MANGALORE SEZ LIMITED

MSEZ

Annual Performance Review for FY 2017-18 Annual Revenue Requirement for the Distribution and Retail Supply Business for the Control Period FY 2019-2020 to FY 2021-2022 and Tariff Petition for FY 2019-2020

FILED ON 29th November, 2018

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Submitted to

KARNATAKA ELECTRICITY REGULATORY COMMISSION

By

MANGALORE SEZ LIMITED

29th November, 2018

BEFORE KARNATAKA ELECTRICITY REGULATORY COMMISSION AT BANGALORE

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

सत्यमेव जयते

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Government of Karnataka

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Description	:	AFFIDAVIT
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SHREE CHERUMBA CREDIT CO-OP SOCIETY LTD.,
Authorised Signatory
Branch: URVA STORE

MSEZL
IN-KA87755765922151Q
RS. 20
22-NOV-2018 10:06 AM

Please write or type below this line

AFFIDAVIT

1. I, V. Suryanarayana, S/o V. Srinivasa Rao, aged 50 years, Chief Operating Officer, Mangalore SEZ Limited, Mangalore, do solemnly affirm and say as follows.

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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.

No. of Errors/Corrections NIL

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 15th December, 2016 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2nd Board Meeting held on 8th July, 2006).

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

4. Solemnly affirmed at Mangalore on this 22nd November 2018 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.

Place: Mangalore

Date: 22.11.2018

NOTARY GOVERNMENT OF INDIA
VINODHARA POOJARY
ADVOCATE
"ARCHANA KRIPA", THALLADABAIL
KOLAMBE POST & VILLAGE
MANGALURU TQ., D.K. DIST.
KARNATAKA
REGN. No. 12449
Exp. Dt. 05-01-2022

For **Mangalore SEZ Limited**

Authorized Signatory

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited * Mangalore-6 *

BEFORE ME
EXECUTION ADMITTED AND SIGNED / AFFIRMED BEFORE ME
THIS 22nd DAY OF November
2018 AT mangalore

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. 2638/2018

No. of Errors/Corrections NIL.

BEFORE KARNATAKA ELECTRICITY REGULATORY COMMISSION AT BANGALORE

Fling No_________.
Case No_________

IN THE MATTER OF

An Application for approval for Annual Performance Review for FY 207-18 and Annual Revenue Requirement and Expected Revenue from Charges (ERC) for wires and supply business of Mangalore SEZ Limited, Mangalore for the Fifth control period covering the financial years 2019-20, 2020-21 and 2021-22 and approval of tariff filing for FY 2019-20 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 50 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 15th December, 2016 (the powers and authorities of Managing Director are granted by the Board of Directors of Mangalore SEZ Limited in the 2nd Board Meeting held on 8th July, 2006).

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

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

4. Solemnly affirmed at Mangalore on this 22nd November 2018 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: 22.11.2018

Authorized Signatory

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited MSEZ Mangaluru-6

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
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
MSEZ	Mangalore Special Economic Zone
MSEZL	Mangalore SEZ Limited
MUs	Million Units
MVA	Mega Volt Amp
MYT	Multi Year Tariff
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

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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2	Statutory Auditor Independent Report for FY 18 Licensed Activity	II
3	Calibration Report	III

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

NOTE

In this application:

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

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

Ensuing year is defined as Financial Year 2019 –20
(Referred as FY – 20)

MYT Period is defined as FY 2019-20 to FY 2021-22
(Fifth Control Period FY 20-22)

MSEZ Limited * Mangaluru-6 *

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.

B. The Hon'ble Commission has vide Notification dated 06th August, 2018 has notified on fixation for Fifth control period for FY 20 to FY 22.

C. 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, FY 18 and FY 19. The Hon'ble Commission has approved the ARR and passed tariff orders for all the respective years and has approved the APR for FY 17.

The content of latest order dated 14th May, 2018 passed for ARR FY 19 is as under:

- The Hon'ble Commission has approved to carry forward the deficit of FY 18 as per Commission's RP-08/2017 order dated 26.10.2017 Rs.3.91 Crore. This includes the FY 16 revenue deficit of Rs.0.60 Crore and FY 18 revenue deficit of Rs.3.31 Crore.

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- The Hon'ble Commission through its tariff order dated 14th May, 2018 for FY 19 has concluded that the deficit of Rs.3.91 Crore which ought to been paid by consumers and recovered in FY 18 be recovered from the consumers in proportion to the actual energy consumption by the consumers.
- The Hon'ble Commission has for FY 19, approved a Net ARR of Rs.42.14 Crore (including carry forward revenue deficit of Rs.3.91 Crore).
- The approved retail supply and distribution tariff FY 19 under four categories is **HT Industrial** - Rs.200/KVA and Rs.6.85/kWh for energy charges; **HT Construction** - Rs.240/KVA and Rs.10.00/kWh for energy charges; **LT Industrial** - Rs.190/KVA and Rs.6.35/kWh for energy charges; **LT Construction** - Rs.240/HP and Rs.10/kWh for energy charges.

D. MSEZL is presently filing the APR for FY 18, ARR and ERC for Fifth Control period FY 20 to FY 22 and tariff petition for FY 20.

E. Further, in the APR for FY 18 we have also considered the 26th October, 2017 order read with the tariff order dated 14th May, 2018 for FY 19 to carry forward the FY 18 net revenue deficit of Rs.3.91 Crores as accrued revenue and arrived at the net deficit. The regulatory methodology followed is explained in the later pages.

F. The content of this application is in accordance with the Retail supply tariff guidelines notified by Hon'ble Commission.

G. 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 18 and ARR for FY 20 the information would be placed as additional submissions for the kind consideration of the Hon'ble Commission.

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Mangalore SEZ Limited
MSEZ
Mangaluru-6

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 Petrochemicals, Pharma and Food Processing Industries.

Our Esteemed Consumer Profile is as under:

Sl. No	Customers
1	ONGC Mangalore Petrochemicals Limited
2	Indian Strategic Petroleum Reserves Limited
3	Syngene International Limited, a Biocon Company
4	Catasynth Specialty Chemicals
5	Cardolite Specialty Chemicals LLP

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Chief Operating Officer
Mangalore SEZ Limited

6	Trident Infra Private Limited
7	Authentic Ocean Treasure
8	Gadre Marine Export Private Limited
9	Yashaswi Fish Meal & Oil
10	Shree Ulka LLP
11	MSEZL utility installations numbering twelve

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 Kavoor. 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 2022.

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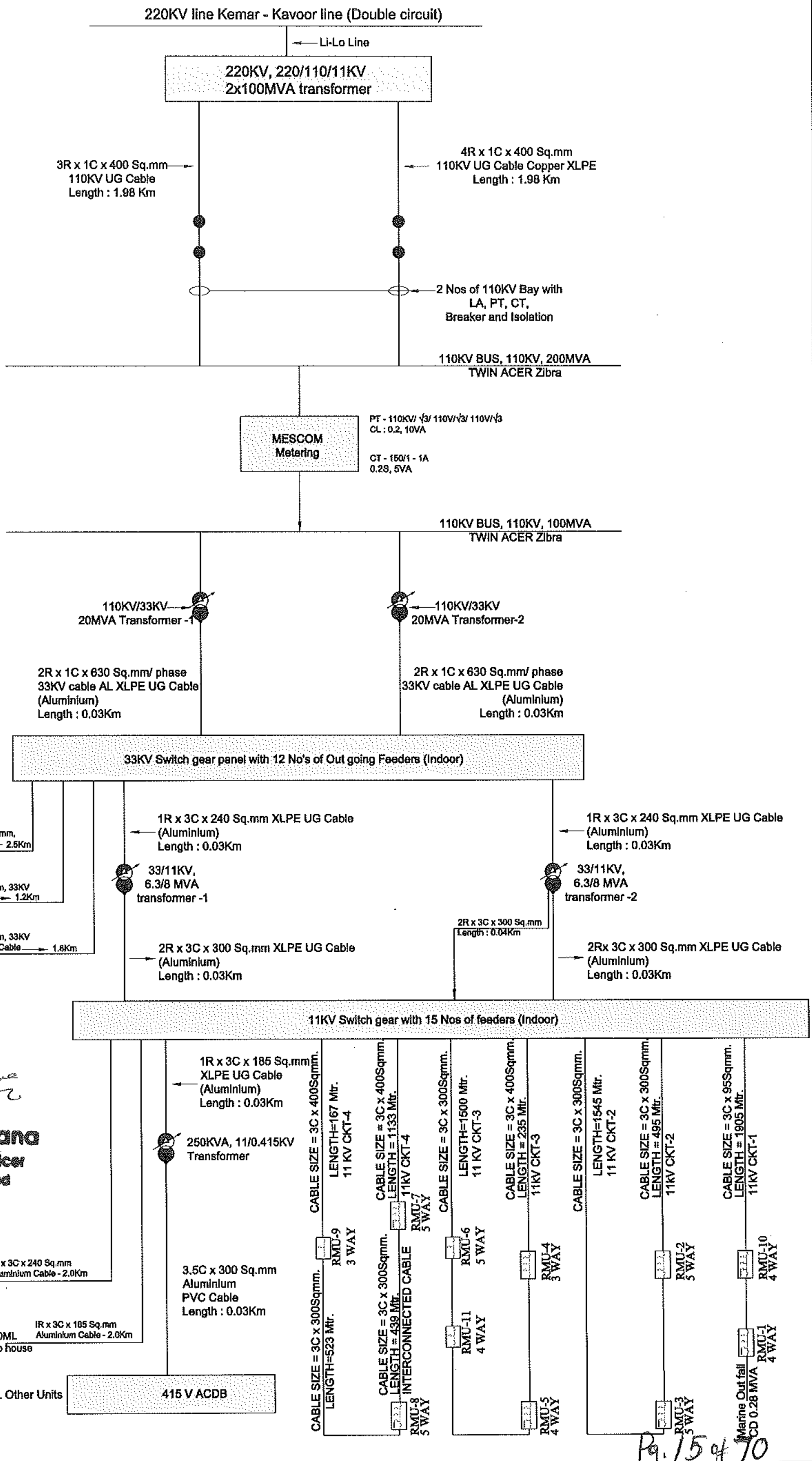
Chief Operating Officer
Mangalore SEZ Limited

Existing Electrical Network



2.4 Consumers Profile as on 31-03-2018

As on 31 March 2018, 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	10	33/11KV	19.865
2	LT - Industrial	5	440 V	0.146
3	HT - Construction	1	11KV	2.0
4	LT - Construction	3	440 V	0.208
	Total	**19**		**22.219**

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MSEZ SEZ Limited Mangaluru-6

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 31st March 2018 is audited and received, considered and adopted by the shareholders in the Annual General Meeting held on 28th September, 2018. 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 18 is consistent with the methodology followed for segregation in the earlier tariff petitions filed for FY 16, FY 17, FY18 and FY 19 (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 31.03.2018 is enclosed as Annexure I. This set of information is used for preparing and presenting the financials of APR for FY 18 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 18. The independent report received from the statutory auditor is attached as Annexure II.

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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 31st March 2018.

Rs. in Cr.

PARTICULARS	MSEZL Audited Figures as at 31st March 2018
SHAREHOLDER'S FUNDS:	
SHARE CAPITAL	50.00
RESERVES & SURPLUS	20.82
Total	**70.82**
LOAN FUNDS:	
LOANS FROM STATE GOVT	
LOANS FROM OTHERS- SECURED	562.92
LOANS FROM OTHERS- UNSECURED	
FRESH BORROWINGS FOR CAPEX	
Total	**562.92**
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	18.73
OTHER LONG TERM LIABILITIES	913.23
LONG TERM PROVISIONS	1.50
DEFERRED TAX LIABILITY	40.74
GRAND TOTAL	**1607.94**
APPLICATION OF FUNDS:	
NET FIXED ASSETS:	
a) GROSS BLOCK	1,368.29
b) LESS: ACCUMULATED DEPRECIATION+AAD	95.10
c) NET FIXED ASSETS	**1273.19**
d) CAPITAL WORK IN PROGRESS	170.57
e) ASSETS NOT IN USE	
f) DEFERRED COSTS	
g) INTANGIBLE ASSETS	13.88
SUB TOTAL OF (c) TO (g)	**1,457.64**
INVESTMENTS	0.09
LONG TERM LOANS AND ADVANCES – SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.21
OTHER NON-CURRENT ASSETS	26.65
OTHERS	0.50
SUB TOTAL	**32.44**
NET CURRENT ASSETS:	
A. CURRENT ASSETS, LOANS & ADVANCES	
a) INVENTORIES	-
CURRENT INVESTMENTS	54.87

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Chief Operating Officer
Mangalore SEZ Limited

b) RECEIVABLES AGAINST SALE OF POWER& OTHER RECEIVABLES	169.79
c) CASH & BANK BALANCES	24.32
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	5.31
e) SUNDRY RECEIVABLES	-
TOTAL OF A	**254.28**
B. CURRENT LIABILITIES AND PROVISIONS:	
a) SECURITY DEPOSIT FROM CONSUMERS	4.06
b) BORROWINGS FOR WORKING CAPITAL	-
c) PAYMENTS DUE ON CAPITAL LIABILITIES	53.26
d) OTHER CURRENT LIABILITIES - D 25	61.15
e) CURRENT MATURITIES OF LONG TERM DEBT	9.89
f) SUNDRY CREDITORS	-
g) PROVISION FOR PENSION, GRATUITY,FBF etc.	8.07
h)PROVISION FOR IT and FBT	
TOTAL OF B	**136.42**
NET CURRENT ASSETS (A - B)	**117.86**
GRAND TOTAL	**1,607.94**

In the following table, the audited balance sheet of MSEZL as at 31st March 2018 segregated into balance sheets pertaining to licensed and Non-Licensed activities is presented before the Hon'ble Commission.

Rs. in Crore

PARTICULARS	MSEZL Audited Figures as at 31st March 2018	Non-Licensed Activity as at 31st March 2018	Licensed Activity as at 31st March 2018
SHAREHOLDER'S FUNDS:			
EQUITY SHARE CAPITAL – (INCLUDING SHARE DEPOSIT)	50.00	50.00	
EQUITY SHARE CONTRIBUTION			35.55
RESERVES & SURPLUS	20.82	23.95	(3.13)
Total	**70.82**	**73.95**	**32.42**
LOAN FUNDS:			
LOANS FROM STATE GOVT			
LOANS FROM OTHERS- SECURED	562.92	538.48	24.44
LOANS FROM OTHERS- UNSECURED			
FRESH BORROWINGS FOR CAPEX			
Total	**562.92**	**538.48**	**24.44**
CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	18.73	18.73	-
OTHER LONG TERM LIABILITIES	913.23	913.23	
LONG TERM PROVISIONS	1.50	1.50	-
DEFERRED TAX LIABILITY	40.74	35.95	4.78
GRAND TOTAL	**1,607.94**	**1,581.85**	**61.63**

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Chief Operating Officer
Mangalore SEZ Limited

APPLICATION OF FUNDS:			
NET FIXED ASSETS:			
a) GROSS BLOCK	1,368.29	1,303.13	65.16
b)LESS:ACCUMULATED DEPRECIATION+AAD	95.10	87.43	7.66
c) NET FIXED ASSETS	**1,273.19**	**1,215.70**	**57.50**
d) CAPITAL WORK IN PROGRESS	170.57	168.61	1.96
e) ASSETS NOT IN USE			
f) DEFERRED COSTS			
g) INTANGIBLE ASSETS	13.88	13.88	-
SUB TOTAL OF (c) TO (g)	**1,457.64**	**1,398.18**	**59.46**
INVESTMENTS	0.09	0.09	
LONG TERM LOANS AND ADVANCES – SECURITY DEPOSIT WITH MESCOM AND OTHERS	5.21	1.36	3.85
OTHER NON-CURRENT ASSETS	26.65	26.65	-
OTHERS	0.50	0.50	-
SUB TOTAL	**32.44**	**28.59**	**3.85**
NET CURRENT ASSETS:			
A. CURRENT ASSETS, LOANS & ADVANCES			
a) INVENTORIES			
CURRENT INVESTMENTS	54.87	54.87	-
b) RECEIVABLES AGAINST SALE OF POWER& OTHER RECEIVABLE	169.79	162.58	7.21
c) CASH & BANK BALANCES	24.32	25.49	(1.17)
d) Share Contribution to Licensed Activity	-	35.55	-
d) LOANS & ADVANCES and OTHER CURRENT ASSETS	5.31	4.98	0.33
e) SUNDRY RECEIVABLES	-	-	-
TOTAL OF A	**254.28**	**283.47**	**6.37**
B. CURRENT LIABILITIES AND PROVISIONS:			
a) SECURITY DEPOSIT FROM CONSUMERS	4.06	-	4.06
b) BORROWINGS FOR WORKING CAPITAL	-	-	-
c) PAYMENTS DUE ON CAPITAL LIABILITIES	53.26	53.08	0.18
d) OTHER CURRENT LIABILITIES - D 25	61.15	57.75	3.40
e) CURRENT MATURITIES OF LONG TERM DEBT	9.89	9.46	0.43
f) SUNDRY CREDITORS	-	-	-
g) PROVISION FOR PENSION, GRATUITY,FBF etc.	8.07	8.07	-
h)PROVISION FOR IT and FBT			
TOTAL OF B	**136.42**	**128.36**	**8.07**
NET CURRENT ASSETS (A - B)	**117.86**	**155.11**	**(1.70)**
GRAND TOTAL	**1,607.94**	**1,581.85**	**61.63**

The Balance sheet for the licensed activity as at 31st March 2018 is prepared considering the Assets viz., Gross fixed assets, CWIP & non- current and current

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Chief Operating Officer
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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 31.03.2018 is detailed below.

3.0 Balance Sheet Items:

Fixed Asset

The GFA position as on 31st March 2018 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.	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.27
4	Towers, Poles, fixture, overhead conductors, UG cables and devices	33.93
5	Other items/Computers	0.07
6	Other Civil Works - Roads	0.87
	MSEZL - Total	**65.16**

Note: In FY 18 spares such as viz., 10 KV digital insulation tester, battery bank etc worth of Rs.0.13 Crores was purchased and put to use.

Accumulated Depreciation

The accumulated depreciation as at 31st March, 2018 for the above listed fixed assets is Rs.7.66 Crores.

CWIP

The CWIP as at 31st March 2018 is Rs.1.96 Crores. The works being carried out are:-

(i) Extension of 33KV distribution network using 33KV 3R*1C*630 Sq.mm and 1R*1C*240Sq.mm UG cables Rs.1.84 Crore: The UG cable of 16 KMs length was laid to cater power supply to new consumers, for whom power is already been sanctioned. These cables have been laid through 33 KV RMUs to render reliable and quality power supply. The extension works is taken up in FY 18 considering the fact that the new consumers would avail power by October 2018 and

(ii) Improvement of 11KV distribution network Rs.0.12 Crores: Towards using 11 KV UG cables in order to have stable and uninterrupted power supply.

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3.1 Long Term Loans & Advances

The deposits kept with MESCOM for drawing 20 MVA power and outstanding as at 31st March 2018 is Rs. 3.85 Crores.

3.2 Current Assets:

a. Receivables against sale of power Rs.7.21 Crore, details are as under:

i. Outstanding dues against the sale of energy in FY 18 Rs.3.30 Crores. These receivables are mainly of the bills raised for the month of March 2018.

ii. The Hon'ble Commission through its RP order No.08/2017 dated 26th October, 2017 and confirmed in tariff order dated 14th May, 2018 for FY 19 has concluded and directed that the FY 18 net revenue deficit of Rs.3.91 Crore which ought to been paid by consumers and recovered in FY 18 be recovered from the consumers. Thus, the revenue of Rs.3.91 Crore being revenue accrued and due for collection in FY 18 is taken as receivables against the sale of power.

b. Cash & Bank Balance: The negative cash and bank balance of Rs. (1.17) Crores is mainly on account of FY 18 revenue accrued but not realized/collected in FY 18 itself Rs.3.91 Crore arising out of the Hon'ble Commission's vide the RP No.08/2017 dated 26th October, 2017 and thus, the cash & bank balance for power business is impacted by lesser revenue collection. The cash/bank or funds for power business is managed to meet the payment obligations through cash/bank balances or funds generated from other business verticals of MSEZL.

c. Other Current Assets includes accrued interest receivable for FY 18 on security deposit kept with MESCOM Rs.0.33 Crores.

3.3 Liabilities:

a. Deposits from Consumers: The consumer deposits as at 31st March 2018 is Rs.4.06 Crores and is classified as a current liability.

b. Payment due on capital liabilities: The payment due to contractor for executing the capital works as at 31st March, 2018 Rs.0.18 Crore is considered here.

c. Other Current Liabilities of Rs.3.40 Crores as at 31st March 2018 includes the monies withheld under contractual terms/work orders awarded towards

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licensed business activity, statutory liability payable towards TDS, interest payable on consumer security deposits and provision for outstanding expenses.

d. The Current maturities of long-term debt as at 31st March 2018 Rs.0.43 Crores for licensed business activity.

e. 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 31st March, 2018 the accumulated liability is Rs.4.78 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. 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 18 ARR filing from page number 22 to page number 23. 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 in its Order dated 26th 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.**

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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, Form A4 and Form D9.

e) Thus, in the Balance Sheet as at 31st March 2018 – the total debt stands at Rs.24.87 Crore (Long term debt - Rs.24.44 Crores and current maturities of long term debt- Rs.0.43 Crores) and equity share capital is Rs.35.55 Crores.

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4. Annual Performance Review – FY 18

4.1 The Hon'ble Commission has approved a revised net ARR of Rs.62.33 Crores for FY 18, which includes the net deficit of Rs.0.98 for FY 16 vide the order dated 26th October, 2017. Thus, excluding the deficit of Rs.0.98 Crore, allowed for FY 16 recovery, the ARR for FY 18 would be Rs.61.35 Crore.

4.2 The present APR for FY 18 is submitted considering the actual expenditure incurred during the year.

4.3 **The Hon'ble Commission in the RP-08/2017 order dated 26.10.2017 has approved and has allowed to carry forward the net deficit of FY 18 Rs.3.91 Crore into the ARR for FY 19. This includes the FY 16 revenue deficit of Rs.0.60 Crore and FY 18 revenue deficit of Rs.3.31 Crore.**

4.4 **The Hon'ble Commission through its tariff order dated 14th May, 2018 for FY 19 has concluded and directed that the net revenue deficit of Rs.3.91 Crore which ought to been paid by consumers and recovered in FY 18 be recovered from the consumers in proportion to the actual energy consumption by the consumers. The recovery is *without any carrying cost.***

4.5 **Thus, the revenue of Rs.3.91 Crore being revenue accrued in FY 18 is taken as 'Revenues from sale of power – for FY 18'. In the FY 18 APR submitted before the Hon'ble Commission the revenue of Rs.3.91 Crore is presented in a separate line item under "Revenue accrued" head.**

4.6 As referred in chapter 3 above, the books of account of MSEZL as on 31st March 2018 is audited. Also, the standalone financial statement of MSEZL's Licensed Activity for FY 18 is audited and an independent audit certificate is issued by the statutory auditors.

4.7 The independent auditor's certificate with the segregated i.e. licensed and Non-Licensed Activity annual financial statements for FY 18 is attached as Annexure II.

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4.8 MSEZL is submitting its APR for FY 18 for kind consideration and approval of the Hon'ble Commission.

4.9 The performance of APR for FY 18 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 category wise actual sales are as follows:

Consumer Category	FY 18 Energy Sales (in MUs)
HT Industrial	41.11
LT Industrial	0.33
HT Construction	0.22
LT Construction	0.14
Total	**41.80**

The energy sale at 41.80 MUs has increased by 2.248 times compared to FY 17 energy sales at 18.6 MUs. The energy sales were less than anticipated levels due to cautious drawing of power from grid by one of our consumers, since their generators are synchronized with grid. The consumer has experienced increased power jerks caused to their generators due disruptions/grid outages at upstream KPTCL grid resulting in production loss and hence, reduced the load from the grid.

b. Power Purchase:

The power purchase from MESCOM at 42.19 MUs has increased by 2.276 times compared to FY 17 power purchase at 18.54 MUs.

Source	Actual Energy in – MUs
MESCOM	42.19

c. Distribution Loss:

i. In FY 18 the 33KV, 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	0.2S accuracy class trivector energy meter, CTs and 0.2 class PTs
2	11 KV consumer	0.2S accuracy class trivector energy meter, CTs and 0.2 class PTs

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ii. As a part of the annual process to maintain the accuracy levels and system parameters of the metering equipment, we have carried out the calibration of the meters at all our consumers end. The calibration was carried out by consultants Power Drive Engineers, Mangalore. The calibration report is attached as Annexure III to the tariff petition. Based on the review it was found that all the consumers' meters errors were within the permissible error limit.

iii. Also, at the IF Point – MESCOM power drawal the metering calibration has been carried out by MESCOM. The MESCOM calibration report is attached as Annexure III to the tariff petition.

iv. The distribution loss for FY 18 was projected and approved at 0.86% as under:

Particulars	FY 18
HT 33 KV loss %	0.83
HT 11 KV loss %	0.03
LT Loss %	-
Total loss%	0.86

v. However, the actual distribution for FY 18 stands at 0.93% as under:

Sl. No.	Voltage level	Actual Figures			
		Energy purchase at IF point	Distribution Loss in MUs	Sales in MUs	DL as % on energy at total IF point
1	33KV	39.15	0.36	38.79	0.85
2	11KV	2.70	0.02	2.68	0.05
3	LT	0.34	0.01	0.33	0.03
Total		**42.19**	**0.39**	**41.80**	**0.93**

vi. Thus, we request the Hon'ble Commission to allow the actual distribution loss at 0.93% for FY 18.

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4.4.2 Financial Performance:

The statement of profit and loss showing the actual ***Vs*** the regulatory accounting and is as under:

Rs. in Cr.

Ref Form-No	PARTICULARS	FY 18 P&L as per Audited Accounts	**FY 18 Regulatory Accounting**	
			P&L (Form A1)	**RR GAP**
	POWER PURCHASE (MU)	42.19	42.19	42.19
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	42.19	42.19	42.19
T2/D2	ENERGY SOLD (MU)	41.80	41.80	41.80
	DISTRIBUTION LOSS (%)	0.93%	0.93%	0.93%
	INCOME			
T2/D2	REVENUE FROM SALE OF POWER	30.85	30.85	30.85
	Add: Deficit for FY 3.91 Crore (FY 2015-16 Rs.0.60 Crore and deficit for FY 2017-18 Rs.3.31 Crore) has been considered as revenue from sale of power and allowed for recovery from consumers, as per KERC tariff order dated 14.05.2018	3.91	3.91	3.91
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS			
T3/D3	REV SUBSIDIES & GRANTS			
T4/D4	OTHER INCOME	0.36	0.36	0.36
	TOTAL	**35.12**	**35.12**	**35.12**
	EXPENDITURE			
T1/D1	PURCHASE OF POWER	25.55	25.55	25.55
T5/D5	REPAIRS & MAINTENANCE	0.70	0.70	0.70
T6/D6	EMPLOYEES COSTS	0.41	0.41	0.41
T7/D7	ADM & GENERAL EXPENSES	0.24	0.24	0.24
T8/D8	DEPRECIATION AND RELATED DTS	2.73	2.73	2.73
T9/D9	INTEREST & FINANCE CHARGES	2.50	4.39	4.39
	SUB-TOTAL	**32.13**	**34.02**	**34.02**
T10/D10	LESS: EXPENSES CAPITALISED:			
	-INTEREST & FINANCE CHARGES CAPITALISED	-	-	-
	-OTHER EXPENSES CAPITALISED	-	-	-
	SUB-TOTAL	**-**	**-**	**-**

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T11/D11	OTHER DEBITS (incl. Bad debts)	-	-	-
T12/D12	EXTRAORDINARY ITEMS			
	TOTAL EXPENDITURE	**32.13**	**34.02**	**34.02**
	PROFIT (LOSS) BEFORE TAX	2.99	1.1	1.1
	PROVISION FOR TAXES			
	Current Tax	-	-	-
	Deferred Tax	1.65	1.65	-
	PROFIT (LOSS) AFTER TAX	**1.34**	**(0.55)**	**1.1**
T13/D13	NET PRIOR PERIOD Debits/Credits			
	RETURN ON EQUITY	**3.03**	**3.03**	**3.03**
	REVENUE SURPLUS/(DEFECIT)	(1.69)	(3.58)	(1.94)

NOTES:

We would like to bring to the kind notice of the Hon'ble Commission the reasons for differences in figures under expenditure item 'Interest and Finance charges' under the heads *'FY 18 P&L As per Audited Accounts' and 'FY 18 Regulatory accounting'*.

1. 'Interest & Finance Charges' – The statutory auditor has considered and certified for only for the actual interest expense of Rs.2.24 Crores and not the normative interest portion of Rs.1.18 Crore, which is allowed and claimed as per regulatory accounting and
2. The normative interest on working capital Rs.0.70 Crores is claimed only under regulatory accounting interest and finance charges.

A. INCOME

4.4.2.0 Revenue from Sale of Power:

(i) In FY 18, the energy sold is 41.80 MUs and revenue recognized for the period April 2017 to March 2018 is Rs.30.85 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 Industrial	41.11	30.27
2	LT Industrial	0.33	0.21
3	HT Construction	0.22	0.34
4	LT Construction	0.14	0.16
		41.80	**30.98**
5	Add: Delayed payment charges		0.01
6	**Less: Net Rebate (TOD) given to consumers**		**0.14**
	Revenue	**41.80**	**30.85**

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	Revenue accrued Revenue accrued of FY 18 carried into FY 19 vide KERC RP Order No.08/2017 dt. 26.10.2017 and confirmed by tariff order for FY 19 dt.14.05.2018		**3.91**
	Total Revenue from sale of power for FY 18	**41.80**	**34.76**

iii. The Hon'ble Commission has in FY 18 tariff order approved TOD facility for the energy consumed by consumers. In FY 18, for the energy sales of 41.80 MUs TOD - rebate given and penalty levied is as under:

Category of consumers	Rebate – Rs. in Cr	Penalty – Rs. in Cr	Net TOD – Rs. in Cr
	A	B	C=A-B
HT 33 KV	1.34	1.21	0.13
HT 11 KV	0.09	0.08	0.01
Total	**1.43**	**1.29**	**0.14**

The rebate being more, the net TOD of Rs.0.14 Crore has impacted the overall revenue from sale of power and contributed to lesser revenue realization. This has impacted and affected the APR, contributing to the overall net revenue deficit.

4.4.2.0a Other Income:

The details of other income areas under:

Sl. No.	Details	Amount Rs. in Crore
1	Interest income on deposits kept with MESCOM	0.33
2	Supervision charges and others	0.03
	Total	**0.36**

B. EXPENDITURE

4.4.2.1 Power Purchase Cost:

i. We have paid MESOM at a rate of Rs.5.80/unit, being the Hon'ble Commission approved power purchase rate for FY 18. Further, the FAC was also charged by MESCOM from to time during FY 18 and the same is paid.

ii. We have sourced the entire power 42.19 MUs from MESCOM only.

iii. Further, the Hon'ble Commission vide the order dated 08.05.2017 while approving the APR for FY 2015-16 had revised the power purchase cost of

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FY 2015-16 and directed MSEZL to pay the differential power purchase cost of Rs.60 lakhs to MESCOM. MSEZL has complied with the directions of Hon'ble Commission and has paid Rs.60 Lakhs to MESCOM on 20.03.2018.

iv. We wish to bring to the attention of the Hon'ble Commission that because of TOD Rebate facility given to our consumers in FY 18 we have incurred an additional power purchase cost Rs.0.14 Crore.

v. There being no TOD on the energy purchased from MESCOM we have, for the energy purchased and sold we have incurred additional power purchase cost in the form of TOD of Rs.0.14 Crore.

The details are as under:

Source	Actual Energy in–MUs	Power Purchase Cost Rs. in Cr.	Average rate Rs./kWh
MESCOM	42.19	25.55#	6.05

 # includes Rs.60 lakhs paid to MESCOM as per Hon'ble Commission order dated 08.05.2017 for FY 2015-16.

 # includes FAC charged by MESCOM during FY 18.

While approving the APR for FY 18, in case, the Hon'ble Commission increases the PP cost for FY 18, we request the Hon'ble Commission, to pass orders for recovery of the entire increase in PP cost from the consumers only, as has been done in the previous years. Further, the increased cost payable to MESCOM should be allowed to be reduced by Rs.0.14 Crore, as above.

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 Expense. The approach adopted by the Hon'ble Commission while allowing O&M expenses of Rs.1.30 Crore in ARR FY 18 is as follows (reference Page19- Page20 of tariff order FY 18 dated 08th May, 2017):

(i) **Base year and Cost:** The FY 16 actual O&M expenses of Rs.1.13 Crore was considered as the base year and cost for allowing the O&M expenses of Rs.1.30 Crore.

(ii) **Inflation index:** The FY 16 base year cost of Rs.1.13 Crore was escalated by weighted inflation index of 7.71% and efficiency factor of 0.50% to arrive at the allowable O&M expenses for FY 18.

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(iii) **Consumer growth:** The increase in number of installations in FY 18 from FY 17 to FY 18 – 100% increase, as projected, was taken note off. However, the Hon'ble Commission was of the view that such increase cannot be considered upfront for computation of consumer growth. However, the Hon'ble Commission had decided to consider the same while truing up the expenses for FY 18.

The above approach, adopted by the Hon'ble Commission, considered with fresh set of facts and information is as under:

(i) **Base year and Cost:** The Hon'ble Commission has validated and trued up APR for FY 17 vide the tariff order dated 14th May, 2018 and has approved an O&M expenditure of Rs.1.22 Crore for FY 17.
Hence, the base year and cost would be of FY 17 O&M expenditure of Rs.1.22 Crore.

(ii) **Inflation index:** The Hon'ble Commission has validated and trued up APR for FY 17 vide the tariff order dated 08th May, 2018 and has considered an weighted inflation index of 8.1059% for FY 17.
Hence, the weighted inflation index for calculation would be 8.1059%.

(iii) **Consumer growth:** The increase in number of installations in FY 18 is 100% compared to FY 17 (FY 18 – 19 installations Vs. FY 17 – 9 installations).
Hence, the consumer growth rate- CAGR 25.99% (as calculated in Table 5 Page 20 of FY 18 tariff order) would have to be now considered.

Thus, the allowable O&M expenses for FY 18 would as under:

Particulars	FY 16	FY 17	FY 18	Actual O&M expenses
No. of installations	9	9	19	19
Consumer Growth rate-CAGR			25.99%	
Weighted inflation index		7.71%	8.1059%	
Base year O&M cost – Rs. in Cr.	1.13	1.22		
O&M expenses – Rs. in Crore			1.3445	1.35

The actual O&M expenses incurred for FY 18 Rs.1.35 Crore being close and range bound to allowable O&M cost of Rs.1.3445 Crore, we request the Hon'ble Commission to allow Rs.1.35 Crore as the O&M expense for FY 18.

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The O&M expenses comprises of the following expense:

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.
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.
iii. Employee Cost includes the share of direct employee cost and shared Corporate Service Employee cost.

4.4.2.3 Depreciation:

In accounting depreciation charge for FY 18, MSEZL has adopted the rates as per Annexure III of CERC Notification 2009.

In FY 18 annual accounts, Notes 2 titled 'significant accounting policies - on depreciation', it is specifically stated that depreciation charge to Profit & Loss account on power distribution assets is as per the depreciation rates notified by CERC.

The depreciation charge of Rs.2.73 Crore is calculation is as under:

Statement Showing Details of Depreciation Charge for FY 18				
Particulars	Opening Balance of GFA as on 01.04.2017	Closing Balance of GFA as on 31.03.2018	Rate of Deprecia tion%	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	33.89	33.93	5.28%	1.61
Plant and Machinery Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.18	21.27	5.28%	1.00
Roads	0.87	0.87	3.34%	0.03
Other items	0.07	0.07		-
Total	**65.02**	**65.15**		**2.73**

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

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Thus, we request the Hon'ble Commission to allow the depreciation charge of Rs.2.73 Crore.

4.4.2.4 Interest & Finance Charges:

- <u>Interest on Loan Capital</u>

The FY 18 interest of capital loan Rs.3.43 Crore is worked as under.

