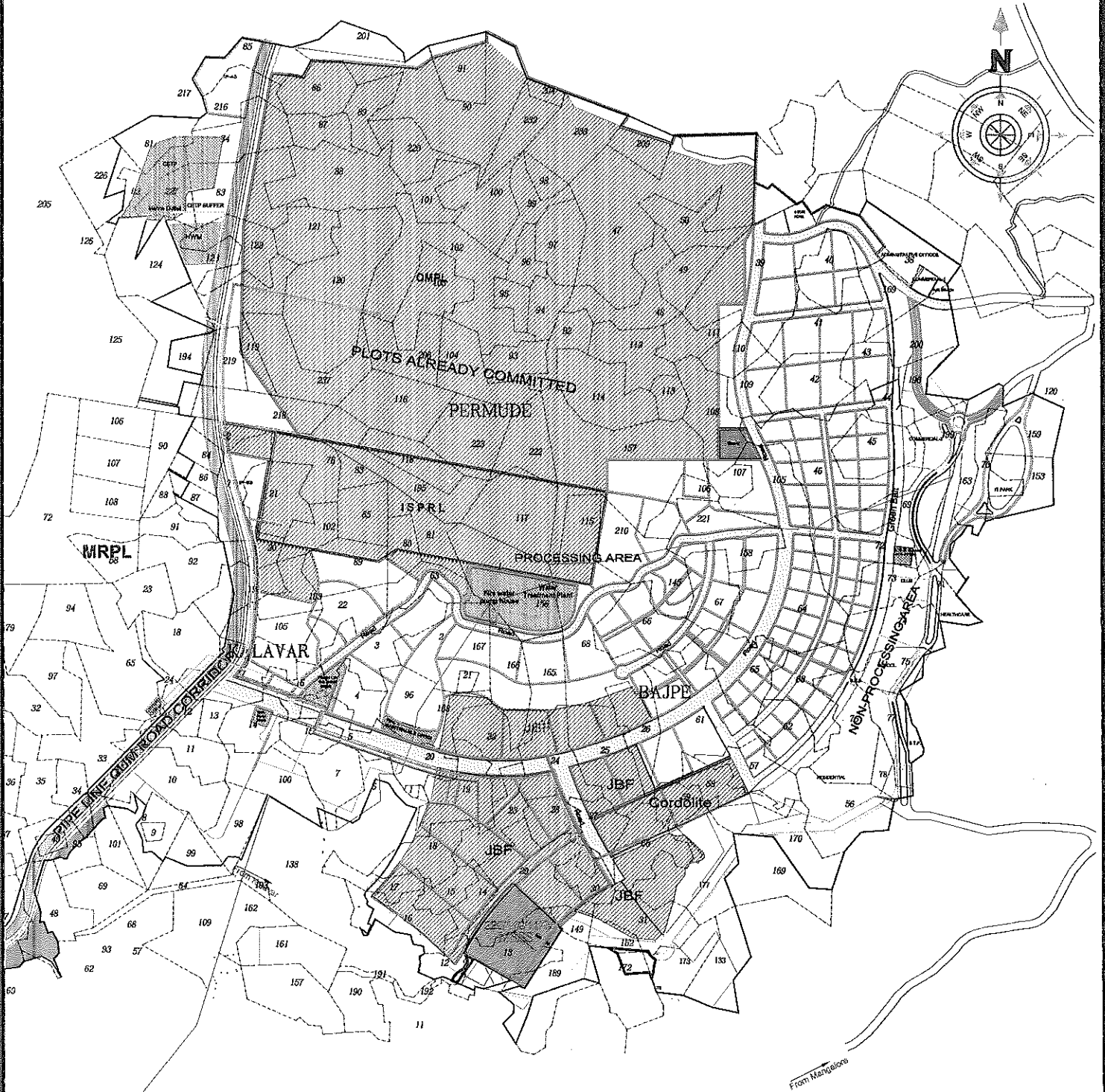
The 110/33/11KV GSS-03 of substation receives stable power from the nearby 220/11/11KV receiving station of KPTCL at Bajpe for which 13.939 acres of land within the MSEZL area is leased to KPTCL. From this receiving station, MSEZL has laid twin circuits of copper underground cables of 110KV class 400-sqmm cable to GSS-03, each circuit is capable of delivering 80MVA power, with an augmentation. The total route length of the twin circuits is 1.9 KMS. In the upstream 220/110/11KV receiving station of KPTCL is sourced through the 220KV Double circuit line from Kemar to Kavoor. This line is integrated to the grid network of KPTCL and further to the southern grid of India.

Based on the existing consumer's requirement and requirement of power for upcoming industries, the Grid substation of with 40 MVA capacity is capable of catering power until FY 2018.

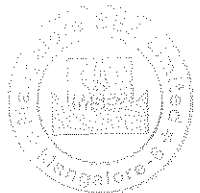



Vice President
Mangalore SEZ Limited

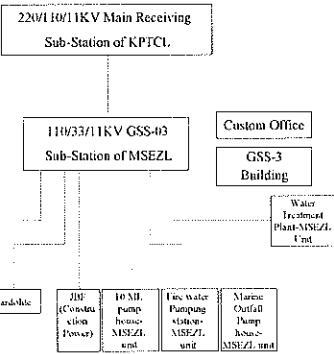
2.3 Area Map of Mangalore SEZ Limited Showing Existing Electrical Network



Industrial Plots
 Plots Already Committed
 ROAD



MSEZL DISCOM LAYOUT



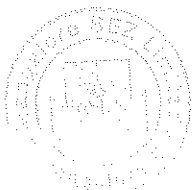
- 110KV Single core 400Sqmm UG Cable(Double Circuit) from MRSS to GSS 03
- 33KV Single core 400Sqmm UG Cable(Double Circuit) from GSS03 to OMPL
- 33KV Three core 185Sqmm UG Cable(Single Circuit) from GSS03 to ISPRIL
- 33KV Three core 240Sqmm UG Cable(Single Circuit) from GSS03 to Cardolite
- 11KV Three core 240Sqmm UG Cable(Single Circuit) from GSS03 to JBF
- 11KV Three core 95Sqmm UG Cable(Single Circuit) from GSS03 to 10ml Water Reservoir
- 11KV Three core 95Sqmm UG Cable(Single Circuit) from GSS03 to Marine Out Fall
- 11KV Three core 95Sqmm UG Cable(Single Circuit) from GSS03 to Fire Water Pump house
- LT Cable


Vice President

2.4 Consumers Profile as on 31-03-2016

MSEZL commenced its operations w.e.f. 01st April 2015. As on 31 March 2016, the Company was providing power supply to consumers at different voltage levels, as given below:-

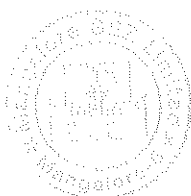
Sl. No.	Class of Consumer	No. of consumers	Voltage class	Sanctioned load MVA
1	HT - Industrial	8	33/11KV	15.70
2	HT - Construction	1	11KV	3.99
Total				19.69




Vice President
Mangalore SEZ Limited

3. Segregating Licensed and Non-licensed activities of MSEZL

- A. The books of account of MSEZL as at 31st March 2016 is audited and adopted by the shareholders in the AGM held on 29th September 2016. From the audited books of account, numbers have been segregated into licensed and non-licensed portion activities.
- B. The basis and method adopted for segregation of Balance sheet and Profit & Loss account of FY 16 is consistent with the methodology followed for segregation in the earlier ARR filed in November 2014 and November 2015 (Chapter 3 of respective ARR filing). However, where the statutory auditors have suggested a method, which is more scientific to give a true & fair view of presentation of MSEZL books, the same is followed for preparing and presenting licensed portion of business activity in the P&L account and Balance sheet.
- C. The MSEZL audited financial statements as at 31.03.2016 is enclosed as Annexure I. This set of information being further updated for preparing and presenting the financials of APR for FY 16.
- D. MSEZL has put in its best efforts to accurately bifurcate the entire business transactions into the "Licensed" and "Non-Licensed" portion. It has all the supporting records/documents in support of the exercise made. The Company would be happy to provide any further information that would be required by the Commission in this regard.
- E. Besides, MSEZL has availed the services of its Statutory Auditors to verify and certify the correctness of the methodology followed for segregation of Balance sheet and the P&L pertaining to the licensed activity portion from the overall of audited accounts of the Company for FY 16. The independent report received from the Statutory Auditor is attached as Annexure II.




Vice President
Mangalore SEZ Limited

In the following table, we have presented the audited figures of the Balance sheet of the MSEZL as at 31st March 2016.

Rs. in Cr.	
PARTICULARS	MSEZL Audited Figures as at 31st March 2016
SHAREHOLDER'S FUNDS:	
SHARE CAPITAL	50.00
RESERVES & SURPLUS	23.99
Total	73.99
LOAN FUNDS:	
LOANS FROM STATE GOVT	
LOANS FROM OTHERS- SECURED	471.26
LOANS FROM OTHERS- UNSECURED	
FRESH BORROWINGS FOR CAPEX	
Total	
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	
OTHER LONG TERM LIABILITIES - D 25	726.43
SECURITY DEPOSIT FROM CONSUMERS	3.89
LONG TERM PROVISIONS	0.86
DEFERRED TAX LIABILITY	21.31
GRAND TOTAL	1297.74
APPLICATION OF FUNDS:	
NET FIXED ASSETS:	
a) GROSS BLOCK	967.88
b) LESS: ACCUMULATED DEPRECIATION+AAD	43.44
c) NET FIXED ASSETS	924.44
d) CAPITAL WORK IN PROGRESS	443.89
e) ASSETS NOT IN USE	
f) DEFERRED COSTS	
g) INTANGIBLE ASSETS	15.18
SUB TOTAL OF (c) TO (g)	1383.51
INVESTMENTS	
LONG TERM LOANS AND ADVANCES	20.57
OTHER NON-CURRENT ASSETS	
SUBSIDY RECEIVABLE FROM GOVT	
SUB TOTAL	20.57
NET CURRENT ASSETS:	
A. CURRENT ASSETS, LOANS & ADVANCES	
a) INVENTORIES	0.05
CURRENT INVESTMENTS	23.31
b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	36.91



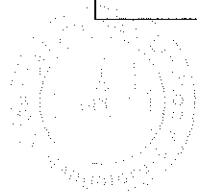

Vice President
Mangalore SEZ Limited

c) CASH & BANK BALANCES	73.77
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	43.45
e) SUNDRY RECEIVABLES	-
TOTAL OF A	177.49
B. CURRENT LIABILITIES AND PROVISIONS:	
a) SECURITY DEPOSIT FROM CONSUMERS	0.59
b) BORROWINGS FOR WORKING CAPITAL	
c) PAYMENTS DUE ON CAPITAL LIABILITIES	
d) OTHER CURRENT LIABILITIES - D 25	270.95
e) SUNDRY CREDITORS-POWER PURCHASE	
f) PROVISION FOR PENSION, GRATUITY,FBF etc.	
g)PROVISION FOR IT and FBT	12.29
TOTAL OF B	283.83
NET CURRENT ASSETS (A - B)	(106.34)
GRAND TOTAL	1297.74

In the following table, the audited balance sheet of MSEZL is segregated into balance sheets of licensed activity and Non-Licensed Activity is as under:

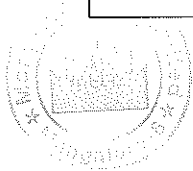
Rs. in Cr

PARTICULARS	MSEZL Audited Figures as at 31st March 2016	Relating to Non-Licensed Activity as at 31st March 2016	Relating to Licensed Activity as at 31st March 2016
SHAREHOLDER'S FUNDS:			
EQUITY SHARE CAPITAL - (INCLUDING SHARE DEPOSIT)	50.00	50.00	
EQUITY SHARE CONTRIBUTION			35.55
RESERVES & SURPLUS	23.99	27.54	(3.55)
Total	73.99	77.54	32.00
LOAN FUNDS:			
LOANS FROM STATE GOVT			
LOANS FROM OTHERS- SECURED	471.26	448.54	22.72
LOANS FROM OTHERS- UNSECURED			
FRESH BORROWINGS FOR CAPEX			
Total	471.26	448.54	22.72
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS			
OTHER LONG TERM LIABILITIES - D 25	726.43	726.43	-
SECURITY DEPOSIT FROM CONSUMERS	3.89	0.18	3.71
LONG TERM PROVISIONS	0.86	0.86	-
DEFERRED TAX LIABILITY	21.31	19.66	1.65
GRAND TOTAL	1,297.74	1,273.22	60.08



[Signature]
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APPLICATION OF FUNDS:			
NET FIXED ASSETS:			
a) GROSS BLOCK	967.88	902.98	64.90
b) LESS: ACCUMULATED DEPRECIATION+AAD	43.44	41.25	2.19
c) NET FIXED ASSETS	924.44	861.73	62.71
d) CAPITAL WORK IN PROGRESS	443.89	443.89	-
e) ASSETS NOT IN USE			
f) DEFERRED COSTS			
g) INTANGIBLE ASSETS	15.18	15.18	-
SUB TOTAL OF (c) TO (g)	1,383.51	1,320.80	62.71
INVESTMENTS			
LONG TERM LOANS AND ADVANCES	20.57	16.72	3.85
OTHER NON-CURRENT ASSETS	-	-	-
SUBSIDY RECEIVABLE FROM GOVT			
SUB TOTAL	20.57	16.72	3.85
NET CURRENT ASSETS:			
A. CURRENT ASSETS, LOANS & ADVANCES			
a) INVENTORIES	0.05	0.05	-
CURRENT INVESTMENTS	23.31	23.31	
b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLE	36.91	35.69	1.22
c) CASH & BANK BALANCES	73.77	68.45	5.32
d) Share Contribution to Licensed Activity		35.55	-
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	43.45	42.79	0.66
e) SUNDRY RECEIVABLES			
TOTAL OF A	177.49	205.83	7.21
B. CURRENT LIABILITIES AND PROVISIONS:			
a) SECURITY DEPOSIT FROM CONSUMERS	0.59	0.03	0.56
b) BORROWINGS FOR WORKING CAPITAL			
c) PAYMENTS DUE ON CAPITAL LIABILITIES			
d) OTHER CURRENT LIABILITIES - D 25	270.95	257.82	13.13
e) SUNDRY CREDITORS-POWER PURCHASE			
f) PROVISION FOR PENSION, GRATUITY, FBF etc.			
g) PROVISION FOR IT and FBT	12.29	12.29	-
TOTAL OF B	283.83	270.14	13.69
NET CURRENT ASSETS (A - B)	(106.34)	(64.30)	(6.48)
GRAND TOTAL	1,297.74	1,273.20	60.08



The Balance sheet for the licensed activity is prepared considering all the Assets – fixed assets, CWIP & current assets and Liabilities – shareholders' funds, loans & advances and current Liabilities for the licensed portion activity as at 31.03.2016.

The method adopted for the preparation and presentation is given in detail below.

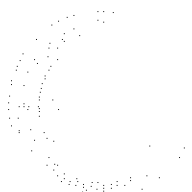
3.0 Fixed Asset - Licensed Activity:

The fixed assets as on 31st March 2016 comprises of the followings as per Table A:

Sl. No.	MSEZL - Total	Amt. Rs. in Cr.
1.	Leasehold Land	6.17
2.	Building and structures	2.84
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.07
4	Towers, Poles, fixture, overhead conductors, UG cables and devices	33.87
5	Other items/Computers	0.03
6	Other Civil Works - Roads	0.87
7	Furniture Fixtures	0.02
8	Office Equipments	0.02
	MSEZL - Total	64.90

KTPCL has constructed 220/110KV MRSS adjacent to MSEZ area. KPTCL has allotted two numbers of 110KV bays to MSEZL. Presently these two bays are utilized to draw power to 110/33/11 KV GSS of MSEZL. MSEZL has laid twin circuits of copper underground cables of 110KV class 400 sqmm copper, for tapping power from the above two bays of MRSS. The route length of the twin circuits, consisting of seven numbers of single core cables, is 1.9 KMS.

Further, downstream, MSEZL has constructed 110/33/11KV Grid Substation to cater to the power requirement of the customers in MSEZ. This GSS consist of 2*20 MVA, 110/33 KV power transformers and 2*8 MVA, 33/11 KV power transformers. The Grid substation can deliver up to 40MVA of power at 11KV and 33KV voltage levels.




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The GSS was charged from 220/110 KV MRSS on 16.03.2015. The commercial use of the GSS was w.e.f.01.04.2015. Thus, the entire power infrastructure systems, comprising of the assets detailed as per Table A is capitalized by MSEZL w.e.f. 01.04.2015.

CWIP - Licensed Activity:

The CWIP as at 31st March 2016 is NIL, as all the contract works pertaining to licensed activity are executed and works completed. The CWIP as at the beginning of the financial year and including the works executed in current financial year is capitalized accordingly.

Depreciation - Licensed Activity:

The depreciation on licensed activity assets is charged to the Profit and Loss account for FY 16 as per the depreciation rate contained in Annexure III of CERC Notification 2009. In respect assets commissioned during the financial year, depreciation is provided on a pro-rata basis.

3.1 Long Term Loans & Advances – Licensed Activity:

The deposits kept with MESCOM for drawing 20 MVA power and outstanding as on 31st March 2016 is considered here.

3.2 Current Assets - Licensed Activity:

- a. Receivables: The receivables outstanding against the sale of energy as at 31st March 2016 are considered here.
- b. Cash & Bank Balance: The cash and bank balance comprises of bank balance towards the power distribution business.
- c. Other Current Assets includes accrued interest and VAT refunds.

3.3 Liabilities - Licensed Activity:

- a. Deposits from Consumers: The consumer deposits are classified as a long-term liability. In case of consumers, where the deposits becomes payable in the ensuing financial year is classified as current liability.
- b. Current Liabilities: The monies withheld under contractual terms/work orders awarded towards licensed activity, statutory liability payable towards TDS & Work Contract Tax thereon and interest payable on consumer security deposits, is considered here.




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- c. The Current maturities of long-term debt identified for licensed activity is as considered part of current liabilities.
- d. The tax liability arising out of the temporary timing difference on account of differential depreciation rates under Income Tax Act, 1961 and CERC notified rates is accounted as deferred tax liability.

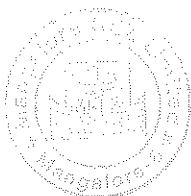
3.4 Capital Structure For Licensed Activity Business of MSEZL:


a) In the previous two ARR filings, we had prepared and presented the balance sheet initial capital structure for FY 14 and FY 15 & FY 16. The method adopted for arriving at the debt and equity amount was explained in detail in the FY 17 ARR filing from page number 27 to page number 28. The same is recapitulated as under:

- The overall D: E ratio for MSEZL was 46:54 (including cost of land). Excluding cost of land the D:E ratio works out to 62:38
- The D:E ratio for licensed activity was computed on similar basis.
- The Hon'ble Commission while determining the tariff for FY 16 and also for FY 17 has considered D: E ratio of 70:30 as the capital structure and applied the ratio on GFA at the beginning of the year for approving the RoE and Interest on Loan.

b) Though the D:E ratio of MSEZ licensed activity as per its Balance sheet is 46:54 as stated above, for the regulatory purpose, in the current petition, based on the order of the Hon'ble Commission for FY 16 and FY 17, we have considered D:E ratio of 70:30 on GFA i.e. for computation of interest and finance charge and RoE calculation. These calculations are furnished in Form A1, Form A4 and Form D9 of the excel file attached.

c) However, the segregation of licensed activity flows from the MSEZL statutory accounting where the debt and equity is carried at historical actual viz., 46:54 ratio and the same is reflected in the Form A2 and Form D9 also.




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4. Annual Performance Review – FY 16

4.1 MSEZL had filed its first ARR & Tariff proposal for FY 16 on 28.11.2014. The ARR for FY 16 was proposed based on the best estimate projection of the expenditure.

4.2 As referred in chapter 3 page 19, here, the books of account of MSEZL as on 31st March 2016 is audited. Further, the financial statement of MSEZL Licensed Activity for FY 16 is also audited and an independent audit certificate is issued by statutory auditors of MSEZL. The independent report and segregation of the General Purpose financial statements of MSEZL, into Licensed and Non-Licensed Activity by statutory auditors of MSEZL is attached as Annexure II.

4.3 MSEZL is therefore submitting its APR based on 31st March 2016 annual audited accounts.

4.4 MSEZL would like to present the APR of FY 16 for the kind consideration of Hon'ble Commission and have presented the same as under:

4.4.1 Operating Performance.

4.4.2 Financial Performance.

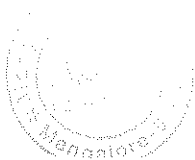
4.4.1 Operating Performance:


a. Energy Sales:

In the tariff proposal for FY 16, we had proposed HT Industrial and HT Construction consumer category. The actual sales vis-à-vis the energy sales approved in Tariff Order – 2015 of KERC dated 03rd March 2015 are as follows:

Consumer Category	FY 16 Energy Sales (in MUs)	
	As Approved	Actual
HT Industrial	72.63	12.12
HT Construction	5.87	2.00
Total	78.5	14.12

Major variation is in the HT Industrial category. HT Industrial energy sales could not be achieved due to the demand side constraints of the




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consumers in MSEZ. At the time of filing, a realistic and best estimate of energy sales for FY 16 was made considering the demand estimates of the different category of consumers. However, due to poor off take of energy by OMPL, MSEZL was not able to achieve the anticipated sales. OMPL has cited these reasons for lower energy consumption in FY 16 (i) the interruptions in the Grid and the reliability factor in supply of energy and (ii) Their pending Grid synchronization issue.

b. Power Purchase:

For FY 16, Hon'ble Commission had approved power purchase of 80.84 MUs. The actual power purchase in FY 16 is 13.88 MUs. There is no supply side constraint, however as highlighted in (a) above the demand side constraint has resulted in non-drawing of power by MSEZL.

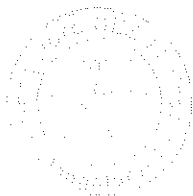
Source	Energy Approved in Tariff Order- 2015 - MUs	Actual Energy in – MUs
MESCOM	80.84	13.88

c. Distribution (Loss)/Gain:

Based on the best estimates available, at the time of filing the first tariff application MSEZL projected a distribution loss of 2.9 % for FY 16. Subsequently, we appointed a technical consultant to study the load flow, network configuration, energy flow etc. and to arrive at the optimum levels of technical losses for the system. Thus, considering the sales and number of installations for FY 16 we had revised and projected a distribution loss of units 0.6 MUs at 1.75% loss level, during the second tariff application.

However, considering the actual energy sales and energy available and recorded at Interface (IF) point there is no 'distribution loss' during the year. In fact, results are showing a gain of 1.74%. The details are as under:

Sl. No.	Particulars	Units
1	POWER PURCHASE (MUs)	13.88
2	ENERGY AVAILABLE AT INTERFACE POINTS (MUs)	13.88
3	ENERGY SOLD (MUs)	14.12
4	DISTRIBUTION LOSS/(GAIN) (%) $[(2-3)/2]$	(1.74)



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MSEZL has carried out recalibration of the consumers' meters by RT Division Mangalore, KPTCL in October 2015 and November 2015 and the report is attached here as Annexure III. The details of calibration report are as under:

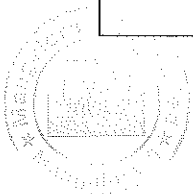
- i. Calibration was done for the metering system of 33/11 KV voltage class consumers of MSEZL. The accuracy class of these meters is 0.2 S for 33 KV level consumers and 0.2 S or 0.5 S for 11 KV level consumers.
- ii. As per the calibration report the % error of 33 KV voltage consumers is less than 0.2% and for the 11 KV voltage consumers it is less than 0.5%.

MSEZL on its part has taken all the necessary measures to ensure that, the meters are calibrated from time to time and despite this, there is a gain in the system. Hence recognizing the distribution gain in the books has become inevitable, and the Company has done the same.

4.4.2 Financial Performance:

In the following table the P&L account of Licensed Activity as per the audited accounts for FY 16 vis-à-vis, the ARR approved by the Hon'ble Commission in the Tariff Order-2015 is prepared and presented as under:

Rs. in Cr.				
Ref Form- No	PARTICULARS	FY 16 ARR approved in Tariff Order - 2015	FY 16 As per Audited Accounts	FY 16 - APR
	POWER PURCHASE (MU)	80.84	13.88	13.88
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	80.84	13.88	13.88
T2/D2	ENERGY SOLD (MU)	78.50	14.12	14.12
	DISTRIBUTION LOSS (%)	2.89%	(1.74)	(1.74)
	INCOME			
T2/D2	REVENUE FROM SALE OF POWER	52.22	11.88	11.88
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS			
T3/D3	REV SUBSIDIES & GRANTS			
T4/D4	OTHER INCOME		0.47	0.47
	TOTAL	52.22	12.35	12.35




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	EXPENDITURE			
T1/D1	PURCHASE OF POWER	42.44	7.36	7.36
T5/D5	REPAIRS & MAINTENANCE		0.34	0.34
T6/D6	EMPLOYEES COSTS	0.84	0.40	0.40
T7/D7	ADM & GENERAL EXPENSES		0.39	0.39
T8/D8	DEPRECIATION AND RELATED DTS	1.96	2.19	2.19
T9/D9	INTEREST & FINANCE CHARGES	5.23	4.30	4.30
	SUB-TOTAL	50.47	14.98	14.98
T10/D10	LESS: EXPENSES CAPITALISED:			
	-INTEREST & FINANCE CHARGES CAPITALISED	0.84	0.55	0.55
	-OTHER EXPENSES CAPITALISED			
	SUB-TOTAL			
T11/D11	OTHER DEBITS (incl. Bad debts)			
T12/D12	EXTRAORDINARY ITEMS			
	TOTAL EXPENDITURE	49.63	14.43	14.43
	PROFIT (LOSS) BEFORE TAX	2.59	(2.08)	(2.08)
	PROVISION FOR TAXES			
	Current Tax			
	Deferred Tax		1.65	-
	PROFIT (LOSS) AFTER TAX		(3.73)	(2.08)
T13/D13	NET PRIOR PERIOD Debits/Credits			
	RETURN ON EQUITY	2.59	2.77	2.77
	GAP	-	(6.50)	(4.84)

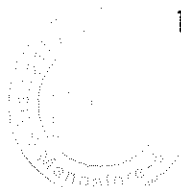
4.4.2.1 Power Purchase Cost:

The Hon'ble Commission in the Tariff Order – 2015 has approved the power purchase rate at Rs.5.25/unit. In FY 16, MSEZL has sourced the entire power requirement from MESCOM only. The details are as under:

STATEMENT SHOWING DETAILS OF PP COST FOR FY 16				
Source	Energy Approved in Tariff Order- 2015 MUs	Energy in- MUs	Power Purchase Cost Rs. in Cr.	Average PP/kWh
MESCOM	80.84	13.88	7.36	5.30

Note1: Apart from the approved retail supply tariff of Rs.5.25/kWh, MESCOM has additionally charged Fuel Adjustment Charges also.

Note2: MESCOM vide letter No.EEE/MNG-2/15-16/2269 dated 19.05.2015 requested MSEZL, to provide 33 KV power supply from MSEZL



GSS to MESCOM to feed the Baikampady Industrial 33 KV line, since the double circuit 33 KV tower in Baikampady Industrial area has fallen. MESCOM proposed that the units consumed and losses calculated at 3% of the energy consumed would be deducted from the monthly bills. Hence, 44,606 units @ Rs.5.25/kWh were reduced in the MESCOM bills of May 2015 and June 2015. Thus, to reflect the true PP cost, we have increased the Power Purchase cost by Rs.0.02 Cr and correspondingly considered the same under other income as Transmission Income Rs.0.02 Cr.

4.4.2.2 O&M Expenses:

The O&M expenses comprises of (i) R&M Expense (ii) Employee cost and (iii) A&G General Expense. The Hon'ble Commission in its Order of March 2015 opined, "Allowing the O & M expenses considering the normative inflation rate may not be feasible as MSEZ is a new entity and the details of actual O & M expenses of previous are not available. Hence, the Commission decides to provisionally O & M expenses at the rate of 1.5% of the Gross Fixed Assets of Rs.55.76 Crores (closing GFA for FY15) by MSEZ. The Commission therefore allows O & M expenses of Rs.0.84 crs for FY 16." In the light of the latest audited books of accounts of FY 16, we request the Hon'ble Commission to allow as under the O&M expenses as per actual for FY 16.

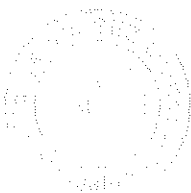
STATEMENT SHOWING DETAILS OF O&M EXPENSES FOR FY 16		
Approved in Tariff Order – 2015 Rs. in Cr	Actual Expenses Rs. in Cr	Difference Rs. in Cr
0.84	1.13	0.29

Note: (i) In R&M expense, the GSS outsourced manpower cost, consumables cost, testing & recalibration charges, servicing of electrical instruments, KPTCL statutory charges and etc is taken.

Note: (ii) In A&G expense, the GSS security charges, insurance premium on fixed assets of GSS, professional and technical fess, KERC annual license fee, advertisement charges and etc is taken.

Note: (iii) In Employee Cost: The share of direct employee cost and shared Corporate Service Employee cost is taken.

Since we have considered the actual O&M expenses, we request the Hon'ble Commission to allow the entire cost as claimed by us for the year.




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4.4.2.3 Depreciation:

The Hon'ble Commission in Tariff Order-2015 has allowed depreciation on 90% of the assets value, being the closing balance of FY 15. The Hon'ble Commission has adopted the rates of as per Annexure III of CERC Notification 2009.

