MERCATOR
www.mercator.in

September 27, 2018

To,
Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Company Code: 526235

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051.
Company Code: MERCATOR

Sub: Annual Report 2017-18

Dear Sir,

Pursuant to Section 34 of the SEBI (Listing Obligations & Disclosure Requirement) 2015, we enclose herewith copy of Annual Report approved and adopted in the Annual General Meeting held on September 26, 2018.

This is for your information and record purpose.

Thanking You

Yours Faithfully,
For **Mercator Limited**

Sangeetha Pednekar
Company Secretary

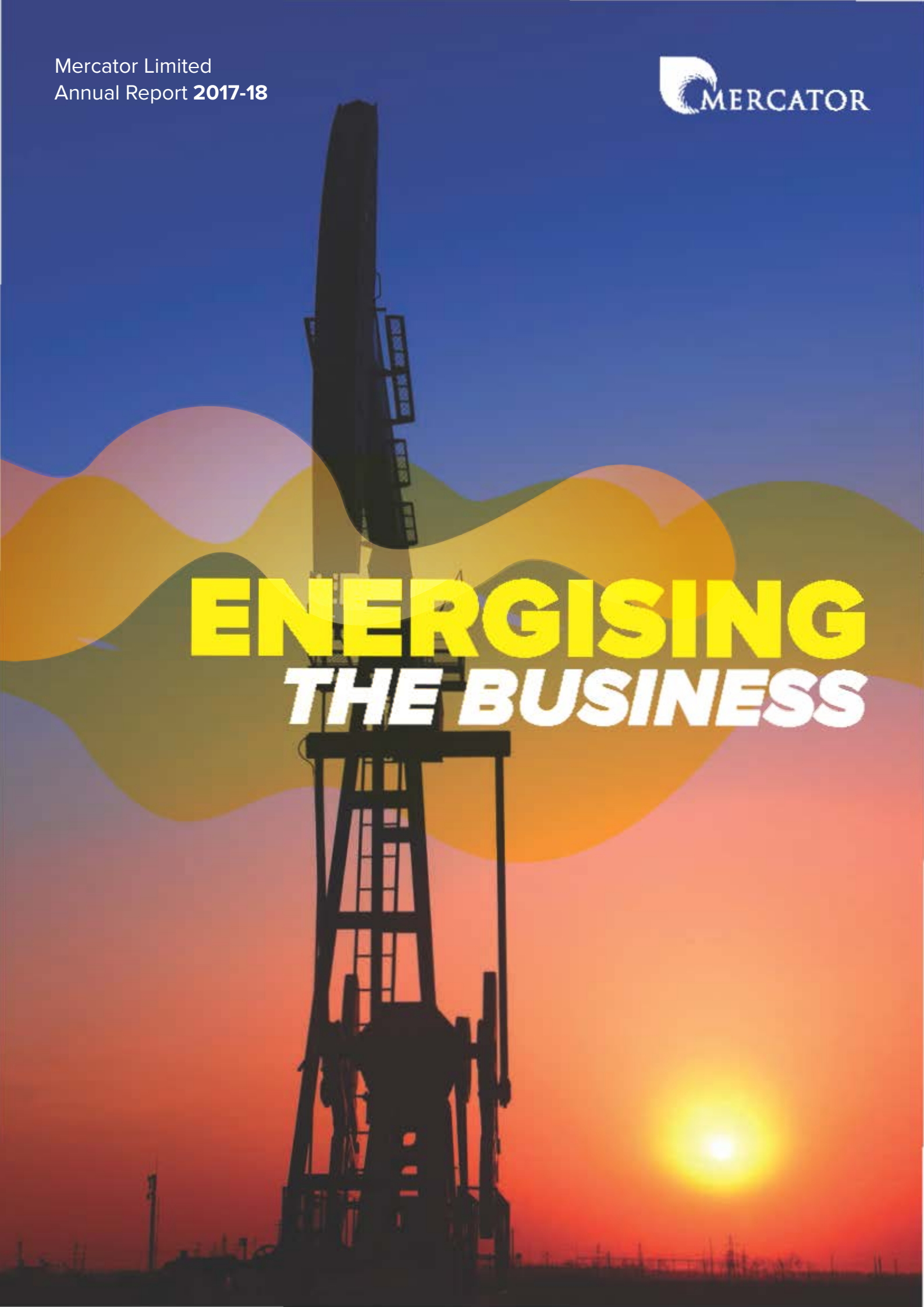
Mercator Limited

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
31 Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66373344 mercator@mercator.in

Mercator Limited
Annual Report **2017-18**

MERCATOR

ENERGISING THE BUSINESS



Read Inside

Corporate Overview

Statutory Reports

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FORWARD–LOOKING STATEMENT

This report and other statements – written and oral – that we periodically make contain forward–looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Mr. H. K. Mittal
Executive Chairman

Mrs. Archana Mittal

Mr. M. M. Agrawal

Mr. Anil Khanna
(w.e.f. November 21, 2017)

Mr. Chetan Desai
(w.e.f. April 27, 2018)

Mr. Paritosh Kakkad
(w.e.f. April 27,2018)

Mr. Desh Raj Dogra
(upto January 8, 2018)

Mr. Gunender Kapur
(upto May 28, 2018)

Audit Committee

Mr. M. M. Agrawal
Chairman

Mr. H. K. Mittal
Member

Mr. Chetan Desai
Member

Mr. Paritosh Kakkad
Member

Mr. Anil Khanna
Member

Stakeholders' Relationship Committee

Mr. M. M. Agrawal
Chairman

Mrs. Archana Mittal
Member

Mr. H. K. Mittal
Member

Chief Executive Officer

Mr. Shalabh Mittal

Chief Financial Officer

Mr. Rajendra Kothari
(w.e.f. February 1, 2018)

Mr. Kiran Vaidya
(w.e.f May 30, 2017
upto January 31, 2018)

Mr. Prasad Patwardhan
(upto May 29, 2017)

Company Secretary

Mr. Suhas Pawar
(upto March 26, 2018)

Auditors

M/s CNK & Associates LLP
(upto September 15, 2017)
(Retiring Auditor)

M/s. Singhi & Co.
(w.e.f. September 15, 2017)

Bankers

State Bank of India

ICICI Bank Ltd

Axis Bank Ltd

HDFC Bank Ltd

Yes Bank Ltd

Kotak Mahindra Bank Ltd

IDBI Bank Ltd

DBS Bank Ltd

Export-Import Bank of India

Corporate Identification Number (CIN)

L63090MH1983PLC031418

Registered Office

3rd Floor, Mittal Tower, B-Wing,
Nariman Point, Mumbai- 400 021

Tel: +91-22-66373333/40373333
Fax: +91-22-66373344

Website: www.mercator.in
Email: mercator@mercator.in/investors@mercator.in

Registrar & Transfer Agent
Link Intime India Pvt. Ltd.

C101, 247 Park, L.B.S. Marg,
Vikroli (West), Mumbai- 400 083

Tel: +91-22-49186000 Fax: +91-22-49186060
Email: rnt.helpdesk@linkintime.co.in

Strategising for the Next Phase

Dear Shareholders,

It gives me immense pleasure to present to you, the annual report for FY18. Despite the operational challenges in a few business segments & the structural shifts in our operating environments, our company has remained steadfast in its commitment to business excellence by staying true to our core values of doing things differently and honouring commitments with great perseverance.

Our journey began in 1983 as a private shipping company and I seek great delight in witnessing its transformation into an energy focused conglomerate. Over the last few years, our company has faced certain headwinds, on its path to success. I believe, however, that the next few years will be truly remarkable for Mercator, marked by improved financials, stronger corporate governance and better returns on capital. I am excitedly looking forward to this very fulfilling journey of transformation and am thankful for your continued support..

Warm regards,

H.K. Mittal
Executive Chairman

Dear Shareholders,

FY18 proved to be a year of deep introspection on my part and the consolidation of each segment of our business. We witnessed a few operational challenges in our business and structural shifts in our operating environment in the period between FY16 and FY18. In line with the changing business environment, we decided to strategically modify our business model such that FY19 and FY20 become years of superior growth.

A key achievement in FY18 was the swift progress in developing our oil & gas segment, for which we had declared commerciality only in August 2017. The Field Development Plans (FDP) for 23 Miliion barrels of oil in the two oil fields in the Cambay Basin, Jyoti I & II, were submitted and approved. We achieved trial production in the two fields at the end of FY18 and have since, received the mining lease to commence commercial production. Jyoti I & II will produce high-quality light-weight crude, which will sell at a premium. We aim to close FY19 at a production rate of ~5,500 barrels of oil per day. This segment is expected to be our largest growth driver in future with ~35% of FY20's EBITDA contribution coming from oil & gas. With the MoU with Indian Oil Corporation Limited (IOCL) for crude oil sales already in place, we are projecting a production of ~2 Miliion barrels of oil by FY20.

Our coal business witnessed a roadblock in the first half of FY18, which led to temporary disruptions in operations. We had to replace the entire management team at our Indonesian headquarters due to reports of business irregularities and misappropriations. We halted mining activities towards the middle of the 3rd quarter to ensure a complete cleanup. However, we are were able to resume operations within a short period and fully ramped up production by the end of Q4. I am happy to report that we are currently achieving all-time high production and dispatch levels. We expect FY19 coal production at close to 2 Million tonnes with a 60:40 split between the 3,700/3,800 Kcal and the 4,200 Kcal coal. By FY20, the higher quality of coal reserves i.e. the 4,200 Kcal will have a 50% share in the total production, bringing better realisations for the business. By end of FY19 we also expect to increase volumes of dispatch from third-party customers using our coal infrastructure and jetty.

Dredging continues to be a key focus area for us, we consciously moved towards bidding for higher margin contracts in the dredging segment during FY18. We have a large order pipeline of over ₹156 Crore for FY19 and continue to maintain our bidding success rate of more than 50%. The recent announcements by the Government of India with regards to National Waterways development, building of new ports and dredging of key rivers like the Ganga augurs well for the dredging sector in India. In our quest for higher margin and long-term contracts, we are also now bidding for contracts in other Asian countries.

In the shipping business, we monetised our aged fleet during the year. While all our vessels except the VLCC will remain 100% operational, FY19 is still expected to be a slightly tough year for the shipping sector due to pressure on global charter and VLCC rates. By FY20, we expect the demand-supply gap in the global tanker industry to narrow significantly, which will aid the rebound in VLCC charter rates and subsequently, infuse new life into our shipping business.

After several years of considerable strategic efforts, we are now a stronger, well diversified and a more productive organisation. The results of our efforts will be seen from H2 of FY19 onwards. We believe that FY20 will be the year of superior growth with targeted revenues of ₹1,450-₹1,550 Crore, EBITDA of ₹600-₹630 Crore and EBITDA margins of more than 35%. This growth will be supported by full stream operations of the oil and gas segment and scaling of our coal business.

I look forward to working with our committed and empowered management team and supporting them as we pursue continued growth. We are focussed on high standards of corporate governance, and creating meaningful sustainable value for our shareholders. I look forward to your continued support.

Warm regards,

Shalabh Mittal
Chief Executive Officer

Route Map to the Venue of 34th Annual General Meeting:

Notice

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the members of Mercator Limited will be held on Wednesday, September 26, 2018, at 3:30 p.m. at 4th Floor, Walchand Hirachand Hall, IMC Bulding, IMC Marg, Churchgate, Mumbai – 400 020, to transact the following business:

Ordinary business:

1. To receive, consider and adopt:

   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon; and

   b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of Auditors thereon.

2. To appoint a Director in place of Mr. H K Mittal (DIN:00007690) who retires by rotation, and being eligible, offers himself for re-appointment.

Special business:

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV to the Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anil Khanna (DIN:00199924), a Non-Executive Independent Director of the Company who was appointed as an Independent Director by the Board of Directors of the Company to hold office up to the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from the member under Section 160 of the Companies Act, 2013 along with requisite deposit proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from November 21, 2017."

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV to the Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Chetan Desai (DIN:03595319), a Non-Executive Independent Director of the Company who was appointed as an Independent Director by the Board of Directors of the Company to hold office up to the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from the member under Section 160 of the Companies Act, 2013 along with requisite deposit proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from April 27, 2018."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder read with Schedule IV to the Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Paritosh Kakkad (DIN:02558443), a Non-Executive Independent Director of the Company who was appointed as an Independent Director by the Board of Directors of the Company to hold office up to the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from the member under Section 160 of the Companies Act, 2013 along with requisite deposit proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from April 27, 2018."

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: May 28, 2018

By Order of the Board
For Mercator Limited

H K Mittal
Executive Chairman
(DIN:00007690)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. A relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted at the Meeting is annexed hereto.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.

5. The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2009-10, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of unclaimed dividend lying with the Company as on September 15, 2017 (date of last Annual General Meeting) has been uploaded on Company's website www.mercator.in in accordance with the Rule 5(8) of Investor Education and Protection Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and the same has also been uploaded on Ministry of Corporate Affairs website www.mca.gov.in.

   Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF.

   In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.