Table A

Sl. No.	Particulars	Details	Remarks
1	Weighted Average rate of interest on term loan – per annum	9%	As per Table C below
2	Average borrowing for licensed activity – Rs. in Crores	25.01	As per Table B below
3	Actual Interest charge for FY 18 – Amount in Rs. in Crores (1*2)	2.25	
4	Normative Interest claim on excess equity investment in GFA – Amount in Rs. in Crores	1.18	As per Table E below
5	Total interest claim on loan as per regulatory accounting (3+4) – Amount in Rs. Crores.	3.43	

Table B

Amount Rs. in Crore

Sl. No.	Particulars	As at 31.03.2018	As at 31.03.2017	Remarks
1	Long term capital loan	24.44	24.87	Refer Form A-2 & Form D-9 of the current tariff filing
2	Current maturities of long term loan	0.43	0.28	Refer Form A-2 & Form D-9 of the current tariff filing
3	Total Outstanding	24.87	25.15	
4	**Average Borrowings**		**25.01**	

The Weighted Average Interest on term Loans of MSEZL for FY 18 is as under:

Table C

Sl. No.	Particulars	Details	Remarks
1	Interest on Term loan Paid (A) - Amount in Rs.	51,78,68,376	Refer 'Cash flow statement' in Annual Financial Statements – Annexure II
2	Average Borrowings – Amount in Rs.	5,759,561,026	Refer Table D, below
3	Weighted Average rate of interest on term loan – per annum (1/2*100) for FY 18	9%	

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Table D

Amount in Rs.

Sl. No.	Particulars	As at 31.03.2018	As at 31.03.2017	Remarks
1	Long term capital loan	5,728,071,409	5,791,050,643	Refer Annexure I – Note 22
2	**Average Borrowings**		5,759,561,026	

In connection with the interest claim of Rs.2.25 Crore, we would like to draw the attention of the Hon'ble Commission to the following points:-

a) The interest on loan capital is computed based on the weighted average rate of interest for FY 18 i.e.9% p.a. (Table C).

b) The quantitative details in Table C and Table D are based on the MSEZL audited annual accounts for FY 18, which is attached as Annexure I.

c) 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 years ARR and tariff petitions. Accordingly, the average loan balance for FY 18 works out to Rs.25.01 Crores (Table B).

d) There are no fresh/new loans considered for licensed activity business in FY 18.

e) 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 as computed above on average debt balance of 46% i.e.Rs.25.01 Crore works to Rs.2.25 Crore.

➢ **Normative Interest on Loan Capital: 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 acquisition of assets and allows interest thereof. The following are the workings for normative interest claim on excess equity capital.

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Table E

Sl. No.	Particulars	Amount in Rs. Crores	Remarks
1	Normative debt outstanding as at 01.04.2017 – Rs. in Crores	13.12	Refer D-9 for FY 18 of the current tariff filing
2	Normative debt outstanding as at 31.03.2018 – Rs. in Crores	12.97	Refer D-9 for FY 18 of the current tariff filing
3	Average debt balance (1+2)/2 – Rs. in Crores	13.045	
4	Weighted average rate of interest on term loan – per annum	9%	
5	Normative interest on excess equity investment – Rs. in Crores	1.18	Refer D-9 for FY 19 of the current tariff filing

➢ Normative Interest on Working Capital:

A calculation table showing the normative interest on working capital claim is as under.

Sl. No.	Parameters	Calculation	Normative O&M claimed
1	Operation and maintenance for one month – Rs.1.35 Cr for FY 18 as per APR	Rs.1.35 Cr/12 Months	Rs.0.11 Cr
2	Spares at 1% on GFA at the beginning of the year – GFA as at 01.04.2017 is Rs.65.03 Crore	Rs.65.03 Cr * 1%	Rs.0.65 Cr
3	Receivables equivalent to two months average billing – Revenue for FY 18 Rs.30.85 Cr	(Rs.30.85 Cr*2 Months)/12 Months –	Rs.5.14 Cr
4	Total working capital requirement - **A**		Rs.5.90 Cr
5	RBI base as on 01.04.2017 plus 250 basis points - **B**		12%
6	Normative working capital claimed(A*B)		Rs.0.70 Cr

➢ Interest on Consumers Deposits:

i. Interest on consumers deposit Rs. 0.26 Crore is calculated as per the KERC (Interest on Security Deposits) Regulations, 2005. The details are as under:

Sl. No.	Amount of security deposit outstanding as at 31.03.2018	Period	Interest @ *6.75% p.a	Remarks
1	Rs.3,64,84,565	365 days	Rs.0.25 Cr	Total amount of deposit as on 01.04.2017

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2	Rs.40,80,955	Proportionate period	Rs.0.01 Cr	Deposit amount accepted during FY 18
3	**Rs.4,05,65,520**		**Rs.0.26 Cr**	

ii. The bank rate as on 01.04.2017 is **6.75% per annum.**

iii. The interest on consumers deposit Rs.0.26 Crore is charged to P&L account and also, a provision for interest payable in made FY 18 audited books of account.

Thus, we request the Hon'ble Commission to allow us the actual Interest on consumers' deposits of Rs.0.26 Cr for FY 18.

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

Table F

Amount in Rs. Crores

Sl. No.	Interest and finance charges	FY 18 P&L as per Audited Accounts	FY 18 Regulatory accounting	
			P&L	Revenue GAP
1	Interest on loan capital - at actual	2.24	2.25	2.25
2	Normative Interest on excess equity investment in GFA	-	1.18	1.18
3	Normative Interest on working capital	-	0.70	0.70
4	Interest on consumers deposit	0.26	0.26	0.26
	Total	**2.50**	**4.39**	**4.39**

4.4.2.5 Tax Expense:

i. The deferred tax liability arising out of difference in rates of depreciation under Income Tax Act, 1961 and CERC notified rates for licensed activity assets is recognized as deferred tax liability and provision is made for Rs.1.65 Crores for FY 18.

ii. We request the Hon'ble Commission to kindly take note of the deferred tax liability for FY 18.

Deferred tax liability – Provided in books of accounts	Rs. 1.65 in Crore

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iii. 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 statement and does not represent actual outgo of tax in FY 18.

Thus, the charge of deferred tax Rs.1.65 Crore is not considered for arriving at the Revenue deficit of FY 18 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.

For APR FY 18 the RoE is worked out on normative equity of 30% on GFA as on 31.03.2018 i.e.Rs.65.16 Crores.

STATEMENT SHOWING DETAILS OF RoE FOR FY 18	
Particulars	**Amount** Rs. in Cr
The actual equity share capital as on 31.03.2018 is	35.55
Equity Share Capital as per KERC norms – GFA as at 31.03.2018 is Rs.65.16 Crore * 30%, normative equity	19.509
RoE @ 15.5%	3.03

We request the Hon'ble Commission to allow us the RoE of Rs.3.03 Crore for FY 18.

4.10 As per the above item-wise submissions of revenue and expenditure for FY 18 the revenue deficit of FY 18 stands at Rs.1.94 Crores.

4.11 SUMMARY: APR for FY 18

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 (for FY 18) – Controllable expenses of Rs.11.86 Crores against which MSEZL has incurred and is claiming a controllable expense of Rs.11.14 Crores.

b) In FY 18, we have given a total rebate of Rs.1.43 Cr and also levied total penalty of Rs.1.29 Cr. The rebate being more by Rs.0.14 Crore (Rs.1.43 Cr minus

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Rs.1.29 Cr) has impacted the overall revenue from sale of power and contributed to lower revenue realization. This has affected our APR for FY 18 and is one of the reasons contributing to the overall net revenue deficit.

c) The Hon'ble Commission vide order dated 08.05.2017 while approving the APR for FY 2015-16 had revised the power purchase cost of FY 2015-16 and directed us to pay the differential power purchase cost of Rs.60 lakhs to MESCOM. MSEZL had paid Rs.60 Lakhs to MESCOM on 20.03.2018 and is included in the power purchase cost.(Refer Form D1 and para 4.4.2.1 above).

d) The FY 2015-16 power purchase cost of Rs.60 lakhs, being a direct and uncontrollable cost, is allowed by the Hon'ble Commission vide **its RP order dated 26th October, 2017 and tariff order dated 14th May, 2018** for recovery from consumers in FY 19.

e) The additional power purchase cost of Rs.60 lakhs being paid in FY 18 is allowed for recovery in FY 19 only and hence, there being no corresponding collection in FY 18 it has affected and contributed to the FY 18 cash deficit.

f) The FY 18 net revenue deficit of Rs.1.94 Crores is after considering the recovery of Rs.3.91 Cr pertaining to FY 18 revenue.

4.12 **Proposal for Recovery of FY 18 revenue deficit of Rs.1.94 Crores:**

The power distribution business is experiencing an increase in demand especially from new consumers and hence, we expect the business parameters to register a strong and robust growth in the form of energy sales.

Overall, considering the business of our consumers as paramount, we propose for the recovery of FY 18 revenue deficit of Rs.1.94 Crores as under:

Sl. No.	Particulars	Amount in Rs. Crores	Remarks
1	**<u>Un controllable cost:</u>** Revenue shortfall on account of TOD Collections	0.14	The revenue shortfall on account of energy purchase (arising due to TOD) to be fully proposed for recovery.
2	RoE gap	1.80	The balance revenue deficit of Rs.1.80 Crore is fully foregone.
	Total	**1.94**	

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Uncontrollable Cost – Power Purchase cost:

If the Hon'ble Commission upon truing up the power purchase cost for FY 18, approves any increase and directs MSEZL to pay to MESCOM, the entire increase power purchase cost then, should be allowed to be recovered from the consumers fully as is being done in the past.

Also, the uncontrollable cost – revenue shortfall on account of TOD facility being a direct cost should be allowed for recovery fully:

a. Either through recovery in the ARR of FY 20, as expenditure.

OR

b. As an adjustment to the increase, if any, in the FY 18 power purchase cost.

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5. Revised Estimates for FY 19

A. The revised ARR for FY 19 is as under:

Rs. in Cr.

Particulars	Approved ARR	Provisional ARR
Power Purchase in MUs	**45.32**	**42.64**
Sales in MUs	**44.69**	**42.18**
Distribution Loss (%)	**1.47%**	**1.08%**
Power Purchase	26.90	25.35
FY 17 power purchase cost paid as per tariff order dt.14.05.2018 – Rs.0.61 Cr **Less:** Gap in revenue for FY 17(APR) allowed for recovery in FY 19 ARR (Rs.0.40 Cr)	-	0.21
O&M Expenses	1.45	1.46
Depreciation	2.75	2.81
Interest on capital loan **(2)**	3.20	3.17
Int. On Working capital	0.70	0.71
Int. On consumer security deposit	0.22	0.24
RoE	3.02	3.03
Gap in revenue for FY 17 (APR)	0.40	-
Less: Other income	(0.40)	(0.24)
Total Net ARR	**38.24**	**36.73**
Expected Revenue from charges/tariff		**33.04**
Revenue Deficit		**3.69**

1) The approved ARR cost stack up is based on the Hon'ble Commission's tariff order dated 14th May, 2018.
2) The Hon'ble Commission vide its tariff order dated 14th May 2018 for FY 19 trued up the APR for FY 17 and directed us to pay Rs.0.61 Crores towards revised power purchase of FY 17 to MESCOM and the same was paid to MESCOM on 25.06.2018.
3) The Hon'ble Commission had trued up the FY 17 APR and allowed to carry forward only net APR of Rs.0.40 Cr (Rs.0.60 Cr increase in PP cost minus the Rs.0.20 Cr decrease in O&M cost) into the ARR of FY 18.
4) The estimated total energy sales of 42.18 MUs are based on actual energy consumption pattern upto October 2018.

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5) Capitalization of capex works Rs.1.96 Crore: The Chief Electrical Inspector to Government of Karnataka has approved the system for commissioning of 33 KV lines/cables w.e.f.04 July, 2018. Accordingly, the capex works of Rs.1.96 Crore is capitalized in books of accounts and depreciation, RoE and interest on debt loan relating to the asset capitalization is claimed.

B. After the closure of the accounts for FY 19, the Company would be in a position to know the exact gap. The management of MSEZL would then examine the financial impact of this on the various stake holders and come back to the Hon'ble Commission with the true up application, for a decision on the recovery of the revenue gap. MSEZL considers the interest of its consumers as paramount and would like to minimize the impact of any increases, if it can be mitigated by the efforts required from it.

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6. Sales Forecast

6.1 MSEZL has developed multi product SEZ (MSEZ) over an area of 1620acres. Currently, the combined contracted demand of 27 MVA is from the following mix of consumers:

i. The contracted demand from the existing consumers i.e. who have already commenced their operations is 16.45 MVA.

ii. Further, we have sanctioned power of 10.55 MVA to four new consumers i.e. consumers who are in various stages of construction. These consumers are expected to draw energy starting FY 20.

6.2 The five year demand/sales projections, based on the current information, is as under:

i. The basis of projections:

a) Existing consumers, who have commenced their production process:

The daily average energy consumption pattern in FY 17 and FY 18 is analyzed for understanding these consumers energy requirement. Accordingly, the actual energy sales made in FY 17 and provisional energy estimation of FY 18 is together considered for determining the projected energy sales for FY 20.

b) New Consumers, who are yet to commence production:

The consumers have projected their likely construction activity in FY 20 and also their energy requirement. We have considered their projections to estimate the projected energy sales in FY 20.

c) In respect of sales estimation for FY 21, FY 22, FY 23 and FY 24 we have made estimation based on FY 20 energy sales estimation.

d) Also, we have considered the incremental increase in energy requirement from new consumers, whom we believe would be firmly into full production phase.

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ii. Table A – Year wise demand and sales projections:

Sl. No.	Year	No of Consumers	Demand in MVA	Energy in MUs
1	FY 20	23	27	50.54
2	FY 21	23	29	56.17
3	FY 22	23	32	59.63
4	FY 23	23	34.5	63.72
5	FY 24	23	37	65.47

iii. Table B- Category wise demand and sales projections:

Sl. No.	Type of consumer category	FY 20		FY 21		FY 22		FY 23		FY 24	
		MVA	MUs	MVA	MUs	MVA	MUs	MVA	MUs	MVA	MUs
1	HT Industrial – 33 KV	21.5	45.92	23.5	52.10	27.49	55.56	29.99	59.65	32.49	61.4
2	HT Industrial – 11 KV	4.35	3.67	5.35	3.67	4.36	3.67	4.36	3.67	4.36	3.67
3	HT Construction	1	0.55	-	-	-	-	-	-	-	-
4	LT Industrial	0.15	0.40	0.15	0.40	0.15	0.40	0.15	0.40	0.15	0.40
5	**Total**	**27**	**50.54**	**29**	**56.17**	**32**	**59.63**	**34.5**	**63.72**	**37**	**65.47**

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7. Capital Investment Plan

7.1 We have completed the extension of distribution network for arranging power supply to all the consumers who have requested for power and taken up construction in their premises to avail power.

7.2 However, during the MYT control period if any new consumers intend to set up industry in MSEZ (which cannot be now envisaged) and apply for power, we would have to incur capital expenditure to extend distribution networks for rendering power supply. Any such future capital expenditure will be brought to the notice of the Hon'ble Commission in the respective year's tariff filing.

7.3 Based on the present consumers load growth and energy requirement it is proposed to augment grid station capacity during FY 22 and complete the work in FY 23. This would be necessitated as existing 40 MVA transformer would be fully loaded by FY 22 and a new 20 MVA transformer may have to be provided.

7.4 The details of capex is as under:

Rs. in Cr

Sl. No.	Description of work	Amount of capex	
		FY 22	FY 23
1	Augmentation of 110/33/11KV substation –GSS-03 by providing additional 20MVA,110/33KV power transformer and other connected equipments	1.25	1.25

7.5 Any major replacement of an asset, if any taken up during the year as part of substation operations would be considered for capex and brought before the attention of the Hon'ble Commission.

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8. Distribution Loss Trajectory

8.1 Current Profile of Distribution Loss:

Distribution loss in electrical network comprises of technical loss and commercial loss. In view of the fact that the distribution system of MSEZL is very compact and confined to an area of about 1638Acres only and there are only limited numbers of consumers, thereby there is no scope for the occurrence of commercial loss. Power to all the consumers of MSEZL is catered from 2X20MVA, 110/33/11KV Substation (GSS-03) which is located almost at the load centre of MSEZL, there by the voltage drops and power loss occurring in the distribution system is bare minimum. MSEZL has also taken care to provide adequate size cables to all the distribution feeders and distribution network connected various 33KV and 11KV RMUs further to minimise the voltage drops and power loss occurring in the distribution system.

8.2 Distribution Loss Calculation:

i. The distribution loss for the energy input recorded at various voltage levels at the respective IF points and energy recorded at consumers end in FY 18 and April 18 to October 18 is as under:

Particulars	FY 18			April 18 – Oct 18		
	Sales in MUs	Loss in MUs	Loss in %	Sales in MUs	Loss in MUs	Loss in %
33KV loss %	38.79	0.36	0.85	22.94	0.19	0.76
11KV loss %	2.68	0.02	0.05	2.09	0.06	0.22
LT loss %	0.33	0.01	0.03	0.35	0.003	0.01
Total Loss %	**41.80**	**0.39**	**0.93**	**25.38**	**0.25**	**0.99**

ii. During the above periods, the same consumers with the same distribution network configuration were availing power with the same consumption patterns and hence, the average loss recorded during the period is 0.96%.

iii. We have based for determination of expected distribution loss % in the MYT control period we have considered (a) the above base distribution loss 0.96% and (b) expected growth in energy sales and extension of distribution network.

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8.3 The voltage wise and year wise distribution loss is as under:

i. Table A

Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
33KV loss %	0.83	0.90	0.90	0.99	0.99
11KV loss %	0.30	0.30	0.30	0.30	0.30
LT loss %	0.02	0.02	0.02	0.02	0.02
Total Loss %	**1.15**	**1.21**	**1.21**	**1.31**	**1.31**

ii. Basis of Determination:

- FY 20: We are expecting four new consumers to get connected to the gird with estimated contract demand of 10.55 MVA and energy requirement of 4.25 MUs. These new consumers are connected to grid with 3RX630Sq.mm, 33KV UG cable of 4.6Kms length and 3CX240Sq.mm, 33KV UG cable of 2.5KMs length. Considering (i) the base distribution loss and (ii) additional distribution network and energy delivered to these new consumers we have determined a total distribution loss of 1.15%.

- FY 21: We are expecting a construction category consumer to get permanent power supply and connect to the grid with estimated contract demand of 1.25 MVA and energy requirement of 2.25 MUs and would be connected to the grid 3CX240Sq.mm, 33KV UG cable of 500Mtrs. We expect the additional loss from this consumer to be at 0.05% and we have considered a total distribution loss of 1.21%.

- FY 22: With the same consumers with the same distribution network configuration were availing powers with the same consumption patterns as of FY 21 we expect the distribution loss to be at 1.21% only.

- FY 23 & FY 24: We are anticipating the consumers to step up their consumption from the present levels and for which we may need to install one number of additional 20 MVA, 110/33KV power transformer. Thus, we have considered a total distribution loss at 1.31%

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 As at the date of filing this tariff application, MSEZL has not identified any sources for supply of power other than MESCOM. However, from the view of five year perspective plan we may explore a reliable and cost efficient power procurement plan after (i) weighing the pros and cons of alternate sources (ii) upon concretizing the same, we would approach and place it for necessary approval before this Hon'ble Commission.

9.2 The five year power requirement, based on the current information, is as under:

i. The statement showing details of energy requirement is as under.

Table A

Sl. No.	Particulars	FY 20	FY 21	FY 22	FY 23	FY 24
1	Energy demand - in MVA	27	29	32	34.5	37
2	Energy Sales - in MUs	51.13	56.86	60.36	64.57	66.34
3	Distribution loss – in %	1.15%	1.21%	1.21%	1.31%	1.31%
4	Energy Requirement – in MUs	50.54	56.17	59.63	63.72	65.47

ii. The statement details of cost of power purchase is as under:

Table B

Statement Showing Details of Power Purchase Cost for MYT FY 20 – FY 24					
Year	Sales in MUs	Distribution Loss in %	Energy at IF point in MU	PP rate at IF point Rs. per unit	Total power purchase Cost Rs. in Cr
FY 20	50.54	1.15	51.13	5.936	30.35
FY 21	56.17	1.21	56.86	5.936	33.75
FY 22	59.63	1.21	60.36	5.936	35.83
FY 23	63.72	1.31	64.57	5.936	38.33
FY 24	65.47	1.31	66.34	5.936	39.38

iii. The Hon'ble Commission has for FY 19 approved a power purchase rate from MESCOM at Rs.5.936/unit considering the overall power purchase cost for the State of Karnataka. Since we do not have the wherewithal to determine such cost structure, we could not factor the possible increase/decrease in PP rate and hence, the FY 19 PP rate/unit itself is taken to calculate the PP cost for the period five year period.

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iv. The FAC charged form time to time, by MESCOM, are not factored while considering the PP rate since these rates are approved by the Hon'ble Commission for each quarter and also vary from quarter to quarter.

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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	35.08	22.08	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
	Total	**41.06**	**26.06**	**0.00**	**0.00**
	Percentage	**58%**	**42%**	**0%**	**0%**

10.2 Apportionment of expense – Methodology followed

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

"Wires Business is the business of owning and operating of the distribution system, while Retail Supply Business is the business of procuring the requisite

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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 Dis**tribution 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.

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k. **Income Tax:** Tax is a function of profit earned, i.e. return of a business, therefore, it should be apportioned on the basis of RoE related to Wires Business and Supply Business, as discussed for apportionment of Income Tax.

l. **Non-Tariff Income:** Non-Tariff Income resulting from meter rent, delayed payment charges, service connection charges etc. should be allocated to Supply Business, while income resulting from sale of scrap etc. should be allocated to Wires Business. Other common items of Non-tariff Income, if any can be apportioned using the allocation principles discussed for apportionment of revenues. However, till the time the segregation is complete, the Distribution License may apportion the Non-Tariff Income between Wires Business and Supply Business using the ratio 10:90."

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

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

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

Segregation of percentage with in wires business					
Sl. No.	Description	33 KV	11 KV	LT	Total
1	R&M expenses	55%	35%	0%	90%
2	Employee cost	43%	27%	0%	70%
3	A&G expenses	31%	19%	0%	50%
4	Depreciation	55%	35%	0%	90%
5	Interest on Loans	55%	35%	0%	90%
6	Interest on working capital	6%	4%	0%	10%
7	Provision of bad debts	6%	4%	0%	10%
8	RoE	55%	35%	0%	90%
9	Non- tariff income	6%	4%	0%	10%

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Distribution percentage with in wires business					
Sl. No.	Description	33 KV	11 KV	LT	Total
1	R&M expenses	61%	39%	0%	100%
2	Employee cost	61%	39%	0%	100%
3	A&G expenses	61%	39%	0%	100%
4	Depreciation	61%	39%	0%	100%
5	Interest on Loans	61%	39%	0%	100%
6	Interest on working cap.	61%	39%	0%	100%
7	Provision of bad debts	61%	39%	0%	100%
8	RoE	61%	39%	0%	100%
9	Non- tariff income	61%	39%	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 MYT control period FY 20, FY 21 and FY 22

11.1 Power Purchase Cost:

The Hon'ble Commission in previous tariff orders has approved a retail power purchase rate from MESCOM as follows:-

Sl. No.	Tariff Orders	Rate per unit
1	Tariff Order Dated 03rd March, 2015 – For FY 16	5.25
2	Tariff Order Dated 30th March, 2016- For FY 17	5.61
3	Tariff Order Dated 08th May, 2017 – For FY 18	5.80
4	Tariff Order Dated 14th May, 2018 – For FY 19	5.936

i. The Hon'ble Commission for computing the power purchase cost of FY 19 has proceeded to consider the total purchase cost of the State of Karnataka, excluding Hydro power, as the basis to arrive at the average cost of power purchase at the generation and added Rs.1 per unit towards grid support charges, trading margins and energy handling charges arrive at the power purchase cost of Rs.5.936/kWh at the interface point payable to MESCOM. This PP cost per unit includes trading charges payable to MESCOM besides charges payable to KPTCL, PGCIL, SLDC and POSOCO.

ii. As explained in Chapter 9, the power supply is to be sourced from MESCOM and we request the Hon'ble Commission to determine the PP cost for MYT control period FY 20 to FY 22 and for Tariff petition FY 20, in same method as adopted by the Hon'ble Commission for FY 19.

iii. For determining and calculating the PP cost for MYT Control Period FY 20 to FY 22 and Tariff Petition FY 20, we have taken Rs.5.936/unit as the PP rate.

Statement Showing Details of Power Purchase Cost for MYT FY 20 – FY 22					
Year	Sales in MUs	Distribution Loss in %	Energy at IF point in MU	PP rate at IF point Rs. per unit	Total power purchase Cost Rs. in Cr
FY 20	50.54	1.15	51.13	5.936	30.35
FY 21	56.17	1.21	56.86	5.936	33.75
FY 22	59.63	1.21	60.36	5.936	35.83

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iv. If the Hon'ble Commission approves PP rate higher than Rs.5.936/kWh the consequential increase in the ARR needs to be fully compensated through a corresponding and consequential increase in the end tariff from our consumers.

v. Further, MSEZL is also currently paying FAC at 4 paise to MESCOM as per the FAC tariff order dated 14.09.2018. 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).

11.2 Operation and Maintenance Expenses:

i. In determining the FY 20 O&M expenses, the following aspects are considered:-

- The O&M expenses of FY 18 are the base year for computing the O&M expenses, since FY 18 is the latest audited accounts available and thus, the actual O&M expenses Rs.1.35 Crore is based for determining MYT periods O&M expenses.
- The compounded annual growth rate (CAGR) of the number of installations as per the audited accounts upto FY 18 and as projected for the MYT filing period.
- The weighted inflation index (WII) at 8.1059% as computed by the Hon'ble Commission in its FY 18 tariff order dated 14th May, 2018 at page 29.
- For the purpose of MYT control period also we have considered the WII of 8.1059% and the base year & cost as per previous period i.e.
  - For FY 21 the base year and cost being FY 20 and Rs.1.47 Crore.
  - For FY 22 the base year and cost being FY 21 and Rs.1.58 Crore.
- However, we wish to bring to the kind information of the Hon'ble Commission that for the MYT control period we have not considered the inflationary impact of the respective years on the base WII of 8.1059%.
- The table showing the computation of O&M expenses for MYT control period FY 20 to FY 22 is as under:

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Particulars	FY 16	FY 17	FY 18	FY 20	FY 21	FY 22
No. of installations	9	9	19	23	23	23
Consumer Growth rate-CAGR			25.99%			
Weighted inflation index		7.71%	8.1059%	8.1059%	8.1059%	8.1059%
Base year O&M cost – Rs. in Cr.				1.35	1.47	1.58
O&M expenses – Rs. in Cr.			1.35	1.47	1.58	1.71

ii. Thus, we request the Hon'ble Commission to allow Rs.1.47 Cr for FY 20, Rs.1.58 Cr for FY 21 and Rs.1.71 Cr for FY 22.

11.3 Depreciation:

i. The value base of asset for the purpose of depreciation is the historical cost of the asset.

ii. 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 20 ARR						
Sl. No.	Particulars	GFA as at 31.03.2019 – Rs. in Cr	GFA as at 31.03.2020 Rs. in Cr	Average GFA – Rs. in Cr.	Rate (%)	Depreciation – Rs. in Cr.
1	Building	6.17	6.17	6.17	3.34%	0.09
2	Civil -Roads	0.87	0.87	0.87	3.34%	0.03
3	Substation	21.27	21.27	21.27	5.28%	1.01
4	UG Cables	35.89	35.89	35.89	5.28%	1.71
5	Others				-	
Total depreciation charge claimed for ARR						**2.84**

i. It may be noted that no major additional capex works are envisaged until FY 22; **except for any replacement/spare purchases**, the GFA balance as on 31.03.2020 is considered and assumed to remain constant through the control period FY 20 to FY 22.

ii. The GFA for the MYT control period FY 20 to FY 22 remaining the same the depreciation charge of Rs.2.84 Crores for FY 20 would remain same for FY 21 and FY 22 also.

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iii. **However, at the time of filing the actuals for APR's FY 20, FY 21 and FY 22 the depreciation charge based on the actual gross fixed assets position would be claimed accordingly.**

iv. Thus, we request the Hon'ble Commission to allow us the depreciation charge of Rs.2.84 Crores for MYT control period FY 20 to FY 22.

11.4 Interest and Finance Charges:

i. The Hon'ble Commission tariff regulations of clause 3.7 allows for the purposes of ARR interest rate at lower (a) RBI base rate plus 200 basis points or (b) weighted average rate of loan proposed.

ii. We wish to inform the Hon'ble Commission that our current lending floating rate with SBI, New Delhi is SBI MCLR plus spread which works to close to 9% p.a. Hence, we have for the purpose of determination of ARR on interest on loan for FY 20 considered 9% p.a.

iii. The interest rate movement is subject to various economic factors and hence, we have considered a 10 to 25 basis point upward movement in interest for MYT FY 21 and FY 22.

iv. However, we wish to inform the Hon'ble Commission that while truing APR's for FY 20, FY 21 and FY 22 we would work out the actual interest cost with the actual weighted average rate of interest incurred by us and submit the same for consideration.

v. As MSEZL is able borrow at a lower rate, the consumers of MSEZL stand benefited.

vi. <u>Interest on Loan Capital for the MYT period FY 20, FY 21, and FY 22</u>

a) Table A

Rs. in Crores

Sl. No.	Particulars	FY 20	FY 21	FY 22	Remarks
1	Opening balance	23.87	23.87	23.16	Refer Form A-2 & Form D-9 for FY 19 of the current tariff filing
2	Add: New loans	-	-	-	Form D-9 for FY 19 of the current tariff filing
3	Less: Repayments	-	0.71	1.00	Form D-9 for FY 19 of the current tariff filing
4	Total loan at the end of the year	23.87	23.16	22.16	Refer Form A-2 & Form D-9 for FY 19 of the current tariff filing
5	Average loan	23.87	23.515	22.66	

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6	Floating rate of interest %	9%	9.1%	9.25%	
7	Interest on capital loan	2.15	2.14	2.11	

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 B

Rs. in Crores

Sl. No.	Particulars	FY 20	FY 21	FY 22	Remarks
1	Normative debt Opening balance	12.45	12.45	12.08	Form D-9 for FY 19 of the current tariff filing
2	Add: Normative portion New loans	-	-		Form D-9 for FY 19 of the current tariff filing
3	Less: Normative portion Repayments	-	0.37	0.52	Form D-9 for FY 19 of the current tariff filing
4	Total Normative loan at the end of the year	12.45	12.08	11.56	Form D-9 for FY 19 of the current tariff filing
5	Average Normative loan at the end of the year	12.45	12.265	11.82	
6	Interest rate in %	9.01%	9.1%	9.25%	
7	Interest eligible for allowance on normative loan	1.14	1.11	1.10	

<u>Note: The above interest calculations in Table A and Table B are based on the Gross block of fixed assets of Rs.65.16 Crore as on 1st April 2018.</u>

c) <u>Normative Interest claim on the fresh capital investment of Rs.1.96 Crore made in FY 18-19:</u>

The Hon'ble Commission's tariff regulations on (i) allowability of returns on capital investment and (ii) calculation of interest on loan capital allows normative interest on capital loan – debt portion at 70% in relation to and arising out of fresh capital investments.

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We bring to the kind attention of the Hon'ble Commission that the normative debt portion interest calculation under Table B, above, excludes the interest claim on debt investment arising out of fresh capital investment.

Table C

Rs. in Crores

Sl. No.	Particulars	FY 19	FY 20	FY 21	FY 22	Remarks
	Capital investment made and capitalized in FY 18-19 w.e.f.04.07.2018	1.96				
	Normative debt portion - @ 70 % of capital investment	1.39				
1	Normative debt Opening balance	-	1.30	1.30	1.26	Form D-9 for FY 19 of the current tariff filing
2	Add: Normative portion New loans	1.39	-	-	-	Form D-9 for FY 19 of the current tariff filing
3	Less: Normative portion Repayments	0.09	-	0.04	0.05	Form D-9 for FY 19 of the current tariff filing
4	Total Normative loan at the end of the year	1.30	1.30	1.26	1.21	Form D-9 for FY 19 of the current tariff filing
5	Average Normative loan at the end of the year	1.345	1.30	1.28	1.235	
6	Interest rate in %	8.2%	9%	9.1%	9.25%	
7	Interest eligible for allowance on normative loan	0.11	0.12	0.12	0.11	

d) Thus, for the MYT control period FY 20, FY 21 and FY 22 we request the Hon'ble Commission to allow interest on capital loan as under:

Table D

Rs. in Crore

Sl. No.	Particulars	FY 20	FY 21	FY 22
1	Interest on capital loan – Table A, above	2.15	2.14	2.11
2	Interest eligible for allowance on normative loan Table B, above	1.14	1.11	1.10
3	Interest eligible for allowance on normative loan – fresh capital investment	0.12	0.12	0.11
4	**Total interest claim**	**3.41**	**3.37**	**3.32**

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vii. Interest on Working Capital Loan:

a) The Hon'ble Commission in the FY 19 tariff order dated 14th May, 2018 has approved interest on working capital considering the latest SBI MCLR rate *plus* 250 basis points.

b) Considering the above, we have also considered the latest one year SBI MCLR effective as on 01st October, 2018 at 8.5% plus 250 basis points. Thus, the effective working capital rate of 11% p.a. (8.5% plus 2.5%) is considered to work out the interest on working capital for FY 20.

c) The interest rate movement is subject to various economic factors. Since, the interest rate is subjective we have retained the working capital interest rate of FY 20 i.e.11% for calculating the FY 21 and FY 22 interest on working capital figures.

d) The management, considering the overall cost stack up, has decided that for FY 20 the interest on working capital claim be restricted to 50% only.

e) The interest on working capital loan for the MYT period FY 20, FY 21 and FY 22 is as under:

Table E

Rs. in Crore

Particulars	FY 20	FY 21	FY 22
O&M expenses for one month	0.12	0.13	0.14
Spares at 1% on GFA at the beginning of the year	0.67	0.67	0.67
Receivables equivalent to 2 months avg. billing	6.72	7.40	7.86
Total working capital	**7.51**	**8.2**	**8.67**
Rate of interest (% p.a.)	11%	11%	11%
Interest on Working capital	0.82	0.91	0.96
However, in the FY 20 ARR the claim on Interest on working capital for FY 20 is restricted to 25% of the normative claim.	**0.21**	-	-

Thus, we request the Hon'ble Commission to allow us the interest on working capital as Rs.0.21 Crore for FY 20, Rs.0.91 Crore for FY 21 and Rs.0.96 Crore for FY 22.

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viii. Interest on Consumer Deposits for MYT control period FY 20, FY 21 and FY 22:

a) The consumer's security deposit outstanding as at 31.03.2019 Rs.3.81 Crore is assumed to be held by us through the MYT control period.

b) The RBI bank rate 6.75% p.a. as on 12th October, 2018 is considered for computation of interest on consumers deposits for the MYT control period.

c) However, we wish to inform the Hon'ble Commission that while truing APR's for FY 20, FY 21 and FY 22 we would consider the prevalent RBI bank rate with actual deposits position work out the actual interest cost and submit the same.

d) The interest on consumers deposit for the MYT period FY 20, FY 21 and FY 22 is as under:

Table F

Rs. in Crore

Particulars	FY 20	FY 21	FY 22
Average balance of consumers security deposits	3.81	3.81	3.81
Rate of interest	6.75%	6.75%	6.75%
Interest on consumers deposit	0.26	0.26	0.26

Thus, we request the Hon'ble Commission to allow us the interest on consumers deposit as Rs.0.26 Crore for FY 20, FY 21 and FY 22.

11.5 Return on Equity:

i. The equity base for the purpose of computation RoE is restricted to 30% of the GFA.

ii. The RoE for the MYT control period FY 20, FY 21 and FY 22 is calculated as under:

Table A

Rs. in Crore

Particulars	FY 20	FY 21	FY 22
The actual Equity share capital	35.55	35.55	35.55
Gross fixed assets	67.12	67.12	67.12
Allowable equity to allow RoE at 30% of GFA	20.136	20.136	20.136
Allowable RoE at 15.5%	3.12	3.12	3.12

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iii. **However, at the time of filing the actuals for APR's FY 20, FY 21 and FY 22 the RoE on the actual gross fixed assets position would be claimed accordingly.**

iv. Thus, we request the Hon'ble Commission to allow us the RoE for FY 20 Rs.3.12 Cr, FY 21 Rs.3.12 Cr and FY 22 Rs.3.12 Cr.

11.6 Taxes on Income:

i. 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 claimed during the true-up exercise.

ii. The deferred tax liability/asset is to account for the tax liability on accrual basis. There being no consequent cash outgo for the period the same is not considered in the 'Form RR GAP' for arriving at the net revenue surplus/deficit.

