

# **MANGALORE SEZ LIMITED**



## **Annual Performance Review for FY 17 and Annual Revenue Requirement (ARR) for the Distribution and Retail Supply Business And Tariff Petition for FY 19**

**FILED ON 29<sup>th</sup> November, 2017**

**Submitted to**

**KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**By  
MANGALORE SEZ LIMITED**

**29<sup>th</sup> November, 2017**

**BEFORE KARNATAKA ELECTRICITY REGULATORY  
COMMISSION  
AT BANGALORE**



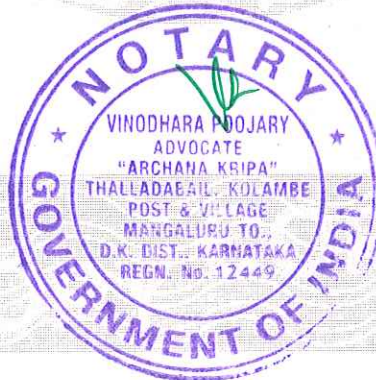
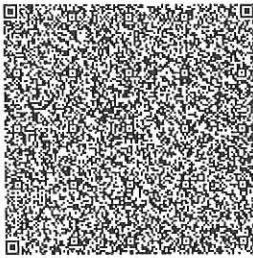


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Government of Karnataka

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Unique Doc. Reference : SUBIN-KAKACRSFL0825358848815289P  
Purchased by : MSEZL  
Description of Document : Article 4 Affidavit  
Description : AFFIDAVIT  
Consideration Price (Rs.) : 0  
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First Party : MSEZL  
Second Party : KERC  
Stamp Duty Paid By : MSEZL  
Stamp Duty Amount(Rs.) : 20  
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**AFFIDAVIT**

1. I, V. Suryanarayana, S/o V. Srinivasa Rao, aged 49 years, Chief Operating Officer, Mangalore SEZ Limited, Mangalore, do solemnly affirm and say as follows.

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



**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 15<sup>th</sup> December, 2016 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2<sup>nd</sup> Board Meeting held on 8<sup>th</sup> July, 2006).
3. The statement made in Chapters 1 to 15 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 15 are based on information I believe to be true.
4. Solemnly affirmed at Mangalore on this 24<sup>th</sup> November 2017 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: 24.11.2017



*V. Suryanarayana*  
 Authorized Signatory  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



**BEFORE ME**

Swear/Solemnly affirmed and signed  
 before me, this 24/11 day  
 of November 2017  
 at M.

*Vinodhara Poojary*

**VINODHARA POOJARY** B.A.(Law), LL.B.  
 Advocate  
 "Archana Kripa", Thalladabail  
 Kolambe Post & Village  
 Mangaluru - 574 142, D.K.  
 Notary for D.K. Dist., Govt. of India  
 Regn No.: 12449  
 NOTARIAL REGN. No. 2083./2017

No. of Errors/Corrections 2/1



**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 17 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 19 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 49 years, Chief Operating Officer, 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 15<sup>th</sup> December, 2016 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2<sup>nd</sup> Board Meeting held on 8<sup>th</sup> July, 2006).
3. The statement made in Chapters 1 to 15 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 15 are based on information I believe to be true.



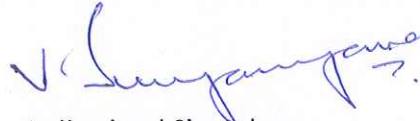
**V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED**

4. Solemnly affirmed at Mangalore on this 24<sup>th</sup> November 2017 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: 24.11.2017



Authorized Signatory

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



## ABBREVIATIONS

A &G	Administrative and General
ARR	Aggregate revenue requirement
APR	Annual Performance Review
CERC	Central Electricity Regulatory Commission
CAPEX	Capital Expenditure
CWIP	Capital Work in Progress
Cr	Crore
D:E	Debt to Equity Ratio
ERC	Expected Revenue from Charges
FAC	Fuel Cost Adjustment Charges
FY	Financial Year
HT	High Tension
GSS	Grid Substation
GFA	Gross Fixed Asset
HV	High Voltage
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
RBI	Reserve Bank of India
R & M	Repairs and Maintenance
RoE	Return on Equity
SEZ	Special Economic Zone
SPV	Special Purpose Vehicle
TDS	Tax Deducted at Source



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



## Table of Contents

Chapter No.	Chapter Heading	Page Number
1	Statutory Adherence	11-12
2	MSEZL in Brief	13-16
3	Segregating Licensed and Non-Licensed activities of MSEZL	17-23
4	Annual Performance Review – FY 17	24-38
5	Revised Estimates for FY 18	39-40
6	Sales Forecast	41-42
7	Capital Investment Plan	43-44
8	Distribution Loss Trajectory	45-46
9	Power Procurement Plan	47
10	MYT Filing Common Issues	48-53
11	ARR for Distribution Wires and Supply Business	54-60
12	Combined ARR for FY 19	61
13 A	Tariff Revision Proposal for FY 19	62-68
13 B	Tariff category and rates Proposed for FY 19	69-70
14	Proposal to offer Volume Incentive scheme to MSEZL consumer/s.	71-73
15	Prayer	74



*V. Suryanarayana*  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

## ARR FILING FORMATS

Sl. No.	Item	Distribution Form Number	Page Nos.
1.	Revenue Requirement & Revenue GAP	RR-GAP	75
2.	Profit and Loss Account	A1	76
3.	Balance Sheet	A2	77
4.	Cash flow Statement	A3	78-79
5.	Aggregate Revenue Requirement	A4	80
6.	Capital Base	A5	81
7.	Cost of power purchase	D1	82
8.	Revenue from sale of power	D2	83
9.	Revenue from subsidies and grants	D3	84
10.	Non-tariff income	D4	85
11.	Repairs and maintenance cost	D5	86
12.	Employee cost	D6	87
13.	Employee costs – Additional Information	D6A	88
14.	Administration and General charges	D7	89
15.	Depreciation	D8	90
16.	Loans and debentures and interest charges	D9	91
17.	Sale and Leaseback assets	D9A	92
18.	Details of expenses capitalized	D10	93
19.	Other debits	D11	94
20.	Extraordinary items	D12	95



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CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

21.	Net prior period credits / (charges)	D13	96
22.	Contributions, Grants and subsidies towards cost of capital assets	D14	97
23.	Gross Fixed Assets	D15	98
24.	Net fixed assets	D16	99
25.	Work in progress (Capital expenditure)	D17	100
26.	Receivables against Sale of Power (DCB)	D18	101
27.	Tariff category wise DCB	D18A	102
28	Energy flow diagram for distribution system	D19	103-105
29	Existing tariff and proposed tariff	D20	106
30	Revenue at existing tariff and proposed tariff	D21	107
31	Expected Revenue when Proposed Tariff is introduced for a Part Year	D22	108
32	Embedded cost of service of supply of electricity	D23	109
33	External Subsidy (Allocation of external subsidy among consumer classes	D24	110



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



## ARR FILING ANNEXURES

Sl. No.	Item	Annexure Nos.
1	MSEZL Audited Financial Statement for FY 17	I
2	Statutory Auditor Independent Report for FY 17 Licensed Activity	II
3	Energy Loss inspection Report	III
4	Extract of Interest on Capital loan General Ledger – FY 17	IV



*V. Suryanarayana*  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

## NOTE

**In this application:**

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

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

Ensuing year is defined as Financial Year 2018 – 19  
(Referred as FY – 19)



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

## 1. STATUTORY ADHERANCE

- A. 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 3<sup>rd</sup> Floor, MUDA Building, Ashok Nagar, URWA Stores, Mangalore - 575006. MSEZL is 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.

- B. 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 distribution licensee as per Section 14 of the Electricity Act 2003.

Consequently, MSEZL has consistently filed tariff petition for determination of Distribution and Retail Supply Tariff for FY 16, FY 17 and FY 18. The Hon'ble Commission has approved the ARR and passed tariff orders for all the respective years and has approved the APR for FY 16.



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

The content of latest order passed for ARR FY 18 is as under:

- The Tariff Order dated 08.05.2017 approved a Net ARR of Rs.57.39 Crores for FY 18. The retail supply and distribution tariff was under three categories **HT – Industrial** - Rs.200/KVA and Rs.6.34/kWh for energy charges and **HT – Construction** - Rs.230/KVA and Rs.9.00/kWh for energy charges and **LT – Industrial** - Rs.190/KVA and Rs.6.00/kWh for energy charges.
- C. MSEZL aggrieved by the FY 18 tariff order had filed a review petition on 08.06.2017 and the Hon'ble Commission has vide order dated 26<sup>th</sup> October, 2017 has revised the ARR for FY 18 and allowed a net revenue deficit Rs.3.91 Crores for FY 18 to be recovered in FY 19 ARR. The net revenue deficit allowed for ARR for FY 18 - Rs.3.91 Crores also includes the revenue deficit of FY 16 Rs.0.98 Crores.

On the revised orders MSEZL has vide its letter MSEZL/KERC/2017-18/01 dated 06<sup>th</sup> November, 2017 has brought to the notice of the Hon'ble Commission certain discrepancies in the order and has sought the guidance of Hon'ble Commission in addressing the discrepancies. We request the Hon'ble Commission to consider our submissions.

- D. MSEZL is filing the ARR and tariff petition for FY 19, besides, it is also filing the APR petition for FY 17. Further, in the ARR for FY 19 we have also considered the 26<sup>th</sup> October, 2017 order to carry forward the FY 18 net revenue deficit of Rs.3.91 Crores to the ARR of FY 19 and have proposed the tariff for FY 19.
- E. The content of this application is in accordance with the Retail supply tariff guidelines notified by Hon'ble Commission.
- F. As part of this exercise, MSEZL will provide such information as may be stipulated by the Hon'ble Commission from time to time. For any additional information not previously known or available to us at the time of filing the APR for FY 17 and ARR for FY 19 the information would be placed as additional submissions for the kind consideration of the Hon'ble Commission..

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**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



## 2. MSEZL in brief

### 2.1 Profile of the company

The Government of India 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
4	Sygene International Limited, a Biocon Company
5	Anthea



A handwritten signature in blue ink, appearing to read 'V. Suryanarayana', is written over a horizontal line.

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

6	Cardolite Specialty Chemicals LLP
7	Trident Infra Private Limited
8	Authentic Ocean Treasure
9	Gadre Marine Export Private Limited
10	Yashaswi Fish Meal & Oil
11	Shree Ulka LLP

## 2.2 Brief Introduction of Licensed Activities (Electrical Network)

- a) 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 receives and distributes power to all its consumers by underground cables only. A stable and quality power supply is provided to 11KV consumers through Ring Main Units which are inter linked with UG cables and for 33KV consumers the supply is directly fed through radial feeders emanating from 110/33/11KV GSS-03.
- b) The 110/33/11KV GSS-03 of substation receives stable power from the nearby 220/110/11KV Main Receiving Sub-station of KPTCL at Bajpe for which 13.939 acres of land within the MSEZL area is leased to KPTCL. From this receiving substation, 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.
- c) In the upstream 220/110/11KV Main Receiving Sub-station of KPTCL is sourced through the 220KV Double circuit line from Kemar to Kavoov. This line is integrated to the grid network of KPTCL and further to the southern grid of India.
- d) Based on the existing consumer's requirement and requirement of power for upcoming industries, the Grid substation with 40 MVA capacities is capable of catering power until FY 2020.

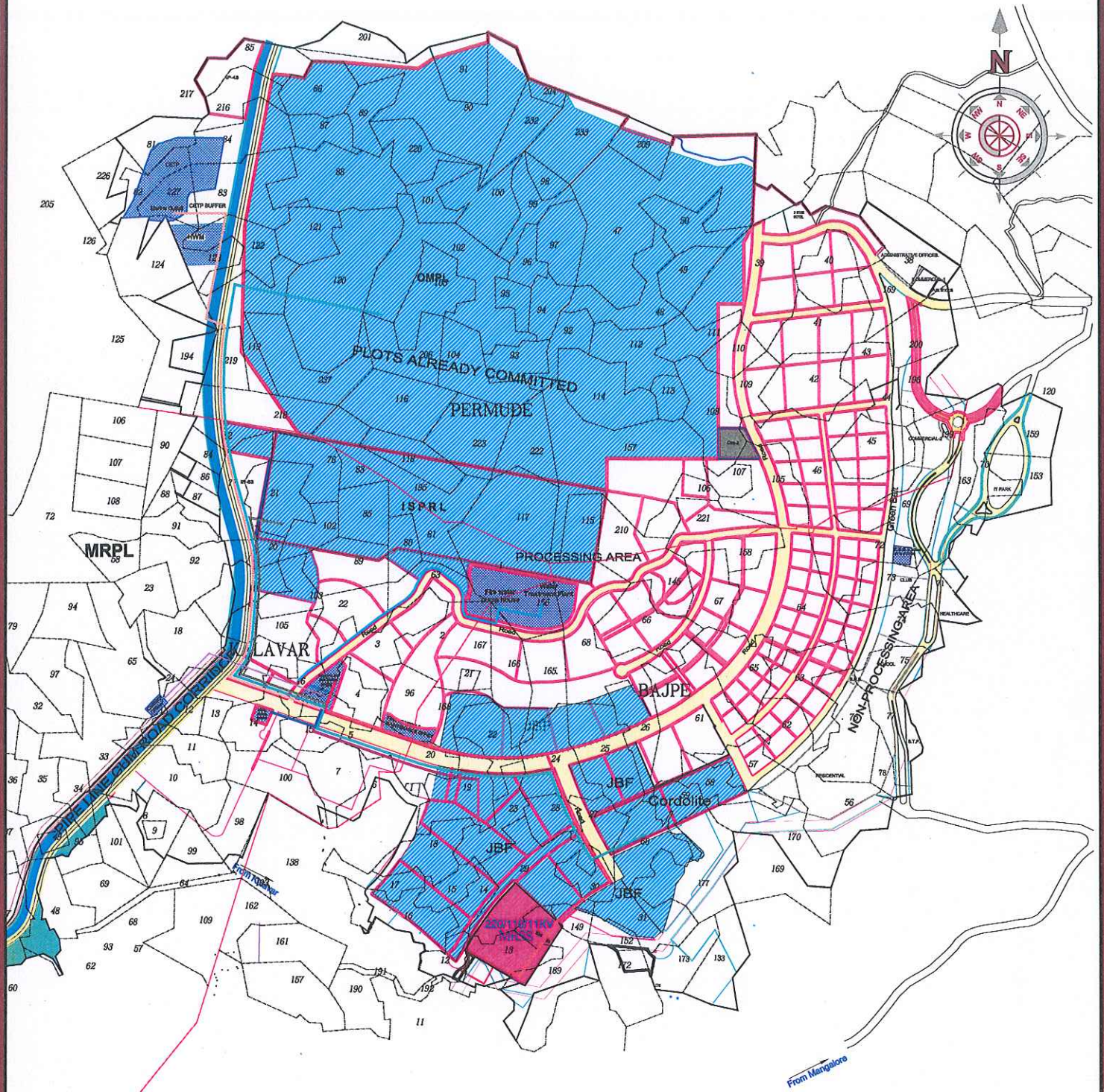
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*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



# Area Map of Mangalore SEZ Limited Showing Existing Electrical Network



- Industrial Plots
- Plots Already Committed
- ROAD

**MSEZL DISCOM LAYOUT**

220/110/11KV Main Receiving Sub-Station of KPTCL

110/33/11KV GSS-03 Sub-Station of MSEZL

- Custom Office
- GSS-3 Building
- Water Treatment Plant-MSEZL Unit

- OMPL
- ISPR
- Cordolite
- JBF (Construction Power)
- 10 ML pump house-MSEZL unit
- Fire water Pumping station-MSEZL unit
- Marine Outfall Pump house-MSEZL unit

- 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 ISPR
- 33KV Three core 240Sqmm UG Cable(Single Circuit) from GSS03 to Cordolite
- 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

*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





## 2.4 Consumers Profile as on 31-03-2017

As on 31 March 2017, 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	7	33/11KV	17.14
2	HT - Construction	2	33/11KV	2.06
	<b>Total</b>			<b>19.20</b>

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*V. Suryanarayana*


**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



### 3. Segregating Licensed and Non-licensed activities of MSEZL

- A. The books of account of MSEZL as at 31<sup>st</sup> March 2017 is audited and received, considered and adopted by the shareholders in the Annual General Meeting held on 19<sup>th</sup> August 2017. From the audited books of account, the financial statement has 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 17 is consistent with the methodology followed for segregation in the earlier tariff petitions filed for FY 16, FY 17 and FY 18 (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 of accounts, the same is followed for preparing and presenting licensed portion of business activity in the P&L account and Balance sheet.
- C. The audited financial statement as at 31.03.2017 is enclosed as Annexure I. This set of information is used for preparing and presenting the financials of APR for FY 17 under Form A-2.
- 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 auditor 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 17. The independent report received from the statutory auditor is attached as Annexure II.



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

In the following table, we have presented the audited figures of the Balance sheet of the MSEZL as at 31<sup>st</sup> March 2017.

Rs. in Cr.

PARTICULARS	MSEZL Audited Figures as at 31st March 2017
<b>SHAREHOLDER'S FUNDS:</b>	
SHARE CAPITAL	50.00
RESERVES & SURPLUS	17.15
<b>Total</b>	<b>67.15</b>
<b>LOAN FUNDS:</b>	
LOANS FROM STATE GOVT	
LOANS FROM OTHERS- SECURED	572.57
LOANS FROM OTHERS- UNSECURED	
FRESH BORROWINGS FOR CAPEX	
<b>Total</b>	
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	
OTHER LONG TERM LIABILITIES	828.80
LONG TERM PROVISIONS	1.32
DEFERRED TAX LIABILITY	35.49
<b>GRAND TOTAL</b>	<b>1505.33</b>
<b>APPLICATION OF FUNDS:</b>	
<b>NET FIXED ASSETS:</b>	
a) GROSS BLOCK	1034.67
b) LESS: ACCUMULATED DEPRECIATION+AAD	54.30
c) NET FIXED ASSETS	<b>980.37</b>
d) CAPITAL WORK IN PROGRESS	451.01
e) ASSETS NOT IN USE	
f) DEFERRED COSTS	
g) INTANGIBLE ASSETS	14.54
<b>SUB TOTAL OF ( c ) TO ( g )</b>	<b>1445.92</b>
INVESTMENTS	0.085
LONG TERM LOANS AND ADVANCES – SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.75
OTHER NON-CURRENT ASSETS	27.14
OTHERS	21.99
<b>SUB TOTAL</b>	<b>54.96</b>
<b>NET CURRENT ASSETS:</b>	
<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
a) INVENTORIES	



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



CURRENT INVESTMENTS	
b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	48.65
c) CASH & BANK BALANCES	74.15
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	10.32
e) SUNDRY RECEIVABLES	
<b>TOTAL OF A</b>	<b>133.11</b>
<b>B. CURRENT LIABILITIES AND PROVISIONS:</b>	
a) SECURITY DEPOSIT FROM CONSUMERS	3.74
b) BORROWINGS FOR WORKING CAPITAL	
c) PAYMENTS DUE ON CAPITAL LIABILITIES	
d) OTHER CURRENT LIABILITIES - D 25	109.63
e) Current Maturities of Long Term Debt	6.53
f) SUNDRY CREDITORS-POWER PURCHASE	
g) PROVISION FOR PENSION, GRATUITY, FBF etc.	8.76
h) PROVISION FOR IT and FBT	
<b>TOTAL OF B</b>	<b>128.66</b>
<b>NET CURRENT ASSETS (A - B)</b>	<b>4.45</b>
<b>GRAND TOTAL</b>	<b>1505.33</b>

In the following table, the audited balance sheet of MSEZL as at 31<sup>st</sup> March 2017 segregated into balance sheets pertaining to licensed and Non-Licensed activities is presented before the Hon'ble Commission.

Rs. in Crores


PARTICULARS	MSEZL Audited Figures as at 31 <sup>st</sup> March 2017	Relating to Non-Licensed Activity as at 31 <sup>st</sup> March 2017	Relating to Licensed Activity as at 31 <sup>st</sup> March 2017
<b>SHAREHOLDER'S FUNDS:</b>			
EQUITY SHARE CAPITAL – (INCLUDING SHARE DEPOSIT)	50.00	50.00	
EQUITY SHARE CONTRIBUTION			35.55
RESERVES & SURPLUS	17.15	21.61	(4.46)
<b>Total</b>	<b>67.15</b>	<b>71.61</b>	<b>31.07</b>
<b>LOAN FUNDS:</b>			
LOANS FROM STATE GOVT			
LOANS FROM OTHERS- SECURED	572.57	547.70	24.88
LOANS FROM OTHERS- UNSECURED			
FRESH BORROWINGS FOR CAPEX			
<b>Total</b>	<b>572.57</b>	<b>547.70</b>	<b>24.88</b>
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS			



  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

OTHER LONG TERM LIABILITIES	828.80	828.80	
LONG TERM PROVISIONS	1.32	1.32	
DEFERRED TAX LIABILITY	35.49	32.37	3.13
<b>GRAND TOTAL</b>	<b>1505.33</b>	<b>1481.80</b>	<b>59.08</b>
<b>APPLICATION OF FUNDS:</b>			
<b>NET FIXED ASSETS:</b>			
a) GROSS BLOCK	1034.67	969.64	65.03
b) LESS: ACCUMULATED DEPRECIATION+AAD	54.30	49.37	4.93
c) NET FIXED ASSETS	<b>980.37</b>	<b>920.27</b>	<b>60.10</b>
d) CAPITAL WORK IN PROGRESS	451.01	451.01	
e) ASSETS NOT IN USE			
f) DEFERRED COSTS			
g) INTANGIBLE ASSETS	14.54	14.54	
<b>SUB TOTAL OF ( c ) TO ( g )</b>	<b>1445.92</b>	<b>1385.82</b>	<b>60.10</b>
INVESTMENTS	0.085	0.085	
LONG TERM LOANS AND ADVANCES – SECURITY DEPOSIT WITH MESCOM AND OTHERS	5.75	1.90	3.85
OTHER NON-CURRENT ASSETS	27.14	27.14	
OTHERS	21.99	21.99	
<b>SUB TOTAL</b>	<b>54.96</b>	<b>51.11</b>	<b>3.85</b>
<b>NET CURRENT ASSETS:</b>			
<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) INVENTORIES			
CURRENT INVESTMENTS			
b) RECEIVABLES AGAINST SALE OF POWER& OTHER RECEIVABLE	48.65	47.05	1.60
c) CASH & BANK BALANCES	74.15	75.67	(1.53)
d) Share Contribution to Licensed Activity		35.55	
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	10.32	10.03	0.29
e) SUNDRY RECEIVABLES			
<b>TOTAL OF A</b>	<b>133.11</b>	<b>168.29</b>	<b>0.36</b>
<b>B. CURRENT LIABILITIES AND PROVISIONS:</b>			
a) SECURITY DEPOSIT FROM CONSUMERS	3.74		3.74
b) BORROWINGS FOR WORKING CAPITAL			
c) PAYMENTS DUE ON CAPITAL LIABILITIES			
d) OTHER CURRENT LIABILITIES - D 25	109.63	108.42	1.21
e) CURRENT MATURITIES OF LONG TERM DEBT	6.53	6.25	0.28



  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



f) SUNDRY CREDITORS-POWER PURCHASE			
g) PROVISION FOR PENSION, GRATUITY, FBF etc.	8.76	8.76	
h) PROVISION FOR IT and FBT			
<b>TOTAL OF B</b>	<b>128.66</b>	<b>123.43</b>	<b>5.23</b>
<b>NET CURRENT ASSETS (A - B)</b>	<b>4.45</b>	<b>44.87</b>	<b>(4.87)</b>
<b>GRAND TOTAL</b>	<b>1505.33</b>	<b>1481.80</b>	<b>59.08</b>

The Balance sheet for the licensed activity as at 31<sup>st</sup> March 2017 is prepared considering the Assets viz., Gross fixed assets, CWIP & non-current and current assets and Liabilities viz., equity shareholders' capital, loans & advances, non-current and current liabilities including current Liabilities for long term debt

The method adopted for the preparation and presentation the licensed activity balance sheet as at 31.03.2017 is detailed below.

### 3.0 Balance Sheet Items:

#### Fixed Asset

The GFA position as on 31<sup>st</sup> March 2017 comprises of the followings fixed assets:

Sl. No.	Particulars	Amount Rs. in Cr.
1.	Leasehold Land	6.17
2.	Building and structures	2.84
3.	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.18
4	Towers, Poles, fixture, overhead conductors, UG cables and devices	33.89
5	Other items/Computers	0.07
6	Other Civil Works - Roads	0.87
	<b>MSEZL - Total</b>	<b>65.03</b>

Note: There was no major capital investment made in FY 17.

#### Accumulated Depreciation

The accumulated depreciation as at 31<sup>st</sup> March, 2017 for the above listed fixed assets is Rs.4.93 Crores.



*V. Suryanarayana*

**V. SURYANARAYANA**  
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MANGALORE SEZ LIMITED

## **CWIP**

The CWIP as at 31<sup>st</sup> March 2017 is NIL, as all the contract works pertaining to licensed activity is already completed and assets capitalized. There are no additional capex works awarded/carried/executed in FY 17.

### **3.1 Long Term Loans & Advances**

The deposits kept with MESCOM for drawing 20 MVA power and outstanding as at 31<sup>st</sup> March 2017 is Rs. 3.85 Crores.

### **3.2 Current Assets:**

- a. Receivables against sale of power: The receivables outstanding against the sale of energy as at 31<sup>st</sup> March 2017 Rs.1.6 Crores. The receivables are mainly of the bills raised for the month of March 2017.
- b. Cash & Bank Balance: The cash and bank balance comprises of bank balance towards the power distribution business Rs. (1.53) Crores.
- c. Other Current Assets includes accrued interest receivable for FY 17 on security deposit kept with MESCOM Rs.0.29 Crores.

### **3.3 Liabilities:**

- a. Deposits from Consumers: The consumer deposits as at 31<sup>st</sup> March 2017 is Rs.3.74 Crores and is classified as a current liability.
- b. Other Current Liabilities of Rs.1.21 Crores as at 31<sup>st</sup> March 2017 includes the monies withheld under contractual terms/work orders awarded towards licensed business activity, statutory liability payable towards TDS, interest payable on consumer security deposits and provision for outstanding expenses.
- c. The Current maturities of long-term debt as at 31<sup>st</sup> March 2017 Rs.0.28 Crores for licensed business activity.
- 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 and as at 31<sup>st</sup> March, 2017 the accumulated liability is Rs.3.13 Crores.

### **3.4 Capital Structure For Licensed Business Activity:**

- a) In the previous three ARR filings, we had prepared and presented the balance sheet initial capital structure for FY 14, FY 15, FY 16, FY 17 & FY 18.



  
**V. SURYANARAYANA**  
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MANGALORE SEZ LIMITED



The method adopted for arriving at the debt and equity amount **for a capital investment of Rs.65.84 Crores** 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) and hence, the D:E ratio for licensed business activity is also structured and computed on the similar basis.
  - The funding for capital investment of Rs.65.84 Crore is considered at the D: E ratio of 46:54 respectively.
- b) Though the D:E ratio of MSEZ licensed activity as per its Balance sheet is 46:54 as stated above, for the regulatory accounting, we have considered capital structure at D:E ratio of 70:30 for computation of interest on capital loan and RoE calculation for tariff fixation/determination. These calculations are furnished in Form A1, Form A4 and Form D9 of the excel file attached.
- c) **The Hon'ble Commission through the dated 26<sup>th</sup> October, 2017 against RP.08/2017 for FY 18 FY 17 has considered normative D: E ratio of 70:30 as the capital structure for approving the returns viz., interest on capital and RoE respectively.**
- d) We wish to emphasize again that 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, which is reflected in the Form A2 and Form D9.
- e) Thus, in the Balance as at 31<sup>st</sup> March 2017 – Long term debt stands at Rs.24.88 Crores and current maturities of long term debt being Rs.0.28 Crores and therefore the total debt stands at Rs.25.16 Crores and equity share capital is Rs.35.55 Crores.

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MANGALORE SEZ LIMITED

## 4. Annual Performance Review – FY 17

- 4.1 The Hon'ble Commission has approved a net ARR of Rs.54.83 Crores for FY 17 through its order dated 30<sup>th</sup> March 2016 (herein after referred as "approved ARR"). The present APR for FY 17 is submitted considering the actual expenditure incurred during the year under review.
- 4.2 As referred in chapter 3 above, the books of account of MSEZL as on 31<sup>st</sup> March 2017 is audited. Also, the standalone financial statement of MSEZL's Licensed Activity for FY 17 is audited and an independent audit certificate is issued by the statutory auditors.
- 4.3 The independent auditor's certificate with the segregated i.e. licensed and Non-Licensed Activity annual financial statements for FY 17 is attached as Annexure II.
- 4.4 MSEZL is submitting its APR for FY 17 for kind consideration and approval of the Hon'ble Commission.
- 4.5 The performance of APR for FY 17 is presented under the following heads:
- 4.4.1 Operating Performance.
  - 4.4.2 Financial Performance.

### 4.4.1 Operating Performance:

#### a. Energy Sales:

The actual vis-à-vis the approved sales are as follows:

Consumer Category	FY 17 Energy Sales (in MUs)	
	As Approved	Actual
HT Industrial	78.29	11.78
HT Construction	1.11	6.82
<b>Total</b>	<b>79.40</b>	<b>18.60</b>

MSEZL has achieved a growth of 31.73% in energy sales compared to FY 16 energy sales at 14.12MUs. However, in FY 17 the projected energy sales in HT Industrial energy sales could not be achieved due to the demand side constraints and poor off take of energy by the major bulk consumers in MSEZ due to delayed synchronization of their CPP with KPTCL Grid, which has



  
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occurred only in February 2017. Going forward in FY 18 the energy consumption by major bulk consumer has increased.

b. Power Purchase:

The purchase of power from MESCOM in FY 17 increased by 33.57% compared to FY 16 power purchase at 13.88 MUs. The Hon'ble Commission had approved power purchase of 80.49 MUs for FY 17 and the actual power purchase is 18.54 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	As approved in - MUs	Actual Energy in - MUs
MESCOM	80.49	18.54

c. Distribution (Loss)/Gain:

In FY 17, 33KV and 11 KV consumers were provided with the following accuracy class meters, CTs and PTs.

Sl. No.	Number of consumers	Accuracy class meter
1	33 KV consumers – Two Consumers	0.2S accuracy class trivector energy meter, CTs and 0.2 class PTs
2	33 KV consumer – One Consumers	with 0.2s class trivector meter, 0.2class CTs and PTs
3	11 KV consumer – One Consumers	0.2S accuracy class trivector energy meter, CTs and 0.2 class PTs
4	11 KV consumers – Two Consumers	0.5Accuracy class trivector energy meters, CTs and PTs.

Further, MSEZL has estimated 0.76% distribution loss considering the distribution network and anticipated energy sales for FY 17.

All the consumers' trivector energy were tested and found to be within permissible limits of error but however, the actual distribution loss for FY17 is (0.32%). The main reason is recording of more energy due to positive permissible errors of metering equipment.

In this connection, officials from KPTCL, MESCOM and our Company have conducted a detailed joint inspection. The joint inspection analysis report is



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 MANGALORE SEZ LIMITED

attached as Annexure III to the filing. The joint inspection has observed and it is pointed out that the negative distribution loss is due to positive errors in most of consumer's energy meters.

Considering the actual metered data of input and energy sales there is no distribution losses in FY 17. In fact, results are showing a negative distribution losses of 0.32% compared to negative distribution losses of 1.74% for FY 16.

The details are as under:

Sl. No.	Particulars	MUs
1	POWER PURCHASE (MUs)	18.54
2	ENERGY AVAILABLE AT INTERFACE POINTS (MUs)	18.54
3	ENERGY SOLD (MUs)	18.60
4	DISTRIBUTION LOSS/(GAIN) (%) $[(2-3)/2]$	(0.32)

**Measures taken:**

Prior to synchronization of OMPL (our Consumer) CPP with KPTCL grid, the existing metering CTs of 0.2 classes have also been replaced with 0.2S class. For better recording of energy in the metering the CT ratios of some installations have been changed to the appropriate ratios considering their load currents. Due to the above measures taken by MSEZL at present the distribution loss in MSEZL network has been observed to be positive and around 0.92 % which is line with the distribution loss approved by KERC for FY 18.

**4.4.2 Financial Performance:**

The actual financials for Licensed Activity vis-à-vis the approved ARR is as under:

Ref Form-No	PARTICULARS	Rs. in Crores		
		FY 17 ARR approved	FY 17 As per Audited Accounts	FY 17 – APR – Regulatory accounting
	POWER PURCHASE (MU)	80.49	18.54	18.54
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	80.49	18.54	18.54
T2/D2	ENERGY SOLD (MU)	79.40	18.60	18.60
	DISTRIBUTION LOSS (%)	1.35%	(0.32%)	(0.32%)



*V. Suryanarayana*  
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 MANGALORE SEZ LIMITED



	<b>INCOME</b>			
T2/D2	REVENUE FROM SALE OF POWER	54.83	17.81	17.81
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS		-	-
T3/D3	REV SUBSIDIES & GRANTS		-	-
T4/D4	OTHER INCOME	0.30	0.30	0.30
	<b>TOTAL</b>	<b>55.13</b>	<b>18.11</b>	<b>18.11</b>
	<b>EXPENDITURE</b>			
T1/D1	PURCHASE OF POWER	45.32	10.54	10.54
T5/D5	REPAIRS & MAINTENANCE		0.65	0.65
T6/D6	EMPLOYEES COSTS	1.23	0.49	0.49
T7/D7	ADM & GENERAL EXPENSES		0.28	0.28
T8/D8	DEPRECIATION AND RELATED DTS	1.52	2.73	2.73
T9/D9	INTEREST & FINANCE CHARGES	3.36	2.86*	4.10#
	<b>SUB-TOTAL</b>	<b>51.43</b>	<b>17.55</b>	<b>18.79</b>
T10/D10	LESS: EXPENSES CAPITALISED:	-	-	-
	-INTEREST & FINANCE CHARGES CAPITALISED	-	-	-
	-OTHER EXPENSES CAPITALISED	-	-	-
	<b>SUB-TOTAL</b>	-	-	-
T11/D11	OTHER DEBITS (incl. Bad debts)	-	-	-
T12/D12	EXTRAORDINARY ITEMS	-	-	-
	<b>TOTAL EXPENDITURE</b>	<b>51.43</b>	<b>17.55</b>	<b>18.79</b>
	PROFIT (LOSS) BEFORE TAX		0.56	0.68
	PROVISION FOR TAXES			
	Current Tax	-	-	-
	Deferred Tax	-	1.48	-
	PROFIT (LOSS) AFTER TAX	3.7	(0.92)	0.68
T13/D13	NET PRIOR PERIOD Debits/Credits		-	
	RETURN ON EQUITY	<b>3.7</b>	<b>3.02</b>	<b>3.02</b>
	<b>GAP</b>	-	(3.94)	(3.70)

(\*)The interest charge of Rs.2.86 Crores does not include interest on capital loan payable on normative debt portion as per the regulatory accounting.

(#) The interest charge of R.4.10 Crores includes interest on capital loan payable Rs.1.22 Crores on normative debt portion as per regulatory accounting (To Refer TABLE 'F' for details)



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MANGALORE SEZ LIMITED

We would like to bring to the kind notice of the Hon'ble Commission the difference in the expenditure claimed on (i) Interest and Finance charges and (ii) Deferred tax under the heads 'FY As per Audited Accounts' and 'FY 17 – APR Regulatory accounting'. The reason for the differences under the two heads is as follows:

1. 'Interest & Finance Charges' – The auditor has considered only the actual interest expense of Rs.2.86 Crores and not the normative interest portion, which is allowed as per regulatory accounting. Thus, Rs.2.86 Crores is claimed under audited accounts and Rs.4.10 Crores is claimed as per regulatory accounting.
2. Deferred tax: The auditor has considered the deferred tax liability of Rs.1.48 Crores based on the accrual concept. Whereas, the same is not considered for regulatory accounting as the Hon'ble Commission allows only the actual income tax paid and not the provision made.

## INCOME

### 4.4.2.0 Revenue from Sale of Power:

During the FY 17, MSEZL's energy sales increased by 31.73% and in relative terms the energy sold are 18.60 MUs. The revenue from sale of power in FY 17 is Rs.17.81 Crore. The summary of consumer category wise sales and revenue is as under:

Sl. No.	Consumer Category	Energy Sold in MUs	Revenue – Rs. in Crores
1	HT -33KV - Industrial	11.23	9.46
2	HT-33KV Temporary	4.15	4.64
3	HT-11KV - Industrial	0.55	0.78
4	HT-11KV Temporary	2.67	2.91
	<b>Total</b>	<b>18.60</b>	<b>17.79</b>
5	Add: Delayed payment charges	-	0.02
	<b>Revenue from sale of power</b>	<b>18.60</b>	<b>17.81</b>

### 4.4.2.0a Other Income:

MSEZL has accounted for accrued interest income Rs. 0.30 Crores receivable on security deposit kept with MESCOM.