6. Members are requested to notify immediately any changes in their address to the Company/ Registrar & Share Transfer Agents. In case their shares are held in dematerialized form, the information should be passed on to their respective Depository Participants without any delay.

7. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.

8. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email IDs with their respective depository participants or with the Registrar and Share Transfer Agent of the Company, unless any member has requested for a physical copy of the same. Members who have not registered their email address so far are requested to register their email address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically. In case you wish to get a physical copy of the Annual Report, you may send your request to investors@mercator.in mentioning your Folio / DP ID & Client ID.

9. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting. Relevant details in terms of the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment and re-appointment at the Annual General Meeting is provided and forms part of the Notice.

10. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.

11. In case of joint holders attending the Meeting, the member whose name appears as first holder in the order of names as per Register of Members of the Company will be entitled to vote.

The relevant details of Director(s) seeking appointment / re-appointment at the Annual General Meeting as required under Regulation 36 (3) of the Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are as under:

Name of the Director	Mr. H K Mittal*	Mr. Anil Khanna*	Mr. Chetan Desai*	Mr. Paritosh Kakkad*
Date of Birth	19/02/1949	26/04/1959	14/01/1951	20/07/1969
Date of First Appointment on the Board	23/05/1988	21/11/2017	27/04/2018	27/04/2018
Qualifications	Masters from Indian Institute of Technology (IIT), Roorkee	Graduate & Chartered Accountant.	Chartered Accountant	Graduate & Chartered Accountant.
Expertise in specific functional area	Overall business strategies/ management	More than 27 years experience specializing in business management and statutory compliance services, joint ventures, auditing, International taxation etc. specially in the field of Oil & Exploration related services.	More than 30 years experience and having wide knowledge and exposure in the fields of accounting, auditing, Companies Act and related areas, corporate governance, compliance etc.	More than 22 years of experience in corporate & structured Finance, strategy execution, investor relations, risk management and Investments, with deep understanding of Indian regulations.
Directorship in other Companies	• AHM Investments Private Limited	• Shri Shambhu Offshore Services Private Limited	• Delta Corp Limited	• First Bridge Capital Partners LLP
	• Mercator Oil & Gas Limited	• Baruki Agro And Oils Private Limited	• Crystal Crop Protection Limited	• First Bridge Financial Advisors LLP
	• Ankur Fertilizers Private Limited	• Rolv Berg Drive (India) Private Limited		• First Bridge Fincap Services LLP
	• Vaitarna Marine Infrastructure Limited	• Sterling Risk Advisory & Marketing Services Private Limited		• Emiko Buildcon Private Limited
	• Mercator Dredging Private Limited (Formerly known as Mercator FPSO Private Limited)	• Kent Resorts Private Limited		• Leap India Private Limited
		• Rock Stone Finlease Private Limited		
	• Mac Maritime Training and Research Institute	• Media Capital Company (India) Private Limited		
	• HK Sons Realtors Private Limited	• Alamiko Solutions Private Limited		
	• Premputli Realtors Private Limited	• Trilogy Media Private Limited		
	• Sisouli Realtors Private Limited	• Crouching Tiger Motion Pictures Private Limited		
	• MHL Healthcare Limited	• Korn /Ferry International Private Limited		
		• Mercator Petroleum Limited		
		• Mercator Oil & Gas Limited		
Membership/ Chairmanship of Committees in other Companies	• Mercator Oil & Gas Limited	• Mercator Petroleum Limited	• Delta Corp Limited	Nil
		• Mercator Oil & Gas Limited	• Crystal Crop Protection Limited	
No. of shares held in the Company	46,766,700	1,73,050	Nil	Nil
Number of Meetings of the Board Attended	8	6	2	0
Relationship Between Director inter-se	Husband of Mrs. Archana Mittal, Non-Executive Director and Father of Mr. Shalabh Mittal, CEO	N.A.	N.A.	N.A.

(* details given hereinabove are as on May 28, 2018)

12. In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to members holding shares as on September 20, 2018 being the cutoff date ("cut off date" for the purpose of Rule 20(4)(v)(f) (D) & 20(4)(vii) of the said Rules) fixed for determining voting rights of members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL). The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Sunday, September 23, 2018 and will end at 5.00 p.m. on Tuesday, September 25, 2018. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Haresh Jani, Proprietor, Practicing Company Secretaries (Membership No. FCS 4570) or failing him, Ms. Ashwini Desale, Practicing Company Secretary (Membership No. ACS 25191), to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure for voting through electronic mode:

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the

Companies (Management and Administration) Rules, 2014, the Members are provided with the facility to cast their vote electronically, through the e-Voting Services provided by CDSL on all resolutions set forth in this Notice. Members are requested to follow the instructions for e-voting as under:

a) The voting period begins on Sunday, September 23, 2018 at 9:00 a.m. and ends on Tuesday, September 25, 2018 at 5:00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 20, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

b) The members should log on to the e-voting website www.evotingindia.com.

c) Click on "Shareholders" tab to cast your vote.

d) Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

e) Next enter the Image Verification as displayed and Click on Login.

f) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

g) If you are a first time user follow the steps given below:

	For members holding shares in demat form and physical form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Date of Birth (DOB)	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

h) After entering these details appropriately, click on "SUBMIT" tab.

i) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

k) Click on the EVSN for the relevant <MERCATOR LIMITED> on which you choose to vote.

l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

p) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

q) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

r) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

s) Note for non – individual shareholders and custodians

   - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
   - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
   - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to

link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

t) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other instructions:

A. The voting rights of Members shall be in proportion to their shares of the paid up share capital of the Company as on closing hours of business on September 20, 2018.

B. The Company has appointed Mr. Haresh Jani, Practicing Company Secretary (Membership No. FCS 4570), failing which Ms. Ashwini Desale, Practicing Company Secretary (Membership No. ACS 25191), to act as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner and to complete physical ballot at the Meeting.

C. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.mercator.in and the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: May 28, 2018

By Order of the Board
For Mercator Limited

H K Mittal
Executive Chairman
(DIN:00007690)

Statement pursuant to section 102 of the companies act, 2013, annexed to and forming part of the notice.

Item no. 3, 4 & 5:

During the year, the Board appointed Mr. Anil Khanna (DIN:00199924); and Mr. Chetan Desai (DIN:03595319); Mr. Paritosh Kakkad (DIN:02558443) as Additional Directors of the Company in the capacity of Independent Director w.e.f. November 21, 2017 and April 27, 2018 respectively. Pursuant to Section 161 of the Companies Act to hold office of Director up to the date of ensuing Annual General Meeting of the Company. In terms of Section 160 of the Companies Act, 2013, the Company has received notice in writing from a member along with a deposit of ₹ 1 Lakh proposing the candidature of all three Directors for appointment as Independent Director as per the provisions of Sections 149 and 152 of the Companies Act, 2013. Mr. Anil Khanna (DIN:00199924), Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN:02558443) have given declaration to the Board of Directors of the Company that they meet the criteria of Independence as required under Section 149 of the Companies Act, 2013. In the opinion of the Board of Directors, they fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company. They are not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Further, pursuant to the provisions of Section 149 (13) of the Companies Act, 2013, being Independent Directors, they are not liable to retire by rotation.

Except Mr. Anil Khanna (DIN:00199924), Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN:02558443), being appointees and their relatives, who are interested in the respective resolutions, none of the other Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 3, 4, & 5. The Board of Directors recommend the resolution at Item No. 3, 4 & 5 for approval of the Members.

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: May 28, 2018

By Order of the Board
For Mercator Limited

H K Mittal
Executive Chairman
(DIN:00007690)

Directors' Report

To
The Members,
Mercator Limited

We take pleasure in presenting Thirty Fourth Annual Report of your Company for the year ended on March 31, 2018.

Financial highlights:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	Year ended		Year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Income from operations	974.21	2115.39	405.67	538.33
Total Income	**1010.68**	**2271.62**	**448.07**	**568.83**
Operating Profit	141.89	610.23	99.15	173.78
Interest	(173.16)	(232.42)	(104.23)	(96.90)
Depreciation	(186.04)	(318.64)	(137.76)	(147.28)
Impairment	-	0.01	-	-
Exceptional Items		(9.16)	-	(9.16)
Profit/(Loss) before Tax & Minority Interest	**(217.30)**	**50.01**	**(142.84)**	**(29.55)**
Minority Interest	17.97	(4.23)	-	-
Other Comprehensive Income Adjustment	1.49	(0.43)	0.92	(0.61)
Taxes				
- Current Year	(58.12)	(20.03)	42.17	(1.00)
- Deferred Tax	(2.12)	(1.18)	-	-
Net Profit/(Loss) After Tax	**(294.02)**	**24.14**	**(184.10)**	**(31.15)**

During the year under review, the income from operations on a consolidated basis was ₹ 974.21 cr as against ₹ 2115.39 cr in the previous year. The consequential loss in revenue were on account of (i) reduction of coal trading activities (ii) disruption of coal mining and infrastructure business for a part of the year (iii) sale of three tankers during the year and (iv) decline in dredging income during the year affected the revenue.

The consolidated EBIDTA was ₹141.89 cr against profit of ₹ 610.24 cr in the previous year. The consolidated loss before tax was ₹217.30 cr against previous year profit of ₹ 50.01 cr. After providing loss for the minority interest of ₹ 17.97 cr (previous year ₹ 4.23 cr); the loss after tax was ₹294.02 cr as against profit of ₹ 24.14 cr in the previous year.

On a standalone basis, the income from operations for the year under review was ₹ 405.67 cr. (₹ 538.33 cr in the previous year). Depreciation was ₹ 137.76 crore against ₹ 147.28 cr in previous year and Interest was ₹ 104.23 cr against ₹ 96.90 cr in previous year); the Company had standalone loss of ₹184.10 cr (previous year loss of ₹ 31.15 cr) after provision of tax of ₹ 42.17 cr (previous year ₹ 1 cr).

Operations & finance:

Coal

Oorja Holdings Pte Ltd. ('Oorja Holdings"), a wholly owned subsidiary of the Company along with other investors owns an operational open cut thermal coal asset in the entity named PT Karya Putra Borneo (KPB) and logistics infrastructure services in coal business in another entity named PT Indo Perkasa (IPK). KPB is located in Butuah village, province of Kalimantan Timur, Indonesia covering c.914 hectares of license area with all requisite licenses consisting of an operational coal mine since 2012 having c.26.30 MMT of present reserves with 3600/4200 GAR thermal coal. The local logistics infrastructure services business includes haul road logistics and load port handling supported by own logistics and infrastructure facilities.

We had temporary disruption in operations of the above mentioned step down subsidiaries in Indonesia for about 5-6 months in the period under review due to change in the senior management. Such material event led to stoppage of coal production and infrastructure facilities from September, 2017 till January, 2018 and resulted into certain legal proceedings which are presently sub-judice at various forums. Since early part of 4th quarter of FY18, the operations have recommenced and have since attained optimum levels and third party logistics operations have been stabilized.

We are aiming to rapidly ramp up production of 4200 GAR coal through village shifting exercise and merging of 4200 GAR coal pits. We also intend to foray into coal transportation operations through chartered vessels based on existing relationship with infra logistics clientele. This will be a capex light business. We plan to pursue opportunities

of acquiring neighboring mines to strengthen portfolio and drive growth in the longer term.

Oil and Gas

Mercator Petroleum Limited ('MPL'), a subsidiary of the Company has Production Sharing Contracts with the Government of India for exploration of petroleum in two blocks viz. CB-3 & CB-9, under the Seventh New Exploration Licensing Policy round (NELP-VII). MPL has 100% participating interest ('PI') in both the above blocks. Discovery highlights include oil flowing to the surface @ over 2,000 barrels/day which is an excellent quality light oil (42 degrees API) and enjoys at least 5% premium over Bonny Light. Indian State Refineries benchmark the price of this oil to Bonny Light, using 4-cut Analysis. ~26 million barrels of recoverable oil is estimated though recoverable reserves according to Filed Development Plan (FDP) approved by DG Hydrocarbons are 23.79 million barrels. Competent Persons Report (CPR)/ Third party Certification for reserves were obtained from Leap Energy, Australia and Darcy Reservoir Consultancy Services, India. Test run was conducted in the discovered wells in April, 2018. MOU with Indian Oil Corporation Limited (IOCL) for crude oil sale is in place for the nearest IPCL refinery in Kayoli, Gujarat, just 85 Kms from the block. For evacuation of oil through pipelines, an MOU with ONGC for using their pipeline passing through CB-9 block for evacuation of oil is in place.

Mining Lease (ML) for commercial production has been applied for and the approval is expected from the Government of Gujarat by end of May '18/early June '18 upon receipt of which the commercial production would begin in the discovered oil wells. Environmental Clearance (EC) for discovered wells already available and requisite equipment already mobilized. Production in the developmental wells expected to commence by December, 2018, i.e. post receipt of EC for the said wells which shall augment the overall production profile of the Block. Exploration in the 8th and last exploratory well is underway and is expected to be completed by May, 2018. Testing in 6th exploratory well is underway, Discovery in the well could add to the existing Reserves in place.

Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU), it is expected that MOPU would sail away post monsoon i.e. by September/October, 2018. While most of the yard activities have been accomplished, consortium plans to use the interim time to complete string test and other balance commissioning activities which were planned offshore. The above shall help in fast tracking the hand over process which is expected by December, 2018 / January, 2019.

Shipping

All the vessels are deployed under time charter except VLGC (Sisouli Prem) being on voyage and VLCC (Nerissa) being on pool charter. During the year under review, Prem Mala was sent for scheduled dry docking and completed successfully. The outlook for the tanker market remains soft. The freight rates have been sliding and remained depressed. The supply and demand ratio is in favour of the charterers with freight remaining under pressure. The US exports of Shale Oil would contribute in firming of the VLCC freight rates on account of increased tonne mile. American light crude shipments to Asia will reach almost 1.3 million barrels/day in the next 5 years from almost nothing in 2016, according to Wood Mackenzie.

During the year, the Company has monetized its aged fleet by selling Dry Bulk Carrier "M. T. Sri Prem Poorva" and a Tanker "M. T. Harsha Prem" at a net loss of ₹37.28 Crore in Q3 and further by selling another Dry Bulk Carrier "M. V. Vrinda" at a loss of ₹27.70 Crore in Q4; thereby loss on sale of vessels aggregating to ₹64.98 Crore. With this successful monetization of its aged fleet, the Company now has a younger fleet and the proceeds were utilized for reduction of debts.

Dredging

In September, 2017, there was a change in senior management with Dr. GVY Victor joining the Dredging Division as President – Dredging along with his key team. During the year, the dredging division accounted for works at various ports including Paradip, Vishakhapatnam, Karaikal, Goa, Cochin, Mangalore etc. During the year, the Company won a dredging contract for reclamation of Jawahar Dweep, Mumbai Port for ₹30.40 Crore. The work on this contract commenced from March, 2018 and the contract period is 12 months. The dredgers were operating at various ports across the Indian coast during the year under review except once under major breakdown.

The existing dredging contracts in hand are expected to contribute a revenue of about ₹156 Crore in FY19 with an average capacity utilization of around 69%. The Dredging Division has targets of bagging new contracts which could additionally contribute to the topline of dredging business by over ₹200 Crore in FY19.

Central Government's Sagar Mala project which envisages minimum draft of 18 meters in major ports, expanding capacity in existing major ports, creation of new ports and development of inland waterways traffic is expected to add to the demand for dredging in India. The Company intends to diversify by an early contractor to work on Sagar Mala projects, wherein projects worth ₹20,000 Crore are allocated out of which dredging for inland waterways would be for about ₹5,000 Crore. While increasing its share in maintenance dredging, the Company is looking to participate and bid for capital projects with JV partners or on its own considering the soil parameters and operating efficiency of dredgers. The Company also plans to diversify into marine civil works including construction of breakwaters, bank protection works, coastal defence and coastal protection works.

The Company is also looking into oil and gas trenching works for laying submersible pipeline. The Company is seeking opportunities to establish its presence in blue and green energy sectors and work closely with NIO and NIOT to establish its presence for shallow water and deep sea mining activities.

Finance

Pursuant to the approval received from the members of

the Company at the last Annual General Meeting held on September 15, 2017; the Company successfully completed QIP issue of ₹ 145.41 Cr during the year. Under the issue 3,25,67,262 Equity shares of face value of Re. 1/- each at a premium of ₹ 43.65 per equity share aggregating to ₹ 145.41 Cr were placed which were subscribed fully by marquee investors. The proceeds of the issue were utilized for intended purposes i.e. repayment of loans and general corporate purposes. As a result of above issue the paid up capital of the Company has increased by ₹ 3.25 Cr and Securities premium account increased by ₹ 142.15 Cr.

UTI Structured Debt Opportunities Fund I sanctioned for subscribing to the Company's Secured Unlisted Non-Convertible Debentures aggregating to ₹ 190 Cr, out of which the Company has raised total fund of ₹ 100 Cr by issue of unlisted Non-Convertible Debentures, which was in pursuance of the approval of the members as aforesaid. Further, the Company has sought approval of members by way of Postal Ballot, for issue of Secured/Unsecured, Redeemable, Non-convertible Debentures upto an amount not exceeding ₹100 Crore, the results of which will be declared on or before Wednesday, June 6, 2018. Upon receipt of approval of members through the said Postal Ballot, the Company proposes to raise the Balance amount of ₹ 90 Cr by way of issue of Secured Unlisted Non-Convertible Debentures to UTI Structured Debt Opportunities Fund I.

During the year under review the Company has redeemed the total 500 Non-Convertible Debentures amounting to ₹ 50 Cr comprising of Series IX, NCD of ₹ 150 Crore. In view of this the total debentures stands at ₹ 100 Crore including Non-Convertible debentures issued during the year under review.

Demerger of dredging business undertaking of mercator limited into mercator dredging private limited:

The Board of Directors at its meeting held on February 14, 2018, accorded its approval for Scheme of Arrangement between Mercator Limited ('Demerged Company') and Mercator Dredging Private Limited ('Resulting Company') and their respective shareholders for the demerger of Dredging Business Undertaking of Mercator Limited into Mercator Dredging Private Limited, a wholly owned subsidiary subject to necessary approvals. The Board is in process of filing the said scheme with the Stock Exchanges to obtain their No-objection letter in accordance with the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Transfer to reserves:

In view of loss incurred during the year, no amount proposed to be transferred to Reserves, including Debenture Redemption Reserve (as against ₹ 12.50 Cr in the previous year).

Dividend:

In view of losses suffered during the year under review, your Directors regret their inability to recommend any dividend.

Changes in board of directors and key managerial personnel:

Board of Directors:

During the year under review, Mr. Desh Raj Dogra (DIN:00226775) resigned from the office of Directors of the Company with effect from the closure of business hours on January 8, 2018. The Board of Directors place on record its sincere appreciation for the support and contribution made by Mr. Desh Raj Dogra during his tenure as Director of the Company.

Mr. Anil Khanna (DIN: 00199924) was appointed as an Additional Director (Independent Non-Executive Director) by the Board with effect from November 21, 2017. Subsequent to the financial year end, Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN:02558443) were also appointed as Additional Directors (Independent Non-Executive Directors) by the Board with effect from April 27, 2018. Pursuant to the provisions of the Section 161 of the Companies Act, 2013; Mr. Khanna; Mr. Desai and Mr. Kakkad holds their respective offices as such upto the date of ensuing Annual General Meeting. The Company has received a notice from a member proposing appointment of Mr. Khanna; Mr. Desai and Mr. Kakkad for the office of Director along with necessary deposit.

Mr. H. K. Mittal (DIN:00007690) shall be the Director liable to retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company; and being eligible, offers himself for re-appointment. Additional information on Directors recommended for appointment / reappointment, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), is provided in the notice convening 34th Annual General meeting of the Company accompanying this report. The Company has received declarations from Mr. M. M. Agrawal, Mr. Anil Khanna, Mr. Chetan Desai and Mr. Paritosh Kakkad confirming that they meet with the criteria of Independence as prescribed under provisions of the Companies Act, 2013, Rules made thereunder and the Listing Regulations. Your Directors recommend the above appointment / reappointment for your approval.

Key managerial personnel:

Mr. Prasad Patwardhan resigned from the office of Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. May 29, 2017. Mr. Kiran Vaidya who was appointed w.e.f May 30, 2017, resigned from the Office of Chief Financial Officer and Key Managerial Personnel of the Company w.e.f January 31, 2018. Mr. Suhas Pawar who was appointed w.e.f. April 10, 2017, resigned from the office of Company Secretary and Key Managerial Personnel w.e.f. March 26, 2018. Mr. Rajendra Kothari was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. February 1, 2018. The Company is looking for a right candidate for the office of Company Secretary and Key Managerial Personnel of the Company.

Board evaluation process:

Pursuant to the provisions of the Companies Act, 2013 & the Listing Regulations, and guidance note on Board Evaluation issued by the Securities and Exchange Board

of India on January 5, 2017, the evaluation of every Director's performance was done by the Nomination and Remuneration Committee at its meeting held on February 14, 2018. The performance evaluation of the Non Independent Directors and the Board as a Whole, committees thereof and the Chairman of the Company was carried out by the Independent Directors. Evaluation of the Independent Directors was carried out by the Board. A structured questionnaire was prepared based on criteria approved by Nomination and Remuneration Committee and circulated to the Directors for evaluation process.

Subsidiary companies and consolidated financial statements:

As on March 31, 2018, your Company had total 33 subsidiaries/step-down subsidiaries. During the year under review, M/s. Mercator Oceantransport Limited was incorporated as a Wholly Owned Subsidiary. As per Section 134 of the Companies Act, 2013, your Company has provided the Audited consolidated financial statements for the year ended on March 31, 2018; together with Auditors' Report thereon forming part of this Annual Report, which includes financial information of all the subsidiaries. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement pursuant to the provisions of the Section 129 (3) of the Companies Act, 2013 read with relevant rules in the prescribed form AOC-1, showing financial highlights of the subsidiary companies is attached to the consolidated financial statements and therefore not repeated here for the sake of brevity. The Annual Report of your Company though does not contain full financial statements of the subsidiary companies; the audited annual accounts and related information of subsidiary companies is placed on its website and will be made available, upon request by any member of the Company.

Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s. Singhi and Co. (FRN: 302049E), were appointed as the Statutory Auditors for a period of five years by the Members in the 33rd Annual General Meeting held on September 15, 2017 to hold office from the 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting of the Company.

Auditors' report:

Statutory Auditors' Observations in Audit Report on Consolidated/ Standalone Financials and Directors' explanation thereto –

a. *In case of a step down subsidiary, the auditors have given a modified opinion for the financial year ended March 31, 2018 on the following basis:*

   i. *recoverability and non-provision of impairment loss in case of long overdue Trade Receivables amounting to ₹126.01 Crore (US$ 19.37 Mn), (Previous Year ₹72.97 Crore (US$ 11.25 Mn))*

   ii. *in case of claim of Hindustan Zinc Ltd (HZL), the company had forwarded a draft settlement agreement proposing a full and final additional cash settlement of ₹ 7.39 Crore (US$ 1.13 Mn), which is currently being reviewed by the claimant. However, the company has not made any provision for the potential claim amount and other incidental costs, pending final settlement of the claim.*

- i) The Management is reasonably confident of the recovery of these receivables amounting to ₹126.01 Crore (US$ 19.37 Mn), (Previous Year ₹72.97 Crore, US$ 11.25 Mn).

  ii) Once the Amount is ascertained and after the settlement agreement is executed, the required liability shall be recognized by us in the books of accounts

b. *In case of two step down subsidiaries the respective auditors have given a modified opinion for the financial year ended March 31, 2018, raising concern regarding the recoverability of deposits amounting to ₹22.03 Crore (USD 3.39 Mn,) (Previous Year ₹21.96 Crore (US$ 3.39 Mn)) paid in the past to acquire 70% equity interests in companies which own coal mining concessions.*

- The Management is reasonably confident of the recoverability of those advances amounting to ₹22.03 Crore (USD 3.39 Mn)

Secretarial audit report:

As required under the provisions of Section 204 of the Companies Act, 2013, your Company has obtained a Secretarial Audit Report for the financial year ended on March 31, 2018, from M/s. Ganesh Narayan & Co. (FCS: 6910), Company Secretaries which is appended as Annexure I and forms part of this report. The said report is self-explanatory and does not contain any qualifications, reservations, or adverse remarks or disclaimers.

Meetings of the board:

Nine meetings of the Board of Directors were held during the year. The details are provided in the Corporate Governance Report forming part of this Report.

Committees of the board:

The details of the Committees of the Board constituted under the Companies Act, 2013 and Listing Regulations are given in the Corporate Governance Report forming part of this Report.

Particulars of employees:

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is appended as Annexure II and IIA respectively.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

Your Company operates offshore and onshore activities in environment friendly manner. The major activities carried by the Company are offshore and your Company work towards minimizing the impact of its operations on the environment including marine life.

Several steps are taken for conservation of energy, some of which are listed below:

(A) Conservation of Energy:

(i) *The steps taken or impact on conservation of energy:*

- Having regular track on weather updates, M/E RPM and settings of the Auto Pilot System of Vessels are adjusted accordingly which in turn helps to save the fuel oil. Besides, the crews are properly trained to steer in bad weather using minimum Rudder movements.
- Cleaning of Hull and Polishing the propeller in afloat condition of some of the vessels was done to reduce the Hull Roughness and thereby fuel consumption.
- Using the latest Performance Monitoring Technology helps in maintaining engines and generators of Vessels in good conditions; which leads higher operation efficiently and reduce consumption of energy considerably.
- Weekly inspection of entire vessels and providing training to Crew and Officers about preservation of resources by Master brings the consumption of energy down.
- Machineries are run efficiently by following the laid down procedures and following the PMS (Planned Maintenance Schedule) so that fuel consumption are kept under control.
- Machineries which are not required are immediately shut down, this reduces the load on generators which leads to fuel saving.
- Cargo Planning load and discharge is done in such a way so as to use relevant cargo gear to the optimum levels. Ballasting and Deballasting is carried out by using gravity which shortens time frame to use pumping arrangements, this in turn helps us to reduce fuel consumption.