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 MYT control period FY 20, FY 21 and FY 22 as above. The detailed workings in formats A1 to D24 is presented as annexure to these filings.

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12. COBMINED ARR for MYT Control Period FY 20,FY 21 & FY 22

Rs. in Crores

Ref Form-No	PARTICULARS	FY 20	FY 21	FY 22
	POWER PURCHASE (MU)	51.13	56.86	60.36
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS)	50.13	56.86	60.36
T2/D2	ENERGY SOLD	50.54	56.17	59.63
	DISTRIBUTION LOSS (%)	1.15%	1.21%	1.21%
	INCOME			
T2/D2	REVENUE FROM SALE OF POWER	40.32	44.41	47.14
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS			
T3/D3	REV SUBSIDIES & GRANTS			
T4/D4	OTHER INCOME	0.26	0.26	0.26
	TOTAL	**40.58**	**44.67**	**47.40**
	EXPENDITURE			
T1/D1	PURCHASE OF POWER	30.35	33.75	35.83
T5/D5	REPAIRS & MAINTENANCE	0.76	0.82	0.89
T6/D6	EMPLOYEES COSTS	0.45	0.48	0.52
T7/D7	ADM & GENERAL EXPENSES	0.26	0.28	0.30
T8/D8	DEPRECIATION AND RELATED DTS	2.84	2.84	2.84
T9/D9	INTEREST & FINANCE CHARGES	3.87	4.52	4.54
	SUB-TOTAL	**38.53**	**42.71**	**44.92**
T10/D10	LESS: EXPENSES CAPITALISED:			
	-INTEREST & FINANCE CHARGES CAPITALISED			
	-OTHER EXPENSES CAPITALISED			
	SUB-TOTAL	**38.53**	**42.71**	**44.92**
T11/D11	OTHER DEBITS (incl. Bad debts)			
T12/D12	EXTRAORDINARY ITEMS			
	TOTAL EXPENDITURE	**38.52**	**42.71**	**44.92**
	PROFIT (LOSS) BEFORE TAX			
	PROVISION FOR TAXES			
	Current Tax			
	Deferred Tax	0.55	0.36	0.19
	PROFIT (LOSS) AFTER TAX	**1.50**	**1.60**	**2.29**
T13/D13	NET PRIOR PERIOD Debits/Credits			
	RETURN ON EQUITY	**3.12**	**3.12**	**3.12**
	GAP	(1.62)	(1.52)	(0.83)

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13. Tariff Revision Proposals for FY 20

A. ON APR FOR FY 18:

(i) The abstract of Profit and Loss for FY 18 is as under:

Sl. No.	Particulars	Amount in Rs. Crore.
1	Uncontrolled expenditure – Power Purchase	24.95
2	Uncontrolled expenditure – Differential Power Purchase of FY 2015-16 paid in FY 18	0.60
3	Uncontrolled expenditure – TOD rebate deficit	0.14
4	Controllable expenditure	11.15
5	Total	36.84
6	Gross Revenue from sales of power **(including TOD deficit of Rs.0.14 Cr)**	34.90
7	Net revenue deficit	1.94

(ii) Proposal for FY 18:

- The revision of PP for FY 18, if any, resulting in increase of PP cost should be allowed to be recovered fully from consumers, since the PP cost being the direct/uncontrollable expenditure.
- **We request the Hon'ble Commission to not to offset the increase in the direct/uncontrollable expenditure i.e. PP cost with disallowance if any in the controllable expenditure.**
- **While approving the APR for FY 18, in case, the Hon'ble Commission increases the PP cost for FY 18, we request the Hon'ble Commission, to pass orders for recovery of the entire increase in PP cost from the consumers only, as has been done in the previous years.**
- The controlled expenditure Rs.11.15 Crore is managed within the approved expenditure of Rs.11.86 Crore.
- The net deficit of Rs.1.94 Crore is after considering the accrued revenue of Rs.3.91 Crore, allowed for recovery vide the Hon'ble Commissions RP order dated 28.10.2017 and confirmed in Hon'ble Commission tariff order for FY 19 dated 14.05.2018.

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(iii) Recovery of revenue deficit for FY 18:

- The TOD rebate of Rs.0.14 Crore has resulted in the shortfall in the revenue from sale of power and has directly affected/contributed to the overall revenue deficit.
- The TOD rebate being an 'uncontrollable' expenditure, we request the Hon'ble Commission to allow us the recovery of net TOD rebate Rs.0.14 Crore.

  a. Either through recovery in the ARR of FY 20, as expenditure

  OR

  b. As an adjustment to the increase, if any, in the FY 18 power purchase cost.
- The management of MSEZL has decided to forego the revenue deficit of Rs.1.80 Crore is fully foregone, as under:

Sl. No.	Details	Amount in Rs. Cr.	Proposal for recovery
1	Total revenue deficit – FY 18	1.94	
2	Less:		
3	Uncontrollable expenditure - TOD net rebate	0.14	To be fully allowed for recovery.
4	Balance revenue deficit	1.80	Fully not proposed for recovery.

B. ON ARR for FY 20

(i) The existing revenue from charges (ERC) for FY 20 is as under:

Table A:

Sl. No.	Particulars	Details	Remarks
1	The average realization rate per kWh from existing charges	7.978	Refer Form D21
2	Projected energy sales in MUs for FY 20	50.54	Refer Form D2
3	**ERC for FY 20 (1*2) – Rs. in Crore**	**40.32**	Refer Form D21 and D2

(ii) The abstract showing the ARR for FY 20:

Table B:

Sl. No.	Particulars	Amount Rs. in Cr	Remarks
1	Uncontrollable expenditure	30.35	Refer Form D1 and Form A2
2	Controllable expenditure	11.04	Refer Form A2
3	**Total ARR (1+2)**	**41.39**	Refer RR-GAP

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(iii) Revenue Deficit for FY 20:

Table C:

Sl. No.	Particulars	Amount Rs. in Cr	Remarks
1	ARR for FY 20	41.39	Table B above
2	ERC for FY 20	40.32	Table A above
3	**Revenue Deficit (1-2)**	**1.07**	Refer RR-GAP

(iv) <u>Proposal for recovery of revenue deficit:</u>

- To recover the revenue deficit of Rs.1.07 Crore, on estimated sales of 50.54 Mus, an increase of 21 Paise/kWh is required.
- MSEZL is proposing ***an increase in energy charges, across all the category of consumers, of 20 Paise/kWh.***
- The proposal for increase in energy charges by 20 Paise/kWh would help to reduce the revenue deficit by Rs.1.02 Crore.
- On the balance revenue deficit of Rs.0.05 Crore, MSEZL proposes to come before the Hon'ble Commission considering the overall performance for FY 20 while filing the APR for FY 20.
- **The power purchase rate/kWh from MSECOM for FY 20 is considered at FY 19 approved rate of Rs.5.936/kWh. In the event this rate goes up, MSEZL requests the Hon'ble Commission to pass this increase also to our consumers in addition to the tariff increase of 20 paise/kWh proposed by us, as above.**

Table D:

Sl. No.	Particulars	Details
1	The average realization rate per kWh from existing charges	Rs.7.978/kWh
2	Projected energy sales MUs in FY 20	50.54 MUs
3	ERC (1*2) – Rs. in Crores	Rs.40.32 Cr
4	Proposed increase in energy charges per kWh	Rs.0.20/kWh
5	Average realization rate per kWh (1+4)	Rs.8.18/kWh
6	Expected revenue for FY 20 (2*5) – Rs. in Crore	Rs.41.34 Cr
7	Expected additional revenue at proposed charges (6-3) – Rs. in Crore	Rs.1.02 Cr
8	Proposed percentage increase in tariff (4/5)	2.53%

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C. Tariff category and rates Proposed for FY 20

We are proposing before the Hon'ble Commission the retail supply tariff for FY 20 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	14	25.85	49.59	Fixed Charges/KVA	200	5.27	
						Energy Charges	6.85	33.97	7.91
2	HT	Construction	1	1.00	0.55	Fixed Charges/KVA	240	0.24	
						Energy Charges	10	0.55	14.36
3	LT	Industrial	8	0.15	0.40	Fixed Charges/KVA	190	0.03	
						Energy Charges	6.35	0.26	7.00
4	LT	Construction	-	-	-	Fixed Charges/HP	240		
						Energy Charges	10		
Total (HT +LT)			**23**	**27**	**50.54**			**40.32**	**7.978**

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	14	25.85	49.59	Fixed Charges/KVA	200	5.27	
						Energy Charges	7.05	34.97	8.11
2	HT	Construction	1	1.00	0.55	Fixed Charges/KVA	240	0.24	
						Energy Charges	10.20	0.56	14.55
3	LT	Industrial	8	0.15	0.40	Fixed Charges/KVA	190	0.03	
						Energy Charges	6.55	0.26	7.25
4	LT	Construction	-	-	-	Fixed Charges/HP	240	-	-
						Energy Charges	10.20	-	
TOTAL (HT+LT)			**23**	**27**	**50.54**			**41.34**	**8.18**

D. On Wheeling Charges and Cross Subsidy Surcharge:

The Hon'ble Commission in FY 19 tariff order has directed that for FY 19 the wheeling charges and Cross Subsidy Surcharge as determined by the Hon'ble Commission for MESCOM/across all ESCOM's shall apply.

For the MYT control period FY 20 to FY 22 wheeling charges, MSEZL submits to the Hon'ble Commission to kindly adopt similar procedure and pass necessary orders. This submission is made as we are a small licensee.

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Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

14. Prayer

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

1. Pass appropriate order for FY 18 based on APR submitted and detailed in chapter 4 and chapter 13.
2. Consider the tariff structure and proposal for FY 20 detailed in the Chapter-13 and approve tariff proposal in this Tariff Application.
3. Condone any error, omissions and deletions in the petition and give a chance to provide any other necessary information as deemed fit by the Commission.
4. Pass appropriate orders on the application made by MSEZL.

For **Mangalore SEZ Limited**

Place: Mangalore

Date: 22.11.2018

Authorized Signatory

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

MANGALORE SEZ LIMITED

MSEZ

Annual Performance Review for FY 18 and Annual Revenue Requirement (ARR) for the Distribution and Retail Supply Business And Tariff Petition for the Control Period FY 2019-2020 to FY 2021-2022 and Tariff Petition for FY 2019-2020

Mangalore SEZ Limited * Mangaluru-6 *
MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

MANGALORE SEZ LIMITED

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

Tariff filing forms		
Sl 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

Mangalore SEZ Limited
MSEZ
Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

MSEZL : REVENUE REQUIREMENT & REVENUE GAP

MSEZL-Total

Rs. in Cr

Sl. No.	Details	FY 18 Actual	FY 19 Provisional	FY 20 Projected Year 1-CP	FY 21 Projected Year 2-CP	FY 22 Projected Year 3 -CP
	Power Purchase	42.19	42.64	51.13	56.86	60.36
	Energy Available at interface point (MU)	42.19	42.64	51.13	56.86	60.36
	Sale of Power (MU)	41.80	42.18	50.54	56.17	59.63
	Loss %	0.93%	1.08%	1.15%	1.21%	1.21%
	Average Cost of Supply (in paise)	877.90	880.38	819.04	811.28	801.26
1	**Receipts**					
a	Revenue from tariffs & Miscell. Charges	34.76	33.44	40.32	44.41	47.14
b	Tariff subsidy for BJ/KJ & IP sets					
c	RE subsidy from Govt.					
	Total	**34.76**	**33.44**	**40.32**	**44.41**	**47.14**
2	**Expenditure**					
a	Power Purchase	25.55	25.96	30.35	33.75	35.83
b	R&M Expense	0.70	0.78	0.76	0.82	0.89
c	Employee Expenses	0.41	0.44	0.45	0.48	0.52
d	A&G Expense	0.24	0.24	0.26	0.28	0.30
e	Depreciation	2.73	2.81	2.84	2.84	2.84
f	Interest & Finance Charges	4.39	4.12	3.87	4.54	4.54
g	**Less:** Interest & other expenses capitalised	-	-	-	-	-
h	Other Debits (incl. Prov for Bad debts)	-	-	-	-	-
i	Extraordinary Items	-	-	-	-	-
j	Other (Misc.)-net prior period credit	-	-	-	-	-
	Total	**34.02**	**34.35**	**38.54**	**42.71**	**44.92**
3	**ROE**	**3.03**	**3.03**	**3.12**	**3.12**	**3.12**
4	**Other Income**	**0.36**	**0.24**	**0.26**	**0.26**	**0.26**
5	**Provision for taxes**	**-**	**-**	**-**		
6	**Annual Revenue Requirement (2)+(3)-(4)-(5)**	**36.70**	**37.13**	**41.39**	**45.57**	**47.78**
7	**Surplus(+) / Shortfall(-) : (1)-(6) before tariff revision**	**(1.94)**	**(3.69)**	**(1.07)**	**(1.16)**	**(0.64)**
8	**Subsidy receivable from Government**	-	-	-		
9	**Surplus(+) / Shortfall(-) : (7)+(8) after tariff revision**	(1.94)	(3.69)	(1.07)	(1.16)	(0.64)

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form A1

MSEZL: PROFIT & LOSS ACCOUNT
MSEZL-Total

(Rs. in Cr)

Ref Form-No	PARTICULARS	FY 18	FY 19	FY 20	FY 21	FY 22
		Actual	Projected	Projected	Projected	Projected
				Year 1-CP	Year 2-CP	Year 3 -CP
	POWER PURCHASE (MU)	42.19	42.64	51.13	56.86	60.36
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	42.19	42.64	51.13	56.86	60.36
T2/D2	ENERGY SOLD (MU)	41.80	42.18	50.54	56.17	59.63
	DISTRIBUTION LOSS (%)	0.93%	1.08%	1.15%	1.21%	1.21%
	INCOME					
T2/D2	REVENUE FROM SALE OF POWER	34.76	33.44	40.32	44.41	47.14
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	-	-	-	-	
T3/D3	REV SUBSIDIES & GRANTS	-	-	-	-	-
T4/D4	OTHER INCOME	0.36	0.24	0.26	0.26	0.26
	TOTAL	**35.12**	**33.68**	**40.58**	**44.67**	**47.40**
	EXPENDITURE					
T1/D1	PURCHASE OF POWER	25.55	25.96	30.35	33.75	35.83
T5/D5	REPAIRS & MAINTENANCE	0.70	0.78	0.76	0.82	0.89
T6/D6	EMPLOYEES COSTS	0.41	0.44	0.45	0.48	0.52
T7/D7	ADM & GENERAL EXPENSES	0.24	0.24	0.26	0.28	0.30
T8/D8	DEPRECIATION AND RELATED DTS	2.73	2.81	2.84	2.84	2.84
T9/D9	INTEREST & FINANCE CHARGES	4.39	4.12	3.87	4.54	4.54
	SUB-TOTAL	**34.02**	**34.35**	**38.53**	**42.71**	**44.92**
T10/D10	LESS: EXPENSES CAPITALISED:					
	-INTEREST & FINANCE CHARGES CAPITALISED	-	-	-	-	-
	-OTHER EXPENSES CAPITALISED					
	SUB-TOTAL	-	-	-	-	-
T11/D11	OTHER DEBITS (incl. Bad debts)					
T12/D12	EXTRAORDINARY ITEMS					
	TOTAL EXPENDITURE	**34.02**	**34.35**	**38.53**	**42.71**	**44.92**
	PROFIT (LOSS) BEFORE TAX	1.10	(0.67)	2.05	1.96	2.48
	PROVISION FOR TAXES					
	Current Tax	-	-	-	-	-
	Deferred Tax	1.65	(0.04)	0.55	0.36	0.19
	PROFIT (LOSS) AFTER TAX	**(0.55)**	**(0.62)**	**1.50**	**1.60**	**2.29**
T13/D13	NET PRIOR PERIOD Debits/Credits					
A-4	RETURN ON EQUITY	**3.03**	**3.03**	**3.12**	**3.12**	**3.12**
	REVENUE SURPLUS/(DEFECIT)	(3.58)	(3.65)	(1.62)	(1.52)	(0.83)

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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MSEZL: BALANCE SHEET AS AT THE END OF THE YEAR

MSEZL-Total

(Rs in Cr)

Ref Form-No	PARTICULARS	MSEZL Audited Figures as at 31st March 2018	Non-License Activity as at 31st March 2018	Licnese activity as at 31st March 2018	Licnese activity as at 31st March 2017	License activity as at 31st March 2019	License activity as at 31st March 2020	License activity as at 31st March 2021	License activity as at 31st March 2022
	SHAREHOLDER'S FUNDS:								
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00						
	EQUITY SHARE CONTRIBUTION	-	-	35.55	35.55	35.55	35.55	35.55	35.55
	RESERVES & SURPLUS	20.82	27.08	(6.26)	(5.71)	(6.89)	(5.39)	(3.79)	(1.50)
	Total	**70.82**	**77.09**	**29.29**	**29.84**	**28.67**	**30.16**	**31.77**	**34.06**
T9/D9	**LOAN FUNDS:**								
	LOANS FROM STATE GOVT	-	-						
	LOANS FROM OTHERS- SECURED	562.92	538.48	24.44	24.87	23.87	23.16	22.16	20.88
	LOANS FROM OTHERS- UNSECURED	-	-			-			
	FRESH BORROWINGS FOR CAPEX	-	-			-			
	Total	**562.92**	**538.48**	**24.44**	**24.87**	**23.87**	**23.16**	**22.16**	**20.88**
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	18.73	18.73	-	-	-	-	-	-
	OTHER LONG TERM LIABILITIES	913.23	913.23	-	-	-	-	-	-
	LONG TERM PROVISIONS	1.50	1.50	-	-	-	-	-	-
	DEFERRED TAX LIABILITY	40.74	35.95	4.78	3.13	4.74	5.29	5.65	5.84
	GRAND TOTAL	**1,607.94**	**1,584.98**	**58.51**	**57.84**	**57.27**	**58.61**	**59.57**	**60.77**
	APPLICATION OF FUNDS:								
	NET FIXED ASSETS:								
T15/D15	a) GROSS BLOCK	1,368.29	1,303.13	65.16	65.03	67.12	67.12	67.12	67.12
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	95.10	87.43	7.66	4.93	10.47	13.31	16.14	18.97
T16/D16	c) NET FIXED ASSETS	**1,273.19**	**1,215.70**	**57.50**	**60.10**	**56.65**	**53.81**	**50.98**	**48.15**
T17/D17	d) CAPITAL WORK IN PROGRESS	170.57	168.61	1.96	-	-			1.25
	e) ASSETS NOT IN USE								
	f) DEFERRED COSTS								
	g) INTANGIBLE ASSETS	13.88	13.88	-		-			
	SUB TOTAL OF (c) TO (g)	**1,457.64**	**1,398.18**	**59.46**	**60.10**	**56.65**	**53.81**	**50.98**	**49.40**
	INVESTMENTS	0.09	0.09	-	-	-	-	-	-
	LONG TERM LOANS AND ADVANCES - SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.21	1.36	3.85	3.85	3.85	3.85	3.85	3.85
	OTHER NON-CURRENT ASSETS	26.65	26.65	-	-	-	-	-	-
	OTHERS	0.50	0.50	-	-	-	-	-	-
	SUB TOTAL	**32.44**	**28.59**	**3.85**	**3.85**	**3.85**	**3.85**	**3.85**	**3.85**
	NET CURRENT ASSETS:								
	A. CURRENT ASSETS, LOANS & ADVANCES								
	a) INVENTORIES	-	-	-	-	-	-	-	-
	b)CURRENT INVESTMENTS	54.87	54.87	-	-	-	-	-	-
T18/D18	c) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	169.79	162.58	7.21	1.60	2.79	3.36	3.70	3.93
	d) CASH & BANK BALANCES	24.32	28.61	(4.29)	(2.77)	0.96	5.28	9.01	11.85
	e) Share Contribution to Licensed Activity	-	35.55		-	-	-	-	-
	f) LOANS & ADVANCES and OTHER CURRENT ASSETS	5.31	4.98	0.33	0.29	0.24	0.26	0.26	0.26
	g) SUNDRY RECEIVABLES	-	-	-	-	-			
	TOTAL OF A	**254.28**	**286.59**	**3.24**	**(0.88)**	**3.99**	**8.90**	**12.97**	**16.04**
	B. CURRENT LIABILITIES AND PROVISIONS:								
	a) SECURITY DEPOSIT FROM CONSUMERS	4.06	-	4.06	3.74	3.81	3.81	3.81	3.81
	b) BORROWINGS FOR WORKING CAPITAL		-						
	c) PAYMENTS DUE ON CAPITAL LIABILITIES	53.26	53.08	0.18	-	-	-	-	-
	d) OTHER CURRENT LIABILITIES - D 25	61.15	57.75	3.40	1.21	3.41	3.43	3.43	3.43
	e) CURRENT MATURITIES OF LONG TERM DEBT	9.89	9.46	0.43	0.28	-	0.71	1.00	1.28
	f) SUNDRY CREDITORS		-						
	g) PROVISION FOR PENSION, GRATUITY,FBF & OTHERS etc.	8.07	8.07	-	-	-	-	-	-
	h)PROVISION FOR IT and FBT		-						
	TOTAL OF B	**136.42**	**128.36**	**8.07**	**5.23**	**7.21**	**7.95**	**8.23**	**8.52**
	NET CURRENT ASSETS (A - B)	**117.86**	**158.23**	**(4.83)**	**(6.11)**	**(3.23)**	**0.96**	**4.74**	**7.52**
	GRAND TOTAL	**1,607.94**	**1,584.98**	**58.51**	**57.84**	**57.27**	**58.61**	**59.57**	**60.77**

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana

Chief Operating Officer

Mangalore SEZ Limited

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MSEZL: CASH FLOW STATMENT FOR THE YEAR
MSEZL-Total

(Rs in Cr)

Sl. No.	PARTICULARS	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
I	**Net Funds from Operations:**					
1	**Net Funds from Earnings:**					
	Profit before Tax	1.10	(0.67)	2.05	1.96	2.48
	Less:					
	Revenue/Tariff subsidy and Grants					
	Income Tax payment during the year					
	Surplus to be allocated other ESCOMs					
	Interest paid on debt funds but capitalized during the year - Not Debited to P&L account					
	Total of A	**1.10**	**(0.67)**	**2.05**	**1.96**	**2.48**
	B. ADD: Debits to Revenue Account not requiring Cash Outflow:					
	(i) Depreciation (incldg AAD)	2.73	2.81	2.84	2.84	2.84
	(ii) Amortisation of Deferred Cost					
	(iii) Amortisation of Intangible Assets					
	(iv) Investment Allowance Reserve					
	(v) Others, if any.					
	Total of B	**2.73**	**2.81**	**2.84**	**2.84**	**2.84**
	C.LESS: Credits to Revenue Account not involving Cash Receipts:					
	(i) Depreciation					
	(ii)					
	Total of C					
	Net Funds from Earnings (A+B-C)	**3.83**	**2.14**	**4.90**	**4.80**	**5.32**
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	**Total Funds from Operations (1 to 8)**	**3.83**	**2.14**	**4.90**	**4.80**	**5.32**
9	Net Increase/(Decrease) in Working Capital:					
	A. Increase/(Decrease) in Current Assets:					
	a) Inventories					
	b) Receivables against sale of power	5.60	(4.43)	0.57	0.36	0.24
	c) Loans and Advances	0.04	(0.09)	0.02	-	-
	d) Sundry Receivables					
	Total of A	**5.64**	**(4.52)**	**0.59**	**0.36**	**0.24**
	B. Increase/(Decrease) in Current Liabilities:					
	a) Borrowings for working capital					
	b) Security deposits from customers	0.31	(0.25)	-	-	-
	b) Other Current liabilities - Power purchase	2.20	0.00	0.02	-	-
	- Others					
	-Provisions	0.18	(0.18)	-	-	-
	Total of B	**2.68**	**(0.42)**	**0.02**	**-**	**-**
	Net Increase/(Decrease) in Working Capital (A - B)	**2.96**	**(4.10)**	**0.57**	**0.36**	**0.24**
10	Net Funds from Operations before Subsidies & Grants (8-9)	0.87	6.24	4.32	4.44	5.08
11	Receipts from Revenue/Tariff Subsidies and Grants					
Tot I	**Net Funds from Operations including Subsidies & Grants (7+8)**	0.87	6.24	4.32	4.44	5.08

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Sl. No.	PARTICULARS	FY 18	FY 19	FY 20	FY 21	FY 22
		Actuals	Provisional	Projected	Projected	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					
	Total of A	-	-			
	B. Repayments:					
	Repayment of Principal	0.28	1.00	0	0.71	1.00
	(a) State Loans					
	(b) Foreign currency Loans/Credits					
	(c) Other Borrowings					
	(d)Working Capital					
	Total of B	**0.28**	**1.00**	**-**	**0.71**	**1.00**
	Net Increase /(Decrease) in Capital Liabilities (A - B)	**(0.28)**	**(1.00)**	**-**	**(0.71)**	**(1.00)**
III	**Increase/(Decrease) in Equity Capital**					
IV	**Total Funds available for Capital Expenditure (I+II+III)**	**0.57**	**5.25**	**4.32**	**3.73**	**4.09**
V	**Funds Utilised on Capital Expenditure:**					
	(a) On Projects	2.09	(0.00)	-	-	1.25
	b) Assets not in use - reissued for works					
	(c) Intangible Assets					
	(d) Deferred Costs					
	Total of V	**2.09**	**(0.00)**	**-**	**-**	**1.25**
VI	Net Increase/(Decrease) in Investments					
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	(1.52)	5.25	4.32	3.73	2.84
VIII	Add: Opening Cash & Bank balances	(2.77)	(4.29)	0.96	5.28	9.01
IX	**Closing Cash & Bank Balances (VII+VIII)**	**(4.29)**	**0.96**	**5.28**	**9.01**	**11.85**

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

Form A4

MSEZL: Aggregate Revenue Requirement
MSEZL-Total

(Rs in Cr)

Sl. No.	Item	Ref Form No.	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
1	Equity Share Capital as allocated to license activity (at actual equity ratio of 54%)	A-2	35.55	35.55	35.55	35.55	35.55
2	Equity Share Capital as per KERC norms - GFA as at 31.03.2018 is Rs.65.16 Cr*30%, normative equity		19.55	19.55	20.14	20.14	20.14
3	Equity Share Capital resitricted to 30% for RoE allowability as per KERC norms		19.55	19.55	20.14	20.14	20.14
4	**Total equity for RoE**		**19.55**	**19.55**	**20.14**	**20.14**	**20.14**

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

MSEZL: Revenue Requirement - Capital Base
MSEZL-Total

(Rs in Crs)

Sl No	Data Required	Ref Form No.	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
1 (a)	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		-				
	(1/12th 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		-				
	(1/12th 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 i)	The amounts written off or set aside on account of depreciation of fixed assets.	D8	-				
ii)	The amount of any loan or subvention from the State	D9	-				
ii.a)	The amount of any loans borrowed from organisations or institutions approved by the State Government.	D9	-				
ii-b)	The amount of any debenture issued by the licensee.		-				
iii)	The amounts deposited in cash with the licensee by consumers, by way of security.		-				
iv)	The amount standing to the credit of Tariff and Dividends Control Reserve at the beginning of the year of account.		-				
v)	The amount standing to the credit of the Development Reserve at the close of the year.		-				
vi)	The amount carried forward (at the beginning of the year of account) in the accounts of the Licensee for distribution to the consumers.		-				
	Sum of above		-	-	-	-	-

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Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

MSEZL - Cost of Purchased Power - 18

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge - Rs. in Crs.	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Variable charges	Total	Average rate (Rs./kwh)
	MESCOM	42.19		24.9455		-	-	0.60	25.5455	-	25.5455	25.5455	
	TOTAL	42.19	-	24.9455	-	-	-	0.60	25.5455	-	25.5455	25.5455	6.05

Note:

1.The PP cost/unit is Rs 5.80/kWh being the rate approved by KERC for FY 2016-17. The PP cost of Rs.24.9455 Crore paid to MESCOM also includes the FAC charged by MESCOM from time to time.

2.The quantum of energy purchased is as per the actuals bills received from MSECOM during the period April 2017 to March 2018.

3.The KERC vide the order dated 08.05.2017 while approving the APR for FY 2015-16 had revised the power purchase cost of FY 2015-16 and directed MSEZL to pay the differential power purchase cost of Rs.60 lakhs to MESCOM. MSEZL had paid Rs.60 Lakhs to MESCOM on 20.03.2018.

Cost of Purchased Power - 19

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Variable charges	Total	Average rate (Rs./kwh)
	MESCOM	42.64		25.35				0.61	25.96	-	25.96	25.96	
					-	-	-	-					
	TOTAL	42.64	-	25.35	-	-	-	0.61	25.96	-	25.96	25.96	6.088

1) The assumptions for energy purchase for balance period in FY 19 (i.e.from October 2018 to March 2019) is made on a realistic basis duly considering existing demand pattern of the consumers and the distribution loss.

2) The PP cost is considered is Rs 5.936/kWh as approved by KERC for FY 19.

3) The Hon'ble Commision has approved an FAC of 4 Paise/unit for the period April 18 - June 18; order dated 14.09.2018. This FAC order is applicable for the invoice issued for billing quarter 01.10.2018 to 31.12.2018. Hence, the PP cost for the month of September 2018, October 2018 and November 2018 is increased by 4 paise/unit

4) The Hon'ble Commission vide its tariff order dated 14.05.2018 had revised the power purchase cost for APR FY 17 and directed us to pay Rs.0.61 Crore to MESCOM. The increase PP cost is paid to MESCOM on 25.06.2018 and same is taken in the power purchase above.

Cost of Purchased Power - 20

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Variable charges	Total	Average rate (Rs./kwh)
	MESCOM	51.13		30.35					30.35	-	30.35	30.35	
	TOTAL	51.13	-	30.35	-	-	-	-	30.35	-	30.35	30.35	5.936

Note: 1)The Hon'ble Commission in its tariff order dated 14.05.2018 has approved FY 19 PP rate from MESCOM at Rs.5.936/kWh. The same rate is considered for calculating the PP cost

2) The FAC charges is not forming part of Power Purchase cost of Rs.32.68 Crores.

Cost of Purchased Power - 21

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Variable charges	Total	Average rate (Rs./kwh)
	MESCOM	56.86		33.75					33.75	-	33.75	33.75	
	TOTAL	56.86	-	33.75	-	-	-	-	33.75	-	33.75	33.75	5.936

Note: 1)The Hon'ble Commission in its tariff order dated 14.05.2018 has approved FY 19 PP rate from MESCOM at Rs.5.936/kWh. The same rate is considered and applied for calculating the PP cost for FY 21.

2) The FAC charges is not forming part of Power Purchase cost of Rs.32.40 Crores.

Cost of Purchased Power - 22

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge	Fuel escalation charge	Incentive payment	Wheeling charge	Any Other Charges	Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Variable charges	Total	Average rate (Rs./kwh)
	MESCOM	60.36		35.83					35.83	-	35.83	35.83	
	TOTAL	60.36	-	35.83	-	-	-	-	35.83	-	35.83	35.83	5.936

Note: 1)The Hon'ble Commission in its tariff order dated 14.05.2018 has approved FY 19 PP rate from MESCOM at Rs.5.936/kWh. The same rate is considered and applied for calculating the PP cost for FY 22.

2) The FAC charges is not forming part of Power Purchase cost of Rs.35.87 Crores.

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form T2/D2

MSEZL : REVENUE FROM SALE OF POWER

Sl. No.	Particulars	Actuals Current year-FY18				Ensuing year - FY19				Ensuing year - FY20				Ensuing year - FY21				Ensuing year - FY22			
		No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)	No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)
I	**Consumer Categorywise-HT 33KV**																				
1	Residential																				
2	Commercial																				
3	Industrial	3	38.79	28.00	7.22	3	37.84	29.38	7.76	7	45.92	36.34	7.91	8	52.10	41.23	7.91	8	55.56	43.96	7.91
4	Water supply																				
5	Public lighting																				
6	Temproary																				
	Total HT 33 KV	**3**	**38.79**	**28.00**	**7.22**	**3**	**37.84**	**29.38**	**7.76**	**7**	**45.92**	**36.34**	**7.91**	**8**	**52.10**	**41.23**	**7.91**	**8**	**55.56**	**43.96**	**7.91**
II	**Consumer Categorywise-HT 11KV**																				
1	Residential																				
2	Commercial																				
3	Industrial	7	2.32	2.13	9.18	7	3.56	3.27	9.19	7	3.67	2.91	7.91	7	3.67	2.90	7.91	7	3.67	2.90	7.91
4	Water supply																				
5	Public lighting																				
6	Temproary	1	0.22	0.34	15.45	1	0.21	0.27	12.86	1	0.55	0.79	14.36								
	Total HT 11 KV																				
	Total	**8**	**2.54**	**2.47**	**9.72**	**8**	**3.77**	**3.54**	**9.39**	**8**	**4.220**	**3.70**	**8.77**	**7**	**3.67**	**3**	**7.90**	**7**	**3.67**	**2.90**	**7.90**
II	**Consumer Categorywise-LT**																				
1	Residential																				
2	Commercial																				
3	**LT others**																				
4	Industrial	5	0.33	0.21	6.36	5	0.36	0.26	7.22	8	0.40	0.28	7.00	8	0.40	0.28	7.00	8	0.40	0.28	7.00
5	Water supply																				
6	Public lighting																				
7	Temproary	3	0.14	0.16	11.43	3	0.21	0.26	12.38												
	Total LT	**8**	**0.47**	**0.37**	**7.87**	**8**	**0.57**	**0.52**	**9.12**	**8**	**0.40**	**0.28**	**7.00**	**8**	**0.40**	**0.28**	**7.00**	**8**	**0.40**	**0.28**	**7.00**
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			0.01																	
6	Other receipts																				
	Total of IV																				
VI	Gross Revenue from Sale of Power (I+II+III+IV)																				
VII	LESS:																				
1	Electricity duty payable (Contra)																				
	TOD impact																				
2	Other State levies payable (Contra)																				
3	Withdrawal of Revenue Demand																				
	Total of VI																				
VII	**Total (V-VI)**																				
	Grand Total	**19**	**41.80**	**30.85**	**7.38**	**19**	**42.18**	**33.44**	**7.93**	**23**	**50.54**	**40.32**	**7.98**	**23**	**56.17**	**44.41**	**7.91**	**23**	**59.63**	**47.14**	**7.91**

Add: Deficit for FY 2015-16 Rs.0.60 Crore and deficit for FY 2017-18 Rs.3.31 Crore has been considered as revenue from sale of power as per KERC tariff order dated 14.05.2018	3.91
Grand total Revenue from sale of power for FY 18	**34.76**

Note on FY 20, FY 21 and FY 22 - 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.

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited MSEZ Mangaluru-6

Form-D3

MSEZL : REVENUE SUBSIDIES AND GRANTS
Retail supply business

(Rs. in Cr)

Sl No	Particulars	FY 18	FY 19	FY 20	FY 21	FY 22
		Actuals	Provisional	Projected	Projected	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)	-	-	-	-	-
	Grand Total	-	-	-	-	-

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

Form D4

MSEZL : NON-TARIFF INCOME (OTHER INCOME)
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
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	0.33	0.24	0.26	0.26	0.26
f	Interest on loans to Societies	-	-	-	-	-
3	**Income from Trading:**	-	-	-	-	-
a	Profit on sale, hire etc of apparatus	-	-	-	-	-
b	Hire charges from Contractors	-	-	-	-	-
c	Material Cost Variance	-	-	-	-	-
d	Profit on sale of stores	-	-	-	-	-
e	Sale of Scrap	-	-	-	-	-
f	Other Misc Receipts from trading	-	-	-	-	-
g	Other income -	0.03				
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	-	-	-	-	-
	Grand Total	**0.36**	**0.24**	**0.26**	**0.26**	**0.26**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form D-5

MSEZL : REPAIRS AND MAINTENANCE COSTS
MSEZL-Total

Rs.in Cr.