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The Hon'ble Commission had in the approved tariff order accepted the same for the purpose of tariff determination.

STATEMENT SHOWING DETAILS OF OTHER INCOME FOR FY 17		
Approved ARR – Rs. in Crore	Actual Income Rs. in Crore	Difference
0.30	0.30	-

#### A. EXPENDITURE

##### 4.4.2.1 Power Purchase Cost:

The Hon'ble Commission in the approved tariff has approved the power purchase rate from MESCOM at Rs.5.63/kWh. Further, the FAC charged by MESCOM from to time during FY 17 is paid and forms part of power purchase cost.

In FY 17, MSEZL has sourced the entire power - 18,538,500 units from MESCOM only and has incurred power purchase cost of Rs.105,376,965 (including FAC charged by MESCOM).

The details are as under:

STATEMENT SHOWING DETAILS OF PP COST FOR FY 17				
Source	Approved ARR – in MUs	Actual Energy in- MUs	Power Purchase Cost Rs. in Cr.	Average PP/kWh
MESCOM	80.49	18.54	10.54	5.68

Note1: Apart from the approved retail supply tariff of Rs.5.63/kWh, MESCOM has additionally charged FAC and hence, the average PP/kWh works out to Rs.5.68/unit.

Note 2: The Hon'ble Commission while truing up the APR for FY 16 increased the PP cost for FY 16 by Rs.0.60 Crores, considering the actual source-wise power purchase reported by MESCOM for FY 16. Also, the Hon'ble Commission vide its order dated 26<sup>th</sup> October 2017 against RP No.08/2017 has allowed the entire deficit in the PP cost to be recovered from consumers.

**Hence, for FY 17 if the Hon'ble Commission increases the PP cost we request that the entire revenue deficit in the PP cost to be recovered entirely from the consumers only.**



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#### 4.4.2.2 O&M Expenses:

The consolidated O&M expenses comprises of (i) R&M Expense (ii) Employee cost and (iii) A&G General Expense. The Hon'ble Commission in its approved ARR allowed R&M expenses at 0.5% of GFA and allowed employee expenses and ADM & General with escalation by weighted inflation index of 7.24% over the base year data for FY 16.

In the light of the latest audited books of accounts for FY 17 and submission of best estimate of actual O&M expenses, we request the Hon'ble Commission to allow as under the O&M expenses as per actual for FY 17.

Rs. in Crores

STATEMENT SHOWING DETAILS OF O&M EXPENSES FOR FY 17		
Approved ARR	Actual Expenses	Difference
1.23	1.42	(0.19)

Note: (i) R&M includes expenses like GSS outsourced manpower cost, consumables, testing charges, servicing of electrical instruments, KPTCL & CEIG statutory charges, inspection charges and etc.

Note: (ii) A&G expense includes expenses line insurance premium on fixed assets of GSS, professional and technical fess, KERC annual license fee, printing and advertisement charges and etc.

Note: (iii) Employee Cost includes the share of direct employee cost and shared Corporate Service Employee cost.

Since we have considered the actual O&M expenses, we request the Hon'ble Commission to allow the entire cost of Rs.1.42 Crores, as above.

#### 4.4.2.3 Depreciation:

In accounting depreciation charge for FY 17, MSEZL has adopted the rates of as per Annexure III of CERC Notification 2009. Further, in FY 17 annual accounts titled 'significant accounting policies - on depreciation', it is specifically stated that depreciation on power distribution assets is based on the rates notified by CERC.

As depreciation charge is calculated applying the same rates as considered by the Hon'ble Commission and in the light of the latest audited books of



  
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accounts of FY 17, we request the Hon'ble Commission to allow as under the depreciation charge for FY 17.

STATEMENT SHOWING DETAILS OF DEPRECIATION FOR FY 17		
Approved ARR Rs. in Cr	Actual Charged Rs. in Cr	Difference Rs. in Cr
1.52	2.73	(1.21)

Note: The Hon'ble Commission in the approved tariff has considered only Rs.1.52 Crores, being the 50% of the depreciation charge (on a closing asset balance of Rs.59.66 Crores as on 31.03.2017 in Table 10 of Approved tariff) instead of depreciation charge of Rs.3.05 Crores, which should have been allowed

Statement Showing Details of Depreciation Charge for FY 17				
Particulars	Opening Balance of GFA as on 01.04.2016	Closing Balance of GFA as on 31.03.2017	Rate of Depreciation n%	Depreciation allowance in Rs. Cr
Lease hold assets	6.17	6.17		-
Licensed Activity Building- Housing the Grid Substation	2.84	2.84	3.34%	0.09
Towers, Poles, fixture, overhead conductors, UG cables and devices- Package 2	33.87	33.89	5.28%	1.61
Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.07	21.18	5.28%	1.00
Roads	0.87	0.87	3.34%	0.03
Other items	0.07	0.07		-
<b>Total</b>	<b>64.89</b>	<b>65.02</b>		<b>2.73</b>

Note: (i) Depreciation charge is calculated at 90% of average GFA i.e. (opening GFA plus closing GFA)/2.

#### 4.4.2.4 Interest & Finance Charges:

##### ➤ Interest on Loan Capital

The FY 17 interest of capital loan Rs.3.81 Crores for licensed activity is calculated out as under.



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 MANGALORE SEZ LIMITED

Table A

Sl. No.	Particulars	Details	Remarks
1	Weighted Average rate of interest on term loan – per annum	9.76%	As per Table C, below
2	Average borrowing for licensed activity – Rs. in Crores	26.51	As per Table B below
3	Actual Interest charge for FY 17 – Rs. in Crores (1*2)	2.59	
4	Normative Interest on excess equity investment in GFA – Rs. in Crores	1.22	As per Table E below
5	Total interest on loan as per regulatory accounting (3+4) – Rs. in Crores.	3.81	

Table B

Amount in Rs in Crore				
Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016	Remarks
1	Long term capital loan	24.88	22.71	Refer Form A-2 & Form D-9 of the current tariff filing
2	Current maturities of long term loan	0.28	5.15	Refer Form A-2 & Form D-9 of the current tariff filing
3	Total Outstanding	25.16	27.86	
4	<b>Average Borrowings</b>		<b>26.51</b>	

The Weighted Average Interest on term Loans of MSEZL for FY 17 is as under:

Table C

Sl. No.	Particulars	Details	Remarks
1	Interest on Term loan Paid (A) - Amount in Rs.	56,73,20,631	Refer General Ledger extract attached as Annexure IV
2	Average Borrowings – Amount in Rs.	5,810,779,304	Refer Table D, below
3	Weighted Average rate of interest on term loan – per annum (1/2*100) for FY 17	9.76%	



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Table D

Amount in Rs.

Sl. No.	Particulars	As at 31.03.2017	As at 31.03.2016	Remarks
1	Long term capital loan	5,725,713,299	4,648,254,661	Refer Annexure I - Note 22
2	Current maturities of long term loan	65,337,344	1,182,253,304	Refer Annexure I - Note 28
3	Total Outstanding	5,791,050,643	5,830,507,965	
4	<b>Average Borrowings</b>		<b>5,810,779,304</b>	

Considering the above submissions, it is respectfully prayed before the Hon'ble Commission to allow interest on capital loan claim of only Rs.2.59 Crore for FY 17. In this connection, we would like to draw the attention of the Hon'ble Commission to the following submissions:-

- The interest on loan capital is computed based on the MSEZL's weighted average interest rate for FY 17 i.e.9.76% P.A. (Table C). The quantitative details in Table D are based on the MSEZL audited annuals accounts for FY 17, attached as Annexure I.
- The loan outstanding for licensed activity is based on licensed activities average of opening and closing loan balances, as admitted [in Form A2 and Form D9] by the Hon'ble Commission in the earlier ARR filing. Thus, the average loan balance for FY 17 works out to Rs.26.51 Crores (Table B).
- There are no fresh/new loans considered for licensed activity business in FY 17.
- The existing loan balances in Balance sheet for licensed activity is based on debt balances at 46% (Refer Para 3.4 in Chapter 3) and interest claim for APR FY 17 is also restricted to Rs.2.59 Crores of interest on such debt balances. As regards allowability of interest on normative debt Rs.1.22 Crores please refer to Para 4.7 (d) and Para 4.8.**

➤ **Normative Interest calculation:**

The clause 3.6 of KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of Electricity) Regulations, 2006 considers and allows the equity amount in excess of 30% GFA as being used to finance the



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acquisition of assets and allows interest thereof. The following are the workings for normative interest on excess equity capital.

Table E

		Amount in Crores
Sl. No.	Particulars	Details
1	GFA as on 31.03.2017	65.03
2	30% of GFA (Eligible for allowances of RoE)	19.51
3	70% of GFA (Eligible for loan component)	45.52
4	Equity as on 31.03.2016	32.00
5	Equity in excess of 30% GFA - '4' - '2'	12.49
6	Weighted average of interest	9.76%
7	Interest eligible for allowance for FY 17	1.22

➤ Interest on Working Capital:

The Hon'ble Commission in the approved tariff has allowed normative interest on working capital. In FY 17, MSEZL has not incurred any interest on working capital; hence no interest towards working capital is claimed for licensed activity business.

Approved tariff Rs. in Cr	Interest on Working Capital Rs. in Cr	Difference Rs. in Cr
1.12	-	1.12

We wish to bring to the kind notice of the Hon'ble Commission that MSEZL's standalone Licensed activity business has negative cash & bank balance of Rs.1.53 Crores as at 31<sup>st</sup> March, 2017. In the business credit cycle this implies that an Rs.1.53 Crores fund is drawn from Bank for managing the day to day business working capital requirements. Notwithstanding this fact for APR FY 17, MSEZL is not claiming any normative interest on working capital for licensed activity business.

➤ Interest on Consumers Deposits:

MSEZL has made provision as at 31<sup>st</sup> March 2017 for interest on consumers' deposits. The interest calculation is made as per the KERC (Interest on Security Deposits) Regulations, 2005. The working is as under:



  
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Sl. No.	Amount of security deposit	Period	Interest @ *7.75% P.A.	Remarks
1	Rs.3,71,94,480	365 days	Rs.28,82,572	Total amount of deposit as on 01.04.2016
2	Rs.2,49,287	Proportionate period (refer Note 4)	Rs.14,925	Deposit amount accepted during FY 17
<b>Total</b>	<b>Rs.3,74,43,767</b>		<b>Rs.28,97,497</b>	

Note 1: The bank rate as on 01.04.2016 is **7.75% per annum**.

Note 2: A provision of Rs.0.29 Crores for interest payable to consumers is made in latest audited annual accounts - FY 17.

Note 3: The total deposits accepted and outstanding as at 31.03.2017 is Rs.3.74 Crore.

Note 4: The interest on deposit amount for (i) Rs.35,886 is provided for 151 days and (ii) Rs.2,13,401 is provided for 304 days.

Considering the above submissions, we request the Hon'ble Commission to allow us the actual Interest on consumers' deposits for FY 17.

STATEMENT SHOWING DETAILS OF INTEREST ON CONSUMERS DEPOSITS FOR FY 17		
Approved tariff - Rs. in Crore	Interest payable on Consumers Deposits Rs. in Cr	Difference Rs. in Cr
0.29	0.29	-

➤ The statement on summary of interest and finance charge is as under:

**Table F**

Sl. No.	Interest and finance charges	Amount in Rs. Crores		
		FY 17 ARR approved	FY 17 As per Audited Accounts	FY 17 - APR - Regulatory accounting
1	Interest on loan capital - <b>at actual</b>		2.57	2.59
2	Normative Interest on excess equity investment in GFA	1.95	-	1.22
3	Interest on working capital	1.12	-	-
4	Interest on consumers deposit	0.29	0.29	0.29
	<b>Total</b>	<b>3.36</b>	<b>2.86</b>	<b>4.10</b>

#### 4.4.2.5 Tax Expense:

- The deferred tax liability because of differential rates of depreciation under Income Tax Act, 1961 and CERC notified rates for licensed activity assets.



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The temporary taxable timing difference is recognized as deferred tax liability and provision is made for Rs.1.48 Crores for FY 17.

In light of the latest audited books of accounts for FY 17, we request the Hon'ble Commission to kindly take note of the deferred tax liability for FY 17.

<b>STATEMENT SHOWING DETAILS OF DEFERRED TAX FOR FY 17</b>		
Approved Tariff Rs. in Cr	Actual of Deferred Tax – Provided in books of accounts Rs. in Cr	Difference Rs. in Cr
NIL	1.48	(1.48)

Further, we would like to bring to the kind attention of the Hon'ble Commission that since the deferred tax liability is only a charge on P&L does not represent actual outgo of tax in FY 17, the charge of deferred tax Rs.1.48 Crore is not considered for determining/arriving at the 'GAP'/Revenue deficit of FY 17 and hence, the deferred tax is not proposed for recovery from the consumers.

#### 4.4.2.6 Return on Equity:

The clause 3.9 of KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of Electricity) Regulations, 2006 considers and allows RoE restricting to 30% GFA. Hence, for APR FY 17 the RoE is worked out on normative equity of 30% of GFA as on 31.03.2017 Rs.65.03 Crores. The equity share capital as on 31.03.2017 is Rs.35.55 Crores.

<b>STATEMENT SHOWING DETAILS OF RoE FOR FY 17</b>	
Particulars	Amount Rs. in Cr
Equity Share Capital as per KERC norms – GFA as at 31.03.2017 is Rs.65.03 Cr*30%, normative equity	19.51
RoE @ 15.5%	3.02

We request the Hon'ble Commission to allow us the RoE of Rs.3.02 Crore for FY 17.

4.6 As per the above item-wise submissions of revenue and expenditure for FY 17 the revenue deficit of FY 17 Rs.3.70 Crores.



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#### 4.7 SUMMARY: APR for FY 17

- a) MSEZL has managed the power distribution business within the efficiency parameters set by the Hon'ble Commission in the approved tariff. The Hon'ble Commission has allowed an ARR – Controllable expenses of Rs.9.51 Crores (excluding PP cost) against which MSEZL has incurred Rs.9.73 Crores (excluding PP cost) for FY 17, considering the inflationary impact on 'controllable expenses' in FY 17.
- b) The energy sales in FY 17 increased by 31.73% over FY 16 energy sales. However, owing to demand side constraint the projected energy sales of 79.40 MUs could not be achieved. The energy sales of only 23.35% could be achieved in FY 17 (which is higher compared to 17.98% of energy consumed against the projected energy in FY 16).
- c) In the cost stack-up for arriving at the revenue deficit of APR FY 17 the normative interest on working capital is not considered, notwithstanding the negative cash and bank balance.
- d) The revenue deficit of Rs.3.70 Crores is composed of RoE of Rs.3.02 Crores and balance Rs.0.68 Crores out of Rs.1.22 Crores of normative interest on excess equity share capital.

#### 4.8 Recovery of FY 17 revenue deficit of Rs.3.70 Crores:

The power distribution business is in the growth phase and considering the fact that new consumer with aggregate contract demand of 6.55 MVA is added to the business in FY 19, we expect the business to be robust in the coming years and thereby, we expect to achieve a steady growth in the intended sales volume. The business being in the growth phase and considering the business environment in which our consumers are operating, whose interest is of paramount to us, we propose not to recover the entire FY 17 revenue deficit of Rs.3.70 Crores, comprising of the following items.

Sl. No.	Particulars	Amount in Rs. Crores	Remarks
1	RoE	3.02	Entire RoE is foregone
2	Normative interest on excess equity investment	0.68	Out of Rs.1.22 Crores of interest (Table E above) only Rs.0.68 Crores is foregone and balance amount of Rs.0.54 Crores is claimed as part of FY 17 APR, which may be allowed.
	<b>Total</b>	<b>3.70</b>	



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However, any increase in revenue deficit on account of increase in FY 17 power purchase cost needs to be fully passed on and recovered from the consumers in FY 19.

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## 5. Revised Estimates for Y 18

The revised ARR for FY 18 is as under:

Particulars	Approved ARR * (Rs. in Cr)	Provisional ARR (Rs. in Cr)
Power Purchase (!)	49.49	25.63 (!)
R&M	1.30	1.37
Employees cost		
A&G		
Depreciation	2.73	2.75
Interest on capital loan (^)	3.67	3.46(^)
Int. on Working capital	1.15	0.70
Int. on consumer security deposit	0.25	0.22
RoE	3.02	3.02
Less: Other income	0.26	0.25
<b>Approved Revenue</b>	<b>61.35</b>	<b>36.90</b>
<b>Add: Revenue deficit of FY 16 (#)</b>	<b>0.98</b>	<b>-</b>
<b>Projected Revenue</b>	<b>62.33</b>	<b>36.90</b>
<b>Expected Revenue</b>		<b>31.27</b>
<b>Projected Revenue Deficit</b>		<b>5.63</b>

(\*) The cost stack up is based on the Hon'ble Commissions order dated 26.10.2017 against RP No.08/2017.

(!) The provisional PP cost for FY 18 excludes the PP cost payable Rs.0.60 Crores as per order dated 26.10.2017 against RP No.08/2017.

(^)The interest and finance charge includes (i) actual interest charge for FY 19 Rs.2.27 Crores (ii) normative interest on excess equity investment Rs.1.19 Crores.

(#) The revenue deficit of FY 16 is allowed by the Hon'ble Commission to be claimed in the ARR of FY 19 and hence, this recovery is not taken in FY 18 provisional ARR.

The Hon'ble Commission vide its order dated 26<sup>th</sup> October, 2017 against the RP No.08/2017 has allowed carry forward the FY 18 net revenue deficit of Rs.2.93 Crores (excluding the FY 16 revenue deficit of Rs.0.96 Crores, which is also allowed in the said order to be carried forward) in to the ARR for FY 19.

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

After the closure of the accounts for FY 18, 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



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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 (MSEZ) over an area of 1620 acres. In MSEZ there are four major industries, which have already commenced their operations with a combined power demand of 17.25 MVA. In addition, MSEZL has concluded agreement with four new industries for setting up their plant in MSEZ and their combined power for construction is estimated at 6.55 MVA. Further, in order to cater to the industrial needs the following infrastructures are also developed inside the MSEZ which have a combined power demand of 1.91 MVA.

- 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.
- Common Effluent Treatment Plant (CETP), Street lights and others.

### 6.2 Energy Sales for FY 19

- a. MSEZL had given energy estimation of 84.60 MUs for FY 18, considering the fact that one of our major bulk consumers', post synchronization of their CPP with the Grid, would have an energy requirement of 70 MUs and also considering the fact that the major bulk consumer would draw power steadily as per the contract demand of 10 MVA at 33 KV.
- b. However, as per current actual consumption pattern in FY 18 the major bulk consumer is consuming on an average 1,00,000 units per day and hence, we have considered the current level of consumption for estimating the FY 19 energy sales requirement.
- c. The major bulk consumer upon synchronization of their CPP with the Grid is facing numerous interruptions due to (i) fluctuations of voltages and (ii) faults occurring in the KPTCL grid. In FY 18 (upto October 2017) we have observed 29 numbers of interruptions in the feeders at their end. Because of interruptions of the feeder at their end they have minimized their power drawal from the Grid. This has resulted in less than anticipated energy consumption by the bulk consumer in FY 18 and thereby, necessitating a revision in the energy sales for FY 19 to 52.27 MUs.



  
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d. Further, we have considered the energy consumption pattern of the existing industries and also considered the power requirements of new upcoming industries.

The Company, considering the above facts, has made realistic energy sales projections for FY 19. The following table shows energy projection for the year FY 19.

Sl. No.	Consumer	Contracted Demand in MVA	Sales Estimate for FY19 in MUs
1	HT-Industrial	25.03	50.60
2	HT-Construction	0.30	1.04
3	LT-Construction *	0.28	0.40
4	LT-Industrial *	0.10	0.23
<b>Total</b>		<b>25.71</b>	<b>52.27</b>

Note (\*) In the case of LT Construction the Contracted demand of 0.28MVA works out to be 238KW (0.28MVA X1000X 0.85) and for LT-Industrial the contracted demand of 0.096 MVA approximated to 0.10 MVA works out to be 81.6KW (0.096MVA X1000X 0.85) and tariff – fixed charges recovery for LT consumers in Chapter 14 is proposed at KW basis.

### 6.3 Consumer Growth:

The following table shows the overall consumer growth considered year on year.

Sl. No.	Tariff category	FY 17	FY 18	FY 19
1	HT-Industrial	7	10	13
2	HT-Construction	2	1	1
3	LT-Construction	0	3	4
4	LT-Industrial	0	5	4
<b>Total</b>		<b>9</b>	<b>19</b>	<b>22</b>

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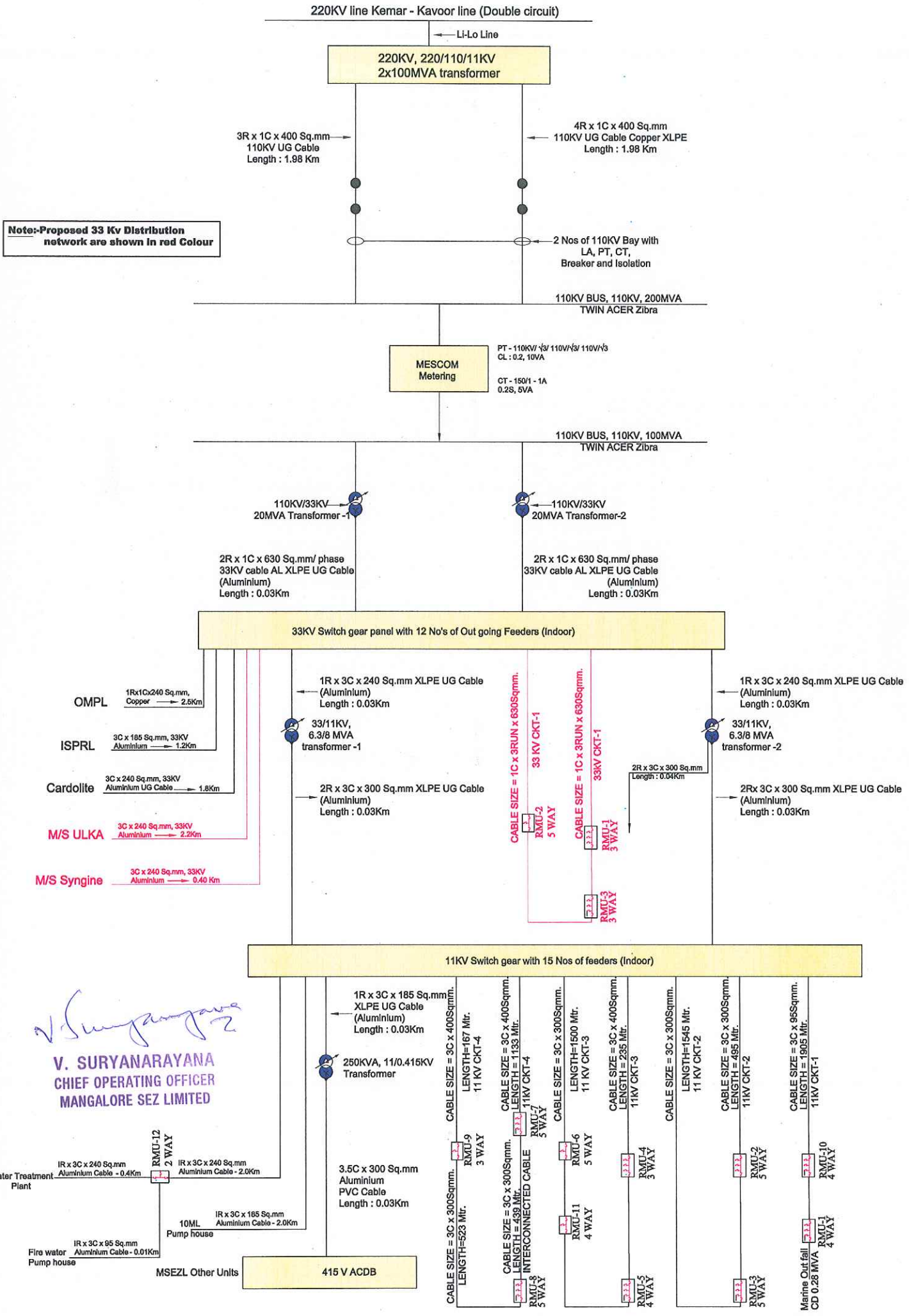


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# Existing / Proposed Electrical Network



**Note: Proposed 33 Kv Distribution network are shown in red Colour**

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7.1 In order to cater power supply to new upcoming industries, MSEZL has taken up the work of developing 33KV distribution network by providing 33KV UG cables and RMUs. The related capital works projected cost is as under:

Capital Expenditure Plan for FY -18			
Sl. No.	Description of Work	Purpose	Amount Rs. In Cr
1	Supply of 33 KV XLPE insulated PVC UG cable for providing power supply to units of MSEZ.	Providing Power Supply to New Industries	1.08
2	Installation of 33KV power Supply cables to the Battery limit of various Industrial Plots in MSEZ	Providing Power Supply to New Industries	0.63
Total (*)			1.71

(\*)The capex spending is considered in Form D-17 and shown under capital work in progress in Form A2. For FY 19 ARR the depreciation charge and RoE for the related capex works is not factored upon, which would done considering the actual cost and date of completion.

7.2 Considering the existing and new upcoming industries (which are expected to commission their plants by FY 20) the total power requirement in FY 20 becomes would be around 40MVA as against to the present station capacity of 32MVA (i.e.80% of 40MVA). Hence, MSEZL has proposed to augment the station capacity of 110/33/11KV GSS-03 in FY 19. The related capital works projected cost is as under:

Capital Expenditure Plan for FY -19		
Description of Work	Purpose	Amount Rs. In Cr
Supply of 33 KV XLPE insulated PVC UG cable for providing power supply to units of MSEZ.	Providing Power Supply to New Industries	0.06
Installation of 33KV power Supply cables to the Battery limit of various Industrial Plots in MSEZ	Providing Power Supply to New Industries	0.03
Augmentation of 110/33/11Kv Substation –GSS-03 by providing additional 110/33KV, 40MVA transformer and other connected equipments	Providing Power Supply to New Industries	2.50
Total (#)		2.59

(#) The capex spending is considered in Form D-17 and shown under capital work in progress in Form A2. For FY 19 ARR the depreciation charge and RoE for the related capex works is not factored upon, which would done considering the actual cost and date of completion.

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## 8. Distribution Loss Trajectory

### 8.1 Current Profile of Distribution Loss:

Distribution loss of electrical network comprises of technical loss and commercial loss. At present commercial losses in the in the system are Nil since the area of operation and the number of consumers is limited. Most of the consumers of MSEZL are HV consumers and are fed through dedicated feeders there by giving no scope for pilferage and misuse of power. MSEZL has taken care to lay higher size cable to reduce voltage drops and energy losses while sanctioning the power through dedicated feeders. Further, to have stable power supply MSEZL has installed 11 numbers of 11KV RMUs interlinked through 11KV UG cable of adequate cross sectional areas.

MSEZL also in the process of developing 33KV distribution network by installing 3 numbers of 33KV RMUs inter connected through 33KV UG cables. While designing of this 33KV distribution network care has been taken to have 33KV cables of adequate cross sectional area to minimize voltage drop and to reduce distribution loss.

### 8.2 Distribution Loss Calculation:

#### Distribution Loss for FY 18

During FY 18 up October 2017 the exact distribution loss works out to be 0.92%. During this period the total energy purchased, energy sold and distribution losses 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	23.05	22.84	0.21	0.92

Considering the same energy consumption pattern for the balance period of FY18 MSEZL will be achieving the distribution loss for the entire FY 18 at 0.86% which is line with distribution loss approved by the Hon'ble commission for FY18.

#### Distribution Loss for FY 19:

The distribution loss is projected at 1.4% considering the following factors:

- Considering the existing network and energy handled in the network for an FY 19 estimated energy sale of 45.13 MUs at a contracted demand of 19.16 MVA the distribution loss is assessed at FY 18 levels i.e.0.86%.



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- In FY 19, we have developed 33 KV distribution systems consisting of around 8 KMs of 33 KV UG cables of different sizes and RMUs.
- The four new 33 KV consumers in FY 19 would be availing an estimated energy of 7.13 MUs with a contract demand of 6.55 MVA.
- These proposed four new installations are situated at distance of 2.5 KMs to 4 KMs from 110/33/11 KV Grid Substation
- This results in additional demand of 34% and there is an increase o energy handling of 16%. Considering these factors the distribution loss is projected to increase by 0.54%.
- The distribution losses in the new network is projected at 1.4%

### 8.3 Current Profile of Distribution Losses:

Particulars	FY17	FY18	FY 19
33KV loss %	(0.26)	0.80	1.25
11KV loss %	(0.06)	0.05	0.13
LT loss %	-	0.01	0.02
<b>Total Loss %</b>	<b>(0.32)</b>	<b>0.86</b>	<b>1.40</b>

Note: The detailed computation of voltage wise loss as part of energy flow diagram is shown in D19

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## 9. Power Procurement Plan

- 9.1 The quantum of power requirement for FY 19 is 25.71MVA against the current sanctioned limit of 20MVA. Thus during FY19 MSEZL will approach MESCOM for enhanced requirement of power from 20MVA to 26MVA.
- 9.2 As at the date of filing this tariff application, MSEZL has not identified any sources for supply of power other than MESCOM. The quantum of energy requirement from MESCOM for FY 19 is as follows:

Sl. No.	Particulars	FY 19
1	Energy demand -in MVA	25.71
2	Energy Sales - in MUs	52.27
3	Distribution loss – in MUs	0.73
4	Energy Requirement – in MUs	53.00

Statement Showing Source- Wise Power Availability and Cost for FY 19						
Sl. No.	Particulars	Demand (MVA)	Demand Charges (Rs. In Cr.)	Energy (Mus)	Energy Charges (Rs. In Cr.)	Total Cost RS. In Cr.(Demand + Energy)
1	MESCOM	25.71		53.00	30.74	30.74
2	Others	-		-	-	-
	Total	25.71		53.00	30.74	30.74

### 9.3 Key assumptions for power Procurement:

#### For FY 19

The Hon'ble commission has directed MESCOM to supply power at the 5% of its marginal PP cost in FY 16, FY 17 and FY 18. Since, we are not in a position to arrive at the 5% marginal cost of MESCOM for FY 19 we have not factored any increase in PP rate/kWh for FY 19. Hence, the PP rate of Rs.5.80/kWh of FY 18 is considered to arrive at energy charges of Rs.30.74 Crores.

Further, in the Chapter 13 titled 'Tariff Revision Proposal for FY 19', we are proposing for passing on the increased power purchase cost to our consumers, if the Hon'ble Commission determines PP rate over and above Rs.5.8/kWh, considered for arriving at the FY 19 energy cost.

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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	33.04	22.03	0.00	0.00
4	Vehicles	0.00	0.00	0.00	0.00
5	Furniture's & Fixtures	0.00	0.00	0.00	0.00
6	Office Equipments	0.00	0.00	0.00	0.00
7	Other Items	0.04	0.03	0.00	0.00
	<b>Total</b>	<b>39.01</b>	<b>26.02</b>	<b>0.00</b>	<b>0.00</b>
	<b>Percentage</b>	<b>60%</b>	<b>40%</b>	<b>0%</b>	<b>0%</b>

### 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



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power through long term, medium-term, and short-term power purchase contracts for supplying to its consumers.

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



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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.




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- 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.



  
V. SURYANARAYANA  
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MANGALORE SEZ LIMITED



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%



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

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.

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## 11. ARR for Distribution Wires & Supply Business for FY 19

### 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 Orders	Rate per unit
1	Tariff Order Dated 03 <sup>rd</sup> March, 2015 – For FY 16	5.25
2	Tariff Order Dated 30 <sup>th</sup> March, 2016- For FY 17	5.61
3	Tariff Order Dated 05 <sup>th</sup> May, 2017 – For FY 18	5.80

The above rates were 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 supply for FY 19 is to be sourced from MESCOM and existing rates as approved by Hon'ble Commission in its order dated 05<sup>th</sup> May 2017 is taken as the base rate for arriving at the power purchase cost.

Statement Showing Details of Power Purchase Cost for FY 19 ARR			
Sl. No.	Particulars	Units of Measurement	Amount
1	Retail Purchase Supply tariff for FY 19	Rate per unit	5.80
2	Estimated Power Purchase Units	Million Units	53.00
3	Estimated Power Purchase Cost	Rupees in Crore	30.74

If the Hon'ble Commission approves PP rate higher than Rs.5.80/kWh the consequential increase in the ARR needs to be fully compensated through full recovery from our consumers.

Further, MSEZL is also currently paying FAC to MESCOM which is currently at 14 Paise/kWh. As the FAC cost is a pass through cost the same is not factored in the PP cost above (Refer Form D1). Besides FAC recovered from consumers is not included in the average realization rate of MSEZL (refer Form D2).



  
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MANGALORE SEZ LIMITED

## 11.2 Operation and Maintenance Expenses:

The O&M expenses include viz., employee cost, Repairs & Maintenance Cost and A&G cost. The Hon'ble Commission has in Approved Tariff for FY 18 page 19-20 considered a weighted inflation index of 7.71% and efficiency factor of 0.50% to arrive at the O&M expenses for FY 18.

For the ARR requirement we have adopted a similar approach as considered by the Hon'ble Commission in FY 18 ARR. The reliance to arrive at the weighted inflation factor/index is placed on the CERC vide notification No. Eco T1/2017-CERC March 30, 2017 wherein the Annual Escalation Rate and Annual Inflation Rate for the period from 01.04.2017 to 30.09.2017 is notified. The details are as under.

Sl. No.	Statement Showing Details of Weighted Inflation factor	
1	CERC Notified escalation rates for the period 01.04.2017 to 30.09.2017	7.54
2	Annual Inflation Rate considered by CERC	5.36
3	Escalated Percentage (1*2)	0.40
4	Weighted inflation index (1+3)	7.94
5	Efficiency factor as considered by Hon'ble Commission	0.5
6	Total Weighted Inflation Factor (W.I.F) [4+(4*5)]	7.98

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.

Considering the above facts, we have estimated the O&M for FY 19 on the following basis:

- (1). The FY 18 O&M expense is reckoned as the base year for O&M expenses of FY 19 and (2). The FY 18 O&M expense is given an inflationary impact of 7.98% to arrive at the O&M of FY 19 as under.

Statement Showing Details of O&M Expenses for FY 19 ARR		
Sl. No.	Estimated O&M Expenses For FY 19	Amount Rs. in Cr.
1	Repairs & Maintenance	0.70
2	Employee Cost	0.53
3	Administration and General Exp.	0.22
4	<b>Total</b>	<b>1.45</b>



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### 11.3 Depreciation:

The value base of asset for the purpose of depreciation is the historical cost of the asset. The depreciation for the purpose of ARR is computed as per the notified rates on the 90% average value of gross assets at the beginning and closing period of the financial year. The computation details are as under.

Statement Showing Details of Depreciation for FY 19 ARR						
Sl. No.	Particulars	GFA as at 31.03.2018 - Rs. in Cr	GFA as at 31.03.2019 Rs. in Cr	Average GFA - Rs. in Cr.	Rate (%)	Depreciation - Rs. in Cr.
1	Building	2.84	2.84	2.84	3.34%	0.09
2	Civil - Roads	0.87	0.87	0.87	3.34%	0.03
3	Substation	21.18	21.29	21.24	5.28%	1.01
4	UG Cables	33.89	33.89	33.89	5.28%	1.61
5	Others	0.07	0.07	0.07	-	-
<b>Total</b>		<b>58.85</b>	<b>58.96</b>	<b>58.64</b>		<b>2.74</b>

Note: The proposed capex works in FY 18 and FY 19 amounting to Rs.4.30 Crores is not included in the GFA and hence, no depreciation charge on Rs.4.30 Crores is claimed in FY 19 ARR. However, at the time of filing the actual for FY 18 and FY 19 the depreciation charged in the books of accounts, based on the actual cost and actual date of completion would be claimed accordingly.

### 11.4 Interest and Finance Charges:

#### i. Interest on Loan Capital

a) The FY 19 interest of capital loan is worked out as under.