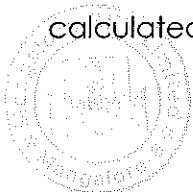
In the accounting books of MSEZL, depreciation for FY 16 is provided from the date of commissioning of the asset. For the assets commissioned during FY 16, pro-rata depreciation is provided in accounts. In the MSEZL significant accounting policy on depreciation, it is specifically stated that depreciation on power distribution assets is based on the rates notified by CERC.

As the depreciation is calculated applying the same rates that was considered by KERC, and in the light of the latest audited books of accounts of FY 16, we request the Hon'ble Commission to allow as under the Depreciation for FY 16.

STATEMENT SHOWING DETAILS OF DEPRECIATION FOR FY 16			
Approved in Tariff Order – 2015 Rs. in Cr	Actual Charged Rs. in Cr	Difference	Rs. in Cr
1.96	2.19		0.23

Statement Showing Details of Depreciation Computation				
Particulars	Date of Capitalization	Gross Block of Asset	Rate of Depreciation%	Depreciation allowance in Rs. Cr
Licensed Activity Building-Housing the Grid Substation	01-Apr-15	2.84	3.34%	0.09
Towers, Poles, fixture, overhead conductors, UG cables and devices-Package 1	01-Apr-15	19.46	5.28%	0.92
Towers, Poles, fixture, overhead conductors, UG cables and devices-Package 2	08-Jan-16	14.41	5.28%	0.16
Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	01-Apr-15	21.07	5.28%	1.00
Roads	01-Apr-15	0.87	3.34%	0.03
Total		58.66		2.19

Note: (i) Depreciation is calculated at 90% of GFA and (ii) Prorata Depreciation is calculated as applicable.




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4.4.2.4 Interest & Finance Charges:

- a. Interest on Debt: The Hon'ble Commission in the Tariff Order-2015 has considered 70% of GFA at the beginning of FY 16 as debt/loan component and allowed interest on average of opening and closing loans. Further, the Hon'ble Commission had taken an average rate of interest of 11.25% p.a. as interest on loans.

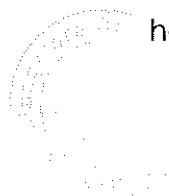
The interest on debt of MSEZL [as a whole] for FY 16 is accounted as per 'Borrowing Cost' principles under Accounting Standard 16 (AS16) issued by ICAI, wherein the interest attributable on a capitalized assets (including licensed activity assets) is charged to P&L account and interest attributable on qualifying asset is added to asset cost. The statutory auditor has certified the actual interest cost for licensed activity considering that (i) Debt portion of financing the capital cost of the project@ 70% and (ii) Interest based on the weighted average rate of interest incurred which is 10.13% p.a.in FY 16


A statement the interest on debt allowed vis-à-vis the audited account for FY 16 is as under:

STATEMENT SHOWING DETAILS OF INTEREST COST FOR FY 16	
Particulars	Actual Interest cost Rs. in Cr
Interest on Loan Capital - A	3.91
Less: Interest cost on qualifying asset as per AS 16 of ICAI - B	0.55
Net Interest Cost Claimed C=A-B	3.36
Approved in Tariff Order – 2015 Rs. in Cr - D	4.15
Difference E=C-D	(0.79)

As the interest on loan capital is calculated applying the Hon'ble Commission regulations and in the light of the latest audited books of accounts of FY 16, we request the Hon'ble Commission to allow interest cost of Rs.3.91 Cr for FY 16.

- b. Interest on Working Capital: The Hon'ble Commission in Tariff Order -2015 has allowed interest on working capital as per MYT regulations at




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normative rates. In FY 16, MSEZL has not incurred any interest on working capital; hence no interest on working capital is claimed in APR.

Approved in Tariff Order – 2015 Rs. in Cr	Working Capital Interest as claimed Rs. in Cr	Difference Rs. in Cr
1.08	-	1.08

c. Interest on Consumers Deposits: MSEZL has provided for interest on consumers' deposits as per The KERC (Interest on Security Deposits) Regulations, 2005 and has passed on the benefit to its consumers by credit to their respective accounts. The Hon'ble Commission in the Tariff Order – 2015 has not allowed any interest on consumer deposits.

In light of the latest audited books of accounts for FY 16, we request the Hon'ble Commission to allow us the actual Interest on consumers' deposits for FY 16.

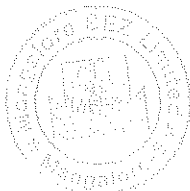
STATEMENT SHOWING DETAILS OF INTEREST ON CONSUMERS DEPOSITS FOR FY 16		
Approved in Tariff Order – 2015 Rs. in Cr	Actual Interest on Consumers Deposits Rs. in Cr	Difference Rs. in Cr
NIL	0.38	(0.38)

4.4.2.5 Other Income includes, as under:

- (i) A credit of Rs.0.44 Cr towards interest on security deposit given by MESCOM.
- (ii) Transmission income of Rs.0.02 Cr is taken as part of other income.
- (iii) Sale of tender documents, pertaining to licensed activity Rs.0.007 Cr is considered as other income.

We request the Hon'ble Commission to allow the other income as per actual.

STATEMENT SHOWING DETAILS OF OTHER INCOME FOR FY 16		
Approved in Tariff Order – 2015 Rs. in Cr	Actual Interest on Consumers Deposits Rs. in Cr	Difference Rs. in Cr
NIL	0.47	0.47




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4.4.2.6 Tax Expense:

- a. There is no income tax liability and hence, the current tax is NIL.
- b. The deferred tax liability because of differential rates of depreciation under Income Tax Act, 1961 and CERC notified rates for licensed activity assets is recognized and provision is created in MSEZL books as at 31st March 2016.

The deferred tax represents the current tax obligation that would arise in future, is provisional in nature, and hence, not claimed in the APR of FY 16. In light of the latest audited books of accounts for FY 16, we request the Hon'ble Commission to kindly take note of the deferred tax liability for FY 16.

STATEMENT SHOWING DETAILS OF DEFERRED TAX FOR FY 16		
Approved in Tariff Order – 2015 Rs. in Cr	Actual of Deferred Tax – Provided in books of accounts Rs. in Cr	Difference Rs. in Cr
NIL	1.65	(1.65)

- c. MAT: There are no book profits and hence, MAT is not applicable.

4.4.2.7 Return on Equity:

The Hon'ble Commission in its Tariff Order-2015 has allowed a RoE at 15.5% per annum of equity limited to 30% of Gross Block of Assets as on 01.04.2015. For the purposes of APR, the equity is restricted to 30% (though the actual equity is 54%) Gross Block of Assets @ 15.5% per annum.

STATEMENT SHOWING DETAILS OF RoE FOR FY 16	
Particulars	Amount Rs. in Cr
Equity Share Capital as per KERC norms – (Gross block of wires and supply Rs. 65.83 Cr*30%)	19.76
Cash resources available from share premium account or from internal resources to fund the equity commitments.	(1.90)
Equity Base - Total	17.86
ROE @ 15.5%	2.77

We request the Hon'ble Commission to allow us the ROE of Rs.2.77 Cr for FY 16

4.5 Accordingly, the deficit of FY 16 carried forward in the ARR of FY 18 is Rs.4.84 Cr.

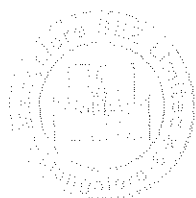


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Mangalore SEZ Limited**

4.6 SUMMARY: APR for FY 16

- a) MSEZL has managed the power distribution business within the efficiency parameters set by the Hon'ble Commission in the Tariff Order -2015, which was the first order set by Hon'ble Commission for MSEZL.
- b) The Hon'ble Commission has in its Tariff Order-2015 allowed a controllable ARR of Rs.9.78 Cr for FY 16. MSEZL has conducted the FY 16 power distribution business at Rs.9.36 Cr. only.
- c) Due to demand side constraint, the projected energy sale of 78.50 Mus could not be achieved. The consumers consumed only 18% of the projected energy.
- d) The negative GAP of Rs.4.84 Cr has arisen due to under consumption of energy as projected.
- e) The RoE is considered at 15.5% per annum, instead of grossing-up it with income tax rate.
- f) The deferred tax being provisional in nature and a non-cash item/expense, the RoE on the same is not considered.

The recovery of FY 16 GAP Rs.4.84 Cr is discussed in detail in the Tariff Proposal Chapter 13.




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5. Revised Estimates for FY 17

The Hon'ble Commission vide its order dated 30th March, 2016 had approved an ARR of Rs.54.83 Cr against projected energy sales of 79.40 MUs. In the current fiscal, due to demand side constraints (as highlighted in foregoing paragraphs) MSEZL may not be able to achieve the targeted energy sales. Considering the actual's up to October 2016, the energy sales for FY 17 are projected to be at 18.31 MUs and the ARR for these many units is projected at Rs.20.82 Cr.

The ARR for FY 17 is as under:

Particulars	Approved ARR (Rs. in Cr)	Provisional ARR(Rs. in Cr)
Power Purchase	45.32	10.45
R&M	1.23	0.56
Employees cost		0.37
A&G		0.29
Depreciation	1.52	2.73
Int. finance charges	1.95	
Int. on Working capital and consumer security deposit	1.41	4.26
RoE	3.7	2.46
Less: Other income	0.30	0.30
Total ARR	54.83	20.82
Projected Revenue	54.83	18.05
GAP	-	(2.77)

- 5.1 Energy Sales: Considering the fact that demand side constraints to continue in the balance period of FY 17, the sales estimation is revised. The details of the revised projection is as under:

Statement Showing Details of Energy Sales FY 17		
Particulars	Unit of Measurement	Energy
April 2016-October 2016	In MUs	11.74
November 2016- March 2017	In MUs	6.58
Total Energy	In MUs	18.32

- 5.2 Power Purchase:

Considering the actual energy sales in FY 17 at 18.32 MUs, the power purchase requirement is also revised at 18.45 MUs.




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5.3 Operation & Maintenance Expenses: The O&M expenses viz., R & M Expense, Employee Cost and A&G Expense is considered based on the actual expenses incurred upto October 2016 and projection for balance period. The total O&M expense for FY 17 is provisioned at Rs.1.22 Cr.

5.4 Depreciation: The fixed assets are depreciated at 90% of book value and depreciated at the following rates and.

Sl. No.	Particulars	Rate of Depreciation	Depreciation Rs. in Cr.
1	Buildings	3.34%	0.09
2	Sub-Station	5.28%	1.01
3	Cables	5.28%	1.60
4	Roads	3.34%	0.03
Total Depreciation			2.73

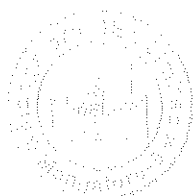
5.5 Interest & Finance Charges:

5.5.1 Interest on Long-term loan: Interest on debt for period upto October 2016 is considered based on actual interest cost.

MSEZL is in the process of re-financing the long-term debt and the necessary bank approvals are awaited as on even date. MSEZL is seeking to refinance its debt obligations over a period of fifteen years instead of the current repayment tenure of balance 7 years (original repayment tenure is 9 years). Considering the existing loan position and based on the banks draft term sheet the interest rate of 9.3% per annum is considered for determining the interest cost.

Rs. in Cr.

Sl. No.	Particulars of Secured Loan	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
A	Borrowings from Consortium Banks (actual at 46%)	27.86	-	27.86	2.72	2.31	25.15
B	Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	14.54	-	14.54	1.42	1.21	13.12
C	Total debt considered at 70% for tariff allowability as per KERC norms A+B	42.40	-	42.40	4.13	3.52	38.27




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5.5.2 Interest on Working Capital: The normative working capital interest allowed by the Hon'ble Commission is calculated and considered. The workings are as under:

Particulars	Amount Rs. in Cr
O&M expenses for one month	0.10
Spares at 1% on GFA at the beginning of the year - For FY 17	0.65
Receivables equivalent to 2 months avg. billing	3.10
Total	3.85
SBI Base rate + 250 basis points (Rate as considered by KERC)	12%
Interest on Working Capital (total)	0.46

5.5.3 RoE: The equity base is considered at 30% of the project finance cost, as per the regulatory norms. The detailed workings are as under:

Particulars	Amount Rs. in Cr
Equity Share Capital restricted to 30% for RoE allowability as per KERC norms - (X+Y)	19.75
Cash resources available from share premium account or from internal resources to fund the equity commitments.	(3.86)
Equity Base - Total	15.89
ROE @ 15.5%	2.46


Conclusion

We have another four months of operations during which the company will put in its best efforts to increase the sales and try to reduce the gap to the best possible extent.

After the closure of the accounts for FY 17, the Company would be in a position to know the exact gap. The management of MSEZL would then examine the financial impact of this on the various stake holders and come back to the Hon'ble Commission with the true up application, for a decision on the recovery of the revenue gap. MSEZL considers the interest of its consumers as paramount and would like to minimize the impact of any increases, if it can be mitigated by the efforts required from it.

Besides, it is also our endeavour to ensure that the consumers of MSEZL are not in a disadvantages position (in terms of tariff parity) compared to the consumers of same class served by the DISCOM of the area.




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6. Sales Forecast

6.1 MSEZL has developed multi product SEZ over an area of 1620 acres. Three major industries have already commenced their operations. In addition, MSEZL has concluded agreement with three industries for setting up their plant in MSEZ. To cater to the industrial needs, the following infrastructures are also developed inside the MSEZ.

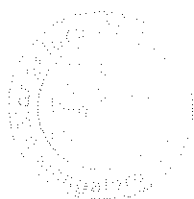
- Water treatment Plant for supply of treated water.
- Firewater Pump house for ensure continuous water supply against any unforeseen fire hazards.
- Marine outfall pump house for disposal of effluent water.
- 10ML pump house to augment water supply firewater pump house.

In addition to this MSEZL has provided power supply to the MSEZL utilities such as customs gate and low-tension construction activity in the zone, which is metered at single point on 11KV.

6.2 MSEZL could not sell power to the anticipated level in FY 16 and may not reach the approved sales level in FY 17 also. The anticipated energy sales in FY 16 & FY 17 could not be achieved due to our major consumer OMPL not consuming the energy as anticipated. The issue of non-consumption of energy by OMPL and related issues were taken up by MSEZL management at its Board level and also with the OMPL Management. As a result, CEO OMPL has issued a letter dated 18.11.2016 (attached as Annexure IV) committing itself to draw about 70 MUs in the FY 18 and onwards from MSEZL. The energy requirement of 70 MUs per annum is given by OMPL provided there is a reliable supply of power without any disruptions.

6.3 As a Distribution Licensee, we are committed and endeavored to develop and maintain an efficient, coordinated and economical power distribution system in our area of supply and to supply electricity in accordance with the provisions of the Electricity Act, 2003. Hence, MSEZL has created a reliable, quality and continuous power supply infrastructure requirement for the entire MSEZ.

6.4 MSEZL is sourcing power from MESCOM through 220/110 KV receiving station of KPTCL which is connected through a single circuit 220 KV Kavour- Kemar




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line of KPTCL. In order to provide un-interrupted, reliable and continuous power supply to our consumers in MSEZ (at our downstream level), we have requested KPTCL to connect their 220/110 KV Substation through double circuit line. Based on our request KPTCL has connected through a double circuit line. Hence, now the power supply is stable and rate of interruptions is minimum. We wish to inform that at downstream level also the interruptions are minimum. We also wish to inform that, MSEZL has no control on any interruptions occurring in upstream line i.e.220 KV line of KPTCL.

6.5 Further, for FY 18 based on best estimates of load growth and energy sales, we are optimist that sales would improve during the year. Also, the utilities developed would also be operational during the year driving the energy requirement. Thus, we have realistic energy sales projection is made for FY18. The following table shows the category wise energy projections for the year.

Sl. No.	Consumer	Contracted Demand	Sales Estimate for FY 18 in MUs
1	HT Industrial	18.98	83.79
4	HT/LT Construction	0.65	0.52
5	LT - Others	0.10	0.29
	Total	19.73	84.60

Note: OMPL is our major HT Industrial consumer has given a commitment to consume 70 Million Units in FY 18. In respect of other consumers, the energy consumption pattern in FY 16 and FY 17 is considered for making projections. Note: The HT Construction energy projection is considering the business plan forecast for new industries coming inside MSEZ in FY 18.

6.6 Consumers Growth:

Following table depicts the overall consumer growth considered year on year.

Particulars	FY 16	FY 17	FY 18
HT Industrial	8	7	10
HT/LT Construction	1	2	4
LT others			4
Total No. of consumers	9	9	18

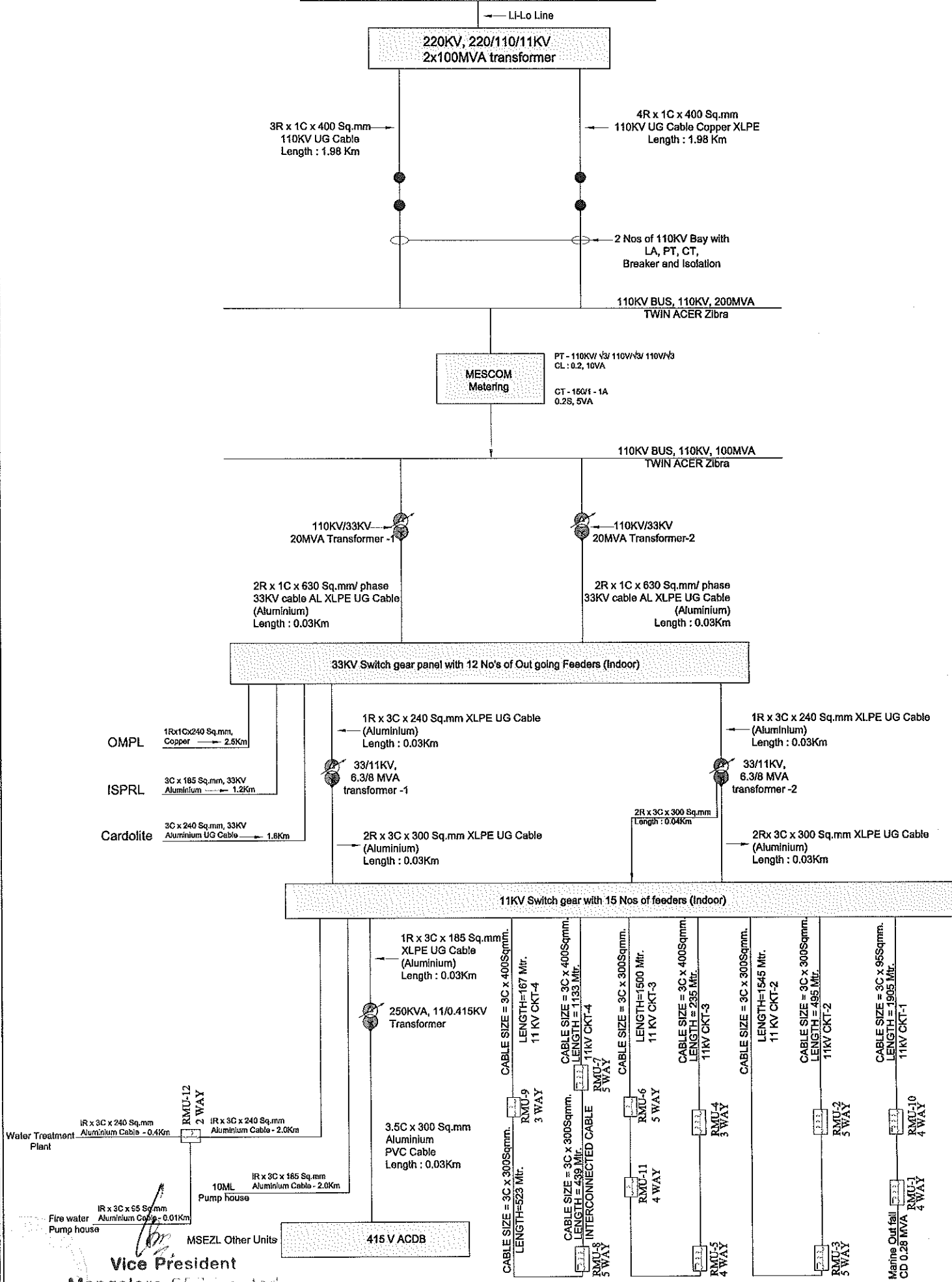


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Existing Electrical Network

220KV line Kamar - Kavoor line (Double circuit)

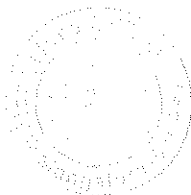



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7.1 In order to provide construction power in the immediate future and then to scale to permanent power to the new and upcoming industries the following cables are required to be laid from the nearest RMU's. The capex projected is as under:

Capital Expenditure Plan for FY 17			
Sl. No.	Description of the work	Purpose	Amount Rs. in Cr
1	Supply and laying of (i) 11KV, 3C X 240Sq.mm and (ii) 11KV, 3C X 95 Sq.mm and allied works	Providing power supply to new Industries	0.04
Total			0.04

Capital Expenditure Plan for FY 18			
Sl. No.	Description of the work	Purpose	Amount Rs. in Cr
1	Supply and laying of (i) 3C X 240Sq.mm (ii) 3C X 95 Sq.mm and allied works	Providing power supply to new Industries	0.16
Total			0.16




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8. Distribution Loss Trajectory

8.1 Current profile of distribution losses:

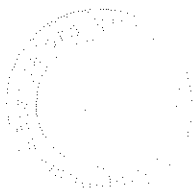
Distribution loss of a network comprises of technical loss and commercial loss. At present, commercial losses in the system are "Nil" since the area of operation and the number of consumers is limited. Besides, currently all the consumers are HV consumers and are being fed through dedicated lines eliminating pilferage, misuse etc., The technical loss in the distribution system is dependent on factors like network load, voltage level at which energy is drawn and feeder length.

In order to reduce the loss and deliver power at better voltage MSEZL has commissioned 11Nos of 11KV RMU, s interlinked with higher cross section area UG cables.

Further, in order to quality power and to reduce distribution loss to all the consumers MSEZL has laid cables of higher cross section area.

In the mean time, MSEZL has entrusted to a technical consultants in the year 2016 to study load flow, network configuration, energy flow etc. and to arrive the optimum levels of technical losses for the system. The summary of the report based on the energy sales furnished by MSEZL to technical consultants for the financial years from FY-15 to FY-20 is as follows:

Sl. No.	Year	Contract demand (MVA)	Energy input (MU)	Energy consumption (MU)	Technical energy loss (%)
1	FY16	19.07	50.35	54.71	1.16
2	FY 17	22.99	103.71	102.92	0.76
3	FY 18	28.38	130.59	129.46	0.86
4	FY 19	38.43	169.72	166.90	1.66
5	FY 20	53.87	250.66	246.27	1.75




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Distribution loss calculations:

Loss for FY 17:

During FY 17 up to October 2016 the exact distribution loss works out to be - 0.58%. During this period the total energy purchased, energy and distribution are as per the following table.

Sl. No.	Total Energy purchased in MUs (A)	Total Energy sold in MUs (B)	Energy loss in MUs C=(A-B)	% Energy loss D=C/A*100
1	11.67	11.73	(-) 0.06	(-) 0.58

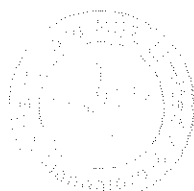
The negative loss up to October 16 during FY 17 is due to the fact that the permissible error in the metering CT, PT and Energy meter are +/- 0.2% each. MSEZL has got the energy meters of all HT consumers calibrated from KPTCL in the year 2016 and all the meters are found to be well within the permissible limits of error.

However, MSEZL has considered **0.76%** distribution loss for FY 17 as per the consultations report. Any financial gain derived to MSEZL on account of negative distribution loss will be reported to the Hon'ble Commission in FY 17 APR and this financial gain will be passed on to the consumers.

Loss for FY 18:

As per the detailed study of distribution network of MSEZL conducted by the consultations, the distribution loss for FY 18 is **0.86%**. MSEZL will maintain the loss at this level by providing higher cross section area UG cables for rendering power to the upcoming industries and carrying out periodical maintenance of substation.

Statement Showing Year Wise Distribution Loss			
Particulars	FY 16	FY 17	FY 18
Loss level %	(1.74)	0.76	0.86

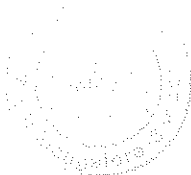



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8.2 Current Profile of Distribution Losses:

Particulars	FY 16	FY 17	FY 18
33 KV loss %	(1.47)	0.65	0.83
11 KV loss %	(0.27)	0.11	0.03
LT Loss %			0.00
Total loss%	(1.74)	0.76	0.86

Note: Detailed computation of voltage wise loss as part of energy flow diagram is shown in D-19.




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9. Power Procurement Plan

9.1 Introduction:

The PP cost of MSEZL is significant component to the total ARR. MSEZL is availing 20MVA power at 110KV level from MESCOM through 110V UG cable emanating from 220/110/11KV receiving station of KPTCL with effect from 16/03/2015.

As per the projections made up to FY 18, MSEZL's power requirement is around 20.48MVA. Currently, MSEZL is sourcing the entire requirement from MESCOM.

9.2 Estimation of Quantity:

Particulars	FY 18
Energy demand(MVA)	19.73
Energy sales (MUs)	84.60
Distribution losses (MUs)	0.73
Energy requirement (MUs)	85.33

Statement Showing Source – Wise Power Availability and Cost for FY 18					
Particulars	Demand (MVA)	Demand Charges (Rs. in Cr.)	Energy (MUs)	Energy Charges (Rs. in Cr.)	Total cost Rs. in Cr (demand + energy)
MESCOM	19.73		85.33	47.87	47.87
Others(*)	-		-		
Total	19.73		85.33	47.87	47.87

The Management of MSEZL would endeavour to explore short-term option viz., sourcing power from power exchange and long-term option viz., Solar Power.

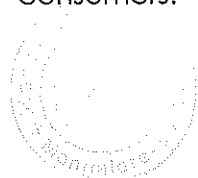
Key Power Procurement Assumptions:

For FY 17

PP cost is based on the tariff approved by the Hon'ble Commission, which is Rs. 5.63/kWh.

For FY 18

Since, we are not in a position to arrive at the 5% marginal PP cost for MESCOM for FY 18, we have relied on the PP rate approved by the Hon'ble Commission in its order dated 30th March, 2016 at Rs.5.61/kWh for FY 18. Hence, we have not considered any impact of any increase in PP rate. In the Chapter 13 'Tariff Revision Proposal for FY 18', we have proposed for passing on of increased Power Purchase rate over and above the rate approved by KERC for FY 18, to our consumers.




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10. MYT Filing Common Issues

10.1 Segregation of fixed assets – Methodology followed

The capital expenditure booked is clearly identifiable as per the general ledger heads maintained by the Company. Voltage class wise segregation of fixed assets except land, buildings and civil works is made based on the exact nature and type of fixed asset. In respect of land, building and civil works it is apportioned at 60% for 33 KV and 40% for 11 KV based on their use. Since, the licensed activity assets are capitalized in FY 16, which is also the first full year of commercial operations segregation percentage of FY 16 is considered for all the years prepared and presented in ARR.

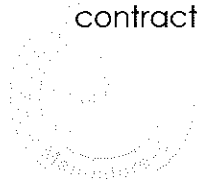
Following table shows the composition of fixed assets for FY 17.


Sl. No.	Asset Type	33 KV	11 KV	LT	Retail Supply
1	Leasehold Land	3.70	2.47	0.00	0.00
2	Building and civil works	2.23	1.49	0.00	0.00
3	Plant & Machinery	32.97	21.98	0.00	0.00
4	Vehicles	0.00	0.00	0.00	0.00
5	Furniture's & Fixtures	0.02	0.00	0.00	0.00
6	Office Equipments	0.02	0.00	0.00	0.00
7	Other Items	0.03	0.00	0.00	0.00
	Total	38.97	25.93	0.00	0.00
	Percentage	60%	40%	0%	0%

10.2 Apportionment of expense – Methodology followed

Forum of Regulators had commissioned a study on "Standardization of Regulatory Accounts". The consultants have submitted their final report in 2012 (which is available in the FOR website). As per their recommendation, segregation of distribution business ARR into Wires business and supply business can be done as follows till such time the respective Electricity Regulatory Commissions review and customize the allocation ratios as proposed by the distribution licensed, depending on the cost structure of the respective licensed.

"Wires Business is the business of owning and operating of the distribution system, while Retail Supply Business is the business of procuring the requisite power through long term, medium-term, and short-term power purchase contracts for supplying to its consumers.




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1. In case the appropriate Commission has specified the basis of allocation of expenses between Wires Business and Retail Supply Business in the notified Tariff Regulations, the same shall be considered for allocation of the expenses of the Distribution License.
2. In case the notified Tariff Regulations do not specify any basis for allocation of expenses between Wires Business and Retail Supply Business, the Distribution License shall follow a consistent basis of allocation ratios for apportionment of different components of Distribution ARR into Wires Business and Supply Business, after approval of the same by the appropriate Commission. The allocation ratios on which the different components of Distribution ARR may be apportioned are listed below. However, these allocation ratios may be reviewed and customised, depending on the cost structure of the respective Distribution License.
 - a. **“Power Purchase/Transmission/SLDC Expenses –** All these expenses relate to the Supply Business. Therefore, these should be allocated to Supply Business ARR.
 - b. **Employee Expenses:** Direct employees for Wires Business and Supply Business should be identified first and Employee Expenses related to these direct employees should be allocated to respective businesses. Thereafter, all common Employee Expenses relating to employees working for both the businesses can be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common Employee Expenses. However, till **the time the segregation is complete, the Distribution Licensed** may apportion the Employee Expenses between Wires Business and Supply Business using an appropriate ratio. Since more employees are employed for Wires Business and the employees who work for Supply Business are lower as compared to Wires Business, the proportion of employee cost allocated to Wires business should be higher than the proportion allocated to Supply business (say, 60:40, or 70:30).
 - c. **Repair and Maintenance Expenses:** Cost of spares, fuel etc. and cost of services related to wires business and supply business need to be separately recorded. Thus all direct R&M Expenses related to Wires Business and Supply

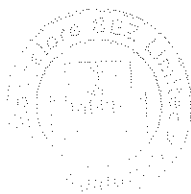
Business should be allocated to the respective businesses. Thereafter all common R&M expenses can be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common R&M Expenses. However, until the time the segregation is complete, the Distribution License may apportion the R&M Expenses between Wires Business and Supply Business in the ratio 90:10.