Sl No	Particulars	FY 18			FY 19			FY 20			FY 21			FY 22		
		Actuals			Provisional			Projected			Projected			Projected		
		Consum-ption of stores	Other expenses	**Total**	Consum-ption of stores	Other expenses	**Total**	Consum-ption of stores	Other expenses	**Total**	Consum-ption of stores	Other expenses	**Total**	Consum-ption of stores	Other expenses	**Total**
	Repairs and maintenance to:									-			-			-
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	0.01	0.69	**0.70**	0.02	0.76	**0.78**	0.01	0.75	0.76	0.01	0.81	0.82	0.01	0.87	0.89
8	Vehicles	-	-	-	-		-		-	-		-	-		-	-
9	Furniture & Fixtures	-	-	-	-		-		-	-		-	-		-	-
10	Office Equipments	-	-	-	-		-		-	-		-	-		-	-
11	Others/Computers	-	-	-	-		-		-	-		-	-		-	-
12	R&M on Old assets	-	-	-			-		-	-		-	-		-	-
13	R&M on New assets	-		-			-		-	-		-	-		-	-
	Total	**0.01**	**0.69**	**0.70**	**0.02**	**0.76**	**0.78**	**0.01**	**0.75**	**0.76**	**0.01**	**0.81**	**0.82**	**0.01**	**0.87**	**0.89**

Mangalore SEZ Limited MSEZ Mangaluru-6

N Suryanarayana

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form D6

MSEZL : EMPLOYEE COSTS
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
1	Salaries	0.386	0.41	0.42	0.45	0.49
2	Overtime	-		-	-	-
3	Dearness Allowance	-		-	-	-
4	Other Allowances	-	-	-	-	-
5	Bonus	-		-	-	-
6	**Sub-Total (1 to 5)**	**0.386**	**0.41**	**0.42**	**0.45**	**0.49**
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	0.022	0.02	0.02	0.03	0.03
13	**Total Other staff costs (7 to 12)**	**0.022**	**0.02**	**0.02**	**0.03**	**0.03**
14	Staff Welfare expenses			-	-	-
15	Terminal Benefits/PF Employer Contribution	0.006	0.01	0.01	0.01	0.01
16	**Sub-total (14 to 15)**	**0.006**	**0.01**	**0.01**	**0.01**	**0.01**
17	Addition liability on account of pay revision	-		-	-	-
18	**Grand Total**	**0.41**	**0.44**	**0.45**	**0.48**	**0.52**

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited MSEZ Mangaluru-6

Form-D 6A

MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION
MSEZL - Total

Rs. in Cr

Sl No	Category of employe	FY 18 Actuals Number		Cost	FY 19 Provisional Number		Cost	FY 20 Projected Number		Cost	FY 21 Projected Number		Cost	FY 22 Projected Number		Cost
		Sanctioned	Working	Rs in Crores	Sanctioned	Working	Rs in Crores	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 &															
4	Executive Engineers & equivalents															
5	Asst Executive Engineers &															
6	Manager						-			-			-			-
7	All other staff			0.39			0.41			0.42			0.45			0.49
8	Terminal Benefits			0.01			0.01			0.01			0.01			0.03
9	Others			0.02			0.02			0.02			0.03			0.01
10																
	Total	-	-	**0.41**	-	-	**0.44**	-	-	**0.45**	-	-	**0.48**	-	-	**0.52**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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MSEZL : ADMINISTRATION AND GENERAL CHARGES
MSEZL-Total

Rs. in Cr

Sl No	Particulars	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
1	Rent,Rates and Taxes	-	-	-	-	-
2	Expenses incurred towards security arrangements	-	-	-	-	-
3	Insurance on fixed assets & Others	0.04	0.04	0.04	0.05	0.05
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			-	-	-
10	Consultancy charges	0.11	0.09	0.12	0.13	0.14
11	Technical fee	-		-	-	-
13	Office Expenses	0.01	0.02	0.01	0.01	0.01
14	Conveyance, Hotel Accommodation & Travel expenses	0.03	0.04	0.03	0.04	0.04
	Sub-total	**0.19**	**0.19**	**0.21**	**0.22**	**0.24**
	Other expenses					
15	Fees & subscription (incl. KERC filling charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.03	0.03	0.03	0.03	0.03
16	Books, Periodicals and dairies	-		-	-	-
17	Printing & Stationery	-		-	-	-
18	Factory license fees			-	-	-
19	Advertisement expenses	0.02	0.02	0.02	0.02	0.03
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			-	-	-
	Total other expenses	**0.05**	**0.05**	**0.05**	**0.05**	**0.06**
27	Freight & other material related expenditure	-	-	-	-	-
	GRAND TOTAL	**0.24**	**0.24**	**0.26**	**0.28**	**0.30**

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form - D8

MSEZL : DEPRECIATION

MSEZL-Total

Rs. in Crs.

Sl No	Particulars of assets	FY 18 Actuals				FY 19 Provisional			FY 20 Projected			FY 21 Projected			FY 22 Projected		
		Balance at the end of the year	Depreciation provided for the year	With drawal of depreciation	Balance at the end of the year	Depreciation provided for the year	With drawal of depreciation	Balance at the end of the year	Depreciation provided for the year	With drawal of depreciation	Balance at the end of the year	Depreciation provided for the year	With drawal of depreciation	Balance at the end of the year	Depreciation provided for the year	With drawal of depreciation	Balance at the end of the year
MSEZL- Total																	
1.	Leasedhold Land		-	-	-	-		-			-			-			-
2.	Building and structures	0.18	0.09	-	0.27	0.09		0.35	0.09		0.44	0.09		0.52	0.09		0.61
0	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	2.01	1.01	-	3.02	1.01		4.03	1.01		5.04	1.01		6.05	1.01		7.07
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-	-	-	-	-		-			-			-			-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	2.69	1.61	-	4.30	1.69		5.99	1.71		7.70	1.71		9.41	1.71		11.12
7.	Service lines	-	-	-	-	-		-			-			-			-
8.	Metering equipment	-	-	-	-	-		-			-			-			-
9.	Misc equipment	-	-	-	-	-		-			-			-			-
10.	Other items/Computers	-	-	-	-	-		-			-			-			-
a	Hydraulic Works/Civil works	-	-	-	-	-		-			-			-			-
b	Other Civil Works - Roads	0.05	0.03	-	0.08	0.03		0.10	0.03		0.13	0.03		0.15	0.03		0.18
c	Vehicles		-	-	-	-		-			-			-			-
d	Furniture Fixtures			-	-	-		-			-			-			-
e	Office Equipments		-	-	-	-		-			-			-			-
f	Software (intangilbe asset)		-	-	-	-		-			-			-			-
	MSEZL Total	**4.93**	**2.73**	**-**	**7.66**	**2.81**	**-**	**10.47**	**2.84**	**-**	**13.31**	**2.84**	**-**	**16.14**	**2.84**	**-**	**18.97**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form- D9

MSEZL : LOANS AND DEBENTURES AND INTEREST CHARGES

MSEZL-Total

(Rs. in Crores)

	Institution	FY 18						FY 19						FY 20					
		Actuals						Provisional						Projected					
		Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
	Secured Loans -State Bank of India																		
1	**Borrowings from SBI - A**	**25.15**	-	**25.15**	**0.28**	2.25	**24.87**	**24.87**	-	**24.87**	**1.00**	**2.01**	**23.87**	**23.87**	-	**23.87**		2.15	**23.87**
a	Add:Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	13.12		13.12	0.15	1.18	**12.97**	**12.97**		**12.97**	0.52	1.05	**12.45**	12.45		**12.45**		1.14	**12.45**
b	**Total debt considered @ 70% for tariff allowability as per KERC norms**	**38.27**		**38.27**	**0.43**	**3.43**	**37.84**	**37.84**	-	**37.84**	**1.52**	**3.07**	**36.32**	**36.32**		**36.32**	-	**3.29**	**36.32**
				-															
2	**Fresh borrowings for capex - B**			-	-		-			-	-		-			-	-		-
b	Total debt considered @ 70% for tariff allowability as per KERC norms								1.39	1.39	0.09	0.11	1.29	1.29		1.29	-	0.12	1.29
	Total = A	**25.15**	-	**25.15**	**0.28**		**24.87**	**24.87**	-	**24.87**	**1.00**	**3.17**	**23.87**	**23.87**	-	**23.87**	-	**3.41**	**23.87**
12	Others																		
	Other Interest and finance charges																	-	
	Guarantee commission to GoK																	-	
	Interest payable on Power Purchases																	-	
	Interest to Consumers			-		0.26	-	-		-		0.24	-	-				0.26	-
	Interest on working capital - wires business					0.07						0.07						0.02	
	Interest on working capital -supply business					0.64						0.64						0.19	
	Others Total	-				**0.96**	-	-				**0.95**	-	-				**0.47**	-
	Total	**25.15**	-	**25.15**	**0.28**	**4.39**	**24.87**	**24.87**	-	**24.87**	**1.00**	**4.12**	**23.87**	**23.87**	-	**23.87**	-	**3.87**	**23.87**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V Suryanarayana

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form- D9

MSEZL : LOANS AND DEBENTURES AND INTEREST CHARGES

(Rs. in Crores)

Institution	FY 21 Projected						FY 22 Projected					
	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal	Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
Secured Loans -State Bank of India												
Borrowings from SBI - A	**23.87**	**-**	**23.87**	**0.71**	**2.14**	**23.16**	**23.16**	**-**	**23.16**	**1.00**	**2.11**	**22.16**
Add:Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	12.45		**12.45**	0.37	1.11	**12.08**	12.08		**12.08**	0.52	1.10	**11.56**
Total debt considered @ 70% for tariff allowability as per KERC norms	**36.32**		**36.32**	**1.08**	**3.25**	**35.24**	**35.24**		**35.24**	**1.52**	**3.21**	**33.72**
Fresh borrowings for capex - B			-	-		-			-	-		-
Total debt considered @ 70% for tariff allowability as per KERC norms	1.29		1.29	0.04	0.12	1.26	1.26		1.26	0.05	0.11	1.20
Total = A	**23.87**	**-**	**23.87**	**0.71**	**3.37**	**23.16**	**23.16**	**-**	**23.16**	**1.00**	**3.32**	**22.16**
Others												
Other Interest and finance charges					-						-	
Guarantee commission to GoK					-						-	
Interest payable on Power Purchases					-						-	
Interest to Consumers	-		-		0.26	-	-		-		0.26	-
Interest on working capital - wires business					0.09						0.10	
Interest on working capital -supply business					0.82						0.87	
Others Total	**-**				**1.17**	**-**	**-**				**1.22**	**-**
Total	**23.87**	**-**	**23.87**	**0.71**	**4.54**	**23.16**	**23.16**	**-**	**23.16**	**1.00**	**4.54**	**22.16**

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form D9A

MSEZL : DISTRIBUTION WIRES BUSINESS

MSEZL TOTAL

(Rs. in Crores)

Sale and Lease Back of Assets - FY 18

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

(Rs. in Crores)

Sale and Lease Back of Assets - FY 19

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

(Rs. in Crores)

Sale and Lease Back of Assets - FY 20

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

(Rs. in Crores)

Sale and Lease Back of Assets - FY 21

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

(Rs. in Crores)

Sale and Lease Back of Assets - FY 22

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

Mangalore SEZ Limited MSEZ Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form-D10

MSEZL : DETAILS OF EXPENSES CAPITALIZED
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY18	FY 19	FY 20	FY 21	FY 22
		Actuals	Provisional	Projected	Projected	Projected
1	Interest & Finance charges Capitalised					
2	**Other expenses capitalised:**					
a	Employee Costs	-				
b	Administration and General Expenses	-				
c	Repairs and maintenance	-				
d	Depreciation	-				
e	Others, if any					
	Total of 2	-	-	-	-	-
	Grand Total	-	-	-	-	-

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form-D11

MSEZL : OTHER DEBITS
MSEZL-Total

Rs. in Cr

Particulars	FY 18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
Small and Low value items written off	-	-	-	-	-
Computer Rentals/Maintenance charges	-	-	-	-	-
Losses/gains relating to Fixed assets	-	-	-	-	-
Assets decommissioning cost	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Provisions for bad and doubtful debts	-	-	-	-	-
Miscellaneous losses and write offs	-	-	-	-	-
Material cost variance	-	-	-	-	-
Bad & doubtful debts provided for others	-	-	-	-	-
Grand Total	-	-	-	-	-

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form-D12

MSEZL : EXTRAORDINARY ITEMS
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY 18	FY 19	FY 20	FY 21	FY 22
		Actuals	Provisional	Projected	Projected	Projected
1	Extraordinary Credits(incl.					
	subsidies against losses due to natural disasters	-				
	TOTAL CREDITS	-	-	-	-	-
2	Extraordinary Debits (incl.					
	subsidies against losses due to natural disasters	-				
	TOTAL DEBITS	-	-	-	-	-
3	**Grand Total**	-	-	-	-	-

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form-D13

MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES)
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY18 Actuals	FY 19 Provisional	FY 20 Projected	FY 21 Projected	FY 22 Projected
	Prior period credits/charges	-	-	-	-	-
1	Short/excess provision of depreciation	-	-	-	-	-
2	Short/excess provision of Interest and finance charges	-	-	-	-	-
3	Short provision for power purchase in previous years	-	-	-	-	-
4	Withdrawal of Revenue Demand and receipts from consumes relating to prior periods	-	-	-	-	-
5	Other expenses/income relating to prior periods	-	-	-	-	-
6	A&G expenses for prior period	-	-	-	-	-
7	Other excess provisions relating to prior periods	-	-	-	-	-
8	Operating expenses of previous year	-	-	-	-	-
9	Employee cost relating to previous year	-	-	-	-	-
10	Material related expenses relating to previous years	-	-	-	-	-
11	Excess provision of IT	-	-	-	-	-
	Net prior period Credit/(Charges)	-	-	-	-	-

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form D14

MSEZL: CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY 18			FY 19		FY 20		FY 21		FY 22	
		Actuals			Provisional		Projected		Projected		Projected	
		Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	Balance at the end of the year	Additions during the Year	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	towards cost of Capital Assets*	-	-	-	-	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-	-	-	-	-
	Less:Adjusted against asset cost	-	-	-	-	-	-	-	-	-	-	-
D3	Revenue Subsidy Recognised in P&L A/c.	-	-	-	-	-	-	-	-	-	-	-
	Grand Total	-	-	-	-	-	-	-	-	-	-	-

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited Mangaluru-6 MSEZ

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Form-D15

MSEZL : GROSS FIXED ASSETS
MSEZL-Total

(Rs. in Cr)

SI No	Particulars of assets	FY 18 Actual				FY 19 Provisional			FY 20 Projected			FY 21 Projected			FY 22 Projected		
		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	Additions during the year	Retirement of assets during	Balance at the end of the year	Additions during the year	Retirement of assets during	Balance at the end of the year
	MSEZL - Total																
1.	Leasedhold Land	6.17	-		6.17	-	-	6.17	-	-	6.17	-	-	6.17	-	-	6.17
2.	Building and structures	2.84	-		2.84	-	-	2.84	-	-	2.84	-	-	2.84	-	-	2.84
3.	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.18	0.10		21.27		-	21.27		-	21.27		-	21.27		-	21.27
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-			-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	33.89	0.03		33.93	1.96	-	35.89			35.89			35.89			35.89
6	Service lines	-			-	-	-	-	-	-	-	-	-	-	-	-	-
7	Metering equipment	-			-	-	-	-	-	-	-	-	-	-	-	-	-
8	Misc equipment	-			-	-	-	-	-	-	-	-	-	-	-	-	-
9	Other items/Computers	0.07			0.07	-	-	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	-	-	0.87	-	-	0.87
c	Vehicles	-			-	-	-	-	-	-	-	-	-	-	-	-	-
d	Furniture Fixtures				-	-	-	-	-	-	-	-	-	-	-	-	-
e	Office Equipments				-	-	-	-	-	-	-	-	-	-	-	-	-
f	Software (intangible asset)	-			-	-	-	-	-	-	-	-	-	-	-	-	-
	MSEZL - Total	**65.03**	**0.13**	**-**	**65.16**	**1.96**	**-**	**67.12**	**-**	**-**	**67.12**	**-**	**-**	**67.12**	**-**	**-**	**67.12**

Mangalore SEZ Limited Mangaluru-6 MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form-D16

MSEZL : NET FIXED ASSETS
MSEZL-Total

(Rs. in Cr)

Sl No	Particulars of assets	FY 18 Actual				FY 19 Provisional			FY 20 Projected			FY 21 Projected			FY 22 Projected		
		Balance at the end of previous year	Addition of assets during the year	Net Depreciation for the Year	Balance at the end of the year	Addition of assets during the	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	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
	MSEZL- Total																
1.	Leasedhold Land	6.17	-		6.17	-	-	6.17	-	-	6.17	-	-	6.17	-	-	6.17
2.	Building and structures	2.66	-	0.09	2.58	-	0.09	2.49	-	0.09	2.41	-	0.09	2.32	-	0.09	2.24
3.	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	19.17	0.10	1.01	18.25	-	1.01	17.24	-	1.01	16.23	-	1.01	15.22	-	1.01	14.21
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA .	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors, UG cables and deviices	31.20	0.03	1.61	29.63	1.96	1.69	29.90	-	1.71	28.19	-	1.71	26.48	-	1.71	24.77
7.	Service lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Metering equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Misc equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	Other items/Computers	0.07	-	-	0.07	-	-	0.07	-	-	0.07	-	-	0.07	-	-	0.07
a	Hydraulic Works/Civil works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Other Civil Works - Roads	0.82	-	0.03	0.80	-	0.03	0.77	-	0.03	0.74	-	0.03	0.72	-	0.03	0.69
c	Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Furniture Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Software (intangilbe asset)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MSEZL- Total	**60.10**	**0.13**	**2.73**	**57.50**	**1.96**	**2.81**	**56.65**	**-**	**2.83**	**53.81**	**-**	**2.83**	**50.98**	**-**	**2.83**	**48.15**

Mangalore SEZ Limited Mangaluru-6 MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form D17

MSEZL : WORK IN PROGRESS - DISTRIBUTION

MSEZL-Total

(Rs. in Cr)

Description	FY18	FY 19	FY 20	FY 21	FY 22
	Actuals	Provisional	Projected	Projected	Projected
Opening balance	-	1.96	-	-	-
Add:					
i) Capital expenditure	1.96				1.25
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.	-				
Total capital expenditure for the year	**1.96**	**-**	-	-	1.25
Less: Expenditure Capitalised (Transferred to Form-T15/D15)		1.96			
Closing Balance	**1.96**	**-**	**-**	**-**	**1.25**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form-T18/D18

Receivables against Sale of Power

(DEMAND, COLLECTION AND BALANCE OF REVENUE FOR THE YEAR)

ot Applicable as SEZ does not have such classification

(Rs in Crs)

SL NO	NAME OF ZONE/CIRCLE/ DIVISION	OPENING BALANCE		FOR THE YEAR						CLOSING BALANCE	
				DEMAND		COLLECTION		COLLECTION %			
		PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
I	ZONE										
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)										

Note: 1) INFORMATION TO BE FURNISHED DIVISION WISE WITH CIRCLE AND ZONEWISE TOTALS

2) ADDITIONAL INFORMATION TARIFFWISE TO BE FURNISHED IN FORM D18A

3) TRANSMISSION LICENSEE SHALL PROVIDE THE INFORAMTION DISTRIBUTION LICENSEE WISE

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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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	
1	MSEZL- FY18	No. of installations	3.00	-	7.00	1.00	5.00	3.00	19.00
		Consumption	38.79	-	2.32	0.22	0.33	0.14	41.80
		Consumption per Installation	12.93	-	0.33	0.22	0.07	0.05	13.59
		O.B.	1.28		-	0.32	-	-	1.60
		Demand	28.01	-	2.13	0.34	0.21	0.16	30.85
		Demand per kwh	7.22		9.18	15.45	6.36	11.43	49.65
		Collection	26.32		1.85	0.66	0.19	0.14	29.15
		C.B.	2.97	-	0.28	0.00	0.02	0.02	3.30
2	MSEZL -FY19	No. of installations	3.00	-	7.00	1.00	5.00	3.00	19.00
		Consumption	37.84	-	3.56	0.21	0.36	0.21	42.18
		Consumption per Installation	12.61	-	0.51	0.21	0.07	0.07	13.47
		O.B.	2.97	-	0.28	0.00	0.02	0.02	3.30
		Demand	29.38	-	3.27	0.27	0.26	0.26	33.44
		Demand per kwh	7.76	-	9.19	12.86	7.22	12.38	7.93
		Collection	29.89	-	3.28	0.25	0.26	0.27	33.95
		C.B.	2.47	-	0.27	0.02	0.02	0.01	2.79
3	MSEZL -FY20	No. of installations	7.00	-	7.00	1.00	8.00	0.00	23.00
		Consumption	45.92	-	3.67	0.55	0.40	0.00	50.54
		Consumption per Installation	6.56	-	0.52	0.55	0.05		7.68
		O.B.	2.47	-	0.27	0.02	0.02	0.01	2.79
		Demand	36.34	-	2.91	0.79	0.28	0.00	40.32
		Demand per kwh	7.91	-	7.93	14.36	7.00	0.00	7.98
		Collection	35.78	-	2.94	0.75	0.28	0.01	39.75
		C.B.	3.03		0.24	0.07	0.02	0.00	3.36

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

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SL. NO.	DIVISION/ CIRCLE/ ZONE	PARTICULARS	33KV		11KV HT		LT Others		TOTAL
			Industrial	Construction	Industrial	Construction	Industrial	Construction	
4	MSEZL -FY21	No. of installations	8.00	-	7.00	0.00	8.00	0.00	**23.00**
		Consumption	52.10	-	3.67	0.00	0.40	0.00	**56.17**
		Consumption per Installation	6.51	-	0.52	0.00	0.05		**7.09**
		O.B.	3.03	-	0.24	0.07	0.02	0.00	3.36
		Demand	41.23	-	2.90	0.00	0.28	0.00	**44.41**
		Demand per kwh	7.91	-	7.90		7.00	0.00	**7.91**
		Collection	40.82	-	2.90	0.07	0.28	0.00	**44.07**
		C.B.	3.44	-	0.24	0.00	0.02	0.00	**3.70**
5	MSEZL -FY22	No. of installations	8.00	-	7.00	0.00	8.00	0.00	**23.00**
		Consumption	43.96	-	3.67	0.00	0.40	0.00	**48.03**
		Consumption per Installation	5.50	-	0.52	0.00	0.05		**6.07**
		O.B.	3.44	-	0.24	0.00	0.02	0.00	3.70
		Demand	43.96	-	2.90	0.00	0.28	0.00	**47.14**
		Demand per kwh	10.00	-	7.90		7.00	0.00	**9.81**
		Collection	43.73	-	2.90	0.00	0.28	0.00	**46.91**
		C.B.	3.66	-	0.24	0.00	0.02	0.00	**3.93**

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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ANNEXURE - II (REVISED)

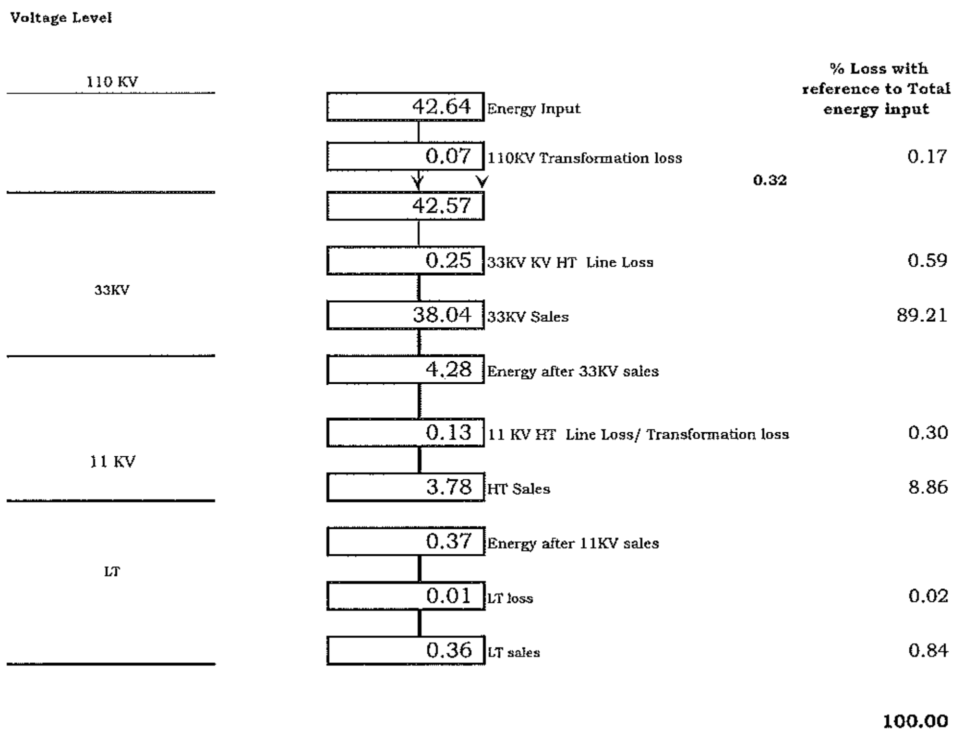
Forms for Filing ERC			
Sl No	Item	Transmission Form No	Distribution Form No
1	Existing Tariff and Proposed Tariff	T20	D20
2	Existing Tariff and Proposed Tariff	T21	D21
3	Expected Revenue when Proposed Tariff is introduced for a Part Year	T22	D22
4	Embedded cost of service of supply of electricity	T23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

M... SEZ Limited
MSEZ
* Mangaluru-6 *

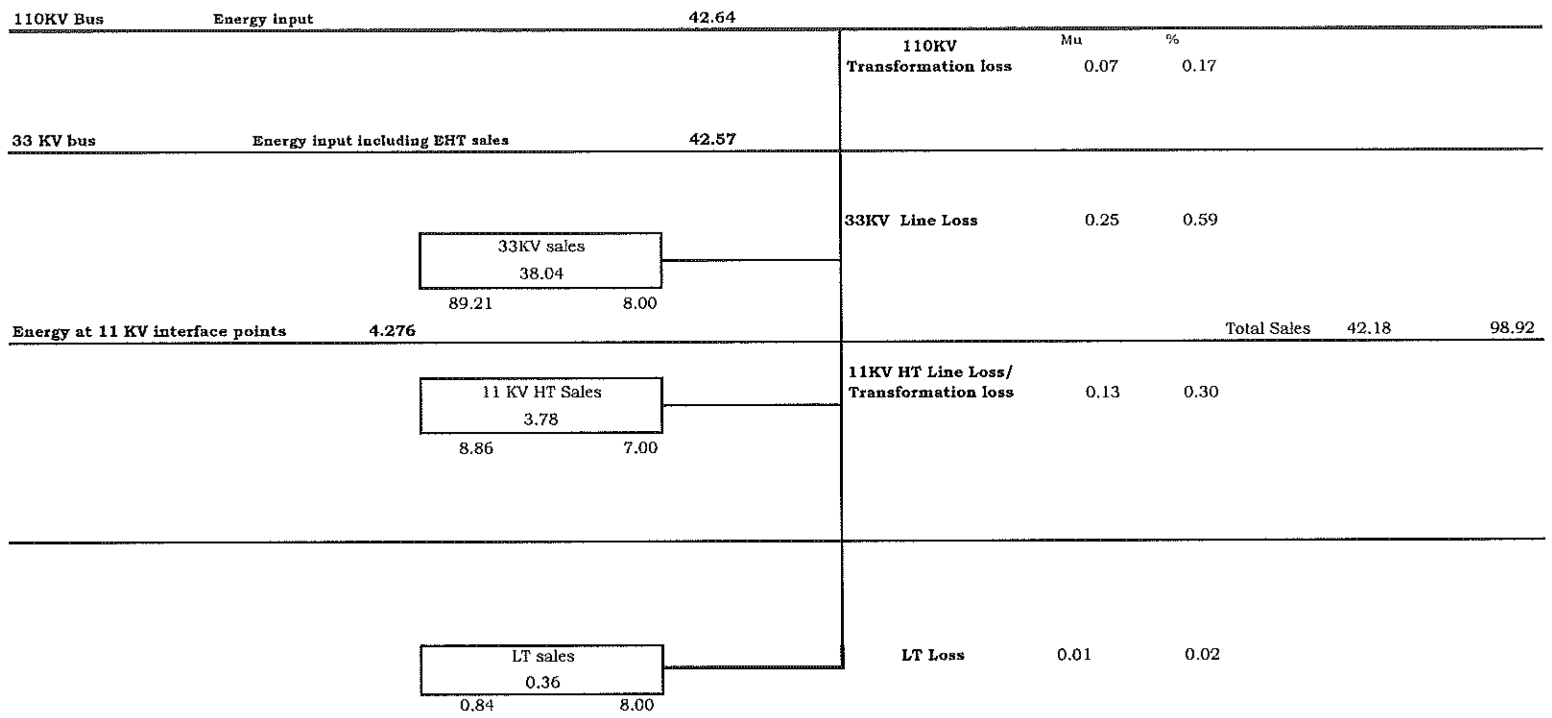
V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

ENERGY FLOW DIAGRAM OF MSEZL FOR FY- 19

(All data in Mus)



ENERGY FLOW DIAGRAM OF MSEZL FOR FY-19



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.07	0.17
33KV line loss	0.25	0.59
11KV Loss	0.13	0.30
LT loss	0.01	0.02
	0.46	**1.08**

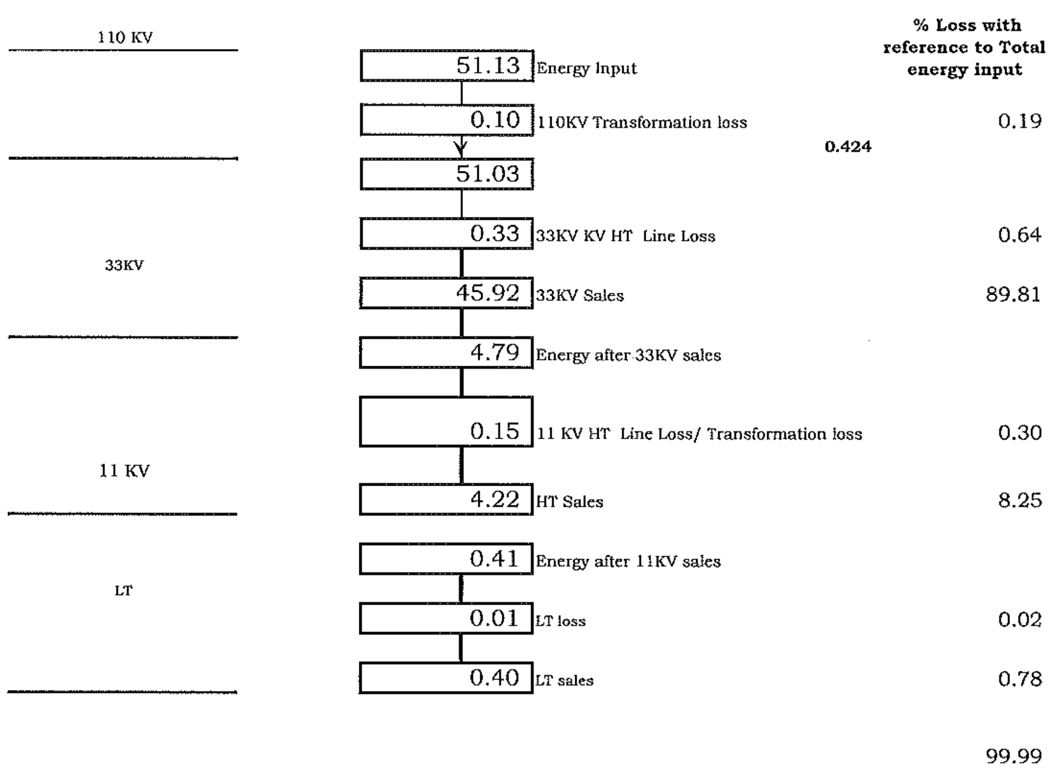
Note: 1) The loss for FY19 is considered as 1.08 based on the actual distribution loss up to Oct 2018 and considering the sales for the balance period of FY 19
2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

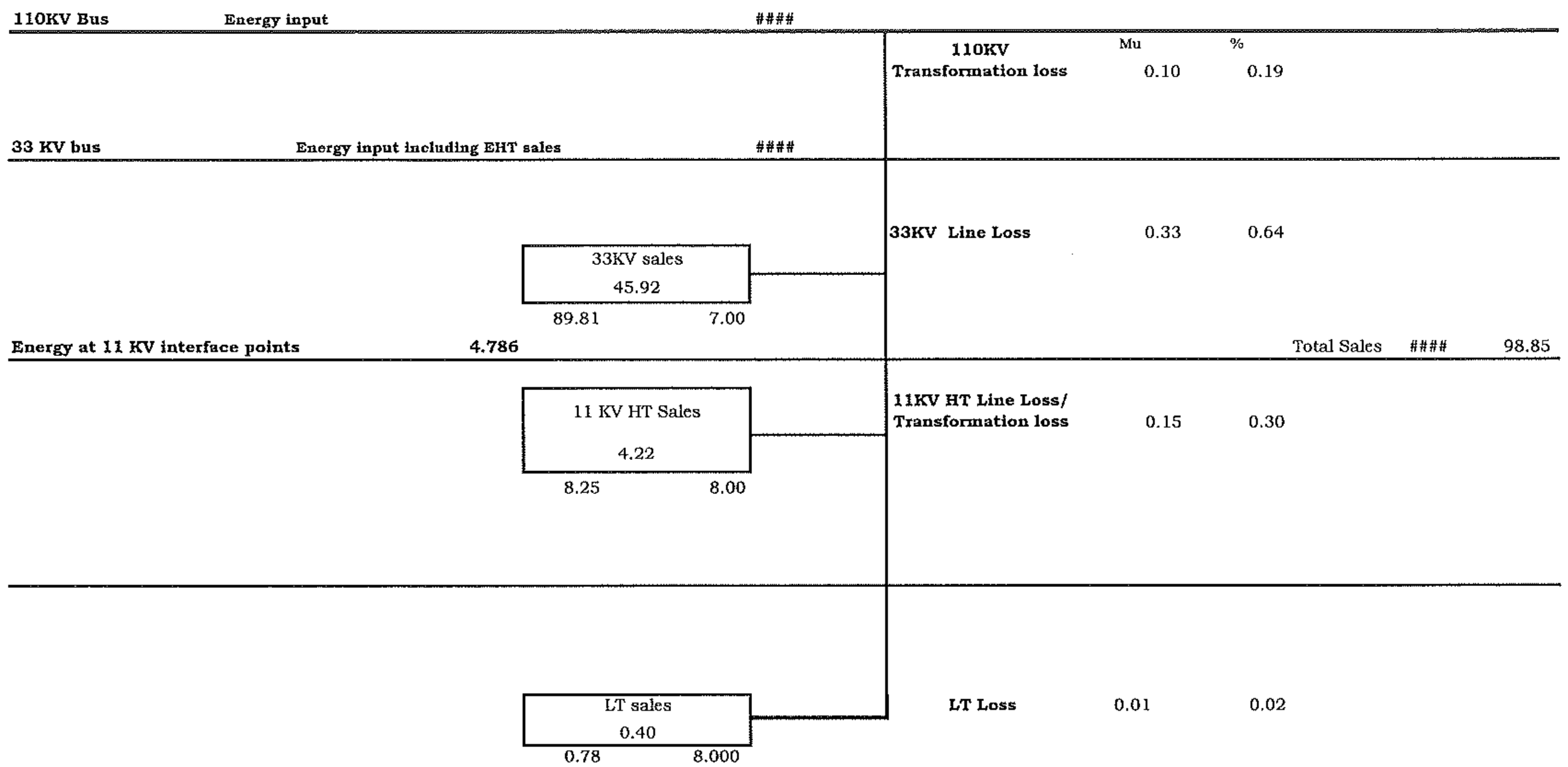
V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-20

(All data in Mus)



ENERGY FLOW DIAGRAM OF MSEZL FOR FY-20



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.10	0.19
33KV line loss	0.33	0.64
11KV Loss	0.15	0.30
LT loss	0.01	0.02
	0.59	**1.15**

Note: 1) The loss for FY20 is considered as 1.15% based on the present distribution loss in the existing network and the additional proposed to be extended for providing power supply to the up coming industry during FY 20
2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