Table A

Sl. No.	Particulars	Details	Remarks
1	Weighted Average rate of interest on term loan - per annum	8.4%	The current MCLR rate of SBI term loan and the loan spread is considered to arrive at the weighted average rate of interest.
2	Average borrowing for licensed activity - Rs. in Cr.	24.655	As per Table B below
3	Interest charge for FY 19 - (1*2) Rs. in Crore	2.08	



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**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

4	Normative Interest on excess equity investment in GFA – Rs. in Crores	1.08	As per Table C below
5	<b>Total interest on capital loan (3+4)</b>	<b>3.16</b>	

Table B

Amount in Rs. Crores

Sl. No.	Particulars	As at 31.03.2018	As at 31.03.2019	Remarks
1	Long term capital loan	24.44	23.87	Refer Form A-2 & Form D-9 for FY 19 of the current tariff filing
2	Current maturities of long term loan	0.43	0.57	Refer Form A-2 & Form D-9 for FY 19 of the current tariff filing
3	Total Outstanding	24.87	24.44	
4	<b>Average Borrowings</b>		<b>24.655</b>	

The Hon'ble Commissions tariff regulations of Clause 3.6 thereof allows equity in excess of 30% of GFA being used to finance the capital investment as loans advanced and allows interest as per provisions thereof. Accordingly, the normative interest on excess equity investment is claimed for ARR for FY 19 as under.

Table C

Sl. No.	Particulars	Amount in Rs. Crores	Remarks
1	Normative debt outstanding as at 31.03.2018 – Rs. in Crores	12.97	Refer D-9 for FY 19 of the current tariff filing
2	Normative debt outstanding as at 31.03.2019 – Rs. in Crores	12.75	Refer D-9 for FY 19 of the current tariff filing
3	Average debt balance (1+2)/2 – Rs. in Crores	12.86	
4	Weighted average rate of interest on term loan – per annum	8.4%	
5	Normative interest on excess equity investment – Rs. in Crores	1.08	Refer D-9 for FY 19 of the current tariff filing



*V. Suryanarayana*  
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 MANGALORE SEZ LIMITED



ii. 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 8.95%/9.45% (as on 13<sup>th</sup> October 2017) is increased by 2.5% and 12% p.a. is considered as working capital interest rate.

<b>Statement Showing Interest on Working capital for FY 19 ARR</b>	
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 19 taken on closing year balance of FY18	0.65
Receivables equivalent to 2 months avg. billing	6.36
<b>Total</b>	<b>7.13</b>
SBI Base rate + 250 basis points ( Rate as considered by KERC)	12%
Interest on Working capital	0.83

iii. Interest on Consumer Deposits:

The consumer's security deposit outstanding as at 31.03.2018 is expected to be Rs.3.46 Crores and interest of Rs.0.22 Crores is calculated as per the Hon'ble Commissions regulations at the Bank rate of 6.5% p.a.

**The summary of interest and finance charge for FY 19 ARR is as under:**

Sl. No.	Interest and finance charges	Amount in Rs. Crores
1	Interest on loan capital	3.16
2	Interest on working capital	0.78
3	Interest on consumers deposit	0.22
	Total	4.16

**11.5 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. GFA.

<b>Statement Showing Details of RoE for FY 19 ARR</b>	
Particulars	Rs. in Cr
Equity Share Capital as per KERC norms – GFA as at 31.03.2019 is Rs.65.15 Cr*30%, normative equity	19.55
ROE @ 15.5%	3.02



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 MANGALORE SEZ LIMITED

Note: The proposed capex works in FY 18 and FY 19 amounting to Rs.4.30 Crores is not included in the GFA and hence, no RoE is charged on Rs.4.30 Crores for FY 19 ARR. However, at the time of filing the actual for FY 18 and FY 19 the RoE based on the actual GFA will claimed accordingly.

#### 11.6 Taxes income:

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.

#### 11.7 Non-tariff income, income from other business:

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

11.8 It is submitted before the Hon'ble Commission to duly consider the ARR of MSEZL for FY 19, as above. The detailed workings in formats A1 to D24 is presented as annexure to these filings.

11.9 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 19 – Rs. in Cr
T2/D2	REVENUE FROM SALE OF POWER	38.17
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS *	
T4/D4	OTHER INCOME	0.22
	<b>TOTAL</b>	<b>38.39</b>
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	30.74
T5/D5	REPAIRS & MAINTENANCE	0.07
T6/D6	EMPLOYEES COSTS	0.16
T7/D7	ADM & GENERAL EXPENSES	0.11
T8/D8	DEPRECIATION AND RELATED DTS	
T9/D9	INTEREST & FINANCE CHARGES	0.98
	<b>SUB-TOTAL</b>	<b>32.05</b>
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	-
	-OTHER EXPENSES CAPITALISED	-
	<b>SUB-TOTAL</b>	<b>-</b>
T11/D11	OTHER DEBITS (incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	<b>TOTAL EXPENDITURE</b>	<b>32.05</b>
	<b>PROFIT (LOSS) BEFORE TAX</b>	<b>6.33</b>



*V. Suryanarayana*  
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	PROVISION FOR TAXES	
	Current Tax	
	Deferred Tax	0.84
	<b>PROFIT (LOSS) AFTER TAX</b>	<b>5.50</b>
T13/D13	NET PRIOR PERIOD Debits	
	Sub Total	5.50
	ADD Expenses pertaining to wires business	9.79
A4	Equity & Reserve and Surplus	1.95
	RETURN ON EQUITY	0.30
	<b>GAP</b>	<b>(4.60)</b>

Table B:

STATEMENT SHOWING ARR FOR RETAIL WIRES BUSINESS		
Ref Form-No	PARTICULARS	FY 19 – Rs. in Cr
	REVENUE TO WIRES BUSINESS	9.79
T3/D3	REV/TARIFF SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.02
	<b>TOTAL</b>	<b>9.82</b>
	<b>EXPENDITURE</b>	
T1/D1	PURCHASE OF POWER	-
T5/D5	REPAIRS & MAINTENANCE	0.63
T6/D6	EMPLOYEES COSTS	0.37
T7/D7	ADM & GENERAL EXPENSES	0.11
T8/D8	DEPRECIATION AND RELATED DTS	2.74
T9/D9	INTEREST & FINANCE CHARGES	3.24
	<b>SUB-TOTAL</b>	<b>7.10</b>
T10/D10	LESS: EXPENSES CAPITALISED:	
	-OTHER EXPENSES CAPITALISED	-
	SUB-TOTAL	-
-T11/D11	OTHER DEBITS (incl. Bad debts)	-
T12/D12	EXTRAORDINARY ITEMS	-
	<b>TOTAL EXPENDITURE</b>	<b>7.10</b>
	PROFIT (LOSS) BEFORE TAX	2.72
	PROVISION FOR TAXES	
	PROFIT (LOSS) AFTER TAX	2.72
T13/D13	NET PRIOR PERIOD Debits	
A4	Equity & Reserve and Surplus	
	RETURN ON EQUITY	2.72
	<b>GAP</b>	<b>-</b>

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## 12. COBMINED ARR for FY 19

Ref Form- No	PARTICULARS	Units in Millions
	POWER PURCHASE (MU)	53.00
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS )	53.00
T2/D2	ENERGY SOLD	52.27
	DISTRIBUTION LOSS (%)	1.4%
	<b>INCOME</b>	<b>Rs. In Crores</b>
T2/D2	REVENUE FROM SALE OF POWER	38.17
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.24
	<b>TOTAL</b>	<b>38.41</b>
	<b>EXPENDITURE</b>	
T1/D1	PURCHASE OF POWER	30.74
T5/D5	REPAIRS & MAINTENANCE	0.70
T6/D6	EMPLOYEES COSTS	0.53
T7/D7	ADM & GENERAL EXPENSES	0.22
T8/D8	DEPRECIATION AND RELATED DTS	2.75
T9/D9	INTEREST & FINANCE CHARGES	4.22
	<b>SUB-TOTAL</b>	<b>39.16</b>
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	
	-OTHER EXPENSES CAPITALISED	
	<b>SUB-TOTAL</b>	
T11/D11	OTHER DEBITS (incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	<b>TOTAL EXPENDITURE</b>	<b>39.16</b>
	PROFIT (LOSS) BEFORE TAX	0.75
	<b>PROVISION FOR TAXES</b>	
	Current Tax	
	Deferred Tax	0.84
	<b>PROFIT (LOSS) AFTER TAX</b>	<b>(1.59)</b>
T13/D13	NET PRIOR PERIOD Debits/Credits	
	RETURN ON EQUITY	3.02
	<b>GAP</b>	<b>(4.61)</b>

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## 13 A. Tariff Revision Proposal for FY 19

### I. On FY 17 APR Revenue Deficit of Rs.3.70 Crores:

- A. The management of MSEZL, as summarized in Para 4.8 above, does not propose to recover the entire revenue deficit of Rs.3.70 Crores from the consumers and thus, it is submitted before the Hon'ble Commission that Rs.3.70 Crores revenue deficit is fully absorbed by the Company.
- B. The revenue deficit of Rs.3.70 Crores is after considering the actual power purchase cost of Rs.10.54 Crores incurred and paid by the Company to MESCOM in FY 17. If the Hon'ble Commission revises/increases the PP cost, based on MESCOM's APR for FY 17, the subsequent increase in PP cost payable by the Company to MESCOM should also be allowed to be recovered entirely from the consumers only for FY 19


### II. Deficit of FY 18 carried forward by Hon'ble Commission as per order dated 26.10.2017 against Review Petition number 08/2017.

- i. On the ARR filed by the Company in November 2016 for FY18 the Hon'ble Commission in its order dated 08<sup>th</sup> May 2017 approved an ARR of Rs.57.39 Crores and an average cost of supply of Rs.6.78/kWh.
- ii. Subsequently, the Company filed a review petition and the Hon'ble Commission vide the order dated 26<sup>th</sup> October, 2017 has allowed an ARR FY 18 Rs.62.33 Crores.
- iii. The Hon'ble Commission in its order dated 26<sup>th</sup> October, 2017 determined a net revenue deficit of Rs.3.91 Crores and has allowed to carry forward the net deficit to the ARR for FY 19 without disturbing the retail supply tariff already fixed for FY 18.
- iv. The details of net revenue deficit of Rs.3.91 Crores is as under:

**Table A**

Sl. No.	Particulars	Amount in Rs. Crores
1	The net revenue deficit of FY 16 – including the Rs.0.60 Crores payable towards increase in MESCOM PP cost for FY 16	0.98
2	The net revenue deficit for FY 18	2.93
3	<b>Total Net Revenue Deficit decided by the Hon'ble Commission to be carried forward into FY 19</b>	<b>3.91</b>



  
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Therefore, as per the Orders of the Hon'ble Commission the net revenue deficit of Rs.3.91 Crores has to be carried forward to the ARR of FY 19 and a necessary proposal for recovery is made.

**III. Revenue Deficit as per ARR for FY 19:**

The revenue for FY 19 from existing tariff is as follows.

**Table B**

<b>Statement showing ARR for FY 19</b>			
Sl. No.	Particulars	Details	Remarks
i	The existing i.e. FY 18 average realization rate per kWh	7.30	Refer Form D 21 & Form D 2
ii	Projected sales for FY 19 in MUs	52.27	Refer Form D 2
iii	Revenue for FY 19 from existing tariff (i*ii/10) – Rs. in Crores	38.17	Refer Form A1 and Form D 21
iv	Total ARR for FY 19	41.94	Refer RR GAP
v	Revenue deficit for FY 19 (iv-iii)	3.77	

**IV. Combined Revenue Deficit for FY 19:**

**Table C**

<b>Statement showing combined ARR for FY 19</b>			
Sl. No.	Particulars	Details	Remarks
i	The existing i.e. FY 18 average realization rate per kWh	7.30	Refer Form D 2
ii	Projected sales for FY 19 in MUs	52.27	Refer Form D 2
iii	Revenue for FY 19 from existing tariff (i*ii/10) – Rs. in Crores	38.17	Refer Form A1 and Form D 21
iv	Revenue deficit for FY 19 – Rs. in Crores	3.77	As per Table B above
v	Total Net Revenue Deficit of FY 18 decided by the Hon'ble Commission to be carried forward into ARR of FY 19 - Rs. in Crores	3.91	As per Table A above
vi	Total Combined ARR for FY 19 – Rs. In Crores (iii+iv+v)	45.85	
vii	<b>Combined Revenue Deficit for FY 19 Rs. In Crores (vi-iii)</b>	<b>7.68</b>	



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V. Impact of Combined Revenue Deficit of Rs.7.68 Crores for FY19 on consumer's.

Table D

Statement showing calculation of average realization rate per kWh for FY 19				
Sl. No.	Particulars	Details	Rate per kWh (for 52.27 MUs)	Remarks
i	The existing i.e. FY 18 average realization rate per kWh		7.30	As per Table B above
ii	Revenue Deficit for FY 19 – Rs. in Crores	3.77	0.72	As per Table B above
iii	The carry forward net deficit of FY 18 (including FY 16 revenue deficit of Rs.0.98 Crores) allowed to the ARR for FY 19	3.91	0.75	As per Table A above
iv	Total Revenue Deficit for FY 19 Rs. in Crores (ii+iii)	7.68	1.47	
v	<b>The average realization rate per unit required for FY 19 (i+iv)</b>		<b>8.77</b>	

VI. Company's Analysis on the Recovery of Revenue Deficit:

A. On FY 17 APR:

- As submitted in Para 4.8 the Company's management, keeping the consumers interest as paramount has proposed to absorb entire RoE of Rs.3.02 Crores and Rs.0.68 Crores of normative interest on capital loan. The management as a one-time relief measure is making this submission before the Hon'ble Commission.
- However, any increase in the power purchase cost of FY 17 at the time of approving the FY 17 APR the same increase shall be passed on to the consumers fully and recovered in FY 19.

B. On net revenue deficit of FY 18 Rs.3.91 Crores to carried into FY 19:

- Having analyzed the revenue deficit of FY 16, FY 17 and FY 19 the management of MSEZL understands that the entire revenue deficit of Rs.1.47/kWh cannot be fully passed on to our consumers as it would increase their tariff by 20%.



*V. Suryanarayana*

V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

- However, it is a point to be recognized that MSEZL consumers did not have any tariff increase in FY 18 and in fact there was a reduction of 13 paise/kWh. In fact the average cost of supply of our consumers for FY 18 is Rs.7.30/kWh vis a vis Rs.7.74/kWh for the similarly placed consumers of DISCOM.
- The FY 18 revenue deficit of Rs.3.91 Crores includes FY 16 additional power purchase cost of Rs.0.60 Crores payable to MESCOM. The Company proposes to recover Rs.0.60 Crores from the respective consumers directly in proportion to their actual energy metered in FY 16 as a one-time payment.
- Out of balance revenue deficit Rs.3.31 Crores (Rs.3.91 Crores minus Rs.0.60 Crores) the Company is of the considered opinion that it should propose for recovery such amount that would be required to ensure parity with the similarly placed consumers of DISCOM. This requires an increase of 45 paise/kWh in FY 19.
- The 45 Paise/kWh increase in FY 19 ARR would realize only Rs.2.35 Crores. Thus, there would be shortfall in collection of Rs.0.96 Crores (Rs.3.31 Crores minus Rs.2.35 Crores). The Company would be proposing, for recovery of Rs.0.96 Crores after considering the actual performance of FY 18 APR.
- With an increase of 45 paise/kWh of FY 18 ARR, the consumers of MSEZL in FY 19 would pay at tariff levels of FY 18 of the DISCOM. In effect the **shortfall in revenue recovery of FY 18 from the consumers of MSEZL** is postponed and getting partially recovered in FY 19.

**C. On FY 19 Rs.3.77 Crores revenue deficit recovery:**

- The management is proposing 15 paise/kWh increase for FY 19 ARR. Though the revenue deficit of Rs.3.77 Crores requires an increase of 72 paise/kWh.
- The PP cost for FY 19 is worked out at FY 18 approved PP rate of Rs.5.80/kWh. Thus, any increase in ARR for FY 19 due to consequential increase in PP cost the same should be fully recovered from the consumers.
- The 15 paise/kWh proposed for FY 19 ARR would result in a revenue collection of Rs.0.78 Crores against a required amount of Rs.3.77 Cores resulting in shortfall to collect Rs.2.99 Crores. The Company would come



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before the Hon'ble Commission with a proposal to recover Rs.2.99 Crores after considering the actual performance of FY 19 APR.

**D. Financial Impact of the Company's analysis of on recovery of Revenue Deficit**

Rs. in Crores

Sl. No.	Particulars	Revenue Deficit <b>A</b>	Impact on Company <b>B</b>	Impact on Consumers <b>C</b>
1	Proposal to absorb the entire revenue deficit of FY 17 (excluding PP cost increase if any) as discussed in Chapter 4 Para 4.8, Chapter 13 Para I, Chapter 13A Para VI (A)	3.70	3.70	-
2	Proposal for recovery of Net revenue deficit of Rs.3.91 Crores for FY 18 - approved and directed to be carried forward by Hon'ble Commission to the ARR of FY 19 - as discussed in Chapter 13A Para II and Para VI (B)			
	i. The PP cost of FY 16 (being direct cost paid to MESCOM and collected from Consumers) - (please refer Table E , below for workings)	0.60	-	0.60
	ii. The balance revenue deficit discussed in Chapter 13A Para VI (B)	3.31	0.96	2.35
3	Proposal for FY 19 ARR - as discussed in Chapter 13A Para VI (C)	3.77	2.99	0.78
4	Total financial impact	11.38	7.65	3.73

**VII. Company's Proposal for FY 19 ARR.**

- i. The present tariff proposal for FY 19 is put before the Hon'ble Commission to achieve equilibrium in the business whereby the consumer's interest is protected and also to enable the Company to manage the business economically and make it financially viable and sustainable for the future.
- ii. Hence, it is proposed before the Hon'ble Commission to allow an ARR for FY 19 as under:

Sl. No.	Particulars	Amount Rs. in Crores	Remarks
i	The power purchase cost of FY 16	0.60	Refer Table E below
ii	The ARR for FY 19	41.30	Refer Table F below
iii	<b>Total proposed ARR for FY 19 (i+ ii)</b>	<b>41.90</b>	



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 MANGALORE SEZ LIMITED

➤ **Proposal for recovery of Rs.0.60 Crores of FY 16 power purchase cost:**

The Hon'ble Commission has directed to pay FY 16 PP cost of Rs.0.60 Crores to MESCOM and also proposed to pass on the entire deficit of the PP cost of Rs.0.60 Crores to the consumers in the order dated 26<sup>th</sup> October, 2017. Hence, out of the ARR of FY 19 Rs.41.90 Crores, Rs.0.60 Crores is separately proposed for recovery from consumers in the ratio/proportion to the individual/consumers energy consumption actually metered in FY 16. Accordingly, the following is proposed for recovery from the respective consumers as a one-time payment.

**Table E**

Sl. No.	List of Consumers	Energy consumed in FY 16 (In Units)	Amount of power purchase cost payable – Amount in Rs.
1	ONGC Mangalore Petrochemicals Limited	2,37,100	1,00,749
2	Cardolite Speciality Chemicals LLP	57,92,080	24,61,192
3	Indian Strategic Petroleum Reserves Limited	59,08,440	25,10,636
4	JBF Industries	20,02,960	8,51,105
5	MSEZL Utilities	1,79,602	76,317
	<b>Total</b>	<b>1,41,20,182</b>	<b>60,00,000</b>

➤ **Proposal for recovery of FY 19 ARR of Rs.41.30 Crores**

**Table F**

Sl. No.	Particulars	Projected energy in FY 19 Units in Millions	Average Realization Rate Rs. per kWh	ARR for FY 19 – Rs. in Crs.
		A	B	C = A*B
1	Revenue for FY 19 from existing tariff	52.27	7.30	38.17
2	FY 18 net revenue deficit carried forward into FY 19 and proposed for recovery.	52.27	0.45	2.35
3	FY 19 standalone revenue deficit proposed for recovery.	52.27	0.15	0.78
4	<b>Total ARR proposed for FY 19 (1+2+3)</b>		<b>7.90</b>	<b>41.30</b>

**Note: The FAC paid/payable to MESCOM and the collected/to be collected from consumers is not forming of ARR Rs.41.30 Crores, as it is a pass through.**



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The Company is proposing an ARR recovery of Rs.41.30 Crores (including Rs.2.35 Crores of FY 18 revenue deficit carried forward into ARR of FY 19) at an average realization rate of Rs.7.90/kWh against the required combined ARR of FY 19 Rs.45.85 Crores at an average realization rate of Rs.8.77/kWh.

VIII. The tariff structure for the FY 19 tariff proposal is detailed in Chapter 13 B.

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## 13 B. Tariff category and rates Proposed for FY 19

- i. The Company is proposing to introduce a new category 'LT-Construction' and is also proposing to bill the consumers in LT category – Industrial and Construction a fixed charge based on per KW basis.
- ii. As detailed in Chapter 13A, the ARR for FY 19 being Rs.41.90 Crores out of which Rs.0.60 Crores being the direct power purchase cost of FY 16 is proposed for recovery from consumers at their actual energy consumption in FY 16, as detailed under Para VII Table E in chapter 13A.  
Further, as narrated under Para VII Table F in Chapter 13A, the tariff category and rates for FY 19 is proposed to recover balance FY 19 ARR of Rs.41.30 Crores.
- iii. The tariff proposal for recovery of Rs.41.30 Crores of FY 19 ARR is presented before the Hon'ble Commission as under:

**Table A**

STATEMENT SHOWING TARIFF CATEGORY AND RATES AS EXISTING									
Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanctioned load (MVA)	Consumption MUs	PARTICULARS	RATE (Rs)	AMOUNT (Rs. Cr)	Realisation/ Unit
1	HT	Industrial	13	25.03	50.60	Fixed Charges/KVA	200	4.51	7.23
						Energy Charges	6.34	32.08	
2	HT	Construction	1	0.30	1.04	Fixed Charges/KVA	230	0.06	9.62
						Energy Charges	9	0.94	
<b>Total HT Consumers</b>			<b>14</b>	<b>25.33</b>	<b>51.64</b>			<b>37.59</b>	<b>7.28</b>
3	LT	Industrial	4	0.28	0.40	Fixed Charges/KVA	230	0.06	10.50
						Energy Charges	9	0.36	
4	LT	Construction	4	0.10	0.23	Fixed Charges/KVA	190	0.02	6.96
						Energy Charges	6	0.14	
<b>Total LT Consumers</b>			<b>8</b>	<b>0.38</b>	<b>0.63</b>			<b>0.58</b>	<b>9.21</b>
<b>Total (HT +LT)</b>			<b>22</b>	<b>25.71</b>	<b>52.27</b>			<b>38.17</b>	<b>7.30</b>



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 MANGALORE SEZ LIMITED



**Table B**

STATEMENT SHOWING TARIFF CATEGORY AND RATES AS PROPOSED									
Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanctioned load (MVA)	Consumption MUs	PARTICULARS	RATE (Rs)	AMOUNT (Rs. Cr)	Realisation/ Unit
1	HT	Industrial	13	25.03	50.60	Fixed Charges/KVA	200	4.51	7.83
						Energy Charges	6.94	35.12	
2	HT	Construction	1	0.30	1.04	Fixed Charges/KVA	230	0.06	10.58
						Energy Charges	10	1.04	
<b>Total HT Consumers</b>			<b>14</b>	<b>25.33</b>	<b>51.64</b>			<b>40.73</b>	<b>7.89</b>
Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanctioned load (KW)	Consumption MUs	PARTICULARS	RATE (Rs)	AMOUNT (Rs. Cr)	Realisation/ Unit
3	LT	Industrial	4	238	0.40	Fixed Charges/KW	280	0.06	11.50
						Energy Charges	10	0.40	
4	LT	Construction	4	81.6	0.23	Fixed Charges/KW	90	0.01	6.52
						Energy Charges	6	0.14	
<b>Total LT Consumers</b>			<b>8</b>		<b>0.63</b>			<b>0.61</b>	<b>9.68</b>
<b>TOTAL ARR for FY 19 (HT+LT)</b>			<b>22</b>		<b>52.27</b>			<b>41.34</b>	<b>7.91</b>

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**MANGALORE SEZ LIMITED**

## 14. Proposal to offer Volume Incentive scheme to MSEZ consumer/s

- I. MSEZL is proposing to offer this incentive to for the high tension consumers
  - A. Hon'ble Commission is aware that, the Company through its power distribution network has been endeavoring to supply a quality, reliable and continuous power to the esteemed consumers in MSEZ. Besides, providing land for setting up of a 220/110/11 KV KPTCL sub-station in MSEZ area, the Company has been taking several initiatives to enhance the quality of supply viz., (i) laying of double circuit of 110 KV cable from 220/110/11 KV KPTCL station with one spare of cable (ii) Ring Main Circuits of 33/11 KV distribution network. Also, the Company has requested KPTCL for enabling the second circuit of 220 KV double circuit line from Kemar to Kavoar. The upstream the 220/110/11 KV receiving station of KPTCL sources power through this 220 KV Double circuit line. This has improved the quality of power and has contributed to reduction in the number of interruptions in the grid at our end (down stream).
  - B. With a required eco-system in place, the Company is now poised to leverage the strengths and add value to offer our esteemed High-tension consumers production base by encouraging power consumption from our grid through a scheme of volume incentive.
  - C. 'Scheme of Volume Incentive', the purpose of this scheme is to encourage our high tension consumers production line with a reduced input cost, to shore up the top-line revenue of the Company from the revenue surplus, **without disturbing the ARR proposed for FY 19** and benefit other consumers in the MSEZ with a further reduced rate from surplus revenue mobilization.
  - D. This scheme of volume incentive is not forming part of our ARR for FY 19 at Rs.41.90 Crores at an estimated energy sale of 52.27 Mus and hence, this is an additional proposal to the ARR for FY 19 for the reasons outlined in Para above.
  - E. Based on the approval of KERC for implementation of the scheme, MSEZ would offer the same to its consumers. Willing consumers can opt for this



  
V. SURYANARAYANA  
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MANGALORE SEZ LIMITED



scheme and avail the benefits, which would create a win-win situation for both the parties.

Further, this scheme is proposed considering the facts and circumstances of the business scenario projected in FY 19 and hence, is applicable for the year under review i.e. FY 19 only.

- II. The Scheme for Volume Incentive for FY 19 is outline as under:
1. This proposal is only for our esteemed high-tension consumer/s whose energy consumption **during the financial year** starting 01 April 2018 and ending 31 March 2019 exceeds the threshold limit of 50 Million Units **and**;
  2. The incentive would be given only for those incremental units consumed in excess of 50 Million Units **and**;
  3. The incentive would be only for those units consumed/drawn during the time of the day - 10 AM to 6 PM and not during the other time of the day. Further, provided that the consumer should have recorded the incremental energy consumption during this time of the day only **and**
  4. The incentive is 75 Paise/kWh less than the **average realization rate** approved for the high-tension consumers approved by the Hon'ble Consumers for FY 19.
  5. The conditions in 1,2, and 3 all should be read together and all the three conditions be satisfied in order to be eligible for 75 paise/kWh incentive.

For brevity an illustration is given as follows. We submit that the working is only an illustration and should not to be read and understood as other-wise and the illustration is not representative of a particular consumer's energy consumption or industrial needs.

A consumer ABC Limited in MSEZ consumes power as under

Month	Monthly consumption - MUs	Time of the day consumption				Total
		1 06.00 Hrs to 10.00 Hrs	2 10.00 Hrs to 18.00 Hrs	3 18.00 Hrs to 22.00 Hrs	4 22.00 Hrs to 06.00 Hrs next day	
Apr-18	1.50	0.25	0.30	0.10	0.85	1.50
May-18	2.00	0.20	1.00	0.30	0.50	2.00
Jun-18	3.00	0.50	1.50	0.50	0.50	3.00
Jul-18	3.50	0.50	1.50	0.50	1.00	3.50
Aug-18	4.00	0.75	2.00	0.25	1.00	4.00
Sep-18	4.00	0.50	1.80	0.20	1.50	4.00
Oct-18	5.00	1.80	1.00	0.20	2.00	5.00
Nov-18	5.00	1.00	2.50	1.00	0.50	5.00
Dec-18	7.00	0.50	2.00	1.00	3.50	7.00
Jan-19	7.00	1.00	1.75	2.00	2.25	7.00



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

Feb-19	9.00	1.00	3.75	2.00	2.25	9.00
Mar-19	9.00	1.00	2.00	2.00	4.00	9.00
Total	<b>60.00</b>	<b>9.00</b>	<b>21.10</b>	<b>10.05</b>	<b>19.85</b>	<b>60.00</b>

In the above illustration ABC limited would be eligible for incentive of 75 paise/kWh, for the reasons outlined as under:

**Condition 1:** Energy consumption during the period April 2017 to March 2018 exceeding 50 Million units

**Reply:** ABC Limited during April 2017 to March 2018 has consumed 60 Million Units, hence scheme is to be applicable to ABC Limited, subject to conditions 2 and 3. ABC Limited has by February 2019 consumed 51 Million Units and hence, eligible for the incentive.

**Conditions 2 and 3:** Incentive shall be given for incremental energy consumption and time of day

**Reply:** ABC Limited has during April 2018 to March 2019 consumed 60 Million Units and hence, the incentive shall be applicable for incremental consumption of 10 Million Units (60 Million Unit *minus* 50 Million Units). Further, ABC Limited has consumed 21.10 Million Units in the specified time of day 10 AM – 6 PM. Hence, the incremental energy of 10 Million Units would be assumed to have been consumed entirely in this time of day and hence, eligible for incentive.

**Condition 4:** 75 Paise/kWh on the average realization rate per unit.

**Reply:** In the tariff petition submitted before the Hon'ble Commission for FY 19, the average realization rate for HT – Industrial Consumer is proposed at Rs.7.83/kWh. Assuming that the Hon'ble Commission approves this rate then on 10 Million Units the rate charged would be Rs.7.08/kWh (Rs.7.83/kWh minus Rs.0.75/kWh).

III. Other Points on the scheme

1. Since, this is scheme is in proposal stage only, and is not yet offered to our consumers, we have not considered the financial impact in the current tariff filing.
2. If the Hon'ble Commission approves the scheme, the Company would explore the option of implementing the scheme and if, any consumer is willing to take benefit under the scheme the Company would inform the Hon'ble Commission about such arrangement, and reflect such benefits, if any, accrued to the Company, in the APR of FY 19.



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## 15. Prayer

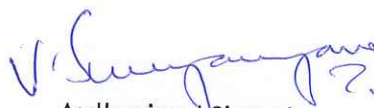
MSEZL with averments made in the respective Chapters of the present application duly detailing the revenue requirements and expected revenue from the existing tariff charges, respectfully prays the Hon'ble Commission to:-

1. Pass appropriate order for FY 17 based on APR submitted and detailed in chapter 4.
2. Consider the tariff structure/ proposal detailed in the Chapter-13 A and read with Chapter 13 B, and approve tariff proposed in this Tariff Application, duly considering the submission made by MSEZL for recovery of revenue deficit as per the Hon'ble Commissions order dated 26<sup>th</sup> October, 2017 and ARR of FY 19.
3. Consider the Proposal to offer Volume Incentive scheme to MSEZL consumer/s as outlined and submitted in Chapter 14 and pass appropriate orders.
4. 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.
5. Pass appropriate orders on the application made by MSEZL.

Place: Mangalore

Date: 24.11.2017

For Mangalore SEZ Limited



Authorized Signatory  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



# **MANGALORE SEZ LIMITED**



**Annual Performance Review for FY 17 and Annual Revenue Requirement  
(ARR) for the Distribution and Retail Supply Business  
And Tariff Petition for FY 19**




**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
<b>Tariff filing forms</b>		
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



  
**V. SURYANARAYANA**  
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5

**MSEZL : REVENUE REQUIREMENT & REVENUE GAP**

**MSEZL-Total**

Sl. No.	Details	Rs. in Cr		
		FY 17 Actuals	FY 18 Provisional	FY 19 Projected
	Power Purchase	18.54	43.24	53.00
	Energy Available at interface point (MU)	18.54	43.24	53.00
	Sale of Power (MU)	18.60	42.87	52.27
	Loss %	-0.32%	0.86%	1.4%
	Average Cost of Supply (in paise)	1156.53	860.81	802.39
<b>1</b>	<b>Receipts</b>			
<b>a</b>	Revenue from tariffs & Miscell. Charges	17.81	31.27	38.17
<b>b</b>	Tariff subsidy for BJ/KJ & IP sets			
<b>c</b>	RE subsidy from Govt.			
	<b>Total</b>	<b>17.81</b>	<b>31.27</b>	<b>38.17</b>
<b>2</b>	<b>Expenditure</b>			
<b>a</b>	Power Purchase	10.54	25.63	30.74
<b>b</b>	R&M Expense	0.65	0.64	0.70
<b>c</b>	Employee Expenses	0.49	0.49	0.53
<b>d</b>	A&G Expense	0.28	0.24	0.22
<b>e</b>	Depreciation	2.73	2.75	2.75
<b>f</b>	Interest & Finance Charges	4.10	4.38	4.22
<b>g</b>	Less: Interest & other expenses capitalised	-	-	-
<b>h</b>	Other Debits (incl. Prov for Bad debts)			
<b>i</b>	Extraordinary Items			
<b>j</b>	Other (Misc.)-net prior period credit			
	<b>Total</b>	<b>18.79</b>	<b>34.13</b>	<b>39.16</b>
<b>3</b>	<b>ROE</b>	<b>3.02</b>	<b>3.02</b>	<b>3.02</b>
<b>4</b>	<b>Other Income</b>	<b>0.30</b>	<b>0.25</b>	<b>0.24</b>
<b>5</b>	<b>Provision for taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6</b>	<b>Annual Revenue Requirement (2)+(3)+(5)-(4)</b>	<b>21.51</b>	<b>36.90</b>	<b>41.94</b>
<b>7</b>	<b>Surplus(+)/ Shortfall(-) : (1)-(6) before tariff revision</b>	<b>(3.70)</b>	<b>(5.63)</b>	<b>(3.77)</b>
<b>8</b>	<b>Subsidy receivable from GOVT.</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Surplus(+)/ Shortfall(-) : (8)-(7) after tariff revision</b>	<b>(3.70)</b>	<b>(5.63)</b>	<b>(3.77)</b>



  
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## MSEZL: PROFIT &amp; LOSS ACCOUNT

## MSEZL-Total

Ref Form- No	PARTICULARS	(Rs. in Cr)		
		FY 17 Actual	FY 18 Projected	FY 19 Projected
	POWER PURCHASE (MU)	18.54	43.24	53.00
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	18.54	43.24	53.00
T2/D2	ENERGY SOLD (MU)	18.60	42.87	52.27
	DISTRIBUTION LOSS (%)	-0.32%	0.86%	1.4%
	<b>INCOME</b>			
T2/D2	REVENUE FROM SALE OF POWER	17.81	31.27	38.17
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS			
T3/D3	REV SUBSIDIES & GRANTS			
T4/D4	OTHER INCOME	0.30	0.25	0.24
	<b>TOTAL</b>	<b>18.11</b>	<b>31.52</b>	<b>38.41</b>
	<b>EXPENDITURE</b>			
T1/D1	PURCHASE OF POWER	10.54	25.63	30.74
T5/D5	REPAIRS & MAINTENANCE	0.65	0.64	0.70
T6/D6	EMPLOYEES COSTS	0.49	0.49	0.53
T7/D7	ADM & GENERAL EXPENSES	0.28	0.24	0.22
T8/D8	DEPRECIATION AND RELATED DTS	2.73	2.75	2.75
T9/D9	INTEREST & FINANCE CHARGES	4.10	4.38	4.22
	<b>SUB-TOTAL</b>	<b>18.79</b>	<b>34.13</b>	<b>39.16</b>
T10/D10	LESS: EXPENSES CAPITALISED:			
	-INTEREST & FINANCE CHARGES CAPITALISED	-	-	-
	-OTHER EXPENSES CAPITALISED			
	<b>SUB-TOTAL</b>			
T11/D11	OTHER DEBITS (incl. Bad debts)			
T12/D12	EXTRAORDINARY ITEMS			
	<b>TOTAL EXPENDITURE</b>	<b>18.79</b>	<b>34.13</b>	<b>39.16</b>
	PROFIT (LOSS) BEFORE TAX	(0.68)	(2.61)	(0.75)
	<b>PROVISION FOR TAXES</b>			
	Current Tax	-	-	-
	Deferred Tax	1.48	1.13	0.84
	<b>PROFIT (LOSS) AFTER TAX</b>	<b>(2.16)</b>	<b>(3.74)</b>	<b>(1.59)</b>
T13/D13	NET PRIOR PERIOD Debits/Credits			
	RETURN ON EQUITY	3.02	3.02	3.02
	<b>GAP</b>	<b>(5.18)</b>	<b>(6.77)</b>	<b>(4.61)</b>