(ii) *The steps taken by the company for utilizing alternate sources of energy:*

Since your Company operates mostly from offshore; options for utilizing of alternate sources of energy options are minimal but your Company takes every necessary step to use alternate energy source as and when available.

(iii) *The capital investment on energy conservation equipment's:*

Your Company has not made any material capital investment on energy conservation equipment during the year. All vessels are equipped with Exhaust Gas Economizers, so that the hot exhaust gases which are going up the funnel are used to provide heat source, this piece of equipment undergoes regular repairs and maintenance.

(B) Technology Absorption:

Your Company has neither entered into technical collaboration with any entity, relating to technology absorption nor imported any technology during the year.

(C) Foreign Exchange Earnings and Outgo:

Your Company has earned foreign exchange of ₹ 80.03 cr (previous year ₹ 78.83 cr) and spent ₹150.34 cr (previous year ₹ 126.46 cr) in foreign exchange, on account of import of stores & spares, capital goods, repairs / renovations of vessels, bunker, other vessel expenses, travelling and interests etc.

(D) Expenditure Incurred on Research & Development:

During the year, the Company has not incurred any expenditure on research and development.

Directors' responsibility statement:

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

i. In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of loss for the year under review;

iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

iv. They have prepared the annual accounts on a going concern basis;

v. They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of fraud reported by auditors:

No fraud was reported by Auditors of the company during the year under review pursuant to Section 143(12) of the Companies Act, 2013.

Corporate governance and management discussion and analysis reports:

The Company is committed to good corporate governance in compliance with the Listing Regulations; and the Philosophy of the Mercator Group. A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate

Governance as stipulated in the Listing Regulations is annexed. Management Discussion and Analysis Report is also annexed.

Corporate social responsibility (CSR):

In compliance with regulations under the Companies Act, 2013; CSR Committee has been constituted and CSR policy has been adopted by the Company.

In respect of financial year 2016-17, the Company's liability for spending on CSR activities was determined as ₹ 0.27 Cr, against which the Company could not spend any amount. Further, in respect of financial year 2015-16, Company's liability to spend towards CSR was ₹ 0.53 Cr against which ₹ 0.05 Cr was spent during the year 2016-17. The Balance amount of R.s 0.48 Cr to be spend during the financial year 2017-18 as well as liability towards CSR for the year 2016-17 were to be met by spending during the financial year 2017-18.

However, on account of losses during the year, and due to liquidity crunch, the Company could not spend the amount on CSR activities, but the Company is committed to spend the said amount in years to come.

During the year under review, Your Company have revised CSR Policy to expand its scope and also authorized to complete CSR Activities with the help of external agencies. Your Company is ascertaining the expenditure in consultation with them and will spend accordingly the balance money. The details of the Committee and initiatives on CSR are set out in the Corporate Governance Report forming part of the Directors' Report. Reporting on CSR in format specified is forming part of this report as Annexure III.

Particulars of loans given, investments made, guarantees given and securities provided:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the financial year; were on an arm's length basis and in the ordinary course of business. The requirement of giving particulars of contracts/arrangement made with related parties, in Form AOC-2 are not applicable for the year under review. There were no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all such related party transactions is placed before the Audit Committee and the Board of Directors for their approval on quarterly basis. The Company has framed a Related Party Transactions policy to ensure proper identification, approval process and reporting of transactions. The policy on Related Party Transactions as approved by the Board is available on the Company's website.

http://mercator.in/investors/index.aspx?id=7055

Risk management policy:

The Company has a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Directors' Report. The Company has framed policy to identify, evaluate business risks and opportunities and to mitigate the risk. The policy defines the risk management approach at various levels including documentation and reporting. The policy helps in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

Internal control systems and their adequacy:

The Company has in place adequate internal financial controls. The Audit Committee of Directors periodically reviews the internal control systems with the top management and the Statutory and Internal Auditors. The Audit Committee also looks after adequacy of internal audit function, significant findings of the internal audit, and subsequent follow-up action on the same from time to time.

Vigil mechanism / whistle blower policy:

The Company has a Vigil Mechanism and Whistle Blower Policy for Directors and employees to deal with instance of fraud and mismanagement. The policy facilitates reporting of genuine concern or grievances, unethical behavior, actual or suspected fraud, or violation of the Code of Conduct of the Company, or its ethics Policy. They provide adequate safeguards to Directors/employees who avail of the mechanism. The same is overseen by the Audit Committee. During the year under review, no personnel of the Company approached the Audit Committee on any issue falling under the Policy. The said Policy is posted on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

Familiarization program for independent directors:

The details of the training and familiarization program are provided in the Corporate Governance Report. Further at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his /her role, function, duties and responsibilities. The format of letter of appointment is available on the website at

http://mercator.in/investors/Statutory%20Disclosures/Policies/TermsandConditions.pdf.

Transfer of shares to investor education and protection fund:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF

Rules"), dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority.

The Company has also displayed details of shares so transferred to IEPF on the website of the Company at

http://mercator.in/investors/index.aspx?id=7043

Disclosures with respect to demat suspense account/ unclaimed suspense account:

a.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	Nil
b.	number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	Nil
c.	number of shareholders to whom shares were transferred from suspense account during the year;	Nil
d.	aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	(1,142 shareholders and 803,559 equity shares)
e.	that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	Yes

Material changes and commitments:

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on March 31, 2018 and the date of this report i.e. May 28, 2018.

Extract of annual return:

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the financial year ended on March 31, 2018 in Form MGT-9 is appended as Annexure IV.

General:

- During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 and rules made thereunder.
- During the year under review, there was no change in nature of business of the Company.
- The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is appended as Annexure V.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- The Company has in place policy as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no case was reported to the Committee constituted under the said Act.

Acknowledgements:

The Directors express their sincere thanks to all customers, suppliers, service providers, regulators, Governmental agencies and other statutory authorities for their continued whole hearted support to the Company during the year. We also acknowledge the support lent and confidence bestowed upon us by our bankers, stakeholders and all Mercatorians.

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: May 28, 2018

For and on behalf of the Board
For Mercator Limited

H. K. Mittal
Executive Chairman
(DIN:00007690)

Annexure I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mercator Limited
(CIN:L63090MH1983PLC031418)
3rd Floor, Mittal Tower, B – Wing
Nariman Point, Mumbai – 400021

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mercator Limited (CIN: L63090MH1983PLC031418) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representation made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under:

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable to the Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *except the details given in point (x) (h) herein below;*

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. (Not applicable to the company during the Audit Period)

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period)

(vi) I further report that based on the information received, explanation given, records maintained and statutory compliance submitted to the Board on quarterly basis, there are adequate systems and processes in the Company to monitor and ensure compliance with

the applicable laws. The Company has confirmed compliance with the following specific laws applicable to the Company:

- Merchant Shipping Act, 1958.
- Inland Vessels Act, 1917 (Subs by Act 35 of 1977, Sec 4 for Inland Steam-Vessels)
- The Seamen's Provident Fund Act, 1966.

(vii) I further report that, I have not examined compliance with applicable Financial Laws, like Direct Tax, Indirect Tax, etc since the same have been subject to review by statutory financial audit and other designated professionals.

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

(i) The Listing Agreements entered into by the Company with BSE Limited (BSE), National Stock Exchange of India Limited (NSE) including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (made effective from September 2, 2015) and Stock Exchange of Singapore (SES)/(SGX)

(ii) Secretarial Standards of The Institute of Company Secretaries of India with respect to the board and general meetings as applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

(viii) **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings and Committee Meetings were carried through on the basis of majority as recorded in the minutes of the meetings. As represented by the Management, there were no dissenting views by any member of the Board of Directors or Committee of the Board as the case may be during the period under review. Resolutions passed by circulations were approved in the subsequent Board Meeting.

(ix) I further report that as per the explanations given to me and the representations made by the Management and relied upon by me generally there are adequate systems and processes in the Company to commensurate with the size and operations of the Company and to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(x) I further report as under:

a) During the year, there were redemption of Debentures as under:

I. 500-12.40% Secured Non-convertible Debentures Series - IX of ₹ 10 lakhs each aggregating to ₹ 50 Crore was redeemed on November 3, 2017

II. 500-12.40% Secured Debentures Series - IX of ₹ 10 lakhs each aggregating to ₹ 50 Crore was redeemed on March 27, 2018 being in full and final redemption of the said series.

b) There has been following changes in the directorship of the Company:

I. Mr. Anil Khanna was appointed as an Additional (Independent) Director w.e.f. November 21, 2017

II. Mr. Desh Raj Dogra resigned from the office of Director of the Company w.e.f. January 8, 2018

c) The Board of Directors at its meeting held on February 14, 2018, approved the Scheme of Arrangement between Mercator Limited ('Mercator' or 'Demerged Company') and Mercator Dredging Private Limited ('MDPL' or 'Resulting Company') and their respective shareholders ('the Scheme') under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. Pursuant to the said scheme the Dredging Business of the Company is proposed to be segregated into Mercator Dredging Private Limited ('MDPL'), a wholly owned subsidiary by way of Demerger. Details of the said scheme has been intimated by the Company to Stock Exchanges as a part of outcome of the said Board meeting vide its letter dated February 14, 2018. I am informed that the Company is in process of taking necessary steps to obtain requisite approvals in this regard.

d) The Board of Directors at its meeting held on March 23, 2018, approved issue of 1750 Secured Non-convertible Debentures (NCDs) of ₹10 lakhs each aggregating to ₹175 Crore. Further, at the board meeting held on March 27, 2018, allotment of 1000 NCDs of ₹10 lakhs each aggregating to ₹100 Crore was made. Out of the total issue of 1750 NCDs as aforesaid, part of proceeds received was utilized to redeem 'NCDs series - IX' as mentioned in point a (II) above.

e) Mr. Suhas Pawar was appointed as Company Secretary and Compliance Officer w.e.f. April 10, 2017 and he resigned from both the post w.e.f. March 26, 2018.

f) Mr. Prasad Patwardhan resigned as Chief Financial Officer w.e.f. May 29, 2017. Mr. Kiran Vaidya was appointed as Chief Financial Officer w.e.f. May 30, 2017, who subsequently resigned w.e.f. January 31, 2018. Mr. Rajendra Kothari was appointed as Chief Financial Officer w.e.f. February 1, 2018.

g) The Company raised ₹ 145.41 Crore by issue of 3,25,67,262 Equity Shares of Re. 1 each @ a premium of ₹ 43.65 per share by Qualified Institutional Placement. The said shares were listed on BSE Limited and National Stock Exchange of India Limited.

h) The Company vide its letter dated December 7, 2017, made disclosure to stock exchanges in pursuance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as under:

I. The senior management of its step down subsidiaries in Indonesia (the "Indonesian Entities") had been changed by the Company which led to temporary disruption of operations of the Indonesian Entities; and

II. Certain proceedings had been filed by the Company in Singapore and Indonesia against some of the aforementioned erstwhile senior management of the Indonesian Entities who had in turn initiated various proceedings against some of its step down subsidiaries and some of its executives. The said litigations were sub-judice at various forums;

III. Disruption of operations in Indonesia had led to non-receipt of limited review reports from the aforementioned Indonesian Entities which in turn delayed the filing of the Company's consolidated limited review report for the quarter ended September 30, 2017, that the Company had already taken steps to resolve the delayed filing.

Later on at the Board Meeting held on February 14, 2018, the Board of Directors approved the said consolidated result and the same was submitted with stock exchanges on the same day. The Stock exchanges levied penalty in aggregate of ₹9,79,146/- (inclusive of taxes) for the delay and Company paid the same.

Except as reported herein above, there were no instances of

a) Public/Right/Preferential issue of shares / sweat equity

b) Redemption / buy-back of securities

c) Merger / amalgamation / reconstruction etc.

d) Foreign technical collaborations.

For **GANESH NARAYAN & COMPANY**
COMPANY SECRETARIES

Place: Mumbai
Date: May 28, 2018

PROPRIETOR
FCS: 6910/C P No: 2238

Note: This report is to be read with My letter of even date which is annexed as' Annexure A' and forms an integral part of this report.