Mangalore SEZ Limited, Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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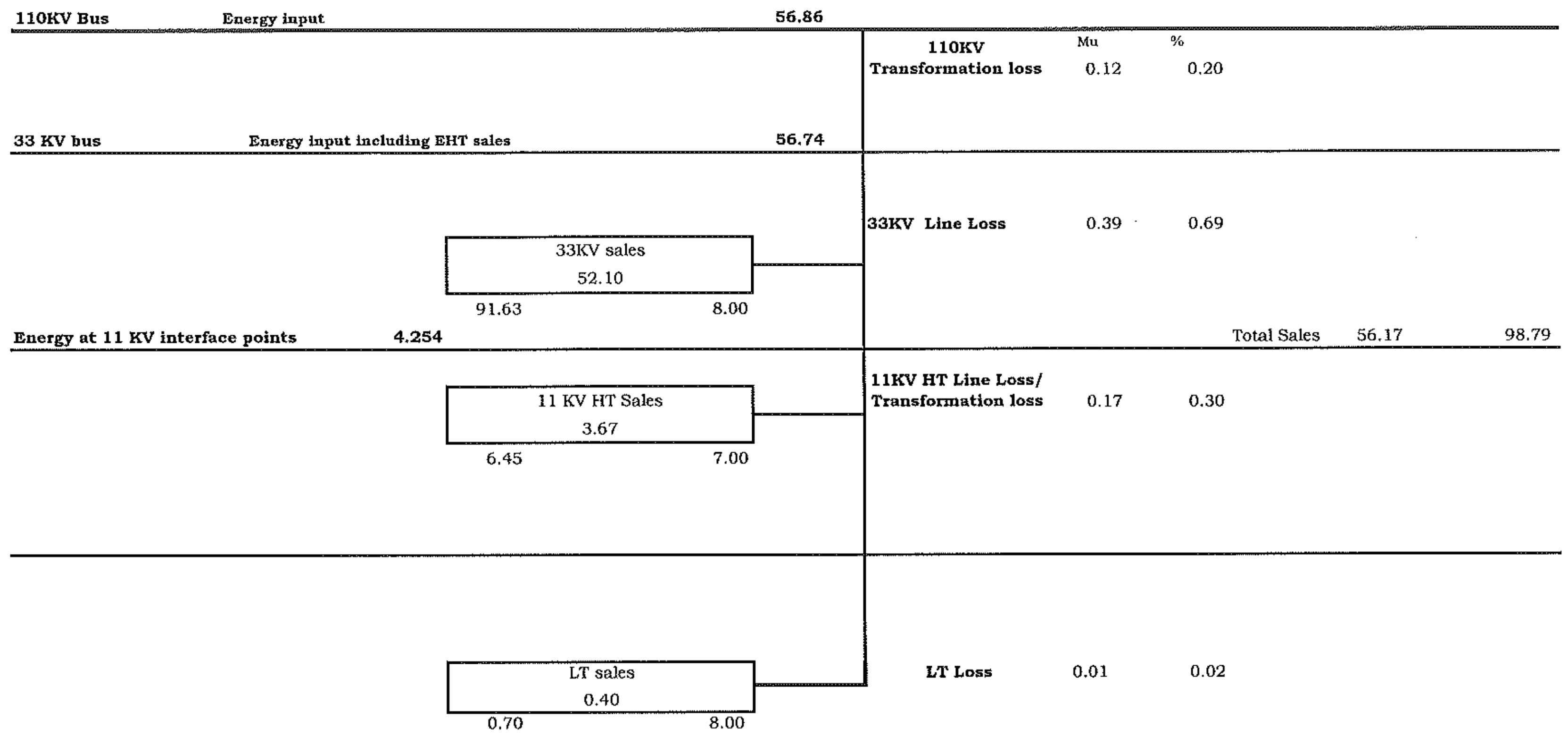
ENERGY FLOW DIAGRAM OF MSEZL FOR FY-21

(All data in Mus)

Voltage Level	Energy (MU)			% Loss with reference to Total energy input
110 KV	56.86	Energy Input		
	0.12	110KV Transformation loss	0.51	0.20
	56.74			
33KV	0.39	33KV KV HT Line Loss		0.69
	52.10	33KV Sales		91.63
	4.25	Energy after 33KV sales		
11 KV	0.17	11 KV HT Line Loss/ Transformation loss		0.30
	3.67	HT Sales		6.45
LT	0.41	Energy after 11KV sales		
	0.01	LT loss		0.02
	0.40	LT sales		0.70
				100.00

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-21



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.12	0.20
33KV line loss	0.39	0.69
11KV Loss	0.17	0.30
LT loss	0.01	0.02
	0.69	**1.21**

Note:
1) The loss for FY21 is considered as 1.21 % based on the distribution loss during FY 20 and also additional network proposed to be extended for providing power supply to a new 33KV consumer During FY 21
2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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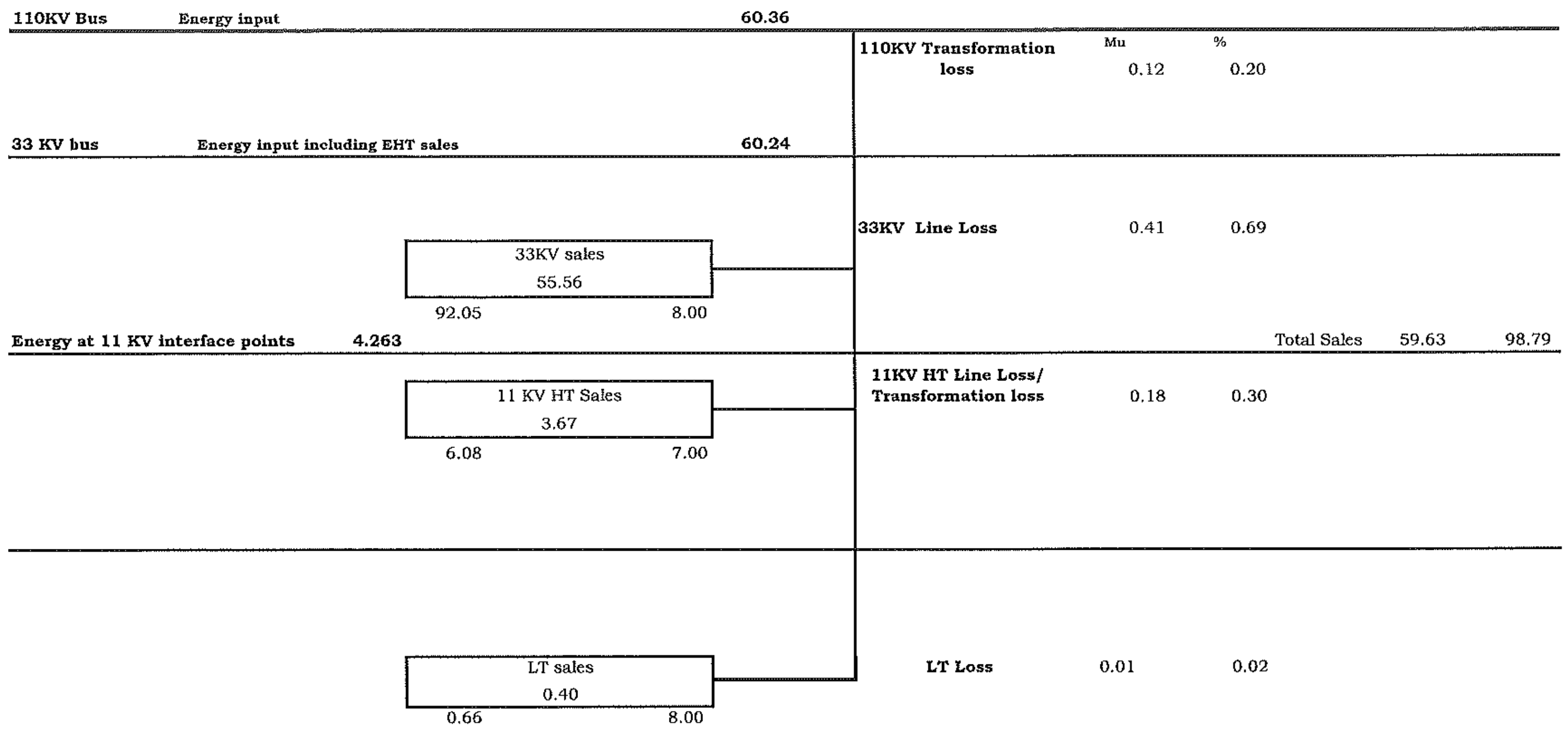
ENERGY FLOW DIAGRAM OF MSEZL FOR FY-22

(All data in Mus)

Voltage Level	Energy	Description	% Loss with reference to Total energy input
110 KV	60.36	Energy Input	
	0.12	110KV Transformation loss	0.20
		0.54	
	60.24		
33KV	0.41	33KV KV HT Line Loss	0.69
	55.56	33KV Sales	92.05
	4.26	Energy after 33KV sales	
11 KV	0.18	11 KV HT Line Loss/ Transformation los	0.30
	3.67	HT Sales	6.08
LT	0.41	Energy after 11KV sales	
	0.01	LT loss	0.02
	0.40	LT sales	0.66
			100.00

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-22



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.12	0.20
33KV line loss	0.41	0.69
11KV Loss	0.18	0.30
LT loss	0.01	0.02
	0.73	**1.21**

Note:1) The loss for FY22 is considered as 1.21 % based on the distribution loss during FY 21 and there will not be new consumers expected to avail power and existing consumers would step up their energy drawl from the existing distribution network. Therefore the % loss of FY 21 has been assumed to occur in FY 22 also

2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.

3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

Mangalore SEZ Limited
Mangaluru-6

V. Suryanarayana
V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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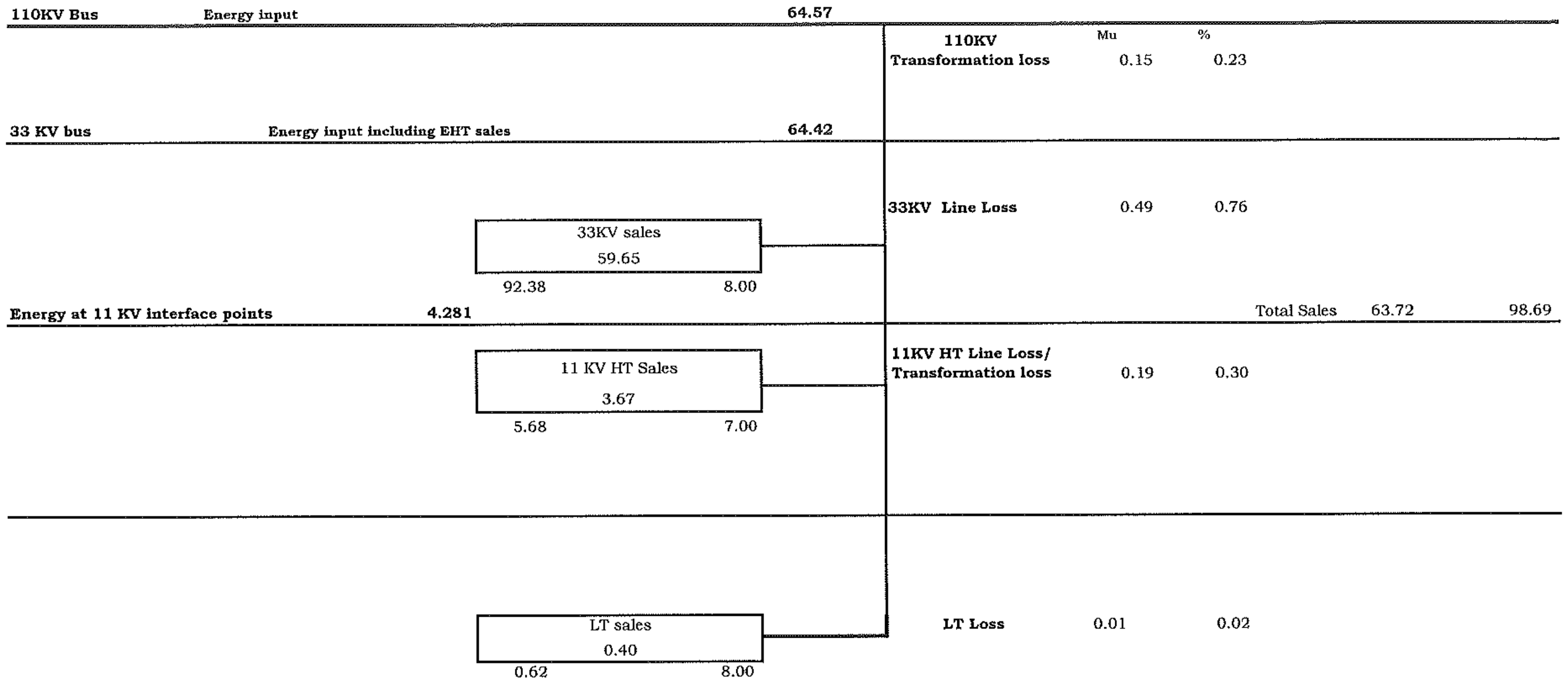
ENERGY FLOW DIAGRAM OF MSEZL FOR FY-23

(All data in Mus)

Voltage Level			% Loss with reference to Total energy input
110 KV	64.57	Energy Input	
	0.15	110KV Transformation loss	0.23
		0.64	
	64.42		
33KV	0.49	33KV KV HT Line Loss	0.76
	59.65	33KV Sales	92.38
	4.28	Energy after 33KV sales	
11 KV	0.19	11 KV HT Line Loss/ Transformation loss	0.30
	3.67	HT Sales	5.68
LT	0.42	Energy after 11KV sales	
	0.01	LT loss	0.02
	0.40	LT sales	0.62
			99.99

ENERGY FLOW DIAGRAM OF MSEZL FOR FY-23



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.15	0.23
33KV line loss	0.49	0.76
11KV Loss	0.19	0.30
LT loss	0.01	0.02
	0.85	**1.31**

Note: 1) The loss for FY23 is considered as 1.31 % as against the % loss 1.21% during FY 22 this due to the reason that MSEZL has proposed to install one 20MVA, 110/33KV power transformer to meet the power requirement during FY

2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.

3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

EZ Limited Mangaluru-6

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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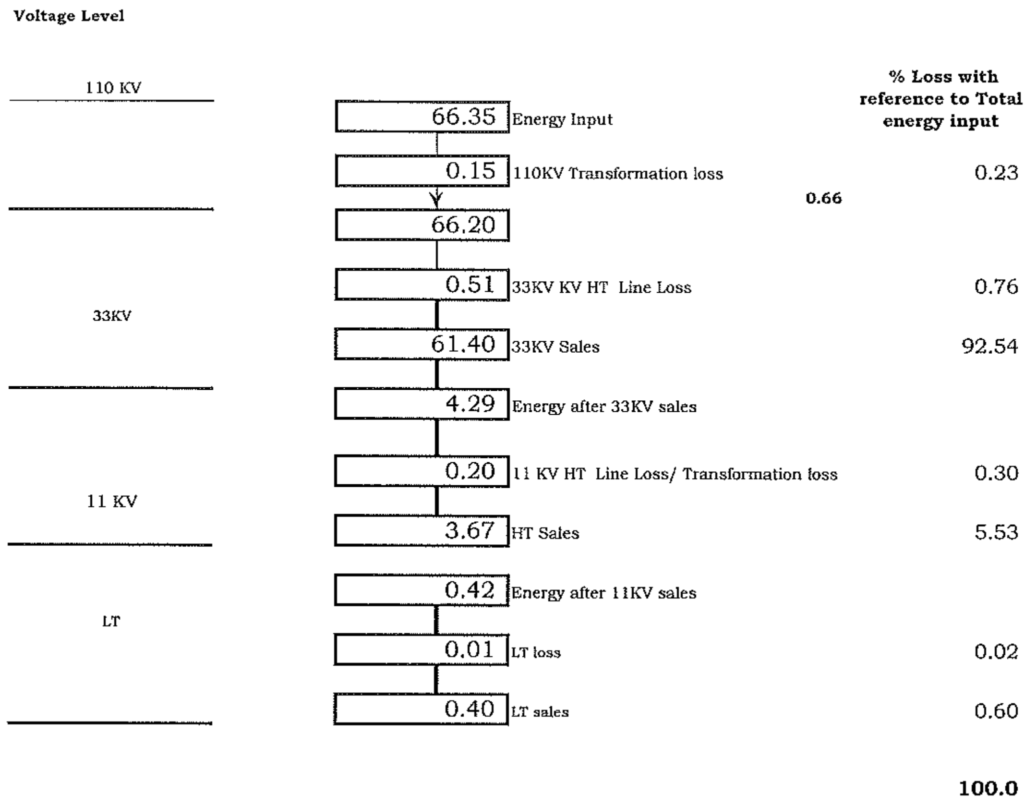
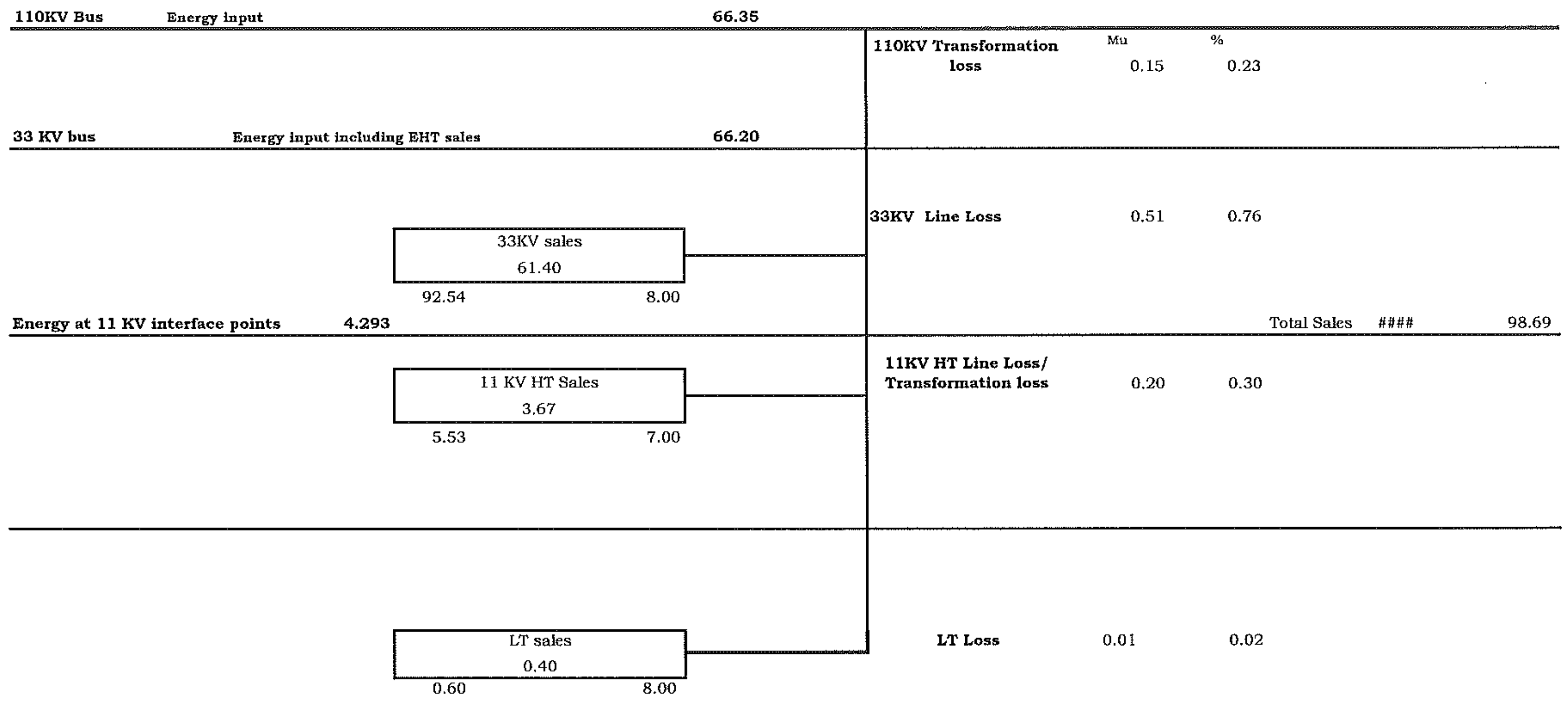
ENERGY FLOW DIAGRAM OF MSEZL FOR FY-24

(All data in Mus)



ENERGY FLOW DIAGRAM OF MSEZL FOR FY-24



Segregation Loss	Energy in MU	% Loss
110KV transformation loss	0.15	0.23
33KV line loss	0.51	0.76
11KV Loss	0.20	0.30
LT loss	0.01	0.02
	0.87	1.31

Note: 1) The loss for FY24 is considered to be the same as that of FY 23 i.e 1.31 % as there will not be expansion of distribution network and no new consumers would be availing power
2) The losses occuring at various voltage levels are assumed to be proportional to the sale of energy in the respective levels.
3) The losses occuring at 33Kv and 110KV voltages are assumed to be in the ratio of 110:33 i.e 77: 23

Mangaluru-6 SEZ Limited

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form T20/D20

EXISTING TARIFF AND PROPOSED TARIFF

Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load-Slabwise (KW /MVA)	Consumption- Slabwise (MU)	EXISTING TARIFF CHARGES		PROPOSED TARIFF CHARGES	
						PARTICULARS	RATE (Rs.)	PARTICULARS	RATE (Rs.)
1	HT	Industrial	14	25.85	49.59	Fixed Charges/KVA	200.00	Fixed Charges/KVA	200.00
						Energy Charges/kWh	6.85	Energy Charges/kWh	7.05
2	HT	Construction power	1	1.00	0.55	Fixed Charges/KVA	240.00	Fixed Charges/KVA	240.00
						Energy Charges/kWh	10.00	Energy Charges/kWh	10.20
3	LT	Construction power	-	-	-	Fixed Charges/HP	240.00	Fixed Charges/KW	240.00
						Energy Charges/kWh	10.00	Energy Charges/kWh	10.20
4	LT	Industrial	8	0.15	0.40	Fixed Charges/KVA	190.00	Fixed Charges/KVA	190.00
						Energy Charges/kWh	6.35	Energy Charges/kWh	6.55

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V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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FORM T21/D21

EXISTING TARIFF AND PROPOSES TARIFF

Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load-Slabwise MVA	Consumption- Slabwise (MU)	CHARGES AT EXISTING TARIFF: PARTICULARS	RATE (RS)	AMOUNT (RS. CRS)	Realisation /Unit	CHARGES AT PROPOSED TARIFF: PARTICULARS	RATE (RS.)	AMOUNT (Rs. in Crs.)	Realisation/Unit	EXPECTED ADDITIONAL REVENUE AT PROPOSED CHARGES (RS.CRS)	PROPOSED PERCENTAGE INCREASE (%)	Remarks
1	HT	Industrial	14	25.85	49.59	Fixed Charges/KVA	200.00	5.27		Fixed Charges/KVA	200.00	5.27		No increase		
						Energy Charges	6.85	33.97		Energy Charges/kWh	7.05	34.97		1.00	2.94%	
									7.91				8.11	**1.00**		
2	HT	Construction power	1	1.00	0.55	Fixed Charges/KVA	240.00	0.24		Fixed Charges/KVA	240.00	0.24		No increase		
						Energy Charges	10.00	0.55		Energy Charges/kWh	10.20	0.56		0.01	1.82%	
									14.36				14.55			
Total HT- A			**15**	**26.85**	**50.14**			**40.03**	**7.98**			**41.04**	**8.19**	**1.01**	**2.52%**	

Sl. No.	Tariff Category	Type of installation	No. of consumers	Sanct. Load-Slabwise KW	Consumption- Slabwise (MU)	CHARGES AT EXISTING TARIFF: PARTICULARS	RATE (RS)	AMOUNT (RS. CRS)	Realisation /Unit	CHARGES AT PROPOSED TARIFF: PARTICULARS	RATE (RS.)	AMOUNT (Rs. in Crs.)	Realisation/Unit	EXPECTED ADDITIONAL REVENUE AT PROPOSED CHARGES (RS.CRS)	PROPOSED PERCENTAGE INCREASE (%)	Remarks
3	LT	Construction power	-		-	Fixed Charges/HP	240.00			Fixed Charges/HP	240.00	-		-		
						Energy Charges	10.00			Energy Charges/kWh	10.20	-		-	0.00%	
													-			
4	LT	Industrial	8	0.15	0.40	Fixed Charges/KVA	190.00	0.03		Fixed Charges/KVA	190.00	0.03		No increase		
						Energy Charges	6.35	0.25		Energy Charges/kWh	6.55	0.26		0.01		
									7.00				7.25			
Total LT - B			**8**	**0.15**	**0.40**			**0.28**	**7.00**			**0.29**	**7.25**	**0.01**	**3.57%**	
Total (HT+LT)			**23**	**27.00**	**50.54**			**40.32**	**7.978**			**41.34**	**8.18**	**1.02**	**2.53%**	

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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Form-T22/D22

Expected Revenue when Proposed Tariff is Introduced for a Part Year

Not Applicable

Sl. No	Tariff Category	Type of Installation	Energy Sales (MU)			Revenue (Rs in Crs)		
			At Current Tariff	At Proposed Tariff	Total	At Current Tariff	At Proposed Tariff	Total
			Not Applicable					

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

imited * Mangaluru-6 *

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Form-T23/D23

Embedded cost of service of supply of electricity
Not Applicable

(Rs. in Crs)

Sl. No.	Voltage / Consumer category	Cost of Service of supply per Kwh				
		Item 1	Item 2	Item 3	......	Total

Note: 1) Items above refer to various elements of cost such as cost of power purchase. Transmission loss, on equity, interest, Depreciation, Repairs and Maintenance, Employee cost, Administration and general expenses, apportioned common overheads etc.

2) List of assumptions and Detailed working for each of the items shall be attached.

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

Form-D24

External Subsidy (Allocation of external subsidy among consumer classes)

Not applicable as there is no external subsidy

(Rs in Crs)

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

Mangalore SEZ Limited * Mangaluru-6 * MSEZ

V. Suryanarayana
Chief Operating Officer
Mangalore SEZ Limited

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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 : nrnsuresh50@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 31st March 2018,and the Statement of Profit and Loss (including Other Comprehensive income),the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 including Other Comprehensive Income, cash flows and the statement of changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules,2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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. In Conducting 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

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act. We conducted our audit of the standalone Ind AS Financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profit, total comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive

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income, the statement of changes in equity, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

(d) In our opinion, the aforesaid standalone IND AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act .

(e) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.

(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 Standalone Ind AS financial statements - Refer Note No. 46(b) to the financial statements;

(ii) the Company did not have any long-term contracts, including derivative contracts; and

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

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

For Maharaj N R Suresh and Co
FRN001931S
Chartered Accountants

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

N R Suresh
Partner
M.No:021661

Place: New Delhi
Date: 14.05.2018

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, 2018 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 standalone Ind AS 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.

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

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 standalone Ind AS 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Maharaj N R Suresh and Co
FRN001931S
Chartered Accountants

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai Chartered

N R Suresh
Partner
M.No:021661

Place: New Delhi
Date: 14.05.2018

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 31.03.2018.

(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, Goods and Services 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, Sales Tax and Goods and Services Tax were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and cess, which have not been deposited on account of any dispute

(viii) The Company has not defaulted in repayment of dues to financial institutions, banks, Government or to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and the term loans borrowed by the company have been applied for the purpose for the which the loans were obtained.

(x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

(xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi company and hence clause (xii) of Paragraph 3 is not applicable to the Company.

(xiii) All Transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Maharaj N R Suresh and Co
FRN001931S
Chartered Accountants

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

N R Suresh
Partner
M.No:021661

Place: New Delhi
Date: 14.05.2018

Mangalore SEZ Limited

Balance Sheet

as at 31st March, 2018

Amount in Rs.

		Notes	As at 31.03.2018	As at 31.03.2017
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3	8,23,30,87,352	5,36,72,81,001
	(b) Capital work in progress	4	1,70,57,29,852	4,50,84,97,393
	(c) Investment Property	5	4,49,88,53,447	4,43,64,25,151
	(d)Other Intangible Assets	6	13,87,56,612	14,53,91,636
	(e) Financial Assets			
	(i) Investments	7	8,50,000	8,50,000
	(ii) Trade Receivables	8	50,00,000	21,98,27,434
	(iii) Loans	9	5,20,68,796	5,86,84,895
	(iv) Others	10	25,000	25,000
	(f) Other non-current assets	11	26,64,53,309	22,78,42,795
			14,90,08,24,368	**14,96,48,25,305**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Investments	12	54,86,69,727	18,27,24,487
	(ii) Trade receivables	13	1,69,78,86,616	51,80,80,513
	(iii) Cash and cash equivalents	14	8,11,89,585	42,83,30,572
	(iv) Bank Balances other than (iii) above	15	16,19,96,375	13,04,21,495
	(v) Loans	16	90,000	90,000
	(vi) Others	17	96,70,530	42,86,355
	(b) Current tax asset (Net)	18	78,93,925	4,51,84,155
	(c) Other current assets	19	3,54,35,245	2,08,55,847
			2,54,28,32,004	**1,32,99,73,425**
	Total Assets		**17,44,36,56,372**	**16,29,47,98,730**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity Share capital	20	50,00,12,000	50,00,12,000
	(b) Other equity	21	20,82,21,036	17,15,06,388
			70,82,33,036	**67,15,18,388**
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	5,62,92,06,409	5,72,49,45,643
	(ii) Other financial liabilities	23	29,69,062	1,78,94,407
	(b) Provisions	24	1,49,99,448	1,32,24,441
	(c) Deferred tax liabilities (Net)	25	40,73,71,090	35,49,38,091
	(d) Other Non Current Liabilities	26	9,31,66,46,351	8,31,17,75,892
			15,37,11,92,360	**14,42,27,78,474**
(3)	**Current liabilities**			
	(a) Financial Liabilities			
	(ii) Trade payables	27	19,59,80,054	13,85,76,183
	(iii) Other financial liabilities	28	83,49,63,185	82,53,17,458
	(b) Other current liabilities	29	25,25,97,331	14,90,50,716
	(c) Provisions	30	8,06,90,407	8,75,57,511
			1,36,42,30,976	**1,20,05,01,868**
	Total liabilities		**16,73,54,23,336**	**15,62,32,80,342**
	Total Equity and Liabilities		**17,44,36,56,372**	**16,29,47,98,730**

The accompanying notes are an integral part of these financial statements — 1 to 47

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

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

N R Suresh
Partner
Membership No. 021660

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

V. Phani Bhushan
Company Secretary

Place: New Delhi
Date:14/05/2018

Place: New Delhi
Date:14/05/2018

Mangalore SEZ Limited

Statement of Profit and Loss
for the year ended 31st March, 2018

	Particulars	Notes	Year 2017-18	Year 2016-17
I	Revenue from Operations	31	1,74,23,05,353	1,28,52,36,171
II	Other Income	32	3,14,10,362	6,20,10,928
III	**Total Income (I+II)**		**1,77,37,15,715**	**1,34,72,47,099**
IV	**EXPENSES**			
	Cost of Purchased Power	33	25,54,54,650	10,53,76,965
	Employee benefit expense	34	8,10,11,267	6,69,13,202
	Finance costs	35	50,90,28,931	53,34,80,331
	Depreciation and amortisation Expense	36	41,46,02,971	29,33,30,830
	Other expenses	37	40,44,33,248	25,67,22,037
	Total Expense (IV)		**1,66,45,31,067**	**1,25,58,23,365**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**10,91,84,648**	**9,14,23,734**
VI	Exceptional items			-
VII	**Profit/(loss) before tax (V - VI)**		**10,91,84,648**	**9,14,23,734**
VIII	**Tax expense**	38		
	(1) Current tax		7,87,35,681	1,99,36,193
	(2) Deferred tax		(61,39,396)	13,13,46,605
	Total Tax expense		**7,25,96,285**	**15,12,82,798**
IX	**Profit/(loss) for the period from continuing operations (VII - VIII)**		**3,65,88,364**	**(5,98,59,063)**
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)**		**3,65,88,364**	**(5,98,59,063)**
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)		1,26,284	(14,41,879)
	(ii) Income tax relating to items that will not be reclassified to			
	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			
			1,26,284	(14,41,879)
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**3,67,14,648**	**(6,13,00,942)**
XVI	**Earnings per equity share:**			
	(1) Basic		0.73	(1.20)
	(2) Diluted			

The accompanying notes are an integral part of these financial statements — 1 to 47

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

N R Suresh
Partner
Membership No. 021661

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

Place: New Delhi
Date: 14/05/2018

For and on behalf of the Board

Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Akshaya Kumar Sahoo
Director
DIN : 07355933

V. Phani Bhushan.

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 14/05/2018

Mangalore SEZ Limited

Statement of Changes in Equity

for the year ended March 31, 2018

(A) Equity Share Capital

Amount in Rs.

Balance at the beginning of the reporting period April 01, 2017	**50,00,12,000**
Changes in equity share capital during the year	-
Balance at the end of the reporting period March 31, 2018	**50,00,12,000**

(B) Other Equity

Amount in Rs.

	Reserves and Surplus	TOTAL
	Retained Earnings	
Balance at the beginning of the reporting period April 01, 2017 - (A)	17,15,06,388	**17,15,06,388**
Additions during the year:		
Profit/(Loss) for the year	3,65,88,364	**3,65,88,364**
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	1,26,284	**1,26,284**
Total Comprehensive Income for the year 2017-18 - (B)	3,67,14,648	**3,67,14,648**
Reductions during the year:		
Dividends	-	-
Income tax on dividends		
Transfer to general reserves	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2018 (A+B-C)	**20,82,21,036**	**20,82,21,036**

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

N R Suresh

Partner
Membership No. 021661

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 * Chartered Accountants *

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
V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 14/05/2018

Place: New Delhi
Date: 14/05/2018

Mangalore SEZ Limited

Cash Flow Statement

for the year ended 31st March, 2018

	Particulars	Year 2017-18		Year 2016-17	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax	10,91,84,648		9,14,23,734	
	Adjustments for:				
	- Depreciation, Depletion, Amortisation & Impairment	41,46,02,971		29,33,30,830	
	- Impairment	7,09,24,536		1,31,37,275	
	-Interest on Borrowings	49,84,20,778		49,27,82,572	
	-Interest on security deposits measured at fair value	6,20,401		-	
	-Provision for Gratuity	23,22,202		26,51,493	
	-Provision for Leave Encashment	22,99,565		36,95,938	
	-Provision for other Employee benefits	84,30,000		35,16,782	
	-Interest Income	(1,32,17,074)		(1,97,89,609)	
	-Interest from security deposits measured at fair value	(8,11,781)			
	-Dividend Income	(1,40,70,240)		(96,20,005)	
	-Deferred Government Grant	(8,25,000)			
	-Other (describe) - (Profit)/Loss on sale of asset & Loss on sale of asset	1,889		22,598	
	Operating Profit before Working Capital Changes	**1,07,78,82,895**		**87,11,51,608**	
	Adjustments for:-				
	-(Increase)/decrease in Trade and other receivables	(1,03,59,03,205)		(49,43,57,384)	
	-(Increase)/decrease in Other assets	(10,33,89,743)		23,20,23,624	
	-Increase/(Decrease) in Trade payable and other liabilities	1,08,60,60,380		48,31,04,987	
	Increase/(Decrease) in provisions	(51,04,799)		(49,51,885)	
	Cash generated from Operating activities	**1,01,95,45,528**		**1,08,69,70,951**	
	Income Tax Paid (Net of refund)	2,34,69,924		4,05,81,487	
	Net Cash generated from Operating activities		**99,60,75,604**		**1,04,63,89,464**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Payments for Property, plant and equipment	(44,82,48,898)		(68,56,25,833)	
	Payments for investment property	(6,24,28,296)		(3,75,38,588)	
	Payments for intangible assets	-		(1,65,000)	
	Proceeds from sale of Property, plant and equipment	5,000		2,200	
	Receipt of government grants	2,97,00,000		2,97,00,000	
	Dividend received from Others	1,40,70,240		96,20,005	
	Interest received	1,36,03,982		2,13,24,989	
	Net Cash used in Investing activities		**(45,32,97,975)**		**(66,26,82,229)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from non-current borrowings	-		6,37,42,71,086	
	Repayment of non-current borrowings	(6,61,05,000)		(6,44,97,28,408)	
	Finance Cost paid	(51,78,68,376)		(60,40,95,929)	
	Other (describe) - Net Transaction Cost of Refinanced Loan				
	Net Cash used in Financing activities		**(58,39,73,376)**		**(67,95,53,251)**
D	**Net increase/(decrease) in cash and cash Equivalents (A+B+C):**		**(4,11,95,747)**		**(29,58,46,016)**
	Add: Cash and Cash Equivalents as at 1st April		67,10,55,059		96,69,01,074
	Cash and Cash Equivalents as at 31st March		**62,98,59,312**		**67,10,55,059**

Notes:

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

ii Payments for property, plant and equipment includes movement of Capital Work-in-progres during the year.

iii Brackets indicate cash outflow/ deduction.