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 MANGALORE SEZ LIMITED



## MSEZL: BALANCE SHEET AS AT THE END OF THE YEAR

Form A2

Ref Form No	PARTICULARS	MSEZL-Total					(Rs in Cr)
		MSEZL Audited Figures as at 31st March 2017	Non-License Activity as at 31st March 2017	Licnese activity as at 31st March 2017	License activity as at 31st March 2016	License activity as at 31st March 2018	License activity as at 31st March 2019
		A	B	C	D	E	F
	<b>SHAREHOLDER'S FUNDS:</b>						
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00				
	EQUITY SHARE CONTRIBUTION	-	-	35.55	35.55	35.55	35.55
	RESERVES & SURPLUS	17.15	22.86	(5.71)	(3.55)	(9.45)	(11.04)
	<b>Total</b>	<b>67.15</b>	<b>72.86</b>	<b>29.84</b>	<b>32.00</b>	<b>26.10</b>	<b>24.51</b>
T9/D9	<b>LOAN FUNDS:</b>						
	LOANS FROM STATE GOVT						
	LOANS FROM OTHERS- SECURED	572.57	547.70	24.88	22.71	24.44	23.87
	LOANS FROM OTHERS- UNSECURED						
	FRESH BORROWINGS FOR CAPEX				-		
	<b>Total</b>	<b>572.57</b>	<b>547.70</b>	<b>24.88</b>	<b>22.71</b>	<b>24.44</b>	<b>23.87</b>
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	-	-	-	-	-	-
	OTHER LONG TERM LIABILITIES	828.80	828.80	-	-	-	-
	LONG TERM PROVISIONS	1.32	1.32	-	-	-	-
	DEFERRED TAX LIABILITY	35.49	32.37	3.13	1.65	4.27	5.10
	<b>GRAND TOTAL</b>	<b>1,505.33</b>	<b>1,483.04</b>	<b>57.84</b>	<b>56.36</b>	<b>54.81</b>	<b>53.48</b>
	<b>APPLICATION OF FUNDS:</b>						
	<b>NET FIXED ASSETS:</b>						
T15/D15	a) GROSS BLOCK	1034.67	969.64	65.03	64.90	65.15	65.15
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	54.30	49.37	4.93	2.20	7.68	10.42
T16/D16	c) NET FIXED ASSETS	<b>980.37</b>	<b>920.27</b>	<b>60.10</b>	<b>62.70</b>	<b>57.47</b>	<b>54.73</b>
T17/D17	d) CAPITAL WORK IN PROGRESS	451.01	451.01			1.71	4.30
	e) ASSETS NOT IN USE						
	f) DEFERRED COSTS						
	g) INTANGIBLE ASSETS	14.54	14.54				
	<b>SUB TOTAL OF ( c ) TO ( g )</b>	<b>1,445.92</b>	<b>1,385.82</b>	<b>60.10</b>	<b>62.70</b>	<b>59.18</b>	<b>59.03</b>
	INVESTMENTS	0.085	0.09	-	-	-	-
	LONG TERM LOANS AND ADVANCES - SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.75	1.90	3.85	3.85	3.85	3.85
	OTHER NON-CURRENT ASSETS	27.14	27.14	-	-	-	-
	OTHERS	21.99	21.99	-	-	-	-
	<b>SUB TOTAL</b>	<b>54.96</b>	<b>51.11</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>	<b>3.85</b>
	<b>NET CURRENT ASSETS:</b>						
	<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>						
	a) INVENTORIES						
	CURRENT INVESTMENTS						
T18/D18	b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	48.65	47.05	1.60	1.22	2.61	3.18
	c) CASH & BANK BALANCES	74.15	76.92	(2.77)	5.32	(5.06)	(5.78)
	d) Share Contribution to Licensed Activity	-	35.55	-	-	-	-
	e) LOANS & ADVANCES and OTHER CURRENT ASSETS	10.32	10.03	0.29	0.66	0.25	0.24
	f) SUNDRY RECEIVABLES						
	<b>TOTAL OF A</b>	<b>133.11</b>	<b>169.54</b>	<b>(0.88)</b>	<b>7.20</b>	<b>(2.20)</b>	<b>(2.36)</b>
	<b>B. CURRENT LIABILITIES AND PROVISIONS:</b>						
	a) SECURITY DEPOSIT FROM CONSUMERS	3.74	-	3.74	4.27	3.46	3.46
	b) BORROWINGS FOR WORKING CAPITAL						
	c) PAYMENTS DUE ON CAPITAL LIABILITIES						
	d) OTHER CURRENT LIABILITIES - D 25	109.63	108.42	1.21	7.98	2.13	3.02
	e) CURRENT MATURITIES OF LONG TERM DEBT	6.53	6.25	0.28	5.15	0.43	0.57
	f) SUNDRY CREDITORS-POWER PURCHASE						
	g) PROVISION FOR PENSION, GRATUITY,FBF & OTHERS etc.	8.76	8.76	-	-	-	-
	h)PROVISION FOR IT and FBT						
	<b>TOTAL OF B</b>	<b>128.66</b>	<b>123.43</b>	<b>5.23</b>	<b>17.40</b>	<b>6.02</b>	<b>7.04</b>
	<b>NET CURRENT ASSETS ( A - B )</b>	<b>4.45</b>	<b>46.12</b>	<b>(6.11)</b>	<b>(10.20)</b>	<b>(8.22)</b>	<b>(9.40)</b>
	<b>GRAND TOTAL</b>	<b>1,505.33</b>	<b>1,483.04</b>	<b>57.84</b>	<b>56.36</b>	<b>54.81</b>	<b>53.48</b>



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MANGALORE SEZ LIMITED



## MSEZL: CASH FLOW STATEMENT FOR THE YEAR

Form A3

## MSEZL-Total

Sl. No.	PARTICULARS	(Rs in Cr)		
		FY 17 Actuals	FY 18 Provisional	FY 19 Projected
<b>I</b>	<b>Net Funds from Operations:</b>			
1	<b>Net Funds from Earnings:</b>			
	Profit before Tax			
	<b>Less:</b>	(0.68)	(2.61)	(0.75)
	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			
	<b>Total of A</b>	<b>(0.68)</b>	<b>(2.61)</b>	<b>(0.75)</b>
	<b>B. ADD: Debits to Revenue Account not requiring Cash Outflow:</b>			
	(i) Depreciation (inclgd AAD)	2.73	2.75	2.75
	(ii) Amortisation of Deferred Cost			
	(iii) Amortisation of Intangible Assets			
	(iv) Investment Allowance Reserve			
	(v) Others, if any.			
	<b>Total of B</b>	<b>2.73</b>	<b>2.75</b>	<b>2.75</b>
	<b>C. LESS: Credits to Revenue Account not involving Cash Receipts:</b>			
	(i) Depreciation			
	(ii)			
	<b>Total of C</b>			
	<b>Net Funds from Earnings (A+B-C)</b>	<b>2.04</b>	<b>0.14</b>	<b>2.00</b>
2	Contributions, Grants and Subsidies towards Cost of Capital Assets			
3	Security Deposit from consumers			
4	Proceeds from disposal of Fixed Assets			
5	Reserve account			
6	Other			
7	Subsidy and Grants received in advance			
<b>8</b>	<b>Total Funds from Operations (1 to 8)</b>	<b>2.04</b>	<b>0.14</b>	<b>2.00</b>
9	Net Increase/(Decrease) in Working Capital:			
	<b>A. Increase/(Decrease) in Current Assets:</b>			
	a) Inventories			
	b) Receivables against sale of power	(0.39)	1.00	0.58
	c) Loans and Advances	-		
	d) Sundry Receivables	0.38	(0.04)	(0.01)
	<b>Total of A</b>	<b>(0.01)</b>	<b>0.97</b>	<b>0.57</b>
	<b>B. Increase/(Decrease) in Current Liabilities:</b>			
	a) Borrowings for working capital			
	b) Security deposits from customers	(0.52)	(0.28)	-
	b) Other Current liabilities - Power purchase			
	- Others	(6.77)	0.92	0.87
	-Provisions			
	<b>Total of B</b>	<b>(7.30)</b>	<b>0.64</b>	<b>0.87</b>
	<b>Net Increase/(Decrease) in Working Capital (A - B)</b>	<b>7.29</b>	<b>0.33</b>	<b>(0.30)</b>
10	Net Funds from Operations before Subsidies & Grants (8-9)	(5.25)	(0.19)	2.30
11	Receipts from Revenue/Tariff Subsidies and Grants			
<b>Tot I</b>	<b>Net Funds from Operations including Subsidies &amp; Grants (7+8)</b>	<b>(5.25)</b>	<b>(0.19)</b>	<b>2.30</b>



V. SURYANARAYANA  
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Sl. No.	PARTICULARS	FY 17	FY 18	FY 19
		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	25.29		
	<b>Total of A</b>	<b>25.29</b>		
	B. Repayments:			
	Repayment of Principal			
	(a) State Loans			
	(b) Foreign currency Loans/Credits			
	(c) Other Borrowings			
	(d) Working Capital	28.00	0.28	0.43
	<b>Total of B</b>			
	<b>Net Increase /(Decrease) in Capital Liabilities (A - B)</b>	<b>28.00</b>	<b>0.28</b>	<b>0.43</b>
III	<b>Increase/(Decrease) in Equity Capital</b>	<b>(2.71)</b>	<b>(0.28)</b>	<b>(0.43)</b>
IV	<b>Total Funds available for Capital Expenditure (I+II+III)</b>	<b>(7.96)</b>	<b>(0.46)</b>	<b>1.87</b>
V	<b>Funds Utilised on Capital Expenditure:</b>			
	(a) On Projects			
	b) Assets not in use - reissued for works	0.13	1.83	2.59
	(c) Intangible Assets			
	(d) Deferred Costs			
	<b>Total of V</b>	<b>0.13</b>	<b>1.83</b>	<b>2.59</b>
VI	Net Increase/(Decrease) in Investments			
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	(8.09)	(2.29)	(0.72)
VIII	Add: Opening Cash & Bank balances	5.32	(2.77)	(5.06)
IX	<b>Closing Cash &amp; Bank Balances (VII+VIII)</b>	<b>(2.77)</b>	<b>(5.06)</b>	<b>(5.78)</b>



  
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 MANGALORE SEZ LIMITED



**MSEZL: Aggregate Revenue Requirement  
MSEZL-Total**

Form A4

Sl. No.	Item	Ref Form No	(Rs in Cr)		
			FY 17 Actuals	FY 18 Provisional	FY 19 Projected
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 resitricted to 30% for RoE allowability as per KERC norms (X+Y)		19.75	19.75	19.75
6	<b>Total (3+4+5)</b>		<b>19.75</b>	<b>19.75</b>	<b>19.75</b>



  
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MSEZL: Revenue Requirement - Capital Base  
MSEZL-Total

Form A5

SI No	Data Required	Ref Form No.	(Rs in Crs)		
			FY 17 Actuals	FY 18 Provisional	FY 19 Projected
1	Original cost of fixed assets ( at the beginning of the 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 <sup>th</sup> 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 <sup>th</sup> 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)		-		
	<b>Sum of above</b>		-		
<b>Less</b>			-		
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.		-		
	<b>Sum of above</b>		-	-	-



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MSEZL - Cost of Purchased Power - 17

SI No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge - Rs. in Crs.			Fuel escalation charge	Variable charge (Rs crs)		Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)		Form-T1/D1 Average rate (Rs./kwh)
				Variable charge - Rs. in Crs.	Incentive payment	Wheeling charge		Any Other Charges	Fixed charges		Variable charges	Total	
	MESCOM	18.54		10.5377	-	-	-	-	10.5377	-	10.5377		
	<b>TOTAL</b>	<b>18.54</b>		<b>10.5377</b>					<b>10.5377</b>		<b>10.5377</b>		<b>5.68</b>

Note:

1. PP cost considered at Rs 5.63/kWh, as approved by KERC. The PP cost of Rs.10.54 Crores also includes the FAC charged by MESCOM from time to time.
2. The energy purchased as per the actuals bills received from MESCOM up to March 2017

Cost of Purchased Power - 18

SI No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs)			Fuel escalation charge	Variable charge (Rs crs)		Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)		Form-T1/D1 Average rate (Rs./kwh)
				Variable charge	Incentive payment	Wheeling charge		Any Other Charges	Fixed charges		Variable charges	Total	
	MESCOM	43.24		25.63	-	-	-	-	25.63	-	25.63		
	<b>TOTAL</b>	<b>43.24</b>		<b>25.63</b>					<b>25.63</b>		<b>25.63</b>		<b>5.93</b>

- 1) The PP cost is considered is Rs 5.80/kWh as approved by KERC. The PP cost of Rs.25.63 Crores also includes the FAC charged by MESCOM from time to time.
- 2) The assumptions for energy purchase for balance period in FY 18 (i.e. from November 2017 to March 2018) is made on a realistic basis duly considering existing demand pattern of the consumers.

Cost of Purchased Power - 19

SI No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs)			Fuel escalation charge	Variable charge (Rs crs)		Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)		Form-T1/D1 Average rate (Rs./kwh)
				Variable charge	Incentive payment	Wheeling charge		Any Other Charges	Fixed charges		Variable charges	Total	
	MESCOM	53.00		30.74	-	-	-	-	30.74	-	30.74		
	<b>TOTAL</b>	<b>53.00</b>		<b>30.74</b>					<b>30.74</b>		<b>30.74</b>		<b>5.80</b>

- 1) The Hon'ble Commission in its tariff order dated 08.05.2017 has determined the PP rate from MESCOM at Rs.5.80/kWh for FY 18. The same rate is considered for calculating the PP cost for FY 19.
- 2) The FAC charged by MESCOM in FY 18 is not forming part of Power Purchase cost of Rs.30.74 Crores.



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MSEZL : REVENUE FROM SALE OF POWER													
Sl. No.	Particulars	Actuals Current year-FY17			Ensuing year - FY18			Ensuing year - FY19			Form 12/D2		
		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)
I	Consumer Categorywise-HT 33KV												
1	Residential												
2	Commercial												
3	Industrial	2	11.23	9.46	8.42	3	39.76	28.33	7.13	6	47.11	34.07	7.23
4	Water supply												
5	Public lighting												
6	Temporary	1	4.15	4.64	11.18								
	<b>Total HT 33 KV</b>	<b>3</b>	<b>15.38</b>	<b>14.10</b>	<b>9.16</b>	<b>3</b>	<b>39.76</b>	<b>28.33</b>	<b>7.13</b>	<b>6</b>	<b>47.11</b>	<b>34.07</b>	<b>7.23</b>
II	Consumer Categorywise-HT 11KV												
1	Residential												
2	Commercial												
3	Industrial	5	0.55	0.78	14.18	7	2.48	2.27	9.15	7	3.49	2.52	7.23
4	Water supply												
5	Public lighting												
6	Temporary	1	2.67	2.91	10.90	1	0.22	0.34	15.45	1	1.04	1.00	9.62
	<b>Total HT 11 KV</b>	<b>6</b>	<b>3.22</b>	<b>3.69</b>	<b>11.46</b>	<b>8</b>	<b>2.70</b>	<b>2.61</b>	<b>9.67</b>	<b>8</b>	<b>4.530</b>	<b>3.52</b>	<b>7.77</b>
	<b>Total</b>												
III	Consumer Categorywise-LT												
1	Residential												
2	Commercial												
3	LT others												
4	Industrial												
5	Water supply												
6	Public lighting												
7	Temporary												
	<b>Total LT</b>												
	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 charges												
4	Service connection charges												
5	Delayed payment charges												
6	Other receipts			0.02									
	<b>Total of IV</b>												
VI	Gross Revenue from Sale of Power (I+II+III+IV)												
	LESS:												
1	Electricity duty payable (Contra)												
2	Other State levies payable (Contra)												
3	Withdrawal of Revenue Demand												
	<b>Total of VI</b>												
VII	Total (V-VI)												
	<b>Grand Total</b>	<b>9</b>	<b>18.60</b>	<b>17.81</b>	<b>9.57</b>	<b>19</b>	<b>42.87</b>	<b>31.27</b>	<b>7.29</b>	<b>22</b>	<b>52.27</b>	<b>38.17</b>	<b>7.30</b>



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Note on FY 19 Revenue from sale of Power. The FAC charged by MSEZL is not included in the average realisation rate calculation above. Since, FAC is pass through cost for MSEZL.



MSEZL : REVENUE SUBSIDIES AND GRANTS				Form-D3
Retail supply business				
SI No	Particulars	(Rs. in Cr)		
		FY 17	FY 18	FY 19
		Actuals	Provisional	Projected
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 )			
	<b>Grand Total</b>	-	-	-



  
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		Form D4		
MSEZL : NON-TARIFF INCOME (OTHER INCOME)				
MSEZL-Total				
		(Rs. in Cr)		
SI No	Particulars	FY 17	FY 18	FY 19
		Actuals	Provisional	Projected
1	Interest on staff loans and advances			
2	<b>Income from Investments:</b>			
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	0.30	0.25	0.24
f	Interest on loans to Societies	-		
3	<b>Income from Trading:</b>			
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	-		
g	Other income -		-	-
4	<b>Income/Fees collections against staff welfare activities:</b>			
a	Recoveries for transport facilities	-		
5	<b>Miscellaneous Receipts:</b>			
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	-		
i	Commission for collection of electricity duty	-		
j	Misc. recoveries	-		
k	Incentives received	-		
l	Provision for Bad debts withdrawn	-		
m	Extra-ordinary credits	-		
	<b>Grand Total</b>	<b>0.30</b>	<b>0.25</b>	<b>0.24</b>



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MSEZL : REPAIRS AND MAINTENANCE COSTS											Form D-5
MSEZL-Total											
Sl No	Particulars	FY 17			FY 18			FY 19			Rs.in Cr.
		Actuals			Provisional			Projected			
		Consumption of stores	Other expenses	Total	Consumption of stores	Other expenses	Total	Consumption of stores	Other expenses	Total	
	<b>Repairs and maintenance to:</b>										
1	Plant and Machinery			-			-				-
2	Transformers: (*) (a) repairs and maintenance made departmentally (b) repairs and maintenance by private agencies										
3	Buildings										
4	Other civil works/road										
5	Hydraulic works										
6	Lines, Cable Network, etc -										
7	Sub-station maintenance by private agencies and Inspection/Testing/statutory charges paid to Electrical Directorate; KPTCL; CEIG		0.65	0.65		0.64	0.64		0.70	0.70	0.70
8	Vehicles										
9	Furniture & Fixtures										
10	Office Equipments										
11	Others/Computers										
12	R&M on Old assets										
13	R&M on New assets										
	<b>Total</b>		<b>0.65</b>	<b>0.65</b>		<b>0.64</b>	<b>0.64</b>		<b>0.70</b>	<b>0.70</b>	<b>0.70</b>



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 MANGALORE SEZ LIMITED

			Form D6	
MSEZL : EMPLOYEE COSTS				
MSEZL-Total				
SI No	Particulars	(Rs. in Cr)		
		FY17 Actuals	FY 18 Provisional	FY 19 Projected
1	Salaries	0.41	0.41	0.44
2	Overtime	-		
3	Dearness Allowance	-		
4	Other Allowances	-		
5	Bonus	-		
<b>6</b>	<b>Sub-Total (1 to 5)</b>	<b>0.41</b>	<b>0.41</b>	<b>0.44</b>
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	-		
<b>13</b>	<b>Total Other staff costs ( 7 to 12)</b>	<b>-</b>	<b>-</b>	<b>-</b>
14	Staff Welfare expenses	0.06	0.06	0.06
15	Terminal Benefits/PF Employer Contribution	0.02	0.02	0.02
<b>16</b>	<b>Sub-total (14 to 15)</b>	<b>0.08</b>	<b>0.08</b>	<b>0.09</b>
17	Addition liability on account of pay revision	-		
<b>18</b>	<b>Grand Total</b>	<b>0.49</b>	<b>0.49</b>	<b>0.53</b>



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## MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION

## MSEZL - Total

SI No	Category of employee	Rs. in Cr						Rs. in Cr		
		FY 17			FY 18 Projected			FY 19		
		Actual			Provisional			Provisional		
		Number		Cost	Number		Cost	Number		Cost
Sanctioned	Working	Rs in Crores	Sanctioned	Working	Rs in Crores	Sanctioned	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	4	4	0.41						
8	Terminal Benefits			0.02					0.44	
9	Others			0.06					0.02	
10									0.06	
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>0.49</b>	<b>-</b>	<b>-</b>	<b>0.49</b>	<b>-</b>	<b>0.53</b>	

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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## MSEZL : ADMINISTRATION AND GENERAL CHARGES

## MSEZL-Total

Sl No	Particulars	Rs. in Cr		
		FY 17 Actuals	FY 18 Provisional	FY 19 Projected
1	Rent,Rates and Taxes		-	-
2	Expenses incurred towards security arrangements	0.002		0.00
3	Insurance on fixed assets & Others	0.04	0.04	0.04
4	Car hire Charges	-	0.004	-
5	Pagers, Cellular phones, E-Mail, Telephone etc	-		-
6	Postage	-		-
7	Revenue receipt stamps/Computer billing	-		-
8	Bank charges			-
9	Audit fee	0.005	0.005	0.01
10	Consultancy charges	0.12	0.06	0.06
11	Technical fee	-		-
13	Office Expenses	0.03	0.00	0.03
14	Conveyance, Hotel Accommodation & Travel expenses	0.03	0.05	0.03
	<b>Sub-total</b>	<b>0.23</b>	<b>0.16</b>	<b>0.18</b>
	Other expenses			
15	Fees & subscription (incl. KERC filling charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.027	0.03	0.02
16	Books, Periodicals and dairies	-		-
17	Printing & Stationery	-	0.03	-
18	Factory license fees			-
19	Advertisement expenses	0.02	0.02	0.02
20	Others	-		-
21	Contributions	-		-
22	Electricity charges	-		-
23	Statutory payment under Companies Act	-		-
24	Water charges	-		-
25	Revenue expenditure incurred on software	-		-
26	Miscellaneous expenses (recoveries)			-
	<b>Total other expenses</b>	<b>0.05</b>	<b>0.08</b>	<b>0.04</b>
27	Freight & other material related expenditure	-		
	<b>GRAND TOTAL</b>	<b>0.28</b>	<b>0.24</b>	<b>0.22</b>

  
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## MSEZL : DEPRECIATION

## MSEZL-Total

Sl No	Particulars of assets	FY 17 Actuals				FY 18 Projected Provisional			FY 19 Projected				
		Rs. in Crs.				Rs. in Crs.			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	Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Balance at the end of the year		
	<b>MSEZL- Total</b>												
1.	Leasehold Land		-										
2.	Building and structures	0.09	0.09	-	0.17	0.09	-	0.26	0.09				-
0	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	1.01	1.00	-	2.01	1.02	-	3.03	1.02				0.35
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .												4.05
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	1.08	1.61	-	2.69	1.61	-	4.30	1.61				5.91
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	-	0.05	0.03	-	0.08	0.03				0.11
c	Vehicles												
d	Furniture Fixtures												
e	Office Equipments												
f	Software (intangible asset)					0.00	-	0.00	-				0.00
	<b>MSEZL Total</b>	<b>2.20</b>	<b>2.73</b>	<b>-</b>	<b>4.93</b>	<b>2.75</b>	<b>-</b>	<b>7.68</b>	<b>2.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.42</b>



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MSEZ : LOANS AND DEBENTURES AND INTEREST CHARGES													Form- DT						
MSEZ-Total																			
Institution	FY 17 Actuals					FY 18 Provisional					FY 19 Projected		(Rs. in Crores)						
	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	
<b>Secured Loans - IOB Consortium Loans</b>																			
1 Borrowings from Consortium Banks - A	27.86	-	27.86	27.86	1.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e. 70%-46%																			
b Total debt considered @ 70% for tariff allowability as per KERC norms	14.54		14.54	14.54	1.01														
42.40			42.40	42.40	2.96														
<b>Secured Loans - State Bank of India (Loan Refinance from SBI by takeover of existing loan by SBI)</b>																			
1 Borrowings from SBI - A	25.29	-	25.29	0.14	0.64	25.15	-	25.15	0.28	2.27	24.87	24.87	-	24.87	0.43	2.08	24.44		
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e. 70%-46%																			
b Total debt considered @ 70% for tariff allowability as per KERC norms	13.20		13.20	0.07	0.21	13.12		13.12	0.15	1.19	12.97	12.97		12.97	0.22	1.08	12.75		
38.49			38.49	0.22	0.85	38.27		38.27	0.43	3.46	37.84	37.84		37.84	0.65	3.16	37.19		
<b>Unsecured Loans</b>																			
FRESH BORROWINGS FOR CAPEX PLAN (for which sources will be identified as & when required)																			
Fresh borrowings for capex - B																			
a Add: Normative debt component to bring the debt to normative levels (normative @ 24%) i.e. 70%-46%																			
b Total debt considered @ 70% for tariff allowability as per KERC norms																			
Cost of hedging																			
Total = A+B	25.29	-	25.29	0.14	4.10	25.15	-	25.15	0.28	4.38	24.87	24.87	-	24.87	0.43	4.22	24.44		
12/ Others																			
<b>Other Interest and finance charges</b>																			
Guarantee commission to GoK																			
Interest payable on Power Purchases																			
Interest to Consumers																			
Interest on working capital - wires business					0.29														
Interest on working capital - supply business					0.29														
Others Total																			
Total	25.29	-	25.29	0.14	4.10	25.15	-	25.15	0.28	4.38	24.87	24.87	-	24.87	0.43	4.22	24.44		

Notes 1: MSEZ had in December 2016 paid the entire loan balance outstanding as on 30th September 2016 to IOB led Consortium lenders through loan refinancing facility from SBI. Thus, for the loan outstanding as on 01.04.2016 Rs.27.86 Crores, we have paid two installments on June 2016 Rs.25.29 Crores and Rs.2.57 Crores to IOB led consortium bankers and hence, the amount outstanding as at 30.09.2016 is Rs.25.29 Crores. Thus, Rs.25.29 Crores which is refinanced from SBI is taken as 'fresh loan balance' for licensed activity.



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**MSEZL : DETAILS OF EXPENSES CAPITALIZED****MSEZL-Total**

(Rs. in Cr)

SI No	Particulars	FY17 Actuals	FY 18 Provisional	FY 19 Projected
1	Interest & Finance charges Capitalised			
2	<b>Other expenses capitalised:</b>			
a	Employee Costs	-		
b	Administration and General Expenses	-		
c	Repairs and maintenance	-		
d	Depreciation	-		
e	Others, if any			
	Total of 2	-	-	-
	<b>Grand Total</b>	-	-	-



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			Form-D11
<b>MSEZL : OTHER DEBITS</b>			
<b>MSEZL-Total</b>			
			Rs. in Cr
Particulars	FY 17	FY 18	FY 19
	Actuals	Provisional	Projected
Small and Low value items written off charges	NIL	NIL	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			
<b>Grand Total</b>			



  
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MSEZL : EXTRAORDINARY ITEMS				Form-D12
MSEZL-Total				
SI No	Particulars	(Rs. in Cr)		
		FY 17 Actuals	FY 18 Provisional	FY 19 Projected
1	Extraordinary Credits(incl. subsidies against losses due to natural disasters	Nil		
	<b>TOTAL CREDITS</b>	-	-	-
2	Extraordinary Debits (incl. subsidies against losses due to natural disasters	Nil		
	<b>TOTAL DEBITS</b>	-	-	-
3	<b>Grand Total</b>	-	-	-



  
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## MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES)

## MSEZL-Total

SI No	Particulars	(Rs. in Cr)		
		FY17	FY 18	FY 19
		Actuals	Provisional	Projected
	<b>Prior period credits/charges</b>	-		
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	-		
	<b>Net prior period Credit/(Charges)</b>	-	-	-
NOTE: Explanatory notes with full details for each of the items shall be provided.				



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MSEZL: CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS										Form D14
MSEZL-Total										(Rs. in Cr)
Sl No	Particulars	FY 17			FY 18		FY 19		Balance at the end of 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	Projected		
1	Consumers Contribution	-	-	-	-	-	-	-	-	-
2	Subsidies towards cost of Capital Assets*									
3	Grants towards cost of Capital Assets*									
4	Others									
	Less: Adjusted against asset cost									
D3	Revenue Subsidy Recognised in P&L A/c.	-	-	-	-	-	-	-	-	-
	<b>Grand Total</b>	-	-	-	-	-	-	-	-	-




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MSEZL : GROSS FIXED ASSETS												Form-D15
MSEZL-Total												
SI No	Particulars of assets	FY 17 Actual			FY 18 Provisional			FY 19 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		Balance at the end of the year
	<b>MSEZL - Total</b>											
1.	Leasehold Land	6.17	-	-	6.17	-	-	6.17	-	-	-	6.17
2.	Building and structures	2.84	-	-	2.84	-	-	2.84	-	-	-	2.84
3.	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.07	0.11	-	21.18	0.12	-	21.29	-	-	-	21.29
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	0.02	-	33.89	-	-	33.89	-	-	-	33.89
6	Service lines	-	-	-	-	-	-	-	-	-	-	-
7	Metering equipment	-	-	-	-	-	-	-	-	-	-	-
8	Misc equipment	-	-	-	-	-	-	-	-	-	-	-
9	Other items/Computers	0.07	-	-	0.07	-	-	0.07	-	-	-	0.07
a	Hydraulic Works/Civil	-	-	-	-	-	-	-	-	-	-	-
b	Other Civil Works - Roads	0.87	-	-	0.87	-	-	0.87	-	-	-	0.87
c	Vehicles	-	-	-	-	-	-	-	-	-	-	-
d	Furniture Fixtures	-	-	-	-	-	-	-	-	-	-	-
e	Office Equipments	-	-	-	-	-	-	-	-	-	-	-
f	Software (Intangible asset)	-	-	-	-	-	-	-	-	-	-	-
	<b>MSEZL - Total</b>	<b>64.90</b>	<b>0.13</b>	<b>-</b>	<b>65.03</b>	<b>0.12</b>	<b>-</b>	<b>65.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65.15</b>

  
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MSEZL : NET FIXED ASSETS												Form-D16
MSEZL-Total												(Rs. in Cr)
SI No	Particulars of assets	FY 17 Actual			FY 18 Provisional			FY 19 Projected			Balance at the end of the year	
		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	Addition of assets during the year	Net Depreciation for the Year		
	<b>MSEZL- Total</b>											
1.	Leasedhold Land											
2.	Building and structures	6.17	-		6.17	-		6.17	-			6.17
3.	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	2.76	-	0.09	2.67	-	0.09	2.58	-	0.09		2.50
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA .	20.06	0.11	1.00	19.16	0.12	1.02	18.26	-	1.02		17.24
5.	Towers, Poles, fixture, overhead conductors, UG cables and devices											
7.	Service lines	32.79	0.02	1.61	31.20	-	1.61	29.59	-	1.61		27.98
8.	Metering equipment											
9.	Misc equipment											
10.	Other items/Computers											
a	Hydraulic Works/Civil works	0.07	-	-	0.07	-	-	0.07	-	-		0.07
b	Other Civil Works - Roads											
c	Vehicles	0.85	-	0.03	0.82	-	0.03	0.79	-	0.03		0.76
d	Furniture Fixtures											
e	Office Equipments											
f	Software (Intangible asset)							(0.00)	-	-		(0.00)
	<b>MSEZL- Total</b>	<b>62.70</b>	<b>0.13</b>	<b>2.73</b>	<b>60.10</b>	<b>0.12</b>	<b>2.75</b>	<b>57.47</b>	<b>-</b>	<b>2.74</b>	<b>-</b>	<b>54.72</b>



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## MSEZL : WORK IN PROGRESS - DISTRIBUTION

## MSEZL-Total

Description	(Rs. in Cr)		
	FY17 Actuals	FY 18 Provisional	FY 19 Projected
Opening balance	-	-	1.71
<b>Add:</b>			
i) Capital expenditure	-	1.71	2.59
ii) Interest & Finance charges capitalised	-		
iii) Expenses (including Interest) capitalised	-		
iv) Capital receipt deducted in capital cost	-		
v) Being the allocation of project development expenses reduced.	-		
<b>Total capital expenditure for the year</b>	-	1.71	4.30
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	-	-	
<b>Closing Balance</b>	-	1.71	4.30



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## STATEMENT SHOWING DIVISIONWISE, TARIFFWISE DEMAND, COLLECTION AND BALANCE OF REVENUE FOR THE YEAR FY 17 to FY 19

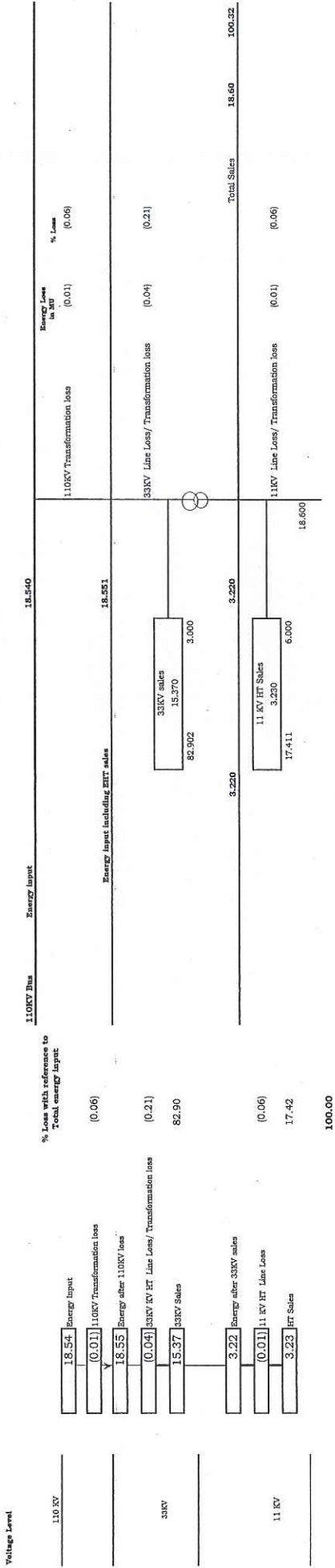
SL. NO.	DIVISION/ CIRCLE/ ZONE	PARTICULARS	33KV		11KV HT		LT Others		TOTAL
			Industrial	Construction	Industrial	Construction	Industrial	Construction	
			No. of installations	Consumption	No. of installations	Consumption	No. of installations	Consumption	
1	MSEZL- FY17	No. of installations	2.00	1.00	5.00	1.00			9.00
		Consumption	11.23	4.15	0.55	2.67			18.60
		Consumption per Installation	5.62	4.15	0.11	2.67			12.55
		O.B.	0.39	0.65		0.18			1.22
		Demand	9.48	4.64	0.78	2.91			17.81
		Demand per kwh	8.44	11.18	14.18	10.90			9.57
		Collection	8.58	5.29	0.78	2.77			17.42
C.B.	1.28	-	-	0.32			1.60		
2	MSEZL -FY18	No. of installations	3.00	-	7.00	1.00	5.00	3.00	19.00
		Consumption	39.76	-	2.48	0.22	0.31	0.10	42.87
		Consumption per Installation	13.25	-	0.35	0.22	0.06	0.03	13.92
		O.B.	1.28	-	0.00	0.32	0.00	0.00	1.60
		Demand	28.33	-	2.27	0.34	0.21	0.12	31.27
		Demand per kwh	7.13	-	9.15	15.45	6.77	12.00	7.29
		Collection	27.25	-	2.08	0.63	0.19	0.11	30.26
C.B.	2.36	-	0.19	0.03	0.02	0.01	2.61		
3	MSEZL -FY19	No. of installations	6.00	-	7.00	1.00	4.00	4.00	22.00
		Consumption	47.11	-	3.49	1.04	0.23	0.40	52.27
		Consumption per Installation	7.85	-	0.50	1.04	0.06	0.10	9.55
		O.B.	2.36	-	0.19	0.03	0.02	0.01	2.58
		Demand	34.07	-	2.52	1.00	0.16	0.42	38.17
		Demand per kwh	7.23	-	7.22	9.62	6.96	10.50	7.30
		Collection	33.59	-	2.50	0.95	0.17	0.40	37.60
C.B.	2.84	-	0.21	0.08	0.01	0.04	3.18		



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**ENERGY FLOW DIAGRAM OF MSEZL FOR FY-17**

(All data in MWh)



Segregation Loss	Energy In MWh	% Loss
110KV Transformation loss	(0.01)	(0.06)
33KV Line Loss/ Transformation loss	(0.04)	(0.21)
11KV FT Line Loss/ Transformation loss	(0.01)	(0.06)
	(0.06)	(0.32)

- 1) The losses for FY 17 arrived are as per actuals.
- 2) The Total Energy Sales at various voltage level are more that the energy input and therefore the loss
- 3) The losses occurring at various voltage levels are assumed to be proportional to the sales of energy in the respective voltage levels.
- 4) The losses occurring at 33KV and 110KV voltages are assumed to be in the ratio of 110 : 33 i.e. 77: 23