- d. **Administration and General Expenses:** All expenses like rents, electricity charges, water charges, internet charges, office upkeep, insurance charges etc. relating to offices for distribution business should be allocated to Supply Business, while that relating to distribution sub-stations/receiving stations should be allocated To Wires Business. Rates and taxes, Freight, and other purchase related expenses need to be allocated based on the goods purchased – whether for Wires Business or for Supply Business. All other A&G expenses, which are common to both Wires Business and Supply Business, can be apportioned using the allocation principles discussed for apportionment of common A&G Expenses. However, until the time the segregation is complete, the Distribution License may apportion the A&G Expenses using the ratio 50:50.
- e. **Depreciation:** Major portion of assets of Distribution License would be relating to Wire Business, as sub-stations, HT and LT lines are for wheeling of electricity. Only the service connections and consumer meters, which are in the books of Distribution license, should be allocated to Supply Business. Thus if asset class wise break up of assets relating to Wires Business and Supply Business are available, then depreciation relating to direct assets of Wires Business and direct assets of Supply Business should be allocated to respective businesses. Depreciation on any common asset, if any can be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common depreciation. However, if only the overall asset break-up between Wires business and Supply business is available, then the depreciation has to be apportioned in the same ratio. Until the time the segregation is complete, the Distribution License may apportion depreciation for distribution business in the ratio 90:10.
- f. **Interest on Loans:** All new loans availed by the License should be separate for Wires Business and Supply Business, based on the funding of the assets for



Wires Business and Supply Business. In this way, interest on loans for Wires Business and Supply Business will be clearly identifiable and these should be allocated to respective businesses. Other interest charges, which are common to both Wires Business and Supply Business, should be apportioned using the allocation principles discussed for apportionment of common Interest and Finance Expenses. However, till the time the segregation is complete, the Distribution License may apportion interest on loans between Wires Business and Supply Business in the ratio 90:10.

- g. **Interest on Working Capital:** All new Working Capital loans availed by the Distribution License should be separate for Wires Business and Supply Business. In this way, interest on Working Capital loans for Wires Business and Supply Business will be clearly identifiable and these should be allocated to respective businesses. Other interest on Working Capital which is common to both Wires Business and Supply Business can be apportioned using the ratio 10:90, as major portion of Working Capital loans belongs to supply business.
- h. **Interest on Security Deposit:** Security deposits are collected by Distribution License from the consumers for supplying electricity to them; hence, the interest on Security Deposits should be allocated entirely to the Supply Business.
- i. **Provision for Bad Debts:** Major part of bad debts relates to supply business. However, as it is not exactly possible to separate the bad debts between Wires Business and Supply Business, these expenses, if any can be apportioned between Wires Business and Supply Business using the ratio 10:90.
- j. **Return on Equity:** RoE for both the businesses should be allowed based on the Equity invested separately for both the functions. Common RoE, if any should be apportioned between Wires Business and Supply Business using the allocation principles discussed for apportionment of common RoE. In case equity invested for both the functions cannot be segregated clearly or till the time the segregation is complete, RoE can be apportioned between Wires Business and Supply Business using the proportion of GFA between Wires Business and Supply Business or using a suitable ratio, say 90:10.




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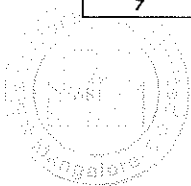
- k. **Income Tax:** Tax is a function of profit earned, i.e. return of a business, therefore, it should be apportioned on the basis of RoE related to Wires Business and Supply Business, as discussed for apportionment of Income Tax.
- l. **Non-Tariff Income:** Non-Tariff Income resulting from meter rent, delayed payment charges, service connection charges etc. should be allocated to Supply Business, while income resulting from sale of scrap etc. should be allocated to Wires Business. Other common items of Non-tariff Income, if any can be apportioned using the allocation principles discussed for apportionment of revenues. However, till the time the segregation is complete, the Distribution License may apportion the Non-Tariff Income between Wires Business and Supply Business using the ratio 10:90."

Based on the above recommendations, pending a detailed study, we have used the following ratio for allocation of costs.

Allocation ratios proposed between wires and supply business				
Sl. No.	Description	Wires business	Supply business	Total %
1	Power purchase cost	0%	100%	100%
2	R&M expenses	90%	10%	100%
3	Employee cost	70%	30%	100%
4	A&G expenses	50%	50%	100%
5	Depreciation	90%	10%	100%
6	Interest on Loans	90%	10%	100%
7	Interest on consumer security deposit	0%	100%	100%
8	Interest on working capital	10%	90%	100%
9	Provision of bad debts	10%	90%	100%
10	RoE	90%	10%	100%
11	Non- tariff income	10%	90%	100%

Allocation of expenses within the wires business is made as under: -

Segregation of percentage with in wires business					
Sl. No.	Description	33 KV	11 KV	LT	Total
1	R&M expenses	54%	36%	0%	90%
2	Employee cost	42%	28%	0%	70%
3	A&G expenses	30%	20%	0%	50%
4	Depreciation	54%	36%	0%	90%
5	Interest on Loans	54%	36%	0%	90%
6	Interest on working capital	6%	4%	0%	10%
7	Provision of bad debts	6%	4%	0%	10%
8	RoE	54%	36%	0%	90%
9	Non- tariff income	6%	4%	0%	10%



Distribution percentage with in wires business					
Sl. No.	Description	33 KV	11 KV	LT	Total
1	R&M expenses	60%	40%	0%	100%
2	Employee cost	60%	40%	0%	100%
3	A&G expenses	60%	40%	0%	100%
4	Depreciation	60%	40%	0%	100%
5	Interest on Loans	60%	40%	0%	100%
6	Interest on working cap.	60%	40%	0%	100%
7	Provision of bad debts	60%	40%	0%	100%
8	RoE	60%	40%	0%	100%
9	Non- tariff income	60%	40%	0%	100%

Regulatory environment where all the income and expenses are trued up to actual (except a few items like O&M costs which are allowed as per indexation, distribution loss levels limited to approved loss %), scope achieving higher gains are limited. However, MSEZL proposes to share the gains and losses equally with its consumers.

10.3 Proposals for efficiency parameter targets

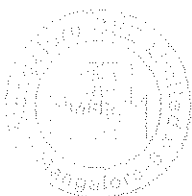
Since HT consumers constitute a significant portion of network, MSEZL would endeavor to achieve the prescribed standards of reliability and quality parameters. The regulatory reporting requirements of KERC would be complied by MSEZL by providing technical and financial data/information from time to time.

10.4 Proposals for rewarding efficiency in performance

We request Hon'ble Commission to issue necessary guidelines in this regard.

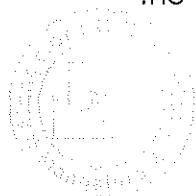
10.5 General Terms and Conditions of Tariff (Applicable to Both HT and LT):

Hon'ble Commission while approving the tariff for other distribution licensees in the State of Karnataka sets out the general terms and conditions of tariff applicable to HT and LT Consumers. However, in the case of MSEZL Hon'ble Commission has approved only ARR and tariff rates. We are therefore following the General Terms and Conditions as set out to other consumers of DISCOMS in MSEZL also, wherever applicable and suitably modified as per the business requirements. MSEZL has endeavored to comply the following important general conditions.




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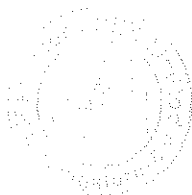
- a. We propose to enter into a Power Supply agreement with our consumers in the MSEZ Further, the supply and continuation of power supply is subject such agreement and the compliance of conditions of supply/regulations from time to time.
- b. The tariffs are applicable to only single point of supply unless otherwise approved by MSEZL.
- c. The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the minimum charges. The minimum charge is the power supply charges in accordance with the tariff in force from time to time. This shall be payable by the Consumer until power supply agreement is terminated, irrespective of the installation being in service or under disconnection.
- d. The Consumer shall not resell the electricity purchased from the Licensee to a third party.
- e. The tariffs are subject to levy of tax and surcharges thereon as may be decided by the State Government from time to time.
- f. If FAC is levied and collected form MSEZL for power purchase, the consumers shall pay FAC/unit in proportion to their energy consumption. Such FAC amount shall be mentioned in the bill and forms part of bill amount to be paid by consumer.
- g. Other charges such as penal charges for exceeding sanctioned/ contract demand, interest on belated/non payments of bills and other charges as may be applicable and as approved by the Commission time to time.
- h. The bills would be raised on a calendar month basis. The bills would be for units consumed from the start of 00.00 hrs of the calendar month to 00.00 hrs of the 1st day of the immediately succeeding calendar month. For instance for bill of May month units consumed from 00.00 hrs of 1st May to 00.00 hrs of 1st June.
- i. The meter reading date would be 1st day of the calendar month. If that day happens to fall on a public holiday or a Sunday, the next working date would be the meter reading date.
- j. The bills shall be issued within 4 days from the meter reading date and the bill date shall not be more than 4 days from the meter reading




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date. In the case of spot billing, meter reading and bill date shall be the same.

- k. The signed bill shall be issued by any of the following means:
 - a. Delivery by hand (or);
 - b. By post or courier (or);
 - c. By email to an valid email id
- l. Non-Receipt of Bill by the Consumer is not a valid reason for non-payment. The consumer shall notify MSEZL of non-receipt of bill, if the same is not received within 7 days from the meter reading date.
- m. The consumers shall be given 15 days time from the bill date for payment of the bill, irrespective of the presentment of the bill.
- n. The bill amount shall be rounded off to the nearest Rupee., i.e. the bill amount of 50 paise and above will be rounded off to next higher Rupee and the amount less than 50 paise will be ignored.
- o. The consumers would endeavour to make online remittance of the bill amount. However, cheque would also be accepted but consumer shall ensure that cheque is presented in such a way that it is presented and honoured before the due date.
- p. The bills raised on the contractors who consume temporary power for executing any construction work inside MSEZ, would be recovered against any amount payable to contractor as per contract and no interest would be charged on them.
- q. The contractor who is given temporary power connection for executing work inside the MSEZ shall have to intimate of his work completion or give a request for surrender of power connection, subsequent to which bills would not raised against the contractor.
- r. The Security deposit shall be refunded by MSEZL to consumers on termination of the contract by either party after adjustment of dues, if any.
- s. The consumer shall have to pay the following chargers for non-realization of each cheque.



A handwritten signature in black ink, appearing to be 'S. S. S.' with a long vertical stroke above it.

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Sl. No.	Particulars	Details
1	Cheque amount upto Rs.10,000/-	5% of the amount subject to a minimum of Rs.100/-
2	Cheque amount of Rs.10,001/- and upto Rs.1,00,000/-	3% of the amount subject to a minimum of Rs.500/-
3	Cheque amount above Rs.1,00,001	2% of the amount subject to minimum of Rs.3,000/-

- t. In case any bill amount is belatedly paid, simple interest at the rate of 1% per month will be levied on the actual number of days of delay subject to a minimum of Re.1/- for LT installation and Rs.100/- for HT installation. Interest would not be charged for arrears of Rs.10/- and less.
- u. The payments made by the Consumer would be adjusted in the following order of priority:
- Interest on electricity tax arrears
 - Electricity tax arrears
 - Interest on electricity charges arrears
 - Electricity charges arrears
 - Current month dues.
- v. At the end of the financial year, interest payable if any on the security deposits to the consumers would be adjusted against any receivables.
- w. For the types of installations not covered under any Tariff Schedules, the licensee is permitted to classify such installations under appropriated Tariff Schedule under intimation to Hon'ble Commission.
- x. For the General Terms conditions of Tariff not covered above the same would be applicable as per Conditions of Supply of Electricity of the Distribution Licensee in the State of Karnataka and amendments issued from time to time.

10.6 Billing and Collection of FAC:

MESCOM is levying FAC based on Hon'ble Commissions Order and MSEZL also billed its consumers the FAC amount paid to MESCOM. One of our consumers sought to know that since in Hon'ble Commission tariff order there was no FAC charge whether FAC can be charged. In this context, MSEZL addressed vide letter no.MSEZL/Elec/2015-16/ dated 17.03.2016 to




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MESCOM to know whether any specific order from Hon'ble Commission is obtained for charging FAC on MSEZL for period from September 2015 to February 2016 and in future also.

Further, and vide their letter No.SEE(C&RP)/DCA (EBC)/AO(EBC)/F-FAC-MSEZ/2016-17/13291-94 dated 26th July, 2016 MESCOM has informed that since MSEZL is one of the consumers of MESCOM and accordingly, liable for payment of FAC.

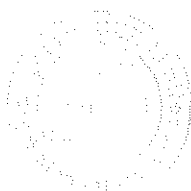
We also addressed vide letter MSEZL/ELEC/2015-16 dated 18.03.2016 seeking Hon'ble Commissions specific direction that MESCOM should not charge FAC to MSEZL and to adjust FAC component paid by MSEZL in future bills. Also, we have undertaken to adjust the FAC collected from consumers in their future bills.

The Hon'ble Commission vide letter KERC/B/4/15/791 dated 13.02.2016 has told that charging FAC for FY 16 either by MESCOM or MSEZL is not correct and further directed that for energy purchases made from 01.04.2016 by MSEZL the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 are applicable.

We wish to inform that currently MSEZL is paying the FAC billed by MESCOM and whatever, MESCOM is charging per unit we are charging our consumers. We have realized the FAC charged from all the consumers except for Rs.0.03 Cr and interest thereon.

Given the above, we pray to the Hon'ble Commission the following:

- **To consider and include in this Tariff Order that FAC billed and collected by MESCOM shall be passed on by MSEZL to its consumers.**
- **The outstanding dues, if any of FAC to be paid by consumers.**



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11. ARR for Distribution Wires & Supply Business

11.1 Power Purchase Cost:

The Hon'ble Commission in its tariff orders approved a retail power purchase rate from MESCOM as follows.

Sl. No.	Tariff Order	Rate per unit
1	Tariff Order Dated 03 rd March, 2015 – For FY 16	5.25
2	Tariff Order Dated 30 th March, 2016- For FY 17	5.61

The rate was determined considering 5% of the MESCOM's total power purchase at the generation bus. For computing the total power purchase cost 95% of the energy at the margin purchased from long-term sources (excluding RE including solar power and short-term power) and 5% from short term/medium term were considered.

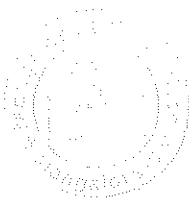
As explained in Chapter 9 the power purchase cost of FY 18 is considered based on Hon'ble Commission Tariff Order dated 30th March, 2016

Statement Showing Details of Power Purchase Cost for FY 18 ARR				
Sl. No.	Particulars	Units of Measurement	Amount	
1	Retail Purchase Supply tariff for FY 18	Rate per unit	5.61	
2	Estimated Power Purchase Units	Million Units	85.33	
3	Estimated Power Purchase Cost	Rupees in Crore	47.87	

11.2 Operation and Maintenance Expenses:

The O&M expenses include employee cost, Repairs & Maintenance Cost and Admin & General Expenses. The Hon'ble Commission has in Tariff Order dated 31.03.2016 page 15 has considered a weighted inflation index of 7.24% to determine to O&M for FY 18 and FY 19.

Further, the Hon'ble Commission regulations on O&M expense computation provides that for ARR purposes, O&M expense would be reckoned for the base year duly considering the growth in number of consumers, inflation and efficiency factor for each distribution licensee.




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The CERC vide notification No. Eco T1/2016-CERC March 31, 2016 has notified the Annual Escalation Rate for the period from 01.04.2016 to 30.09.2016 and Annual Inflation Rate. The details are as under:

Sl. No.	Statement Showing Details of Weighted Inflation factor	
1	CERC Notified escalation rates for the period 01.04.2016 to 30.09.2016	7.26
2	Annual Inflation Rate considered by CERC	5.36
3	Escalated Percentage (1*2)	0.39
4	Efficiency factor as considered by Hon'ble Commission	0.5
5	Total Weighted Inflation Factor (W.I.F) (1+3+4)	8.15

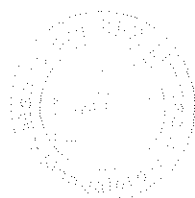
Considering the above factors, we have estimated the O&M for FY 18 on the following basis:

1. The FY 17 O&M expense is reckoned as the base year for O&M expenses of FY 18.
2. The W.I.F for FY 18 is given an inflationary impact of 0.85% from 8.15% since the CERC escalation rate is for first six months of FY 17 and Annual inflation factor is for FY 17. Hence, a W.I.P of 9% is considered for the O&M expenses.

Statement Showing Details of O&M Expenses for FY 18 ARR		
Sl. No.	Estimated O&M Expenses For FY 18	Amount Rs. in Cr.
1	Employee Cost	0.40
2	Repairs & Maintenance	0.71
3	Administration and General Exp.	0.32
4	Total	1.43

11.3 Depreciation:

The value base of asset for the purpose of depreciation is the historical cost of the asset and depreciation for the purpose of ARR is computed, over the useful life the asset based on the average value of gross assets at the beginning and closing period of the financial year. Also, the depreciation is calculated on 90% of the value base. The computation details are as under.




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Statement Showing Details of Depreciation for FY 18 ARR						
Sl. No.	Particulars	Gross assets at the beginning of the financial year – Rs. in Cr	Gross assets at the end of the financial year – Rs. in Cr	Average value (opening & closing value) – Rs. in Cr.	Depreciation Rate	Depreciation – Rs. in Cr.
1	Building	2.84	2.84	2.84	3.34%	0.09
2	civil -Road	0.87	0.87	0.87	3.34%	0.03
3	Plant & M/c	20.96	20.96	20.96	5.28%	1.00
4	Cable	33.89	33.89	33.89	5.28%	1.61
5	Furniture	0.02	0.02	0.02	-	-
6	Office Equ.	0.05	0.05	0.05	-	-
Total		58.64	58.64	58.64		2.73

11.4 Interest on Loan Capital:

The Hon'ble Commission's regulation on Debt-Equity Ratio provides 70:30 for financing of projects. Hence, interest on loan capital for ARR is considered at 70% of the project cost.

The interest cost is computed based on the rate of 9.3% P.A. The interest cost is worked on average of the loan opening and closing loan balance, considering the quarterly loan repayments in FY 18.

Statement Showing Details of Interest Cost on Loan Capital for FY 18 ARR			
Sl. No.	Particulars	Unit of Measurement	Amount
1	Opening Balance of Secured Loan	Rupees in Crore	38.27
2	Less: Repayments	Rupees in Crore	0.43
3	Closing Balance of Secured Loan	Rupees in Crore	37.83
4	Average Loan	Rupees in Crore	38.05
4	Interest Rate considered	Percentage terms	9.3%
5	Interest on Loan Capital	Rupees in Crore	3.54

11.5 Interest on Working Capital Loan:

The working capital interest is calculated on normative basis, considering latest base rate notified by RBI plus 250 basis points. The latest available base

rate declared by RBI is 9.3%/9.65% (as on 21st October 2016) is increased by 2.5% and 12% P.A. is considered as working capital interest rate.

Statement Showing Interest on Working capital for FY 18 ARR	
Details	Rs. In Cr
O&M expenses for one month	0.12
Spares at 1% on GFA at the beginning of the year - For FY 18 taken on closing year balance of FY17	0.65
Receivables equivalent to 2 months avg. billing	9.96
Total	10.73
SBI Base rate + 250 basis points (Rate as considered by KERC)	12%
Interest on WC (total)	1.28

11.6 Interest on Consumer Deposits:

The Interest on consumer deposits is calculated as per the Hon'ble Commissions regulations on the same. Accordingly, Rs.0.25 Cr is estimated for payment on consumer deposits.

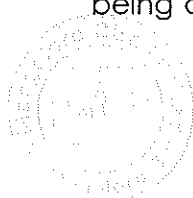
11.7 Return on Equity:

The equity base for the purpose of computation of ARR is restricted to an investment of 30% in capital expenditure (i.e. Gross block). Also, the cash resources available for FY 18 are also considered for determination of RoE.

Statement Showing Details of RoE for FY 18 ARR	
Particulars	Rs. in Cr
Equity Share Capital as per KERC norms – (Gross block of wires and supply Rs.65.83 Cr*30%)	19.75
Cash resources available from share premium account or from internal resources to fund the equity commitments.	(0.94)
Equity Base Total	18.81
ROE @ 15.5%	2.92

11.8 Taxes income:

U/s.80-IA, deduction is available to an undertaking engaged in transmission or distribution by laying a network of new transmission or distribution lines at any time between April 1, 1999 and March 31, 2017. The profit derived from laying of such network on new lines for transmission or distribution is not a taxable and hence, provision for income tax is not made. Further, MSEZL being a SEZ developer is under a tax holiday period u/s.80-IAB. However, in



case any tax (MAT) becomes payable, the same will be presented during the true-up exercise.

11.9 Non-tariff income, income from other business:

Based on the review of ledger accounts, the non-tariff income is nil.

11.10 It is submitted before the Hon'ble Commission to duly consider the ARR of MSEZL for FY 18, as above. The detailed workings in formats A1 to D24 is presented as annexure to these filings.

11.11 Considering the method of allocation of costs between wires and supply business in Chapter 10, the ARR of Wires and Supply Business is as under.

Table A:

STATEMENT SHOWING ARR FOR RETAIL SUPPLY BUSINESS		
Ref Form- No	PARTICULARS	FY 18 – Rs. in Cr
T2/D2	REVENUE FROM SALE OF POWER	59.76
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS *	-
T4/D4	OTHER INCOME	0.23
	TOTAL	59.99
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	47.87
T5/D5	REPAIRS & MAINTENANCE	0.07
T6/D6	EMPLOYEES COSTS	0.12
T7/D7	ADM & GENERAL EXPENSES	0.16
T8/D8	DEPRECIATION AND RELATED DTS	-
	ADVANCE AGAINST DEPRECIATION	
T9/D9	INTEREST & FINANCE CHARGES	1.41
	SUB-TOTAL	49.63
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	
	-OTHER EXPENSES CAPITALISED	
	SUB-TOTAL	-
T11/D11	OTHER DEBITS (incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	TOTAL EXPENDITURE	49.63
	PROFIT (LOSS) BEFORE TAX	10.36
	PROVISION FOR TAXES	
	Current Tax	
	Deferred Tax	-
	PROFIT (LOSS) AFTER TAX	10.36
T13/D13	NET PRIOR PERIOD Debits	
	ADD Expenses pertaining to wires business	10.06
A4	Equity & Reserve and Surplus	1.88
	RETURN ON EQUITY	0.30
	GAP	-

Table B:


STATEMENT SHOWING ARR FOR RETAIL WIRES BUSINESS		
Ref Form-No	PARTICULARS	FY 18 – Rs. in Cr
	REVENUE TO WIRES BUSINESS	10.07
T3/D3	REV/TARIFF SUBSIDIES & GRANTS	-
T4/D4	OTHER INCOME	0.03
	TOTAL	10.10
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	-
T5/D5	REPAIRS & MAINTENANCE	0.64
T6/D6	EMPLOYEES COSTS	0.28
T7/D7	ADM & GENERAL EXPENSES	0.16
T8/D8	DEPRECIATION AND RELATED DTS	2.73
T9/D9	INTEREST & FINANCE CHARGES	3.66
	SUB-TOTAL	7.48
T10/D10	LESS: EXPENSES CAPITALISED:	
	-OTHER EXPENSES CAPITALISED	-
	SUB-TOTAL	-
T11/D11	OTHER DEBITS (incl. Bad debts)	-
T12/D12	EXTRAORDINARY ITEMS	-
	TOTAL EXPENDITURE	7.48
	PROFIT (LOSS) BEFORE TAX	2.62
	PROVISION FOR TAXES	-
	PROFIT (LOSS) AFTER TAX	2.62
T13/D13	NET PRIOR PERIOD Debits	-
A4	Equity & Reserve and Surplus	
	RETURN ON EQUITY	2.62
	GAP	-



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12. COBMINED ARR

Ref Form- No	PARTICULARS	FY 18 – Rs. in Cr
	POWER PURCHASE (MU)	85.33
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	85.33
T2/D2	ENERGY SOLD (MU)	84.60
	DISTRIBUTION LOSS (%)	0.86%
	INCOME	
T2/D2	REVENUE FROM SALE OF POWER	59.76
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.26
	TOTAL	60.01
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	47.87
T5/D5	REPAIRS & MAINTENANCE	0.71
T6/D6	EMPLOYEES COSTS	0.40
T7/D7	ADM & GENERAL EXPENSES	0.32
T8/D8	DEPRECIATION AND RELATED DTS	2.73
T9/D9	INTEREST & FINANCE CHARGES	5.07
	SUB-TOTAL	57.10
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	-
	-OTHER EXPENSES CAPITALISED	
	SUB-TOTAL	-
T11/D11	OTHER DEBITS (incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	TOTAL EXPENDITURE	57.10
	PROFIT (LOSS) BEFORE TAX	2.92
	PROVISION FOR TAXES	
	Current Tax	-
	Deferred Tax	
	PROFIT (LOSS) AFTER TAX	2.92
T13/D13	NET PRIOR PERIOD Debits/Credits	
	RETURN ON EQUITY	2.92
	GAP	


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13. Tariff Revision Proposal for FY 18

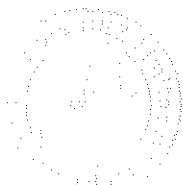
13.1 MSEZL through this petition is submitting the APR for FY 16 and ARR for FY 18. The tariff proposal is presented before the Hon'ble Commission considering the recovery of GAP of FY 16 as well GAP of FY 18.


13.2 Proposal for Recovery of FY 16 GAP of Rs.4.84 Cr.

As submitted in Chapter 4 based on audited annual accounts of FY 16 MSEZL (Licensed Activity Business) has suffered a loss of Rs.4.84 Cr. MSEZL considers the interest of consumers as paramount and does not intend to pass on the entire GAP to its consumers, as it would affect their competitiveness. Hence, the following proposals are made.

- i. MSEZL management has decided to absorb 50% of the GAP i.e. Rs.2.42 Cr in its books, though this would significantly reduce the RoE of the Company and we do not propose to pass on the same to the consumers.
- ii. MSEZL management proposes to pass on the remaining 50% GAP i.e.Rs. 2.42 Cr to the consumers and requests the Hon'ble Commission to treat same as Regulatory Asset for recovery on a straight line basis over the next five years, commencing from FY 18 without any carrying cost. Hence, we submit to Hon'ble Commission the following.

Sl. No.	Financial Year	Amount Proposed as Regulatory Asset – Rs. in Cr	Anticipated Energy Sales (MUs)	Rate per kWh
1	FY 18	0.48	84.60	0.05
2	FY 19	0.48	84.60	0.05
3	FY 20	0.48	84.60	0.05
4	FY 21	0.48	84.60	0.05
5	FY 22	0.50	84.60	0.05




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- iii. Further, if MESCOM in their APR for FY 16 propose for any change in the Power Purchase rate already approved by the Hon'ble Commission for FY 16, the effect such change in PP cost should be considered while approving the MSEZL APR for FY 16.

The Management of MSEZL takes this opportunity to assure our consumers, that in the event of improved performance in FY 18 and in coming business years, the surpluses if any, over and above the normative level, would be proposed for adjustment against any residuary GAP amount of FY 16 and would be not again be claimed in the future tariffs. This will be done while filing the APR/ARR before KERC for respective years in future.

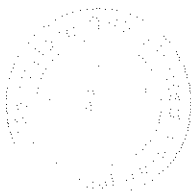
13.3 Proposal for Recovery of FY 18 GAP:

As per the ARR for FY 18 there is a negative GAP of Rs.1.41 Cr. In this ARR the revenue from tariff is considered at current tariff structure and the power purchase cost worked out at Rs.5.61/kWh, as approved by Hon'ble Commission for FY 18 in its Tariff order dated 30th March 2016. In this conjecture, the following proposal is presented before the Hon'ble Commission.

1. On estimated sales of 84.60 MUs the GAP per kilo watt hour is 17 Paise/kWh. However, MSEZL proposes to pass on 10 Paise/kWh to its consumers.
2. We are confident of managing remaining GAP of 7 Paise/kWh by improving our sales mix and rationalising the expenses. MSEZL would sincerely endeavor to achieve this and come before the Hon'ble Commission through APR of FY 18 on the treatment of surplus/gap if any.
3. We also submit before the Hon'ble Commission that in case the input cost of power purchase for FY 18 goes up from Rs.5.61/kWh, then this incremental increase in Power Purchase cost needs to be passed on to the consumers.

13.4 Tariff Proposals for FY 18:

In this proposal MSEZL is proposing to recover the ARR as under and propose the tariff accordingly.