Annexure A

To,
The Members
Mercator Limited
(CIN:L63090MH1983PLC031418)
3rd Floor, Mittal Tower, B – Wing
Nariman Point, Mumbai - 400021

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **GANESH NARAYAN & COMPANY**
COMPANY SECRETARIES

Place: Mumbai
Date: May 28, 2018

PROPRIETOR
FCS: 6910/C P No: 2238

Annexure II

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	**Name**	**Ratio**
		Mr. H. K Mittal	1:0.15
		Mr. M M Agarwal	-
		Mr. Gunender Kapur	-
		Mrs. Archana Mittal	-
		Mr. Anil Khanna	-
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year.	No remuneration is paid to Independent Directors and Non-Executive Directors. During the FY2017-18, the percentage increase in the remuneration of Mr. Suhas Pawar, Company Secretary was 20%. Except the above, there was no increase in remuneration of Directors, Chief Financial Officer, Chief Executive Officer of the Company.	
3	The percentage increase in the median remuneration of employees in the financial year.	6 %	
4	The number of permanent employees on the rolls of the Company.	88	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentile is 8% and percentile increase in the managerial remuneration is 20%. This increase of 20% in the salary of Company Secretary which was based on individual performance level.	
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes	

Annexure - IIA

Details pertaining to remuneration as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	Age	Qualification	Experience in years	Date of joining	Designation	Total Remuneration (₹ in crore)	Last employment held
Capt. Kowshik*	53	HND (Nautical Science)MICS	35	01-Apr-05	President - Shipping	0.38	Mundo Gas
Mr. Romie Umrigar	58	Marine Engineer	34	15-Jan-14	Vice President - Technical	0.84	Solitaire Marine & Offshore Pvt Ltd.
Mr. H.K Mittal	68	M. Tech	43	23-May-88	Executive Chairman	0.72	Natraj Organics Limited
Mr. Neville Damania	55	MEO Class I motor (Govt.of India)	28	21-Apr-14	GM- Technical	0.53	Varun Shipping Ltd.
Capt. Arun Nanda #	62	Master - FG	35	28-Aug-06	President - Shipping	0.80	Shipping Corporation of India
Dr. G.Y.V. Victor	47	Doctrate in Science & Physics	27	11-Sep-17	President Dredging	0.83	Honey Brook Energy
Capt. Mandeep Singh Wadhwa	53	Master - FG	35.5	28-Nov-17	Vice President - Marine HR	0.66	Inchcape Shipping Services
Mr. Shalabh Mittal	39	PGDBA - Business Administration	18	27-May-16	CEO	0.99	Mercator Lines Singapore
Mr. Hanumantha Rao	49	Mtech - Electrical	27.9	07-Sep-17	GM - Commercial & Contracts	0.50	Dharti Dredging
Capt. Rama Kanduri	44	M.S.C - Physics	19.4	17-Apr-13	DGM - Ops	0.43	DCI
Capt. Y.P.S Chauhan	56	Master - FG	36.4	01-Nov-04	DGM - QSS	0.42	Mercator Logistics Private Ltd.

Note:

1. * Employed for part of the year
2. # Nature of employement is contractual for others
3. Mr. H. K. Mittal, Executive Chairman of the Company is relative of Mrs. Archana Mittal, Director of the Company
4. Mr. Shalabh Mittal, Chief Executive Officer of the Company is Son of Mr. H. K. Mittal & Mrs. Archana Mittal, Directors of the Company.
5. None of the other employees is related to any Director of the Company
6. Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961

Annexure III

Annual Report on CSR Activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014

1. **A brief outline of the Company's CSR Policy:**

   Mercator Limited Company has initiated its own CSR policy and appointed Prem Punita Foundation as implementing agency. Prem Punita Foundation is a Mumbai based Public Trust registered in the year 2005 under Bombay Public Trust Act, 1950. The Foundation re-engineered itself in the year 2010 with a promise to help the under privileged without looking into their caste, creed, colour or religion. As a step forward, it seeks to create an alignment between the rich and poor so that individual aspirations find a place to come closer.

   The Foundation is committed to undertake social welfare projects amongst different groups enabling them to improve their perspective towards their lives. In the last couple of years, Prem Punita Foundation has been working with the slums of South Mumbai, especially in the Colaba area. They work closely with the inhabitants of Machhimar Nagar, Ambedkar Nagar and Geeta Nagar in the pursuit of elevating a lot of those who are socially and financially challenged.

   Prem Punita Foundation has segregated its activities in five projects which aim at helping the poorest of poor in the areas served by them. Major projects as outlined by them are as follows:

   - **Project Prem Pravah:** To support individuals, groups, education institutions, vocational training institutes through the means of financial assistance and /or materials as deemed fit by the committee.
   - **Project Prem Sarita:** Poverty alleviation program through self-help groups and awareness about governmental schemes.
   - **Project Prem Sukhada:** Betterment of Health conditions of beneficiaries through medical check-up, mobile medical van, awareness programs on health concerns.
   - **Project Prem Kshamata:** Skill-based training program such as spoken English, personality development, self-defence for eligible and interested candidates from virtually adopted communities.
   - **Project Prem Sagar:** Job – oriented training in the field of Retail Management, house-keeping, hospitality and skilled jobs such as gardener, welder, fitter, electrician, plumber etc.

   The Board of Directors framed and adopted CSR Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, which is available on the Company's website viz. www.mercator.in

   During the year under review, the Board of Directors, based on the recommendation of CSR Committee, revised the CSR Policy. It now includes all such major activities as are specified under Schedule VII of the Companies Act, 2013 with a liberty to do such CSR Activities with the help of other external implementing agencies or registered trust or registered foundations or registered society or section 8 company or through other permitted agencies etc. or may do it in one or more combination of the above ways, as may be permitted.

2. **Composition of the CSR Committee:**

   Presently, the CSR Committee of the Board consists of

   1. Mr. H. K. Mittal – Chairman;
   2. Mr. M. M. Agrawal – Member;
   3. Mr. Paritosh Kakkad - Member

3. **Average Net Profit of the Company for last three financial years:** ₹ 13.29 Crore
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹ 0.27 Crore
5. **Details of CSR Spent during the financial year:**

   a) **Total amount to be spent for the financial year :** ₹ 0.27 Crore
   b) **Amount spent :** Nil
   c) **Amount unspent :** ₹ 0.27 Crore
   d) **Manner in which amount spent during the financial year :** None

6. **In case the Company has failed to spend the two per cent of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report :**

   In respect of financial year 2016-17, the Company's liability for spending on CSR activities was determined as ₹ 0.27 Cr, against which the Company could not spend any amount. Further, in respect of financial year 2015-16, Company's liability to spend towards CSR was ₹ 0.53 Cr. against which ₹ 0.05 Cr was spent during the year 2016-17. The balance amount of R.s 0.48 Cr to be spend during the financial year 2017-18 as well as liability towards CSR for the year 2016-17 were to be met by spending during the financial year 2017-18.

   On account of losses made during the year, and due to liquidity crunch, the Company could not spend the amount on CSR activities, but the Company is committed to spend the said amount in the years to come.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objective and Policy of the Company.**

   The implementation and monitoring of CSR policy, is in compliance with CSR objective and Policy of the Company.

   Statement of CSR Expenditure - Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs -wise	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) Over heads	Cumulative expenditure upto the reporting period	Amount spent Direct through implementing agency

For Mercator Limited

Shalabh Mittal
Chief Executive Officer

H. K. Mittal
Chairman of CSR Committee

Place: Mumbai
Date: May 28, 2018

Annexure IV

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. Registration & other details:

1.	CIN	L63090MH1983PLC031418
2.	Registration Date	24/11/1983
3.	Name of the Company	Mercator Limited
4.	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai – 400 021 Tel Nos: 91-22-66373333 Fax Nos: 91-22-66373344 E-mail: mercator@mercator.in / investors@mercator.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

II. Principal business activities of the company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Sea and coastal freight water transport	5012	55.75
2	Renting and operational leasing of water-transport equipment without operator	77306	44.25

III.Particulars of holding, subsidiary and associate companies

Sr. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
1	Mercator Oil & Gas Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U63033MH 2005PLC154014	Subsidiary	100	2(87)(ii)
2	Mercator Petroleum Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U11102MH 2007PLC170562	Subsidiary	87.75	2(87)(ii)
3	Mercator Dredging Pvt. Ltd. (Formerly Mercator FPSO Pvt. Ltd.)	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U11100MH 2011PTC223593	Subsidiary	100	2(87)(ii)
4	Oorja Resources India Pvt. Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U51109MH 2009PTC195418	Subsidiary	100	2(87)(ii)
5	Mercator Oceantransport Limited	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U63090MH 2018PLC304443	Subsidiary	100	2(87)(ii)
6	Mercator International Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
7	Offshore Holdings Company Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
8	Mercator Energy Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	75	2(87)(ii)
9	Oorja Holdings Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
10	Oorja 1 Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
11	Oorja 2 Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square, Singapore 409051	NA	Subsidiary	100	2(87)(ii)

Sr. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
12	Oorja 3 Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square, Singapore 409051	NA	Subsidiary	100	2(87)(ii)
13	Panther Resources Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square, Singapore 409051	NA	Subsidiary	100	2(87)(ii)
14	Oorja Mocambique Limitada	Av. Guerra Popular, 1028 2º Andar, Maputo, Mozambique	NA	Subsidiary	100	2(87)(ii)
15	Broadtec Mocambique Minas Limitada	Av. Guerra Popular, 1028 2º Andar, Maputo, Mozambique	NA	Subsidiary	85	2(87)(ii)
16	PT Oorja Indo Petangis Four	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
17	PT Oorja Indo Petangis Three	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
18	PT Oorja Indo KGS	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
19	MCS Holdings Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
20	PT Mincon Indo Resources	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
21	Mercator Offshore (P) Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	76.25	2(87)(ii)
22	Oorja (Batua) Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
23	PT Bima Gema Permata	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
24	PT Nuansa Sakti Kencana	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
25	PT Karya Putra Borneo	Menara Prima II, 20th floor Unit A&B Jl. Lingkar Mega Kuningan No. 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	45	2(87)(i)
26	PT Indo Perkasa	Bl-7-8, Citraland, Jl. D.I. Panjiaitan Komp. Roko, Samarinda	NA	Subsidiary	22.95	2(87)(i)
27	Mercator Projects Pte. Ltd.	8 Shenton Way, AXA Tower, #12-02, Singapore 068811	NA	Subsidiary	75	2(87)(ii)
28	Mercator Offshore Assets Holding Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	75	2(87)(ii)
29	Mercator Okwok FPU Pte. Ltd.	8 Shenton Way, AXA Tower, #12-02, Singapore 068811	NA	Subsidiary	75	2(87)(ii)
30	Mercator Okoro FPU Pte. Ltd.	8 Shenton Way, AXA Tower, #12-02, Singapore 068811	NA	Subsidiary	75	2(87)(ii)
31	Brio Resources Pte Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	NA	Subsidiary	100	2(87)(ii)
32	Marvel Value International Ltd.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Island.	NA	Subsidiary	100	2(87)(ii)
33	MCS Investment & Trading Ltd .	LOB 16, Suit # 309, Jebel Ali Free Zone, PO Box No 262794, Dubai, UAE	NA	Subsidiary	100	2(87)(ii)

IV.Share holding pattern (equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Sr. No	Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2017				No. of Shares held at the end of the year 31/03/2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	73,874,100	0	73,874,100	27.37	74174100	0	74174100	24.52	-2.85
(b)	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
(d)	Any Other (Specify)									
	Bodies Corporate	18,406,250	0	18,406,250	6.82	18406250	0	18406250	6.09	-0.73
	Sub Total (A)(1)	**92,280,350**	**0**	**92,280,350**	**34.19**	**92580350**	**0**	**92580350**	**30.61**	**0**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	361250	0	361250	0.13	361250	0	361250	0.12	-0.01
(b)	Government	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)									
	Sub Total (A)(2)	361,250	0	361,250	0.13	361250	0	361250	0.12	-0.01
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**92,641,600**	**0**	**92,641,600**	**34.32**	**92941600**	**0**	**92941600**	**30.73**	**-3.59**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	100,000	75000	175,000	0.07	0	75000	75000	0.02	-0.04
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	0	0	0	0	0	0	0	0	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investor	38,057,961	5,000	38,062,961	14.10	46642065	0	46642065	15.42	1.32
(f)	Financial Institutions / Banks	2,325,058	0	2,325,058	0.86	5266217	0	5266217	1.74	0.88
(g)	Insurance Companies	0	0	0	0	0	0	0	0	0
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
(i)	Any Other (Specify)				0					
	Foreign Venture Capital	100,000	0	100,000	0.04	0	0	0	0	0.04
	Sub Total (B)(1)	**40,583,019**	**80,000**	**40,663,019**	**15.09**	**51908282**	**75000**	**51983282**	**17.19**	**2.09**
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	3400	0	3400	0	1000	0	1000	0.00	0
	Sub Total (B)(2)	**3400**	**0**	**3400**	**0**	**1000**	**0**	**1000**	**0.00**	**0**
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	62,124,214	2,164,687	64,288,901	23.82	67461326	1489529	68950855	22.80	-1.02
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16,940,813	0	16,940,813	6.28	24876777	0	24876777	8.22	1.95
(b)	NBFCs registered with RBI	0	0	0	0	1105859	0	1105859	0.37	0.37
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)	55,253,340	101,000	55,324,840	21.99	62,544,462	55,500	62,599,962	20.70	-1.30
	IEPF	0	0	0	0	805059	0	805059	0.27	0.27
	Foreign Nationals	1,500	0	1,500	0	0	0	0	0.00	0
	Hindu Undivided Family	4,787,204	0	4,787,204	1.77	5115313	0	5115313	1.69	-0.08
	Non Resident Indians (Non Repat)	755,224	0	755,224	1.77	850912	0	850912	0.28	-1.49
	Non Resident Indians (Repat)	2,879,422	71,500	2,950,922	1.09	2419936	53500	2473436	0.82	-0.28
	Office Bearers	47,150	0	47,150	0.02	1950	0	1950	0.00	-0.02
	Foreign Portfolio Investor (Individual)	1,767,500	0	1,767,500	0.65	4000	0	4000	0.00	-0.65
	Clearing Member	5,083,842	0	5,083,842	1.89	6778343	0	6778343	2.24	0.36
	Bodies Corporate	**39,931,498**	**29500**	**39,931,498**	**14.80**	**46568949**	**2000**	**46570949**	**15.40**	**0.60**
	Sub Total (B)(3)	**134,318,367**	**2,265,687**	**136,584,054**	**50.61**	**155,988,424**	**1,545,029**	**157,533,453**	**52.08**	**1.48**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**174,904,786**	**2,345,687**	**177,250,473**	**65.67**	**207,897,706**	**1,620,029**	**209,517,735**	**69.27**	**3.60**
	Total (A)+(B)	**267,546,386**	**2,345,687**	**269,892,073**	**100.00**	**300,839,306**	**1,620,029**	**302,459,335**	**100.00**	**0**
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder					0	0	0	0	0
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total (A)+(B)+(C)	**267,546,386**	**2,345,687**	**269,892,073**	**100.00**	**300839306**	**1620029**	**302459335**	**100.00**	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/2017)			Shareholding at the end of the year (31/03/2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encum-bered to total shares	
1	Mr. H. K. Mittal	46766700	17.33	35.24	47066700	15.56	52.54	(1.77)
2	Mrs. Archana Mittal	27027400	10.01	15.17	27027400	8.93	67.68	*(1.08)
3	AHM Investments Pvt Ltd	18406250	6.82	5.98	18406250	6.08	52.17	*(0.74)
4	Mr. Shalabh Mittal	361250	0.13	-	361250	0.11	-	*(0.02)
5	Mr. Adip Mittal	80000	0.03	-	80000	0.02	-	*(0.28)