*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

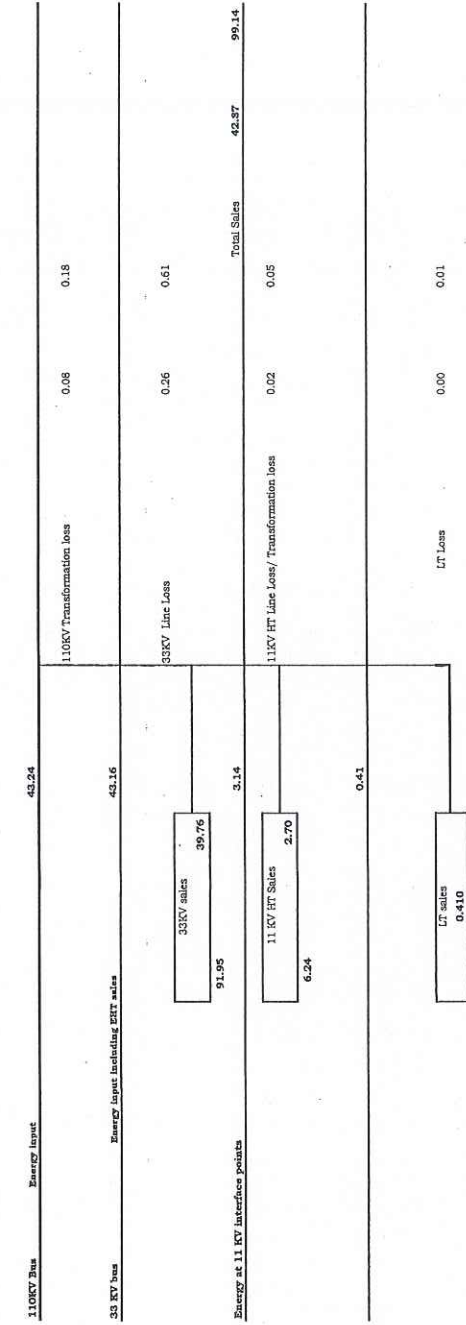




# ENERGY FLOW DIAGRAM OF MSEZL FOR FY-18

Form D 19

(All data in Mwh)



Voltage Level	Energy in MU	% Loss
110KV	43.24	0.18
33KV	43.16	0.61
11KV	3.14	0.05
LT	0.41	0.95
<b>Total</b>	<b>100.00</b>	<b>1.79</b>

Segregation Loss	Energy in MU	% Loss
110KV	0.08	0.18
33KV Line Loss	0.26	0.51
11KV HT Line Loss/Transformation loss	0.02	0.05
LT Loss	0.00	0.01
<b>Total</b>	<b>0.37</b>	<b>0.85</b>

Note: 1) Actual Distribution loss for FY 18 up to OCT-17 is 0.92%. However, we have considered 0.86% for FY 18 as approved by the Hon'ble commission. Any variation in distribution loss will be considered in the true up  
 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: 23

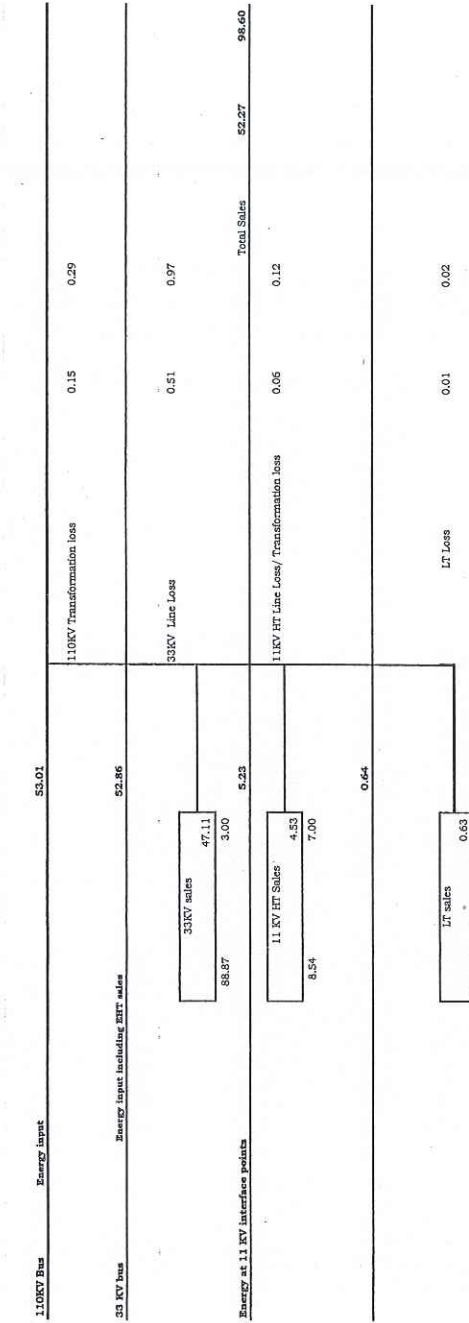


  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

# ENERGY FLOW DIAGRAM OF MSEZL FOR FY-19

Form D 19

(All data in MVA)



Segregation Loss	Energy in MVA	% Loss
110KV	0.15	0.29
33KV Line loss	0.51	0.97
11KV HT Line Loss/ Transformation loss	0.06	0.12
LT loss	0.01	0.02
LT sales	0.63	1.40

Note: 1) The losses for FY 19 is considered 1.44% based on the present distribution loss in the existing network and the additional network proposed to be extended for providing power supply up coming industries in FY19  
 2) The losses occurring at various voltage levels are assumed to be proportional to the sale of energy in the respective voltage levels.  
 3) The losses occurring at 33KV and 110KV voltages are assumed to be in the ratio of 1:10 : 33 i.e 77: 23



  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



ANNEXURE - 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



*V. Suryanarayana*

V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

EXISTING TARIFF AND PROPOSED TARIFF									
Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load- Slabwise (KW /MVA )	Consumptio n- Slabwise (MU)	EXISTING TARIFF CHARGES		PROPOSED TARIFF CHARGES	
						PARTICULARS	RATE (Rs.)	PARTICULARS	RATE (Rs.)
1	HT	Industrial	13	25.03	50.60	Fixed Charges/KVA	200.00	Fixed Charges/KVA	200.00
						Energy Charges/kWh	6.34	Energy Charges/kWh	6.94
2	HT	Construction power	1	0.30	1.04	Fixed Charges/KVA	230.00	Fixed Charges/KVA	230.00
						Energy Charges/kWh	9.00	Energy Charges/kWh	10.00
3	LT	Construction power	4	238 KW (0.28 MVA)	0.40	Fixed Charges/KVA	230.00	Fixed Charges/KW	280.00
						Energy Charges/kWh	9.00	Energy Charges/kWh	10.00
4	LT	Industrial	4	81.6 KW (0.10 MVA)	0.23	Fixed Charges/KVA	190.00	Fixed Charges/KW	90.00
						Energy Charges/kWh	6.00	Energy Charges/kWh	6.00

Note 1: We are proposing to introduce a new category 'LT- Industrial and LT- Construction' in the tariff structure for FY 19.

Note 2: We are also proposing to bill the consumers in LT category – Industrial and Construction a fixed charge based on per KW basis.



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED



EXISTING TARIFF AND PROPOSES TARIFF

Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load- Slabwise MVA	Consumption n- Slabwise (MU)	CHARGES AT EXISTING TARIFF			CHARGES AT PROPOSED TARIFF			EXPECTED ADDITIONAL REVENUE AT PROPOSED CHARGES (RS.CRS)	PROPOSED PERCENTAGE INCREASE (%)	Remarks		
						PARTICULARS	RATE (RS)	AMOUNT (RS. CRS)	Realisation /Unit	PARTICULARS	RATE (RS.)				AMOUNT (Rs. in Crs.)	Realisatio n/Unit
1	HT	Industrial	13	25.03	50.60	Fixed Charges/KVA	200.00	4.51		Fixed Charges/KVA	200.00	4.51	No increase		On account of order dated 26.10.17 for FY 18	
						Energy Charges	6.34	32.08		Energy Charges/kWh	6.94	35.12		2.28	7.10%	26.10.17 for FY 18
						Fixed Charges/KVA	230.00	0.06	7.23	Fixed Charges/KVA	230.00	0.06	7.83	No increase		On account of FY 19 ARR Requirement
2	HT	Construction power	1	0.30	1.04	Energy Charges	9.00	0.94	9.62	Energy Charges/kWh	10.00	1.04	0.10	10.64%		
						Fixed Charges/KVA	230.00	0.06	7.23	Fixed Charges/KVA	230.00	0.06	7.83	No increase		
						Total HT- A		37.59	7.28		40.73	7.89		3.14	8.34%	
3	LT	Construction power	4	238 (0.28 MVA)	0.40	Fixed Charges/KVA	230.00	0.06		Fixed Charges/KW	280.00	0.06	No increase			
						Energy Charges	9.00	0.36	10.50	Energy Charges/kWh	10.00	0.40	11.50	0.04	11.11%	
						Fixed Charges/KVA	190.00	0.02		Fixed Charges/KW	90.00	0.01		(0.01)		
4	LT	Industrial	4	81.6 (0.10 MVA)	0.23	Energy Charges	6.00	0.14	6.96	Energy Charges/kWh	6.00	0.14	-			
						Fixed Charges/KVA	190.00	0.02		Fixed Charges/KW	90.00	0.01		(0.01)		
						Total LT - B		0.58	9.21		0.61	9.68		0.03	5.17%	
Total (HT+LT)			22		52.27		38.17	7.30		41.34	7.91	3.17	8.29%			

Notes:  
 1 We are proposing to introduce a new category 'LT Construction' similar to the Other DISCOMs and also proposing to charge a fixed charge based on KW basis.  
 2. In the current filing we are proposing to increase the tariff (a) by 45 paise/kWh as FY 18 revenue deficit recovery and (b) 15 paise/kWh as FY 19 revenue deficit recovery as explained in Chapter 13 A and Chapter 13 B  
 3. We have proposed one time recovery of FY 16 PP cost of Rs.0.60 Crores, as explained in Chapter 13 A  
 4. We have considered the PP cost of FY 18 Rs.5.80/kWh for FY 19 also. Any increase in PP cost and the resulting increase in the ARR shall be fully passed on to the consumers as an additional burden.  
 5.The above proposed tariff structure does not include FAC.



*V. Suryanarayana*  
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 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED







External Subsidy (Allocation of external subsidy among consumer classes)  
 Not applicable as there is no external subsidy

Form-D24

(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				

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**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

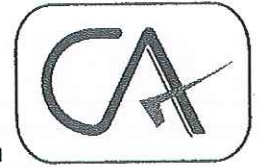


# Maharaj N R Suresh And Co.

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 IND AS Financial Statements

We have audited the accompanying standalone IND AS financial statements of **MANGALORE SEZ LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss, the Statement of Changes in Equity 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 IND AS 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 IND AS 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



  
V. SURYANARAYANA  
CHIEF OPERATING/OA  
MANGALORE SEZ LIM.





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 31<sup>st</sup> March, 2017, and its Loss and its cash flows for the year ended on that date.

#### Other Matters

The Comparative financial information of the Company for the year ended 31<sup>st</sup> March, 2016 and the transition date opening Balance sheet as at 1<sup>st</sup> April, 2015 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us. The report for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015 dated 12<sup>th</sup> May 2016 and 16<sup>th</sup> May 2015, respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the standalone Ind As financial statements and our report on Other Legal and Regulatory requirements below is not modified in respect of these matters.

#### Emphasis of Matters

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

Note 39 " 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.

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, the statement of changes in equity, 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 IND AS 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 31<sup>st</sup> March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on



*V. Suryanarayana*  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

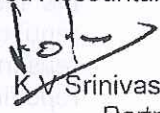
(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(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. 44(c) 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.
- (iv) The Company did not have any holdings or dealings in Specified bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016-Refer Note 45.


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

  
K.V. Srinivasan  
Partner  
M.No:204368

Place: New Delhi  
Date:11.05.2017



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





**ANNEXURE "A" to The Independent Auditor's Report of even date on the Standalone IND AS 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, 2017 in conjunction with our audit of the Standalone IND AS 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.



*V. Suryanarayana*  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





## 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

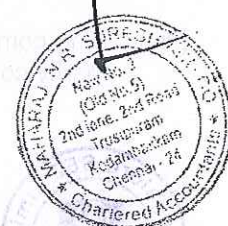
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria 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 IND AS 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 31.03.2017.



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





- (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 2017 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.



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED









## Mangalore SEZ Limited

Amount in Rs.

Statement of Balance Sheet as at March 31, 2017				
Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
(1) Non-current assets				
(a) Property, plant and equipment	4	5,36,72,81,000	4,92,86,03,531	3,35,70,85,662
(b) Capital work in progress	5	4,51,00,97,393	4,43,88,75,876	4,92,71,03,625
(c) Investment Property	6	4,43,64,25,151	4,39,88,86,563	4,31,39,46,854
(d) Other Intangible Assets	7	14,53,91,636	15,18,46,561	15,84,48,585
(e) Financial Assets				
(i) Investments	8	8,50,000	8,50,000	8,50,000
(ii) Trade Receivable	9	21,98,27,434	-	-
(iii) Loans & advances	10	5,75,11,599	5,70,16,682	7,88,45,499
(iv) Others	11	25,000	25,000	25,000
(f) Other non-current assets	12	27,14,27,105	14,85,50,417	15,55,17,798
<b>Total Non Current Asset</b>		<b>15,00,88,36,318</b>	<b>14,12,46,54,630</b>	<b>12,99,18,23,023</b>
(2) Current assets				
(a) Financial Assets				
(i) Trade receivables	13	48,65,02,884	25,66,87,839	23,37,85,300
(ii) Cash and cash equivalents	14	61,34,03,957	96,69,01,075	80,44,56,343
(iii) Bank Balances other than (ii) above	15	12,80,72,597	-	-
(iv) Loans & advances	16	11,73,296	11,73,296	11,73,296
(v) Others	17	3,17,49,757	16,31,20,149	10,71,37,951
(vi) Current tax asset (Net)	18	4,51,84,155	18,55,82,006	-
(b) Other current assets	19	2,50,60,074	8,48,36,702	16,25,42,223
<b>Total Current Assets</b>		<b>1,33,11,46,721</b>	<b>1,65,83,01,067</b>	<b>1,30,90,95,113</b>
<b>Total assets</b>		<b>16,33,99,83,039</b>	<b>15,78,29,55,696</b>	<b>14,30,09,18,136</b>
<b>EQUITY AND LIABILITIES</b>				
(1) Equity				
(a) Equity Share capital	20	50,00,12,000	50,00,12,000	50,00,12,000
(b) Other equity	21	17,15,06,387	23,28,07,330	35,32,49,825
<b>Total equity</b>		<b>67,15,18,387</b>	<b>73,28,19,330</b>	<b>85,32,61,825</b>
(2) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	22	5,72,57,13,299	4,68,42,54,661	5,37,58,52,435
(ii) Other financial liabilities	23	18,40,276	17,27,037	20,66,794
(b) Provisions	24	1,32,24,441	86,27,504	70,73,459
(c) Deferred tax liabilities (Net)	25	35,49,38,090	22,35,91,487	10,40,30,932
(d) Other Non Current Liabilities	26	8,28,61,55,518	7,39,43,92,591	5,94,27,89,515
<b>Total non-current liabilities</b>		<b>14,38,18,71,624</b>	<b>12,31,25,93,280</b>	<b>11,43,18,13,135</b>
(3) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	27	4,71,29,789	3,31,11,469	1,56,70,856
(ii) Other financial liabilities	28	95,78,81,854	2,40,54,39,725	1,74,34,38,266
(b) Other current liabilities	29	19,40,23,873	17,61,17,874	12,57,83,540
(c) Provisions	30	8,75,57,511	12,28,74,019	13,09,50,514
<b>Total current liabilities</b>		<b>1,28,65,93,027</b>	<b>2,73,75,43,087</b>	<b>2,01,58,43,176</b>
<b>Total liabilities</b>		<b>15,66,84,64,651</b>	<b>15,05,01,36,367</b>	<b>13,44,76,56,311</b>
<b>Total equity and liabilities</b>		<b>16,33,99,83,039</b>	<b>15,78,29,55,696</b>	<b>14,30,09,18,136</b>

The accompanying notes are an integral part of these financial statements

1 to 46

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

K V Srinivasan  
Partner  
Membership No. 0204368



Place: New Delhi  
Date: 11.05.2017



For and on behalf of the Board

Paritosh Kumar Gupta  
Managing Director  
DIN : 01054182

Gouranga Charan Swain  
Chief Financial Officer

Place: New Delhi  
Date: 11.05.2017

Akshaya Kumar Sahoo  
Director  
DIN : 07355933

V. Phani Bhushan  
Company Secretary



Page 1

V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





Statement of Profit & Loss Account for the Year ended 31 March, 2017				
	Particulars	Note No.	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>CONTINUING OPERATIONS</b>				
I	Revenue from Operations	31	1,28,52,36,171	1,10,03,33,417
II	Other Income	32	6,20,10,928	8,38,84,488
III	<b>Total Revenue</b>		<b>1,34,72,47,099</b>	<b>1,18,42,17,905</b>
IV	<b>Expenses</b>			
	Cost of Purchased Power	33	10,53,76,965	7,33,55,110
	Employee Benefit Expenses	34	6,81,13,850	5,65,92,968
	Finance costs	35	53,34,80,331	46,04,25,113
	Depreciation and amortisation Expense	36	29,33,30,830	26,36,66,350
	Other expenses	37	25,55,21,389	31,78,34,043
	<b>Total Expense</b>		<b>1,25,58,23,365</b>	<b>1,17,18,73,585</b>
V	<b>Profit/(loss) before exceptional items and tax from continuing operations (III - IV)</b>		<b>9,14,23,734</b>	<b>1,23,44,320</b>
VI	Exceptional items		-	-
VII	<b>Profit/(loss) before and tax from continuing operations (V - VI)</b>		<b>9,14,23,734</b>	<b>1,23,44,320</b>
VIII	<b>Tax Expense</b>			
	(1) Current tax	38	1,99,36,193	1,30,07,286
	(2) Deferred tax	38	13,13,46,605	11,95,60,555
			<b>15,12,82,797</b>	<b>13,25,67,841</b>
IX	<b>Profit/(loss) for the period from continuing operations (VII - VIII)</b>		<b>(5,98,59,063)</b>	<b>(12,02,23,521)</b>
X	Profit/(loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(loss) from Discontinued operations (after tax) (X - XI)			
XIII	<b>Profit/(loss) for the period (IX + XII)</b>		<b>(5,98,59,063)</b>	<b>(12,02,23,521)</b>
XIV	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans (net of tax)		(14,41,879)	(2,18,975)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss		(14,41,879)	(2,18,975)
XV	<b>Total Comprehensive Income for the period (XII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>(6,13,00,942)</b>	<b>(12,04,42,496)</b>
XVI	<b>Earnings per equity share (for continuing operation):</b>			
	(1) Basic		(1.23)	(2.41)
	(2) Diluted			
XVII	<b>Earnings per equity share (for discontinued operation):</b>			
	(1) Basic			
	(2) Diluted			
XVIII	<b>Earnings per equity share (for discontinued and continuing operations):</b>			
	(1) Basic		(1.23)	(2.41)
	(2) Diluted			

The accompanying notes are an integral part of these financial statements

1 to 46

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

K V Srinivasan  
Partner  
Membership No. 0204368



Place: New Delhi  
Date: 11.05.2017

For and on behalf of the Board

Peritosh Kumar Gupta  
Managing Director  
DIN : 01054182

Akshaya Kumar  
Sahoo  
Director  
DIN : 07355933

Gouranga Charan Swain  
Chief Financial Officer

Place: New Delhi  
Date: 11.05.2017

V Phani Bhushan  
V. Phani Bhushan  
Company Secretary



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**

**Statement of Changes in Equity for the year ended March 31, 2017**

**(i) Equity Share Capital**

Particulars	Amount Rs. in lakhs
Balance as at April 1, 2015	5,000
Changes during the year	-
Balance as at March 31, 2016	5,000
Changes during the year	-
As at March 31, 2017	5,000

**For the year ended 31 March, 2016**

Particulars	Reserves and Surplus	TOTAL Amount in Rs.
	Retained Earnings - Amount in Rs.	
Balance as at April 1, 2015	27,86,31,995	27,86,31,995
Changes in accounting policy or prior period errors	7,46,17,830	7,46,17,830
Restated balance at the beginning of the reporting period	35,32,49,825	35,32,49,825
Total Comprehensive Income for the year	(12,04,42,496)	(12,04,42,496)
Dividends	-	-
Transfer to retained earnings	-	-
Any other change: Income tax provisions for earlier year	-	-
Balance at the end of the reporting period	23,28,07,329	23,28,07,329

**For the year ended 31 March, 2017**

Particulars	Reserves and Surplus	TOTAL Amount in Rs.
	Retained Earnings - Amount in Rs.	
Balance at the beginning the reporting period	23,28,07,329	23,28,07,329
Changes in accounting policy or prior period errors	-	-
Retained Balance at the beginning of the reporting period	23,28,07,329	23,28,07,329
Total Comprehensive Income for the year	(6,13,00,942)	(6,13,00,942)
Dividends	-	-
Transfer to retained earnings	-	-
Any other change -	-	-
Balance at the end of the reporting period	17,15,06,387	17,15,06,387

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

K V Srinivasan  
Partner  
Membership No. 0204368

For and on behalf of the Board

Paritosh Kumar Gupta  
Managing Director  
DIN : 01054182

Akshaya Kumar Sahoo  
Director  
DIN : 07355933

Gouranga Charan Swain  
Chief Financial Officer

Place: New Delhi  
Date: 11.05.2017

V Phani Bhushan  
V. Phani Bhushan  
Company Secretary



Place: New Delhi  
Date: 11.05.2017



V. Suryanarayana  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





Statement of cash flows for the year ended March 31, 2017			
	Year Ended 31st March, 2017	Year Ended 31st March, 2016	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit before tax	8,99,81,855		1,21,25,345
Adjustments For:			
- Depreciation, Depletion, Amortisation & Impairment	29,33,30,830		26,36,66,350
- Impairment	1,31,37,275		10,51,44,634
- Interest on Borrowings	45,69,99,412		40,88,00,526
- Provision for Gratuity	26,51,493		12,96,619
- Provision for Leave Encashment	36,95,938		16,07,431
- Provision for other Employee benefits	-		22,62,258
- Interest Income	(2,36,11,619)		(2,52,43,994)
- Interest Expense on HIR Accounting	3,57,83,160		4,39,30,866
- Dividend Income	(96,20,005)		(1,45,78,351)
- Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	22,598		(9,001)
	77,23,89,083		78,68,77,339
Operating Profit before Working Capital Changes	86,23,70,938		79,90,02,685
Adjustments for:-			
-(Increase)/decrease in Trade and other receivables	(46,27,79,752)		(12,80,47,173)
-(Increase)/decrease in Other assets	22,72,83,180		4,98,36,874
-Increase/(Decrease) in Trade payable and other liabilities	55,79,43,818		1,54,51,87,966
Gratuity & Leave Encashment Paid	(12,47,748)		(31,00,013)
	32,11,99,498		1,46,38,77,654
Cash generated from Operations	1,18,35,70,436		2,16,18,80,338
Direct Taxes Paid (Net of tax refund)	4,05,81,487		18,63,63,461
Net Cash Flow from Operating Activities 'A'	1,14,29,88,949		2,07,55,16,877
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	(72,36,29,420)		(1,24,65,20,724)
Sale of Fixed Assets	2,200		22,500
Dividend Received from Other Investments	96,20,005		1,45,78,351
Interest Received	2,51,46,999		2,72,09,768
Net Cash Flow from Investing Activities 'B'	(68,88,60,219)		(1,20,47,10,105)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Long Term Borrowings	6,37,42,71,086		45,42,21,474
Long Term Borrowings (Repayment)	(6,44,97,28,408)		(55,98,00,000)
Interest Paid	(60,37,75,683)		(60,37,83,314)
Other (describe) - Net Transaction Cost of Refinanced Loan	(3,20,244)		-
Net Cash Flow from Financing Activities 'C'	(67,95,53,251)		(70,93,62,040)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(22,54,24,521)		16,24,44,732
Cash and Cash Equivalents as at the beginning of the year	96,69,01,074		80,44,56,343
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currency	-		-
Cash and Cash Equivalents as at the end of year	74,14,76,554		96,69,01,075

**Notes:**

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

Brackets indicate cash outflow/ deduction.

Amount in Rs.

For the purpose of the Statement of Cash flow, cash & cash equivalents comprises the following		
Particulars	As at March 31, 2017	As at March 31, 2016
Balances with bank:		
- on current account	6,78,86,971	4,00,39,529
Deposits with original maturity of less than three months	36,27,85,883	69,37,40,944
Deposits with original maturity of more than three months	12,80,72,597	-
cash on hand	6,616	16,120
Investments in Mutual Funds	18,27,24,487	23,31,04,482
Total	74,14,76,554	96,69,01,075

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

K V Srinivasan  
Partner  
Membership No. 0204368



Place: New Delhi  
Date: 11-05-2017

For and on behalf of the Board

Paritosh Kumar  
Gupta  
Managing Director  
DIN : 01054182

Akshaya Kumar  
Sahoo  
Director  
DIN : 07355933

Gouranga Charan Swain  
Chief Financial Officer

V. Phani Bhushan  
Company Secretary

Place: New Delhi  
Date: 11.05.2017



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





## Mangalore SEZ Limited

### Notes accompanying financial statements

#### 1. Corporate information

Mangalore SEZ Limited (MSEZ) is a Public Limited Company domiciled and incorporated in India having its Registered Office at 3<sup>rd</sup> Floor, Mangalore Urban Development Authority (MUDA) Building, Urwa Stores, Ashok Nagar, Mangalore-575006.

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

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

#### 2. Application of new and revised Ind AS

The Ministry of Corporate Affairs (MCA) has issued a Notification dated 16.02.2015 announcing the Companies (Indian Accounting Standards) Rules, 2015. Under Phase I, listed and unlisted company with net worth of Rs. 500 Crores or more and its holding, subsidiaries, joint ventures or associates including the parent and subsidiaries to such company, will have to prepare financial statements in accordance with the Ind AS with effect from 01.04.2016 with comparatives periods beginning with 01.04.2015. Since MSEZ is an associate of ONGC and IL& FS whose net worth is more than Rs. 500 Crores, MSEZ is required to publish its financial statement in Ind AS with effect from 01.04.2016.

#### 3. Significant accounting policies

##### 3.1. Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Technical Guide on Accounting for Special Economic Zones(SEZs) Development Activities, issued by the Institute of Chartered Accountants of India. These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1, 2015.

Refer Note 3.24 for details of First-time adoption – mandatory exception and optional exemptions availed by the Company.

Previous period figures in the Standalone Financial Statements have been restated in compliance to Ind AS.

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 11<sup>th</sup> May 2017.



*V. Suryanarayana*

V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

Up to the year ended March 31, 2016, the Company had prepared the Standalone Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India, applying the Technical Guide on Accounting for Special Economic Zones (SEZs) Development Activities, issued by the Institute of Chartered Accountants of India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

In accordance with the notification dated 16<sup>th</sup> February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

In accordance with Ind AS 101-"First time adoption of Indian Accounting Standards" (Ind AS 101), the Company has presented a reconciliation of Shareholders' equity under previous GAAP and Ind AS as at March 31, 2016, and April 1, 2015 and of the Net Profit as per previous GAAP and Total comprehensive income under Ind AS for the year ended March 31, 2016.

#### 3.2 Basis of Preparation

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

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

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


The Standalone Financial Statements are presented in Indian Rupees.

#### Fair value Measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement at a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER/  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

#### 3.3 Investments in subsidiaries

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

#### 3.4 Non-current assets held for sale

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

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

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

#### 3.5 Accounting for Government Grants and Disclosure of Government Assistance

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

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

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

#### 3.6 Tangible Assets – Property, Plant and Equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of its Property, Plant and Equipment (PPE) recognized as of April 1, 2015 (transition



*V. Suryanarayana*  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

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

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

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

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

Depreciation is provided on the cost of PPE less residual value, under straight-line method in accordance with the Schedule II to the Companies Act, 2013 adopting the useful life for assets as specified therein, except for the following, whose useful life have been taken on the basis of the technical certification obtained. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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





V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

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

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

#### 3.7 Investment properties (Freehold Land):

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

#### *Transition to Ind AS*

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investments property (Freehold Land) recognised as at 01 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment property.

#### 3.8 Intangible Assets

##### (i) Deemed cost on transition to Ind As

For transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

##### (ii) Intangible Assets and Amortization

Intangible assets acquired are measured on initial recognition at cost.



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

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

#### (iii) De-recognition of Intangible Assets

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

### 3.9 Impairment of Tangible and Intangible Assets

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

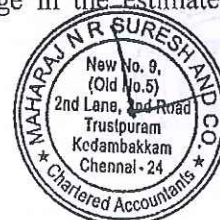
Recoverable amount is the higher of fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of impairment loss are recognized in the Statement of Profit and Loss.

#### 3.10 Inventories

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

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

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

#### 3.11 Revenue recognition

Revenue is recognized at the fair value consideration received or receivable when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

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

##### a) Lease Premium:

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


##### b) Lease Rentals:

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

##### c) Sale of Goods

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



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

#### d) Sale of Services

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

1. Operation and Maintenance charges (O&M) are recognized based on the agreement with the units. Where agreements are not finalized, O&M charges are recognized at cost plus markup.
2. Marine outfall usage charges received in advance are recognized over the useful life of the asset on proportionate basis.

#### e) Non-Operating Revenue


1. Dividend income from the investments is recognized when the right to receive payment is established.
2. Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.
3. Rental and other charges for usage of long term assets of the company which do not partake the character of lease, are recognized as and when they fall due as per the terms of the agreements.

### 3.12 Leases

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

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



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

#### AS LESSEE:

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

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

#### AS LESSOR:

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

#### Lease Premium:

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

#### Lease Rentals:

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

### 3.13 Foreign Exchange Transaction


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

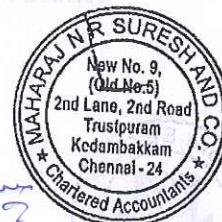
A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

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



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





## Mangalore SEZ Limited

### Notes accompanying financial statements

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

#### 3.14 Employee Benefits

##### a) Short term employee benefits

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

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

##### b) Post-employment benefits

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

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


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

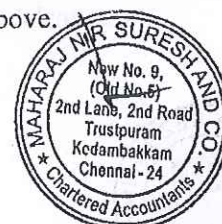
Actuarial gains and losses are recognized immediately in Other Comprehensive Income (OCI).

##### c) Long term employee benefits

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



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### 3.15 Taxes on Income

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

##### (1) Current tax

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

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


Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect of situations in which applicable tax regulations re subject to interpretation ad establishes provisions where appropriate.

##### (ii) Deferred Tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

#### (iii) Current and deferred tax for the year

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

#### 3.16 Borrowing Costs

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

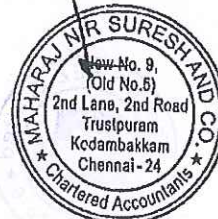
Borrowing Cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 3.17 Provisions, Contingent Liabilities and Contingent Assets

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



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

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

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

#### 3.18 Financial instruments

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

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

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

#### 3.19 Financial assets

##### Cash and cash equivalents

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

##### Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if these financial assets are held within a business whose objective is



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income

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

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

#### Financial assets at fair value through profit or loss

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

#### Impairment of financial assets

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

- a) Lease receivables under Ind AS 17
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

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

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



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V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

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

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


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

#### Derecognition of financial assets

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

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



  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

#### 3.20 Financial liabilities

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

All financial liabilities recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and delivered financial instruments.

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

#### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.


Gains or losses on liabilities held for trading are recognized in the profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### Loans and borrowings

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



  
V. SURYANARAYAN  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amorisation is included as finance costs in the statement of profit and loss.

The category generally applies to borrowings.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor falls to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss..

#### Financial liabilities

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

#### De-recognition of financial liabilities

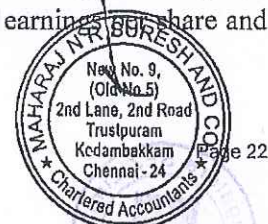
The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the Statement of Profit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

### 3.21 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

#### 3.22 Cash Flow Statement

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

#### 3.23 Operating Segments

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

#### 3.24 First-time adoption – mandatory exceptions and optional exemptions

##### (i) Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

##### (ii) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date)

##### (iii) Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria based on the facts and circumstances that existed as of the transition date.





V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

#### (iv) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

#### (v) Deemed cost for Property, Plant and Equipment and Intangible assets

The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment, and intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### (vi) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 for determining whether an arrangement contains a Lease at the transition date on the basis of facts and circumstances existing at that date.

#### (vii) Investments in subsidiaries

The Company has elected to carry its investments in subsidiaries at deemed cost being carrying amount under Previous GAAP on the transition date.

### 3.25 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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



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MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

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

#### 3.26 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (Refer note 41), that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

#### 3.27 Key sources of estimation uncertainty

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

##### a) Impairment of assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Company estimates that asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, when the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



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MANGALORE SEZ LIMITED







## Mangalore SEZ Limited

### Notes accompanying financial statements

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

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

#### b) Defined benefit obligation (DBO)

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



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MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**

**Notes accompanying financial statements**

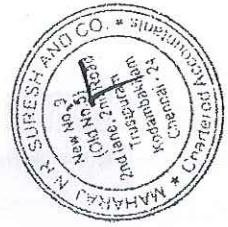
**4. Plant, Property & Equipment**

	Gross carrying value				DEPRECIATION / AMORTISATION			Net carrying value	
	As at 01.04.2016	Additions during the year	Deductions / Adjustments	As at 31.03.2017	As at 01.04.2016	Additions during the year	Deductions / Adjustments	As at 31.03.2017	As at 31.03.2016
Land - Leasehold	36,23,745	-	-	36,23,745	2,13,076	2,17,194	-	4,30,270	34,10,669
Building	1,06,62,21,489	41,77,75,204	22,31,874	1,48,17,64,819	2,14,86,813	2,39,14,980	27,419	4,53,74,374	1,04,47,34,676
Plant and equipment	3,42,97,62,072	26,52,34,421	1,98,411	3,69,47,98,082	10,63,01,655	11,41,47,231	1,98,411	22,02,50,475	3,32,34,60,417
Furniture and fixtures	75,22,694	3,49,765	-	78,72,459	12,84,660	14,69,437	-	27,54,097	62,38,034
Vehicle	54,67,548	1,91,55,739	-	1,91,55,739	-	16,82,687	-	16,82,687	1,74,73,052
Office equipments	67,25,27,948	3,97,729	43,100	58,22,177	13,58,820	13,61,174	18,302	27,01,692	41,08,728
Roads	5,18,51,25,496	2,64,17,192	16,85,003	69,72,60,137	12,58,76,942	14,42,27,376	2,81,755	26,98,22,563	54,66,51,006
Total	3,35,70,85,662	72,93,30,050	41,58,388	5,91,02,97,158	25,65,21,966	28,70,20,079	5,25,887	54,30,16,158	4,92,86,03,530
Previous Year	3,35,70,85,662	1,83,21,25,624	40,85,789	5,18,51,25,496	25,65,21,966	25,71,51,706	6,09,740	25,65,21,966	3,35,70,85,662

	Gross carrying value				DEPRECIATION / AMORTISATION			Net carrying value	
	As at 01.04.2015	Additions during the year	Deductions / Adjustments	As at 31.03.2016	As at 01.04.2015	Additions during the year	Deductions / Adjustments	As at 31.03.2016	As at 31.03.2015
Land - Leasehold	36,23,745	-	-	36,23,745	-	2,13,076	-	2,13,076	36,23,745
Factory Building	67,83,76,028	39,04,92,097	26,46,636	1,06,62,21,489	-	2,15,20,628	33,815	2,14,86,813	67,83,76,028
Plant and equipment	2,19,68,26,578	1,23,39,66,750	10,31,236	3,42,97,62,072	-	10,64,83,162	1,81,507	10,63,01,655	2,19,68,26,578
Furniture and fixtures	50,33,431	24,89,263	-	75,22,694	-	12,84,660	-	12,84,660	50,33,431
Office equipments	28,23,167	30,52,298	4,07,917	54,67,548	-	17,53,238	3,94,418	13,58,820	28,23,167
Roads	47,04,02,712	20,21,25,236	-	67,25,27,948	-	12,58,76,942	-	12,58,76,942	47,04,02,712
Total	3,35,70,85,662	1,83,21,25,624	40,85,789	5,18,51,25,496	-	25,71,51,706	6,09,740	25,65,21,966	3,35,70,85,662
Previous Year	1,49,81,800	3,47,00,21,462	1,57,298	3,48,48,45,964	-	12,78,30,751	70,449	12,77,60,302	1,49,81,800

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

4(ii) Refer Note No.44(b) for disclosure of contractual commitments for acquisition of Plant, Property & Equipment



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 MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 5 : Capital work in progress**

Amount in Rs.

Particulars	Amount in Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital work in progress			
Development of Land	99,03,77,223	93,95,87,206	1,27,31,61,227
Infrastructure Development	3,51,97,20,170	3,49,92,88,670	3,65,39,42,398
<b>Total</b>	<b>4,51,00,97,393</b>	<b>4,43,88,75,876</b>	<b>4,92,71,03,625</b>

5(i) Capital work in Progress includes interest capitalized during the year Rs.110,321,219 (Previous Year Rs.184,942,880)

5(ii) Capital work in progress includes Rs.990,377,223 as on 31.0.2017 (includes PDE allocation as at 31.03.2017) (previous year Rs.938,517,987), mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to the Government of Karnataka Order No.KE 309 REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.