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Sl. No	Particulars	Unit of Measurement	Details	Per kWh	Reference
1	Expected Sales	Units in Million	84.60	-	Format D-2
2	Revenue from existing tariff	Rupees in Crore	58.34	6.90	Format D21
3	Expenditure (including RoE)	Rupees in Crore	59.75		Form A1
4	GAP for FY 18	Rupees in Crore	(1.41)		
5	GAP proposed to be recovered at 10 Paise/kWh	Rupees in Crore	0.85	0.10	
6	FY 16 GAP proposed for recovery 5 Paise/kWh	Rupees in Crore	0.48	0.05	
7	Total ARR Proposed for FY 18 (2+5+6)	Rupees in Crore	59.67	7.05	Format D21

13.4 Hence, MSEZL is proposing an increase of 15 Paise/kWh in the average realization rate and propose to recover the same from the HT-Industrial and HT/LT-Construction Category consumers. As already submitted, we request the Hon'ble Commission, that in case the input cost of power purchase for FY 18 goes up from Rs.5.61/kWh, then this incremental increase in power purchase cost needs to be passed on to the consumers in addition to the 15 Paise/kWh increase proposed above. Therefore, in the tables given below, we have considered only 15 Paise/kWh increase. The tariff proposal for FY 18 is presented as under:

Table A:

STATEMENT SHOWING TARIFF CATEGORY AND RATES AS EXISTING							
Sl. No.	Tariff Category	Type of installation	No. of consumers	PARTICULARS	RATE (Rs)	AMOUNT (Rs. Cr)	Realisation /Unit
1	HT	Industrial	10	Fixed Charges/KVA	180	3.08	6.87
				Energy Charges	6.5	54.46	
2	HT/LT	Construction	4	Fixed Charges/KVA	200	0.12	11.22
				Energy Charges	9	0.47	
3	LT - Others	Industrial	4	Fixed Charges/KVA	180	0.02	7.33
				Energy Charges	6.5	0.19	
			18			58.34	6.90





Vice President
Mangalore SEZ Limited

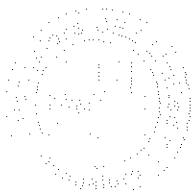
Table B:

STATEMENT SHOWING TARIFF CATEGORY AND RATES AS PROPOSED							
Sl. No.	Tariff Category	Type of installation	No. of consumers	PARTICULARS	RATE (RS)	AMOUNT (Rs. Cr)	Realisation /Unit
1	HT	Industrial	10	Fixed Charges/KVA	180	3.07	
				Energy Charges	6.65	55.79	7.03
2	HT/LT	Construction	4	Fixed Charges/KVA	200	0.12	
				Energy Charges	9.15	0.48	11.22
3	LT- Others	Industrial	4	Fixed Charges/KVA	180	0.02	
				Energy Charges	6.65	0.19	7.33
			18			59.67	7.05

13.5 We are proposing to introduce a new category 'LT-Others' in the tariff structure for FY 18. We propose before the Hon'ble Commission that 'LT Others' category would also be charged with tariff structure applicable to HT Industrial Consumer.

13.6 We are proposing to seek amendment of category 'HT-Construction' as 'HT/LT Construction'.

13.7 The FAC component as prayed in Chapter 10 para 10.6 to be allowed for.




Vice President
Mangalore SEZ Limited

14. Prayer

MSEZL with averments made in the respective Chapters of the present application duly detailing the revenue requirements and expected revenue from the existing tariff charges, respectfully prays the Hon'ble Commission to:-

1. Pass appropriate order for FY 16 based on APR submitted and detailed in chapter 4.
2. Consider the tariff structure/ proposal detailed in the Chapter-13, and approve tariff proposed in this Tariff Application, duly considering the submission made by MSEZL for GAP of FY 16 and ARR for FY 18.
3. Condone any error, omissions and deletions in the petition and give a chance to provide any other necessary information as deemed fit by the Commission.
4. Pass appropriate orders on the application made by MSEZL.

Place: Mangalore

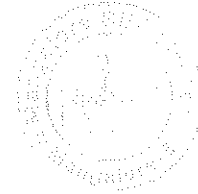
Date: 29.11.2016

For **Mangalore SEZ Limited**



Authorized Signatory

**Vice President
Mangalore SEZ Limited**



MANGALORE SEZ LIMITED



**Annual Performance Review for FY 16 and Annual Revenue Requirement
(ARR) for the Distribution and Retail Supply Business
And Tariff Petition for FY 18**



MANGALORE SEZ LIMITED		
Forms for Filing ERC under MYT Framework		
SI No	Item	Distribution Form No
1	Revenue Requirement and Gap	RR-Gap
1	Profit and Loss Account	A1
2	Balance Sheet	A2
3	Cash flow Statement	A3
4	Aggregate Revenue Requirement	A4
5	Capital Base	A5
6	Cost of Purchased power	D1
7	Revenue from Sale of power	D2
8	Revenue from Subsidies and Grants	D3
9	Non-tariff Income	D4
10	Repairs and maintenance costs	D5
11	Employee costs	D6
12	Employee costs- Additional information	D6A
13	Administration and General charges	D7
14	Depreciation	D8
15	Loans and Debentures and interest charges	D9
16	Sale and Leaseback of Assets	D9A
17	Details of expenses capitalised	D10
18	Other Debits	D11
19	Extraordinary items	D12
20	Net prior period credits/(Charges)	D13
21	Contributions, Grants and subsidies towards cost of capital Assets	D14
22	Gross Fixed Assets	D15
23	Net Fixed Assets	D16
24	Work in progress (Capital expenditure)	D17
25	Receivables against Sale of Power (DCB)	D18
26	Tariff category wise DCB	D18A
27	Energy flow diagram for distribution system	D19
Tariff filing forms		
SI No	Item	Distribution Form No
1	Existing Tariff and Proposed Tariff	D20
2	Existing Tariff and Proposed Tariff	D21
3	Expected Revenue when Proposed Tariff is introduced for a Part Year	D22
4	Embedded cost of service of supply of electricity	D23
5	External Subsidy (Allocation of external subsidy among consumer classes)	D24




Vice President
Mangalore SEZ Limited

MSEZL : REVENUE REQUIREMENT & REVENUE GAP

MSEZL-Total

(Rs in Cr)

Sl. No.	Details	FY16	FY 17	FY 18
		Actuals	Provisional	Projected Year 1-CP
	Power Purchase	13.88	18.45	85.33
	Energy Available at interface point (MU)	13.88	18.45	85.33
	Sale of Power (MU)	14.12	18.31	84.60
	Loss %	-1.74%	0.76%	0.86%
	Average Cost of Supply (in paise)	1,183.80	1137.10	706.45
1	Receipts			
a	Revenue from tariffs & Miscell. Charges	11.88	18.05	59.75
b	Tariff subsidy for BJ/KJ & IP sets	-	-	-
c	RE subsidy from Govt.	-	-	-
	Total	11.88	18.05	59.75
2	Expenditure			
a	Power Purchase	7.36	10.45	47.87
b	R&M Expense	0.34	0.56	0.71
c	Employee Expenses	0.40	0.37	0.40
d	A&G Expense	0.39	0.29	0.32
e	Depreciation	2.19	2.73	2.73
f	Interest & Finance Charges	4.30	4.26	5.07
g	Less: Interest & other expenses capitalised	0.55	-	-
h	Other Debits (incl. Prov for Bad debts)			-
i	Extraordinary Items	-	-	-
j	Other (Misc.)-net prior period credit	-	-	-
	Total	14.42	18.66	57.11
3	ROE	2.77	2.46	2.92
4	Other Income	0.47	0.30	0.26
5	Provision for taxes	-	-	-
6	Annual Revenue Requirement (2)+(3)+(5)-(4)	16.72	20.82	59.76
7	Surplus(+)/ Shortfall(-) : (1)-(6) before tariff revision	(4.84)	(2.77)	(0.01)
8	Subsidy receivable from GOVT.	-	-	-
9	Surplus(+)/ Shortfall(-) : (8)-(7) after tariff revision	(4.84)	(2.77)	(0.01)




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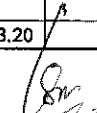
MSEZL: PROFIT & LOSS ACCOUNT				Form A1
MSEZL-Total				
Ref Form- No	PARTICULARS	FY16 Actuals	FY 17 Provisional	(Rs in Cr)
				FY 18 Projected Year 1-CP
	POWER PURCHASE (MU)	13.88	18.45	85.33
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	13.88	18.45	85.33
T2/D2	ENERGY SOLD (MU)	14.12	18.31	84.60
	DISTRIBUTION LOSS (%)	-1.74%	0.76%	0.86%
	INCOME			
T2/D2	REVENUE FROM SALE OF POWER	11.88	18.05	59.75
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	-		
T3/D3	REV SUBSIDIES & GRANTS			
T4/D4	OTHER INCOME	0.47	0.30	0.26
	TOTAL	12.35	18.35	60.01
	EXPENDITURE			
T1/D1	PURCHASE OF POWER	7.36	10.45	47.87
T5/D5	REPAIRS & MAINTENANCE	0.34	0.56	0.71
T6/D6	EMPLOYEES COSTS	0.40	0.37	0.40
T7/D7	ADM & GENERAL EXPENSES	0.39	0.29	0.32
T8/D8	DEPRECIATION AND RELATED DTS	2.19	2.73	2.73
T9/D9	INTEREST & FINANCE CHARGES	4.30	4.26	5.07
	SUB-TOTAL	14.98	18.66	57.10
T10/D10	LESS: EXPENSES CAPITALISED:			
	-INTEREST & FINANCE CHARGES CAPITALISED	0.55	-	-
	-OTHER EXPENSES CAPITALISED	-		
	SUB-TOTAL	0.55	-	-
T11/D11	OTHER DEBITS (incl. Bad debts)	-		
T12/D12	EXTRAORDINARY ITEMS	-		
	TOTAL EXPENDITURE	14.43	18.66	57.10
	PROFIT (LOSS) BEFORE TAX	(2.08)	(0.31)	2.91
	PROVISION FOR TAXES			
	Current Tax			-
	Deferred Tax	1.65		
	PROFIT (LOSS) AFTER TAX	(3.73)	(0.31)	2.91
T13/D13	NET PRIOR PERIOD Debits/Credits	-		
	RETURN ON EQUITY	2.77	2.46	2.92
	GAP	(6.50)	(2.77)	(0.00)




 Vice President
 Mangalore SEZ Limited

MSEZL: BALANCE SHEET AS AT THE END OF THE YEAR							Form A2
MSEZL-Total							
Ref Form- No	PARTICULARS	MSEZL Audited Figures as at 31st March 2016	Relating to Non-Licnese Activity as at 31st March 2016	Relating to Licnese activity as at 31st March 2016	Relating to Licnese activity as at 31st March 2015	Relating to Licnese activity as at 31st March 2017	Relating to Licnese activity as at 31st March 2018
		A	B	C	D	E	F
	SHAREHOLDER'S FUNDS:						
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00	-	-		
	EQUITY SHARE CONTRIBUTION	-	-	35.55	31.64	35.55	35.55
	RESERVES & SURPLUS	23.99	27.54	(3.55)	0.18	(3.85)	(0.94)
	Total	73.99	77.54	32.00	31.82	31.70	34.61
T9/D9	LOAN FUNDS:						
	LOANS FROM STATE GOVT						
	LOANS FROM OTHERS- SECURED	471.26	448.54	22.72	24.53	24.86	24.44
	LOANS FROM OTHERS- UNSECURED	-	-	-	-		
	FRESH BORROWINGS FOR CAPEX	-	-	-	-		
	Total	471.26	448.54	22.72	24.53	24.86	24.44
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	-	-	-	0.47	-	-
	OTHER LONG TERM LIABILITIES - D 25	726.43	726.43	-	-		
	SECURITY DEPOSIT FROM CONSUMERS	3.89	0.18	3.71	4.77	3.72	3.72
	LONG TERM PROVISIONS	0.86	0.86	-	-		
	DEFERRED TAX LIABILITY	21.31	19.66	1.65	-	1.65	1.65
	GRAND TOTAL	1,297.74	1,273.22	60.08	61.59	61.94	64.42
	APPLICATION OF FUNDS:						
	NET FIXED ASSETS:						
T15/D15	a) GROSS BLOCK	967.88	902.98	64.90	2.37	65.03	65.03
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	43.44	41.25	2.19	-	4.92	7.66
T16/D16	c) NET FIXED ASSETS	924.44	861.73	62.71	2.37	60.11	57.37
T17/D17	d) CAPITAL WORK IN PROGRESS	443.89	443.89	-	56.22	-	-
	e) ASSETS NOT IN USE						
	f) DEFERRED COSTS						
	g) INTANGIBLE ASSETS	15.18	15.18	-	-		
	SUB TOTAL OF (c) TO (g)	1,383.51	1,320.80	62.71	58.59	60.11	57.37
	INVESTMENTS						
	LONG TERM LOANS AND ADVANCES	20.57	16.72	3.85	5.90	3.85	3.85
	OTHER NON-CURRENT ASSETS	0.00	0.00				
	SUBSIDY RECEIVABLE FROM GOVT						
	SUB TOTAL	20.57	16.72	3.85	5.90	3.85	3.85
	NET CURRENT ASSETS:						
	A. CURRENT ASSETS, LOANS & ADVANCES						
	a) INVENTORIES	0.05	0.05	-	-		
	CURRENT INVESTMENTS	23.31	23.31	-	-		
T18/D18	b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	36.91	35.69	1.22	0.48	0	0
	c) CASH & BANK BALANCES	73.77	68.45	5.32	6.65	2.35	5.26
	d) Share Contribution to Licensed Activity		35.55				
	e) LOANS & ADVANCES and OTHER CURRENT ASSETS	43.45	42.79	0.66	0.67	0.30	0.26
	f) SUNDRY RECEIVABLES	-	-	-	-		
	TOTAL OF A	177.49	205.83	7.21	7.80	2.65	5.52
	B. CURRENT LIABILITIES AND PROVISIONS:						
	a) SECURITY DEPOSIT FROM CONSUMERS	0.59	0.03	0.56	-	-	-
	b) BORROWINGS FOR WORKING CAPITAL		-				
	c) PAYMENTS DUE ON CAPITAL LIABILITIES		-				
	d) OTHER CURRENT LIABILITIES - D 25	270.95	257.82	13.13	10.70	4.68	2.33
	e) SUNDRY CREDITORS-POWER PURCHASE						
	f) PROVISION FOR PENSION, GRATUITY,FBF etc.						
	g)PROVISION FOR IT and FBT	12.29	12.29				
	TOTAL OF B	283.83	270.14	13.69	10.70	4.68	2.33
	NET CURRENT ASSETS (A - B)	(106.34)	(64.30)	(6.48)	(2.90)	(2.03)	3.19
	GRAND TOTAL	1,297.74	1,273.20	60.08	61.59	61.93	64.41





Vice President
Mangalore SEZ Limited

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MSEZL: CASH FLOW STATEMENT FOR THE YEAR				Form A3
MSEZL-Total				
(Rs in Cr)				
SL NO	PARTICULARS	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
1	Net Funds from Operations:			
1	Net Funds from Earnings:			
	Profit before Tax	(2.08)	(0.31)	2.91
	Less:			
	Revenue/Tariff subsidy and Grants		-	
	Income Tax payment during the year	-		
	Surplus to be allocated other ESCOMs	-		
	Interest paid on debt funds but capitalized during the year - Not Debited to P&L account			
	Total of A	(2.08)	(0.31)	2.91
	B. ADD: Debits to Revenue Account not requiring Cash Outflow:			
	(i) Depreciation (Inclgd AAD)	2.19	2.73	2.73
	(ii) Amortisation of Deferred Cost	-	-	
	(iii) Amortisation of Intangible Assets	-	-	
	(iv) Investment Allowance Reserve	-	-	
	(v) Others, if any.			-
	Total of B	2.19	2.73	2.73
	C. LESS: Credits to Revenue Account not involving Cash Receipts:			
	(i) Depreciation	-	-	-
	(ii)			
	Total of C	-	-	-
	Net Funds from Earnings (A+B-C)	0.11	2.42	5.64
2	Contributions, Grants and Subsidies towards Cost of Capital Assets	-		
3	Security Deposit from consumers	(0.50)	(0.55)	-
4	Proceeds from disposal of Fixed Assets	-		
5	Reserve account	-		
6	Deferred tax liability	1.65	-	-
7	Subsidy and Grants received in advance	-		
8	Total Funds from Operations (1 to 8)	1.25	1.88	5.64
9	Net Increase/(Decrease) in Working Capital:			
	A. Increase/(Decrease) in Current Assets:			
	a) Inventories	-		
	b) Receivables against sale of power	0.74	(1.22)	-
	c) Loans and Advances	(2.05)	-	-
	d) Sundry Receivables	(0.01)	(0.37)	(0.04)
	Total of A	(1.32)	(1.58)	(0.04)
	B. Increase/(Decrease) in Current Liabilities:			
	a) Borrowings for working capital			
	b) Other Current liabilities - Power purchase			
	- Others	(0.76)	(3.59)	(2.49)
	-Provisions	(1.65)	-	-
	Total of B	(2.41)	(3.59)	(2.49)
	Net Increase/(Decrease) in Working Capital (A - B)	1.09	2.00	2.45
10	Net Funds from Operations before Subsidies & Grants (8-9)	0.16	(0.13)	3.19
11	Receipts from Revenue/Tariff Subsidies and Grants	-		
Tot I	Net Funds from Operations including Subsidies & Grants (7+8)	0.16	(0.13)	3.19




Vice President
Mangalore SEZ Limited

SL NO	PARTICULARS	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
II	Net Increase /(Decrease) in Capital Liabilities:			
	A. Fresh Borrowings:			
	(a) State Loans	-		
	(b) Borrowings for Working Capital			
	(c) Foreign currency Loans/Credits	-		
	(d) Other long term liabilities			
	(e) Other Borrowings	3.34	-	-
	Total of A	3.34	-	-
	B. Repayments:			
	Repayment of Principal			
	(a) State Loans	-		
	(b) Foreign currency Loans/Credits	-		
	(c) Other Borrowings	2.41	2.72	0.29
	(d)Working Capital	-		
	Total of B	2.41	2.72	0.29
	Net Increase /(Decrease) in Capital liabilities (A - B)	0.93	(2.72)	(0.29)
III	Increase/(Decrease) in Equity Capital	3.91	-	-
IV	Total Funds available for Capital Expenditure (I+II+III)	5.00	(2.84)	2.91
V	Funds Utilised on Capital Expenditure:			
	(a) On Projects	6.32	0.13	-
	b) Assets not in use - reissued for works	-		
	(c) Intangible Assets	-		
	(d) Deferred Costs	-		
	Total of V	6.32	0.13	-
VI	Net Increase/(Decrease) in Investments			
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	(1.32)	(2.97)	2.91
VIII	Add: Opening Cash & Bank balances	6.65	5.32	2.35
IX	Closing Cash & Bank Balances (VII+VIII)	5.32	2.35	5.26



MSEZL: Aggregate Revenue Requirement
MSEZL-Total

(Rs in Cr)

Sl. No.	Item	Ref Form No	FY16	FY 17	FY 18
			Actuals	Provisional	Projected
					Year 1-CP
1	Equity Share Capital as allocated to license activity (at actual equity ratio of 54%) - X	A-2	35.55	35.55	35.55
2	Adjustment for Equity Share Capital restricting to the normative level set by KERC - Y		(15.80)	(15.80)	(15.80)
3	Equity Share Capital restricted to 30% for RoE allowability as per KERC norms - (X+Y)		19.75	19.75	19.75
4	Additional Equity share capital for new capex spending at normative level spending at 30%			-	-
5	Cash resources available from share premium account or from internal resources to fund the equity commitments.	A-2	(1.90)	(3.86)	(0.94)
6	Total (3+4+5)		17.86	15.89	18.81




Vice President
Mangalore SEZ Limited

MSEZL: Revenue Requirement - Capital Base
MSEZL-Total

(Rs in Crs)

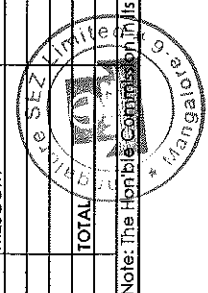
SI No	Data Required	Ref Form No.	FY16	FY 17	FY 18
			Actuals	Provisional	Projected
					Year 1-CP
1	Original cost of fixed assets (at the beginning of the (a) year)	D15	-		
	(b) Cost of intangible assets		-		
	(c) The original cost of work in progress	D17	-		
	(d) The amount of investment compulsorily made under para-IV of the Sixth Schedule		-		
	(e) An amount on account of working capital equal to the sum of :		-		
	(e) i Average cost of stores		-		
	(1/12 th of the sum of the stores materials and supplies including fuel in hand at the end of each month of the year)		-		
	(e) ii Average cash and bank balance		-		
	(1/12 th of the sum of cash and bank balance whether credit or debit and call and short term deposits at the end of each month of the year)		-		
	Sum of above		-		
	Less		-		
2	The amounts written off or set aside on account of i) depreciation of fixed assets.	D8	-		
	ii) The amount of any loan or subvention from the State	D9	-		
	ii.a) The amount of any loans borrowed from organisations or institutions approved by the State Government.	D9	-		
	ii-b) The amount of any debenture issued by the licensee.		-		
	iii) The amounts deposited in cash with the licensee by consumers, by way of security.		-		
	iv) The amount standing to the credit of Tariff and Dividends Control Reserve at the beginning of the year of account.		-		
	v) The amount standing to the credit of the Development Reserve at the close of the year.		-		
	vi) The amount carried forward (at the beginning of the year of account) in the accounts of the Licensee for distribution to the consumers.		-		
	Sum of above		-	-	-



[Signature]
Vice President
Mangalore SEZ Limited

MSEZ: POWER PURCHASE COST												Form-T1/D1
Cost of Purchased Power - 16 - ACTUALS												Form-T1/D1
Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs)			Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)			Average rate (Rs./kwh)
				Variable charge	Fuel escalation charge	Incentive payment			Wheeling charge	Fixed charges	Variable charges	
	MESCOM	13.88		7.36	-	-	-	7.36	-	7.36	7.36	
	TOTAL	13.88	-	7.36	-	-	-	7.36	-	7.36	7.36	5.30
Note:												
1. PP cost is considered as Rs 5.25 as approved by KERC												
2. The energy purchased as per the actuals bills received from MSECOCM up to March 2016.												
Cost of Purchased Power - 17												Form-T1/D1
Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs)			Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)			Average rate (Rs./kwh)
				Variable charge	Fuel escalation charge	Incentive payment			Wheeling charge	Fixed charges	Variable charges	
	MESCOM	18.45		10.45	-	-	-	10.45	0.00	10.45	10.45	
	TOTAL	18.45	-	10.45	-	-	-	10.45	-	10.45	10.45	5.66
1) PP cost is considered as Rs 5.43 as approved by KERC												
2) Assumptions for energy purchase for FY 17 is made on a realistic basis duly considering the requirements of energy received from existing consumers												
Cost of Purchased Power - 18												Form-T1/D1
Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs)			Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)			Average rate (Rs./kwh)
				Variable charge	Fuel escalation charge	Incentive payment			Wheeling charge	Fixed charges	Variable charges	
	MESCOM	85.33		47.87	-	-	-	47.87	-	47.87	47.87	
	TOTAL	85.33	-	47.87	-	-	-	47.87	-	47.87	47.87	5.61
Note: The Honble Commission in its tariff order dated 30.03.2016 has determined the PP rate of Rs.5.61/kWh for FY 18. The same is considered for calculating the PP cost for FY 18.												

Vice President
Mangalore SEZ Limited



MSEZL : REVENUE FROM SALE OF POWER

Sl. No.	Particulars	Actuals Current year-FY16				Ensuing year - FY17				Ensuing year - FY18			
		No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)
I	Consumer Categorywise-HT 33KV												
1	Residential												
2	Commercial												
3	Industrial	3	11.94	9.86	8.26	2	9.34	7.97	8.53	3	82.57	58.30	7.061
4	Water supply												
5	Public lighting												
6	Temporary					1	6.25	6.79	10.86				
	Total HT 33 KV	3	11.9	9.9	0.83	3	15.59	14.76	9.47	3	82.568	58.30	7.06
II	Consumer Categorywise-HT 11KV												
1	Residential												
2	Commercial												
3	Industrial	5	0.18	0.43	24	5	0.40	0.70	17.50	7	1.22	0.86	7.061
4	Water supply												
5	Public lighting												
6	Temporary	1	2.00	1.56	7.77	1	2.32	2.59	11.16	1	0.22	0.16	7.061
	Total HT 11 KV												
	Total	6	2.18	1.99	9.11	6	2.72	3.29	12.10	8	1.438	1.02	7.09
II	Consumer Categorywise-LT												
1	Residential												
2	Commercial												
3	LT others									4	0.29	0.21	7.061
4	Industrial												
5	Water supply												
6	Public lighting												
7	Temporary									3	0.31	0.22	7.061
	Total LT									7.00	0.59	0.43	14.12
III	Electricity duty recovery/Other State levies recovered												
IV	Wheeling charges recovery												
V	Misc Charges from Consumers												
1	Fuse of calls												
2	Reconnection Fee												
3	Public lighting maintenance												
4	Service connection charges												
5	Delayed payment charges			0.03									
6	Other receipts												
	Total of IV												
VI	Gross Revenue from Sale of Power (I+II+III+IV)												
VII	LESS:												
1	Electricity duty payable (Contra)												
2	Other State levies payable (Contra)												
3	Withdrawal of Revenue Demand												
	Total of VI												
VII	Total (V-VI)												
	Grand Total	9	14.12	11.88	8.41	9	18.31	18.05	9.86	18.00	84.60	59.75	7.063



				Form-D3
MSEZL : REVENUE SUBSIDIES AND GRANTS				
Retail supply business				
				(Rs. in Cr)
SI No	Particulars	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
		Year 1-CP		
1	RE Subsidies			
2	Grants for Research and Development Expenses	-	-	
3	Grant for Survey and Investigation	-	-	
4	Others (this contra is taken in the depreciation - Contra refer D 15 and D8)			
Grand Total		-	-	-




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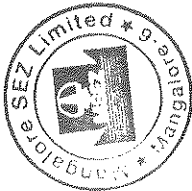
				Form D4
MSEZL : NON-TARIFF INCOME (OTHER INCOME)				
MSEZL-Total				
				(Rs. in Cr)
Sl No	Particulars	FY16	FY 17	FY 18
		Actuals	Provisional	Projected Year 1-CP
1	Interest on staff loans and advances			
2	Income from Investments:			
a	Interest on securities			
b	Interest on Bank fixed deposits	-		
	Income on other investments			
c		-		
d	Interest on loans/advances to suppliers/ Contractors	-		
e	Interest from Banks/Security Deposits with MESCOM	0.44	0.30	0.26
f	Interest on loans to Societies	-		
3	Income from Trading:			
a	Profit on sale, hire etc of apparatus	-		
b	Hire charges from Contractors	-		
c	Material Cost Variance	-		
d	Profit on sale of stores	-		
e	Sale of Scrap	-		
f	Other Misc Receipts from trading	0.02	-	-
g	Other income -	0.01	-	-
4	Income/Fees collections against staff welfare activities:			
a	Recoveries for transport facilities	-		
5	Miscellaneous Receipts:			
a	Income due to right of way granted for laying fibre optic cables/co-axial cables on T&D system	-		
b	Rental from Staff Quarters	-		
c	Rental from others	-		
d	Leave contribution	-		
e	Excess found on physical verification of cash	-		
f	Excess found on physical verification of stock	-		
g	Excess found on physical verification of Assets	-		
h	Recovery from transport & vehicle expenses	-		
l	Commission for collection of electricity duty	-		
j	Misc. recoveries	-		
k	Incentives received	-		
l	Provision for Bad debts withdrawn	-		
m	Extra-ordinary credits	-		
	Grand Total	0.47	0.30	0.26




 Vice President
 Mangalore SEZ Limited

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MSEZL : REPAIRS AND MAINTENANCE COSTS										Form D5	
MSEZL-Total											
Sl No	Particulars	FY 16 Projected Actuals			FY 17 Projected Provisional			FY 18 Projected Year 1-CP			(Rs. in Cr)
		Consumption of stores	Other expenses	Total	Consumption of stores	Other expenses	Total	Consumption of stores	Other expenses	Total	
	Repairs and maintenance to:										
1	Plant and Machinery	0.00	0.01	0.01	-	-	-	-	-	-	-
2	Transformers: (*) (a) repairs and maintenance made departmentally (b) repairs and maintenance by private agencies	-	0.01	0.01	-	0.01	0.01	-	0.01	0.01	0.01
3	Buildings	-	-	-	-	-	-	-	-	-	-
4	Other civil works/road	-	0.00	0.00	-	-	-	-	-	-	-
5	Hydraulic works	-	-	-	-	-	-	-	-	-	-
6	Lines, Cable Network, etc	-	0.00	0.00	-	-	-	-	-	-	-
7	Sub-station maintenance by private agencies	-	0.27	0.27	-	0.54	0.54	-	0.69	0.69	0.69
8	Vehicles	-	-	-	-	-	-	-	-	-	-
9	Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
10	Office Equipments	-	-	-	-	-	-	-	-	-	-
11	Others/Computers	-	-	-	-	-	-	-	-	-	-
12	R&M on Old assets	-	-	-	-	-	-	-	-	-	-
13	R&M on New assets	-	0.05	0.05	-	0.01	0.01	-	0.01	0.01	0.01
	Total	0.00	0.34	0.34	-	0.56	0.56	-	0.71	0.71	0.71