Amount in Rs.

iv

Cash and cash Equivalents as per above comprises of:	As at March 31, 2018	As at March 31, 2017
Balances with Banks:		
Current account	4,08,21,108	6,78,86,971
Deposits with original maturity of less than three months	4,03,60,392	36,04,36,985
Deposits with original maturity of more than three months	-	6,00,00,000
Cash on hand	8,085	6,616
Add: Investment in liquid mutual funds	54,86,69,727	18,27,24,487
Cash and Cash equivalents in Cash Flow Statement	**62,98,59,312**	**67,10,55,059**

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

N.R. SURESH AND CO. MAHARAJ
New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
Chartered Accountants

N R Suresh
Partner
Membership No. 021661

Place: New Delhi
Date: 14/05/2018

r and on behalf of the Board

Pantosh Kumar Gupta
Managing Director
DIN : 01054182

Akshaya Kumar Sahoo
Director
DIN : 07355933

Gouranga Charan Swain
Chief Financial Officer

V.Phani Bhushan.

V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 14/05/2018

1. Corporate information

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

2.1. Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Technical Guide on Accounting for Special Economic Zones (SEZs) Development Activities, issued by the Institute of Chartered Accountants of India.

2.2 Basis of Preparation

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

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

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

The Standalone Financial Statements are presented in Indian Rupees.

Fair value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

Maharajan Suresh and Co. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

2.3 Investments in subsidiaries

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

2.4 Non-current assets held for sale

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

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

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

2.5 Accounting for Government Grants and Disclosure of Government Assistance

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

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

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

2.6 Tangible Assets – Property, Plant and Equipment

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

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

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

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

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

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

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

Buildings and pipelines related to River Water System, Tertiary Treatment Plant and Water Treatment Plant are depreciated on Units of Production Method.

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

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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.

2.7 Investment properties (Freehold Land):

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

2.8 Intangible Assets

(i) Intangible Assets and Amortization

Intangible assets acquired are measured on initial recognition at cost.

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

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

(ii) De-recognition of Intangible Assets

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

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2.9 Impairment of Tangible and Intangible Assets

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

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

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

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of impairment loss are recognized in the Statement of Profit and Loss.

2.10 Inventories

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

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

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

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2.11 Ind AS 115 - Revenue from Contracts with Customers

The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this standard is not applicable for preparation of the financial statement for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the company.

2.12 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.

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

d) Sale of Services

Revenue from services is recognized when the outcome of services can be estimated reliably and it is probable that the economic benefits associated with

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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.
3. Corridor 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.

2.13 Leases

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

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

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

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AS LESSEE:

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

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

AS LESSOR:

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

Lease Premium:

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

Lease Rentals:

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

2.14 Foreign Exchange Transaction

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

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

At the end of each reporting period:

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial

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recognition or in the previous financial statements are recognized in the statement of profit and loss of the period.

2.15 Employee Benefits

a) Short term employee benefits

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

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

b) Post-employment benefits

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

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

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

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

c) Long term employee benefits

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability

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

2.16 Taxes on Income

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

(iii) Current and deferred tax for the year

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

2.17 Borrowing Costs

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

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

2.18 Provisions, Contingent Liabilities and Contingent Assets

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into

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account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

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

2.19 Financial instruments

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

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

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

2.20 Financial assets

Cash and cash equivalents

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

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms

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of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

Impairment of financial assets

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

a) Lease receivables under Ind AS 17

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

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

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

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

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk

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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.

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2.21 Financial liabilities

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

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

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

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

Financial liabilities at fair value through profit and loss

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

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

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

Loans and borrowings

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

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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.

2.22 Earnings per share

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

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

2.23 Cash Flow Statement

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

2.24 Operating Segments

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

2.25 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

2.26 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 47), 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.

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2.27 Key sources of estimation uncertainty

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

a) Impairment of assets

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

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

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

Impairment losses of continuing operations, including impairment on investments, are recognized in the statement profit and loss, except for properties previously revalued

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with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

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

b) Defined benefit obligation (DBO)

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

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Mangalore SEZ Limited
Notes accompanying financial statements

Note 3: Property, Plant & Equipment

Amount in Rs.

	Gross carrying amount				Depreciation /Amortisation				Net carrying amount	
	As at 01.04.2017	Additions during the year	Deductions/Adjustments	As at 31.03.2018	As at 01.04.2017	Additions during the year	Deductions/Adjustments	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Land - Leasehold	36,23,745	-	-	36,23,745	4,30,270	2,17,194		6,47,464	29,76,281	31,93,475
Buildings	1,48,17,64,819	2,84,38,21,674		4,32,55,86,493	4,53,74,374	11,78,36,051		16,32,10,425	4,16,23,76,068	1,43,63,90,445
Plant and equipment	3,69,47,98,082	31,72,48,691	-	4,01,20,46,773	22,02,50,474	12,62,59,693	-	34,65,10,167	3,66,55,36,606	3,47,45,47,608
Furniture and fixtures	78,72,460	6,76,354		85,48,814	27,54,097	10,76,213		38,30,310	47,18,504	51,18,363
Vehicles	1,91,55,739	-		1,91,55,739	16,82,687	22,74,744		39,57,431	1,51,98,308	1,74,73,052
Office equipment	58,22,177	4,54,686	38,692	62,38,171	27,01,692	12,95,478	31,803	39,65,367	22,72,804	31,20,485
Roads	69,72,60,137	11,15,79,781		80,88,39,918	26,98,22,563	15,90,08,574		42,88,31,137	38,00,08,781	42,74,37,574
Total	**5,91,02,97,159**	**3,27,37,81,186**	**38,692**	**9,18,40,39,653**	**54,30,16,157**	**40,79,67,947**	**31,803**	**95,09,52,301**	**8,23,30,87,352**	**5,36,72,81,001**
Previous Year	5,18,51,25,497	72,93,30,050	41,58,388	5,91,02,97,159	25,65,21,966	28,70,20,078	5,25,887	54,30,16,157	5,36,72,81,002	4,92,86,03,531

3(i) Interest capitalized during the year Rs.2,25,73,364 (previous year - NIL)

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

3(iii) Refer Note No.46 (a) for disclosure of contractual commitments for acquistion of Property, Plant & Equipment

3(iv) Corridor Asset:

In the development of the Special Economic Zone (SEZ), the Company has set up a Pipeline-cum-Road Corridor Project from New Mangalore Port Trust (NMPT) to Mangalore SEZ (MSEZ). The project has been developed on a self-sustainable, cost and revenue model under an agreement with two customers viz., MRPL and OMPL.

In terms of the agreement:

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

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

(iii) OMPL and MRPL have been given perpetual rights to use the corridor for **specified width** leaving **substantial width** of the corridor for commercial exploitation by MSEZL

(iv) The 'usership fee' relating to the width allocated to OMPL and MRPL on 'cost basis' is adjusted against the contribution and the balance is also treated as 'user fee' but reckoned for 'residual contribution'.

(v) The revenue on the corridor project from third party customers accrue to the three parties in the ratio of their 'residual contributions'.

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Note 4: Capital work in progress

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Capital work in progress		
Development of Land	1,02,73,01,082	99,03,77,223
Infrastructrure Development	67,84,28,770	3,51,81,20,170
Total	**1,70,57,29,852**	**4,50,84,97,393**

4(i) Capital work in progress includes interest capitalized during the year NIL (March 31, 2017 Rs.11,03,21,219/-)

4(ii) Capital work in progress includes Rs.1,02,33,74,602 as at March 31, 2018 (Rs.99,03,77,223 as at March 31, 2017) mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to the Government of Karnataka ORder No.KE 309 REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.

4(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	As at 31.03.2018	As at 31.03.2017
Rehabilitation Compensation including training	61,97,591	1,12,11,961
Rehabilitation Colony Development Cost	7,22,44,681	7,51,63,040
Total	**7,84,42,272**	**8,63,75,001**

The Company has made the above provision based on present obligation as a result of past event. Further, the said R&R package has been amended vide G.O. no. RD 116 REH 2011 dated 02.12.2011 by including the following:

a) Exit Option - the PDF's can opt for an ex-gratia cash in lieu of employment, in addition to the one time cash compensation payable as per earlier G.O.

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

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

4(v) Refer Note No.46 (a) for disclosure of contractual commitments for acquistion of Plant, Property & Equipment

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Note 5: Investment Property

Amount in Rs.

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2017	Additions during the year	Deductions/Adjustments	As at 31.03.2018	As at 01.04.2017	Additions during the	Deductions/ Adjustments	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Land - Lease cum Sale	4,43,64,25,151	6,24,28,296	-	4,49,88,53,447	-	-	-		4,49,88,53,447	4,43,64,25,151
Previous Year	**4,39,88,86,563**	**5,03,63,250**	**1,28,24,662**	**4,43,64,25,151**					**4,43,64,25,151**	**4,39,88,86,563**

5(i) Refer note 45 on 'amounts recognised in statement of profit & loss account'

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

5(iii) Refer Note No.46 (a) for discloure of contraucal obligation to purchase, construct or develop investment property or for its repairs, maintenance or enhancement

5(iv) Refer Note 39(i) on Finance lease

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Note 6: Other Intangible Assets

Amount in Rs.

	Gross carrying amount				Amortisation				Net carrying amount	
	As at 01.04.2017	Additions during the year	Deductions/Adjustments	As at 31.03.2018	As at 01.04.2017	Additions during the year	Deductions/Adjustments	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Intangible Assets										
Specialised Software	1,65,005		-	1,65,005	17,901	33,000		50,901	1,14,104	1,47,104
Barrage usage rights	15,84,48,580	-	-	15,84,48,580	1,32,04,048	66,02,024		1,98,06,072	13,86,42,508	14,52,44,532
Total	**15,86,13,585**	-	-	**15,86,13,585**	**1,32,21,949**	**66,35,024**	-	**1,98,56,973**	**13,87,56,612**	**14,53,91,636**
Previous Year	**15,84,48,585**	**1,65,000**		**15,86,13,585**	**66,02,024**	**66,19,925**		**1,32,21,949**	**14,53,91,636**	**15,18,46,561**

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

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Note 7: Investments

Amount in Rs.

Particulars	No of shares	Fave value (Rs.)	As at 31.03.2018	As at 31.03.2017
Investments in Equity Instruments				
Unquoted Equity Shares				
(i) Subsidiaries (measured at cost)				
a) MSEZ Power Limited, Mangalore (Wholly owned subsidairy)	50,000	10	5,00,000	5,00,000
50,000 shares as on March 31, 2018; 50,000 shares as on March 31, 2017				
b) Mangalore STP Limited, Mangalore (Partly owned subsidiary)	35,000	10	3,50,000	3,50,000
35,000 shares as on March 31, 2018; 35,000 shares as on March 31, 2017				
Total			**8,50,000**	**8,50,000**
Aggregate amount of unquoted investments - At Cost			**8,50,000**	**8,50,000**

Note 8: Trade Receivables

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	50,00,000	21,98,27,434
(c) Unsecured, considered doubtful debts	-	-
Less: Allowance for doubtful debts	-	-
Total	**50,00,000**	**21,98,27,434**

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Note 9: Loans

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Security Deposit	5,20,68,796	5,86,84,895
Total	**5,20,68,796**	**5,86,84,895**

Break-up for Security Details

Particulars	As at 31.03.2018	As at 31.03.2017
Secured, Considered good	-	-
Unsecured, considerd good	5,20,68,796	5,86,84,895
Unsecured, considered doubtful	-	-
Total	**5,20,68,796**	**5,86,84,895**

Note 10: Other financial Assets

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Balance with banks (more than 12 months)	25,000	25,000
Total	**25,000**	**25,000**

Note 11: Other Non current Assets

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Capital Advances:	3,35,20,822	4,13,10,575
Others		
-Security deposits	58,70,234	-
-Income Tax (Net of Provision)	22,70,62,253	18,65,32,220
Total	**26,64,53,309**	**22,78,42,795**

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Note 12: Investments

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Investments in Mutual Funds - Quoted		
(i) UTI Liquid cash plan -Institutional- Direct Plan-Daily dividend reinvestment		
1,47,641.072 units of face value Rs.1019.4457 each (Previous year 1,79,239.058 units of face value Rs.1019.4457)	15,05,12,056	18,27,24,487
(ii) SBI Magnum Insta Cahs Fund - Direct Plan - Daily Dividend		
2,37,701.815 units of face value Rs.1675.03 each	39,81,57,671	-
Total	**54,86,69,727**	**18,27,24,487**
Aggregate amount of quoted investments - At market value	**54,86,69,727**	**18,27,24,487**

Note 13: Trade Receivables

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Trade receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	1,69,78,86,616	51,80,80,513
(c) Unsecured, considered doubtful debts	18,13,90,689	11,04,66,153
	1,87,92,77,305	**62,85,46,666**
Less: Allowance for doubtful debts	18,13,90,689	11,04,66,153
Total	**1,69,78,86,616**	**51,80,80,513**

The trade receivables includes Rs.85.58 crore due from a customer for more than a year which in the opinion of the management does not require an impairment provision as dues have been confirmed by the customer by their letter dated April 16,2018.

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Note 14: Cash and Bank Balances

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
(A) Cash and Cash Equivalents		
(a) Balances with banks:		
Current accounts	4,08,21,108	6,78,86,971
(b) Cash on hand	8,085	6,616
Total (A)	**4,08,29,193**	**6,78,93,587**
(B) Other balances with banks		
Term deposits with original maturity of less than three months	4,03,60,392	36,04,36,985
Total (B)	**4,03,60,392**	**36,04,36,985**
Total (A+B)	**8,11,89,585**	**42,83,30,572**

Note 15: Bank Balances other than above

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Other Balances with banks		
Term Deposits with original maturity of more than three months but less than 12 months	-	6,00,00,000
Term deposits held as margin money	16,19,96,375	7,04,21,495
Total	**16,19,96,375**	**13,04,21,495**

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Note 16: Loans

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Security Deposit	90,000	90,000
Total	**90,000**	**90,000**

Note 17: Others

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Due from related parties	1,43,240	1,16,500
Due from others	61,74,759	4,30,416
Interest accrued on deposits	33,52,531	37,39,439
Total	**96,70,530**	**42,86,355**

Note 18: Current tax asset (net)

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Income tax (Net of provisions)	78,93,925	4,51,84,155
Total	**78,93,925**	**4,51,84,155**

Note 19: Other current assets

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Advances other than capital advances		
(i) Advances to Suppliers	3,00,000	28,04,272
(ii) Balances with government authourities		
Goods and Service Tax Input	60,92,690	-
Service Tax	16,87,404	24,03,134
VAT	74,58,337	1,26,81,197
Prepaid expenses	1,98,96,814	25,60,023
Other Receivables	-	4,07,221
Total	**3,54,35,245**	**2,08,55,847**

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Note 20. Equity Share Capital

Authourised, Issued, Subscribed and Paid up Share Capital

Amount in Rs.

	As at 31.03.2018	As at 31.03.2017
Authorised :		
425000000 Equity Shares of Rs. 10 each	4,25,00,00,000	4,25,00,00,000
Issued		
100000000 Equity Shares of Rs. 10 each fully paid up	1,00,00,00,000	1,00,00,00,000
Subscribed and fully Paid up capital		
50001200 Equity Shares of Rs. 10 each fully paid up	50,00,12,000	50,00,12,000
	50,00,12,000	**50,00,12,000**

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

Fully paid Equity shares	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the beginning of the year	5,00,01,200	50,00,12,000	5,00,01,200	50,00,12,000
Add: Issued during the year	-	-	-	-
At the end of the year	**5,00,01,200**	**50,00,12,000**	**5,00,01,200**	**50,00,12,000**

b) Terms / rights attached to equity shares:

(i) The Company has issued only one class of equity shares and no securities have been issued with the right / option to convert the same into equity shares at a later date.

(ii) No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

(iii) The shares issued and subscribed carry equal rights and voting power.

(iv) All the shares issued and subscribed carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

c) Details of Shareholders holding more than 5% of equity shares in the Company:

Name of the Shareholders	As at 31.03.2018		As at 31.03.2017	
	No. of Equity Shares	Percentage of Holding	No. of Equity Shares	Percentage of Holding
Fully paid Equity Shares of Rs.10 each held by:				
Infrastructure Leasing and Financial Services Limited (Associate)	2,50,00,000	50%	2,50,00,000	50%
Oil and Natural Gas Corporation Limited (Associate)	1,30,00,000	26%	1,30,00,000	26%
Karnataka Industrial Area Development Board (Associate)	1,15,00,000	23%	1,15,00,000	23%

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Note 21: Other Equity

Amount in Rs.

Particulars	Reserves and Surplus	
	Retained Earnings	Total
Balance at the beginning of the reporting period April 01, 2017 - (A)	**17,15,06,388**	**17,15,06,388**
Additions during the year:		
Profit/(Loss) for the year	3,65,88,364	3,65,88,364
Items of OCI for the year, net of taxes:		
Remeasurment benefit of defined benefit plans	1,26,284	1,26,284
Total Comprehensive Income for the year 2017-18 - (B)	**3,67,14,648**	**3,67,14,648**
Reductions during the year:		
Dividends	-	-
Income tax on dividends		
Transfer to general reserves	-	-
Any other change -	-	-
Total (C)	-	-
Balance at the end of the reporting period March 31, 2018 (A+B-C)	**20,82,21,036**	**20,82,21,036**

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Note 22. Borrowings

Amount in Rs.

Particulars	Maturity date	Terms of repayment	Effective interest rate	As at 31.03.2018	As at 31.03.2017
Secured					
Rupee Term Loans	March 2032	Sixty two unequal quarterly installments	8.24% (9.35%)*	5,72,80,71,409	5,79,10,50,643
Total non-current borrowwings				**5,72,80,71,409**	**5,79,10,50,643**
Less: Amount included under the head "Other financial liabilities" - 'Current maturities of long-term debt ' (Refer note 28)				(9,88,65,000)	(6,61,05,000)
Total				**5,62,92,06,409**	**5,72,49,45,643**

* Indicates the EIR as at 31.03.2017

(i) Term loan from banks including current maturities is secured by mortagage 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 rehabiltation and resettlement of the colony and lands for which lease agreements with tenants of the SEZ project already in place. First charge on the entire assets of the borrower present and future both movable and immovable. First charge on all revenues/receivables accuring to the project.

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

(iii) During the year the company has received sanction from Corporation bank, Mangaluru for Rs.121 Crore and has executed the term loan agreement on March 15, 2018. The modification charge has been created with the same conditions of that of Lead bank (State Bank of India). However, the company has not availed the said loan before March 31, 2018

Note 23: Other financial liabilities

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Trade Deposits	29,69,062	1,78,94,407
Total	**29,69,062**	**1,78,94,407**

Note 24: Provisions

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Provision for employee benefits		
Provision for Gratuity	82,75,655	67,42,116
Provision for Compensated absences	67,23,793	64,82,325
Total	**1,49,99,448**	**1,32,24,441**

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Note 25: Deferred tax

The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31st March, 2018

Amount in Rs.

Particulars	Balance Sheet 01.04.2017	Profit and Loss 2017-18	OCI 2017-18	Balance Sheet 31.03.2018
Difference between written down value/capital work in progress of fixed assets (including Investment Property) as per the books of accounts and Income Tax Act, 1961	32,65,25,458	15,08,33,768	-	47,73,59,226
Difference between written down value of Intangible assets as per the books of accounts and Income Tax Act, 1961	2,34,10,122	65,37,416	-	2,99,47,538
Expense claimed for tax purposes on payment basis	-	-	-	-
Provision for expense allowed for tax purpose on payment basis	-	(89,53,332)	-	(89,53,332)
Remeasurment benefit of the defined benefit plans through OCI	-	-	66,834	66,834
DTA on non refundable one time user fee considered as income for Income Tax, while the same is amortized over the period of agreement under IND AS		(9,52,88,451)		(9,52,88,451)
Difference in carrying value and tax base of unwinding of security deposit	-	66,233	-	66,233
Difference in carrying value and tax base of term loan measuerd at amortized cost	50,02,510	(4,81,464)	-	45,21,046
Deferred tax expense/(asset) - (i)		**5,27,14,169**	**66,834**	
Deferred tax Asset (MAT entitlement) not recognised in earlier years **(ii)**		**(5,88,53,565)**	-	
Deferred tax expense/(asset) - [(i)-(ii)]		**(61,39,396)**		
Net Deferred tax liabilities (Total A)	**35,49,38,091**			**40,77,19,095**

Movement in MAT Credit Entitlement

Amount in Rs.

Details	As at 31.03.2018
MAT Credit Entitlement	**(5,88,53,565)**
MAT Credit Utilized	5,85,05,560
Balance MAT credit available (Total B)	**(3,48,005)**

Total deferred tax liability (Total A + Total B)	**40,73,71,090**

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Note 26: Other non current liabilities

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Advances from customers	9,32,65,34,704	8,29,08,56,844
Less: Amount included under the head 'Other Current liabilities' - Advances from customers (refer note 29)	(20,76,14,728)	(13,74,80,952)
Total (A)	**9,11,89,19,976**	**8,15,33,75,892**
Government grant (refer note 43)	18,72,75,000	15,84,00,000
Deferred income	1,43,15,164	-
Less: Amount included the head 'Other Current Liabilities' - 'Deferred income' (refer note 29)	(38,63,788)	-
Total (B)	**19,77,26,376**	**15,84,00,000**
Total (A+B)	**9,31,66,46,351**	**8,31,17,75,892**

Note 27: Trade Payables

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Outstanding dues to Micro and Small Enterprises	-	-
Outstanding dues of creditors other than Micro and Small Enterprises	19,59,80,054	13,85,76,183
Total	**19,59,80,054**	**13,85,76,183**

The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.
Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows

Particulars	31-Mar-18	31-Mar-17
a. the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year	Nil	Nil
b. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c.the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	Nil	Nil
d. The amount of interest accrued and remaining unpaid at the end of the accounting year and	Nil	Nil
e. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	Nil	Nil

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Note 28: Other financial liabilities

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Current maturity of long term debt (refer note 22)	9,88,65,000	6,61,05,000
Retention monies relating to capital expenditure/projects	14,94,26,316	22,92,19,304
Security Deposits	4,28,46,339	4,00,43,530
Earnest Money Deposit	28,34,750	48,92,050
Payable towards capital/project related expenditure/works	53,25,60,780	48,15,40,792
Payable to employees	84,30,000	35,16,782
Total	**83,49,63,185**	**82,53,17,458**

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

Note 29: Other current liabilties

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Advances from customers (refer note 26)	20,76,14,728	13,74,80,952
Deferred income (refer note 26)	38,63,788	-
Others		
Payable towards WCT under VAT	-	3,92,349
Payable towards Service tax	-	52,26,102
Payable towards Goods & Service tax	3,50,00,361	-
Payable towards TDS under Income Tax	60,07,296	58,54,873
Payable towards Providend fund, Profession Tax and ESIC	1,11,157	96,440
Total	**25,25,97,331**	**14,90,50,716**

Note 30: Provisions

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits		
Provision for Gratuity	9,33,378	5,51,946
Provision for Compensated absences	13,14,757	6,30,564
Provision towards Rehabilitation & Resettlement cost (refer note 4 (iii))	7,84,42,272	8,63,75,001
Total	**8,06,90,407**	**8,75,57,511**

Movement for Rehabilitation & Resettlement provision

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Opening provision	8,63,75,001	12,21,94,255
Addition during the year	86,87,000	41,19,677
Utilized during the year	1,66,19,729	3,99,38,931
Closing provision	**7,84,42,272**	**8,63,75,001**

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Note 31: Revenue from operations

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Sale of Products		
River water and Tertiary treated water	76,08,14,303	63,55,07,439
Power	29,72,46,579	17,12,64,873
Sale of Services		
Land Lease Premium	13,07,19,223	11,43,31,364
Land Lease Rental	4,63,73,020	5,85,25,198
Operation and Maintenance Charges	40,59,51,895	29,31,74,967
Other Operating revenues		
Usage charges towards infrastructure facilities	10,12,00,333	1,24,32,330
Total	**1,74,23,05,353**	**1,28,52,36,171**

Note 32: Other Income

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Interest Income		
(i) On financial assets measured at amoritzed cost	1,32,17,074	1,97,89,609
(ii) On security deposits measured at amortized cost	8,11,781	-
Dividends from mutual fund investments measure at FVTPL	1,40,70,240	96,20,005
Government grant	8,25,000	-
Other Non operating income	24,86,267	3,26,01,314
Total	**3,14,10,362**	**6,20,10,928**

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Note 33: Cost of Purchased Power

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Purchase of Power	25,54,54,650	10,53,76,965
Total	**25,54,54,650**	**10,53,76,965**

Note 34: Employee benefit expense

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Salaries and wages	7,00,01,636	5,70,54,345
Contribution to provident and other funds	60,29,473	60,76,105
Staff welfare expenses	49,80,158	37,82,752
Total	**8,10,11,267**	**6,69,13,202**

Note 35: Finance costs

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Interest on financial liabilities measured at amortized cost		
-Interest on bank borrowings	49,84,20,778	49,27,82,572
-Interest on security deposit	26,09,091	28,97,498
Interest on security deposits measured at fair value	6,20,401	-
Other borrowing cost	73,78,661	3,78,00,261
Total	**50,90,28,931**	**53,34,80,331**

Note 36: Depreciation and Amortisation Expense

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Depreciation of Property, plant and equipment (Refer Note 3)	40,79,67,947	28,64,93,711
Amortisation of Intangible assets (Refer Note 6)	66,35,024	68,37,119
Total	**41,46,02,971**	**29,33,30,830**

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Note 37: Other Expenses

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Rent	1,73,20,809	44,38,011
Rates & taxes	41,14,498	2,27,750
Repair and Maintenance	23,76,54,401	15,70,36,808
Insurance	51,07,986	56,43,832
Advertising and publicity	25,58,249	21,19,948
Travelling expenses	1,28,27,989	1,52,21,010
Professional & consultancy charges	1,09,33,747	3,84,83,125
Allowance for doubtful debts	7,09,24,536	1,31,37,275
Payment to auditors (Refer Note 37(a))	6,97,713	5,43,708
Corporate social responsibility (Refer Note 37(b))	32,11,549	25,63,225
Miscellaneous Expenses	3,90,81,771	1,73,07,346
Total	**40,44,33,248**	**25,67,22,037**

Note 37(a): Payment to auditors

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Audit fee	3,75,000	3,25,000
Tax Audit fee	62,500	62,500
Certification fees	1,87,500	1,25,000
Re-imbursement of expenses	72,713	31,208
Total payment to auditors	**6,97,713**	**5,43,708**

Note 37(b): Corporate Social Responsibility Expenses

Amount in Rs.

	Year 2017-18	Year 2016-17
A. Gross amount required to be spent by the Company	18,38,000	24,14,000
B. Amount spent during the year on:		
i. Construction/Acquisition of any assets	25,40,479	18,52,585
ii. Purposes other than (i) above	6,71,070	7,10,640
	32,11,549	**25,63,225**
Amount spent against current year budget	19,02,873	17,40,635
Amount spent against previous years shortfall:		
FY 2015-16	6,35,311	8,22,590
FY 2016-17	6,73,365	
C. Total	**32,11,549**	**25,63,225**

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Note 38: Income tax expense

A. The major components of income tax expense for the year are as under:

(i) Income tax recognised/reported in the Statement of Profit and loss

Amount in Rs.

	31-Mar-18	31-Mar-17
Current tax:		
Current tax on profits for the year	7,87,35,681	1,99,20,926
Adjustments for current tax of prior periods	-	15,267
Total current tax expense	**7,87,35,681**	**1,99,36,193**
Deferred tax:		
(i) Increase/(Decrease) in deferred tax	5,27,14,169	13,13,46,605
(ii) Deferred tax Asset (MAT entitlement) not recognised in earlier years	(5,88,53,565)	
Total deferred tax expense/(benefit)	**(61,39,396)**	**13,13,46,605**
Income tax expense	**7,25,96,285**	**15,12,82,798**
Income tax expense is attributable to:		
Profit from continuing operations	**7,25,96,285**	**15,12,82,798**

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

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Profit before tax	10,91,84,648	9,14,23,734
Income tax expense calcualted at Company's domestic tax rate at 34.608% (previous year 33.063%)	3,77,86,623	3,02,27,429
Tax Effect of:		
-Deduction u/s.80IAB	(41,28,59,061)	(17,68,22,928)
-Tax effect of unabsorbed depreciation	(7,19,24,827)	
-Tax effect of non-deductable expenses	1,18,76,843	4,01,64,383
-Effect of income exempted from tax	(68,74,049)	(31,80,662)
-Effect of receipts which is offered for tax	58,89,40,424	25,35,41,678
-Effect of tax under MAT		72,41,788
-MAT Credit	(5,88,53,565)	-
-Others	(1,54,96,103)	95,843
-Total	**7,25,96,285**	**15,12,67,531**
-Adjustments for current tax of prior periods	-	15,267
-Tax expense as per Statement of Profit and Loss	**7,25,96,285**	**15,12,82,798**

38(i) The tax rate used for reconciliation above is the corporate tax rate of 34.608% payable by Corporate entities in India on taxable profits under Indian tax law.

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Notes

39 **Lease of Land**

(i) Finance Lease:

The Company has obtained on a lease-cum-sale basis from Karnataka Industrial Area Development Board (KIABD) vide lease-cum-sale agreement dated 28.12.2010. The lease is for a period of 50 years. The lease agreement with KIADB stipulates various conditions related to lease, including in relation to the manner in which the Company will obtain freehold title of land. The Company is reasonably certain to obtain freehold title, since the terms and conditions for conversion to freehold land has been fulfilled and have already applied to KIADB for absolute sale deed in favour of the Company. Since, reasonable certainity exists that ownership of the asset - land the economic ownership of the land ab initio would eventually pass on to the Company the land is accounted as a tangible asset of the Company e.g.Leasehold land convertible into freehold. Thus in substantive terms, the Company has acquired a tangible asset - only in legal terms the conversion into freehold status is pending.

The Company paid leasehold premium upfront and same has been capitalized.

The details of land lease period and execution of lease cum sale agreement is as under:

Area Details - in Acres

Total Area as on 31.03.2018	Agreement date	Lease Commence-ment date	Area Registered as on 31.03.2018	Land surrendered to KIADB	Balance not registered as on 31.03.2018	Total Area as on 31.03.2017	Area Registered as on 31.03.2017	Balance Not registered as on 31.03.2017 (after surrender to KIADB)
1972.2	28.12.2010*	27.01.2010	1543.21		428.99	1985.15	1543.21	441.94
	29.06.2011#	27.12.2010						
2.47	07.12.2011	28.10.2011	2.47		-	2.47	2.47	
86.5242	03.11.2014	25.07.2012	86.5242		-	86.5242	86.5242	
274.36			-	251.23	23.13	274.36		23.13
9.7667					9.7667	7.35		7.35
2345.32			**1632.20**	**251.23**	**461.89**	**2355.85**	**1632.20**	**^472.42**

* For 1533.22 acres

For 9.99 acres

^ Includes 152.1531 Acres allocated to project displaced families

(ii) **Operating Lease**

The Company has sub leased land inside MSEZ (lease-cum-sale land acquired from KIADB) on operating lease to various units. The sub-lease are long term in nature and the period of sub-lease with the units is co-terminous with that of the lease period entered into by the company with KIADB i.e.until 26th January 2060. The sub-lease are non-cancellable and does not include contingent rent. The subleases are renewable for a further period on substantial terms as specified in the lease agreements.

The total future minimum lease premiums/rentals receivable as at March 31, 2018 (based on the agreements concluded with the units) is as under:

Amount in Rs.

	As at 31.03.2018	As at 31.03.2017
Not later than one year	65,80,29,474	37,41,17,157
later than one year and not later than five years	24,66,91,727	39,86,32,177
later than five years	2,10,48,29,079	1,93,09,34,623

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40 (A): Category-wise Classification of Financial instruments

Amount in Rs.

Financial assets measured at fair value through profit or loss (FVTPL)	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Investments in quoted mutual funds	12	-	-	54,86,69,727	18,27,24,487
		-	-	**54,86,69,727**	**18,27,24,487**

Financial assets measured at fair value through other comprehensive income (FVTOCI)	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Investment in unquoted equity shares (*)	7	8,50,000	8,50,000	-	-
		8,50,000	**8,50,000**	-	-

Financial assets measured at amortised cost	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Trade Receivables	8, 13	50,00,000	21,98,27,434	1,69,78,86,616	51,80,80,513
Cash and cash equivalents	14	-	-	8,11,89,585	42,83,30,572
Term Deposits with original maturity of more than three months but less than 12 months	15	-	-	-	6,00,00,000
Term deposits with original maturity of more than 12 months	10	25,000	25,000	-	-
Term deposits held as margin money	15	-	-	16,19,96,375	7,04,21,495
Security deposit	9, 16	5,20,68,796	5,86,84,895	90,000	90,000
Other Receivables	17			96,70,530	42,86,355
		5,70,93,796	**27,85,37,329**	**1,95,08,33,107**	**1,08,12,08,935**

Financial liabilities measured at fair value through profit or loss	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
		-	-	-	-

Financial liabilities measured at fair value through amortized cost	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Term loan from bank	22	5,62,92,06,409	5,72,49,45,643	9,88,65,000	6,61,05,000
Trade deposits	23	29,69,062	1,78,94,407	-	-
Trade payables	27	-	-	19,59,80,054	13,85,76,183
Retention monies relating to capital expenditure/projects	28	-	-	14,94,26,316	22,92,19,304
Security Deposits	28	-	-	4,28,46,339	4,00,43,530
Payable to contractors towards project related Earnest Money Deposit	28	-	-	28,34,750	48,92,050
Payable towards capital/project related expenditure/works	28	-	-	53,25,60,780	48,15,40,792
Payable to employees	28	-	-	84,30,000	35,16,782
		5,63,21,75,471	**5,74,28,40,050**	**1,03,09,43,239**	**96,38,93,641**

(*) Investments in the equity shares represents the investment is subsidiary companies and the shares are not held for trading. The Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these investments is the Statement of Profit and Loss may not be indicative of the performance of the Company.

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Note 40 (B): Fair value Measurments

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

As at 31st March, 2018

Financial assets	Refer Note	Fair value as at 31.03.2018	Fair Value hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	12	54,86,69,727	54,86,69,727		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	8,50,000			8,50,000

As at 31st March, 2017

Financial assets	Refer Note	Fair value as at 31.03.2017	Fair Value hierarchy		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	12	18,27,24,487	18,27,24,487		
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investment in unquoted equity shares	7	8,50,000			8,50,000

(ii) Valuation technique used to determine fair value

Financial instruments measured at fair value
The valuation technique used to value financial instruments at fair value is based on the quoted market prices of mutual funds recognised at their closing NAV per unit

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Note 40 (C): Financial Risk Management - Objectives and Policies

The Company's financial liabilities comprises mainly of viz., term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, trade receivables, investments in mutual funds and other receivables.

The Company has financial risk exposure in the form of viz., market risk, credit risk and liquidity risk. The Risk Management Committee under the Board of Directors oversees the risk to which the Company is exposed and operates.

The present disclosures made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. The financial instruments affected by market risk includes rupee term loan and loans & advance.

a) Interest Rate Risk exposure

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant rupee term loans at floating (reset every year) interest rates from State Bank of India, New Delhi. The interest rate is at 0.25% (spread) plus MCLR rate of SBI and the interest rate is reset once every year, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31-Mar-18	31-Mar-17
Variable rate borrowings	5,74,11,35,000	5,80,72,40,000
Fixe rate borrowings	-	-
	5,74,11,35,000	**5,80,72,40,000**

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

	31-Mar-18				31-Mar-17		
	Weighted average interest rate	Balance	% of total loans		Weighted average interest rate	Balance	% of total loans
Rupee term loan	8.97%	5,74,11,35,000	100%	Rupee term loan	10.32%	5,80,72,40,000	100%
Exposure to cash flow interest rate risk		**5,74,11,35,000**		**Exposure to cash flow interest rate risk**		**5,80,72,40,000**	

Interest Rate Senstivity analysis

The Company considering the economic enviornment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

Amount in Rs. in crore

	Impact on Profir before tax	
	31-Mar-18	31-Mar-17
Interest rates - increase by 50 basis points	2.89	2.93
Interest rates - decrease by 50 basis points	(2.89)	(2.93)

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

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

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b) Foreign currency risk exposure

Foreing currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreing exchange rates. The Company undertakes transactions in Indian Rupees and its borrowings/loans payable & trade receivables are also denominated in Indian Rupees and hence, there is no exposure of the Company's operations to foreign exchange rate fluctuations does not arise.