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

Amount in Rs.

Particulars	Amount in Rs.	
	As at 31.03.2017	As at 31.03.2016
Rehabilitation Compensation including training	1,12,11,961	4,51,39,716
Rehabilitation Colony Development Cost	7,51,63,040	7,70,54,539
<b>Total</b>	<b>8,63,75,001</b>	<b>12,21,94,255</b>

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

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

- Exit Option - the PDF's can opt for an ex-gratia cash in lieu of employment, in addition to the one time cash compensation payable as per earlier G.O.
- payment of stipend/sustenance allowance to PDF/nominees who do not opt for the ex-gratia as mentioned in option (a) above.

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

5(v) Refer Note No.44(b) for disclosure of contractual commitments for acquisition of Plant, Property & Equipment



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CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





Mangalore SEZ Limited  
Notes accompanying financial statements

6. Investment Property

	Gross carrying value			AMORTISATION			Net Carrying value		
	As at 01.04.2016	Additions during the year	Deductions/Adjustments	As at 31.03.2017	As at 01.04.2016	Additions during the year	Deductions/Adjustments	As at 31.03.2017	As At 01.04.2015
Land - Leasehold	4,39,88,86,563	5,03,63,250	1,28,24,662	4,43,64,25,151	-	-	-	4,43,64,25,151	4,31,39,46,854
Previous Year	4,31,39,46,855	12,92,05,294	4,42,65,586	4,39,88,86,563				4,39,88,86,563	4,31,39,46,854

6(i) Land lease  
Execution of lease cum sale agreement

Total Area (Acres) as on 31.03.2017	Agreement date	Lease Commencement date	Area Registered as on 31.03.2017 (Acres)	Land surrendered to KIADB (Acres)	Balance not registered as on 31.03.2017 (Acres)	Total Area as on 31.03.2016 (Acres)	Area Registered as on 31.03.2016 (Acres)	Balance Not registered as on 31.03.2016 (Acres) (after surrender to KIADB)
1985.15	28.12.2010*	27.01.2010	1543.21		441.94	1985.15	1543.21	441.94
2.47	29.06.2011#	27.12.2010	2.47		-	2.47	2.47	-
86.5242	07.12.2011	28.10.2011	86.5242		-	86.5242	86.5242	-
274.36	03.11.2014	25.07.2012	-	251.23	23.13	274.36	-	23.13
7.35			1632.20	251.23	472.42	7.35	1632.20	472.42
2355.85						2355.85		

\* For 1533.22 acres

# For 9.99 acres

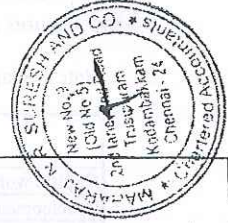
^ Includes 152.153 Acres allocated to project displaced families

	Amount in Rs.	
	For the Year 31.03.17	For the Year 31.03.16
6(ii) Amount recognised in Profit & Loss Account for investment property	17,28,56,562	14,46,39,463
Rental Income	2,91,92,713	281,65,828
Direct Operating Expenses from property that generate direct rental income		
Direct Operating Expenses from property that did not generate direct rental income		
Profit from investment property before depreciation	14,36,63,849	11,64,73,635
Depreciation		
Profit from investment property	14,36,63,849	11,64,73,635

6(iii) No fair value has been obtained for investment property

6(iv) The lenders (banks) have right to assign the lease rental in favour of banks in the event of default in payment of instalments.

6(v) Refer Note No.44(b) for disclosure of contractual obligation to purchase, construct or develop investment property or for its repairs, maintenance or enhancement.







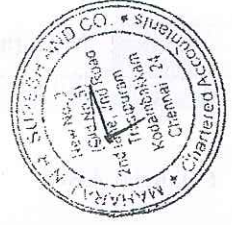
**Mangalore SEZ Limited**  
Notes accompanying financial statements

7. Other Intangible Assets

Amount in Rs.

	Gross carrying value			AMORTISATION			Net carrying value	
	As at 01.04.2016	Additions during the year	Deductions / Adjustments	As at 01.04.2016	Additions during the year	Deductions / Adjustments	As at 31.03.2017	As at 31.03.2016
<b>Intangible Assets</b>								
Specialised Software	5	1,65,000	-	1,65,005	17,901	-	1,47,104	5
Barrage usage rights	15,84,48,580	-	-	15,84,48,580	66,02,024	-	14,52,44,532	15,18,46,556
<b>Total</b>	15,84,48,585	1,65,000	-	15,86,13,585	66,19,925	-	14,53,91,636	15,18,46,561
Previous Year	15,84,48,585	-	-	15,84,48,585	66,02,024	-	15,18,46,561	15,84,48,585

	Gross carrying value			AMORTISATION			Net carrying value	
	As at 01.04.2015	Additions during the year	Deductions / Adjustments	As at 01.04.2015	Additions during the year	Deductions / Adjustments	As at 31.03.2016	As at 31.03.2015
<b>Intangible Assets</b>								
Specialised Software	5	-	-	5	-	-	5	5
Barrage usage rights	15,84,48,580	-	-	15,84,48,580	66,02,024	-	15,18,46,556	15,84,48,580
<b>Total</b>	15,84,48,585	-	-	15,84,48,585	66,02,024	-	15,18,46,561	15,84,48,585
Previous Year	39,647	16,50,50,604	-	16,50,90,251	66,41,666	-	15,84,48,585	39,647



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MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Financial Assets**

**Note 8. Investments**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>In Subsidiaries</b>			
Investment in Equity Instruments fully paid up Unquoted Equity Shares			
35,000 (31 March, 2016: 35,000 shares, 1st April 2015 35,000 ) equity shares of Rs.10 each. Mangalore STP Limited (Partly owned subsidiary)	3,50,000	3,50,000	3,50,000
50,000 (31 March, 2016: 50,000 shares, 1st April 2015 50,000 ) equity shares of Rs.10 each. MSEZ Power Limited (Wholly owned subsidiary)	5,00,000	5,00,000	5,00,000
<b>Total</b>	<b>8,50,000</b>	<b>8,50,000</b>	<b>8,50,000</b>
Aggregate book value of Unquoted Investments - At cost	8,50,000	8,50,000	8,50,000

**Note 9: Trade Receivable**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivables form related parties			-
Receivables from others	21,98,27,434	-	-
<b>Total</b>	<b>21,98,27,434</b>	<b>-</b>	<b>-</b>
<b>Break-up for Security Details</b>			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured, Considered good	-	-	-
Unsecured, considered good	21,98,27,434	-	-
Doubtful	-	-	-
	<b>21,98,27,434</b>	<b>-</b>	<b>-</b>
<b>Unsecured, considered good</b>			
Impairment Allowance (allowance for bad and doubtful debts)	-	-	-
<b>Total Trade Receivables</b>	<b>21,98,27,434</b>	<b>-</b>	<b>-</b>

No Trade or other receivable are due from directors or other officers of the company either severally or jointly with any other persons nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner or a director or a member



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CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 10. Loans & advances**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposit	5,75,11,599	5,70,16,682	7,88,45,499
<b>Total</b>	<b>5,75,11,599</b>	<b>5,70,16,682</b>	<b>7,88,45,499</b>

**Break-up for Security Details**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured, Considered good	-	-	-
Unsecured, considered good	5,75,11,599	5,70,16,682	7,88,45,499
Doubtful	-	-	-
<b>Total</b>	<b>5,75,11,599</b>	<b>5,70,16,682</b>	<b>7,88,45,499</b>

**Note 11. Others**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposits with banks (more than 12 months)	25,000	25,000	25,000
<b>Total</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

**Note 12. Other Non current Assets**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital Advance:			
Related Party	3,41,61,952	2,68,00,402	4,99,52,902
Others	5,07,32,933	9,62,60,940	8,13,58,948
Income Tax (Net of Provision)	18,65,32,220	2,54,89,075	2,42,05,948
<b>Total</b>	<b>27,14,27,105</b>	<b>14,85,50,417</b>	<b>15,55,17,798</b>

12 (i) Capital Advances to related party represents an advance of Rs.34,161,952 (previous year Rs.26,800,402) paid to Karnataka Industrial Area Development Board (KIADB) towards acquisition of Land.



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MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 13: Trade Receivables**

Particulars	Amount in Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivables form related parties	12,97,28,445	4,82,28,894	11,63,43,471
Receivables from others	35,67,74,439	20,84,58,945	11,74,41,829
<b>Total</b>	<b>48,65,02,884</b>	<b>25,66,87,839</b>	<b>23,37,85,300</b>

**Break-up for Security Details**

Particulars	Amount in Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured, Considered good	-	-	-
Unsecured, considered good	53,43,59,084	29,14,06,766	23,37,85,300
Doubtful	6,26,09,952	7,77,30,323	73,04,616
	<b>59,69,69,036</b>	<b>36,91,37,088</b>	<b>24,10,89,915</b>

**Unsecured, considered good**

Impairment Allowance (allowance for bad and doubtful debts)	(11,04,66,152)	(11,24,49,250)	(73,04,616)
<b>Total Trade Receivables</b>	<b>48,65,02,884</b>	<b>25,66,87,839</b>	<b>23,37,85,300</b>

No Trade or other receivable are due from directors or other officers of the company either severally or jointly with any other persons nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner or a director or a member



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MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 14: Cash & cash Equivalents**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with banks:			
- Current accounts	6,78,86,971	4,00,39,529	2,44,12,472
- Deposits with original maturity of less than three months	36,27,85,883	69,37,40,944	70,00,00,000
Cash on hand	6,616	16,120	17,740
Investments in Mutual Funds:			
179239.058 units of Rs.1019.4457 each (Previous Year 228658.066 units of Rs.1019.4457 each)	18,27,24,487	23,31,04,482	8,00,26,131
UTI Liquid cash plan daily dividend reinvestment option			
<b>Total</b>	<b>61,34,03,957</b>	<b>96,69,01,075</b>	<b>80,44,56,343</b>

**Note 15: Bank Balances other than above**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with banks:			
Deposits with original maturity of more than three months	12,80,72,597	-	-
<b>Total</b>	<b>12,80,72,597</b>	<b>-</b>	<b>-</b>

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposits with original maturity of more than three months	12,80,72,597	-	-
<b>Total</b>	<b>12,80,72,597</b>	<b>-</b>	<b>-</b>

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposits with original maturity of more than three months	12,80,72,597	-	-
<b>Total</b>	<b>12,80,72,597</b>	<b>-</b>	<b>-</b>



*V. Suryanarayana*  
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MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 16: Loans & Advances**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposits	11,73,296	11,73,296	11,73,296
<b>Total</b>	<b>11,73,296</b>	<b>11,73,296</b>	<b>11,73,296</b>

**Break-up for Security Details**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured, Considered good	-	-	-
Unsecured, considered good	11,73,296	11,73,296	11,73,296
Doubtful	-	-	-
<b>Total</b>	<b>11,73,296</b>	<b>11,73,296</b>	<b>11,73,296</b>

**Note 17: Others**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Due from Related Parties	3,16,47,352	4,23,66,282	10,71,37,951
Due from Others	1,02,405	-	-
Unbilled Revenue	-	12,07,53,867	-
<b>Total</b>	<b>3,17,49,757</b>	<b>16,31,20,149</b>	<b>10,71,37,951</b>

**Note 18: Current tax asset (net)**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Income tax (Net of provisions)	4,51,84,155	18,55,82,006	-
<b>Total</b>	<b>4,51,84,155</b>	<b>18,55,82,006</b>	<b>-</b>

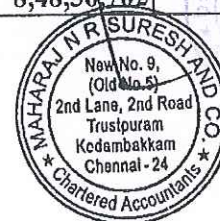
**Note 19: Other current assets**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance to Suppliers	32,69,060	2,87,14,386	6,93,41,281
Interest accrued but not due	37,39,439	52,74,819	72,40,593
Prepaid Expenses	25,60,023	96,94,588	69,27,112
Service Tax	24,03,134	45,90,065	37,17,763
VAT	1,26,81,197	3,65,62,844	4,96,36,634
Others	4,07,221	-	2,56,78,840
<b>Total</b>	<b>2,50,60,074</b>	<b>8,48,36,702</b>	<b>16,25,42,223</b>



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MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 20. Equity Share Capital and Other Equity**

**(a) Equity Share Capital**

**Details of Authorised, Issued, Subscribed and Paid up Share Capital**

Description	As at 31st March 2017 -		As at 31st March 2016 -		As at 01st April 2015 -	
	Number	Amount in Rs.	Number	Amount in Rs.	Number	Amount in Rs.
<b>Authorised :</b>						
425000000 Equity Shares of Rs. 10 each	42,50,00,000	4,25,00,00,000	42,50,00,000	4,25,00,00,000	42,50,00,000	4,25,00,00,000
( Previous Year 425000000 Equity Shares of Rs. 10 each)						
<b>Issued</b>						
100000000 Equity Shares of Rs. 10 each fully paid up	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000	10,00,00,000	1,00,00,00,000
( Previous Year 100000000 Equity Shares of Rs. 10 each)						
<b>Subscribed and fully Paid up</b>						
50001200 Equity Shares of Rs. 10 each fully paid up	5,00,01,200	50,00,12,000	5,00,01,200	50,00,12,000	5,00,01,200	50,00,12,000
( Previous Year 50001200 Equity Shares of Rs. 10 each)						
	5,00,01,200	50,00,12,000	5,00,01,200	50,00,12,000	5,00,01,200	50,00,12,000

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:		
Particulars	No. of Shares in Lakhs	Amount in Rs.
Balance as at April 1, 2015	50,00,120	50,00,12,000
Changes during the year	-	-
Balance as at March 31, 2016	50,00,120	50,00,12,000
Changes during the year	-	-
Balance as at March 31, 2017	50,00,120	50,00,12,000

**Terms / rights attached to equity shares:**

- The Company has issued only one class of equity shares and no securities have been issued with the right / option to convert the same into equity shares at a
- No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.
- The shares issued and subscribed carry equal rights and voting power.
- All the shares issued and subscribed carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

**Details of Shareholders holding more than 5% of equity shares in the Company are as under:**

Name of Equity Shareholders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Infrastructure Leasing and Financial Services Ltd	2,50,00,000	50%	2,50,00,000	50%	2,50,00,000	50%
Oil and Natural Gas Corporation Ltd	1,30,00,000	26%	1,30,00,000	26%	1,30,00,000	26%
Karnataka Industrial Area Development Board	1,15,00,000	23%	1,15,00,000	23%	1,15,00,000	23%



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note 21: Equity Share Capital and Other Equity**

(b) Other Equity

Retained Earnings

Amount in Rs.

Particulars	Retained Earnings	Total
<b>Balance at April 1, 2015</b>	35,32,49,825	35,32,49,825
Total Comprehensive Income for the year	(12,04,42,496)	(12,04,42,496)
Income tax provision for, previous year	-	-
<b>Balance at March 31, 2016</b>	<b>23,28,07,330</b>	<b>23,28,07,330</b>

Amount in Rs.

Particulars	Retained Earnings	Total
<b>Balance at April 1, 2016</b>	23,28,07,330	23,28,07,330
Total Comprehensive Income for the year	(6,13,00,942)	(6,13,00,942)
Income tax provision for, previous year	-	-
<b>Balance at March 31, 2017</b>	<b>17,15,06,387</b>	<b>17,15,06,387</b>



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note - 22. Borrowings**

Amount in Rs.

Particulars	Effective interest rate	As at		Effective interest rate	As at	
		March 31, 2017	March 31, 2016		March 31, 2016	April 01, 2015
<b>Term Loan</b>						
Secured Loan from Bank	9.35%	5,72,57,13,299	4,68,42,54,661	10.75%	4,68,42,54,661	5,37,58,52,435
<b>Total</b>		<b>5,72,57,13,299</b>	<b>4,68,42,54,661</b>		<b>4,68,42,54,661</b>	<b>5,37,58,52,435</b>

22(i). Secured by mortgagage of the land and structure/lease hold rights, of the entire immovable assets of the borrower both present and future, excluding land & structure pertaining to the rehabilitation and resettlement of the colony and lands for which lease agreements with tenants of the SEZ project already in place. First charge on the entire assets of the borrower present and future both movable and immovable. First charge on all revenues/receivable accruing to the project.

22(ii). During the year the company has availed fresh loan from State Bank of India for Rs.5850 Million and preclosed the earlier loan due to IOB led consortium bankers.

22(iii). The new Term loan is Repayable in 62 unequal quarterly instalments commencing from 31st December 2016.

22(iv) Interest on the loan paid is at 0.4% above 1 year MCLR rate of the lender.

22(v) There has been no default in payment of principle/interest during the year

22(vi) Out of the total sanction of Rs. 5850 million , the Company has availed ng to Rs.5840 million as at 31.03.17 out of which company has repaid Rs.32.76 Million.

22(vii) Term of repayment is given below in Rupees millions

Rs. In Millions

Financial Year	QTR	QTRLY	
		Installment	Yearly
2016 - 17	1 to 2	16.38	32.76
2017 - 18	3 to 6	16.38	65.52
2018 - 19	7 to 10	24.62	98.48
2019 - 20	11 to 14	32.86	131.44
2020 - 21	15 to 18	41.10	164.40
2021 - 22	19 to 22	57.58	230.32
2022 - 23	23 to 26	74.05	296.20
2023 - 24	27 to 30	90.53	362.12
2024 - 25	31 to 34	107.01	428.04
2025 - 26	35 to 38	115.25	461.00
2026 - 27	39 to 42	123.49	493.96
2027 - 28	43 to 46	139.97	559.88
2028 - 29	47 to 50	148.21	592.84
2029 - 30	51 to 54	156.45	625.80
2030 - 31	55 to 58	160.57	642.28
2031 - 32	59 to 62	164.69	654.96
			<b>5,840</b>



*V. Suryanarayana*  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note -23: Other financial liabilities**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposit	18,40,276	17,27,037	17,27,037
Retention Money Payable		-	3,39,757
<b>Total</b>	<b>18,40,276</b>	<b>17,27,037</b>	<b>20,66,794</b>

**Note - 24 : Provisions**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Provision for employee benefits</b>			
Gratuity	67,42,116	44,54,116	34,23,223
Compensated Absence	64,82,325	41,73,388	36,50,236
<b>Total</b>	<b>1,32,24,441</b>	<b>86,27,504</b>	<b>70,73,459</b>

**Note 25: Deferred tax liabilities**

Amount in Rs.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets			-
Deferred tax liabilities	35,49,38,090	22,35,91,487	10,40,30,932
Deferred tax (net)	(35,49,38,090)	(22,35,91,487)	(10,40,30,932)

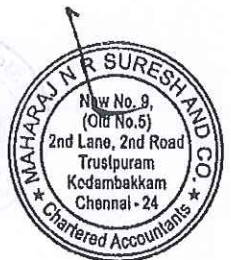
	Opening balance	Recognised in Profit and Loss Account	Closing balance
Deferred tax (liabilities)/assets in relation			
<b>Deferred Tax Assets</b>			
Provision for Non Moving Inventories	-	-	-
Provision for Doubtful debts/Advances/Claims/Interest	-	-	-
Expenses Disallowed Under Income Tax	-	-	-
FVTPL financial Assets	-	-	-
Financial Assets at FVTOCI	-	-	-
Defined benefit obligation	-	-	-
Others (describe)			
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Liabilities</b>			
Property, plant and equipment	20,53,58,758	12,11,66,701	32,65,25,458
Intangible assets	1,82,32,728	51,77,393	2,34,10,121
FVTPL financial liabilities	-	50,02,511	50,02,511
<b>Total Liabilities</b>	<b>22,35,91,486</b>	<b>13,13,46,605</b>	<b>35,49,38,090</b>
<b>Net Deferred Tax Liabilities</b>	<b>22,35,91,486</b>	<b>13,13,46,605</b>	<b>35,49,38,090</b>

Note: The company avails 80IAB exemption under income tax Act, 1965. Hence most of the differences in deferred taxed are permanent in nature.



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note -26 Other non current liabilities**

Particulars	Amount in Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Lease Premium received in advance (Refer Note No.26(ii) below)			
-Related Parties	2,34,92,35,124	2,29,27,36,468	2,34,61,69,659
-Others	2,79,12,53,874	2,19,74,43,252	2,24,87,11,320
Advance Related Parties (Refer note No.26(i) below)	1,96,72,40,084	1,81,58,06,751	1,26,10,65,951
Usage charges for marine assets received in advance (Refer Note Note 26(iii) below)	33,56,72,936	34,81,05,266	-
Advance Others	68,27,53,500	61,03,00,854	8,68,42,585
Deferred government grant	16,00,00,000	13,00,00,000	-
<b>Total</b>	<b>8,28,61,55,518</b>	<b>7,39,43,92,591</b>	<b>5,94,27,89,515</b>

26(i)		Amount in Rs.		
Name of Party	Nature of transactions	As at 31st March 2017	As at 31st March 2016	As at April 01, 2015
Mangalore Refinery and Petrochemicals Limited	Lease of land for construction of PP- Petcoke evacuation road	10,99,31,847	-	
ONGC Mangalore Petrochemicals Limited	Lease Premium	2,23,93,03,277	2,29,27,36,468	2,34,61,69,659
<b>Total</b>		<b>2,34,92,35,124</b>	<b>2,29,27,36,468</b>	<b>2,34,61,69,659</b>
Mangalore Refinery and Petrochemicals Limited	Advance towards corridor cost	97,57,33,333	90,00,00,000	8,00,00,000
ONGC Mangalore Petrochemicals Limited	Advance towards corridor cost	97,57,00,000	90,00,00,000	80,00,00,000
ONGC Mangalore Petrochemicals Limited	Advance Operation & Maintenance charges	31,27,164	31,27,164	52,65,951
Mangalore Refinery and Petrochemicals Limited	Advance Operation & Maintenance charges- Marine outfall	6,22,209	6,22,209	
Mangalore Refinery and Petrochemicals Limited	Advance Operation & Maintenance charges-River water	74,84,710	74,84,710	
Mangalore Refinery and Petrochemicals Limited	Advance Operation & Maintenance charges- Marine outfall-TTP water	45,72,668	45,72,668	
ONGC Mangalore Petrochemicals Limited	Advance towards marine outfall infrastructure			10,74,00,000
Mangalore Refinery and Petrochemicals Limited	Advance towards marine outfall infrastructure			26,84,00,000
<b>Total</b>		<b>1,96,72,40,084</b>	<b>1,81,58,06,751</b>	<b>1,26,10,65,951</b>

26(ii) 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.

26(iii) Usage charges for marine assets received in advance from ONGC Mangalore Petrochemicals Limited (OMPL) & Mangalore Refinery and Petrochemicals Limited MIRPL 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.



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note - 27 : Trade Payables**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payables	4,71,29,789	3,31,11,469	1,56,70,856
<b>Total</b>	<b>4,71,29,789</b>	<b>3,31,11,469</b>	<b>1,56,70,856</b>

27(i) 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.

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

Particulars	2016-17	2015-16
i) Principal amount remaining unpaid but not due as at year end to micro,	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	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	Nil	Nil



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
**Notes accompanying financial statements**

**Note - 28: Other financial liabilities**

Particulars	Amount in Rs.		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturity of long term debt at amortized cost	6,53,37,344	1,18,22,53,304	55,23,03,190
Interest accrued but not due on borrowings	-	6,04,499	10,29,340
Retention Money	22,92,29,818	40,72,23,552	47,75,96,536
Security Deposits			
Related Party	1,54,00,000	2,08,91,328	2,71,14,856
Others	2,20,43,767	2,17,94,480	2,06,00,000
Vendors	2,36,866	2,71,278	3,46,268
Earnest Money Deposit	48,92,050	52,02,050	65,89,500
Others			
- Liability for Related Party (Refer Note 28(i) below)	38,29,00,277	39,37,23,437	40,31,47,410
- Liability for others	10,30,90,795	11,27,01,366	7,86,75,050
- Liability for capital goods	13,47,50,937	26,07,74,431	17,60,36,116
<b>Total</b>	<b>95,78,81,854</b>	<b>2,40,54,39,725</b>	<b>1,74,34,38,266</b>

28(i) Include due to related parties Rs.381,771,173/- (Previous year Rs.393,723,437/) payable to Karnataka Industrial Area Development Board (KIADB) towards land taken on lease cum sale basis and the same is subject to confirmation. Payable to Mangalore STP Ltd towards O&M expenses of STP of Rs.1,129,104/- (Previous year Rs. Nil) , to Infrastructure Leasing & Financial Services towards expense Rs.551,722/- ( Previous year Rs.457,341/- )



*V. Suryanarayana*

**V. SURYANARAYANA**  
**CHIEF OPERATING OFFICER**  
**MANGALORE SEZ LIMITED**



**Mangalore SEZ Limited**  
Notes accompanying financial statements

**Note - 29: Other current liabilities**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Lease premium received in advance			
- Related Party	5,60,61,044	5,34,33,191	5,34,33,191
- Others	6,89,87,578	5,12,68,068	5,12,68,068
Marine Outfall Usage charges received in advance			
-Related parties	1,24,32,330	1,24,32,330	-
Advance Received towards infrastructure facility	4,49,73,157	4,76,52,300	-
Other liabilities :			
Statutory payments	1,15,69,764	1,13,31,985	2,10,82,281
<b>Total</b>	<b>19,40,23,873</b>	<b>17,61,17,874</b>	<b>12,57,83,540</b>

**Note - 30: Provisions**

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits			
Gratuity	5,51,946	2,41,373	92,869
Compensated Absence	6,30,564	4,38,391	23,36,903
Rehabilitation & Resettlement cost (refer note 5 (iii))	8,63,75,001	12,21,94,255	12,85,20,742
<b>Total</b>	<b>8,75,57,511</b>	<b>12,28,74,019</b>	<b>13,09,50,514</b>



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





**31. Revenue from operations**

Particulars	Amount in Rs.	
	For the YE March 31, 2017	For the YE March 31, 2016
<b>Sale of Products</b>		
River water charges	52,21,92,499	42,39,17,255
TTP water charges	11,33,14,940	11,82,31,548
Sale of power -Licensed activity	17,12,64,873	11,64,61,333
<b>Sale of Services</b>		
Lease Premium	11,43,31,364	10,47,01,259
Lease Rental	5,85,25,198	3,99,38,204
O&M Charges - River water, TTP Water, Marine outfall & Zone	29,31,74,967	28,46,51,488
Marine Outfall Right of Usage charges	1,24,32,330	1,24,32,330
<b>Total</b>	<b>1,28,52,36,171</b>	<b>1,10,03,33,417</b>

**32. Other Income**

Particulars	Amount in Rs.	
	For the YE March 31, 2017	For the YE March 31, 2016
Interest Income on short term deposits with banks and other interest	2,36,11,619	2,52,43,994
Dividend Income	96,20,005	1,45,78,351
Other Non operating income	2,76,41,130	4,25,38,691
Miscellaneous Income	11,38,174	15,23,452
<b>Total</b>	<b>6,20,10,928</b>	<b>8,38,84,488</b>



*V. Suryanarayana*  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
**Notes accompanying financial statements**

**33. Cost of Purchased Power**

Amount in Rs.

Particulars	For the YE March 31, 2017	For the YE March 31, 2016
Purchase of Power	10,53,76,965	7,33,55,110
<b>Total</b>	<b>10,53,76,965</b>	<b>7,33,55,110</b>

**34. Employee Benefit Expenses**

Amount in Rs.

Particulars	For the YE March 31, 2017	For the YE March 31, 2016
Salaries, wages and bonus	6,31,88,585	5,30,30,988
Contribution to provident and other Funds	11,42,513	8,39,934
Staff welfare expenses	37,82,752	27,22,046
<b>Total</b>	<b>6,81,13,850</b>	<b>5,65,92,968</b>

**35. Finance costs**

Amount in Rs.

Particulars	For the YE March 31, 2017	For the YE March 31, 2016
Interest on debt	49,27,82,572	45,27,31,392
Other borrowing cost	3,78,00,261	38,86,892
Interest on financial liability not under fair value through P&L	28,97,498	38,06,829
<b>Total</b>	<b>53,34,80,331</b>	<b>46,04,25,113</b>

**36. Depreciation and Amortisation Expense**

Amount in Rs.

Particulars	For the YE March 31, 2017	For the YE March 31, 2016
Depreciation on Tangible assets	28,64,93,711	25,68,51,250
Amortisation of Intangible assets	68,37,119	68,15,100
<b>Total</b>	<b>29,33,30,830</b>	<b>26,36,66,350</b>



*V. Suryanarayana*  
**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

**37. Other Expenses**

Particulars	Amount in Rs.	
	For the YE March 31, 2017	For the YE March 31, 2016
Rent	44,38,011	39,16,202
Rates and taxes	2,31,740	3,13,558
Repair and Maintenance	15,98,82,741	14,93,76,543
Insurance	56,43,832	34,75,946
Advertising and publicity	21,19,948	20,21,023
Travelling expenses	1,49,32,858	1,24,79,296
Professional & consultancy charges	3,88,80,127	2,39,90,518
Impairment allowance (Provision for bad & doubtful debts)	1,31,37,275	10,51,44,634
Auditors Remuneration:		
Audit Fees	3,25,000	2,80,000
Taxation matter	62,500	62,500
Other Services	1,25,000	1,25,000
Out of pocket expenses	3,19,360	3,96,959
Miscellaneous Expenses	1,54,22,998	1,62,51,865
<b>Total</b>	<b>25,55,21,389</b>	<b>31,78,34,043</b>



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



**Mangalore SEZ Limited****Notes accompanying financial statements****38. Income tax expense**

Particulars	Amount in Rs.	
	For the YE March 31, 2017	For the YE March 31, 2016
Current tax:		
Current tax on profits for the year	1,99,20,926	1,35,08,958
Adjustments for current tax of prior periods	15,267	(5,01,672)
Total current tax expense	1,99,36,193	1,30,07,286
Deferred tax:		
Relating to originating and reversal of temporary timing difference	13,13,46,605	11,95,60,555
<b>Income Tax expense</b>	<b>15,12,82,797</b>	<b>13,25,67,841</b>

38(i) Reconciliation of tax expense and the accounting profit multiplied by Indian domestic rate for 31 March 2017 and 31 March 2016

Particulars	31-Mar-17	31-Mar-16
Accounting Profit	9,14,23,734	8,08,34,947
Profit/(Loss) before tax from a discontinued operations	-	-
<b>Accounting Profit before Income tax</b>	<b>9,14,23,734</b>	<b>8,08,34,947</b>
At Indian Statutory domestic rate of 20.3885% (31 March 2016 20.3885%) - (Refer Note 38(ii))	1,86,39,928	1,64,81,033
Dividend income exempt from tax	15,35,735	29,72,307
Non deductible expenses for the tax purposes:	26,78,493	
One time IND AS transition effects	1,37,808	
At effective income tax rate 21.78% (31 March 2016 - 16.71%)	1,99,20,926	1,35,08,958

38(ii) The Company has recognised Minimum Alternate Tax on the Book Profits as required under section 115JB of the Income Tax Act, since 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.

Note 39:

“Dues from” and “due to” related parties are based on the books of account of the company and confirmation of balance have not been obtained.



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

Note

40 Effect of IND AS adoption on the Balance Sheet as at 1 April 2015  
(date of IND AS transition)

Amount in Rs.

	Particulars	IGAAP		IND AS
		As at March 31,2015 end of last period presented under previous GAAP	Effect of Transition to Ind AS	As at April 1,2015
	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	(a) Property, plant and equipment	7,67,10,32,517	(4,31,39,46,855)	3,35,70,85,662
	(b) Capital work in progress	4,92,71,03,625	-	4,92,71,03,625
	(c) Investment Property	-	4,31,39,46,854	4,31,39,46,854
	(d) Other Intangible Assets	15,84,48,585	-	15,84,48,585
	(e) Financial Assets			
	(i) Investments	8,50,000	-	8,50,000
	(ii) Loans & advances	-	7,88,45,499	7,88,45,499
	(iii) Others	-	25,000	25,000
	(f) Other non-current assets	23,43,88,297	(7,88,70,499)	15,55,17,798
	<b>Total Non Current Asset</b>	<b>12,99,18,23,024</b>	<b>(1)</b>	<b>12,99,18,23,023</b>
(2)	<b>Current assets</b>			
	(a) Inventories	-	-	-
	(b) Financial Assets			
	(i) Trade receivables	24,10,89,915	(73,04,615)	23,37,85,300
	(ii) Cash and cash equivalents	80,44,56,343	-	80,44,56,343
	(iii) Loans & advances	-	11,73,296	11,73,296
	(iv) Others	-	13,28,16,791	10,71,37,951
	(c) Other current assets	27,08,53,470	(13,39,90,087)	16,25,42,223
	<b>Total Current Assets</b>	<b>1,31,63,99,728</b>	<b>(73,04,616)</b>	<b>1,30,90,95,113</b>
	<b>Total assets</b>	<b>14,30,82,22,752</b>	<b>(73,04,617)</b>	<b>14,30,09,18,136</b>
	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Equity</b>			
	(a) Equity Share capital	50,00,12,000	-	50,00,12,000
	(b) Other equity	27,86,31,995	7,46,17,830	35,32,49,825
	<b>Total equity</b>	<b>77,86,43,995</b>	<b>7,46,17,830</b>	<b>85,32,61,825</b>
(2)	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	5,44,78,49,407	(7,19,96,972)	5,37,58,52,435
	(ii) Other financial liabilities	-	20,66,794	20,66,794
	(b) Provisions	70,73,459	-	70,73,459
	(c) Deferred tax liabilities (Net)	10,65,59,596	(25,28,664)	10,40,30,932
	(d) Other Non Current Liabilities	5,97,36,56,309	(3,08,66,794)	5,94,27,89,515
	<b>Total non-current liabilities</b>	<b>11,53,51,38,771</b>	<b>(10,33,25,636)</b>	<b>11,43,18,13,135</b>
(3)	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Trade payables	1,56,70,856	-	1,56,70,856
	(ii) Other financial liabilities	-	1,74,34,38,266	1,74,34,38,266
	(b) Other current liabilities	1,84,78,18,615	(1,72,20,35,076)	12,57,83,539
	(c) Provisions	13,09,50,514	-	13,09,50,514
	<b>Total current liabilities</b>	<b>1,99,44,39,985</b>	<b>2,14,03,190</b>	<b>2,01,58,43,175</b>
	<b>Total liabilities</b>	<b>13,52,95,78,756</b>	<b>(8,19,22,446)</b>	<b>13,44,76,56,310</b>
	<b>Total equity and liabilities</b>	<b>14,30,82,22,751</b>	<b>(73,04,616)</b>	<b>14,30,09,18,135</b>

( Note 40 Conld.)



*V. Suryanarayana*

**V. SURYANARAYANA**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







Mangalore SEZ Limited  
Notes accompanying financial statements

Effect of IND AS adoption on the Balance Sheet as at 31 March 2016

		Amount in Rs.		
Particulars	IGAAP	Effect of Transition to Ind AS	IND AS	
	As at March 31, 2016 end of last period presented under previous GAAP		As at March 31, 2016	
<b>ASSETS</b>				
(1) Non-current assets				
(a) Property, plant and equipment	9,24,43,97,688	(4,31,57,94,157)	4,92,86,03,531	
(b) Capital work in progress	4,43,88,75,876	-	4,43,88,75,876	
(c) Investment Property	-	4,39,88,86,563	4,39,88,86,563	
(d) Other Intangible Assets	15,18,46,561	-	15,18,46,561	
(e) Financial Assets				
(i) Investments	8,50,000	-	8,50,000	
(ii) Loans & advances	-	5,70,16,682	5,70,16,682	
(iii) Others	-	25,000	25,000	
(f) Other non-current assets	20,55,92,099	(5,70,41,682)	14,85,50,417	
<b>Total Non Current Asset</b>	<b>14,04,15,62,224</b>	<b>8,30,92,406</b>	<b>14,12,46,54,630</b>	
(2) Current assets				
(a) Inventories	4,64,251	(4,64,251)	-	
(b) Financial Assets				
(i) Trade receivables	36,91,37,087	(11,24,49,249)	25,66,87,839	
(ii) Cash and cash equivalents	96,69,01,075	-	96,69,01,075	
(iii) Loans & advances	-	11,73,296	11,73,296	
(iv) Other financial assets	-	16,31,20,149	16,31,20,149	
(v) Current tax assets (Net)	-	18,55,82,006	18,55,82,006	
(c) Other current assets	43,47,12,153	(34,98,75,451)	8,48,36,702	
<b>Total Current Assets</b>	<b>1,77,12,14,566</b>	<b>(11,29,13,500)</b>	<b>1,65,83,01,067</b>	
<b>Total assets</b>	<b>15,81,27,76,790</b>	<b>(2,98,21,094)</b>	<b>15,78,29,55,696</b>	
<b>EQUITY AND LIABILITIES</b>				
(1) Equity				
(a) Equity Share capital	50,00,12,000	-	50,00,12,000	
(b) Other equity	23,99,76,801	(71,69,471)	23,28,07,330	
<b>Total equity</b>	<b>73,99,88,801</b>	<b>(71,69,471)</b>	<b>73,28,19,330</b>	
(2) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	4,71,25,70,881	(2,83,16,220)	4,68,42,54,661	
(ii) Other financial liabilities	-	17,27,037	17,27,037	
(b) Provisions	86,27,504	-	86,27,504	
(c) Deferred tax liabilities (Net)	21,30,42,451	1,05,49,036	22,35,91,487	
(d) Other Non Current Liabilities	7,30,31,99,628	9,11,92,963	7,39,43,92,591	
<b>Total non-current liabilities</b>	<b>12,23,74,40,464</b>	<b>7,51,52,816</b>	<b>12,31,25,93,280</b>	
(3) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	3,08,49,211	22,62,258	3,31,11,469	
(ii) Other financial liabilities	-	2,40,54,39,725	2,40,54,39,725	
(b) Other current liabilities	2,68,16,24,295	(2,50,55,06,421)	17,61,17,874	
(c) Provisions	12,28,74,019	-	12,28,74,019	
<b>Total current liabilities</b>	<b>2,83,53,47,525</b>	<b>(9,78,04,438)</b>	<b>2,73,75,43,087</b>	
<b>Total liabilities</b>	<b>15,07,27,87,989</b>	<b>(2,26,51,622)</b>	<b>15,05,01,36,367</b>	
<b>Total equity and liabilities</b>	<b>15,81,27,76,790</b>	<b>(2,98,21,093)</b>	<b>15,78,29,55,696</b>	

( Note 40 Contd.)