			Form D6	
MSEZL : EMPLOYEE COSTS				
MSEZL-Total				
Sl No	Particulars	(Rs. in Cr)		
		FY16 Actuals	FY 17 Provisional	FY 18 Projected Year 1-CP
1	Salaries	0.36	0.34	0.37
2	Overtime	-		
3	Dearness Allowance	-		
4	Other Allowances	-	-	-
5	Bonus	-		
6	Sub-Total (1 to 5)	0.36	0.34	0.37
7	Medical expenses reimbursement	-		
8	Leave travel Assistance	-		
9	Earned Leave Encashment	-		
10	Leave Encashment and gratuity	-	-	-
11	Payment under Workmen's Compensation Act	-		
12	Employee insurance	-	-	-
13	Total Other staff costs (7 to 12)	-	-	-
14	Staff Welfare expenses	0.03	0.02	0.02
15	Terminal Benefits/PF Employer Contribution	0.01	0.01	0.01
16	Sub-total (14 to 15)	0.04	0.03	0.03
17	Addition liability on account of pay revision	-		
18	Grand Total	0.40	0.37	0.40




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MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION												Form-D 6A
MSEZL - Total												
Sl No	Category of employee	FY 16 Projected Actuals		FY 17 Projected Provisional		FY 18 Projected		Projected		Year T-CP		Rs. in Cr
		Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	
		Sanctioned	Working	Sanctioned	Working	Sanctioned	Working	Sanctioned	Working	Sanctioned	Working	
		Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	Rs in Crores	
1	Board of directors (full time)											
2	Chief Engineer & equivalents											
3	Superintending Engineers & equivalents											
4	Executive Engineers & equivalents											
5	Asst Executive Engineers & equivalents											
6	Manager											
7	All other staff	5	0.22	5	0.22	5	0.22	4	0.22	4	0.24	
8	Terminal Benefits		0.01		0.03		0.03		0.03		0.03	
9	Others		0.17		0.12		0.12		0.12		0.13	
10												
	Total	5	0.40	5	0.40	5	0.37	4	0.37	4	0.40	


Note: Only the share of direct cost of employees is bifurcated in category of employees. The MSEZL shared Corporate Employee cost and staff welfare expense is taken under 'Others'



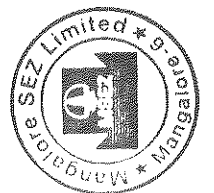
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Mangalore SEZ Limited

MSEZL : ADMINISTRATION AND GENERAL CHARGES				Form-D7
MSEZL-Total				
Sl No	Particulars	Rs. in Cr		
		FY16 Actuals	FY 17 Provisional	FY 18 Projected Year 1-CP
1	Rent,Rates and Taxes	0.01	-	-
2	Expenses incurred towards security arrangements	0.03	0.00	0.00
3	Insurance on fixed assets & Others	0.03	0.04	0.05
4	Car hire Charges	0.01	0.01	0.01
5	Pagers, Cellular phones, E-Mail, Telephone etc	0.00	-	-
6	Postage	-	0.00	0.00
7	Revenue receipt stamps/Computer billing	-	-	-
8	Bank charges	-	-	-
9	Audit fee	0.00	0.00	0.00
10	Consultancy charges	0.14	0.13	0.14
11	Technical fee	0.06	-	-
12	Contract Employees Salary - incurred for maintenance of GSS - taken as part of R&M expenses from FY 16 onwards	-	-	-
13	Office Expenses	0.00	0.01	0.01
14	Conveyance, Hotel Accommodation & Travel expenses	0.03	0.04	0.04
	Sub-total	0.32	0.23	0.25
	Other expenses			
15	Fees & subscription (incl. KERC filling charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.02	0.02	0.03
16	Books, Periodicals and dairies	-	-	-
17	Printing & Stationery	0.00	0.00	0.00
18	Factory license fees	-	-	-
19	Advertisement expenses	0.04	0.04	0.04
20	Others	0.00	-	-
21	Contributions	-	-	-
22	Electricity charges	0.01	-	-
23	Statutory payment under Companies Act	-	-	-
24	Water charges	-	-	-
25	Revenue expenditure incurred on software	-	-	-
26	Miscellaneous expenses (recoveries)	0.00	-	-
	Total other expenses	0.07	0.06	0.08
27	Freight & other material related expenditure			
	GRAND TOTAL	0.39	0.29	0.32




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MSEZL - DEPRECIATION											Form - D8
MSEZL-Total											
Sl No	Particulars of assets	FY 16 Actuals			FY 17 Provisional			FY 18 Projected		Rs. in Crs.	
		Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Depreciation provided for the year	Withdrawal of depreciation		
	MSEZL- Total										
1.	Leasehold Land	-	-	-	-	-	-	-	-	-	-
2.	Building and structures	-	0.09	-	0.09	0.09	0.17	0.09	0.09	0.26	
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	-	1.00	-	1.00	1.00	2.00	1.01	1.01	3.01	
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA.	-	-	-	-	-	-	-	-	-	
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	-	1.08	-	1.08	1.61	2.69	1.61	1.61	4.30	
7.	Service lines	-	-	-	-	-	-	-	-	-	
8.	Metering equipment	-	-	-	-	-	-	-	-	-	
9.	Misc equipment	-	-	-	-	-	-	-	-	-	
10.	Other Items/Computers	-	-	-	-	-	-	-	-	-	
a	Hydraulic Works/Civil works	-	-	-	-	-	-	-	-	-	
b	Other Civil Works - Roads	-	0.03	-	0.03	0.03	0.05	0.03	0.03	0.08	
c	Vehicles	-	-	-	-	-	-	-	-	-	
d	Furniture Fixtures	-	-	-	-	0.00	0.00	0.00	0.00	0.00	
e	Office Equipments	-	-	-	-	0.00	0.00	0.00	0.00	0.00	
f	Software (Intangible asset)	-	-	-	-	-	-	-	-	-	
	MSEZL Total	-	2.19	-	2.19	2.73	4.92	2.73	2.73	7.66	




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Mangalore SEZ Limited

MSEZL : LOANS AND DEBENTURES AND INTEREST CHARGES
MSEZL-Total

(Rs. In Crores)

Institution	FY 16 Actual						FY 17 Provisional						FY 18 Projected Projected Year T-CP						
	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
Secured Loans																			
1 Borrowings from Consortium Banks - A	18.97	26.95	-	26.95	2.42	3.91	24.53	27.86	-	27.86	2.72	2.31	25.15	25.15	-	25.15	0.29	2.30	24.86
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	9.90	14.06	-	14.06	1.26	-	12.80	14.54	-	14.54	1.42	1.21	13.12	13.12	-	13.12	0.15	1.23	12.97
b Total debt considered @ 70% for tariff allowability as per KERC norms	28.87	41.01	-	41.01	3.69	3.91	37.33	42.40	-	42.40	4.13	3.52	38.27	38.27	-	38.27	0.43	3.54	37.83
Unsecured Loans																			
4 (provide source wise loans)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FRESH BORROWINGS FOR CAPEX PLAN (for which sources will be identified as & when required)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fresh borrowings for capex - B	7.98	-	3.33	3.33	-	-	3.33	-	-	-	-	-	-	-	-	-	-	-	-
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	4.16	-	1.74	1.74	-	-	1.74	-	-	-	-	-	-	-	-	-	-	-	-
b Total debt considered @ 70% for tariff allowability as per KERC norms	12.14	-	5.07	5.07	-	-	5.07	-	-	-	-	-	-	-	-	-	-	-	-
Cost of hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total = A+B	26.95	26.95	3.33	30.28	2.42	3.91	27.86	27.86	-	27.86	2.72	3.52	25.15	25.15	-	25.15	0.29	3.54	24.86
12 Others																			
Other Interest and finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantee commission to GoK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payable on Power Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest to Consumers	-	-	-	-	-	0.38	-	-	-	-	-	0.29	-	-	-	-	-	0.25	-
Interest on working capital - wires business	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	0.13	-
Interest on working capital - supply business	-	-	-	-	-	-	-	-	-	-	-	0.41	-	-	-	-	-	1.16	-
Others Total	-	-	-	-	-	0.38	-	-	-	-	-	0.74	-	-	-	-	-	1.54	-
Total	26.95	26.95	3.33	30.28	2.42	4.30	27.86	27.86	-	27.86	2.72	4.26	25.15	25.15	-	25.15	0.29	5.07	24.86




 Vice President
 Mangalore SEZ Limited

MSEZL : DISTRIBUTION WIRES BUSINESS**MSEZL TOTAL****Sale and Lease Back of Assets - FY 16**

(Rs. in Crores)

Sl. No.	Particulars of Assets	Year of Acquisition	Original Cost of the Asset	Year of Sale	Book value at the time of the sale	Period of Lease (Years)	Annual Lease payments	Remarks
	Transformers accessories circuit breakers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total							

Sale and Lease Back of Assets - FY 17

(Rs. in Crores)

Sl. No.	Particulars of Assets	Year of Acquisition	Original Cost of the Asset	Year of Sale	Book value at the time of the sale	Period of Lease (Years)	Annual Lease payments	Remarks
	Transformers accessories circuit breakers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total							

Sale and Lease Back of Assets - FY 18

(Rs. in Crores)

Sl. No.	Particulars of Assets	Year of Acquisition	Original Cost of the Asset	Year of Sale	Book value at the time of the sale	Period of Lease (Years)	Annual Lease payments	Remarks
	Transformers accessories circuit breakers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total							

NOTE:


Since allocation of leased asset has not yet been finalised in respect of each Company, the details



[Signature]
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Mangalore SEZ Limited

				Form-D10
MSEZL : DETAILS OF EXPENSES CAPITALIZED				
MSEZL-Total				
(Rs. in Cr)				
SI No	Particulars	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
				Year 1-CP
1	Interest & Finance charges Capitalised	0.55		
2	Other expenses capitalised:			
a	Employee Costs	-		
b	Administration and General Expenses	-		
c	Repairs and maintenance	-		
d	Depreciation	-		
e	Others, if any			
	Total of 2	-	-	-
	Grand Total	0.55	-	-




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Mangalore SEZ Limited

			Form-D11
MSEZL : OTHER DEBITS			
MSEZL-Total			
			Rs. in Cr
Particulars	FY16	FY 17	FY 18
	Actuals	Provisional	Projected
		Year 1-CP	Year 1-CP
Small and Low value items written off	NIL	NIL	NIL
charges			
Losses/gains relating to Fixed assets			
Assets decommissioning cost			
Bad debts written off			
Provisions for bad and doubtful debts			
Miscellaneous losses and write offs			
Material cost variance			
Bad & doubtful debts provided for others			
Grand Total			




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				Form-D12
MSEZL : EXTRAORDINARY ITEMS				
MSEZL-Total				
				(Rs. in Cr)
SI No	Particulars	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
				Year 1-CP
1	Extraordinary Credits (incl.			
	subsidies against losses due to natural disasters	Nil		
	TOTAL CREDITS	-	-	-
2	Extraordinary Debits (incl.			
	subsidies against losses due to natural disasters	Nil		
	TOTAL DEBITS	-	-	-
3	Grand Total	-	-	-




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				Form-D13
MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES)				
MSEZL-Total				
				(Rs. in Cr)
SI No	Particulars	FY16	FY 17	FY 18
		Actuals	Provisional	Projected
				Year 1-CP
	Prior period credits/charges	-		
1	Short/excess provision of depreciation	-		
2	Short/excess provision of Interest and finance charges	-		
3	Short provision for power purchase in previous years	-		
4	Withdrawal of Revenue Demand and receipts from consumes relating to prior periods	-		
5	Other expenses/income relating to prior periods	-		
6	A&G expenses for prior period	-		
7	Other excess provisions relating to prior periods	-		
8	Operating expenses of previous year	-		
9	Employee cost relating to previous year	-		
10	Material related expenses relating to previous years	-		
11	Excess provision of IT	-		
	Net prior period Credit/(Charges)	-	-	-

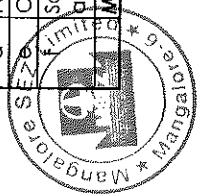



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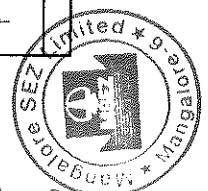
MSEZL: CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS										Form D14
MSEZL-Total										
Sl No	Particulars	FY 16 Actuals			FY 17 Provisional			FY 18 Projected		(Rs. In Cr)
		Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	
1	Consumers Contribution	0.47	-	0.47	-	-	-	-	-	-
2	Subsidies towards cost of Capital Assets*									
3	Grants towards cost of Capital Assets*									
4	Others									
	Less: Adjusted against asset cost		(0.47)	(0.47)						
D3	Revenue Subsidy Recognised in P&L A/c.	-	-	-	-	-	-	-	-	-
	Grand Total	0.47	(0.47)	-	-	-	-	-	-	-



MSEZL : GROSS FIXED ASSETS											Form-D15
MSEZL-Total											
Sl No	Particulars of assets	FY 16 Actual			FY 17 Provisional			FY 18 Projected			(Rs. in Cr)
		Balance at the end of previous year	Additions during the year	Retirement of assets during the year	Balance at the end of the year	Additions during the year	Retirement of assets during the year	Balance at the end of the year	Additions during the year	Retirement of assets during the year	
	MSEZL - Total										
1.	Leasehold Land	2.30	3.87		6.17	-		6.17	-		6.17
2.	Building and structures	-	2.84		2.84	-		2.84	-		2.84
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	-	21.07		21.07	0.11		21.18	-		21.18
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-				-			-		-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	-	33.87		33.87	0.02		33.89	-		33.89
6	Service lines	-				-			-		-
7	Metering equipment	-				-			-		-
8	Misc equipment	-				-			-		-
9	Other items/Computers	0.03			0.03	-		0.03	-		0.03
a	Hydraulic Works/Civil	-				-			-		-
b	Other Civil Works - Roads	-	0.87		0.87	-		0.87	-		0.87
c	Vehicles	-				-			-		-
d	Furniture Fixtures	0.02			0.02	-		0.02	-		0.02
	Office Equipments	0.02			0.02	-		0.02	-		0.02
	Software (Intangible asset)	-				-			-		-
	MSEZL - Total	2.37	62.53	-	64.90	0.13	-	65.03	-	-	65.03



		MSEZL - NET FIXED ASSETS						Form-D16	
		MSEZL-Total							
Sl No	Particulars of assets	FY 16 Actual			FY 17 Provisional			FY 18 Projected	
		Balance at the end of previous year	Addition of assets during the year	Net Depreciation for the Year	Balance at the end of the year	Addition of assets during the year	Net Depreciation for the Year	Balance at the end of the year	Net Depreciation for the Year
									(Rs. in Cr)
	MSEZL- Total								
1.	Leasehold Land	2.30	3.87	-	6.17	-	6.17	-	6.17
2.	Building and structures	-	2.76	-	2.76	-	2.67	-	2.59
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	-	20.07	-	20.07	0.11	19.17	-	18.17
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA.	-	-	-	-	1.00	-	-	-
5.	Towers, Poles, fixture, overhead conductors, UG cables and devices	-	32.79	-	32.79	0.02	31.20	-	29.59
7.	Service lines	-	-	-	-	-	-	-	-
8.	Metering equipment	-	-	-	-	-	-	-	-
9.	Misc equipment	-	-	-	-	-	-	-	-
10.	Other Items/Computers	0.03	-	-	0.03	-	0.03	-	0.03
a	Hydraulic Works/Civil	-	-	-	-	-	-	-	-
b	Other Civil Works - Roads	-	0.85	-	0.85	-	0.82	-	0.79
c	Vehicles	-	-	-	-	-	-	-	-
d	Furniture Fixtures	0.02	-	-	0.02	-	0.02	-	0.02
e	Office Equipments	0.02	-	-	0.02	-	0.02	-	0.02
f	Software (Intangible asset)	-	-	-	-	-	-	-	-
	MSEZL- Total	2.37	60.34	-	62.70	0.13	60.11	-	57.37



Vice President
Mangalore SEZ Limited

MSEZL : WORK IN PROGRESS - DISTRIBUTION		Form D17	
MSEZL-Total			
Description	FY16	FY 17	(Rs. in Cr)
	Actuals	Provisional	FY 18 Projected Year 1-CP
Opening balance	56.22	-	-
Add:			
i) Capital expenditure	6.15	-	-
ii) Interest & Finance charges capitalised	0.55		
iii) Expenses (including interest) capitalised	0.32		
iv) Capital receipt deducted in capital cost	(0.47)		
v) Being the allocation of project development expenses reduced.	(0.25)	-	-
Total capital expenditure for the year	62.53		
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	62.53		
Closing Balance	-	-	-
Add: Interest on debt funds borrowed not capitalized during the year			
Total Closing CWIP after Interest	-	-	-



[Handwritten Signature]

Vice President
Mangalore SEZ Limited

Receivables against Sale of Power (DEMAND, COLLECTION AND BALANCE OF REVENUE FOR THE YEAR)											
Sl No	NAME OF ZONE/CIRCLE/ DIVISION	OPENING BALANCE		DEMAND		FOR THE YEAR		COLLECTION %		CLOSING BALANCE	
		PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
1	ZONE										
A	CIRCLE										
1	DIVISION-1										
2	DIVISION-2										
3	e/c.										
	TOTAL OF A										
B											
4											
5											
6	e/c.										
	TOTAL OF B										
	TOTAL OF [Zone]										
II											
C											
III											
IV											
V											
COMPANY TOTAL OF ALL ZONES											

Not Applicable as SEZ does not have such classification



[Signature]

Vice President
Mangalore SEZ Limited

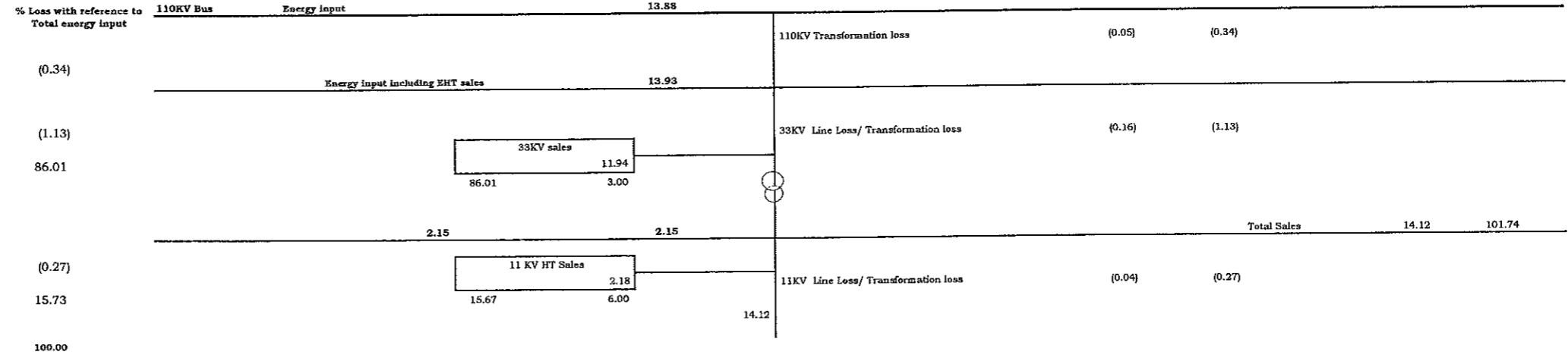
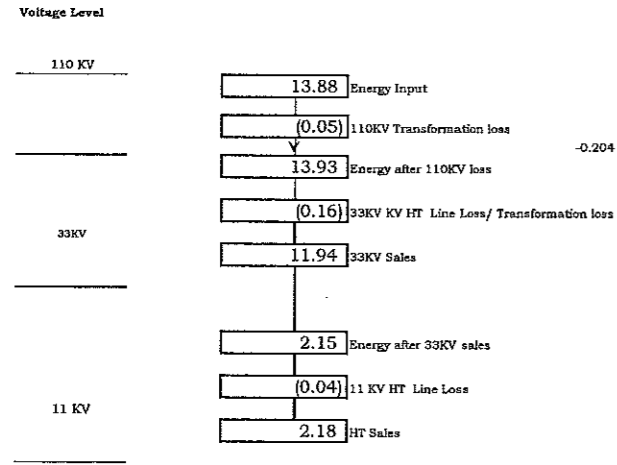
STATEMENT SHOWING DIVISIONWISE, TARIFFWISE DEMAND, COLLECTION AND BALANCE OF REVENUE FOR THE YEAR FY 16 to FY 18

SL. NO.	DIVISION/ CIRCLE/ ZONE	PARTICULARS	33KV Industrial		11KV HT		LT Others		TOTAL
			Industrial	Construction	Industrial	Construction	Industrial	Construction	
1	MSEZL- FY16	No. of installations	3.00	1.00	5.00	1.00			9.00
		Consumption	11.94	2.00	0.18	2.00			14.12
		Consumption per Installation	3.98	2.00	0.04	2.00			6.02
		O.B.	0.00	0.00	0.00	0.00			0.00
		Demand	9.86	1.56	0.43	1.56			11.84
		Demand per kwh	8.26	7.77	24.00	7.77			8.39
		Collection	9.86	1.56	0.43	1.56			11.84
C.B.	0.00	0.00	0.00	0.00			0.00		
2	MSEZL -FY17	No. of installations	3.00	1.00	5.00	1.00			9.00
		Consumption	15.59	2.32	0.40	2.32			18.31
		Consumption per Installation	5.20	2.32	0.08	2.32			7.60
		O.B.	0.00	0.00	0.00	0.00			-
		Demand	14.76	2.59	0.70	2.59			18.05
		Demand per kwh	9.47	11.16	17.50	11.16			9.86
		Collection	14.76	2.59	0.70	2.59			18.05
C.B.	0.00	0.00	0.00	0.00			0.00		
3	MSEZL -FY18	No. of installations	3.00	1.00	7.00	1.00	4.00	3.00	18.00
		Consumption	82.57	0.22	1.22	0.22	0.29	0.31	84.60
		Consumption per Installation	27.52	0.22	0.17	0.22	0.07	0.10	28.09
		O.B.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Demand	58.30	0.16	0.86	0.16	0.21	0.22	59.75
		Demand per kwh	7.06	7.26	7.06	7.26	7.33	7.20	7.06
		Collection	58.30	0.16	0.86	0.16	0.21	0.22	59.75
C.B.	0.00	0.00	0.00	0.00	0.00	0.00	0.00		



Vice President
Mangalore SEZ Limited

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-16



Segregation Loss	Energy in MU	% Loss
110KV	(0.05)	(0.34)
33KV line loss	(0.16)	(1.13)
11 KV HT Line Loss/ Transformation loss	(0.04)	(0.27)
	(0.24)	(1.74)

Note: 1) The losses for FY 16 arrived are as per the actuals, it is to be noted that the losses are negative inspite of the fact that all the energy meters of MSEZ consumers are calibrated through KPTCL
 2) The Total Energy sales at various voltage level are more than the energy input and therefore the losses works out to be negative
 3) The losses occurring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
 4) The losses occurring at 33KV and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77:23

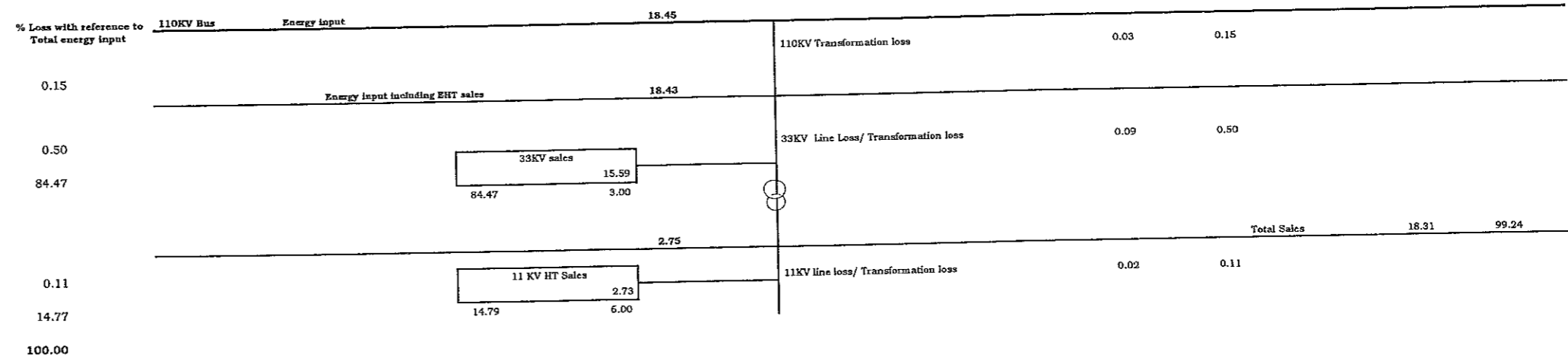
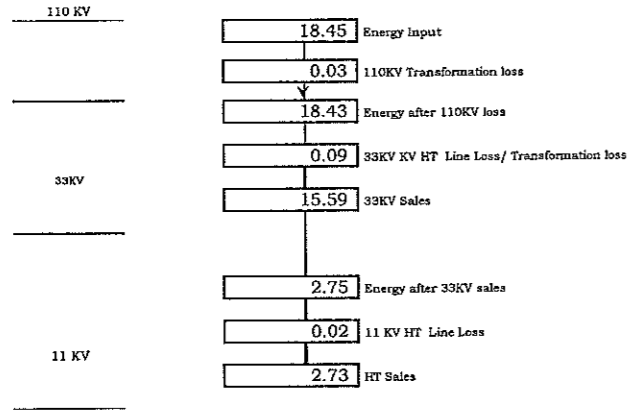


Vice President
Mangalore SEZ Limited

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-17

(All data in Mus)

Voltage Level



18.31

Segregation Loss	Energy in MU	% Loss
110KV	0.03	0.15
33KV line loss	0.09	0.50
11 KV HT Line Loss/	0.02	0.11
	0.14	0.76

Note: 1) For FY 17 total is assumed as 0.76% as per the study conducted by the Technical consultants
 2) The losses occurring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
 3) The losses occurring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77:33

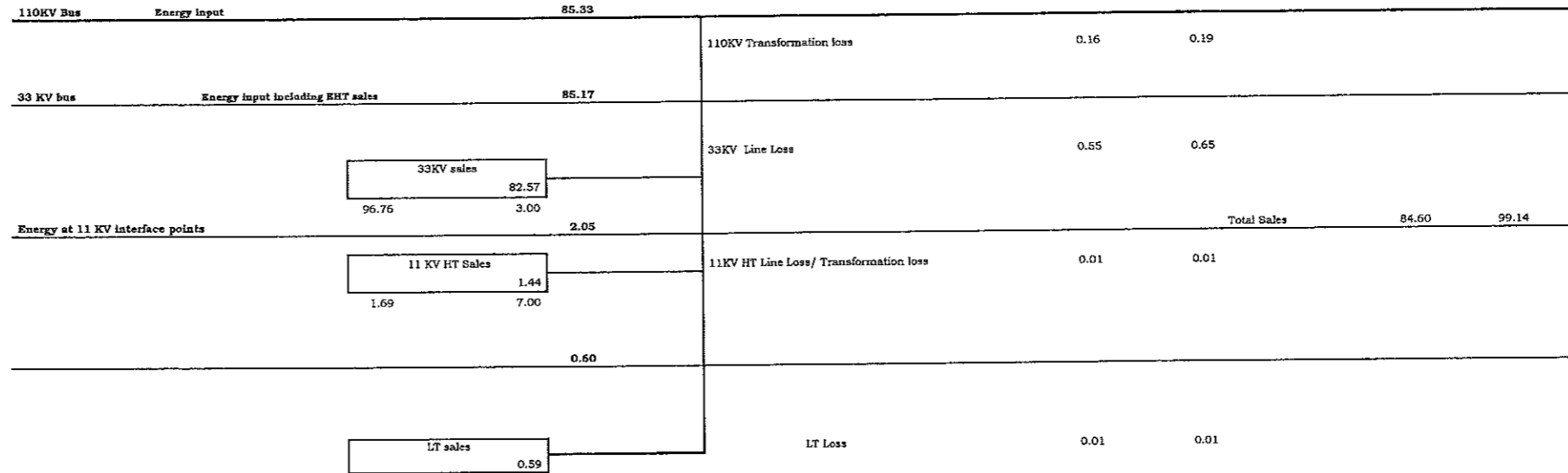


Vice President
Mangalore SEZ Limited

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-18

(All data in Mwh)


Voltage Level	Energy (MWh)	Description	% Loss with reference to Total energy input
110 KV	85.33	Energy Input	
	0.16	110KV Transformation loss	0.19
	85.17		
33KV	0.55	33KV KV HT Line Loss	0.65
	82.57	33KV Sales	96.76
	2.05	Energy after 33KV sales	
11 KV	0.01	11 KV HT Line Loss/ Transformation loss	0.01
	1.44	HT Sales	1.69
	0.60	Energy after 11KV sales	
LT	0.01	LT loss	0.01
	0.59	LT sales	0.69
	100.00		



Segregation Loss	Energy in MU	% Loss
110KV	0.16	0.19
33KV line loss	0.55	0.65
11 KV HT Line Loss/	0.01	0.01
LT loss	0.01	0.01
	0.73	0.86

Note: 1) For FY 18 total loss is assumed as 0.86% as per the study conducted by technical consultants
 2) The losses occurring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
 3) The losses occurring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77:33




Vice President
Mangalore SEZ Limited

ANNEXE - II (REVISED)

Forms for Filing ERC			
SI No	Item	Transmission Form No	Distribution Form No
1	Existing Tariff and Proposed Tariff	T20	D20
2	Existing Tariff and Proposed Tariff	T21	D21
3	Expected Revenue when Proposed Tariff is introduced for a Part Year	T22	D22
4	Embedded cost of service of supply of electricity	T23	D23
5	External Subsidy (Allocation of external subsidy among consumer classes)	T24	D24




Vice President
Mangalore SEZ Limited

Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load Slabwise (KW /KVA /HP)	Consumption Slabwise (MU)	EXISTING TARIFF AND PROPOSED TARIFF		Form T20/D20	
						EXISTING TARIFF CHARGES		PROPOSED TARIFF CHARGES	
						PARTICULARS	RATE (RS)	PARTICULARS	RATE (RS.)
1	HT	Industrial	8			Fixed Charges/KVA	180.00	Fixed Charges/KVA	180.00
						Energy Charges/KWH	6.50	Energy Charges/KWH	6.65
2	HT	Construction power	1			Fixed Charges/KVA	200.00	Fixed Charges/KVA	200.00
						Energy Charges/KWH	9.00	Energy Charges/KWH	9.15
			9						

Note: We are proposing to introduce a new category 'LT-Others' in the tariff structure for FY 18.