(* Change in shareholding is on account of issue of shares by way of Qualified Institutional Placement during the year under review)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. H K Mittal	46766700	17.33	01 Apr, 2017			46766700	15.4621
				08 Sept, 2017	3,00,000	Purchase	47066700	15.5613
		47066700	**15.56**	**31 Mar, 2018**			**47066700**	**15.5613**

(change in % on account of QIP issue)

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Government of Singapore	15366840	5.08	01 Apr 2017				
				24 Nov 2017	1970119	Transfer	17336959	5.73
		17336959	5.73	31Mar 2018			17336959	5.73
2	KITARA PIIN 1101	8159,363	3.02	01 Apr 2017				
		8159,363	3.02	31 Mar 2018			8,159,363	3.02
3	ASHIKA CREDIT CAPITAL LTD.	118691	0.04	01 Apr 2017				
				07 Apr 2017	(10000)	Transfer	108691	0.04
				26 May 2017	97	Transfer	108788	0.04
				02 Jun 2017	1000	Transfer	109788	0.04
				16 Jun 2017	300000	Transfer	409788	0.14
				23 Jun 2017	(50000)	Transfer	359788	0.12
				21 Jul 2017	(26000)	Transfer	333788	0.11
				28 Jul 2017	(25000)	Transfer	308788	0.10
				18 Aug 2017	75000	Transfer	383788	0.13
				25 Aug 2017	200600	Transfer	584388	0.19
				01 Sep 2017	(600)	Transfer	583788	0.19
				08 Sep 2017	428577	Transfer	1012365	0.33
				15 Sep 2017	48000	Transfer	1060365	0.35
				22 Sep 2017	1100	Transfer	1061465	0.35
				29 Sep 2017	870490	Transfer	1931955	0.64

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				06 Oct 2017	(300000)	Transfer	1631955	0.54
				13 Oct 2017	200	Transfer	1632155	0.54
				20 Oct 2017	(10300)	Transfer	1621855	0.54
				27 Oct 2017	(895500)	Transfer	726355	0.24
				03 Nov 2017	(320097)	Transfer	406258	0.13
				10 Nov 2017	1195121	Transfer	1601379	0.53
				17 Nov 2017	76602	Transfer	1677981	0.55
				24 Nov 2017	(1299606)	Transfer	378375	0.13
				01 Dec 2017	795200	Transfer	1173575	0.39
				08 Dec 2017	(600)	Transfer	1172975	0.39
				15 Dec 2017	1098344	Transfer	2271319	0.75
				22 Dec 2017	1651856	Transfer	3923175	1.30
				29 Dec 2017	4703	Transfer	3927878	1.30
				05 Jan 2018	1436192	Transfer	5364070	1.77
				12 Jan 2018	98146	Transfer	5462216	1.81
				19 Jan 2018	(123336)	Transfer	5338880	1.77
				26 Jan 2018	706060	Transfer	6044940	2.00
				02 Feb 2018	545408	Transfer	6590348	2.18
				09 Feb 2018	(22119)	Transfer	6568229	2.17
				16 Feb 2018	(300000)	Transfer	6268229	2.07
				23 Feb 2018	(75000)	Transfer	6193229	2.05
				09 Mar 2018	(48702)	Transfer	6144527	2.03
				16 Mar 2018	50200	Transfer	6194727	2.05
				31 Mar 2018	(100)	Transfer	6194627	2.05
		6194627	2.05	31Mar 2018			6194627	2.05
4	MONETARY AUTHORITY OF SINGAPORE	5540355	1.83	01 Apr 2017				
				24 Nov 2017	632120	Transfer	6172475	2.04
		6172475	2.04	31 Mar 2018			6172475	2.04
5	RESONANCE OPPORTUNITIES FUND	50000	0.02	01 Apr 2017				
				27 Oct 2017	110000	Transfer	160000	0.05
				24 Nov 2017	7950000	Transfer	8110000	2.68
				01 Dec 2017	(394729)	Transfer	7715271	2.55
				08 Dec 2017	(556271)	Transfer	7159000	2.37
				15 Dec 2017	(2000000)	Transfer	5159000	1.71
				22 Dec 2017	(923000)	Transfer	4236000	1.40
				05 Jan 2018	(610657)	Transfer	3625343	1.20
				12 Jan 2018	(256253)	Transfer	3369090	1.11
				19 Jan 2018	(1106629)	Transfer	2262461	0.75
				23 Feb 2018	500000	Transfer	2762461	0.91
				02 Mar 2018	2143864	Transfer	4906325	1.62
				09 Mar 2018	403848	Transfer	5310173	1.76
				16 Mar 2018	146152	Transfer	5456325	1.80
		5456325	1.80	31 Mar 2018			5456325	1.80
6	AXIS BANK LIMITED	1342891	0.44	01 Apr 2017				
				07 Apr 2017	49780	Transfer	1392671	0.46
				14 Apr 2017	120000	Transfer	1512671	0.50
				21 Apr 2017	(6000)	Transfer	1506671	0.50
				28 Apr 2017	(118600)	Transfer	1388071	0.46
				05 May 2017	139900	Transfer	1527971	0.51
				12 May 2017	77053	Transfer	1605024	0.53
				19 May 2017	35677	Transfer	1640701	0.54
				26 May 2017	(92391)	Transfer	1548310	0.51
				02 Jun 2017	117664	Transfer	1665974	0.55
				09 Jun 2017	(24900)	Transfer	1641074	0.54
				16 Jun 2017	5517	Transfer	1646591	0.54
				23 Jun 2017	2230	Transfer	1648821	0.55
				30 Jun 2017	(48760)	Transfer	1600061	0.53
				07 Jul 2017	(11970)	Transfer	1588091	0.53
				14 Jul 2017	38075	Transfer	1626166	0.54
				21 Jul 2017	(23995)	Transfer	1602171	0.53
				28 Jul 2017	18310	Transfer	1620481	0.54
				04 Aug 2017	(96741)	Transfer	1523740	0.50

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				11 Aug 2017	110510	Transfer	1634250	0.54
				18 Aug 2017	3715	Transfer	1637965	0.54
				25 Aug 2017	(45096)	Transfer	1592869	0.53
				01 Sep 2017	(199910)	Transfer	1392959	0.46
				08 Sep 2017	147690	Transfer	1540649	0.51
				15 Sep 2017	182	Transfer	1540831	0.51
				22 Sep 2017	(13440)	Transfer	1527391	0.51
				29 Sep 2017	(14203)	Transfer	1513188	0.50
				06 Oct 2017	60650	Transfer	1573838	0.52
				13 Oct 2017	17305	Transfer	1591143	0.53
				20 Oct 2017	(8900)	Transfer	1582243	0.52
				27 Oct 2017	(44574)	Transfer	1537669	0.51
				03 Nov 2017	(1279158)	Transfer	258511	0.09
				10 Nov 2017	172310	Transfer	430821	0.14
				17 Nov 2017	121293	Transfer	552114	0.18
				24 Nov 2017	5495710	Transfer	6047824	2.00
				01 Dec 2017	(62710)	Transfer	5985114	1.98
				08 Dec 2017	293601	Transfer	6278715	2.08
				15 Dec 2017	(2660)	Transfer	6276055	2.08
				22 Dec 2017	(3286145)	Transfer	2989910	0.99
				29 Dec 2017	2606486	Transfer	5596396	1.85
				05 Jan 2018	(610)	Transfer	5595786	1.85
				12 Jan 2018	112669	Transfer	5708455	1.89
				19 Jan 2018	(907565)	Transfer	4800890	1.59
				26 Jan 2018	(56347)	Transfer	4744543	1.57
				02 Feb 2018	(40507)	Transfer	4704036	1.56
				09 Feb 2018	27248	Transfer	4731284	1.56
				16 Feb 2018	3513	Transfer	4734797	1.57
				23 Feb 2018	2348	Transfer	4737145	1.57
				02 Mar 2018	(128261)	Transfer	4608884	1.52
				09 Mar 2018	89381	Transfer	4698265	1.55
				16 Mar 2018	(7728)	Transfer	4690537	1.55
				23 Mar 2018	10204	Transfer	4700741	1.55
				31 Mar 2018	(303185)	Transfer	4397556	1.45
		4397556	1.45	31 Mar 2018			4397556	1.45
7	AKASH BHANSHALI	1800000	0.60	01 Apr 2017				
				23 Jun 2017	1270555	Transfer	3070555	1.02
				01 Sep 2017	1413089	Transfer	4483644	1.48
				08 Sep 2017	256457	Transfer	4740101	1.57
				16 Feb 2018	(1500000)	Transfer	3240101	1.07
		3240101	1.07	31 Mar 2018			3240101	1.07
8	NOMURA SINGAPORE LIMITED	0	0	01 Apr 2017				
				03 Nov 2017	500000	Transfer	500000	0.17
				24 Nov 2017	3982282	Transfer	4482282	1.48
				01 Dec 2017	(2222400)	Transfer	2259882	0.75
				08 Dec 2017	(310000)	Transfer	1949882	0.65
				19 Jan 2018	1000000	Transfer	2949882	0.98
		2949882	0.98	31 Mar 2018			2949882	0.98
9	LATA BHANSHALI	1446342	0.48	01 Apr 2017				
				23 Mar 2018	1500000	Transfer	2946342	0.97
		2946342	0.97	31 Mar 2018			2946342	0.97
10	SHAREKHAN BNP PARIBAS FINANCIAL SERVICES PVT LTD	881624	0.29	01 Apr 2017				
				07 Apr 2017	52789	Transfer	934413	0.31
				14 Apr 2017	901374	Transfer	954163	0.32
				21 Apr 2017	177028	Transfer	1078402	0.36
				28 Apr 2017	664431	Transfer	841459	0.28
				19 May 2017	148545	Transfer	812976	0.27