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**Mangalore SEZ Limited**  
Notes accompanying financial statements

Effect of Ind AS adoption on the Standalone Statement of Profit and Loss for the year ended 31st March, 2016

	Particulars	Amount in Rs.		
		IGAAP 31-Mar-16	Ind AS Adjustments	IND AS 31-Mar-16
	Continuing operations			
I	Revenue from Operations	1,10,09,14,272	(5,80,855)	1,10,03,33,417
II	Other income	4,31,12,252	4,07,72,236	8,38,84,488
III	Total Revenue	1,14,40,26,524	4,01,91,381	1,18,42,17,905
IV	Expenses			
	Cost of Purchased Power	7,33,55,110	-	7,33,55,110
	Employee Benefit Expenses	5,44,01,135	21,91,833	5,65,92,968
	Finance costs	41,64,94,247	4,39,30,866	46,04,25,113
	Depreciation and amortisation expense	30,52,96,766	(4,16,30,416)	26,36,66,350
	Others	21,36,44,319	10,41,89,724	31,78,34,043
	Total Expense	1,06,31,91,577	10,86,82,008	1,17,18,73,585
V	Profit/(loss) before exceptional items and tax from continuing operations (III - IV)	8,08,34,947	(6,84,90,627)	1,23,44,320
VI	Exceptional items	-	-	-
VII	Profit/(loss) before and tax from continuing operations (V - VI)	8,08,34,947	(6,84,90,627)	1,23,44,320
VIII	Tax expense:			
	(1) Current tax	1,35,08,958	(5,01,672)	1,30,07,286
	(2) Deferred tax	10,64,82,855	1,30,77,700	11,95,60,555
		11,99,91,813	1,25,76,028	13,25,67,841
IX	Profit/(loss) for the period from continuing operations (VII - VIII)	(3,91,56,866)	(8,10,66,655)	(12,02,23,521)
X	Profit/(loss) from discontinued operations	-	-	-
XI	Tax expense of discontinued operations	-	-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X - XI)	-	-	-
XIII	Profit/(loss) for the period (IX + XII)	(3,91,56,866)	(8,10,66,655)	(12,02,23,521)
XIV	Other Comprehensive Income *			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans (net of tax)	-	(2,18,975)	(2,18,975)
	(a) Equity instruments through other comprehensive income	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	(2,18,975)	(2,18,975)
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	(3,91,56,866)	(8,12,85,630)	(12,04,42,496)
XVI	Earnings per equity share (for continuing operation):			
	(1) Basic	(0.78)	-	(2.41)
	(2) Diluted	(0.78)	-	(2.41)
XVII	Earnings per equity share (for discontinued operation):			
	(1) Basic	-	-	-
	(2) Diluted	-	-	-
XVIII	Earnings per equity share (for discontinued and continuing operations):			
	(1) Basic	(0.78)	-	(2.41)
	(2) Diluted	(0.78)	-	(2.41)

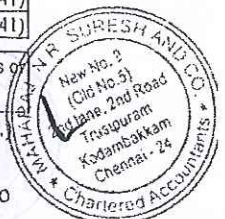
\* Under the Previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income



**V. SURYANARAYANA**  
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MANGALORE SEZ LIMITED

(Note 40 Contd.)

Page 50







**Mangalore SEZ Limited**  
**Notes accompanying financial statements**

Statement showing Reconciliation of Other Equity Between IND-AS and Previous Indian GAAP				
Sl. No.	Particulars	Note Ref.	Amount in Rs	Amount in Rs.
1	Other Equity reported under IGAAP - as at 01 April 2015 (IND AS Transition Date)			27,86,31,995
2	Impairment Provision & Life Time Expected Credit Loss provided for Financial Assets (Trade Receivables)	5	(73,04,616)	
3	Deferred tax liabilities	4	25,28,664	
4	Fair Value for Financial Liabilities - Amortized cost of Debt	5	7,93,93,782	
				7,46,17,830
	Other Equity as per IND AS - as at 01 April 2015 (IND AS Transition Date) - A			35,32,49,825

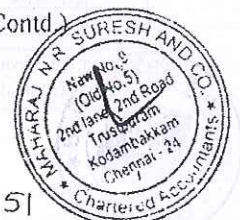
Statement showing Reconciliation of Profit Between IND-AS and Previous Indian GAAP for Year Ended 31-March-2016			
Sl.No.	Nature of Adjustments	Note Ref.	Profit Reconciliation for Year Ended 31-March-2016 - Amount in Rs.
	Net Profit/(Loss) as per Previous Indian GAAP		(3,91,56,866)
1	Incidental Income not necessary for intended use of Plant, Property & Equipment	1	4,07,72,236
2	Impairment Provision & Life Time Expected Credit Loss provided for Financial Assets (Trade Receivables)	5	(10,51,44,634)
3	Change in accounting Policy for assets used River Water & Tertiary Treatment Plant Assets from Useful life method (SLM basis) to Unit of Production Method	2	4,16,30,416
4	Fair Value for Financial Liabilities - Amortized cost of Debt	5	(4,39,30,866)
5	Deferred tax liabilities	4	(1,30,77,700)
7	Spares classified as Plant, Property & Equipment	3	2,25,504
6	Others	5	(20,43,283)
7	Adjustments for current tax of prior periods		5,01,672
8	Remeasurement of the defined benefit plans	5	(2,18,975)
	Net Profit as per IND AS		(12,04,42,496)

- In the FS prepared under IGAAP, income from sale of rocks was deducted from cost of land. However under IND AS in accordance with paragraph 21 of IND AS16 PPE is recognized as "other non-operative Income".
- In the FS prepared under IGAAP, depreciation on Water Treatment Plant assets( River water and Territory treatment plant Assets) was charged on straight line method. On transition to Ind AS, the company elected to charge depreciation adopting units of production method in respect of above assets as permitted under paragraph 63 of IND AS 16 -PPE. This has resulted in
  - decrease of depreciation/amortization expense to the extent of Rs.4.16 Crores which is recognised in statement of profit and loss and increase in carrying cost of PPE
- Cost of spares which are held for use in production for more than one period is considered as part of Plant, Property and equipment as per IND AS 16 which hitherto was treated as Inventories under IGAAP. This change has affected equity and profit after tax for the period by Rs.0.02 Crores

(Note 40 Contd.)



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**Mangalore SEZ Limited**  
Notes accompanying financial statements

4 Deferred Tax –In the FS prepared under IGAAP, deferred tax was accounted as per Income approach which required creation of Deferred tax liability/ assets on timing differences between taxable profit and accounting profit. Under IND AS Deferred tax is accounted as per balance Sheet approach which requires creation of DTL/DTA on temporary differences between carrying amount of assets and liabilities in the Balance Sheet and its corresponding tax base. The impact of the above and transition adjustments together with IND AS mandate of using Balance Sheet approach, for computation of deferred taxes has resulted in increase in deferred tax expense by Rs.1.30 Crores in the statement of Profit and Loss.

5 Fair valuation of financial assets :

The Company has measured financial assets and financial liabilities (other than Loanliabilities which are measured at amortized cost and investment in subsidiaries which the company has elected to carry at cost), at fair value. Impact of fair value changes as on 31<sup>st</sup> March 2016 Rs.10.51 Crores is recognized in the Statement of Profit and loss .

In the FS prepared under IGAAP, loan liabilities were carried at the transaction value. Under IND AS 109, loan liabilities are to be carried at amortized cost. Transaction cost including processing fees are adjusted against the loan availed ,which was added to the cost of the asset / charged to P& I under IGAAP. This has resulted in credit to the balance in the statement of Profit and loss on the transition date Rs.7.94 Crores and increase in equity and debit to statement of Profit and loss for the year ended 31<sup>st</sup> march 2016 Rs.4.39 Crores.

In the FS prepared under IGAAP , remeasurement of defined benefit plans including, changes due to actuarial assumptions was recognized as employee benefits expense in the Statement Of Profit and Loss . Under Ind AS 19 – Employee Benefits, such remeasurement adjustments relating to defined benefit plans is recognized in OCI. Consequently, the related tax effect of the same is also recognized in OCI.

For the year ended 31<sup>st</sup> March 2016, re-measurement resulted in reduction of employee benefits expense by Rs.0.02 Crores and charge to OCI by an equal amount. This does not affect Equity as on the date of Transition and as at 31<sup>st</sup> March 2016.

41 I. RECOGNITION OF REVENUE

- (a) The Company has recognized revenues amounting to Rs.11.64 Crores towards Zone Operation and Maintenance charges (O & M). The agreements for Zone O & M charges are under finalization. Pending finalization of agreements, O & M charges are recognized at cost plus markup. Adjustments for increase / decrease will be given effect in the year in which agreements are finalized.
- (b) The Company's power distribution business is rate/tariff regulated by Karnataka Electricity Regulatory Commission (KERC). Hence, the Company files Annual Revenue Requirement/tariff application before KEFC. The KERC passes tariff order determining and notifies the retail supply tariff to be charged from Consumers. In respect of FY 2016-17, the revenue is recognized based on the KERC tariff order dated 30<sup>th</sup> March 2016 applicable w.e.f. 01<sup>st</sup> April 2016. The Company upon submission of Annual audited accounts (pertaining to power distribution business) the KERC appraises the accounts and finalizes the revenue requirement. Thus, on final determination of the revenue requirement/ by KERC, the effect will be given for the difference, if any accordingly



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**II. RECOGNITION OF BORROWING COST**

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

**III. ESTIMATED USEFUL LIFE OF TANGIBLE AND INTANGIBLE ASSETS**

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

**IV. IMPAIRMENT OF TRADE RECEIVABLE**

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

**42 Earnings Per Share (EPS)**

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

Particulars	FY 2016-17	FY 2015-16
Profit after tax (Rs.)	(6,13,00,942)	(12,04,42,496)
Number of equity shares	50001200	50001200
Basic & diluted earnings per share (Rs.)	(1.23)	(2.41)



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 MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
**Notes accompanying financial statements**

43 Disclosure pursuant to IND AS 19 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	Amount in Rs.	
		As at 31st March 2017	As at 31st March 2016
1	Present value of funded	-	-
2	Fair value of plan assets	-	-
3	Present value of unfunded	72,94,062	46,95,489
4	Unrecognised past service cost	-	-
5	Net Liability		
	Current	5,51,946	2,41,373
	Non-current	67,42,116	44,54,116
	Total	72,94,062	46,95,489

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

Sl. No	Particulars	Amount in Rs.	
		As at 31st March 2017	As at 31st March 2016
1	Opening defined benefit	46,95,489	35,16,092
2	Service Cost	8,34,444	7,97,060
3	Interest Cost	3,75,170	2,80,584
4	Actuarial losses (gains)	14,11,879	2,18,975
5	Exchange differences on foreign plans	-	-
6	Liability transfer in	-	-
7	Benefits paid	(52,920)	(1,17,222)
8	Closing defined benefit	72,64,062	46,95,489

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

Sl. No	Particulars	Amount in Rs.	
		As at 31st	As at 31st
1	Current Service Cost	8,34,444	7,97,060
2	Net Interest cost	3,75,170	2,80,584
3	Past Service Cost	-	-
4	Expected Contributions by the Employees		
5	(Gains)/Losses on Curtailments and Settlements	-	-
6	Net Effect on Changes in	-	-
7	Expenses Recognised	12,09,614	10,77,644



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MANGALORE SEZ LIMITED



(D) The total expenses recognised in the Other Comprehensive Income (OCI) for the Current Period

Amount in Rs.

Sl. No	Particulars	As at 31st	As at 31st
1	Actuarial (Gains)/Losses on Obligation For the period	14,41,879	2,18,975
2	Return on Plan Assets, Excluding Interest Income		
3	Change in Asset Ceiling.		
4	Net (Income)/Expense For the Period Recognised in OCI	14,41,879	2,18,975

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

Sl. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Discount Rate	7.26%	7.99%
2	Retirement Age	60	60
3	Attrition Rate	5%	5%
4	Expected return on plan assets previous	-	-
5	Expected return on plan assets current	-	-
6	Annual increase in Salary	9%	7%

44 Commitments and contingencies

a Leases

Operating Lease Commitments- The Company has taken office premises under cancellable operating lease. The agreements are renewed on expiry. The Company has paid Rs. 40,03,548 (previous years Rs.40,37,005) during the year.

b Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

Amount in Rs.

Particulars	As at 31st March 2017	As at 31st March 2016
Plant, Property & Equipment	45,97,65,011	1,11,50,47,573
Investment Property.	84,08,468	1,69,16,816
Intangible Assets	-	-
<b>Total</b>	<b>46,81,73,479</b>	<b>1,13,19,64,389</b>



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MANGALORE SEZ LIMITED





**Mangalore SEZ Limited**  
Notes accompanying financial statements

**c Contingent liabilities**

The Claims against the company not acknowledged as debt, is Rs.247.01 millions ( previous year Rs. 614.51 millions). The details are as under

Sl. No.	Petitioner	A brief description nature of court cases	Estimate of the financial effect - Amount in Rs.	Indication of the uncertainties relating to the amount or timing of any outflow
1	BSNL	<p>20 pairs JF cable (telephone cable) belonging to BSNL, which is serving Thokur Railway Station and surrounding areas was cut and fully damaged to the length of one Km. The full length of cable was missing affecting communication of the whole area.</p> <p>Petitioner is claiming that MSEZL through his men &amp; material while laying river water pipeline, the optical fiber cables were damaged in and between Bantwal - Moodbidri routes which carried the broad band network and 12F and 24F optical fiber between various Telephone exchanges. BSNL is claiming compensation of Rs. 9 Lakh.</p> <p>Petitioner is claiming that MSEZL through his men &amp; material while laying river water pipeline, the optical fiber cables were damaged in and between Bantwal - Moodbidri routes which carried the broad band network and 12F and 24F optical fiber between various Telephone exchanges. BSNL is claiming compensation of Rs. 6 Lakh.</p>	15,76,000	<p>MSEZL has not got done any work of laying water pipeline at Thokur. In Thokur MSEZL has not entrusted any work to Koya &amp; Company. In Thokur Village there is R&amp;R rehabilitation colony floated by MSEZL. The R&amp;R colony work was entrusted to Fiza Developers, &amp; the work was done in 2009, thus the grievance attributed to MSEZL is wholly unfounded.</p> <p>MSEZL has granted the laying of river water pipeline works to Koya &amp; Co. (2nd Defendant). The Contractor has to carry out the work efficiently. The liability to pay for any damage, if caused, would be on the person who might have caused the damage.</p> <p>MSEZL has granted the laying of river water pipeline works to Koya &amp; Co. (2nd Defendant). The Contractor has to carry out the work efficiently. The liability to pay for any damage, if caused, would be on the person who might have caused the damage.</p>
2	Mr. Ravindranath Bajpe	<p>MSEZL has laid the water pipeline by the side of Mangalore-Bajpe Old Airport PWD Road abutting the schedule properties and other properties on the same line commencing from Nehravathi River Bank at sarapady to MSEZ Industrial area. While carrying out works near the plaintiffs (Ravindranath Bajpe) property, he had contended that MSEZL officials &amp; Contractors have trespassed his property and demolished the stone compound wall of 7 feet height, foundation of 3 feet height beneath the ground &amp; 2 feet wide to the extent of about 500 meters and also cut &amp; destroyed about 101 valuable trees and laid pipeline beneath the schedule properties about to extent of 500 meters. Therefore, Ravindranath Bajpe has filed an Original Suit before the civil court directing the defendants jointly and severally to pay a sum of Rs 47,90,500/-</p> <p>Petitioner (Ravindranath Bajpe ) has filed this Special Leave Petition contending whether The High Court &amp; Session Court quashed the process issued by the learned trial court without appreciating the allegations in the Complaint and also as to whether the High Court &amp; Session Court were expected to see the letter accompanying the Complaint which was written by Respondent No. 4 (Eta Sreenivasulu) on behalf of MSEZL to the Petitioner.</p>	47,90,500	<p>Ravindranath Bajpe is neither absolute owner nor is in possession of the plaintiff schedule Property or any part thereof. The assertion of the occupancy right contradicts the claim of absolute ownership. The Plaintiff (Ravindranath Bajpe) and other members of his family are having litigation in local court with regard to his claims on occupancy holding. Therefore, we maintain that the Plaintiff is not entitled to claim the alleged loss or any other claim</p> <p>To establish a criminal offence, oral and documentary evidence needs to be furnished so as to substantiate any of the alleged offences. The letter written by Respondent No. 4 merely refers to compensate the complainant for the losses if any incurred by him, which need to be determined separately in a civil proceedings, or otherwise, as deemed fit by the persons responsible for the damage. The complainant cannot allege a criminal favor to the proceedings on the basis of the said letter.</p>



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CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

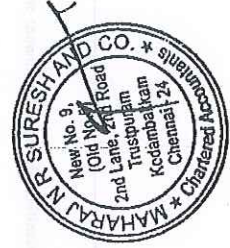




Cherian Varkey Construction Company	<p>The petitioner was awarded the Reach IV contract forming part of Pipeline cum Road Corridor on August 2011. The petitioner had failed to complete the awarded contract as per milestones. Due to which the contract was extended. The petitioner has also stopped the work in an unauthorized manner on multiple occasions. Due to non-handling over of the front for executing work on Part A of the contract within the original contract period, the petitioner was seeking increase in rates for items covered under BOQ. The contract entered between MSEZL and petitioner being a fixed price contract did not provide for escalation of rates and compensation events to deal with instances of delay in handing over fronts. The intransigence on part of the petitioner lead to delay in works. Hence, the contract was terminated with immediate effect on 06.11.2013 and all Bank Guarantees furnished by the petitioner was invoked. The petitioner approached the Hon'ble District Court in Mangalore and secured a temporary injunction restraining MSEZL from encashing the BG. After the matter came up for argument in the COurt and several adjournments, the case filed by petitioner as dismissed by Hon'ble on 05th April 2014. The petitioner has also initiated proceedings in the matter. In order to settle the dispute out of court/arbitration an opportunity for redressal through an independent committee MSEZL sought consent for constituting an Outside Expert Committee (OEC) which was accepted by petitioner. The arbitration proceedings was put on hold while OEC took over the dispute resolution. The OEC has recommended MSEZL to pay Rs.9.39 Cr to petitioner. However, the petitioner did not accept the the recommendations of the OEC and choose to pursue the Arbitration proceedings. The Arbitral Tribunal had passed the award on 24.09.2016 stating that the performance and completion of works under the contract was on account of breaches/default committed by MSEZL and termination of contract was unlawful. MSEZL was directed to pay to Rs.19,23,53,085</p>	6,90,09,159	MSEZL has file for modification of the order before the Tribunal. MSEZL has filed a petition contesting the Arbitration Award before the 1st Additional District Session Judge, Mangaluru on 28.01.2017 and the hearing is scheduled on 08.06.2017. In the mean time the petitioner has also filed the petition to set aside the award in the same court
M/s Nityanand Infrastructure Limited	The claimant has made several claims amounting to Rs 16.95 or including claims towards loss from unrecovered overheads, under utilisation of plants & equipments, idle charges of piling rig, loss of profit on deleted scope of work, increase in cost of material due to prolongation of contract, interest due to delay in releasing retention money etc.	16,49,38,819	The delays are attributable to the Contractor
MSEZL	The KERC has passed tariff orders for FY 2017-18 and while approving the APR for FY 2015-16 has revised the power purchase cost for FY 2015-16 and directed us to pay to MESCOM Rs.67 lakhs. However, it has allowed only Rs.34 lakhs to be recovered from consumers through a tariff increase.	67,00,000	MSEZL is filing tariff review petition before KERC
TOTAL		24,70,14,478	



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
**Notes accompanying financial statements**

d

(i) 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)
Infrastructure Leasing and Financing Services Ltd (ILFS)	Investing Company (Controlling)
Karnataka Industrial Area Development Board (KIADB)	Investing Company
ONGC Mangalore Petrochemicals Ltd (OMPL)	Controlled by ONGC
Mangalore STP Ltd	Subsidiary Company
Mangalore Refineries and Petrochemicals Ltd (MRPL)	Subsidiary of ONGC
IIDC Ltd	Subsidiary of ILFS
IL&FS Financial Services Ltd	Subsidiary of ILFS
IL&FS Cluster Development Initiative Ltd	Subsidiary of ILFS
IL&FS Energy Development Company Ltd	Subsidiary of ILFS
MSEZ Power Ltd	Subsidiary Company
Petronet MHB Ltd (PMHBL)	Joint Venture of ONGC
<b>Key Managerial Personnel</b>	
Mr. Paritosh Kumar Gupta (appointed wef 19.05.2015)	Managing Director & Chief Executive
Mr. Gouranga Charan Swain	Chief Financial Officer
Mr. Phani Bhushan (Appointed wef 15.04.2016)	Company Secretary

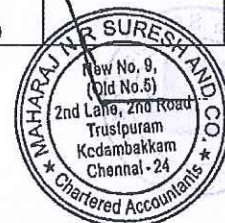
(ii) No amounts due from/due to relating to the related parties have been written off or written back during the year

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

No.	Name	Nature of Transaction	Amount of Transactions	Amount payable as at 31st March 2017	Amount receivable as at 31st March 2017
			Amount in Rs	Amount in Rs	Amount in Rs
1	ONGC	Reimbursement of expenses	Nil ( 288,780 )		
2	IL&FS	Charges for deputation of MD & CEO	5,616,429 (4,862,369 )	420,000 (457,341 )	
		Security deposit -Directorship	Nil ( 100,000 )	Nil (Nil)	
		Expenses Incurred	1,104,071 (548,587 )	131,722 (Nil)	
3	KIADB	Cost of Acquisition of Land	11,278,050 ( 12,997,644 )	381,771,173 (393,723,437 )	
		Annual Lease rent	589,921 (504,306 )	37,696 (182,255 )	
		Security deposit	Nil (Nil)		1,160,000 ( 1,160,000)
		Right of way charges & Others	2,368,700 (419,375 )	Nil (Nil)	
		Advance towards Corridor land	Nil (802,341 )		17,295,600 (17,295,600 )
		Expenses incurred on behalf of KIADB	Nil (Nil)		130,773 (130,773 )
		Advance towards land	7,361,550 (1,029,182 )		16,866,352 (9,504,802)
4	OMPL	Lease rental income	23,396,214 (23,396,214)		
		Advance received towards Infrastructure development	75,700,000 (100,000,000)	975,700,000 ( 900,000,000 )	
		Expenses incurred on behalf of OMPL (Sustenance & Stipend)	70,611 (1,314,132 )		1,548,246 (17,314,047 )



*V. Suryanarayan*  
**V. SURYANARAYAN**  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED





		Supply & Operation & Maintenance of Water, Effluent Discharge, Tarriff revenue from licensed activity & Zone O&M	221,502,244 (115,551,509)		90,573,638 (12,511,693)
	OMPL	Security deposit	Nil (Nil)	15,400,000 (20,891,328)	
		Advance towards O & M water	Nil (3,127,164)	3,127,164 (3,127,164)	
		Interest on security deposit (Power)	1,193,500 (1,972,842)	1,074,150 (1,775,558)	
		Lease premium income	53,433,191 (53,433,191)		
5	MRPL	Advance / Adjustment towards land	Nil (Nil)		17,438,138 (17,438,138)
		Expenses incurred on behalf of the MRPL	52,27,000 (70,850,085)		5,858,167 (631,167)
		Supply & Operation & Maintenance of Water	571,218,472 (428,900,313)		65,680,487 (70,779,422)
		Advance towards O & M River water	Nil (2,218,759)	7,484,710 (7,484,710)	
		Advance towards Marine outfall	Nil (622,209)	622,209 (622,209)	
		Advance towards O & M TTP water	Nil (4,572,668)	4,572,668 (4,572,668)	
		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	32,778 (31,368)	Nil (Nil)	
		Expenses incurred on behalf of MRPL (Sustenance & Stipend)	378,586 (Nil)		5,925,851 (5,547,265)
		Advance towards Corridor	75,733,333 (820,000,000)	975,733,333 (900,000,000)	
6	IIDC Ltd	Deputation salary	1,650,000 (2,998,999)	Nil (226,923)	
7	IL&FS Cluster Development Initiative Ltd	Professional charges	Nil (250,000)	Nil (Nil)	
8	IL&FS Energy Development Company Ltd	Professional charges	300,000 (Nil)	Nil (Nil)	
9	Mangalore STP Ltd	Expenses incurred on behalf of the Company	25,462,778 (24,978,035)	1,129,104 (Nil)	Nil (561,915)
10	MSEZ Power Ltd	Expenses incurred on behalf of the Company	3,200 (113,300)	Nil (Nil)	116,500 (133,300)
11	Key Managerial Personnel	Chief Financial Officer	4,701,800 (4,019,200)		
12	Key Managerial Personnel	Company Secretary	1,511,727 (1,400,657)		

Figures in brackets represent previous year.  
All the amounts are exclusive of refundable service tax.



*V. Suryanarayana*  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED







**Mangalore SEZ Limited**  
Notes accompanying financial statements

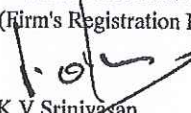
- 45 The details of Specified Bank Notes (SBN) and other currency notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 are provided in the table below:-

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	14,895	14,895
(+) Permitted receipts	Nil	30,656	30,656
(-) Permitted payments	Nil	39,050	39,050
(-) Amount deposited in Banks	Nil	0	0
Closing cash in hand as on 30.12.2016	Nil	6,501	6,501

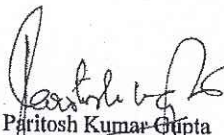
- 46 The Company is covered under section 135 of the Companies Act on Corporate Social Responsibility (CSR) for the FY 2016-17 and the company has incurred CSR expenditure towards approved CSR budget of FY 2016-17 and unspent budget of FY 2015-16 during the year on following:


Particulars	2016-17	2015-16
Gross amount expected to be spent	24,14,000	17,38,000
Amount spent during the year	17,40,635	8,22,590
	6,73,365	9,15,410

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

  
K V Srinivasan  
Partner  
Membership No. 0204368


For and on behalf of the Board

  
Paritosh Kumar Gupta  
Managing Director  
DIN : 01054182

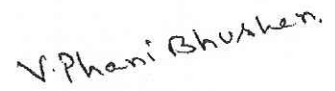
  
Akshaya Kumar Sahoo  
Director  
DIN : 07355933

Place: New Delhi  
Date: 11.05.2017




  
Gouranga Charan Swain  
Chief Financial Officer

Place: New Delhi  
Date: 11.05.2017

  
V. Phani Bhushan  
Company Secretary



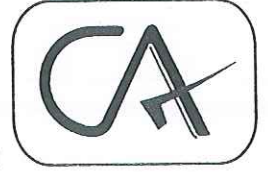
  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

# 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 - II

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 6<sup>th</sup> September, 2017.
2. The accompanying statement of Balance Sheet, Profit & Loss account, Cash Flow Statement, Statement of Revenue Requirement and Revenue Gap as on 31.03.2017 segregating the audited financial statements for the year ended 31.03.2017 into 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.



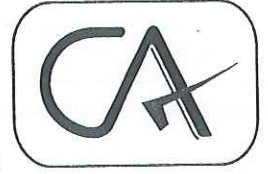


# Maharaj N R Suresh And Co.

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



## Auditors responsibility:

5. Pursuant to the requirement of the Karnataka Electricity Regulatory Commission, Bangalore, it is our responsibility to provide reasonable assurance whether: -
- The amount stated in the Licensed Activity Balance Sheet for the year ended 31.03.2017 have been accurately extracted from the Audited Financial Statements.
  - The amount stated in the Licensing Activity Statement of Profit & Loss Account have been accurately extracted from the Audited Financial Statements for the year ended 31.03.2017.
  - The amount in the Licensed Activity Statement of Revenue Requirement and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2017.
  - The amount stated in the Licensed Activity Cash Flow Statement have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2017.
6. We, as the Statutory Auditors of Mangalore SEZ Limited have audited financial statements referred to in paragraphs 2 & 5 above, on which we issued an unmodified audit opinion vide our report(s) dated 11.05.2017 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



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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:

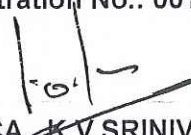
9. Based on our examination as above, we are of the opinion that :
- i. the amount stated in the Licensed Activity Financial Statements viz., Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Revenue Requirements and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31<sup>st</sup> March, 2017.

## 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 the 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 K V SRINIVASAN  
Partner  
ICAI Membership No. 204368

Date : 27.09.2017  
Place : Chennai



**MSEZL : REVENUE REQUIREMENT & REVENUE GAP**

**MSEZL-Total**

Sl. No.	Details	Rs. In Cr
		FY 17 Actuals
	Power Purchase	18.54
	Energy Available at interface point (MU)	18.54
	Sale of Power (MU)	18.60
	Loss %	-0.32%
	Average Cost of Supply (In paise)	1089.92
<b>1</b>	<b>Receipts</b>	
a	Revenue from tariffs & Miscell. Charges	17.81
b	Tariff subsidy for BJ/KJ & IP sets	
c	RE subsidy from Govt.	
	<b>Total</b>	<b>17.81</b>
<b>2</b>	<b>Expenditure</b>	
a	Power Purchase	10.54
b	R&M Expense	0.65
c	Employee Expenses	0.49
d	A&G Expense	0.28
e	Depreciation	2.73
f	Interest & Finance Charges	2.86
g	Less: Interest & other expenses capitalised	-
h	Other Debils (incl. Prov for Bad debts)	
i	Extraordinary Items	
j	Other (Misc.)-net prior period credit	
	<b>Total</b>	<b>17.55</b>
<b>3</b>	<b>ROE</b>	<b>3.02</b>
<b>4</b>	<b>Other Income</b>	<b>0.30</b>
<b>5</b>	<b>Provision for taxes</b>	<b>-</b>
<b>6</b>	<b>Annual Revenue Requirement (2)+(3)+(5)-(4)</b>	<b>20.27</b>
<b>7</b>	<b>Surplus(+) / Shortfall(-) : (1)-(6) before tariff revision</b>	<b>(2.47)</b>
<b>8</b>	<b>Subsidy receivable from GOVT.</b>	<b>-</b>
<b>9</b>	<b>Surplus(+) / Shortfall(-) : (8)-(7) after tariff revision</b>	<b>(2.47)</b>
<p>Note: The Interest &amp; Finance charge of Rs.2.86 Crores above number does not include interest on capital loan payable on normative debt portion as per the regulatory accounting.</p>		
<p>Note: The deferred tax liability of Rs.1.48 Crores is not considered in RR GAP since it is only a provision for tax liability as per accounting standards.</p>		



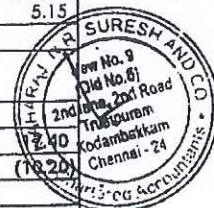
MSEZL: PROFIT & LOSS ACCOUNT		Form A1
MSEZL-Total		(Rs. in Cr)
Ref Form- No	PARTICULARS	FY 17 Actual
	POWER PURCHASE (MU)	18.54
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	18.54
T2/D2	ENERGY SOLD (MU)	18.60
	DISTRIBUTION LOSS (%)	-0.32%
	<b>INCOME</b>	
T2/D2	REVENUE FROM SALE OF POWER	17.81
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.30
	<b>TOTAL</b>	<b>18.11</b>
	<b>EXPENDITURE</b>	
T1/D1	PURCHASE OF POWER	10.54
T5/D5	REPAIRS & MAINTENANCE	0.65
T6/D6	EMPLOYEES COSTS	0.49
T7/D7	ADM & GENERAL EXPENSES	0.28
T8/D8	DEPRECIATION AND RELATED DTS	2.73
T9/D9	INTEREST & FINANCE CHARGES	2.86
	<b>SUB-TOTAL</b>	<b>17.55</b>
T10/D10	LESS: EXPENSES CAPITALISED;	
	-INTEREST & FINANCE CHARGES CAPITALISED	-
	-OTHER EXPENSES CAPITALISED	
	<b>SUB-TOTAL</b>	<b>-</b>
T11/D11	OTHER DEBITS (Incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	<b>TOTAL EXPENDITURE</b>	<b>17.55</b>
	PROFIT (LOSS) BEFORE TAX	0.56
	<b>PROVISION FOR TAXES</b>	
	Current Tax	-
	Deferred Tax	1.48
	<b>PROFIT (LOSS) AFTER TAX</b>	<b>(0.92)</b>
T13/D13	NET PRIOR PERIOD Debits/Credits	
	RETURN ON EQUITY	3.02
	<b>GAP</b>	<b>(3.94)</b>

Note: The Interest & Finance charge of Rs.2.86 Crores above number does not include interest on capital loan payable on normative debt portion as per the regulatory accounting





MSEZL: BALANCE SHEET AS AT THE END OF THE YEAR					Form A2
MSEZL-Total					
Rel Form No	PARTICULARS	MSEZL Audited Figures as at 31st March 2017	Non-license Activity as at 31st March 2017	License activity as at 31st March 2017	License activity as at 31st March 2016
		A	B	C	D
	<b>SHAREHOLDER'S FUNDS:</b>				
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00		
	EQUITY SHARE CONTRIBUTION	-	-	35.55	35.55
	RESERVES & SURPLUS	17.15	21.62	(4.47)	(3.55)
	<b>Total</b>	<b>67.15</b>	<b>71.62</b>	<b>31.07</b>	<b>32.00</b>
T9/D9	<b>LOAN FUNDS:</b>				
	LOANS FROM STATE GOVT				
	LOANS FROM OTHERS- SECURED	572.57	547.70	24.88	22.71
	LOANS FROM OTHERS- UNSECURED				
	FRESH BORROWINGS FOR CAPEX				
	<b>Total</b>	<b>572.57</b>	<b>547.70</b>	<b>24.88</b>	<b>22.71</b>
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	-	-	-	-
	OTHER LONG TERM LIABILITIES	828.80	828.80	-	-
	LONG TERM PROVISIONS	1.32	1.32	-	-
	DEFERRED TAX LIABILITY	35.49	32.37	3.13	1.65
	<b>GRAND TOTAL</b>	<b>1,505.33</b>	<b>1,481.81</b>	<b>59.08</b>	<b>56.36</b>
	<b>APPLICATION OF FUNDS:</b>				
	<b>NET FIXED ASSETS:</b>				
T15/D15	a) GROSS BLOCK	1034.67	969.64	65.03	64.90
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	54.30	49.37	4.93	2.20
T16/D16	c) NET FIXED ASSETS	980.37	920.27	60.10	62.70
T17/D17	d) CAPITAL WORK IN PROGRESS	451.01	451.01		
	e) ASSETS NOT IN USE				
	f) DEFERRED COSTS				
	g) INTANGIBLE ASSETS	14.54	14.54		
	<b>SUB TOTAL OF ( c ) TO ( g )</b>	<b>1,445.92</b>	<b>1,365.82</b>	<b>60.10</b>	<b>62.70</b>
	INVESTMENTS	0.085	0.09	-	-
	LONG TERM LOANS AND ADVANCES - SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.75	1.90	3.85	3.85
	OTHER NON-CURRENT ASSETS	27.14	27.14	-	-
	OTHERS	21.99	21.99	-	-
	<b>SUB TOTAL</b>	<b>54.96</b>	<b>51.11</b>	<b>3.85</b>	<b>3.85</b>
	<b>NET CURRENT ASSETS:</b>				
	<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
	a) INVENTORIES				
	CURRENT INVESTMENTS				
T18/D18	b) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	48.65	47.05	1.60	1.22
	c) CASH & BANK BALANCES	74.15	75.68	(1.53)	5.32
	d) Share Contribution to Licensed Activity	-	35.55	-	-
	e) LOANS & ADVANCES and OTHER CURRENT ASSETS	10.32	10.03	0.29	0.66
	f) SUNDRY RECEIVABLES				
	<b>TOTAL OF A</b>	<b>133.11</b>	<b>168.30</b>	<b>0.36</b>	<b>7.20</b>
	<b>B. CURRENT LIABILITIES AND PROVISIONS:</b>				
	a) SECURITY DEPOSIT FROM CONSUMERS	3.74	-	3.74	4.27
	b) BORROWINGS FOR WORKING CAPITAL				
	c) PAYMENTS DUE ON CAPITAL LIABILITIES				
	d) OTHER CURRENT LIABILITIES - D 25	109.63	108.42	1.21	7.98
	e) CURRENT MATURITIES OF LONG TERM DEBT	6.53	6.25	0.28	5.15
	f) SUNDRY CREDITORS-POWER PURCHASE				
	g) PROVISION FOR PENSION, GRATUITY,FBF & OTHERS etc.	8.76	8.76	-	-
	h)PROVISION FOR IT and FBT				
	<b>TOTAL OF B</b>	<b>128.66</b>	<b>123.43</b>	<b>5.23</b>	<b>(7.20)</b>
	<b>NET CURRENT ASSETS (A - B)</b>	<b>4.45</b>	<b>44.88</b>	<b>(4.87)</b>	<b>(7.20)</b>
	<b>GRAND TOTAL</b>	<b>1,505.33</b>	<b>1,481.81</b>	<b>59.08</b>	<b>56.36</b>