(Signature)
Vice President
 Mangalore SEZ Limited

EXISTING TARIFF AND PROPOSES TARIFF													FORM T21/D21		
Sl. No.	Tariff Category	Type of Installation	No. of consumers	Sanct. Load-Slabwise (KW /KVA /HP)	Consumption-Slabwise (MU)	CHARGES AT EXISTING TARIFF				CHARGES AT PROPOSED TARIFF				EXPECTED ADDITIONAL REVENUE AT PROPOSED CHARGES (RS.CRS)	PROPOSED PERCENTAGE INCREASE (%)
						PARTICULARS	RATE (RS)	AMOUNT (RS. CRS)	Realisation/Unit	PARTICULARS	RATE (RS.)	AMOUNT (RS.(CRS)	Realisation/Unit		
1	HT	Industrial	10	18.98	83.79	Fixed Charges/KVA	180.00	3.08		Fixed Charges/KVA	180.00	3.07			
						Energy Charges	6.50	54.46		Energy Charges	6.65	55.79	7.03		
2	HT/LT	Construction power	4	0.65	0.53	Fixed Charges/KVA	200.00	0.12		Fixed Charges/KVA	200.00	0.12			
						Energy Charges	9.00	0.47	11.22	Energy Charges	9.15	0.48	11.41		
3	LT-Others	Industrial	4	0.10	0.29	Fixed Charges/KVA	180.00	0.02		Fixed Charges/KVA	180.00	0.02			
						Energy Charges	6.50	0.19	7.33	Energy Charges	6.65	0.19	7.33		
			18	19.72	84.60			58.34	6.90			59.67	7.05	1.33	2.23

Note1: We are proposing to introduce a new category 'LT-Others' in the tariff structure for FY 18. We propose before the Hon'ble Commission that 'LT Others' category would also be charged with tariff structure applicable to HT Industrial Consumer.

Note 2: In the current filing, we are proposing to increase the tariff by Paise 10/unit for the FY 18 ARR and Paise 5/unit for the FY 16 GAP, for the reasons explained in Chapter 13.

Note 3. We have considered the retail power purchase tariff at Rs.5.61/kWh, being the rate considered by Hon'ble Commission in its Tariff Order dated 30th March, 2016. We submit before the Hon'ble Commission that in case the input cost of power purchase goes up then this incremental increase in PP cost alone needs to be passed on the consumers.



[Signature]
Vice President
Mangalore SEZ Limited

External Subsidy (Allocation of external subsidy among consumer classes)

Not applicable as there is no external subsidy

(Rs in Crs)

Sl.No	Tariff Category	Type of Installation	At Current Tariff Charges		At Proposed Tariff Charges	
			Revenue for a full year.	External Subsidy Directly Assigned	Revenue for a full year.	External Subsidy Directly Assigned
		TOTAL				



[Signature]
 Vice President
 Mangalore SEZ Limited

Maharaj N R Suresh And Co.

Chartered Accountants

9, (Old 5), II Lane, II Main Road, Trustpuram, Chennai - 600 024.

Tel. : (044) 24837583, 24801322 Fax : 044-24813734 e-mail : mnrssuresh56@gmail.com

ANNEXURE-I



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANGALORE SEZ LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

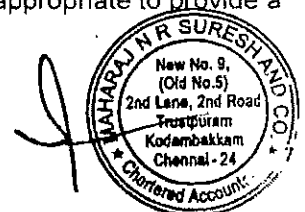
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

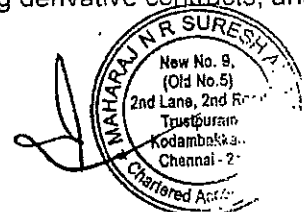
Emphasis of Matters

- We draw attention to the following matters in the Notes to the financial statements:
 - Note 25 (d) " dues from" and "dues to" related parties are based on the books of account of the Company and confirmations of balance have not been obtained.
 - Note 31 (b) Income from River water charges includes Rs 183.49 Million disputed by a customer. The Company is advised by its legal Counsel, the claim of the Customer is not sustainable, in terms of the Agreement.
- Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

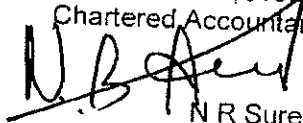
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit .
- (b) In our opinion,proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act ., read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 20(a) to the financial statements;
 - (ii) the Company did not have any long-term contracts, including derivative contracts; and



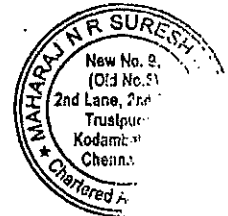
(iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the investor Education and protection Fund. Therefore the question of delay in transferring such sums does not arise.

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

For Maharaj N R Suresh and Co
FRN001931S
Chartered Accountants


N R Suresh
Partner
M.No:021661

Place: Bengaluru
Date: 12.05.2016



ANNEXURE "A" to The Independent Auditor's Report of even date on the Standalone Financial Statements of Mangalore SEZ Limited

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

We have audited the internal financial controls over financial reporting of Mangalore SEZ Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

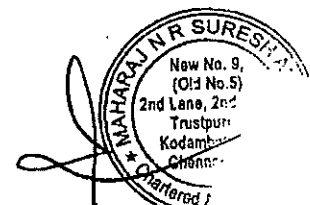
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

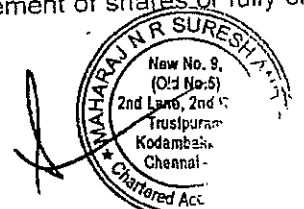
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the Management at reasonable intervals which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) All the title deeds of immovable properties are held in the name of the Company except 320.2627 Acres of lease hold land amounting to Rs 576.06 Million not registered as on 31.03.2016.

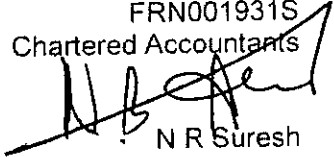


- (ii) The Management has carried out physical verification of Inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 1956 in respect of Investments provided by the company. The company has not granted loans or provided any guarantee or security to any company covered under Section 185
- (v) The Company has not accepted any deposits from the public
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the industry in which the company is engaged
- (vii) According to the information and explanations given to us in respect of Statutory dues :
- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees State insurance, Income Tax, Service tax, Sales Tax, Value added tax and other material statutory dues as applicable to it. There were no undisputed amounts payable in respect of Income Tax, Wealth tax, Service tax, Value added tax, and Sales Tax, were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and cess, which have not been deposited on account of any dispute
- (viii) The Company has not defaulted in repayment of dues to financial institutions, banks, Government or to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and the term loans borrowed by the company have been applied for the purpose for the which the loans were obtained.
- (x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi company and hence clause (xii) of Paragraph 3 is not applicable to the Company.
- (xiii) All Transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.



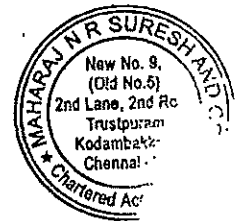
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Maharaj N R Suresh and Co
FRN001931S
Chartered Accountants



N R Suresh
Partner
M.No:021661

Place: Bengaluru
Date:12.05.2016





Mangalore SEZ Limited
Balance Sheet as at 31st March 2016

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

Contingent liabilities and Commitments 20
Significant Accounting policies 1

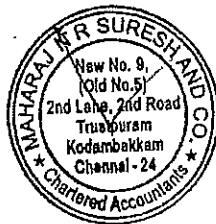
See accompanying notes to the financial statements (Note no 24 to 33)

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

N R Suresh

Partner

Membership No. 021661



For and on behalf of the Board

Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Gouranga Charan Swain
Chief Financial Officer

H. Kumar
Director
DIN : 06851988

V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016

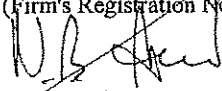


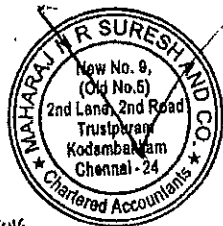
Mangalore SEZ Limited
Statement of Profit and Loss for the year ended 31st March 2016

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

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

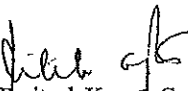
As per our report attached
For Maharaj N R Suresh and Co
Chartered Accountants
(Firm's Registration No. 001931S)

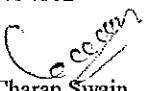

N.R Suresh
Partner
Membership No. 021661




Place: Bangalore
Date: 12th May 2016.

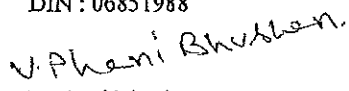
For and on behalf of the Board


Haritosh Kumar Gupta
Managing Director
DIN : 01054182


Gouranga Charan Swain
Chief Financial Officer

Place: Bangalore
Date: 12th May 2016


H. Kumar
Director
DIN : 06851988


V. Phani Bhushan
Company Secretary

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

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

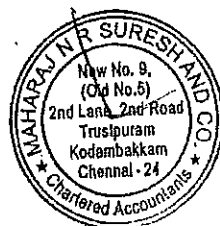
NOTES:

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

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

For and on behalf of the Board

NR Suresh
Partner
Membership No. 021661



Haritosh Kumar Gupta
Managing Director
DIN : 01054182

H. Kumar
Director
DIN : 06851988

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
V. Phani Bhushan
Company Secretary

Place: Bangalore
Date: 12th May 2016

Place: Bangalore
Date: 12th May 2016



Mangalore SEZ Limited

Notes accompanying financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

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

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

B) Revenue recognition

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

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

C) Government Grants

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





Mangalore SEZ Limited
Notes accompanying financial statements

D) Fixed assets

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

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

E) Depreciation

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

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

Depreciation on power distribution assets is provided as per rate of depreciation notified by Central Electricity Regulatory Commission (CERC)
Useful life and residual values are reviewed periodically at the each financial year end.

F) Intangible assets and amortisation

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

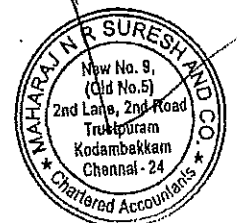
- Specialised software over a period of five years from the month of addition
- Barrage cost is amortised on a straight line basis over the lease period / life of the asset whichever is less.

G) Investments

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

H) Inventory

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





Mangalore SEZ Limited
Notes accompanying financial statements

I) Unbilled Revenue

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

J) Foreign currency transactions

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

K) Employee benefits

a) Short term employee benefits

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





Mangalore SEZ Limited
Notes accompanying financial statements

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

c) Long term employee benefits

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

L) Borrowing cost

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

M) Segment Reporting

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

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

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

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

Geographical segment – not applicable

N) Leases

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

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





Mangalore SEZ Limited
Notes accompanying financial statements

O) Taxes on income

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

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

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

Q) Provisions, contingent liabilities and contingent assets

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

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

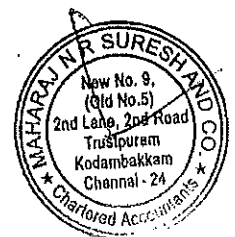
Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.

Contingent liability is disclosed in the case of

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

Contingent assets are neither recognised nor disclosed.

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





Mangalore SEZ Limited
Notes accompanying financial statements

2- Share Capital

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

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

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

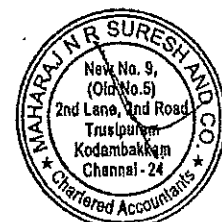
There is no movement in Share Capital during the year. (Previous Year -Nil)

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

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

(d) Terms / rights attached to equity shares:

- (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.





Mangalore SEZ Limited
Notes accompanying financial statements

3-Reserves and Surplus

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

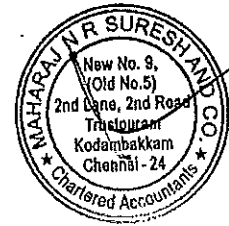
4-Long Term Borrowings

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

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

Repayment schedule for the sanctioned amount

Financial Year	QTR	QTRLY Installment	Yearly
2015 - 16	1 to 3	186.60	559.80
2016 - 17	4 to 7	297.30	1,189.20
2017 - 18	8 to 11	244.90	979.60
2018 - 19	12 to15	174.90	699.60
2019 - 20	16 to 19	174.90	699.60
2020 - 21	20 to23	174.90	699.60
2021 - 22	24 to27	174.90	699.60
2022 - 23	28 to 31	174.90	699.60
2023 - 24	32 to 35	139.90	559.60
2024 - 25	36	210.00	210.10
			6,996.30





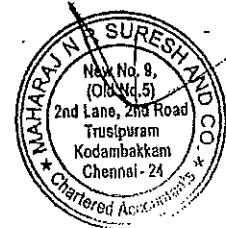
Mangalore SEZ Limited
Notes accompanying financial statements

5-Deferred tax liabilities

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

6-Long Term Liabilities

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





Mangalore SEZ Limited
Notes accompanying financial statements

a) Includes

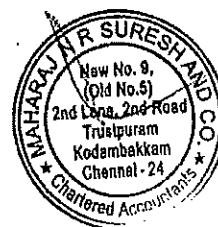
Name of Party	Nature of transactions	As at 31st March 2016	As at 31st March 2015
		₹	₹
Mangalore Refinery and Petrochemicals Limited (MRPL)	Advance towards corridor cost	900,000,000	80,000,000
ONGC Mangalore Petrochemicals Limited (OMPL)	Advance towards corridor cost	900,000,000	800,000,000
Mangalore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

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

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

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

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





Mangalore SEZ Limited
Notes accompanying financial statements

7-Long Term Provisions

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

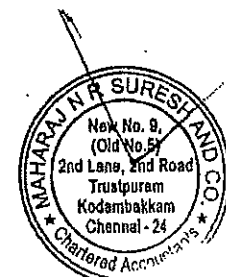
8-Trade Payables

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

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

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

Particulars	2015-16	2014-15
	₹	₹
i) Principal amount remaining unpaid but not due as at year end to micro, small and medium enterprises	Nil	Nil
ii) Interest due thereon as at year end	Nil	Nil
iii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
iv) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified	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





Mangalore SEZ Limited
Notes accompanying financial statements

9-Other Current Liabilities

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

(a) Grant Received towards infrastructure facility includes amount received from Visvesvaraya Trade Promotion Centre (VTPC) a Government of Karnataka Organisation under ASIDE Scheme for construction of two lane flyover and common effluent treatment plant (CEPT). The grant will be adjusted against the capital cost on completion of work.

(b) Security deposit from Customers includes ₹ 549,1328 /- (previous year ₹ 11,714,856/- Security deposit received from ONGC Mangalore Petrochemicals Limited (OMPL) towards power supply)

(c) Others include due to related parties ₹ 393,723,437/- (Previous year ₹ 403,104,767/-) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation.

10-Short Term Provisions

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





Mangalore SEZ Limited
Notes accompanying financial statements

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

	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	Additions	Deductions	As at	Upto	For	Deductions	Upto	As at	As At
	1st April 2015			31st March 2016	31st March 2015	the period	31st March 2016	31st March 2016	31st March 2016	31st March 2015
Tangible Assets										
Land - Leasehold	₹ 4,313,946,854	129,205,294	85,037,822	₹ 4,358,114,326	-	-	-	-	₹ 4,358,114,326	₹ 4,313,946,854
Land - Leasehold	₹ 4,343,872	-	-	₹ 4,343,872	720,127	213,076	-	933,203	₹ 3,410,669	₹ 3,623,745
Plant and equipment	5,428,671	176,760	147,942	5,457,489	4,642,713	582,433	147,942	5,077,204	380,285	785,958
- Computer	6,322,834	3,032,298	407,917	8,967,215	3,499,667	1,751,238	394,418	4,858,487	4,108,728	2,823,167
- Weigh Bridge	562,923	-	-	562,923	43,786	37,066	-	80,852	482,071	519,137
- Grass Cutting Machine	78,000	78,000	-	78,000	1,236	1,236	-	1,236	76,764	-
Furniture and fixtures	8,539,297	2,489,263	-	11,028,560	3,505,866	1,284,660	-	4,790,526	6,238,034	5,033,431
Roads	494,778,734	202,125,236	-	696,903,970	24,376,022	125,876,942	-	150,252,964	546,651,006	470,403,712
Factory Building	697,335,522	390,492,097	2,646,636	1,085,180,983	18,959,494	30,599,821	33,815	49,525,500	1,035,655,483	678,376,028
Electrical Installations & Equipment	380,854,425	136,803,034	883,294	516,774,185	20,658,456	34,118,934	33,565	54,743,825	462,030,360	360,195,969
Hydraulic works, pipelines & sluices	1,895,180,274	546,798,254	-	2,441,978,528	59,854,760	83,462,684	-	143,317,444	2,298,661,084	1,835,325,514
Power distribution										
Transformers, Substations parts & Other fixed apparatus	-	210,686,099	-	210,686,099	-	10,011,803	-	10,011,803	200,674,296	-
Underground cables, towers, poles and fixtures	-	338,734,810	-	338,734,810	-	10,820,229	-	10,820,229	327,914,581	-
Totals	₹ 7,807,293,405	₹ 1,960,641,165	₹ 89,173,611	₹ 9,678,810,960	₹ 13,626,890	₹ 298,762,122	₹ 609,740	₹ 48,413,272	₹ 9,244,397,688	₹ 7,671,022,516
Previous Year	₹ 3,513,930,227	₹ 4,293,520,477	₹ 157,298	₹ 7,807,293,405	₹ 8,501,588	₹ 127,830,751	₹ 70,449	₹ 136,360,890	₹ 7,671,032,516	₹ 3,505,629,629
Intangible Assets										
Specialised Software	1,134,225	-	-	1,134,225	1,134,220	-	-	1,134,220	5	5
Patents usage rights	165,050,604	-	-	165,050,604	6,602,024	6,602,024	-	13,204,048	151,846,556	158,448,580
Total	₹ 1,667,184,829	-	-	₹ 1,667,184,829	₹ 7,736,244	₹ 6,602,024	-	₹ 14,338,268	₹ 151,846,561	₹ 158,448,585
Previous Year	₹ 1,134,225	₹ 165,050,604	-	₹ 1,667,184,829	₹ 1,094,578	₹ 6,641,666	-	₹ 7,736,244	₹ 158,448,583	₹ 39,647





11(b) - Capital Work in Progress

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

11(c) Fixed Assets:

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

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

The details are as under

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





Mangalore SEZ Limited
Notes accompanying financial statements

11(d) Land leasehold:

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

Execution of lease cum sale agreement

Total Area (Acres) as on 31.03.2016	Agreement date	Lease Commence- ment date	Area Registered as on 31.03.2016 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2016 (Acres)	Total Area as on 31.03.2015 (Acres)	Area Registered as on 31.03.2015 (Acres)	Balance Not registered as on 31.03.2015 (Acres) (after surrender to KIADB)
	28.12.2010*	27.01.2010						
1985.15	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			86.5242	86.5242	
274.36				251.23	23.13	274.36		23.13
7.35					7.35			
2355.85			1632.10	251.23	472.42	2348.60	1632.20	465.07

* For 1533.22 acres

For 9.99 acres

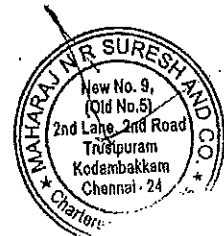
(ii) The Company has an obligation vide Government Order no. RD 309 REH 2006 dated 20.06.2007 to provide various compensations to the Project Displaced Families (PDFs) including one job per family and sites for construction. The PDFs can opt for cash in lieu of site and cash in lieu of job. The estimated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

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

The Company has made the above provision based on present obligation as a result of past event.

Further the said R&R package has been amended vide G.O. no. RD 116 REH 2011 dated 02.12.2011 by including the following:

- Exit Option - the PDFs 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.





Mangalore SEZ Limited
Notes accompanying financial statements

11(e) Capital Work in Progress :

Capital work in progress includes ₹ 938.52 millions as on 31-03-2016 (includes PDE allocation as at 31.03.2016) (previous year ₹765.94 millions), mandatory and unavoidable expenditure incurred on creation of infrastructure at R & R colony, pursuant to the Government of Karnataka Order No. KE 309 REH, 2006, Bangalore dated 20-06-2007. The expenditure will be transferred to the cost of the land in the year in which the obligation is completed.

11(f) Capitalisation of assets :

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

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

12-Non Current investments

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

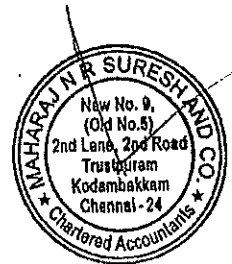
13-Long Term Loans and Advances

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

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

14-Other Non Current Assets

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





Mangalore SEZ Limited
Notes accompanying financial statements

15-Inventories

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

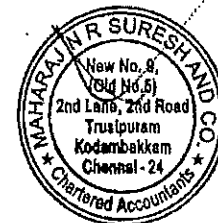
16-Trade Receivable

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

17-Cash and cash equivalents

Description	As at 31st March 2016	As at 31st March 2015
	₹	₹
Cash and cash equivalents		
In current account	40,039,529	24,412,472
In deposit account	693,740,944	700,000,000
Cash on hand	16,120	17,740
Investments in Mutual Funds (Refer (a) below)	233,104,482	80,026,131
228658.066 units of ₹ 1019.4457 each (Previous year 78,499.65 units of ₹ 1019.44575/- each)		
Total	966,901,075	804,456,343

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





Mangalore SEZ Limited
Notes accompanying financial statements

18-Short Term Loans & Advances

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

Name of Party	Nature of transaction	As at 31st March 2016	As at 31st March 2015
		₹	₹
Others receivable :			
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying of River water pipeline	160,000	160,000
Mangalore Refinery and Petrochemicals Limited (MRPL)	Security deposit towards permission for cable laying and erection of VCB panel	13,296	13,296
Karnataka Industrial Area Development Board (KIADB)	Security deposit towards laying pipeline Corridor	1,000,000	1,000,000
Security deposit		1,173,296	1,173,296
Related party advance includes			
Mangalore Refinery and Petrochemicals Limited (MRPL)	Receivable towards land acquired on behalf of MRPL	17,438,138	37,429,613
Mangalore Refinery and Petrochemicals Limited (MRPL)	Expense incurred on behalf of the MRPL	631,167	46,255,361
Mangalore STP Limited	Expense incurred on behalf of the Mangalore STP Ltd.	561,915	-
ONGC Mangalore Petrochemicals Limited (OMPL)	Towards Expenses incurred on behalf of OMPL	0	1,145,347
OMPL	Towards stipend and sustenance	17,314,047	15,999,915.00
Mangalore Refinery and Petrochemicals Limited (MRPL)	Non operational lease rent	760,450	760,450
MRPL	Towards stipend and sustenance	5,547,265	5,547,265
MSEZ Power Ltd	Expenses incurred on behalf of Company	113,300	
Others receivable		42,366,282	107,137,951





Mangalore SEZ Limited
Notes accompanying financial statements

19-Other Current Assets

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

20-Contingent liabilities and commitments

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

(b) Commitments:

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

21-Revenue from operations

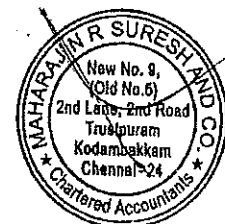
Description	205-16	204-15
	₹	₹
Lease Premium	104,701,259	104,701,259
Lease Rental	39,938,204	52,645,551
River water charges	423,917,255	246,845,976
TTP water charges	118,231,548	122,537,528
O&M Charges - River water, TTP Water, Marine outfall & Zone	284,651,488	117,721,013
Marine Outfall Right of Usage charges	12,432,330	-
Sale of power -Licensed activity	117,042,188	-
Total	1,100,914,272	644,451,327

22- Other Income

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

23 (a)- Employee benefit expense

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





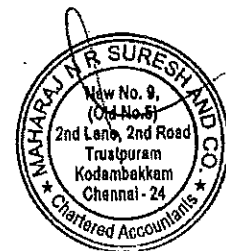
Mangalore SEZ Limited
Notes accompanying financial statements

23 (b)- Finance costs

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

23(c)- Other Expenses

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





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

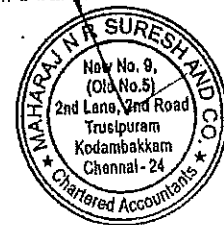
(A) Brief description: A general description of the type of Defined Benefit Plans and Long Term Employee Benefits is as follows:

- (i) Compensated absences - Earned leave eligibility is 25 days per annum and sick leave 12 days per annum. Encashment permitted up to a maximum of 300 days per employee.
- (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 2016	As at 31 st March 2015
		₹	₹
1	Present value of funded obligation	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded obligation	4,695,489	3,516,092
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	241,373	92,869
	Non-current	4,454,116	3,423,223
	Total	4,695,489	3,516,092

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

Sl. No	Particulars	As at 31st March 2016	As at 31 st March 2015
		₹	₹
1	Opening defined benefit obligation	3,516,092	2,241,580
2	Service Cost	797,060	603,829
3	Interest Cost	280,584	208,691
4	Actuarial losses (gains)	218,975	548,286
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	(117,222)	86,294
8	Closing defined benefit obligation	4,695,489	3,516,092





Mangalore SEZ Limited
Notes accompanying financial statements

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

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

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

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

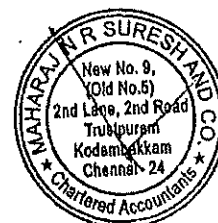
(E) - (i) Earned Leave disclosure Statement as per AS 15 is as under

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

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

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

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





Mangalore SEZ Limited
Notes accompanying financial statements

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

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

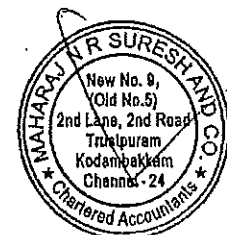
Sl. No	Particulars	As at 31st March 2016	As at 31st March 2015
1	Discount Rate	7.99%	7.98%
2	Retirement Age	60	60
3	Attrition Rate	5%	2%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	7%	5%

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

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

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

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





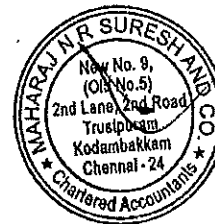
Mangalore SEZ Limited
Notes accompanying financial statements

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

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

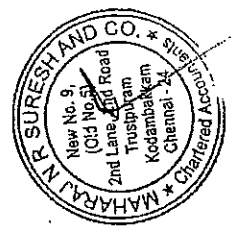
(iv) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

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



Particulars	2014		2015		2016		2017		2018		2019		2020		2021		2022	
	In April 2014 to March 2014	In April 2014 to March 2014	In April 2015 to March 2015	In April 2015 to March 2015	In April 2016 to March 2016	In April 2016 to March 2016	In April 2017 to March 2017	In April 2017 to March 2017	In April 2018 to March 2018	In April 2018 to March 2018	In April 2019 to March 2019	In April 2019 to March 2019	In April 2020 to March 2020	In April 2020 to March 2020	In April 2021 to March 2021	In April 2021 to March 2021	In April 2022 to March 2022	In April 2022 to March 2022
REVENUE																		
Interest Income	179,756,216	179,756,216	718,21,152	487,104,517	300,308	12,554,254	1,738,742	35,764,537	74,229,489									
Income Tax																		
Total Revenue	179,756,216	179,756,216	718,21,152	487,104,517	300,308	12,554,254	1,738,742	35,764,537	74,229,489									
EXPENSES																		
Administrative Expenses	153,680,139	153,680,139	495,397,795	370,246,871	300,308	(1,782,181)												
Depreciation	2,174,992	2,174,992	405,957,795	370,246,871	300,308	(1,782,181)												
Interest Expense																		
Income Tax																		
Total Expenses	155,855,131	155,855,131	901,355,590	740,493,742	600,616	(1,782,181)												
Profit/(Loss)	24,181,085	24,181,085	(183,144,438)	(253,389,225)	(300,308)	13,736,435	1,738,742	35,764,537	(25,000,000)									
Other Income																		
Other Expenses																		
Profit/(Loss) after other income and expenses	24,181,085	24,181,085	(183,144,438)	(253,389,225)	(300,308)	13,736,435	1,738,742	35,764,537	(25,000,000)									
Retained Earnings																		
Share Capital																		
Reserves																		
Total Equity																		
Liabilities																		
Trade Payables																		
Trade Receivables																		
Other Payables																		
Other Receivables																		
Provisions																		
Total Liabilities																		
Total Assets																		

Note: Capital Work In Progress of CETP has been classified under unclassified assets, the same is not a reportable segment under AS-17. Interest Pipeline Corridor has been classified under unclassified assets, the same is not a reportable segment under AS-17. Corridor project is work in progress.