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				26 May 2017	-7749	Transfer	805227	0.27
				02 Jun 2017	1000	Transfer	806227	0.27
				09 Jun 2017	7100	Transfer	813327	0.27
				16 Jun 2017	10635	Transfer	823962	0.27
				23 Jun 2017	11300	Transfer	812662	0.27
				30 Jun 2017	20000	Transfer	832662	0.28
				07 Jul 2017	(33943)	Transfer	798719	0.26
				14 Jul 2017	(2800)	Transfer	801519	0.27
				21 Jul 2017	(145000)	Transfer	656519	0.21
				28 Jul 2017	(199000)	Transfer	457519	0.15
				04 Aug 2017	(16754)	Transfer	440765	0.15
				11 Aug 2017	(15894)	Transfer	424871	0.14
				18 Aug 2017	35108	Transfer	459979	0.15
				01 Sep 2017	105569	Transfer	565548	0.18
				08 Sep 2017	(1944)	Transfer	563604	0.19
				15 Sep 2017	61876	Transfer	625480	0.21
				22 Sep 2017	51937	Transfer	677417	0.22
				29 Sep 2017	25025	Transfer	702442	0.23
				06 Oct 2017	90557	Transfer	792999	0.26
				13 Oct 2017	111953	Transfer	904952	0.30
				20 Oct 2017	54185	Transfer	959137	0.32
				27 Oct 2017	(7789)	Transfer	951348	0.31
				03 Nov 2017	(241547)	Transfer	709801	0.23
				10 Nov 2017	(286629)	Transfer	423172	0.14
				17 Nov 2017	41778	Transfer	464950	0.15
				24 Nov 2017	14242	Transfer	479192	0.16
				01 Dec 2017	48275	Transfer	527467	0.17
				08 Dec 2017	9747	Transfer	537214	0.18
				15 Dec 2017	52436	Transfer	589650	0.20
				22 Dec 2017	88754	Transfer	675404	0.22
				29 Dec 2017	66204	Transfer	741608	0.25
				05 Jan 2018	195979	Transfer	937587	0.31
				12 Jan 2018	9235	Transfer	946822	0.31
				19 Jan 2018	5541	Transfer	952363	0.31
				26 Jan 2018	(100854)	Transfer	851509	0.28
				02 Feb 2018	(178325)	Transfer	673184	0.22
				09 Feb 2018	1517	Transfer	674701	0.22
				16 Feb 2018	(396)	Transfer	674305	0.22
				23 Feb 2018	(31195)	Transfer	643110	0.21
				02 Mar 2018	12224	Transfer	655334	0.22
				09 Mar 2018	(75123)	Transfer	580211	0.19
				16 Mar 2018	1490	Transfer	581701	0.19
				23 Mar 2018	2136622	Transfer	2718323	0.90
				31 Mar 2018	(-25883)	Transfer	2692440	0.89
		2692440	0.89	31 Mar 2018			2692440	0.89
11	MENTOR CAPITAL LIMITED	5760165	1.90	01 Apr 2017				
				07 Apr 2017	10000	Transfer	5770165	1.91
				14 Apr 2017	(20000)	Transfer	5750165	1.90
				21 Apr 2017	70733	Transfer	5820898	1.92
				28 Apr 2017	(225000)	Transfer	5595898	1.85
				26 May 2017	136580	Transfer	5732478	1.90
				02 Jun 2017	82371	Transfer	5814849	1.92
				16 Jun 2017	(154425)	Transfer	5660424	1.87
				23 Jun 2017	(200210)	Transfer	5460214	1.81
				14 Jul 2017	666888	Transfer	6127102	2.03
				21 Jul 2017	(381321)	Transfer	5745781	1.90
				11 Aug 2017	(13656)	Transfer	5732125	1.90
				18 Aug 2017	317528	Transfer	6049653	2.00
				25 Aug 2017	234629	Transfer	6284282	2.08
				01 Sep 2017	76740	Transfer	6361022	2.10
				08 Sep 2017	(1283559)	Transfer	5077463	1.68

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				29 Sep 2017	(300792)	Transfer	4776671	1.58
				06 Oct 2017	10900	Transfer	4787571	1.58
				13 Oct 2017	(10000)	Transfer	4777571	1.58
				27 Oct 2017	450	Transfer	4778021	1.58
				03 Nov 2017	(4144316)	Transfer	633705	0.21
				10 Nov 2017	(633705)	Transfer	0	0
				24 Nov 2017	2433083	Transfer	2433083	0.80
				01 Dec 2017	(626205)	Transfer	1806878	0.60
				08 Dec 2017	(148570)	Transfer	1658308	0.55
				15 Dec 2017	(920105)	Transfer	738203	0.24
				12 Jan 2018	457656	Transfer	1195859	0.40
				23 Mar 2018	(90000)	Transfer	1105859	0.37
		1105859	0.37	31 Mar 2018			1105859	0.37
12	AADI FINANCIAL ADVISORS LLP	1836000	0.61	01 Apr 2017				
				01 Sep 2017	100000	Transfer	1936000	0.64
				02 Mar 2018	(900000)	Transfer	1036000	0.34
		1036000	0.34	31 Mar 2018			1036000	0.34
13	LKP FINANCE LIMITED	5857142	1.94	01 Apr 2017				
				14 Apr 2017	(250000)	Transfer	5607142	1.85
				11 Aug 2017	(460000)	Transfer	5147142	1.70
				08 Sep 2017	(2500000)	Transfer	2647142	0.88
				03 Nov 2017	(364920)	Transfer	2282222	0.75
				10 Nov 2017	(1141180)	Transfer	1141042	0.38
				01 Dec 2017	(500000)	Transfer	641042	0.21
				15 Dec 2017	(300000)	Transfer	341042	0.11
				22 Dec 2017	(340000)	Transfer	1042	0
				12 Jan 2018	(100)	Transfer	942	0
				02 Feb 2018	335000	Transfer	335942	0.11
				23 Mar 2018	(50000)	Transfer	285942	0.09
				31 Mar 2018	(100000)	Transfer	185942	0.06
		185942	0.06	31 Mar 2018			185942	0.06
14	TALMA CHEMICAL INDUSTRIES PVT LTD	2200218	0.73	01 Apr 2017				
				01 Sep 2017	(2200218)	Transfer	0	0
		0	0	31 Mar 2018			0	0
15	ELARA INDIA OPPORTUNITIES FUND LIMITED	1814000	0.60	01 Apr 2017				
				28 Apr 2017	(150000)		1664000	0.55
				12 May 2017	(850000)		814000	0.27
				19 May 2017	(210000)		604000	0.20
				26 May 2017	(300000)		304000	0.10
				02 Jun 2017	(304000)		0	0
		0	0	31/03/2018			0	0

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. H. K. Mittal	46,766,700	17.33	01 Apr 2017				
					300000	Purchase	47066700	
		47066700	15.56	31 Mar 2018			47066700	15.56
2	Mr. Shalabh Mittal	361,250	0.13	01 Apr 2017	0	NA		
		361,250	0.11	31 Mar 2018			361,250	0.11
3	Mrs. Archana Mittal	2,70,27,400	10.01	01 Apr 2017	0	NA		
		2,70,27,400	8.93	31 Mar 2018			2,70,27,400	8.93
4	Mr. Anil Khanna	173050	0.06	01 Apr 2017	0	NA	173050	0.06
	(w.e.f. 21.11.2017)	173050	0.06	31 Mar 2018			173050	0.06
5	Mr. M. M. Agrawal	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018			0	0
6	Mr. Gunender Kapur	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018			0	0
7	Mr. Desh Raj Dogra (upto 08.01.2018)	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018			0	0
8	Mr. Prasad Patwardhan (upto 29.05.2017)	200	0.00	01 Apr 2017	0	NA		
		200	0.00	31 Mar 2018			200	0.00
9	Mr. Kiran Vaidya (upto 31.01.2018)	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018			0	0
10	Mr. Rajendra Kothari (w.e.f 01.02.2018)	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018			0	0
11	Mr. Suhas Pawar (upto 26.03.2018)	0	0	01 Apr 2017	0	NA		
		0	0	31 Mar 2018	0			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

₹ In crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8.40	0.91	-	9.31
ii) Interest due but not paid				
iii) Interest accrued but not due	0.12	-		0.12
Total (i+ii+iii)	**8.52**	**0.91**	**-**	**9.43**
Change in Indebtedness during the financial year				
* Addition	0.00	0.05	-	0.05
* Reduction	(1.16)	-		(1.16)
Net Change	**(1.16)**	**0.05**	**-**	**(1.11)**
Indebtedness at the end of the financial year				
i) Principal Amount	7.31	0.96	-	8.28
ii) Interest due but not paid				
iii) Interest accrued but not due	0.04	-		0.04
Total (i+ii+iii)	**7.36**	**0.96**	**-**	**8.32**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In crore)

Sl No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
1	Gross salary	Mr. H. K. Mittal	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.69	0.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.03
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	-
	Total (A)	0.72	0.72
	Ceiling as per the Act	₹120 lakhs plus 0.01% of the effective capital in excess of ₹ 250 crore as per Schedule V of the Act (the said limit is double if special resolution is passed)	

B. Remuneration to other directors

(₹ In crore)

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. M. Agrawal	Mr. Anil Khanna (w.e.f. 21.11.2017)	Mr. Gunender Kapur	Mr. Desh Raj Dogra (upto 08.01.2018)	Mrs. Archana Mittal	
1	Independent Directors						
	Fee for attending board committee meetings	0.10	0.06	0.03	0.04	-	0.23
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**0.10**	**0.06**	**0.03**	**0.04**	**-**	**0.23**
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	-	-	-	-	0.03	0.03
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**0.03**	**0.03**
	Total (B)=(1+2)	**0.10**	**0.06**	**0.03**	**0.04**	**0.03**	**0.26**
	Total Managerial Remuneration	NIL					
	Overall Ceiling as per the Act	The Company has paid only sitting fees to Non-Executive Directors which is below the ceiling of ₹ 1,00,000/- per meeting as prescribed under the Companies Act, 2013.					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ In crore)

Sl No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CFO	CFO	CEO	CS	
		Mr. Kiran Vaidya (upto 31.01.2018)	Mr. Rajendra Kothari (w.e.f. 01.02.2018)	Mr. Shalabh Mittal	Mr. Suhas Pawar (upto 26.03.2018)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.66	0.10	0.73	0.07	1.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	0.55	-	0.55
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission			-		
	- as percentage of profit	-	-	-	-	-
	others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**0.66**	**0.10**	**1.28**	**0.07**	**2.11**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL				
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL				
Penalty					
Punishment					
Compounding					

Annexure V

Policy for Selection and appointment of Director(s) to the Mercator Limited Board

Policy

The company's primary objective in relation to the composition of the Board is to have a well-balanced group with a variety of backgrounds, skills and experience. The priority in the nomination of a proposed board member is to identify their respective skills that will add value to the company and which may not exist in the present composition of board members. The appointment should also be in accordance to the Diversity policy of the company

The Mercator Limited (ML) board is responsible for the long-term success of the company and its first responsibility is to provide direction and leadership within a framework of prudent and effective controls. The purpose of this policy is to promote practical guidelines for the selection and nomination of directors ensuring a formal and transparent process.

The Context

The starting point for ML board in the recruitment of new directors is to review of the company's strategy and business. It is important to review the context for each new appointment as strategy changes.

Size of the ML Board

The company's constitution normally sets out the size of the Board. The number of Board members depends on the size and complexity of the organization, the type of business, industry and the operating environment. The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors. The company has an executive Chairman/ promoter; therefore at least half of the Board should comprise independent directors. Independent director shall mean a Non-Executive Director who satisfies the criteria defined under the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Conflicts of Interest

When selecting directors, the ML Board would be conscious of shareholder and public perceptions and seek to avoid situations where there might be a perceived or real conflict of interest. Candidates who have conflicting interests to the company would not be short listed.

Diversity

Diversity in Board demographics provides with competitive advantage. Diversity would be factored into the equation when considering the selection and nomination of a new director.

Criteria for determining qualifications and attributes of a Director:

- ## Age:

  Any person to be appointed as a Director should be more than 21 years of age and less than 68 years.

- ## Education:

  Generally, it is desirable that a candidate should hold a graduate degree from a respected college or university. It is further desirable for the candidate to have earned a masters or doctoral degree.

- ## Qualifications:

  Any person to be appointed as a Director on the Board of ML, including but not limited to, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

- ## Experience:

  Any person to be appointed as a Director on the Board of ML shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment. A candidate should have sufficient applicable experience to fully understand the legal and financial aspects (should be able to read and understand a financial statement) of an independent director. International experience (such as living and working outside India) in many cases is considered as a significant positive characteristic in a Board candidate's profile. A Director must also possess experience at policy-making and operational levels in large organizations.

- ## Individual Characteristics:

  The candidate should have the personal qualities to be able to make a substantial active contribution to board deliberations. These qualities include intelligence, self-assuredness, a high ethical standard, inter-personal skills, independence, courage, a willingness to ask the difficult question, good communication skills and commitment.

  A Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interests and concerns of

all the company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

- **Availability:**

  The candidate should have sufficient time available to discharge the duties and responsibilities of board membership, including time to gain knowledge of the industry, to prepare for board meetings, and to participate in committees.

- **Other requirements:**

  The Candidate is expected to have:

  - Practical wisdom and good judgment.
  - An understanding of key technologies.
  - Decision making – exploring options and choosing those that have the greatest benefit to the organization and its performance.
  - Interpersonal sensitivity – a willingness to keep an open mind and recognize other perspectives.
  - Ability to mentor other directors.
  - Innovator - a willingness to challenge management and challenge assumptions, stimulate board discussion with new, alternative insights and ideas.
  - Willingness to deal with tough situations.
  - Vision, imagination and foresight.

Responsibilities/Functions:

Upon appointment, a Director is expected to perform his role and duties under the act and the Listing Agreement.

Tenure:

An independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years. He shall be eligible for appointment after the expiration of three years of ceasing to become an independent director and shall not be appointed in or be associated with the company in any other capacity, either directly or indirectly, during the said period of three years.