MSEZL: CASH FLOW STATEMENT FOR THE YEAR		Form A3
MSEZL-Total		(Rs In Cr)
Sl NO	PARTICULARS	FY 17
		Actuals
I	Net Funds from Operations:	
I	Net Funds from Earnings:	
	Profit before Tax	0.55
	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	
	<b>Total of A</b>	<b>0.55</b>
	B. ADD: Debits to Revenue Account not requiring Cash Outflow:	
	(i) Depreciation (inclgd AAD)	2.73
	(ii) Amortisation of Deferred Cost	
	(iii) Amortisation of Intangible Assets	
	(iv) Investment Allowance Reserve	
	(v) Others, if any.	
	<b>Total of B</b>	<b>2.73</b>
	C. LESS: Credits to Revenue Account not involving Cash Receipts:	
	(i) Depreciation	
	(ii)	
	<b>Total of C</b>	
	<b>Net Funds from Earnings (A+B-C)</b>	<b>3.28</b>
2	Contributions, Grants and Subsidies towards Cost of Capital Assets	
3	Security Deposit from consumers	
4	Proceeds from disposal of Fixed Assets	
5	Reserve account	
6	Other	
7	Subsidy and Grants received in advance	
8	<b>Total Funds from Operations (1 to 8)</b>	<b>3.28</b>
9	Net Increase/(Decrease) in Working Capital:	
	A. Increase/(Decrease) in Current Assets:	
	a) Inventories	
	b) Receivables against sale of power	(0.39)
	c) Loans and Advances	
	d) Sundry Receivables	0.38
	<b>Total of A</b>	<b>(0.01)</b>
	B. Increase/(Decrease) in Current Liabilities:	
	a) Borrowings for working capital	
	b) Security deposits from customers	(0.52)
	b) Other Current liabilities - Power purchase	
	- Others	(6.77)
	-Provisions	
	<b>Total of B</b>	<b>(7.30)</b>
	<b>Net Increase/(Decrease) in Working Capital (A - B)</b>	<b>7.29</b>
10	Net Funds from Operations before Subsidies & Grants (8-9)	(4.01)
11	Receipts from Revenue/Tariff Subsidies and Grants	
Tot I	Net Funds from Operations Including Subsidies & Grants (7+8)	(4.01)





SL NO	PARTICULARS	FY 17
		Actuals
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	25.29
	(e) Other Borrowings	
	Total of A	25.29
	B. Repayments:	
	Repayment of Principal	
	(a) State Loans	
	(b) Foreign currency Loans/Credits	
	(c) Other Borrowings	28.00
	(d) Working Capital	
	Total of B	28.00
	Net Increase /(Decrease) In Capital Liabilities (A - B)	(2.71)
III	Increase/(Decrease) in Equity Capital	
IV	Total Funds available for Capital Expenditure (I+II+III)	(6.72)
V	Funds Utilised on Capital Expenditure:	
	(a) On Projects	0.13
	b) Assets not in use - reissued for works	
	(c) Intangible Assets	
	(d) Deferred Costs	
	Total of V	0.13
VI	Net Increase/(Decrease) in Investments	
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	(6.85)
VIII	Add: Opening Cash & Bank balances	5.32
IX	Closing Cash & Bank Balances (VII+VIII)	(1.53)
	CB as per Balance sheet	
	Borrowing for working capital (equals cash deficit & minimum cash balance to be carried)	



Form A4

**MSEZL: Aggregate Revenue Requirement**  
**MSEZL-Total**

Sl. No.	Item	Ref Form No	(Rs In Cr)
			FY 17 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
6	<b>Total (3+4+5)</b>		<b>19.75</b>





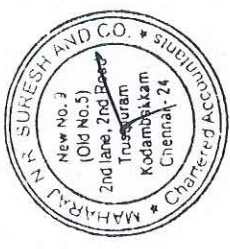
MSEZL: Revenue Requirement - Capital Base  
MSEZL-Total

Sl No	Data Required	Ref Form No.	(Rs in Crs)	
			FY 17	Actuals
1	Original cost of fixed assets ( at the beginning of the year)	D15	-	-
(a)	Cost of intangible assets		-	-
(b)	The original cost of work in progress	D17	-	-
(c)	The amount of investment compulsorily made under para-IV of the Sixth Schedule		-	-
(d)	An amount on account of working capital equal to the sum of :		-	-
(e) i	Average cost of stores (1/12 <sup>th</sup> 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 <sup>th</sup> 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		-	-



MSEZL - Cost of Purchased Power - 17

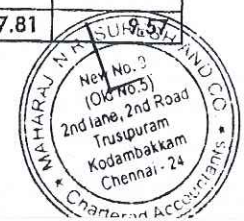
Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs. crs)				Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs)			Form-TT/D1 Average rate (Rs./kwh)
				Variable charge - Rs. in Crs.	Fuel escalation charge	Incentive payment	Wheeling charge			Fixed charges	Variable charges	Total	
	MESCOM	18.54		10.5377		-	-	10.5377				10.5377	
	TOTAL	18.54		10.5377		-	-	10.5377				10.5377	5.68





## MSEZL : REVENUE FROM SALE OF POWER

Sl. No.	Particulars	Actuals Current year-FY17			
		No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)
I	<b>Consumer Categorywise-HT 33KV</b>				
1	Residential				
2	Commercial				
3	Industrial	2	11.23	9.46	8.42
4	Water supply				
5	Public lighting				
6	Temporary	1	4.15	4.64	11.18
	<b>Total HT 33 KV</b>	<b>3</b>	<b>15.38</b>	<b>14.10</b>	<b>9.16</b>
II	<b>Consumer Categorywise-HT 11KV</b>				
1	Residential				
2	Commercial				
3	Industrial	5	0.55	0.78	14.18
4	Water supply				
5	Public lighting				
6	Temporary	1	2.67	2.91	10.90
	<b>Total HT 11 KV</b>				
	<b>Total</b>	<b>6</b>	<b>3.22</b>	<b>3.69</b>	<b>11.46</b>
II	<b>Consumer Categorywise-LT</b>				
1	Residential				
2	Commercial				
3	LT others				
4	Industrial				
5	Water supply				
6	Public lighting				
7	Temporary				
	<b>Total LT</b>				
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 charges				
4	Service connection charges				
5	Delayed payment charges			0.02	
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				
	<b>Total of VI</b>				
VII	<b>Total (V-VI)</b>				
	<b>Grand Total</b>	<b>9</b>	<b>18.60</b>	<b>17.81</b>	

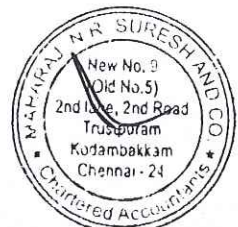


		Form-D3
<b>MSEZL : REVENUE SUBSIDIES AND GRANTS</b>		
Retail supply business		
		(Rs. in Cr)
SI No	Particulars	FY 17
		Actuals
1	RE Subsidies	
2	Grants for Research and Development Expenses	-
3	Grant for Survey and Investigation	-
4	Others (this contra is taken in the depreciation - Contra refer D 15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

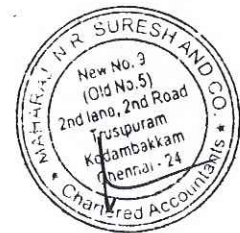




		Form D4
MSEZL : NON-TARIFF INCOME (OTHER INCOME)		
MSEZL-Total		
		(Rs. in Cr)
Sl No	Particulars	FY 17
		Actuals
1	Interest on staff loans and advances	
2	Income from Investments:	
a	Interest on securities	
b	Interest on Bank fixed deposits	-
c	Income on other investments	-
d	Interest on loans/advances to suppliers/ Contractors	-
e	Interest from Banks/Security Deposits with MESCOM	0.30
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	
g	Other income -	
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	-
i	Commission for collection of electricity duty	-
j	Misc. recoveries	-
k	Incentives received	-
l	Provision for Bad debts withdrawn	-
m	Extra-ordinary credits	-
	<b>Grand Total</b>	<b>0.30</b>



				Form D-5
<b>MSEZL : REPAIRS AND MAINTENANCE COSTS</b>				
<b>MSEZL-Total</b>				
				Rs.in Cr.
Sl No	Particulars	FY 17		
		Actuals		
		Consum-ption of stores	Other expe- nses	Total
<b>Repairs and maintenance to:</b>				
1	Plant and Machinery			-
2	Transformers: (*) (a) repairs and maintenance made departmentally (b) repairs and maintenance by private agencies	-		-
3	Buildings	-	-	-
4	Other civil works/road	-		-
5	Hydraulic works	-	-	-
6	Lines, Cable Network, etc - Inspection/Testing/statutory charges paid to Electrical Directorate; KPTCL; CEIG	-	0.05	<b>0.05</b>
7	Sub-station maintenance by private agencies	-	0.60	<b>0.60</b>
8	Vehicles	-	-	-
9	Furniture & Fixtures	-	-	-
10	Office Equipments	-	-	-
11	Others/Computers	-	-	-
12	R&M on Old assets	-	-	-
13	R&M on New assets	-	-	-
	<b>Total</b>	-	<b>0.65</b>	<b>0.65</b>



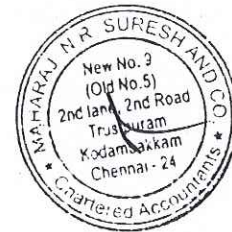


		Form D6
MSEZL : EMPLOYEE COSTS		
MSEZL-Total		
		(Rs. in Cr)
Sl No	Particulars	FY17
		Actuals
1	Salaries	0.41
2	Overtime	-
3	Dearness Allowance	-
4	Other Allowances	-
5	Bonus	-
6	<b>Sub-Total (1 to 5)</b>	<b>0.41</b>
7	Medical expenses reimbursement	-
8	Leave travel Assistance	-
9	Earned Leave Encashment	-
10	Leave Encashment and gratuity	-
11	Payment under Workmen's Compensation Act	-
12	Employee insurance	-
13	<b>Total Other staff costs ( 7 to 12)</b>	<b>-</b>
14	Staff Welfare expenses	0.06
15	Terminal Benefits/PF Employer Contribution	0.02
16	<b>Sub-total (14 to 15)</b>	<b>0.08</b>
17	Addition liability on account of pay revision	-
18	<b>Grand Total</b>	<b>0.49</b>



				Form-D 6A
<b>MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION</b>				
<b>MSEZL - Total</b>				
				Rs. in Cr
SI No	Category of employee	FY 17		
		Actual		
		Number		Cost
		Sanctioned	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	4	4	0.41
8	Terminal Benefits			0.02
9	Others			0.06
10				
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>0.49</b>

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	FY 17
		Actuals
1	Rent,Rates and Taxes	0.002
2	Expenses incurred towards security arrangements	-
3	Insurance on fixed assets & Others	0.04
4	Car hire Charges	-
5	Pagers, Cellular phones, E-Mail, Telephone etc	-
6	Postage	-
7	Revenue receipt stamps/Computer billing	-
8	Bank charges	-
9	Audit fee	0.005
10	Consultancy charges	0.12
11	Technical fee	-
12	Contract Employees Salary - Incurred for maintenance of GSS - taken as part of R&M expenses from FY 16 onwards	-
13	Office Expenses	0.03
14	Conveyance, Hotel Accommodation & Travel expenses	0.03
	<b>Sub-total</b>	<b>0.23</b>
	Other expenses	
15	Fees & subscription (incl. KERC filling charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.027
16	Books, Periodicals and dairies	-
17	Printing & Stationery	-
18	Factory license fees	-
19	Advertisement expenses	0.02
20	Others	-
21	Contributions	-
22	Electricity charges	-
23	Statutory payment under Companies Act	-
24	Water charges	-
25	Revenue expenditure incurred on software	-
26	Miscellaneous expenses (recoveries)	-
	<b>Total other expenses</b>	<b>0.05</b>
27	Freight & other material related expenditure	-
	<b>GRAND TOTAL</b>	<b>0.28</b>



## MSEZL : DEPRECIATION

## MSEZL-Total

Rs. in Crs.

Sl No	Particulars of assets	FY 17			
		Actuals			
		Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Balance at the end of the year
	<b>MSEZL- Total</b>				
1.	Leasedhold Land		-	-	-
2.	Building and structures	0.09	0.09	-	0.17
0	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	1.01	1.01	-	2.02
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	1.61	-	2.69
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	-	0.05
c	Vehicles		-	-	-
d	Furniture Fixtures		-	-	-
e	Office Equipments		-	-	-
f	Software (intangilbe asset)		-	-	-
	<b>MSEZL Total</b>	<b>2.20</b>	<b>2.73</b>	<b>-</b>	<b>4.93</b>





								Form D9A
<b>MSEZL : DISTRIBUTION WIRES BUSINESS</b>								
<b>MSEZL TOTAL</b>								
								(Rs. in Crores)
<b>Sale and Lease Back of Assets - FY 17</b>								
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
	<b>Total</b>							

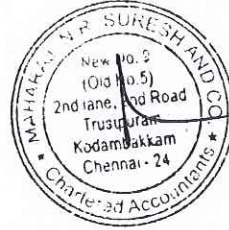


		Form-D10
MSEZL : DETAILS OF EXPENSES CAPITALIZED		
MSEZL-Total		
		(Rs. in Cr)
SI No	Particulars	FY17
		Actuals
1	Interest & Finance charges Capitalised	
2	<b>Other expenses capitalised:</b>	
a	Employee Costs	-
b	Administration and General Expenses	-
c	Repairs and maintenance	-
d	Depreciation	-
e	Others, if any	
	Total of 2	-
	<b>Grand Total</b>	-





		Form-D11
MSEZL : OTHER DEBITS		
MSEZL-Total		
		Rs. In Cr
Particulars	FY 17	
	Actuals	
Small and Low value items written off	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		
<b>Grand Total</b>		



		Form-D12
MSEZL : EXTRAORDINARY ITEMS		
MSEZL-Total		
		(Rs. in Cr)
Sl No	Particulars	FY 17 Actuals
1	Extraordinary Credits (incl. subsidies against losses due to natural disasters	Nil
	<b>TOTAL CREDITS</b>	-
2	Extraordinary Debits (incl. subsidies against losses due to natural disasters	Nil
	<b>TOTAL DEBITS</b>	-
3	<b>Grand Total</b>	-





		Form-D13
<b>MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES)</b>		
<b>MSEZL-Total</b>		
		(Rs. in Cr)
Sl No	Particulars	FY17
		Actuals
	<b>Prior period credits/charges</b>	-
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	-
	<b>Net prior period Credit/(Charges)</b>	-
NOTE: Explanatory notes with full details for each of the items shall be provided.		



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





					Form-D15
MSEZL : GROSS FIXED ASSETS					
MSEZL-Total					
					(Rs. in Cr)
Sl No	Particulars of assets	FY 17			
		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
<b>MSEZL - Total</b>					
1.	Leasedhold Land	6.17	-		6.17
2.	Building and structures	2.84	-		2.84
3.	<b>Plant and Machinery</b> Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.07	0.11		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	0.02		33.89
6	Service lines	-			-
7	Metering equipment	-			-
8	Misc equipment	-			-
9	Other items/Computers	0.07			0.07
a	Hydraulic Works/Civil	-			-
b	Other Civil Works - Roads	0.87	-		0.87
c	Vehicles	-			-
d	Furniture Fixtures				-
e	Office Equipments				-
f	Software (Intangible asset)	-			-
<b>MSEZL - Total</b>		<b>64.90</b>	<b>0.13</b>	-	<b>65.03</b>



MSEZL : NET FIXED ASSETS					Form-D16
MSEZL-Total					(Rs. in Cr)
Sl No	Particulars of assets	FY 17 Actual			Balance at the end of the year
		Balance at the end of previous year	Addition of assets during the year	Net Depreciation for the Year	
MSEZL- Total					
1.	Leasedhold Land	6.17	-		6.17
2.	Building and structures	2.76	-	0.09	2.67
3.	Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	20.06	0.11	1.01	19.16
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA .	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors, UG cables and devlces	32.79	0.02	1.61	31.20
7.	Service lines	-	-	-	-
8.	Metering equipment	-	-	-	-
9.	Misc equipment	-	-	-	-
10.	Other items/Computers	0.07	-	-	0.07
a	Hydraulic Works/Civil works	-	-	-	-
b	Other Civil Works - Roads	0.85	-	0.03	0.82
c	Vehicles	-	-	-	-
d	Furniture Fixtures	-	-	-	-
e	Office Equipments	-	-	-	-
f	Software (Intangllbe asset)	-	-	-	-
MSEZL- Total		62.70	0.13	2.73	60.10

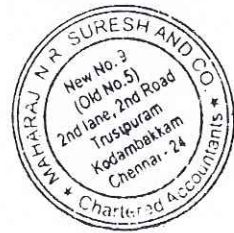




		Form D17
MSEZL : WORK IN PROGRESS - DISTRIBUTION		
MSEZL-Total		
		(Rs. in Cr)
Description	FY17	
	Actuals	
Opening balance	-	
Add:		
i) Capital expenditure	-	
ii) Interest & Finance charges capitalised	-	
iii) Expenses (including Interest) capitalised	-	
iv) Capital receipt deducted in capital cost	-	
v) Being the allocation of project development expenses reduced.	-	
<b>Total capital expenditure for the year</b>	-	
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	-	
<b>Closing Balance</b>	-	



Receivables against Sale of Power ( DEMAND, COLLECTION AND BALANCE OF REVENUE FOR THE YEAR)											Form-T18/D18	
Not Applicable as SEZ does not have such classification											(Rs In Cr)	
Sl No	NAME OF ZONE/CIRCLE/ DIVISION	OPENING BALANCE		FOR THE YEAR						CLOSING BALANCE		
		PRINCIPAL	INTEREST	DEMAND		COLLECTION		COLLECTION %		PRINCIPAL	INTEREST	
1	ZONE			PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
A	CIRCLE											
1	DIVISION-1											
2	DIVISION-2											
3	etc.											
	TOTAL OF A											
B												
4												
5												
6	etc.											
	TOTAL OF B											
	TOTAL OF I (Zone)											
II												
C												
III												
IV												
V												
COMPANY TOTAL (OF ALL ZONES)												





**Minutes of Meeting held at the MSEZ sub-station on 17.02.2017 in regard to analysis carried out on negative distribution loss in MSEZ.**

**Officials from:**

- | <u>MESCOM</u>                                 | <u>KPTCL</u>                             | <u>MSEZ</u>                            |
|---|--|--|
| 1. Shanthakumar H.M<br>EEE., MRT Division     | 1. M. Girish Kumar<br>EEE., RT Division  | 1. Jayaprakash<br>Deputy Manager [El.] |
| 2. Lourduswamy<br>EEE., Kavoov Division       | 2. Ragavendra D.<br>AEE., RT subdivision |  |
| 3. Prathap<br>AEE., HT Rating subdivision     |  |  |
| 4. Deepak C.R<br>AEE., Baikampady subdivision |  |  |

Ref:- 1. Ltr.No:SEE[C&RP]/ EE[RA]/ EE-2018/ 2016-17/ 5661 dtd:28.01.2017 of Superintending Engineer(Ele),Commercial,MESCOM, Corporate office, Mangaluru.

2. Ltr.No:SEE/ MNG/ EEE/ AEE-2/ AE-[T]/ 2016-17/ 8229-33 dtd:04.02.2017 of Superintending Engineer(Ele), O&M Circle, MESCOM, Mangaluru.

\*\*\*\*\*

With reference to the above, on 9<sup>th</sup> and 14<sup>th</sup> Feb-2017, the Officials of RT wing of KPTCL., and MESCOM Mangaluru, visited MSEZ premises along with MSEZ representative to analyze negative distribution loss in MSEZ distribution network and following observations are made:

1. The energy meter reading for the period from March-2015 to till date at 110kV metering point is generally found to be in order and the periodical calibration have been jointly done by RT staff of KPTCL and MESCOM HT Rating and are found to be within permissible limits.
2. The consumer energy meters within MSEZ distribution network were calibrated during October-2015 by RT KPTCL. and were found to be within permissible limits. (Copy of the list of MSEZ consumers with metering equipment details is enclosed ANEXURE-A)



3. During FY 2016-17 (till Jan.-17) the total energy recorded at MESCOM metering point is 15.3945MU and the cumulative energy recorded at MSEZ consumer point is 15.453709 MU which works to a cumulative distribution loss of -0.38% only.
4. It is found that some of the CTs, PTs and energy meters of MSEZ 11kV consumers is of 0.5 class accuracy.
5. Analysing the month wise energy recordings at MESCOM metering point and cumulative recordings at MSEZ consumer point during FY-2015-16, it is observed that the distribution loss is as high as -4.95% during the month of March -2016. Apart from this, it ranges from +2.60% to -4.14% in other months. Due to high negative losses of -4.14% during Feb-16 and -4.95% during Mar-16 the over all distribution losses resulted to -1.74% for the FY 2015-16. However, ideally the distribution losses should be on positive side, due to Transformer and distribution line losses.
6. By observing the energy readings and high negative distribution losses during FY 2015-16 it is suspected that there might be energy pumped in to MSEZ distribution network by captive consumer of MSEZ viz., OMPL. However the actual quantum of energy pumped from the captive generation could not be quantified for the year FY 2015-16 as the meter data is available only for the past twelve months only.
7. Other minor contributing factor for negative distribution loss could be due to positive error observed in most of consumer energy meter of MSEZ.

However these high negative distribution losses were not observed during FY 2016-17 and the cumulative distribution loss for FY 2016-17(till Jan-17) is -0.38% only. And it is also noted that there is no energy pumped in to MSEZ



*V. Suryanarayana*

V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



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V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

distribution network form OMPL as it is evident from the export meter recording of OMPL energy meter for the past one year.

In circumstance explained above, in order to nullify negative distribution losses following recommendation are made jointly by KPTCL and MESCOM officials.

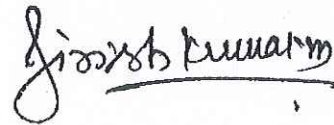
- As per KERC regulation, periodical calibration of all consumer energy meters of MSEZ shall be carried out
- As the MESCOM metering point of MSEZ is of 0.2S class accuracy, it is suggested to have the similar class of accuracy for metering equipments at their consumer end to have better comparison
- Proper energy accounting for the energy pumped in and out of MSEZ distribution network shall be carried out which shall also be submitted to MESCOM on monthly basis.

MESCOM

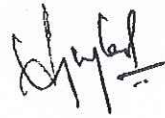
KPTCL

MSEZ


1. 

1. 

1.



2. 

2. 

3. 

4.



  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED



# Annexure - A

Energy Meter, CT & PT Name Plate Details

Sr.N o.	Consumers	Voltage class in KV	Meter details			CT Details					PT Details							
			Make	Type	Sr. No.	Class	Ib	I max	CTR	Make	Class	Burden	Sh	PTR	Make	Class	Burden	Sn
1	JBF	11	SECURE	Premier 300 E3 M024 3Ph.4wire	BES72710	0.2S	5. A	10. A	125/5 A	Gemini	0.2S	5VA	a)327542001 b)327542002 c)327542003	11KV/110V	Gemini	0.2	50VA	a)327542001 b)327542002 c)327542003
2	10 ML Pump House	11	L & T	ER 300 P, 3Ph.3wire, 2X110 V	12483645	0.5S Active 1.0S Reactive	5. A	10. A	30/5A	Kalpa	0.5S		a)105789 b)105788	11KV/110V	Kalpa	0.5		
3	Mainline Outfall Pump House	11	L & T	ER 300 P, 3Ph.4wire, 2X110 V	12042484	0.5S Active 1.0S Reactive	5. A	10. A	25/5A	Vyoma	0.5		a)VYC-7361 b)VYC-7362	11KV/110V	Vyoma	0.5		a)BYP-6284 b)BYP-6285
4	Fire Water Pump House	11	L & T	ER 300 P, 3Ph.4wire, 3 x 63.5 v	12526022	0.2S Active 0.5S Reactive	1. A	2. A	100/1A	AE	0.2	15VA	a)08/13/203107/4 b)08/13/203107/5 c)08/13/203107/6	11KV/110V	AE	0.2	100VA	a)08/13/203107/1 b)08/13/203107/2 c)08/13/203107/3
5	WTP	11	SECURE	Premier 300, E3 M054, 3Ph.4wire	KA909182	0.5S	5. A	10. A	20/5A	Kalpa	0.5		a)87814/13 b)87813/13 c)87812/13	11KV/110V	Kalpa	0.5		a)87817/13 b)87816/13 c)87815/13
6	ISPRL	33	L & T	ER 300 P, 3Ph.4wire, 3 x 63.5 v	14194765	0.2S Active 0.5S Reactive	5. A	10. A	200/5A	Kappa	0.2S			33KV/110V	Kappa	0.2		
7	OMPL	33	L & T	ER 300 P, 3Ph.4wire, 3 x 63.5 v	13192754	0.2S Active 0.5S Reactive	1. A	2. A	225/1 A	Electrical controls and system	0.2S			33KV/110V	Electrical controls and system	0.2		
8	CARDOLITE	33	L & T	ER 300 P, 3Ph.4wire, 3 x 63.5 v	13196756	0.2S Active 0.5S Reactive	5. A	10. A	50/5 A	Electrical controls and system	0.2S			33KV/110V	Electrical controls and system	0.2		

*(Signature)*  
BY: Manager (Metering)



*(Signature)*  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED

**Detailed statement of Energy purchase, Energy sold and Distribution loss for FY -16**

Sl.No	Month	Energy Purchase		Energy sold		Loss	
		KWH	MU	KWH	MU	KWH	%
1	Apr-15	712500	0.71	703100	0.70	0.01	1.32
2	May-15	921480	0.92	927907	0.93	0.01	-0.70
3	Jun-15	1053660	1.05	1073898	1.07	0.02	-1.92
4	Jul-15	1167000	1.17	1202667	1.20	0.04	-3.06
5	Aug-15	828000	0.83	830240	0.83	0.00	-0.27
6	Sep-15	799500	0.80	778741	0.78	0.02	2.60
7	Oct-15	927000	0.93	919370	0.92	0.01	0.82
8	Nov-15	1171500	1.17	1190111	1.19	0.02	-1.59
9	Dec-15	1467000	1.47	1489534	1.49	0.02	-1.54
10	Jan-16	1614000	1.61	1640602	1.64	0.03	-1.65
11	Feb-16	1567500	1.57	1632409	1.63	0.06	-4.14
12	Mar-16	1650000	1.65	1731603	1.73	0.08	-4.95
	<b>Total</b>	<b>1,38,79,140</b>	<b>13.88</b>	<b>1,41,20,182.00</b>	<b>14.12</b>	<b>0.24</b>	<b>-1.74</b>



  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED





**Detailed statement of Energy purchase, Energy sold and Distribution loss for FY 17(Till Jan 17)**

Sl.No	Month	Energy Purchase		Energy sold		Loss	
		KWH	MU	KWH	MU	KWH	%
1	Apr-16	1440000.00	1.44	1478017.00	1.48	-0.04	-2.64
2	May-16	4521000.00	4.52	4541052.00	4.54	-0.02	-0.44
3	Jun-16	1332000.00	1.33	1354078.00	1.35	-0.02	-1.66
4	Jul-16	1285500.00	1.29	1298552.00	1.30	-0.01	-1.02
5	Aug-16	1021500.00	1.02	1004445.00	1.00	0.02	1.67
6	Sep-16	1041000.00	1.04	1029258.00	1.03	0.01	1.13
7	Oct-16	1030500.00	1.03	1028722.00	1.03	0.00	0.17
8	Nov-16	1200000.00	1.20	1193558.00	1.19	0.01	0.54
9	Dec-16	1251000.00	1.25	1252571.00	1.25	0.00	-0.13
10	Jan-17	1272000.00	1.27	1273456.00	1.27	0.00	-0.11
	<b>Total</b>	<b>1,53,94,500</b>	<b>15.39</b>	<b>1,54,53,709.00</b>	<b>15.45</b>	<b>- 0.06</b>	<b>-0.38</b>



  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

**Mangalore SEZ Ltd (IND AS 16-17)**

3rd Floor, MUDA Building

Urwa Stores

Mangalore 575 006

**ANNEXURE-IV**

**Interest on Long Term Loan**

Ledger Account

1-Apr-2016 to 1-Apr-2017

Page 1  
Credit

Date	Particulars	Vch Type	Vch No.	Debit	Credit
16-4-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	03B	48,58,235.00	
30-4-2016	To State Bank of Patiala-Long Term Loan	Journal Voucher	017B	63,51,150.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	017C	63,58,740.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	017D	63,85,434.00	
	To Corporation Bank Long Term Loan	Journal Voucher	017E	64,04,312.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	017F	66,06,898.00	
	To United Bank of India Long Term Loan	Journal Voucher	017G	60,50,362.00	
16-5-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	063A	90,98,861.00	
27-5-2016	To State Bank of Mysore-Long Term Loan	Journal Voucher	085A	3,09,357.00	
30-5-2016	By State Bank of Mysore-Long Term Loan	Journal Voucher	089B		2,86,250.00
31-5-2016	To State Bank of Mysore-Long Term Loan	Journal Voucher	094A	68,90,214.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	094B	65,99,983.00	
	To Corporation Bank Long Term Loan	Journal Voucher	094C	66,17,777.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	094D	72,38,647.60	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	094E	68,27,166.00	
	To United Bank of India Long Term Loan	Journal Voucher	094F	62,53,903.00	
18-6-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	0141A	93,82,007.00	
30-6-2016	To State Bank of Mysore-Long Term Loan	Journal Voucher	0167A	66,45,644.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	0167B	63,76,295.00	
	To Corporation Bank Long Term Loan	Journal Voucher	0167C	61,81,774.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	0167D	66,49,493.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	0167E	65,84,965.00	
	To United Bank of India Long Term Loan	Journal Voucher	0167F	61,07,280.00	
1-7-2016	To Corporation Bank Long Term Loan	Journal Voucher	0169A	2,01,171.00	
17-7-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	218A	88,14,751.00	
31-7-2016	To Corporation Bank Long Term Loan	Journal Voucher	260C	62,85,267.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	260D	66,97,498.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	260E	66,80,568.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	260F	64,84,380.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	260G	62,36,661.00	
	To United Bank of India Long Term Loan	Journal Voucher	260H	59,89,284.00	
18-8-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	296	89,17,820.00	
31-8-2016	To State Bank of Travancore-Long Term Loan	Journal Voucher	310B	65,28,229.00	
	To Corporation Bank Long Term Loan	Journal Voucher	310D	62,86,904.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	310E	65,50,658.00	
	To United Bank of India Long Term Loan	Journal Voucher	310F	58,27,041.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	310G	68,02,331.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	310H	62,35,497.00	
14-9-2016	By State Bank of Mysore-Long Term Loan	Journal Voucher	342A		2,52,489.00
17-9-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	350	89,15,428.00	
30-9-2016	To Bank of Baroda-Long Term Loan	Journal Voucher	388	62,12,426.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	389	65,34,336.00	
	To Corporation Bank Long Term Loan	Journal Voucher	390	63,13,772.00	
	To United Bank of India Long Term Loan	Journal Voucher	391B	58,38,816.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	391C	65,33,350.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	391F	63,49,150.00	
	To Interest on Term Loan Payable	Journal	87	42,79,867.00	
	By Project Development Expenditure Account	Journal	123		9,58,08,370.00
1-10-2016	To Corporation Bank Long Term Loan	Journal Voucher	391L	2,16,596.00	
	Carried Over			28,65,10,298.60	9,63,47,109.00



*V. Suryanarayana*  
**V. SURYANARAYANA**  
 CHIEF OPERATING OFFICER  
 MANGALORE SEZ LIMITED

continued ...



Date	Particulars	Vch Type	Vch No.	Debit	Credit
	Brought Forward			28,65,10,298.60	9,63,47,109.00
1-10-2016	To Project Development Expenditure Account	Journal	130	9,58,08,370.00	
	By Interest on Term Loan Payable	Journal	139		42,79,867.00
14-10-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	415	92,96,026.00	
29-10-2016	To Bank of Baroda-Long Term Loan	Journal Voucher	447A	64,40,128.00	
31-10-2016	To State Bank of Patiala-Long Term Loan	Journal Voucher	448B	67,64,280.00	
	To Corporation Bank Long Term Loan	Journal Voucher	448C	67,63,057.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	448D	67,63,594.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	448E	67,65,203.00	
	To United Bank of India Long Term Loan	Journal Voucher	448F	65,38,261.00	
17-11-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	472	92,13,736.00	
30-11-2016	To Corporation Bank Long Term Loan	Journal Voucher	496A	65,52,569.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	496D	65,50,765.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	496E	69,86,543.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	496F	62,37,122.00	
	To United Bank of India Long Term Loan	Journal Voucher	496G	63,59,977.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	496H	65,50,933.00	
19-12-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	528	89,16,519.00	
21-12-2016	To Corporation Bank Long Term Loan	Journal Voucher	532A	13,23,760.00	
23-12-2016	To Indian Overseas Bank-Long Term Loan	Journal Voucher	544	17,89,830.00	
	To Corporation Bank Long Term Loan	Journal Voucher	545	48,11,297.00	
	To Bank of Baroda-Long Term Loan	Journal Voucher	546	47,80,051.00	
	To United Bank of India Long Term Loan	Journal Voucher	547	48,75,199.00	
	To State Bank of Mysore-Long Term Loan	Journal Voucher	548	48,05,207.00	
	To State Bank of Travancore-Long Term Loan	Journal Voucher	549	48,09,736.00	
	To State Bank of Patiala-Long Term Loan	Journal Voucher	550	48,05,329.40	
30-12-2016	By Indian Overseas Bank-Long Term Loan	Journal Voucher	580A		1,630.00
31-12-2016	To State Bank of India Long Term Loan	Journal Voucher	581	1,34,35,826.00	
1-1-2017	By State Bank of India Long Term Loan	Journal Voucher	581C		48,000.00
31-1-2017	To State Bank of India Long Term Loan	Journal Voucher	654A	4,60,02,032.00	
28-2-2017	To State Bank of India Long Term Loan	Journal Voucher	697	4,15,47,141.00	
31-3-2017	To State Bank of India Long Term Loan	Journal Voucher	808	4,59,82,728.00	
	By Project Development Expenditure Account	Journal- IND AS	17		(+) 11,03,21,219.00
	Unallocated				
	Unallocated			11,03,21,219.00 Cr	
	<i>Being Interest charged on CWIP Assets for the FY 2016-17 as per IND AS interest workings</i>				
	To State Bank of India Long Term Loan	Journal- IND AS	16	11,719.00	
				66,79,97,237.00	21,09,97,825.00
	By Closing Balance				(+) 45,69,99,412.00
				<u>66,79,97,237.00</u>	<u>66,79,97,237.00</u>

Total Interest on Term Loan Paid  
in FY 17

(a) charged to Assets  
(b) closing balance

11,03,21,219

45,69,99,412

Total Interest  
expense for FY 17 } →

56,73,20,631



V. Suryanarayana  
V. SURYANARAYANA  
CHIEF OPERATING OFFICER  
MANGALORE SEZ LIMITED