Mangalore SEZ Limited
Notes accompanying financial statements

26-Taxes on Income

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

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

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

27-Leases

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

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

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

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

Name of the Party	Relationship
Oil and Natural Gas Corporation Limited (ONGC)	Investing Company (Controlling Enterprise)
Infrastructure Leasing and Financing Services Ltd (ILFS)	Investing Company (Controlling Enterprise)
Karnataka Industrial Area Development Board	Investing Company
ONGC Mangalore Petrochemicals Ltd (OMPL)	Controlled by ONGC
Mangalore STP Ltd	Subsidiary Company
Mangalore Refineries and Petrochemicals Ltd	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
Key Managerial Personnel	
Mr. Paritosh Kumar Gupta (appointed wef 19.05.2015)	Managing Director & Chief Executive Officer (MD & CEO)
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Ashish Kulkarni (Resigned wef 08.02.2016)	Company Secretary

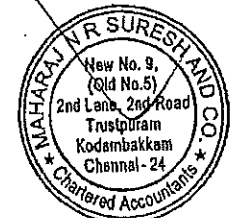




Mangalore SEZ Limited
Notes accompanying financial statements

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

No.	Name	Nature of Transaction	Amount of Transactions	Amount payable as at 31st March 2016	Amount receivable as at 31st March 2016
			(₹)	(₹)	(₹)
1	ONGC	Reimbursement of expenses	288,780 (Nil)		
2	IL&FS	Charges for deputation of MD & CEO	4,862,369 (17,590,356)	457,341 (4,543,211)	
		Security deposit - Directorship	100,000 (Nil)	Nil (Nil)	
		Reimbursement of out of Pocket Expenses	Nil (58,336)	Nil (Nil)	
		Expenses Incurred	548,587 (Nil)		
3	KIADB	Cost of Acquisition of Land	12,997,644 (Nil)	393,723,437 (403,104,767)	
		Annual Lease rent	504,306 (242,576)	182,255 (173,417)	
		Security deposit	Nil (Nil)		1,160,000 (1,160,000)
		Right of way charges	419,375 (Nil)	Nil (Nil)	
		Advance towards Corridor land	802,341 (25,921,350)		17,295,600 (21,863,100)
		Expenses incurred on behalf of KIADB	Nil (Nil)		130,773 (130,773)
		Advance towards land	1,029,182 (15,143,302)		9,504,802 (28,089,802)
4	OMPL	Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	100,000,000 (407,400,000)	900,000,000 (907,400,000)	
		Expenses incurred on behalf of OMPL (Power & Others)	Nil (9,889,602)		Nil (1,145,347)
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	1,314,132 (40,098,774)		17,314,047 (15,999,915)
		Supply & Operation & Maintenance of Water, Effluent Discharge & Tariff revenue from licensed activity	115,551,509 (124,829,682)		12,511,693 (27,678,176)
		Security deposit	Nil (27,114,856)	20,891,328 (27,114,856)	
		Advance towards O & M water	3,127,164 (Nil)	3,127,164 (Nil)	
		Interest on security deposit (Power)	1,972,842 (702,891)	1,775,558 (632,602)	





Mangalore SEZ Limited
Notes accompanying financial statements

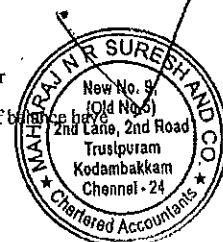
		Lease premium income	53,433,191 (53,433,191)		
		Advance / Adjustment towards land	Nil (Nil)		17,438,138 (37,429,613)
		Expenses incurred on behalf of the MRPL	70,850,085 (1,546,250)		631,167 (46,255,361)
		Supply & Operation & Maintenance of Water	428,900,313 (429,282,524)		70,779,422 (93,246,930)
		Advance received towards Infrastructure development	Nil (268,400,000)	Nil (268,400,000)	
		Advance towards O & M River water	2,218,759 (5,265,951)	7,484,710 (5,265,951)	
5	MRPL	Advance towards Marine outfall	622,209 (Nil)	622,209 (Nil)	
		Advance towards O & M TTP water	4,572,668 (Nil)	4,572,668 (Nil)	
		Non-operational Lease rental from lease of land	Nil (Nil)		760,450 (760,450)
		Security deposit towards usage of premises	Nil (Nil)		13,296 (13296)
		Lease rent on immovable property	31,368 (Nil)	Nil (Nil)	
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	Nil (5,547,265)		5,547,265 (5,547,265)
		Advance towards Corridor	820,000,000 (Nil)	900,000,000 (80,000,000)	
6	IIDC Ltd	Deputation salary	2,998,999 (9,108,000)	226,923 (Nil)	
7	IL&FS Cluster Development Initiative Ltd	Professional charges	250,000 (Nil)		
8	Petronet MHB Ltd (PMHBL)	Purchase of pipes	Nil (9,293,347)		
9	Mangalore STP Ltd	Expenses incurred on behalf of the Company	24,978,035 (19,220,800)	Nil (100,158)	561,915 (Nil)
10	MSEZ Power Ltd	Investment in Share Capital	Nil (500,000)		
11	MSEZ Power Ltd	Expenses incurred on behalf of the Company	113,380 (20,080)	Nil (20,080)	133,380 (Nil)
12	Key Managerial Personnel	Chief Financial Officer	4,019,200 (3,525,758)		
13	Key Managerial Personnel	Company Secretary	1,400,657 (770,000)		

Figures in brackets represent previous year.

All the amounts are exclusive of refundable service tax.

(c) No amounts due from/due to relating to the related parties have been written off or written back during the year

(d) "Dues from" and "due to" related parties are based on the books of account of the company and confirmation of balance sheet not been obtained.





Mangalore SEZ Limited
Notes accompanying financial statements

29-Expenditure in foreign currency

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

30-Earnings per share (EPS)

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

31 (a) Pursuant to declaration of Commercial Operation date from 1st April, 2015, pending finalization of agreements and based on discussions with customers and having regard to the services currently undertaken by the company, income from O & M charges of ₹ 120.75 million is recognized as income "at cost plus mark up" basis. The adjustments, if any will be effected in the year of finalisation of agreements.

b) Income from water charges includes ₹183.49 millions disputed by the customer. The company is advised by its legal council the claim of the customer is not sustainable in terms of agreement.

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

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

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

As per our report attached
For Maharaj N R Suresh and Co
Chartered Accountants
(Firm's Registration No. 00193183)

N R Suresh
Partner

Membership No. 021661

Place: Bangalore
Date: 12th May 2016



For and on behalf of the Board

Pritosh Kumar Gupta
Managing Director
DIN : 01054182

Gouranga Charan Swain
Chief Financial Officer

Place: Bangalore
Date: 12th May 2016

H. Kumar
Director
DIN : 06851988

V. Phani Bhushan
Company Secretary

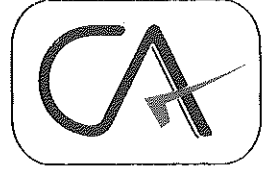
V. Phani Bhushan

Maharaj N R Suresh And Co.

Chartered Accountants

9, (Old 5), II Lane, II Main Road, Trustpuram, Chennai - 600 024.

Tel. : (044) 24837583, 24801322 Fax : 044-24813734 e-mail : mnrssuresh56@gmail.com



ANNEXURE-2

To

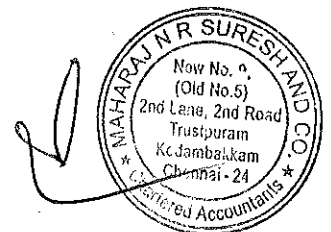
The Board of Directors,
M/s. Mangalore SEZ Limited,
III Floor, Mangalore Urban Development Authority (MUDA) Building,
Urwa Stores,
Mangalore - 575 006

Independent Report and Segregation of the General Performance Financial Statement of Mangalore SEZ Limited, into Licensed Activity and Non-Licensed Activity Portions.

1. This report is issued in accordance with the terms of our engagement letter dated 6th September, 2016.
2. The accompanying statements of Balance Sheet, Profit & Loss account, Cash Flow Statement, Statement of Revenue Requirement and Revenue Gap as on 31.03.2016 segregating the audited financial statements for the year ended 31.03.2016 in to Licensed activity and Non-licensed activity, contains details as required which we have initialed for identification purpose.

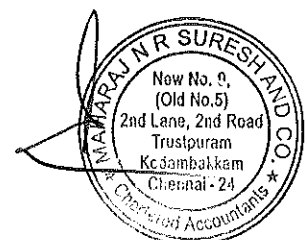
Management Responsibility for the Statement:

3. The preparation of this Statement is the responsibility of the Management of M/s. Mangalore SEZ Limited, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes, the design implication and maintenance of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. The Management is also responsible for ensuring that the company complies with the requirement of the Karnataka Electricity Regulatory Commission



Auditors responsibility:

5. Pursuant to the requirement of the Karnataka Electricity Regulatory Commission, Bangalore, it is our responsibility to provide reasonable assurance whether: -
- i. The amounts stated in the Licensed Activity Balance sheet for the year ended 31.03.2016 have been accurately extracted from the Audited Financial Statements.
 - ii. The amounts stated in the Licensed Activity Statement of Profit and Loss Account have been accurately extracted from the Audited Financial Statements for the year ended 31.03.2016.
 - iii. The amounts stated in the Licensed Activity Statement of Revenue Requirement and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2016.
 - iv. The amounts stated in the Licensed Activity Cash Flow Statement have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2016.
6. We as the statutory auditors of Mangalore SEZ Limited have audited financial statements referred to in paragraph 2 & 5 above, on which we issued an unmodified audit Opinion vide our report(s) dated 12th May, 2016 respectively. We conducted the audit of these financial statements in accordance with the Standard on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical



requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

8. We have complied with the relevant applicable requirements of this Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

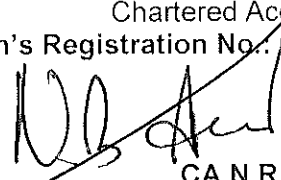
Opinion:

9. Based on our examination as above, we are of the opinion that:
 - i. The amounts stated in the Licensed Activity financial statements viz., Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Revenue Requirements and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31st March, 2016.

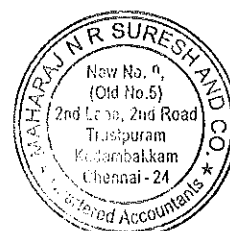
Restriction on use:

10. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to enable comply with requirement of Karnataka Electricity Regulatory Commission and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

M/s. MAHARAJ N.R. SURESH AND CO.,
Chartered Accountants
(Firm's Registration No.: 001931S)


CA N R SURESH
Partner
ICAI Membership No.: 021661

Date : 24.10.2016
Place : Chennai



MANGALORE SEZ LIMITED

Forms for Filing ERC under MYT Framework

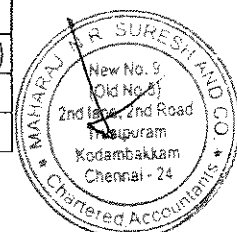
SI No	Item	Distribution Form No
1	Revenue Requirement and Gap	RR-Gap
1	Profit and Loss Account	A1
2	Balance Sheet	A2
3	Cash flow Statement	A3
4	Aggregate Revenue Requirement	A4
5	Capital Base	A5
6	Cost of Purchased power	D1
7	Revenue from Sale of power	D2
8	Revenue from Subsidies and Grants	D3
9	Non-tariff Income	D4
10	Repairs and maintenance costs	D5
11	Employee costs	D6
12	Employee costs- Additional information	D6A
13	Administration and General charges	D7
14	Depreciation	D8
15	Loans and Debentures and interest charges	D9
16	Sale and Leaseback of Assets	D9A
17	Details of expenses capitalised	D10
18	Other Debits	D11
19	Extraordinary items	D12
20	Net prior period credits/(Charges)	D13
21	Contributions, Grants and subsidies towards cost of capital Assets	D14
22	Gross Fixed Assets	D15
23	Net Fixed Assets	D16
24	Work in progress (Capital expenditure)	D17
25	Receivables against Sale of Power (DCB)	D18
26	Tariff category wise DCB	D18A
27	Energy flow diagram for distribution system	D19

Tariff filing forms

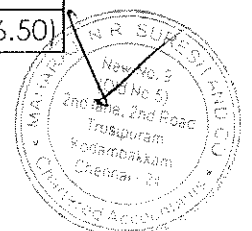
SI No	Item	Distribution Form No
1	Existing Tariff and Proposed Tariff	D20
2	Existing Tariff and Proposed Tariff	D21
3	Expected Revenue when Proposed Tariff is introduced for a Part Year	D22
4	Embedded cost of service of supply of electricity	D23
5	External Subsidy (Allocation of external subsidy among consumer classes)	D24

MSEZL : REVENUE REQUIREMENT & REVENUE GAP
MSEZL-Total

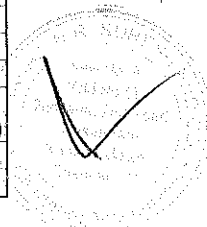
Sl. No.	Details	Rs. in Cr
		FY16 Actuals
	Power Purchase	13.88
	Energy Available at interface point (MU)	13.88
	Sale of Power (MU)	14.12
	Loss %	-1.74%
	Average Cost of Supply (in paise)	1,183.80
1	Receipts	
a	Revenue from tariffs & Miscell. Charges	11.88
b	Tariff subsidy for BJ/KJ & IP sets	-
c	RE subsidy from Govt.	-
	Total	11.88
2	Expenditure	
a	Power Purchase	7.36
b	R&M Expense	0.34
c	Employee Expenses	0.40
d	A&G Expense	0.39
e	Depreciation	2.19
f	Interest & Finance Charges	4.30
g	Less: Interest & other expenses capitalised	0.55
h	Other Debits (incl. Prov for Bad debts)	
i	Extraordinary Items	-
j	Other (Misc.)-net prior period credit	-
	Total	14.42
3	ROE	2.77
4	Other Income	0.47
5	Provision for taxes	-
6	Annual Revenue Requirement (2)+(3)+(5)-(4)	16.72
7	Surplus(+) / Shortfall(-) : (1)-(6) before tariff revision	(4.84)
8	Subsidy receivable from GOVT.	-
9	Surplus(+) / Shortfall(-) : (8)-(7) after tariff revision	(4.84)



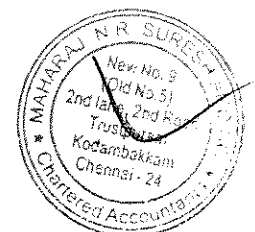
MSEZL: PROFIT & LOSS ACCOUNT		
MSEZL-Total		
		Rs. in Cr
Ref Form- No	PARTICULARS	FY16 Actuals
	POWER PURCHASE (MU)	13.88
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	13.88
T2/D2	ENERGY SOLD (MU)	14.12
	DISTRIBUTION LOSS (%)	-1.74%
	INCOME	
T2/D2	REVENUE FROM SALE OF POWER	11.88
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	-
T3/D3	REV SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.47
	TOTAL	12.35
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	7.36
T5/D5	REPAIRS & MAINTENANCE	0.34
T6/D6	EMPLOYEES COSTS	0.40
T7/D7	ADM & GENERAL EXPENSES	0.39
T8/D8	DEPRECIATION AND RELATED DTS	2.19
T9/D9	INTEREST & FINANCE CHARGES	4.30
	SUB-TOTAL	14.98
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	0.55
	-OTHER EXPENSES CAPITALISED	-
	SUB-TOTAL	0.55
T11/D11	OTHER DEBITS (incl. Bad debts)	-
T12/D12	EXTRAORDINARY ITEMS	-
	TOTAL EXPENDITURE	14.43
	PROFIT (LOSS) BEFORE TAX	(2.08)
	PROVISION FOR TAXES	-
	Current Tax	
	Deferred Tax	1.65
	PROFIT (LOSS) AFTER TAX	(3.73)
T13/D13	NET PRIOR PERIOD Debits/Credits	-
	RETURN ON EQUITY	2.77
	GAP	(6.50)



MSEZI: BALANCE SHEET AS AT THE END OF THE YEAR					
MSEZI-Total					
Rs. in Cr					
Ref Form-No	PARTICULARS	MSEZI Audited Figures as at 31st March 2016	Relating to Non-license Activity as at 31st March 2016	Relating to Licnese activity as at 31st March 2016	Relating to Licnese activity as at 31st March 2015
		A	B	C	D
	SHAREHOLDER'S FUNDS:				
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00	-	-
	EQUITY SHARE CONTRIBUTION	-	-	35.55	31.64
	RESERVES & SURPLUS	23.99	27.54	(3.55)	0.18
	Total	73.99	77.54	32.00	31.82
T9/D9	LOAN FUNDS:				
	LOANS FROM STATE GOVT				
	LOANS FROM OTHERS- SECURED	471.26	448.54	22.72	24.53
	LOANS FROM OTHERS- UNSECURED	-	-	-	-
	FRESH BORROWINGS FOR CAPEX	-	-	-	-
	Total	471.26	448.54	22.72	24.53
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	-	-	-	0.47
	OTHER LONG TERM LIABILITIES - D 25	726.43	726.43	-	-
	SECURITY DEPOSIT FROM CONSUMERS	3.89	0.18	3.71	4.77
	LONG TERM PROVISIONS	0.86	0.86	-	-
	DEFERRED TAX LIABILITY	21.31	19.66	1.65	-
	GRAND TOTAL	1,297.74	1,273.22	60.08	61.59
	APPLICATION OF FUNDS:				
	NET FIXED ASSETS:				
T15/D15	a) GROSS BLOCK	967.88	902.98	64.90	2.37
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	43.44	41.25	2.19	-
T16/D16	c) NET FIXED ASSETS	924.44	861.73	62.71	2.37
T17/D17	d) CAPITAL WORK IN PROGRESS	443.89	443.89	-	56.22
	e) ASSETS NOT IN USE				
	f) DEFERRED COSTS				
	g) INTANGIBLE ASSETS	15.18	15.18	-	-
	SUB TOTAL OF (c) TO (g)	1,383.51	1,320.80	62.71	58.59
	INVESTMENTS				
	LONG TERM LOANS AND ADVANCES	20.57	16.72	3.85	5.90
	OTHER NON-CURRENT ASSETS	0.00	0.00	-	-
	SUBSIDY RECEIVABLE FROM GOVT				
	SUB TOTAL	20.57	16.72	3.85	5.90
	NET CURRENT ASSETS:				
	A. CURRENT ASSETS, LOANS & ADVANCES				
	a) INVENTORIES	0.05	0.05	-	-
	CURRENT INVESTMENTS	23.31	23.31	-	-
T18/D18	b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	36.91	35.69	1.22	0.48
	c) CASH & BANK BALANCES	73.77	68.45	5.32	6.65
	d) Share Contribution to Licensed Activity		35.55		
	e) LOANS & ADVANCES and OTHER CURRENT ASSETS	43.45	42.79	0.66	0.67
	f) SUNDRY RECEIVABLES		-	-	-
	TOTAL OF A	177.49	205.83	7.21	7.80
	B. CURRENT LIABILITIES AND PROVISIONS:				
	a) SECURITY DEPOSIT FROM CONSUMERS	0.59	0.03	0.56	-
	b) BORROWINGS FOR WORKING CAPITAL				
	c) PAYMENTS DUE ON CAPITAL LIABILITIES				
	d) OTHER CURRENT LIABILITIES - D 25	270.95	257.82	13.13	10.70
	e) SUNDRY CREDITORS-POWER PURCHASE				
	f) PROVISION FOR PENSION, GRATUITY,FBF etc.				
	g)PROVISION FOR IT and FBT	12.29	12.29		
	TOTAL OF B	283.83	270.14	13.69	10.70
	NET CURRENT ASSETS (A - B)	(106.34)	(64.30)	(6.48)	(2.90)
	GRAND TOTAL	1,297.74	1,273.20	60.08	61.59



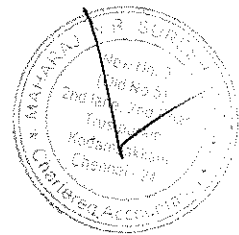
MSEZL: CASH FLOW STATEMENT FOR THE YEAR		Form A3
MSEZL-Total		
SL NO	PARTICULARS	Rs. in Cr
		FY16
		Actuals
I	Net Funds from Operations:	
1	Net Funds from Earnings:	
	Profit before Tax	(2.08)
	Less:	
	Revenue/tariff subsidy and Grants	-
	Income Tax payment during the year	-
	Surplus to be allocated other ESCOMS	-
	Interest paid on debt funds but capitalized during the year - Not Debited to P&L account	-
	Total of A	(2.08)
	B. ADD: Debits to Revenue Account not requiring Cash Outflow:	
	(i) Depreciation (including AAD)	2.19
	(ii) Amortisation of Deferred Cost	-
	(iii) Amortisation of Intangible Assets	-
	(iv) Investment Allowance Reserve	-
	(v) Others, if any.	-
	Total of B	2.19
	C. LSS: Credits to Revenue Account not involving Cash Receipts:	
	(i) Depreciation	-
	(ii)	-
	Total of C	-
	Net Funds from Earnings (A+B-C)	0.11
2	Contributions, Grants and Subsidies towards Cost of Capital Assets	-
3	Security Deposit from consumers	(0.50)
4	Proceeds from disposal of Fixed Assets	-
5	Reserve account	-
6	Deferred tax liability	1.65
7	Subsidy and Grants received in advance	-
8	Total Funds from Operations (1 to 8)	1.25
9	Net Increase/(Decrease) in Working Capital:	
	A. Increase/(Decrease) in Current Assets:	
	a) Inventories	-
	b) Receivables against sale of power	0.74
	c) Loans and Advances	(2.05)
	d) Sundry Receivables	(0.01)
	Total of A	(1.32)
	B. Increase/(Decrease) in Current Liabilities:	
	a) Borrowings for working capital	-
	b) Other Current liabilities - Power purchase	-
	- Others	(0.76)
	- Provisions	(1.65)
	Total of B	(2.41)
	Net Increase/(Decrease) in Working Capital (A - B)	1.09
10	Net Funds from Operations before Subsidies & Grants (8-9)	0.16
11	Receipts from Revenue/Tariff Subsidies and Grants	-
Total I	Net Funds from Operations including Subsidies & Grants (7+8)	0.16
II	Net Increase/(Decrease) in Capital Liabilities:	
	A. Fresh Borrowings:	
	(a) State Loans	-
	(b) Borrowings for Working Capital	-
	(c) Foreign currency Loans/Credits	-
	(d) Other long term liabilities	-
	(e) Other Borrowings	3.34
	Total of A	3.34
	B. Repayments:	
	Repayment of Principal	-
	(a) State Loans	-
	(b) Foreign currency Loans/Credits	-
	(c) Other Borrowings	2.41
	(d) Working Capital	-
	Total of B	2.41
	Net Increase/(Decrease) in Capital Liabilities (A - B)	0.93
III	Increase/(Decrease) in Equity Capital	3.91
IV	Total Funds available for Capital Expenditure (I+II+III)	5.00
V	Funds Utilised on Capital Expenditure:	
	(a) On Projects	6.32
	(b) Assets not in use - re-issued for works	-
	(c) Intangible Assets	-
	(d) Deferred Costs	-
	Total of V	6.32
VI	Net Increase/(Decrease) in Investments	-
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	(1.32)
VIII	Add: Opening Cash & Bank balances	6.65
IX	Closing Cash & Bank Balances (VII+VIII)	5.32



MSEZL: Aggregate Revenue Requirement
MSEZL-Total

Rs in Cr

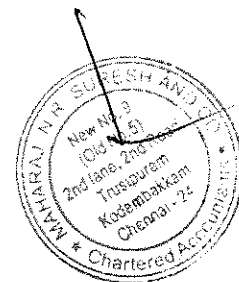
Sl. No.	Item	Ref Form No	FY16
			Actuals
1	Equity Share Capital as allocated to license activity (at actual equity ratio of 54%) - X	A-2	35.55
2	Adjustment for Equity Share Capital restricting to the normative level set by KERC - Y		(15.80)
3	Equity Share Capital restricted to 30% for RoE allowability as per KERC norms - (X+Y)		19.75
4	Additional Equity share capital for new capex spending at normative level spending at 30%		
5	Cash resources available from share premium account or from internal resources to fund the equity commitments.	A-2	(1.90)
6	Total (3+4+5)		17.86



MSEZL: Revenue Requirement - Capital Base
MSEZL-Total

(Rs in Crs)

Sl No	Data Required	Ref Form No.	FY 16	FY 17	FY 18	FY 19
			Actuals	Provisional	Projected Year 1-CP	Projected Year 2-CP
1	Original cost of fixed assets (at the beginning of the year)	D15	-			
(a)						
(b)	Cost of intangible assets		-			
(c)	The original cost of work in progress	D17	-			
(d)	The amount of investment compulsorily made under para-IV of the Sixth Schedule		-			
(e)	An amount on account of working capital equal to the sum of :		-			
(e) i	Average cost of stores		-			
	(1/12 th of the sum of the stores materials and supplies including fuel in hand at the end of each month of the year)		-			
(e) ii	Average cash and bank balance		-			
	(1/12 th of the sum of cash and bank balance whether credit or debit and call and short term deposits at the end of each month of the year)		-			
	Sum of above		-			
Less			-			
2	The amounts written off or set aside on account of	D8	-			
i)	depreciation of fixed assets.					
ii)	The amount of any loan or subvention from the State	D9	-			
ii.a)	The amount of any loans borrowed from organisations or institutions approved by the State Government.	D9	-			
ii-b)	The amount of any debenture issued by the licensee.		-			
iii)	The amounts deposited in cash with the licensee by consumers, by way of security.		-			
iv)	The amount standing to the credit of Tariff and Dividends Control Reserve at the beginning of the year of account.		-			
v)	The amount standing to the credit of the Development Reserve at the close of the year.		-			
vi)	The amount carried forward (at the beginning of the year of account) in the accounts of the Licensee for distribution to the consumers.		-			
	Sum of above		-			



MISEZL: POWER PURCHASE COST

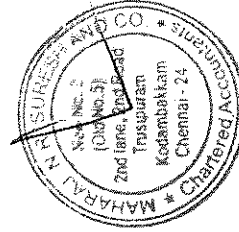
Cost of Purchased Power - 16 - ACTUALS

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Cts)	Variable charge (Rs in Cr)					Total Cost of Power at each interface point. (Rs in Cr)			Average rate (Rs./kwh)	
				Variable charge	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Fixed charges	Variable charges		Total
	MESCO	13.88		7.36	-	-	-	-	-	7.36	7.36		
	TOTAL	13.88		7.36	-	-	-	-	-	7.36	7.36	5.30	

Note:

1. PP cost's consumed is Rs 5.25 as approved by KERC

2. The energy purchased is per the actuals bills received from MESCO up to March 2016.

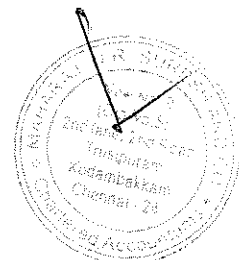


MSEZL : REVENUE FROM SALE OF POWER
MSEZL-Total

Form T2/D2

Rs. In Cr

Sl. No.	Particulars	Actuals Current year-FY16			
		No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)
I	Consumer Categorywise-HT 33KV				
1	Residential				
2	Commercial				
3	Industrial	3	11.94	9.86	8.26
4	Water supply				
5	Public lighting				
6	Tempoary				
	Total HT 33 KV	3	11.9	9.9	0.83
II	Consumer Categorywise-HT 11KV				
1	Residential				
2	Commercial				
3	Industrial	5	0.18	0.43	24
4	Water supply				
5	Public lighting				
6	Tempoary	1	2.00	1.56	7.77
	Total HT 11 KV				
	Total	6	2.18	1.99	9.11
III	Electricity duty recovery/Other State levies recovered				
IV	Wheeling charges recovery				
V	Misc Charges from Consumers				
1	Fuse of calls				
2	Reconnection Fee				
3	Public lighting maintenance				
4	Service connection charges				
5	Delayed payment charges			0.03	
6	Other receipts				
	Total of IV				
VI	Gross Revenue from Sale of Power (I+II+III+IV)				
VII	LESS:				
1	Electricity duty payable (Contra)				
2	Other State levies payable (Contra)				
3	Withdrawal of Revenue Demand				
	Total of VI				
VII	Total (V-VI)				
	Grand Total	9	14.12	11.88	8.41

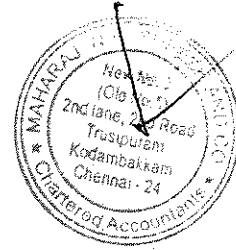


MSEZL : REVENUE SUBSIDIES AND GRANTS
Retail supply business

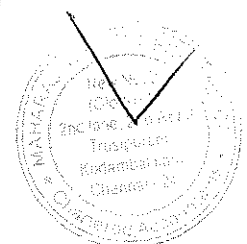
Form-D3

(Rs. in Cr)

SI No	Particulars	FY16	FY 17	FY 18	FY 19	FY 20
		Actuals	Provisional	Projected Year 1-CP	Projected Year 2-CP	Projected Year 3 -CP
1	RE Subsidies					
2	Grants for Research and Development Expenses	-	-			
3	Grant for Survey and Investigation	-	-			
4	Others (this contra is taken in the depreciation - Contra refer D 15 and D8)					
	Grand Total	-	-	-	-	-