Foreign currency rate senstivity analysis

Since, there is no foreign currency risk, senstivity analysis for the same does not arise

c) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctutate due to changes in market traded prices. The Companys investment in liquid cash divident reinvestment plan the NAV is fixed and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary is not held for trading and hence, not subjected to price movement and thus, there is no risk.

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2) Credit Risk

The Credit risk refers to risk that a counterparty will default on its contratual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, Bank balances and other receivables.

The Company primarily deals with the units/consumers operating inside the Mangalore Special Economic Zone (MSEZ). The units/consumers are the industries who have invested in MSEZ for setting up their industry. The Company enters into MOU/Lease deed for lease of land and receives on-time lease premium (as per agreed milestones) and also collects annual lease rentals. The Company makes sale of products (water;power) and supply of services to units/consumers are through pre-determined contracts and agreed rates. In so far as supply of power is concerned the Company charges tariff based on the approved tariff by regulatory commission. The Company's exposure are continuously monitored and the aggregate value of transactions is reasonably spread amongst the units. Further, the Company has balance leaseable land area of 288 Acres (out of 1075 Acres of leaseable land) as on 31st March, 2018. The Company upon entering into MOU/lease agreement with the prospective units/consumer would receive one-time lease premium and annual rentals and concurrently, would also receive steady operating cash flows through sale of products and supply of services.

The credit risk arising from the exposure of investing in mutual funds and bank balances is limited and there is no collateral held against these because the counterparties are the recognised financial institutions and public sector banks, which are creditworthy.

The credit period in majority of the trade receivables range from 7 days-15 days and average credit period is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's establised policy, procedures and control relating to customer credit risk management. The concentration of the credit risk is limited due to fact that the area of operation of the Company is confined to one geography (MSEZ) and the number of units/consumers are also limited, wherein again the credit risk mitigated through pre-existing contract obligations.

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses.

Movement in expected credit loss allowance on trade receivables

Amount in Rs.

Particulars	**31.03.2018**	**31.03.2017**
Balance at the beginning of the year	11,04,66,153	11,24,49,250
Loss allowance measured at life time expected credit losses	-	-
Impairment allowance	7,09,24,537	-
Impairment written-off	-	(1,51,20,371)
Fair value losses provided	-	1,31,37,275
Balance at the end of the year	**18,13,90,690**	**11,04,66,153**

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3) Liquidity risk

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

The Company manages the liquidty risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making avaliable the funds from realising timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Companys liquity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liablities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

(i) Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Amount in Rs.

	31-Mar-18	**31-Mar-17**
Expiring within one year	1,21,00,00,000	-
Expiring beyond one year	-	1,00,00,000
	1,21,00,00,000	**1,00,00,000**

The company makes an annual/long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities

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Note 40(D): Capital Management

The Company's objective when managing capital are to:
a) safeguard the Company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

b) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may vary the distribution of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31st March, 2018, the Company has only one class of equity share and rupee term loan.

Consequent to such capital structure, there are no externally imposed capital requirements.

The capital structure of the Company consists of debt (borrowings as detailed **in notes 22 and 28**) and total equity including advances received from units towards lease of land and use of infrastructure facilities of the Company and monitors capital, based on this capital structure's gearing ratio.

The gearing ratio at the end of the reporting period is computed as follows

Amount in Rs.

	As at 31.03.2018	As at 31.03.2017
i) Debt	**5,72,80,71,409**	**5,79,10,50,643**
ii) Equity share capital	50,00,12,000	50,00,12,000
iii) Other equity	20,82,21,036	17,15,06,388
iv) One time non-refundable amounts from customers	9,32,65,34,704	8,29,08,56,844
v) Total equity [(ii)+(iii)+(iv)]	**10,03,47,67,740**	**8,96,23,75,232**
vii) Net Debt to equity ratio (times)	0.6	0.6

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41 Related Party disclosures

A Name of related parties and description of relationship:

i Parent entities

Name of the Company	Type	Place of incorporation	Ownership interest	
			31-Mar-18	31-Mar-17
Infrastructure Leasing and Financing Services Limited (IL&FS)	Associate	India	50%	50%
Oil and Natural Gas Corporation Limited (ONGC)	Associate	India	26%	26%
Karnataka Indutrial Area Development Board (KIADB)	Associate	India	23%	23%

ii Subsidiaries :(where control exists)

Name of the Company	Type	Place of Incorporation	Ownership interest	
			31-Mar-18	31-Mar-17
Mangalore STP Limited	Subsidiary	India	70%	70%
MSEZ Power Limited	Wholly owned subsidiary	India	100%	100%

B Key Management Personnel

(i)

Name	**Designation**
Shri Shashi Shanker	Chairman
Shri Paritosh Kumar Gupta	Managing Director
Shri Srinivas Santhayya Kamath	Independent Director
Shri Inturi Srinivas Nagesh Prasad	Independent Director
Shri Saibal Kumar De	Nominee Director of IL&FS
Shri Kumar Hariharan	Nominee Director of ONGC
Shri Akshaya Kumar Sahoo	Nominee Director of ONGC
Smt. C. Vathika Kamath	Nominee Director of KCCI

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

C List of related parties

Name of the Company	**Relationship**
ONGC Mangalore Petrochemicals Limited	ONGC - Ultimate holding company
Mangalore Refineries and Petrochemicals Limited	Subsidiary of ONGC
IIDC Limited	Subsidiary of IL&FS
IL&FS Energy Development Company Limited	Subsidiary of IL&FS
Karnataka Indutrial Area Development Board	A statutory body of Government of Karnataka

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D **Details of transactions:**

(i) Transactions with related parties

Amount in Rs.

Name of related Party	Nature of Transaction	For the year ended March 31, 2018	For the year ended March 31, 2017
ONGC Mangalore Petrochemicals Limited	Supply of services - Corridor ROW	-	7,57,00,000
	Supply of services - Annual lease rental	2,33,96,214	2,33,96,214
	Sale of products	27,83,82,460	13,09,87,014
	Supply of services	10,04,55,932	9,05,85,841
	Interest payable on security deposit (Power)	9,70,092	11,93,500
Mangalore Refinery and Petrochemicals Limited	Supply of services - 'By pass road' charges	-	52,27,000
	Sale of products	25,41,55,693	26,07,68,811
	Supply of services	28,90,49,753	31,08,61,025
	Supply of services - Corridor ROW	-	7,57,33,333
Infrastructure Leasing & Financial Services Limited	Service received -Deputation of MD	33,42,473	56,16,429
	Service received -Renting	2,072	11,04,071
Karnataka Indutrial Area Development Board	Acquisition of land/R&R colony	-	1,12,78,050
	Services received -Annual Lease rent	5,17,621	5,89,921
	Services received -ROW charges	-	23,68,700
	Towards acquisition of land	1,76,48,000	73,61,550
IIDC Limited	Service received -Deputation of Advisor	-	16,50,000
	Supply of services - Rent	1,36,422	-
IL&FS Energy Development Company Limited	Service received-Consultancy	-	3,00,000
Mangalore STP Limited	Supply of goods	3,22,76,403	2,54,62,778
MSEZ Power Limited	Supply of services	26,740	3,200

(ii) Outstanding balances with related parties

Amount in Rs.

Name of related Party	Nature of Transaction	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Amount payable:			
Infrastructure Leasing and Financing Services Limited (IL&FS)	Trade payable	4,50,000	5,51,722
Karnataka Indutrial Area Development Board	Towards acquisition of land	35,71,91,858	38,17,71,173
	Trade payable	-	37,696
ONGC Mangalore Petrochemicals Limited	Other payable	1,11,01,567	10,74,150
Mangalore STP Limited	Supply of goods	25,35,530	11,29,104
Mangalore Refinery and Petrochemicals Limited	Other payable	42,87,970	-
b. Amount Receivable:			
Karnataka Indutrial Area Development Board	Other receivable	1,30,773	1,30,773
ONGC Mangalore Petrochemicals Limited	Other receivable	24,084	15,48,246
	Trade Receivable	18,46,05,908	9,05,73,638
Mangalore Refinery and Petrochemicals Limited	Other receivable	2,48,80,606	2,99,82,606
	Trade Receivable	7,18,05,944	6,56,80,487
MSEZ Power Ltd	Other receivable	1,43,240	1,16,500
c. Loans and other assets (Debit balances)			
Karnataka Indutrial Area Development Board	Security deposit -Lease of land	11,60,000	11,60,000
	Capital advances towards land	3,14,29,250	3,41,61,952
d. Advances & Deposits (Credit balances)			
ONGC Mangalore Petrochemicals Limited	Advance towards Corridor	-	97,57,00,000
	Security deposit -Power	1,54,00,000	1,54,00,000
	Security deposit -River water	31,27,164	31,27,164
Mangalore Refinery and Petrochemicals Limited	Security deposit -River water	74,84,710	74,84,710
	Security deposit -Marine Outfall	6,22,209	6,22,209
	Security deposit -TTP Water	45,72,668	45,72,668
	Security deposit - Hire of Machinery	13,296	13,296
	Advance towards Corridor	97,57,33,333	97,57,33,333

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

Amount in Rs.

Name of the related party	Nature of Transaction	As at 31.03.2018	As at 31.03.2017
ONGC Mangalore Petrochemicals Limited	Supply of services	1,55,06,117	2,65,25,680
Mangalore Refinery and Petrochemicals Limited	Supply of services	2,57,27,980	-
Total		**4,12,34,097**	**2,65,25,680**

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

Amount in Rs.

Name of the related party	Nature of Transaction	As at 31.03.2018	As at 31.03.2017
ONGC Mangalore Petrochemicals Limited	Supply of services	2,85,164	-
Mangalore Refineries and Petrochemicals Limited	Supply of services	-	85,36,542
Total		**2,85,164**	**85,36,542**

(v) Compensation to Key management personnel:

(a) Chief opertaing officer

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	57,03,576	32,76,288
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	3,78,771	-
Contribution to providend fund	21,600	10,800
Total	**61,03,947**	**32,87,088**

(b) Chief financial officer

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	61,49,052	47,73,246
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	13,27,707	10,42,831
Contribution to providend fund	21,600	21,600
Total	**74,98,359**	**58,37,677**

(c) Company Secretary

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	21,01,519	16,14,431
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	2,22,972	1,04,125
Contribution to providend fund	21,600	21,600
Total	**23,46,091**	**17,40,156**

(d) Independent directors

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sitting fees	3,75,500	6,53,250

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42 **Employee Benefits**

1 **Post-employment benefits:**

Breif Description: A general description of the type of employee benefit plan is as follows:

Defined benefit gratuity plan (Unfunded):

The company has a defined benefit gratuity plan for its employees. It is governed by Payment of Gratuity Act, 1972. Under the said Act employees who have completed five years of service is entitled to gratuity benefits. The level of benefit provided depends on the employees length of service and last drawn salary.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method (PUCM)

This post-employment plan typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to markek yields at the end of the reporting period on government bonds
Interest rate Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the bese estimate of the mortality of plan participants both during and after their employment. An increase in the life expentancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Company has to manage payout based on pay as you go basis from own funds

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk

During the year, the company has changed the benefit scheme in line with Payment of Gratuity Act, 1972 by increasing the monetary ceiling from Rs.10 Lakhs to Rs.20 Lakhs. Change in liability (if any) due to this scheme change is recognied as past service cost

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at March 31, 2018.

The principal actuarial assumptions used in determing Gratuity are as follows

Sl. No	Particulars	As at 31st March 2018	As at 31st March 2017
1	Discount Rate	7.88%	7.26%
2	Annual increase in salary	9%	9%
3	Employee Turnover	5%	5%

The discount rate relates to the benchmark rate available on G.Sec. And is taken as per deal rate as on 31.03.2018. The tenure of the G.Sec. Rate matches with the expected term of the obligation

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

Amount in Rs.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service Cost	10,98,478	8,34,444
Net Interest Cost	5,29,549	3,75,170
Components of defined benefit costs recognised in profit or loss	**16,28,027**	**12,09,614**
Re-measurment on the net defined benefit liability:		
Actuarial (gains)/losses arising from change in assumptions	(1,93,118)	14,41,879
Components of remeasurment recognised in other comprehensive income	(1,93,118)	**14,41,879**
Total	**14,34,909**	**26,51,493**

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

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
(Present value of benefit obligation at the end of the Period)	(92,09,033)	(72,94,062)
Fair Value of plan assets at the end of the period	-	-

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Net (liability)/Asset recognised in the Balance sheet	(92,09,033)	(72,94,062)

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

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Present Value of Benefit Obligation at the beginning of the period	72,94,062	46,95,489
Interest Cost	5,29,549	3,75,170
Current Service Cost	10,98,478	8,34,444
Past Service Cost	8,87,293	
(Benefit paid Directly by the Employer)	(4,07,231)	(52,920)
Actuarial (Gains)/ Losses on Obligations - Due to change in Demographic Assumptions		
Actuarial (Gains)/ Losses on Obligations - Due to change in Financial Assumptions	(5,96,920)	13,71,147
Actuarial (Gains)/ Losses on Obligations - Due to Experience	4,03,802	70,732
Present Value of Benefit Obligation at the end of the period	**92,09,033**	**72,94,062**
Current	9,33,378	5,51,946
Non-Current	82,75,655	64,82,325

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

Amount in Rs.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Projected benefit Oboigation on Current Assumptions	92,09,033	**72,94,062**
Discount Rate		
-Impact due to increase of 1%	(8,45,208)	(6,60,236)
-Impact due to decrease of 1%	9,94,188	7,77,817
Salary increase		
-Impact due to increase of 1%	7,46,946	5,08,740
-Impact due to decrease of 1%	(7,47,513)	(4,97,622)
Employee Turnover		
-Impact due to increase of 1%	(67,338)	(25,878)
-Impact due to decrease of 1%	73,191	22,771

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the dfference between assumed and the actual is not following the parameters of the senstivity analysis

Furthermore, in presenting the above senstivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liabiltiy recognised in the balance sheet

2 **Other Long term employee benefit**

Actual Leave and Sick leave assumptions

Compensated absences - Earned leave eligibility is 25 days per annum and sick leave 12 days per annum. Encashment permitted up to a maximum of 300 days per employee.

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2018 based on actuarial valuation

carried out by using Projected Unit Credit Method resulted in increase in liability by Rs.9,25,661 (Previous year Rs.25,01,110)

Assumptions

Particulars	As at 31.03.2018	As at 31.03.2017
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	60 years	60 years
Attrition rate	5% p.a.	5% p.a.
Salary Escalation Rate	9.00% p.a.	9.00% p.a.
Discount Rate	7.88% p.a.	7.26% p.a.
While is service Encashment rate	5.00% for the next year	5.00% for the next year

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43 Government Grants and Government Assistance

(a) Government Grants (refer Note 26)

The Company has received government grants from Visvesvaraya Trade Promotion Centre (VTPC), a Government of Karnataka organisation under ASIDE scheme for construction of Common Effluent Treatment Plant (CETP) Rs.4.95 Crore as at March 31, 2018 (Rs.3.96 Crore as at March 31, 2017) and Two lane Flyover near Jokatte, Manglore SEZ (MSEZ) Rs.13.86 Crore as at March 31, 2018 (Rs.11.88 Crore as at March 31, 2017).

(i) Movement in Government Grants

(a) CETP

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Opening balance	3,96,00,000	2,97,00,000
Add: Addition during the year	99,00,000	99,00,000
Less: Amortisation during the year	8,25,000	-
Closing Balance	**4,86,75,000**	**3,96,00,000**

(b) Two lane Flyover

Amount in Rs.

Particulars	As at 31.03.2018	As at 31.03.2017
Opening balance	11,88,00,000	9,90,00,000
Add: Addition during the year	1,98,00,000	1,98,00,000
Less: Amortisation during the year		-
Closing Balance	**13,86,00,000**	**11,88,00,000**

The Company has adopted income approach, under which a grant is recognised in profit or loss on a systematic basis over the useful life of assets which have been capitalized.

(b) Government Assistance

Company developes special economic zone (SEZ) at Mangalore, Karnataka, India. Accordingly, it is eligible for certian economic benefits such as exemptions from customs duty, Goods and Service tax etc. which are in the nature of government assistance. These benefits are subject to fulfillment of certain obligations by the company.

44 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

Amount in Rs.

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Profit/(Loss) after tax for the year attributable to equity shareholders	3,65,88,364	(5,98,59,063)
Weighted average number of equity shares	5,00,01,200	5,00,01,200
Basic & diluted earnings per share (Rs.)	0.73	(1.20)
Facer value per equity share (Rs.)	10.00	10.00

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

Amount in Rs.

Particulars	**Year 2017-18**	**Year 2016-17**
Rental Income	17,70,92,243	17,28,56,562
Direct Operating Expenses from property that generate direct rental income	2,15,46,881	2,91,92,713
Direct Operating Expenses from property that did not generate direct rental income	-	-
Profit from investment property before depreciation	15,55,45,362	14,36,63,849
Depreciation		
Profit from investment property	15,55,45,362	14,36,63,849

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46 Contingent Liabilities and Commitments

(a) Commitments

Amount in Rs.

Particulars	As at 31st March 2018	As at 31st March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Plant, Property & Equipment	12,53,50,140	45,97,65,011
ii. Towards Investment Property	6,05,20,913	84,08,468
iii. Towards Intangible Assets	-	-
Total	**18,58,71,053**	**46,81,73,479**

Operating Lease Commitments- The Company has taken office premises under cancellable operating lease and also pays annual lease rentals towards lease of lands for projects. The agreements are renewed on expiry. The Company has paid for year ending March 31, 2018 Rs.1,68,17,538/- (March 31, 2017 Rs.40,03,548) b Contigent liabilities

The Claims against the company not acknowledged as debt is Rs.7.54 Crore (previous year Rs. Rs.24.70 Crore). 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 uncertanities relating to the amount or timing of any outflow
1	BSNL	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.	15,76,000	MSEZL has not executed any work of laying water pipeline at Thokur.
		Petitioner is claiming that MSEZL through his men & material while laying river water pipeline, the optical fiber cables were damaged in and between Bantwal - Moodbidri routes which carried the broad band network and 12F and 24F optical fiber between various Telephone exchanges.		MSEZL has granted the laying of river water pipeline works to Koya & Co. (2nd Defendant). The Contractor has to carry out the work efficiently. The liability to pay for any damage, if caused, would be on the person who might have caused the damage.
2	Mr. Ravindranath Bajpe	MSEZL has laid the water pipeline by the side of Mangalore-Bajpe Old Airport PWD Road abutting the schedule properties and other properties on the same line commencing from Nethravathi River Bank at sarapady to MSEZ Industrial area. While carrying out works near the plaintiffs (Ravindranath Bajpe) property, he had contended that MSEZL Officials & Contractors have tresspassed his property and demolished the stone compound wal of 7 feet height, foundation of 3 feet height beneath the ground & 2 feet wide to the extent of about 500 meters and also cut & destroyed about 101 valuable trees and laid pipeline beneath the schedule properties about to extent of 500 meters. Therefore, Ravindranath Bajpe has filed an Original Suit before the civil court directing the defendants jointly and severally to apy a sum of Rs 47,90, 500/-	47,90,500	Ravindranath Bajpe is neither absolute owner nor is in possession of the plaint schedule Property or any part thereof. The assertion of the occupancy right contradicts the claim of absolute ownership. The Plaintiff (Ravindranath Bajpe) and other members of his family are having litigation in local court with regard to his claims on occupancy holding. Therefore, we maintain that the Plaintiff is not entitled to claim the alleged loss or any other claim
		Petitioner (Ravindranath Bajpe has filed this Special Leave Petition contending whether The High Court & Session Court quashed the process issued by the learned trial court without appreciating the allegations in the Compalint and also as to whether the High Court & Session Court were expected to see the letter accompanying the Compalint which was written by Respondent No. 4 (Eta Sreenivasulu) on behalf of MSEZL to the Petitioner.		To establish a criminal offence, oral and documentary evidence needs to be furnished so as to substantiate any of the alleged offences. The letter written by Respondent No. 4 merely refers to compensate the complainant for the losses if any incurred by him, which need to be determined separately in a civil proceeding, or otherwise, as deemed fit by the persons responsible for the damage. The complainant cannot allege a criminal flavor to the proceedings on the basis of the said letter.
3	Cherian Varkey Construction Company	The petitioner was awarded the Reach IV contract forming part of Pipeline cum Road Corridor on August 2011. The petitioner had failed to complete the awarded contract as per milestones. Due to which the contract was extended. The petitioner has also stopped the work in an authourized manner on multiple occasions. Due to non-handing over of the front for executing work on Part A of the contract within the original contract period, the petitioner was seeking increase in rates for items covered under BOQ. The contract entered between MSEZL and petitioner being a fixed price contract did not provide for esclation of rates and compensation events to deal with instances of delay in handing over fronts.The intransigence on part of the petitioner lead to delay in works. Hence, the contract was terminated with immediated effect on 06.11.2013 and all Bank Guarantees furnished by the petitioner was invoked. The petitioner approached the Hon'ble District Court in Mangalore and secured a temporary injunction restraining MSEZL form encashing the BG. After the matter came up for argument in the COurt and several adjournments, the case filed by petitioner as dismissed by Hon'ble on 05th April 2014. The petitioner has also initiated proceedings in the matter. In order to settle the dispute out of court/arbitration an opportunity for redressal through an independent committee MSEZL sought consent for constituitng an Outside Expert Committee (OEC) which was accepted by petitioner. The arbitration proceedings was put on hold while OEC took over the dispute resolution. The OEC has recommeded MSEZL to pay Rs.9.39 Cr to petitioner. However, the petitioner did not accept the the recommendations of the OEC and choose to pursue the Arbitration proceedings. The Arbitral Tribubal had passed the award on 24.09.2016 stating that the performance and completion of works under the contract was on account of breaches/defaults committed by MSEZL and termination of contract was unlawful. MSEZL was directed to pay to Rs.19,23,53,085	6,90,09,159	MSEZL has file for modification of the order before the Tribunal. MSEZL and also CVCC have filed a petition contesting the Arbitration Award before the Prl.District & Sessions Cout at Mangaluru under AS No. 1of 2017 & AS No2 of 2017 in Jan & Feb '17. The matters were scheduled on 25th November, 2017 for appearence of the arbitrators. Meanwhile, the BG issuing Bank had also filed an impleading application. Both the parties have not objected to the impleading application of the Bnak. The matters are posted for arguments on 27th April, 2018
		TOTAL	7,53,75,659	

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47 Critical judgements in applying accounting policies

I. Recognistion of Revenue

(a) The Company has recognized revenues amounting to Rs 11.73 Crores for current year 2017-18 (for previous year 2016-17 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 2017-18, the revenue is recognized based on the KERC tariff order dated May 8, 2017 applicable w.e.f. April 1, 2017. 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

(c) One time fee towards right to use 'Road cum Corridor Project' which is in the nature of operating lease is recognised as income on a straight line basis over the period of right to use.

II. Recognition of borrowing cost

Borrowing costs are charged to the Statement of Profit & Loss applying the effective interest method. The interest charged on the loan is 25 basis point plus one year Maximum Commercial Lending Rate (MCLR) rate of the Lender. If the Lender changes the MCLR rate, the effective rate of interest will also change resulting in reduction or increase in interest cost.

III. Estimated useful life of tangible and intangible assets

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

(b) The Company amortizes the cost of barrage useful usage rights on a straight-line basis over the lease period.

IV. Impairment of Trade Receivable

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

V. Income taxes

The computation of advance taxes, provision for current/deferred tax are made based on significant judgements and which may get revised pursuant to position taken by the tax authourities.

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

For and on behalf of the Board

N R Suresh
Partner
Membership No. 021661

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 * Chartered Accountants *

Paritosh Kumar Gupta
Managing Director
DIN : 01054182

Akshaya Kumar Sahoo
Director
DIN : 07355933

Gouranga Charan Swain
Chief Financial Officer

V. Phani Bhushan

V. Phani Bhushan
Company Secretary

Place: New Delhi
Date: 14/05/2018

Place: New Delhi
Date: 14/05/2018

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

20 th November, 2018

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 2st November , 2018.

2. The accompanying statements of Balance Sheet, Profit & Loss account, Cash Flow Statement, Statement of Revenue Requirement and Revenue Gap as on 31.03.2018 segregating the audited financial statements for the year ended 31.03.2018 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. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

Auditors responsibility:

5. Pursuant to the requirement of the Karnataka Electricity Regulatory Commission, Bangalore, it is our responsibility to provide reasonable assurance whether: -

   i. The amounts in the Licensed Activity Balance sheet for the year ended 31.03.2018 have been accurately extracted from the Audited Financial Statements.

   ii. The amounts stated in the Licensed Activity Statement of Profit and Loss Account have been accurately extracted from the Audited Financial Statements for the year ended 31.03.2018.

   iii. The amounts stated in the Licensed Activity Statement of Revenue Requirement and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2018.

   iv. The amounts stated in the Licensed Activity Cash Flow Statement have been accurately extracted from the Audited Financial Statement for the year ended 31.03.2018.

6. We as the statutory auditors of Mangalore SEZ Limited have audited financial statements referred to in paragraph 2 & 5 above, on which we issued an unmodified audit Opinion vide our report(s) dated 14th May, 2018 respectively. We conducted the audit of these financial statements in accordance with the Standard on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

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

Opinion:

9. Based on our examination as above, we are of the opinion that:

    i. The amounts stated in the Licensed Activity financial statements viz., Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Revenue Requirements and Revenue Gap have been accurately extracted from the Audited Financial Statement for the year ended 31st March, 2018 after adjustment of revenue deficit of RS 3.91 crores (Rs 0.60 crores for FY 2015-16 and Rs 3.31 crores for FY 2016-17) recoverable from customers pursuant to the order of Karnataka Electricity regulatory Commission date 14.05.2018 received after adoption of audited financial staements for FY 2017-18 .Accordingly, the revenue of rs 3.91 crores is considered as Revenue from sale of Power and Recoverable From Customers

Restriction on use:

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

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

CA K V SRINIVASAN
Partner
ICAI Membership No.: 204368

Date : 20.11.2018
Place : Mangalore

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

MSEZL : REVENUE REQUIREMENT & REVENUE GAP

MSEZL-Total

Rs. in Cr

Sl. No.	Details	FY 18 Actuals
	Power Purchase in Million Units (MU)	42.19
	Energy Available at interface point (MU)	42.19
	Sale of Power (MU)	41.80
	Loss %	0.93%
	Average Cost of Supply (in paise)	832.28
1	**Receipts**	
a	Revenue from tariffs & Miscell. Charges	34.76
b	Tariff subsidy for BJ/KJ & IP sets	
c	RE subsidy from Govt.	
	Total	34.76
2	**Expenditure**	
a	Power Purchase	25.55
b	R&M Expense	0.70
c	Employee Expenses	0.41
d	A&G Expense	0.24
e	Depreciation	2.73
f	Interest & Finance Charges	2.50
g	Less: Interest & other expenses capitalised	-
h	Other Debits (incl. Prov for Bad debts)	-
i	Extraordinary Items	-
j	Other (Misc.)-net prior period credit	-
	Total	32.13
3	ROE	3.03
4	Other Income	0.36
5	Provision for taxes	-
6	Annual Revenue Requirement (2)+(3)-(4)-(5)	34.79
7	Surplus(+) / Shortfall(-) : (1)-(6)	(0.04)
	before tariff revision	
8	Subsidy receivable from Government	-
9	Surplus(+) / Shortfall(-) : (7)-(8)	(0.04)
	after tariff revision	

Note 1: The interest & finance charge of Rs.2.50 Crores, as above, does not include (i) interest on capital loan payable on normative debt portion, allowed as per tariff regulatons and (ii) normative interest on working capital loan.

Note 2: The deferred tax liability of Rs.1.65 Cr is not considered in From 'RR-GAP' since it is only a provision for tax liability as per accounting standards.

MAHARAJ N.R. SURESH AND CO. * Chartered Accountants * New No.9, (Old No.5), 2nd Lane, 2nd Road, Trustpuram, Kodambakkam, Chennai-24

Form A1

MSEZL: PROFIT & LOSS ACCOUNT

MSEZL-Total

(Rs. in Cr)

Ref Form-No	PARTICULARS	FY 18 Actual
	POWER PURCHASE in MILLION UNITS (MU)	42.19
T1/D1	ENERGY AVAILABLE AT INTERFACE POINTS (MU)	42.19
T2/D2	ENERGY SOLD (MU)	41.80
	DISTRIBUTION LOSS (%)	0.93%
	INCOME	
T2/D2	REVENUE FROM SALE OF POWER	34.76
T3/D3	TARIFF SUBSIDY FOR BJ/KJ & IP SETS	
T3/D3	REV SUBSIDIES & GRANTS	
T4/D4	OTHER INCOME	0.36
	TOTAL	**35.12**
	EXPENDITURE	
T1/D1	PURCHASE OF POWER	25.55
T5/D5	REPAIRS & MAINTENANCE	0.70
T6/D6	EMPLOYEES COSTS	0.41
T7/D7	ADM & GENERAL EXPENSES	0.24
T8/D8	DEPRECIATION AND RELATED DTS	2.73
T9/D9	INTEREST & FINANCE CHARGES	2.50
	SUB-TOTAL	**32.13**
T10/D10	LESS: EXPENSES CAPITALISED:	
	-INTEREST & FINANCE CHARGES CAPITALISED	-
	-OTHER EXPENSES CAPITALISED	
	SUB-TOTAL	-
T11/D11	OTHER DEBITS (incl. Bad debts)	
T12/D12	EXTRAORDINARY ITEMS	
	TOTAL EXPENDITURE	**32.13**
	PROFIT (LOSS) BEFORE TAX	2.99
	PROVISION FOR TAXES	
	Current Tax	
	Deferred Tax	1.65
	PROFIT (LOSS) AFTER TAX	**1.34**
T13/D13	NET PRIOR PERIOD Debits/Credits	
A-4	RETURN ON EQUITY	**3.03**
	GAP	(1.69)

Note 1: The interest & finance charge of Rs.2.50 Crores, as above, does not include (i) interest on capital loan payable on normative debt portion, allowed as per tariff regulatons and (ii) normative interest on working capital loan.

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No. 5) 2nd Lane, 2nd Road [illegible] Kodambakkam Chennai-24
Chartered Accountants

Form A2

MSEZL: BALANCE SHEET AS AT THE END OF THE YEAR

MSEZL-Total

(Rs In Cr)

Ref Form No	PARTICULARS	MSEZL Audited Figures as at 31st March 2018	Non-License Activity as at 31st March 2018	Licnese activity as at 31st March 2018	Licnese activity as at 31st March 2017
		A	B	C	D
	SHAREHOLDER'S FUNDS:				
	EQUITY SHARE CAPITAL - (including share deposit)	50.00	50.00		
	EQUITY SHARE CONTRIBUTION	-	-	35.55	35.55
	RESERVES & SURPLUS	20.82	23.95	(3.13)	(4.47)
	Total	**70.82**	**73.95**	**32.42**	**31.08**
T9/D9	**LOAN FUNDS:**				
	LOANS FROM STATE GOVT	-	-		
	LOANS FROM OTHERS- SECURED	562.92	538.48	24.44	24.87
	LOANS FROM OTHERS- UNSECURED	-	-	-	-
	FRESH BORROWINGS FOR CAPEX	-	-	-	-
	Total	**562.92**	**538.48**	**24.44**	**24.87**
T14/D14	CONTRIBUTIONS, GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS	18.73	18.73	-	-
	OTHER LONG TERM LIABILITIES	913.23	913.23	-	-
	LONG TERM PROVISIONS	1.50	1.50	-	-
	DEFERRED TAX LIABILITY	40.74	35.95	4.78	3.13
	GRAND TOTAL	**1,607.94**	**1,581.85**	**61.63**	**59.08**
	APPLICATION OF FUNDS:				
	NET FIXED ASSETS:				
T15/D15	a) GROSS BLOCK	1,368.29	1,303.13	65.16	65.03
T8/D8	b) LESS: ACCUMULATED DEPRECIATION+AAD	95.10	87.43	7.66	4.93
T16/D16	c) NET FIXED ASSETS	**1,273.19**	**1,215.70**	**57.50**	**60.10**
T17/D17	d) CAPITAL WORK IN PROGRESS	170.57	168.61	1.96	-
	e) ASSETS NOT IN USE				
	f) DEFERRED COSTS				
	g) INTANGIBLE ASSETS	13.88	13.88	-	-
	SUB TOTAL OF (c) TO (g)	**1,457.64**	**1,398.18**	**59.46**	**60.10**
	INVESTMENTS	0.09	0.09	-	-
	LONG TERM LOANS AND ADVANCES - SECURITY DEPOSIT KEPT WITH MESCOM AND OTHERS	5.21	1.36	3.85	3.85
	OTHER NON-CURRENT ASSETS	26.65	26.65	-	-
	OTHERS	0.50	0.50	-	-
	SUB TOTAL	**32.44**	**28.59**	**3.85**	**3.85**
	NET CURRENT ASSETS:				
	A. CURRENT ASSETS, LOANS & ADVANCES				
	a) INVENTORIES	-	-	-	-
	b)CURRENT INVESTMENTS	54.87	54.87	-	-
T18/D18	c) RECEIVABLES AGAINST SALE OF POWER & OTHER RECEIVABLES	169.79	162.58	7.21	1.60
	d) CASH & BANK BALANCES	24.32	25.49	(1.17)	(1.53)
	e) Share Contribution to Licensed Activity	-	35.55		-
	f) LOANS & ADVANCES and OTHER CURRENT ASSETS	5.31	4.98	0.33	0.29
	g) SUNDRY RECEIVABLES	-	-	-	-
	TOTAL OF A	**254.28**	**283.47**	**6.37**	**0.36**
	B. CURRENT LIABILITIES AND PROVISIONS:				
	a) SECURITY DEPOSIT FROM CONSUMERS	4.06	-	4.06	3.74
	b) BORROWINGS FOR WORKING CAPITAL		-		
	c) PAYMENTS DUE ON CAPITAL LIABILITIES	53.26	53.08	0.18	-
	d) OTHER CURRENT LIABILITIES - D 25	61.15	57.75	3.40	1.21
	e) CURRENT MATURITIES OF LONG TERM DEBT	9.89	9.46	0.43	0.28
	f) SUNDRY CREDITORS		-		
	g) PROVISION FOR PENSION, GRATUITY,FBF & OTHERS etc.	8.07	8.07	-	-
	h)PROVISION FOR IT and FBT				
	TOTAL OF B	**136.42**	**128.36**	**8.07**	**5.23**
	NET CURRENT ASSETS (A - B)	**117.86**	**155.11**	**(1.70)**	**(4.87)**
	GRAND TOTAL	**1,607.94**	**1,581.85**	**61.63**	**59.08**

MAHARAJ N.R. SURESH AND CO. New No.9 (Old No.5) 2nd Lane, 2nd Road, Kasturiram, Kodambakkam, Chennai-24 * Chartered Accountants *

		Form A3
	MSEZL: CASH FLOW STATMENT FOR THE YEAR **MSEZL-Total**	
		(Rs in Cr)
Sl.	**PARTICULARS**	**FY 18** **Actuals**
I	**Net Funds from Operations:**	
1	**Net Funds from Earnings:**	
	Profit before Tax	2.99
	Less:	
	Revenue/Tariff subsidy and Grants	
	Income Tax payment during the year	
	Surplus to be allocated other ESCOMs	
	Interest paid on debt funds but capitalized during the year - Not Debited to P&L account	
	Total of A	2.99
	B. ADD: Debits to Revenue Account not requiring Cash Outflow:	
	(i) Depreciation (incldg AAD)	2.73
	(ii) Amortisation of Deferred Cost	
	(iii) Amortisation of Intangible Assets	
	(iv) Investment Allowance Reserve	
	(v) Others, if any.	
	Total of B	2.73
	C. LESS: Credits to Revenue Account not involving Cash Receipts:	
	(i) Depreciation	
	(ii)	
	Total of C	
	Net Funds from Earnings (A+B-C)	5.72
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	**Total Funds from Operations (1 to 8)**	5.72
9	Net Increase/(Decrease) in Working Capital:	
	A. Increase/(Decrease) in Current Assets:	
	a) Inventories	5.61
	b) Receivables against sale of power	0.04
	c) Loans and Advances	
	d) Sundry Receivables	
	Total of A	5.65
	B. Increase/(Decrease) in Current Liabilities:	
	a) Borrowings for working capital	0.31
	b) Security deposits from customers	2.20
	b) Other Current liabilities - Power purchase	
	- Others	0.18
	-Provisions	
	Total of B	2.68
	Net Increase/(Decrease) in Working Capital (A - B)	2.97
10	Net Funds from Operations before Subsidies & Grants (8-9)	2.74
11	Receipts from Revenue/Tariff Subsidies and Grants	
Tot I	**Net Funds from Operations including Subsidies & Grants (7+8)**	2.74

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 * Chartered Accountants *

Sl.	PARTICULARS	FY 18
		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	
	(e) Other Borrowings	
	Total of A	-
	B. Repayments:	
	Repayment of Principal	0.28
	(a) State Loans	
	(b) Foreign currency Loans/Credits	
	(c) Other Borrowings	
	(d)Working Capital	
	Total of B	0.28
	Net Increase /(Decrease) in Capital Liabilities (A - B)	(0.28)
III	**Increase/(Decrease) in Equity Capital**	
IV	**Total Funds available for Capital Expenditure (I+II+III)**	2.45
V	**Funds Utilised on Capital Expenditure:**	
	(a) On Projects	2.09
	b) Assets not in use - reissued for works	
	(c) Intangible Assets	
	(d) Deferred Costs	
	Total of V	2.09
VI	Net Increase/(Decrease) in Investments	
VII	Net Increase/(Decrease) in Cash & Bank Balance (IV - V - VI)	0.36
VIII	Add: Opening Cash & Bank balances	(1.53)
IX	**Closing Cash & Bank Balances (VII+VIII)**	(1.17)

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
Chartered Accountants

Form A4

MSEZL: Aggregate Revenue Requirement
MSEZL-Total

(Rs in Cr)

Sl. No.	Item	Ref Form No	FY 18
			Actuals
1	Equity Share Capital as allocated to license activity (at actual equity ratio of 54%) -	A-2	35.55
2	Equity Share Capital as per KERC norms – GFA as at 31.03.2018 is Rs.65.16 Cr*30%, normative equity		19.55
3	Equity Share Capital resitricted to 30% for RoE allowability as per KERC norms		19.55
4	**Total equity for RoE**		**19.55**
5	Return on Equity @ 15.5% on Rs.19.55 Crore normative equity.		3.03

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
* Chartered Accountants *

Form A5

MSEZL: Revenue Requirement - Capital Base
MSEZL-Total

(Rs in Crs)

Sl No	Data Required	Ref Form No.	FY 18 Actuals
1 (a)	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		-
	(1/12th 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		-
	(1/12th 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 i)	The amounts written off or set aside on account of depreciation of fixed assets.	D8	-
ii)	The amount of any loan or subvention from the State	D9	-
ii.a)	The amount of any loans borrowed from organisations or institutions approved by the State Government.	D9	-
ii-b)	The amount of any debenture issued by the licensee.		-
iii)	The amounts deposited in cash with the licensee by consumers, by way of security.		-
iv)	The amount standing to the credit of Tariff and Dividends Control Reserve at the beginning of the year of account.		-
v)	The amount standing to the credit of the Development Reserve at the close of the year.		-
vi)	The amount carried forward (at the beginning of the year of account) in the accounts of the Licensee for distribution to the consumers.		-
	Sum of above		-

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam, Chennai-24 * Chartered Accountants *

MSEZL - Cost of Purchased Power - 18

Form-T1/D1

Sl No	Source	Units purchased (M.U.)	Fixed Charges per annum (Rs in Crs)	Variable charge (Rs crs): Variable charge - Rs. in Crs.	Variable charge (Rs crs): Fuel escalation charge	Variable charge (Rs crs): Incentive payment	Variable charge (Rs crs): Wheeling charge	Variable charge (Rs crs): Any Other Charges	Variable charge (Rs crs): Total variable charge	Total Cost of Power at each interface point. (Rs in Crs): Fixed charges	Total Cost of Power at each interface point. (Rs in Crs): Variable charges	Total Cost of Power at each interface point. (Rs in Crs): Total	Average rate (Rs./kwh)
	MESCOM	42.19		24.9455		-	-	0.60	25.5455	-	25.5455	25.5455	
	TOTAL	42.19	-	24.9455	-	-	-	0.60	25.5455	-	25.5455	25.5455	6.05

Note:

1.The PP cost/unit is Rs 5.80/kWh being the rate approved by KERC for FY 2016-17. The PP cost of Rs.24.9455 Crore paid to MESCOM also includes the FAC charged by MESCOM from time to time.