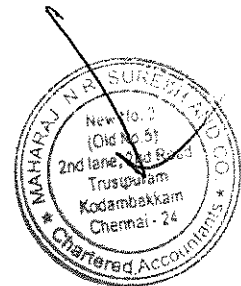
MSEZL : NON-TARIFF INCOME (OTHER INCOME) MSEZL-Total		Form D4 Rs. in Cr
Sl No	Particulars	FY16
		Actuals
1	Interest on staff loans and advances	
2	Income from Investments:	
a	Interest on securities	
b	Interest on Bank fixed deposits	-
c	Income on other investments	-
d	Interest on loans/advances to suppliers/ Contractors	-
e	Interest from Banks/Security Deposits with MESCOM	0.44
f	Interest on loans to Societies	-
3	Income from Trading:	
a	Profit on sale, hire etc of apparatus	-
b	Hire charges from Contractors	-
c	Material Cost Variance	-
d	Profit on sale of stores	-
e	Sale of Scrap	-
f	Other Misc Receipts from trading	0.02
g	Other income -	0.01
4	Income/Fees collections against staff welfare activities:	
a	Recoveries for transport facilities	-
5	Miscellaneous Receipts:	
a	Income due to right of way granted for laying fibre optic cables/co-axial cables on T&D	-
b	Rental from Staff Quarters	-
c	Rental from others	-
d	Leave contribution	-
e	Excess found on physical verification of cash	-
f	Excess found on physical verification of stock	-
g	Excess found on physical verification of Assets	-
h	Recovery from transport & vehicle expenses	-
i	Commission for collection of electricity duty	-
j	Misc. recoveries	-
k	Incentives received	-
l	Provision for Bad debts withdrawn	-
m	Extra-ordinary credits	-
	Grand Total	0.47



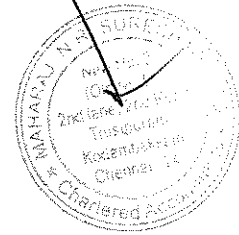
MSEZL : REPAIRS AND MAINTENANCE COSTS
MSEZL-Total

Rs. in Cr

Sl No	Particulars	FY 16		
		Actuals		
		Consum-ption of stores	Other expe- nses	Total
	Repairs and maintenance to:			
1	Plant and Machinery	0.00	0.01	0.01
2	Transformers: (*) (a) repairs and maintenance made departmentally (b) repairs and maintenance by private agencies	-	0.01	0.01
3	Buildings	-	-	-
4	Other civil works/road	-	0.00	0.00
5	Hydraulic works	-	-	-
6	Lines, Cable Network, etc	-	0.00	0.00
7	Sub-station maintenance by private agencies	-	0.27	0.27
8	Vehicles	-	-	-
9	Furniture & Fixtures	-	-	-
10	Office Equipments	-	-	-
11	Others/Computers	-	-	-
12	R&M on Old assets	-	-	-
13	R&M on New assets	-	0.05	0.05
	Total	0.00	0.34	0.34



MSEZL : EMPLOYEE COSTS MSEZL-Total		Form D6
Sl No	Particulars	Rs. in Cr
		FY16 Actuals
1	Salaries	0.36
2	Overtime	-
3	Dearness Allowance	-
4	Other Allowances	-
5	Bonus	-
6	Sub-Total (1 to 5)	0.36
7	Medical expenses reimbursement	-
8	Leave Travel Assistance	-
9	Earned Leave Encashment	-
10	Leave Encashment and gratuity	-
11	Payment under Workmen's Compensation Act	-
12	Employee insurance	-
13	Total Other staff costs (7 to 12)	-
14	Staff Welfare expenses	0.03
15	Terminal Benefits/PF Employer Contribution	0.01
16	Sub-total (14 to 15)	0.04
17	Addition liability on account of pay revision	-
18	Grand Total	0.40



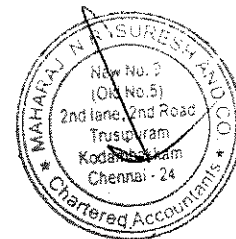
Form-D 6A

MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION
MSEZL - Total

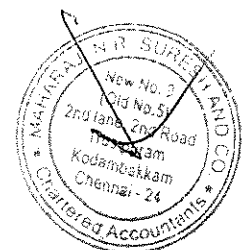
Rs. in Cr

Sl No	Category of employee	FY 16 Projected		
		Actuals		
		Number		Cost
		Sanctio ned	Working	Rs in Crores
1	Board of directors (full time)			
2	Chief Engineer & equivalents			
3	Superintending Engineers & equivalents			
4	Executive Engineers & equivalents			
5	Asst Executive Engineers & equivalents			
6	Manager			
7	All other staff	5	5	0.22
8	Terminal Benefits			0.01
9	Others			0.17
10				
	Total	5	5	0.40

Note: Only the share of direct cost of employees is bifurcated in category of employees. The MSEZL shared Corporate Employee cost and staff welfare expense is taken under 'Others'



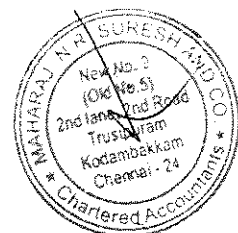
Form-D7		
MSEZL : ADMINISTRATION AND GENERAL CHARGES		
MSEZL-Total		
Rs. in Cr		
Sl No	Particulars	FY16
		Actuals
1	Rent,Rates and Taxes	0.01
2	Expenses incurred towards security arrangements	0.03
3	Insurance on fixed assets & Others	0.03
4	Car hire Charges	0.01
5	Pagers, Cellular phones, E-Mail, Telephone etc	0.00
6	Postage	-
7	Revenue receipt stamps/Computer billing	-
8	Bank charges	-
9	Audit fee	0.00
10	Consultancy charges	0.14
11	Technical fee	0.06
12	Contract Employees Salary - Incurred for maintenance of GSS - taken as part of R&M expenses from FY 16 onwards	-
13	Office Expenses	0.00
14	Conveyance, Hotel Accommodation & Travel expenses	0.03
	Sub-total	0.32
	Other expenses	
15	Fees & subscription (incl. KERC filing charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.02
16	Books, Periodicals and dairies	-
17	Printing & Stationery	0.00
18	Factory license fees	-
19	Advertisement expenses	0.04
20	Others	0.00
21	Contributions	-
22	Electricity charges	0.01
23	Statutory payment under Companies Act	-
24	Water charges	-
25	Revenue expenditure incurred on software	
26	Miscellaneous expenses (recoveries)	0.00
	Total other expenses	0.07
27	Freight & other material related expenditure	
	GRAND TOTAL	0.39



MSEZL : DEPRECIATION
MSEZL-Total

Rs. in Cr

Sl No	Particulars of assets	FY 16			
		Actuals			
		Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Balance at the end of the year
MSEZL- Total					
1.	Leasedhold Land	-	-	-	-
2.	Building and structures	-	0.09	-	0.09
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	-	1.00	-	1.00
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	-	1.08	-	1.08
7.	Service lines	-	-	-	-
8.	Metering equipment	-	-	-	-
9.	Misc equipment	-	-	-	-
10.	Other items/Computers	-	-	-	-
a	Hydraulic Works/Civil works	-	-	-	-
b	Other Civil Works - Roads	-	0.03	-	0.03
c	Vehicles	-	-	-	-
d	Furniture Fixtures	-	-	-	-
e	Office Equipments	-	-	-	-
f	Software (intangilbe asset)	-	-	-	-
	MSEZL Total	-	2.19	-	2.19

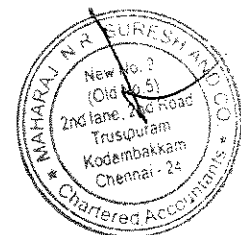


MSEZL : LOANS AND DEBENTURES AND INTEREST CHARGES
MSEZL-Total

Form - D9

Rs. in Cr

Institution	FY 16 Actual						
	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
Secured Loans							
1 Borrowings from Consortium Banks - A	18.97	26.95	-	26.95	2.42	3.91	24.53
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	9.90	14.06		14.06	1.26		12.80
b Total debt considered @ 70% for tariff allowability as per KERC norms	28.87	41.01		41.01	3.69	3.91	37.33
Unsecured Loans							
2 (provide source wise loans)							
3							
4							
5							
6							
7							
8							
9							
10							
11							
FRESH BORROWINGS FOR CAPEX PLAN (for which sources will be identified as & when required)							
Fresh borrowings for capex - B	7.98		3.33	3.33			3.33
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	4.16		1.74	1.74			1.74
b Total debt considered @ 70% for tariff allowability as per KERC norms	12.14		5.07	5.07			5.07
Cost of hedging							
Total = A+B	26.95	26.95	3.33	30.29	2.42	3.91	27.86
12 Others							
Other Interest and finance charges							
Guarantee commission to Gok							
Interest payable on Power Purchases							
Interest to Consumers						0.38	
Interest on working capital - wires business							
Interest on working capital - supply business							
Others Total						0.38	
Total	26.95	26.95	3.33	30.28	2.42	4.30	27.86

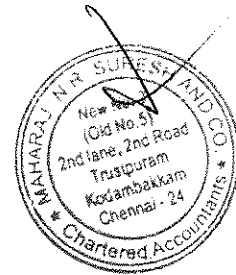


MSEZL : DISTRIBUTION WIRES BUSINESS
MSEZL TOTAL

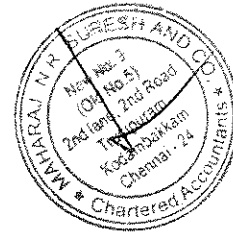
Sale and Lease Back of Assets - FY 16

Rs. in Cr

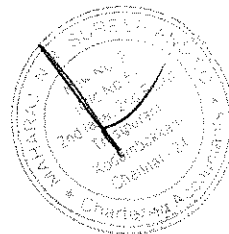
Sl. No.	Particulars of Assets	Year of Acquisition	Original Cost of the Asset	Year of Sale	Book value at the time of the sale	Period of Lease (Years)	Annual Lease payments	Remarks
	Transformers accessories circuit breakers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total							



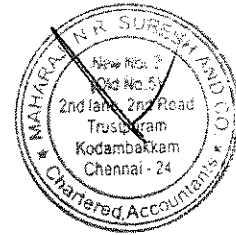
Form - D10		
MSEZL : DETAILS OF EXPENSES CAPITALIZED		
MSEZL TOTAL		
Rs. in Cr		
Sl No	Particulars	FY16 Actuals
1	Interest & Finance charges Capitalised	0.55
2	Other expenses capitalised:	
a	Employee Costs	-
b	Administration and General Expenses	-
c	Repairs and maintenance	-
d	Depreciation	-
e	Others, if any	-
	Total of 2	-
	Grand Total	0.55



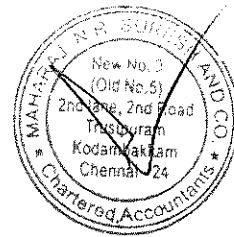
MSEZL : OTHER DEBITS MSEZL TOTAL		Form -D11 Rs. in Cr
Particulars	FY16	
	Actuals	
Small and Low value items written off charges	NIL	
Losses/gains relating to Fixed assets		
Assets decommissioning cost		
Bad debts written off		
Provisions for bad and doubtful debts		
Miscellaneous losses and write offs		
Material cost variance		
Bad & doubtful debts provided for others		
Grand Total		



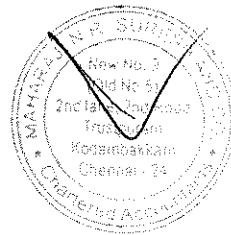
MSEZL : EXTRAORDINARY ITEMS MSEZL TOTAL		Form-D12 (Rs. in Cr)
SI No	Particulars	FY16 Actuals
1	Extraordinary Credits (incl.	
	subsidies against losses due to natural disasters	Nil
	TOTAL CREDITS	-
2	Extraordinary Debits (incl.	
	subsidies against losses due to natural disasters	Nil
	TOTAL DEBITS	-
3	Grand Total	-



MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES) MSEZL TOTAL		Form-D13 Rs. in Cr
SI No	Particulars	FY16
		Actuals
	Prior period credits/charges	-
1	Short/excess provision of depreciation	-
2	Short/excess provision of Interest and finance charges	-
3	Short provision for power purchase in previous years	-
4	Withdrawal of Revenue Demand and receipts from consumes relating to prior periods	-
5	Other expenses/income relating to prior periods	-
6	A&G expenses for prior period	-
7	Other excess provisions relating to prior periods	-
8	Operating expenses of previous year	-
9	Employee cost relating to previous year	-
10	Material related expenses relating to previous years	-
11	Excess provision of IT	-
	Net prior period Credit/(Charges)	-



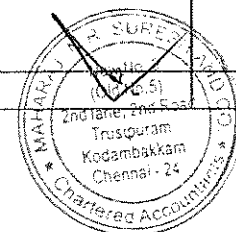
Form D14				
MSEZL: CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS				
MSEZL TOTAL				
Rs. in Cr				
Sl No	Particulars	FY 16		
		Actuals		
		Balance at the end of the year	Additions during the Year	Balance at the end of the year
1	Consumers Contribution	0.47	-	0.47
2	Subsidies towards cost of Capital Assets*			-
3	Grants towards cost of Capital Assets*			-
4	Others			-
				-
	Less: Adjusted against asset cost		(0.47)	(0.47)
D3	Revenue Subsidy Recognised in P&L A/c.	-	-	-
	Grand Total	0.47	(0.47)	-



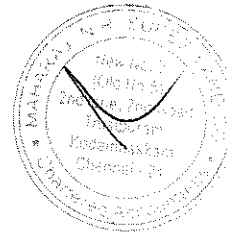
MSEZL : GROSS FIXED ASSETS
MSEZL TOTAL

Rs. in Cr

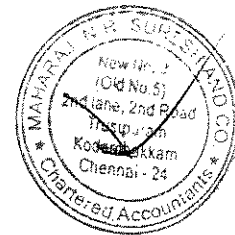
Sl No	Particulars of assets	FY 16 Actual			
		Actual			
		Balance at the end of previous year	Additions during the year	Retirement of assets during the year	Balance at the end of the year
	MSEZL - Total				
1.	Leasedhold Land	2.30	3.87		6.17
2.	Building and structures	-	2.84		2.84
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	-	21.07		21.07
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-			-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	-	33.87		33.87
6	Service lines	-			-
7	Metering equipment	-			-
8	Misc equipment	-			-
9	Other items/Computers	0.03			0.03
a	Hydraulic Works/Civil	-			-
b	Other Civil Works - Roads	-	0.87		0.87
c	Vehicles	-			-
d	Furniture Fixtures	0.02			0.02
e	Office Equipments	0.02			0.02
f	Software (intangible asset)	-			-
	MSEZL - Total	2.37	62.53		64.90



Form - D16					
MSEZL : NET FIXED ASSETS					
MSEZL TOTAL					
Rs. in Cr					
Sl No	Particulars of assets	FY 16 Actual			
		Actual			
		Balance at the end of previous year	Addition of assets during the year	Net Depreciation for the Year	Balance at the end of the year
MSEZL- Total					
1.	Leasedhold Land	2.30	3.87	-	6.17
2.	Building and structures	-	2.76	-	2.76
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	-	20.07	-	20.07
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA .	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors, UG cables and devices	-	32.79	-	32.79
7.	Service lines	-	-	-	-
8.	Metering equipment	-	-	-	-
9.	Misc equipment	-	-	-	-
10.	Other items/Computers	0.03	-	-	0.03
a	Hydraulic Works/Civil	-	-	-	-
b	Other Civil Works - Roads	-	0.85	-	0.85
c	Vehicles	-	-	-	-
d	Furniture Fixtures	0.02	-	-	0.02
e	Office Equipments	0.02	-	-	0.02
f	Software (intangilbe asset)	-	-	-	-
MSEZL- Total		2.37	60.34	-	62.70



Form D17	
MSEZL : WORK IN PROGRESS - DISTRIBUTION	
MSEZL TOTAL	
(Rs. in Cr)	
Description	FY16
	Actuals
Opening balance	56.22
Add:	
i) Capital expenditure	6.15
ii) Interest & Finance charges capitalised	0.55
iii) Expenses (including Interest) capitalised	0.32
iv) Capital receipt deducted in capital cost	(0.47)
v) Being the allocation of project development expenses reduced.	(0.25)
Total capital expenditure for the year	62.53
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	62.53
Closing Balance	-
Add: Interest on debt funds borrowed not capitalized during the year	
Total Closing CWIP after Interest	-



KARNATAKA POWER TRANSMISSION CORPORATION LTD



Ph.No(O) : 0824 -2216890
Fax No : 0824 -2217597
Cell No : 9448365084
E-mail : eertmng@rediffmail.com



Office of the
Executive Engineer (Ele.),
KPTCL., RT Divn., Maroli,
Kulshekara Post, Mangaluru - 575 005.

NO : EEE/RTD/MNG / 8/38/2016

Encl:

To:-

The Vice President,
M/s. MSEZ Ltd.,
Mangaluru.

Sir,

Sub:- Test reports of 33 and 11kV Metering system in MSEZL, Mangaluru.

Ref:- Your letter No:MSEZL/PD/76/dtd:25.08.2015.

~~*

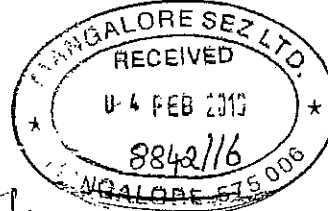
With reference to the subject cited above, the ETV Meters of different installations of MSEZ premises are tested as per your request letter under reference. Six Meters are tested at site and two meters are tested at Lab.

The test results are found satisfactory. The test reports are enclosed for your further needful.

Yours faithfully,

**Executive Engineer [Ele.]
KPTCL., RT Division, Mangaluru.**

Dt 23 JAN 2016



Jagadeesh
05/02/16
request him and him
5/2/16

Done 05/02/2016

KARNATAKA POWER TRANSMISSION CORPORATION LTD.

Testing of ENERGY Meter of MARINE OUT FALL on 19.10.2015 by R.T.Division, Mangaluru

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3Sl. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut]	Energy Meter Reading
Marine out fall	Make: I&T, Type: ER 300P Wh,Varh,VAh,VA Meter	25/5A & 11KV $\sqrt{3}$ /110V $\sqrt{3}$	U12=109.2V	0.142% [221.54W]	CKWh+:67.598531
	Sl. No: 12042484		U31=109.0V		
	Class: 0.5S for active 1S for Reactive		U32=108.7V		
	3Ph 3Wire, -/1A, -/110V		I1=1.53mA,P =221.9W		
	Rev/kwh: 10,000 Imp/Unit		Q =177.6Var		
Const. K : 500	Rev/kwh:10,000 Imp/Unit	I3=1.498A,S =284VA	P.F=0.781 F=49.69Hz.		
Pulses Programmed for calibration 25					

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.



Executive Engineer Ele.,
KPTCL, RT Division,Mangaluru.



Asst. Executive Engineer (Ele),
RT Sub-Division, KPTCL,Majroli, Mangaluru.

Testing of **ENERGY** Meter of **JBE** at **MSEZ** on **19.10.2015** by **R.T.Division, Mangaluru**

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3SI. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut]	Energy Meter Reading
JBF Metering cubicle	Make: SEMS, Type: E 3M024	125/5A & 33kV/√3/110V/√3	U1=63.5V, U12=110V	0.160% [124.0W]	CKWh+-2093.88X10 ³
	Wh, Varh, VAh, VA Meter		U2=63.3V, U31=110.1V		
	Sl. No: BE572710		U3=63.43V, U32=109.1V		
	Class: 0.2S		I1=63.65mA, P =119.7W		
	3Ph 4Wire, 125/5A, 11KV/110V		I2=63.67mA, Q =44.13Var		
Rev/kwh: 8000 Imp/Unit	I3=63.64mA, S =130.7VA				
Const. K : 1.0			P.F=0.943 F=49.9HZ.		

Pulses Programmed for calibration 25

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.

Executive Engineer Ele.,
KPTCL, RT Division, Mangaluru.

Asst. Executive Engineer (Ele),
RT Sub-Division, KPTCL, Maroli, Mangaluru.

KARNATAKA POWER TRANSMISSION CORPORATION LTD.

Testing of ENERGY Meter of ISPRL at MSEZ on 16.11.2015 by R.T.Division, Mangaluru

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3Sl. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut]	Energy Meter Reading
ISPRL Metering cubicle	Make: L&T, Type: ER 300P	200/5A & 33kV/√3/110V/√3	U1=64.3V, U12=111.6V	0.129% [27.12W]	CKWh+ : 000249.87
	Wh, Varh, VAh, VA Meter		U2=64.3V, U31=111.2V		
	Sl. No: 14194765			U3=64.13V, U32=111.2V	
	Class: 0.2S for active 0.5S for Reactive			I1=162.6mA, P =26.80W	
	3Ph 4Wire, /5A, -/3x63.5V			I2=156.9mA, Q =15.50VAR	
	Rev/kwh: 10,000 Imp/Unit			I3=163.3mA, S =30.98VA	
Const. K : 12,000		P.F=0.766 F=50.09Hz.			
Pulses Programmed for calibration 25					

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.



Executive Engineer Ele.,
KPTCL, RT Division, Mangaluru.



Asst. Executive Engineer (Ele),
RT Sub-Division, KPTCL, Maroli, Mangaluru

Testing of **ENERGY** Meter of CARDOLITE at **MSEZ** on **16.11.2015** by R.T.Division, Mangaluru

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3Sl. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut.]	Energy Meter Reading
CARDOLITE Metering Cubicle	Make: L&T, Type: ER 300P	50/5A & 33kV/ $\sqrt{3}$ /110V/ $\sqrt{3}$	U1=63.68V, U12=110.4V	0.064% [238.55W]	CKWh+:77.87X10 ³
	Wh, Varh, VAh, VA Meter		U2=63.75V, U31=110.0V		
	Sl. No: 13196756		U3=63.51V, U32=110.1V		
	Class: 0.2S for active 0.5S for Reactive		I1=1.214mA, P =226.8W		
	3Ph 4Wire, 50/5A, 33kV/110V.		I2=1.213mA, Q =10.80Var		
	Rev/kwh: 3.333333 Imp/kwh.		I3=1.191mA, S =227.9VA		
	Const. K : 1		P.F=0.999 F=49.96Hz.		
Pulses Programmed for calibration 25					

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.

Executive Engineer Ele.,
KPTCL., RT Division, Mangaluru.

Asst. Executive Engineer (Ele),
RT Sub-Division, KPTCL, Maroli, Mangaluru.

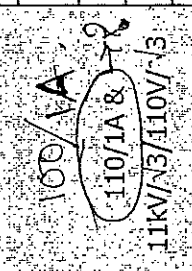
KARNATAKA POWER TRANSMISSION CORPORATION LTD.

Testing of ENERGY Meter of FIRE WATER PUMP HOUSE on 19.10.2015 by R.T.Division, Mangaluru

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3SI. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut]	Energy Meter Reading
FIRE WATER PUMP HOUSE PANEL	Make: L&T, Type: ER 300P		U1=62.97V, U12=109.0V	0.280% [19.949W]	CKWh:- 03.557563
	Wh, Varh, VAh, VA Meter		U2=62.85V, U31=109.0V		
	SI. No:12526022		U3=62.78V, U32=108.7V		
	Class: 0.2S for active 0.5S for Reactive		I1=132.1mA, P =19.91W		
	3Ph 4Wire, 3X63.5V, -/1A		I2=129.4mA, Q =14.51Var		
Rev/kwh:50,000 Imp/Unit	I3=129.9mA, S =24.61VA				
Const. K : 10000			P.F=0.808 F=49.97Hz.		
Pulses Programmed for calibration 25					

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.



Executive Engineer Ele.,
KPTCL., RT Division, Mangaluru.



Asst. Executive Engineer (Ele),
RT Sub-Division, KPTCL, Maroli, Mangaluru.

KARNATAKA POWER TRANSMISSION CORPORATION LTD.

Testing of ENERGY Meter at WATER TREATMENT PLANT on 19.10.2015 by R.T.Division, Mangaluru

Standard Calibrator Details:

Make : MTE, Class : 0.1

Type : PWS 2.3 Sl. No : 30729

Panel	Meter Details	C.T Ratio & P.T Ratio	Parameters	% ERROR [Pdut]	Energy Meter Reading
WATER TREATMENT PLANT	Make: SEMS, Type: E 3M054	20/5A & 11KV/√3/110V/√3	U1=63.64V, U12=110.5V	-0.035% [97.95W]	CKWh=0.1086
	Wh,Varh,VAh,VA Meter		U2=63.94V, U31=110.2V		
	Sl. No:KA909182		U3=63.75V,U32=110.5V		
	Class: 0.5S		I1=0.58mA,P =99.08W		
	3Ph 4Wire,-/5A,-/110V		I2=0.50mA,Q =2.03VAR		
	Rev/kwh:16000 Imp/Unit		I3=0.49mA,S =98.87VA		
Const. K : 400	P.F=1.0 F=50Hz.				
Pulses Programmed for calibration 25					

Remarks: Meter Calibrated with 3Phase 4 wire ,Class 0.1 Accucheck and Errors are found to be within limit.



Executive Engineer Ele,
KPTCL., RT Division,Mangaluru.



Asst. Executive Engineer(Ele),
RT Sub-Division, KPTCL,Maroli, Mangaluru.

KARNATAKA POWER TRANSMISSION CORPORATION LTD.



ENERGY METER CALIBRATION REPORT

Dtd:17.12.2015

Firm Name: MSEZ.

Standard Calibrator Details:

Make: MTE, **Type:** PWS2.3, **Class:** C.1, **Sl. No.:** 39300

SL. No.	Meter Details	Mode of Power Flow	P.F. (Cosφ)	Applied. current	Pulses Prgmd. For Calbrn.	Pdut in Watts	% Error
02	Make: L & T Type: ER300P System: 3 Phase 3 Wire (Unidirectional). Y.O.M: Oct 2012 Pulse Rate: 10,000 Imp/Kwh 10,000 Imp/Kvarh Class: 0.5S for Active, 1.0S for reactive Voltage: 2x110V current: -/5A Fq: 50 Hz Sl.No.: 12483645	Export (+ve Mode)	-0.866 (Lead)	0.5A	25	82.728	0.155
				1A	25	165.47	0.168
				2.5A	25	414.17	0.298
			Unity	0.5A	25	95.597	0.242
				1A	25	191.23	0.246
				2.5A	25	477.83	0.242
			0.866 (Lag)	0.5A	25	82.86	0.304
				1A	25	165.75	0.343
				2.5A	25	414.17	0.080

Contd

KARNATAKA POWER TRANSMISSION CORPORATION LTD.



ENERGY METER CALIBRATION REPORT

Dtd:17.12.2015

Firm Name: MSEZ.

Standard Calibrator Details:

Make: MTE, **Type:** PWS2.3, **Class:** 0.1, **Sl. No.:** 39300

SL. No.	Meter Details	Mode of Power Flow	P.F. (Cos ϕ)	Applied. current	Pulses Prgmd. For Calbrn.	Pdut in Watts	% Error
01	Make: L & T Type: ER 300P System: 3Phase 4Wire (Unidirectional) Y.O.M: May 2013 PulseRate: 0.7407407Imp/Kwh Class: 0.2S for Active, 0.5S for reactive Voltage: 33 kV/110V current: 225/1A Fq: 50 Hz Sl.No.: 13192199	Export (+ve Mode)	-0.866 (Lead)	0.2A	25	33.002	0.017
				0.5A	25	82.53	-0.019
				1A	25	161.14	-0.003
			Unity	0.2A	25	38.09	0.105
				0.5A	25	95.3	0.030
				1A	25	190.7	0.050
			0.866 (Lag)	0.2A	25	33.05	0.180
				0.5A	25	82.62	0.079
				1A	25	165.3	0.09

Seal provided to Meter Body Cover: MZ MT01

Contd



ANNEXURE-IV

ONGC Mangalore Petrochemicals Limited

(A Subsidiary of Mangalore Refinery & Petrochemicals Ltd.)

Mangalore Special Economic Zone, Permuda, Mangaluru - 574 509

CIN : U40107KA2006PLC041258 Website : www.ompl.co.in

Phone : +91-824 2881518 Fax +91-824 2881539

Ref No.: OMPL/2016-17/

Date: 18.11.2016

To,
The Vice President,
Mangalore SEZ Ltd.
3rd Floor, MUDA Bldg.
Mangaluru -575006 .

Sub: Power Requirement for Current & Next 5 Financial Years
Ref: Meeting at OMPL Admin Bldg. dated 15.11.2016

Dear Sir,

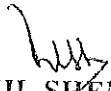
With reference to the above subject & discussions during meeting held on 15.11.2016 at OMPL Admin Building, please note the following for Power requirement by OMPL:

1. For Current Financial Year (FY), minimum power demand will be to the tune of 0.11 million units per day from the day Synchronization approval is received from competent authorities and procedural formalities are completed.
2. For the next 5 FY (FY-2017-18, 2018-19, 2019-2020, 2020-2021 & 2021-2022), minimum power demand shall be to the tune of 70 million units/per year with synchronization approval in place. Further OMPL agrees to reimburse the fixed cost to MSEZL if minimum committed power is not drawn for the next 5 FY. Provided the issue of reimbursement shall not arise in case power drawn by OMPL is less than minimum commitment due to OMPL Plant shut down both planned and unplanned, Force Majeure events like shortage of river water, Acts of God, War, riot, insurrection or civil disturbance, lawful strike, lockout, amongst others.
3. OMPL is agreeable for a Memorandum of Understanding with MSEZL for power supply on the above points subject to the approval of the same by the Competent Authorities of both the parties.

Further, in addition to above, following points shall be noted:

1. Power Factor (PF) has been considered as 0.9 for calculating power requirement.
2. Consumption has been taken based on the assumption that power from MSEZL will be available without any disruptions. Any disruption in power may lead to reduction in uses on account of reliability.
3. Power demand as mentioned is only indicative & minimum committed, actual demand will vary based on plant requirement & economics.

Thanking You,


SUSHIL SHENNY
Chief Executive Officer – I/C