2.The quantum of energy purchased is as per the actuals bills received from MSECOM during the period April 2017 to March 2018.

3.The KERC vide the order dated 08.05.2017 while approving the APR for FY 2015-16 had revised the power purchase cost of FY 2015-16 and directed MSEZL to pay the differential power purchase cost of Rs.60 lakhs to MESCOM. MSEZL had paid Rs.60 Lakhs to MESCOM on 20.03.2018.

MAHARAJ N.R. SURESH AND CO. ★ Chartered Accountants ★
New No.9, (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24

Form T2/D2

MSEZL : REVENUE FROM SALE OF POWER

Sl. No.	Particulars	Actuals Current year-FY18			
		No of Installations	Energy Sold (MU)	Revenue (Rs Crs)	Average realisation (Rs/unit)
I	**Consumer Categorywise-HT 33KV**				
1	Residential				
2	Commercial	3	38.79	28.00	7.22
3	Industrial				
4	Water supply				
5	Public lighting				
6	Temproary	**3**	**38.79**	**28.00**	**7.22**
	Total HT 33 KV				
II	**Consumer Categorywise-HT 11KV**				
1	Residential				
2	Commercial	7	2.32	2.11	9.09
3	Industrial				
4	Water supply				
5	Public lighting	1	0.22	0.34	15.45
6	Temproary	**8**	**2.54**	**2.45**	**9.65**
	Total HT 11 KV				
II	**Consumer Categorywise-LT**				
1	Residential				
2	Commercial				
3	**LT others**	5	0.33	0.23	6.97
4	Industrial				
5	Water supply				
6	Public lighting	3	0.14	0.16	11.43
7	Temproary	**8**	**0.47**	**0.39**	**8.30**
	Total LT				
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			0.01	
4	Service connection charges				
5	Delayed payment charges				
6	Other receipts				
	Total of IV				
VI	Gross Revenue from Sale of Power (I+II+III+IV)				
VII	LESS:				
1	Electricity duty payable (Contra)				
2	Other State levies payable (Contra)				
3	Withdrawal of Revenue Demand				
	Total of VI				
	Total (V-VI)	19	41.80	30.85	7.38
VII	**Grand Total**			3.91	
	Add: Deficit for FY 2015-16 Rs.0.60 Crore and deficit for FY 2017-18 Rs.3.31 Crore has been considered as revenue from sale of power as per KERC tariff order dated 14.05.2018				
	Grand total Revenue from sale of power for FY 18			34.76	

Form-D3

MSEZL : REVENUE SUBSIDIES AND GRANTS

Retail supply business

(Rs. In Cr)

Sl No	Particulars	FY 18
		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)	
	Grand Total	-

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 * Chartered Accountants *

Form D4

MSEZL : NON-TARIFF INCOME (OTHER INCOME)

MSEZL-Total

(Rs. In Cr)

Sl No	Particulars	FY 18 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	0.33
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 -	0.03
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	-
	Grand Total	0.36

RAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road, Trustpuram, Kodambakkam, Chennai-24. Accountants

Form D-5

MSEZL : REPAIRS AND MAINTENANCE COSTS

MSEZL-Total

Rs.in Cr.

Sl No	Particulars	FY 18 Actuals Consum-ption of stores	FY 18 Actuals Other expe-nses	FY 18 Actuals Total
	Repairs and maintenance to:			
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	0.01	0.69	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	-		-
	Total	0.01	0.69	0.70

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No.5) 2nd Lane, 2nd Road, Trustpuram, Kodambakkam, Chennai-24
Chartered Accountants

		Form D6
MSEZL : EMPLOYEE COSTS		
MSEZL-Total		
		(Rs. in Cr)
Sl No	Particulars	FY 18
		Actuals
1	Salaries	0.386
2	Overtime	-
3	Dearness Allowance	-
4	Other Allowances	-
5	Bonus	-
6	**Sub-Total (1 to 5)**	**0.386**
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	0.022
13	**Total Other staff costs (7 to 12)**	**0.022**
14	Staff Welfare expenses	
15	Terminal Benefits/PF Employer Contribution	0.006
16	**Sub-total (14 to 15)**	**0.006**
17	Addition liability on account of pay revision	-
18	**Grand Total**	**0.41**

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

Form-D 6A

MSEZL : EMPLOYEES COSTS - ADDITIONAL INFORMATION

MSEZL - Total

Rs. in Cr

Sl No	Category of employee	FY 18 Actuals Number Sanctioned	FY 18 Actuals Number Working	FY 18 Actuals Cost 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			0.39
8	Terminal Benefits			0.01
9	Others			0.02
10				
	Total	-	-	**0.41**

MAHARAJ N.R. SURESH AND CO.
New No. 9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
Chartered Accountants

Form-D7

MSEZL : ADMINISTRATION AND GENERAL CHARGES

MSEZL-Total

Rs. in Cr

Sl No	Particulars	FY 18 Actuals
1	Rent,Rates and Taxes	
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	
10	Consultancy charges	0.11
11	Technical fee	-
13	Office Expenses	0.01
14	Conveyance, Hotel Accommodation & Travel expenses	0.03
	Sub-total	**0.19**
	Other expenses	
15	Fees & subscription (incl. KERC filling charges, ROC filing fee, Application fee @ 0.025% of expected revenue)	0.03
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	
	Total other expenses	**0.05**
27	Freight & other material related expenditure	-
	GRAND TOTAL	0.24

MAHARAJA R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

Form - D8

MSEZL : DEPRECIATION

MSEZL-Total

Rs. in Crs.

Sl No	Particulars of assets	FY 18 Actuals			
		Balance at the end of the year	Depreciation provided for the year	Withdrawal of depreciation	Balance at the end of the year
	MSEZL- Total				
1.	Leasedhold Land		-	-	-
2.	Building and structures	0.18	0.09	-	0.27
0	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below.	2.01	1.01	-	3.02
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	2.69	1.61	-	4.30
7.	Service lines	-	-	-	-
8.	Metering equipment	-	-	-	-
9.	Misc equipment	-		-	-
10.	Other items/Computers	-	-	-	-
a	Hydraulic Works/Civil works	-	-	-	-
b	Other Civil Works - Roads	0.05	0.03	-	0.08
c	Vehicles		-	-	-
d	Furniture Fixtures			-	-
e	Office Equipments		-	-	-
f	Software (intangilbe asset)		-	-	-
	MSEZL Total	**4.93**	**2.73**	-	**7.66**

MAHARAJ N.R. SURESH AND CO. ★ Chartered Accountants ★ New No.9, (Old No. 5) 2nd Lane, 2nd Road, Trustpuram, Kodambakkam, Chennai-24

Form- D9

MSEZL : LOANS AND DEBENTURES AND INTEREST CHARGES

MSEZL-Total

(Rs. In Crores)

	Institution	FY 18 Actuals Opening Balance	New loan addition	Total loan at the end of the year	Repayment of principal	Interest for the year	Closing Bal
	Secured Loans -State Bank of India						
1	Borrowings from SBI - A	25.15	-	25.15	0.28	2.24	24.87
a	Add:Normative debt component to bring the debt to normative levels (normative @ 24%) i.e.70%-46%	13.12		13.12	0.15	-	12.97
b	**Total debt considered @ 70% for tariff allowability as per KERC norms**	38.27		38.27	0.43	2.24	37.84
	Unsecured Loans			-			
				-			-
	FRESH BORROWINGS FOR CAPEX PLAN (for which sources will be identified as & when required)			-			-
				-			
2	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	25.15	-	25.15	0.28		24.87
12	Others						
	Other Interest and finance charges					-	
	Guarantee commission to GoK					-	
	Interest payable on Power Purchases					-	
	Interest to Consumers			-		0.26	-
	Interest on working capital - wires business					-	
	Interest on working capital -supply business					-	
	Others Total	-				0.26	-
	Total	25.15	-	25.15	0.28	2.50	24.87

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam, Chennai-24 * Chartered Accountants *

Form D9A

MSEZL : DISTRIBUTION WIRES BUSINESS

MSEZL TOTAL

(Rs. In Crores)

Sale and Lease Back of Assets - FY 18

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

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 * Chartered Accountants *

		Form-D10
MSEZL : DETAILS OF EXPENSES CAPITALIZED		
MSEZL-Total		
		(Rs. In Cr)
Sl No	Particulars	FY18
		Actuals
1	Interest & Finance charges Capitalised	
2	**Other expenses capitalised:**	
a	Employee Costs	-
b	Administration and General Expenses	-
c	Repairs and maintenance	-
d	Depreciation	-
e	Others, if any	
	Total of 2	-
	Grand Total	-

MAHARAJ N.R. SURESH AND CO.
New No. 9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
Chartered Accountants

	Form-D11
MSEZL : OTHER DEBITS	
MSEZL-Total	
	Rs. In Cr
Particulars	FY 18
	Actuals
Small and Low value items written off	
Computer Rentals/Maintenance charges	
Losses/gains relating to Fixed assets	
Assets decommissioning cost	
Bad debts written off	
Provisions for bad and doubtful debts	
Miscellaneous losses and write offs	
Material cost variance	
Bad & doubtful debts provided for others	
Grand Total	-

MAHARAJ N.R. SURESH AND CO. New No.9 (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24 Chartered Accountants

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

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
Chartered Accountants

Form-D13

MSEZL : NET PRIOR PERIOD CREDIT/(CHARGES)

MSEZL-Total

(Rs. in Cr)

Sl No	Particulars	FY18 Actuals
	Prior period credits/charges	-
1	Short/excess provision of depreciation	-
2	Short/excess provision of Interest and finance charges	-
3	Short provision for power purchase in previous years	-
4	Withdrawal of Revenue Demand and receipts from consumes relating to prior periods	-
5	Other expenses/income relating to prior periods	-
6	A&G expenses for prior period	-
7	Other excess provisions relating to prior periods	-
8	Operating expenses of previous year	-
9	Employee cost relating to previous year	-
10	Material related expenses relating to previous years	-
11	Excess provision of IT	-
	Net prior period Credit/(Charges)	-

MAHARAJ N.R. SURESH AND CO.
New No.9, (Old No.5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam Chennai-24
* Chartered Accountants *

Form D14

MSEZL: CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS

MSEZL-Total

(Rs. In Cr)

Sl No	Particulars	FY 18		
		Actuals		
		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.	-	-	-
	Grand Total	-	-	-

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram, Kodambakkam, Chennai-24 * Chartered Accountants *

Form-D15

MSEZL : GROSS FIXED ASSETS

MSEZL-Total

(Rs. in Cr)

Sl No	Particulars of assets	FY 18			
		Actual			
		Balance at the end of previous year	Additions during the year	Retirement of assets during the year	Balance at the end of the year
	MSEZL - Total				
1.	Leasedhold Land	6.17	-		6.17
2.	Building and structures	2.84	-		2.84
3.	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and below	21.18	0.10		21.27
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating above 100 MVA .	-			-
5.	Towers, Poles, fixture, overhead conductors,UG cables and devices	33.89	0.03		33.93
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)	-			-
	MSEZL - Total	65.03	0.13	-	65.16

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 6) 2nd Lane, ... Road ...iram.

Form-D16

MSEZL : NET FIXED ASSETS

MSEZL-Total

(Rs. in Cr)

Sl No	Particulars of assets	FY 18 Actual: Balance at the end of previous year	FY 18 Actual: Addition of assets during the year	FY 18 Actual: Net Depreciation for the Year	FY 18 Actual: Balance at the end of the year
	MSEZL- Total				
1.	Leasedhold Land	6.17	-		6.17
2.	Building and structures	2.66	-	0.09	2.58
3.	**Plant and Machinery** Substation Transformers, Circuit breakers, other fixed apparatus of rating 100 MVA and above.	19.17	0.10	1.01	18.25
4.	Substation Transformers, Circuit breakers, other fixed apparatus of rating below 100 MVA .	-	-	-	-
5.	Towers, Poles, fixture, overhead conductors, UG cables and deviices	31.20	0.03	1.61	29.63
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	0.82	-	0.03	0.80
c	Vehicles	-	-	-	-
d	Furniture Fixtures	-	-	-	-
e	Office Equipments	-	-	-	-
f	Software (intangilbe asset)	-	-	-	-
	MSEZL- Total	60.10	0.13	2.73	57.50

MAHARAJ N.R. SURESH AND CO. New No. 9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram Kodambakkam Chennai-24 ★ Chartered Accountants ★

	Form D17
MSEZL : WORK IN PROGRESS - DISTRIBUTION	
MSEZL-Total	
	(Rs. in Cr)
Description	FY18 Actuals
Opening balance	-
Add:	
i) Capital expenditure	1.96
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.	-
Total capital expenditure for the year	**1.96**
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	
Closing Balance	**1.96**

MAHARAJ N.R. SURESH AND CO. New No.9, (Old No. 5) 2nd Lane, 2nd Road Trustpuram Kodambakkam Chennai-24 Chartered Accountants

ANNEXURE - III

POWER DRIVE ENGINEERS

Industrial Power and Electrical Consultants

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE			DATE OF TESTING: 04/07/2017
LOCATION: OMPL			
FEEDER: 33KV METERING CUBICLE (MAIN METER)			
ENERGY METER DETAILS			
MAKE		L & T	
TYPE		ELECTRONIC TRIVECTOR METER	
MODEL NO.		ER300P	
SL. NO.		15626116	
SYSTEM		3PH 4WIRE	
CLASS		0.2S	
C.T RATIO		225/1 A	
P.T RATIO		33000/√3//110/√3	
PULSE RATE	ACTIVE	50000 IMP/KWH	
	REACTIVE	50000 IMP/KVARH	
FREQUENCY		50HZ	
MULTIPLYING FACTOR		67500	
INITIAL READING		89.96 KWH	
FINAL READING		83.97 KWH	

TEST RESULTS FOR ACTIVE ENERGY							
SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	83.96	0.00	83.97	10.012	10	10.012	-0.12

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

POWER DRIVE ENGINEERS MANGALORE

(TESTING ENGINEER)

POWER DRIVE ***ENGINEERS***

Industrial Power and Electrical Consultants

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE		**DATE OF TESTING: 04/07/2017**
LOCATION: OMPL		
FEEDER: 33KV METERING CUBICLE (CHECK METER)		
ENERGY METER DETAILS		
MAKE		L & T
TYPE		ELECTRONIC TRIVECTOR METER
MODEL NO.		ER300P
SL. NO.		16193138
SYSTEM		3PH 4WIRE
CLASS		0.2S
C.T RATIO		225/1 A
P.T RATIO		33000/√3//110/√3
PULSE RATE	ACTIVE	50000 IMP/KWH
	REACTIVE	50000 IMP/KVARH
FREQUENCY		50HZ
MULTIPLYING FACTOR		67500
INITIAL READING		83.97 KWH
FINAL READING		83.98 KWH

TEST RESULTS FOR ACTIVE ENERGY

SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	83.97	0.00	83.98	9.9940	10	9.9940	0.06

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

POWER DRIVE ENGINEERS MANGALORE

(TESTING ENGINEER)

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE			DATE OF TESTING: 30/06/2017
LOCATION: ISPRL			
FEEDER: 33KV METERING CUBICLE			
ENERGY METER DETAILS			
MAKE		L & T	
TYPE		ELECTRONIC TRIVECTOR METER	
MODEL NO.		ER300P	
SL. NO.		14194765	
SYSTEM		3PH 4WIRE	
CLASS		0.2S	
C.T RATIO		/5	
P.T RATIO		33000/√3//110/√3	
PULSE RATE	ACTIVE	10000 IMP/KWH	
	REACTIVE	10000 IMP/KVARH	
FREQUENCY		50HZ	
INITIAL READING		1112.56 KWH	
		718.16 KVARH (LAG)	
		2.54 KVARH (LEAD)	
FINAL READING		1112.59 KWH	
		718.19 KVARH (LAG)	
		2.54 KVARH (LEAD)	

TEST RESULTS FOR ACTIVE ENERGY

SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	1112.56	0.00	1112.59	30.0060	30	30.0060	-0.02

TEST RESULTS FOR REACTIVE ENERGY							
SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (VARH)	CALIBRATOR READING (VARH)	
1	718.16	0.00	718.19	29.9970	30	29.9970	0.01

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

POWER DRIVE ENGINEERS BANGALORE

(TESTING ENGINEER)

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE		DATE OF TESTING: 26/06/2017
LOCATION: 10ML PUMP HOUSE		
FEEDER: 11KV METERING CUBICLE		
ENERGY METER DETAILS		
MAKE		L & T
TYPE		ELECTRONIC TRIVECTOR METER
MODEL NO		ER300P
SL. NO		12483645
SYSTEM		3Ph 3Wire
CLASS	Active	0.5S
	Reactive	1.0S
C.T RATIO		30/5
P.T RATIO		11000/110
PULSE RATE	Active	10000 Imp/kWh
	Reactive	10000 Imp/kVArh
FREQUENCY		50HZ
MULTIPLYING FACTOR		600
INITIAL READING		171.15 kWh
		284.87 kVArh
FINAL READING		171.17 kWh
		284.89 kVArh

TEST RESULTS FOR ACTIVE ENERGY

SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	171.15	0.00	171.17	19.9661	20	19.9661	+0.17

TEST RESULTS FOR REACTIVE ENERGY							
Sl.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (VARH)	CALIBRATOR READING (VARH)	
1	284.87	0.00	284.89	19.8255	20	19.8255	+0.88

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

(TESTING ENGINEER)

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE		DATE OF TESTING: 27/06/2017
LOCATION: FIRE PUMP HOUSE		
FEEDER: 11KV METERING CUBILCLE		
ENERGY METER DETAILS		
MAKE		L & T
TYPE		ELECTRONIC TRIVECTOR METER
MODEL NO.		ER300P
SL.NO		12526022
SYSTEM		3PH 4WIRE
CLASS	ACTIVE	0.2S
	REACTIVE	0.5S
C.T RATIO		100/1
P.T RATIO		11000/√3//110/√3
PULSE RATE	ACTIVE	50000 IMP/KWH
	REACTIVE	50000 IMP/KVARH
FREQUENCY		50HZ
MULTIPLYING FACTOR		10000
INITIAL READING		2.73 KWH
		5.33 KVARH
FINAL READING		2.76 KWH
		5.36 KVARH

TEST RESULTS FOR ACTIVE ENERGY

SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	2.73	0.00	2.76	29.9581	30	29.9581	0.14

TEST RESULTS FOR REACTIVE ENERGY							
SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (VARH)	CALIBRATOR READING (VARH)	
1	5.33	0.00	5.36	29.9312	30	29.9312	+0.23

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

POWER DRIVE ... MANGALORE

(TESTING ENGINEER)

POWER DRIVE *ENGINEERS*

Industrial Power and Electrical Consultants

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE	DATE OF TESTING: 29/06/2017
LOCATION: WTP	
FEEDER: 11KV METERING CUBICLE	
ENERGY METER DETAILS	
MAKE	SECURE
MODEL NO	PREMIER 300
TYPE	E3M054
SYSTEM	3PH 4WIRE
CLASS	0.5S
C.T RATIO	20/5
P.T RATIO	11000/√3//110/√3
PULSE RATE	16000 IMP/KWH
FREQUENCY	50HZ
MULTIPLYING FACTOR	400
INITIAL READING	507.8460 KWH
FINAL READING	507.8760 KWH

TEST RESULTS FOR ACTIVE ENERGY

SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATO R READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	507.8460	0.00	507.8760	30.0481	30	30.0481	-0.16

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

POWER DRIVE ENGINEERS MANGALORE

(TESTING ENGINEER)

ENERGY METER TEST REPORT

CLIENT: M/s. SEZ, MANGALORE			DATE OF TESTING: 29/06/2017
LOCATION: MARINE OUTFALL			
FEEDER: 11KV METERING CUBILCLE			
ENERGY METER DETAILS			
MAKE		L & T	
TYPE		ELECTRONIC TRIVECTOR METER	
MODEL NO.		ER300P	
SYSTEM		3PH 3WIRE	
CLASS	ACTIVE	0.5S	
	REACTIVE	1.0S	
C.T RATIO		25/5 A	
P.T RATIO		11000/110 V	
PULSE RATE	ACTIVE	10000 IMP/KWH	
	REACTIVE	10000 IMP/KVARH	
FREQUENCY		50HZ	
MULTIPLYING FACTOR		500	
INITIAL READING		671.08 KWH	
		364.62 KVARH	
FINAL READING		671.11 KWH	
		364.64 KVARH	

TEST RESULTS FOR ACTIVE ENERGY							
SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (KWH)	CALIBRATOR READING (WH)	MUT READING (WH)	CALIBRATOR READING (WH)	
1	671.08	0.00	671.11	29.9670	30	29.9670	0.11

TEST RESULTS FOR REACTIVE ENERGY							
SI.NO	INITIAL READING		FINAL READING		DIFFERENCE		% ERROR
	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (KVARH)	CALIBRATOR READING (VARH)	MUT READING (VARH)	CALIBRATOR READING (VARH)	
1	364.61	0.00	364.64	30.0812	30	30.0812	--0.27

METER IS FOUND TO BE WORKING WITHIN SPECIFIED ACCURACY LIMITS.

(TESTING ENGINEER)

MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

No. AEE(E)/AE(E)/HTR/MNG/17-18/2330-38
Encl:

MANGALORE SEZ LTD. RECEIVED 19 JAN 2018 177 MANGALURU-575 006

Office of the
Asst. Executive Engineer El.,
HT Rating Sub Division,
MESCOM, Mannagudda,
Mangalore.
Dt: 11.01.2018

19|1|18

To:
The Asst Executive Engineer El.,
O&M Sub Dvn., MESCOM, Baikampady
Sir,

I wish to furnish herewith the test result of the following HT installation.

Calibration report of **RR NO: BKPHT 26**

Mangalore SEZ Limited Jokatte, Kalavar Village (GSS – 3). Contact No: 9886310089	Contract Demand: 20 MVA	Date of rating:10.01.2018 Previous dor: 01.07.2017
Connected CTR: 150/1-1A	PTR: 110KV/√3/110V/√3	Multiplying Constant: 1,50,000

Seal	As Found			As Provided		
	MESCOM	KPTCL	MESCOM	MESCOM	KPTCL	MESCOM
	Plastic		Lead	Plastic		Lead
Meter cubicle main door	M07074	MZMT01	-	M07942	G80507	-
Test Terminal block(MM)	M07073		-	Retained	-	-
Test Terminal block(CM)		MZMT01	N07008	M07941	MZMT01	Retained
Meter main & terminal cover(MM)	-	-	RT00	-	-	Retained
Meter main & terminal cover(CM)	-	MZMT01	N06819	-	Retained	Retained
CTR	-	MZMT01	N06823	-	Retained	Retained
CTB	-	MZMT01	N06824	-	Retained	Retained
CTY	-	MZMT01	N06825	-	Retained	Retained
PTR	-	MZMT01	N06820	-	Retained	Retained
PTB	-	MZMT01	N06821	-	Retained	Retained
PTY	-	MZMT01	N06822	-	Retained	Retained
Cable entry chamber	-	--	--	-	-	Retained
MD reset button	-	—	RT00	-	-	Retained

[Name Plate details	Make	Sl.No	Burden	Class	Ratio	Sys. Vol
CTs	SCT Ltd Type: OD,DT	2014/1125, 2014/1126, 2014/1127	5VA	0.2s	150/1-1A	110KV
PTs	SCT Ltd	2014/1128, 2014/1129, 2014/1130	10VA	0.2	110KV/√3/ 110V/√3	110KV

Main Meter:

Meter: 3ph,4w	Type	Make	Sl.No	Volts	Capacity	Pulse	Class
	ETV	L&T	14194517	3x63.5	-/1A	50,000	0.2s
Model: WR300BB11BEDLMS – 2014					Version: NTD19.00 (8TDDO.C5)		
Modem : Anologic, Sl.No: BE08846G15EE					Sim: 952241157		

Check Meter:	Type	Make	Sl.No.	Volts	Amps	Pulse	Class
3p 4w	ETV	L&T	14194753	3x63.5	-/1A	50,000	0.2s
Model: WR300BB11BEDLMS – 2014					Version: NTD19.00 (8TDDO.C5)		

Parameter details	Main meter
PT. Secy. Volts	62.6, 63.0, 62.6
CT Secy. Amps	0.212, 0.230, 0.201
P	39.6
Q	7.0
S	40.4
P.F	0.990

Accuracy: Main meter			
Import		Export	
KWh:	+0.14%	KWh:	--
KVArh:	'upf'	KVArh:	--

Parameter details	Check meter
PT. Secy. Volts	62.6, 63.0, 62.6
CT Secy. Amps	0.212, 0.230, 0.201
P	39.6
Q	7.0
S	40.4
P.F	0.990

Accuracy: Check meter			
Import		Export	
KWh:	+0.12%	KWh:	--
KVArh:	'upf'	KVArh:	--

Main meter reading : Time: 10:59 hrs	
b^1KWh:	000428.45
b^2KWh:	000409.22
BMDKVA:	0.0532
Bpf	0.965
RC	44
$b_1{}^1$KWh	000147.43
$b_2{}^1$KWh	000208.32
$b_3{}^1$KWh	000072.68
$b_4{}^1$KWh	--
$b_1{}^2$KWh	000140.83
$b_2{}^2$KWh	000199.02
$b_3{}^2$KWh	000069.37
$b_4{}^2$KWh	--
RMDKVA	0.0532
+RPF	0.974
CKWh:	000437.12
C1KWh	000150.53
C2KWh	000212.63
C3KWh	000073.95
C4KWh	--
CKVArh(lag)	000065.09
CKVArh(lead)	000031.60
CKVAh	000448.60
-CKWh	000000.08
-CKVArh(lag)	000000.03
-CKVArh(lead)	000000.03
-CKVAh	000000.10

Check meter reading: Time: 11.06 hrs	
b^1KWh:	000428.35
b^2KWh:	000409.13
BMDKVA:	0.0574
bpf	0.965
RC	44
$b_1{}^1$KWh	000147.56
$b_2{}^1$KWh	000208.16
$b_3{}^1$KWh	000072.62
$b_4{}^1$KWh	--
$b_1{}^2$KWh	000140.94
$b_2{}^2$KWh	000198.86
$b_3{}^2$KWh	000069.32
$b_4{}^2$KWh	--
RMDKVA	0.0583
+RPF	0.974
CKWh:	000437.02
C1KWh	000150.66
C2KWh	000212.47
C3KWh	000073.88
C4KWh	--
CKVArh(lag)	000064.99
CKVArh(lead)	000031.62
CKVAh	000448.49
-CKWh	000000.08
-CKVArh(lag)	000000.04
-CKVArh(lead)	000000.02
-CKVAh	000000.11

Remarks: 1) Main and Check meter calibrated and errors found within the limits.
2) Seals are made as above.

Yours faithfully,

Asst. Executive Engineer (El),
HTR Sub Dvn, MESCOM, Mangalore.

Copy submitted for kind inf.to:

1. The Superintending Engineer (El), RT Circle, MESCOM, Attavara.
2. The Controller of Accounts, Internal Audit, MESCOM, Corporate Office, Mangaluru.
3. The Executive Engineer (El), O&M Division, MESCOM, Kavoor,
4. The Executive Engineer (El), RT Division, KPTCL, Maroli.
5. The Executive Engineer (El), TL&SS, Kavoor, Mangaluru.

CWC to:

1. The Asst. Executive Engineer (El), RT Sub Division, KPTCL, Maroli.
2. The Accounts Officer, Internal Audit, MESCOM, Kavoor, MAngaluru
3. M/s. Mangalore SEZ Ltd, Jokatte, Kalavar.

L-16/12 & 13/ baikampady

MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

No. AEE(E)/AE(E)/HTR/MNG/17-18/401-08
Encl:

Office of the
Asst. Executive Engineer El.,
HT Rating Sub Division,
MESCOM, Mannagudda,
Mangalore.
Dt: 03.07.2017

To:
The Asst Executive Engineer El.,
O&M Sub Dvn., MESCOM, Baikampady
Sir,

I wish to furnish herewith the test result of the following HT installation.

Calibration report of RR NO: BKPHT 26

Mangalore SEZ Limited Jokatte, Kalavar Village (GSS – 3). Contact No: 9008745765	Contract Demand: 20 MVA	Date of rating: 01.07.2017 Previous dor: 30.12.2016
Connected CTR: 150/1-1A	PTR : 110KV/√3/110V/√3	Multiplying Constant: 1,50,000

Seal	As Found			As Provided		
	MESCOM	KPTCL	MESCOM	MESCOM	KPTCL	MESCOM
	Plastic		Lead	Plastic		Lead
Meter cubicle main door	M01993	MZMT01	-	M07074	MZMT01	-
Test Terminal block	M01992	MZMT01	-	M07073	-	-
Meter main & terminal cover	-	-	RT00	-	-	Retained
CTR	-	MZMT01	N06823	-	Retained	Retained
CTB	-	MZMT01	N06824	-	Retained	Retained
CTY	-	MZMT01	N06825	-	Retained	Retained
PTR	-	MZMT01	N06820	-	Retained	Retained
PTB	-	MZMT01	N06821	-	Retained	Retained
PTY	-	MZMT01	N06822	-	Retained	Retained
Cable entry chamber	-	--	--	-	-	Retained
MD reset button	-	--	RT00	-	-	Retained

[Name Plate details	Make	Sl.No	Burden	Class	Ratio	Sys. Vol
CTs	SCT Ltd Type: OD,DT	2014/1125, 2014/1126, 2014/1127	5VA	0.2s	150/1-1A	110KV
PTs	SCT Ltd	2014/1128, 2014/1129, 2014/1130	10VA	0.2	110KV/√3/ 110V/√ 3	110KV

Main Meter:

Meter: 3ph,4w	Type	Make	Sl.No	Volts	Capacity	Pulse	Class
	ETV	L&T	14194517	3x63.5	-/1A	50,000	0.2s

Model: WR300BB11BEDLMS – 2014	Version: Ntd19.00
Modem : Anologic, Sl.No: BE08846G15EE	Sim: 952241157

Parameter details:		Meter reading:	Time: 10:57 hrs
PT. Secy. Volts:	63.6, 63.9, 63.7	b1KWh:	000283.74
CT Secy. Amps	0.231, 0.234,0.210	b2KWh:	000274.13
		b1MDKVA	0.0541
P	43.5	BPF	0.989
Q	3.3	RC	38
		RMDKVA	0.0447
S	43.0	RPF	0.978
		CKWh	000284.13

Pf	0.995	CKVArh(lag)	000041.45
		CKVArh(lead)	000015.83
		CKVAh	000291.46
		-CKWh	000000.08
		-CKVArh(lag)	000000.03
Accuracy:		-CKVArh(lead)	000000.03
KWh: +0.10%	KVArh: 'upf'	-CKVAh	000000.10

Check meter:

Seal	As Found			As Provided		
	MESCOM	KPTCL	MESCOM	MESCOM		KPTCL
	Plastic		Lead	Plastic	Lead	
Test Terminal block	-	MZMT01	N07008	-	Retained	-
Meter main & terminal cover	-	MZMT01	N06819	-	Retained	Retained

Meter: 3ph 4w	Type	Make	Sl.No	Volts	Capacity	Pulse	Class
	ETV	L&T	14194753	3x63.5	-/1A	50,000	0.2s
Model: WR300BB11BE DLMS – ER300P, RS232-2014				Version: 8tddoC5 ntd19.00			

Parameter details:		Meter reading:	Time: 10:54 hrs
PT. Secy. Volts:	63.6, 63.9, 63.7	b^1KWh:	000283.67
CT Secy. Amps	0.231, 0.234,0.210	b^2KWh:	000274.06
		b^1MDKVA	0.0534
P	43.5	BPF	0.989
Q	3.3	RC	38
		RMDKVA	0.0449
S	43.0	RPF	0.978
		CKWh	000284.06
Pf	0.995	CKVArh(lag)	000041.38
		CKVArh(lead)	000015.84
		CKVAh	000291.38
		-CKWh	000000.08
		-CKVArh(lag)	000000.04
		-CKVArh(lead)	000000.02
Accuracy:		-CKVAh	000000.11
KWh: +0.14%	KVArh: 'upf',		

Remarks: 1) Main and Check meter calibrated and errors found within the limits.
2) Seals are made as above.

Yours faithfully,

Asst. Executive Engineer (Ele),
HT Rating Sub Division,
MESCOM, Mangaluru.

Copy submitted for kind inf.to:

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L -8/66-67/ baikampady