Any person to be appointed as Director shall not possess any of the disqualifications as mentioned below:

a. He/she shall not be of unsound mind nor stand so declared by a competent court.

b. He/she shall not be an undercharged insolvent.

c. He/she has not applied to be adjudicated as an insolvent and his/her application is pending.

d. He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;

e. He/she has not been issued an order by a court or Tribunal disqualifying him/her for appointment as a director and the order is in force;

f. He/she has not paid any calls in respect of any shares of the company held by him/her whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;

g. He/she has not been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;

Resignation and Removal:

The resignation or removal of an Independent Director shall be in the same manner as is provided in Section 168 and 169 of the Act. An Independent Director who resigns or is removed from the Board of the Company would be replaced by a new Director within a period of one hundred eighty days from the date of such resignation or removal, as the case may be.

Vacation of office:

The office of a director shall become vacant in case:

a. he/she incurs any of the disqualifications as specified above;

b. he/she absents himself/herself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;

c. he/she acts in contravention of the provisions of section 184 of the act relating to entering into contracts or arrangements in which he/she is directly or indirectly interested;

d. he/she fails to disclose his/her interest in any contract or arrangement in which he/she is directly or indirectly interested, in contravention of the provisions of section 184;

e. he/she becomes disqualified by an order of a court or the Tribunal;

f. he/she has been issued an appeal or convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

g. he/she is removed in pursuance of the provisions of this Act;

h. he/she, having been appointed a director by virtue of his/her holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

Letter of appointment

Upon appointment, a Director would be issued letter of appointment in format as specified our website http://mercator.in/investors/index.aspx?id=7055

Process of Performance evaluation of directors:

Need for Evaluation Process

The recent failures of corporate throughout the world have led the investors, regulators and the general public at large to question the effective functioning of the board

of any company. The investors have started questioning the collective decision making competency in terms of quality, skills and even the individual capabilities and capacities of individual directors who hold the position in any company.

There is also emphasis on the director's responsibilities at the same time and the directors themselves should undertake a formal and regular objective based evaluation of their own performance in terms of strategies, monitoring control, statutory compliance and corporate governance and as well on the obligation of the whole board to reevaluate the mix of skill and experience.

Evaluation Mechanism

The assessment carried on the basis of following criteria

- Valuable Input Provided;
- Dedication and Commitment;
- Industry Knowledge;
- Overall contribution; and
- Compliances under Companies Act;
- Independence;
- Independent views and judgement;
- Integrity;
- Ability to function as Team

Report on Corporate Governance

(Forming part of Directors' Report for the year ended on March 31, 2018)

Company's philosophy:

The Company strongly believes in ethical way of conducting business and in maintaining the highest standards of corporate governance. Corporate Governance is practiced at all levels of the Company and not restricted only to the Board of Directors. The Company upholds its relationship with the society and its social responsibility for environmental safety and human welfare. Corporate governance to the company is not just a compliance issue but central guiding principle for everything it does. It's a way of thinking, way of conducting business and a way to steer the organization to take on challenges for now and for the future. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

I. Board of directors:

As at the year end March 31, 2018, the Board of Directors of the Company comprised of Five Directors; One Executive Director and Four Non-Executive Directors, out of which three are Independent Directors and one is Non-Executive Woman Director. The Company is in compliance with the requirement of at least half of the Board comprising of Independent Directors as the Chairman of the Board is an Executive Director and a Promoter. There is no Nominee Director on the Board of the Company. Subsequent to the year end on April 27, 2018, Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN:02558443) were appointed as Additional Directors (Independent) of the Company to hold office upto the date of ensuing Annual General Meeting of the Company. The Company has issued letter of appointment to all the Independent Directors as per Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on its website.

http://mercator.in/about/index.aspx?id=7002

Changes in Board Composition during the year:

During the year, Mr. Anil Khanna (DIN:0199924), was appointed as an Additional Director (Independent Director) by the board w.e.f. November 21, 2017 to hold office up to the date of ensuing Annual General Meeting of the Company. Mr. Desh Raj Dogra (DIN:00226775) resigned from the office of Director of the Company w.e.f. January 08, 2018. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he/she is Director; and necessary disclosures to this effect has been received by the Company from all the Directors.

During the year, in all Nine Board Meetings were held i.e. on May 30, 2017, July 25, 2017, August 12, 2017, October 30, 2017, December 13, 2017, January 29, 2018, February 14, 2018, March 23, 2018 and March 27, 2018. The time interval between any two consecutive meetings was not more than 120 days. The details of Directors and their attendance record at Board Meetings held during the year, at last Annual General Meeting and number of other Directorships and Chairmanships / membership of Committees are given below:

Sr. No	Name of Director & DIN	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships in Indian Public Companies*	No. of committee membership in other Companies**	No. of committee Chairmanship in other Companies**
1	Mr. H. K. Mittal (DIN: 00007690)	Executive Chairman & Promoter	6	Yes	4	0	0
2	Mr. M. M. Agrawal (DIN: 00681433)	Non-Executive Independent	9	Yes	4	3	0
3	Mr. Gunender Kapur (DIN: 01927304)	Non-Executive Independent	3	Yes	0	0	0
4	Mrs. Archana Mittal (DIN: 00007972)	Non-Executive Non Independent	5	Yes	3	0	0
5	Mr. Desh Raj Dogra (DIN:00226775) (upto 08.01.2018)	Non- Executive Independent	4	Yes	9	6	3
6	Mr. Anil Khanna (DIN: 0199924) (w.e.f 21.11.2017)	Non- Executive Independent	5	No	3	0	0

*Other directorships does not include One Person Company, Private Companies, Companies registered u/s 8 of the Companies Act, 2013, Alternate directorships and foreign Companies.

**In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships / Chairmanships of only the Audit Committees and Stakeholders' Relationship Committees of all Public Limited Companies have been considered.

All the information required to be furnished to the Board as mentioned under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation) was placed before the Board. Your Company's Board plays an important role in ensuring good governance and functioning of the Company. The Board consists of professionals from diverse fields who have vast experience in their respective areas. The Board's role, functions, responsibility are clearly defined. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board reviews periodical compliance reports of all laws applicable to the Company, presented by Chief Executive Officer at the meeting.

Independent Directors' Meeting:

During the year, a separate meeting of the Independent Directors was held on February 14, 2018, without the attendance of non-independent directors and members of the management. Majority of Independent Directors were present at the meeting.

Familiarisation Programme:

The Company has a familiarisation programme for Independent Directors to keep them familiarised and updated about the business and the operations of the Company and the same is available on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company, which has been posted on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

The said Code of Conduct also incorporated the duties of independent directors as laid down in the Companies Act, 2013. All Board Members and Senior Management Personnel have affirmed compliance with the code for the year ended on March 31, 2018. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2018 has been included elsewhere in this annual report.

II. Audit committee:

Composition:

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with relevant rules and the Listing Regulations, the Company has a qualified and Independent Audit Committee.

Mr. Anil Khanna (DIN:0199924), was appointed by the board as member of the Committee w.e.f. November 21, 2017. Further, Mr. Desh Raj Dogra (DIN: 00226775) who was appointed as member of audit committee on May 12, 2017 by the board, ceased to be member of the committee due to his resignation from the Office of Director of the Company w.e.f. January 08, 2018. As at March 31, 2018, the Committee comprised of three Independent Non-Executive Directors and one Executive Promoter Director. Mr. M. M. Agrawal (DIN: 00681433), Bachelor of Engineering and having vast experience in Banking and Finance Industry is the Chairman of the Committee; other members being Mr. H. K. Mittal (DIN:00007690), Master from Indian Institute of Technology-Roorkee, Executive Chairman of the Company, Mr. Gunender Kapur (DIN: 01927304), Mechanical Engineer (BITS- Pilani) and MBA (FMS Delhi University); and Mr. Anil Khanna (DIN:00199924) Chartered Accountant, all having a sound accounting knowledge. Chief Financial Officer along with the Internal Auditors and Statutory Auditors are invitees to the Audit Committee Meetings. All other Functional Heads/Managers are invited to attend the meeting, as and when necessary. Subsequent to the year end, Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN:02558443) were appointed as members of the committee w.e.f. April 27, 2018 and on the same day Mr. Gunender Kapur ceased to be member of the Committee.

The Committee is vested, inter alia, with following powers and terms of references as prescribed under relevant provisions of the Companies Act, including the rules made there under, and Listing Regulations.

The Audit committee is vested with following Powers:

a) To investigate any activity within its terms of reference.

b) To seek information from any employee.

c) To obtain outside legal or other professional advice.

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference:

The Audit Committee reviews the reports of the Internal Auditors and the Statutory Auditors periodically and discusses their findings and suggests the corrective measures.

The role of the Audit Committee is as follows: -

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by the management.

d) Significant adjustments made in the financial statements arising out of the audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions.

g) Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice (if any), and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower Mechanism;

19. Approval of appointment of CFO (i.e., the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time. The minutes of the Audit Committee meeting are always presented to the Board for its discussion and taking on record.

Meetings:

During the year, in all 7 meetings of the Audit Committee were held i.e. on May 30, 2017, August 12, 2017, October 30, 2017, December 13, 2017, January 29, 2018, February 14, 2018 and March 23, 2018. The time intervals between two meetings of the Committee were not more than 120 days.

Attendance of each member at the Audit Committee

Name of Director	No. of Meetings attended out of Seven held
Mr. H. K. Mittal (DIN: 00007690)	5
Mr. M M Agrawal (DIN: 00681433)	7
Mr. Gunender Kapur (DIN: 01927304)	2
Mr. Desh Raj Dogra (DIN: 00226775) (upto 08.01.2018)	3
Mr. Anil Khanna (DIN: 00199924) (w.e.f. 21.11.2017)	4

Statutory Auditors, Internal Auditors, Chief Financial Officer and Other functional heads attended the meetings as and when called for. The Company Secretary acted as the Secretary to the Committee.

Mr. M. M. Agrawal (DIN:00681433), Chairman of the Committee was present at the 33rd Annual General Meeting to reply to the Queries of the Shareholders.

Review of Information:

The Audit Committee was presented with necessary information from time to time for its review as required under the Listing Regulation and Section 177 of the Companies Act, 2013. There was no instance of management letter/letter of internal control weaknesses issued by the Statutory Auditors during the year under review.

III. Nomination and remuneration committee:-

Composition:

During the year, the Board of Directors reconstituted the Nomination and Remuneration Committee for 2 times i.e. on November 21, 2017, by appointing Mr. Anil Khanna (DIN: 00199924) as member of the Committee and, further on January 10, 2018, Mr. Desh Raj Dogra (DIN: 00226775) ceased to be the member of the committee due to his resignation from the office of Director of the Company w.e.f. January 08, 2018. As at March 31, 2018, the Committee comprised of Three Non-Executive Independent Directors, One Non- Executive Director and One Executive Director. Mr. Gunender Kapur (DIN: 01927304), was the Chairman of the Committee with Mr. M. M. Agrawal (DIN: 00681433) Mr. H. K. Mittal (DIN:00007690), Mr. Anil Khanna (DIN:00199924) and Mrs. Archana Mittal (DIN:00007972) being other members.

Mr. Gunender Kapur (DIN:01927304), Chairman of the Committee as on March 31, 2017 was present at the 33rd Annual General Meeting held on September 15, 2017 to reply to the Queries of the Shareholders.

Subsequent to the year end, the Board on April 27, 2018, reconstituted Committee by appointing Mr. Anil Khanna (DIN:00199924), member of Committee as Chairman and Mr. Gunender Kapur (DIN:01927304) stepped down as the Chairman and member of the committee. Mr. M.M. Agrawal stepped down as member of the committee. Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN: 02558443) were also appointed as members of the Committee.

Terms of Reference:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulation the role of the Nomination and Remuneration Committee includes the following:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a director;
2. Identification of persons who are qualified to become Directors and who may be appointed in senior management; recommend to the Board their appointment and removal;
3. Formulation of criteria for evaluation of Independent Directors and Board of Directors;
4. Formulation of Remuneration policy and recommend the same to the Board, relating to the remuneration for the directors, key managerial personnel and other employees ensuring the following:
    a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
    b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
5. Devising a policy on Board diversity;
6. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time.

Remuneration Policy:

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Company has adopted and implemented Remuneration Policy to recommend to the Board matters relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The objective of this Policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Committee, on behalf of the Board and the members, determines, with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors, Key Managerial Personnel and Senior Management Personnel including pension rights and any compensation payment.

Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors and other Directors, Board of Directors and Committees of the Board of Directors. The assessment was carried on the basis of following criteria

1. Provides Valuable Input;
2. Dedication and Commitment;
3. Industry Knowledge;
4. Overall contribution; and
5. Compliances under Companies Act
6. Independence
7. Independent views and judgement
8. Integrity
9. Ability to function as team

Meetings:

During the year, in all 3 meetings of the Nomination and Remuneration Committee which were held i.e. on May 30, 2017, January 29, 2018 and February 14, 2018 and necessary quorum was present at the meeting.

Attendance of each member at the Nomination and Remuneration Committee Meetings:

Name of Director	No. of Meetings attended out of Three held
Mr. M.M. Agrawal (DIN: 00681433)	3
Mr. H. K. Mittal (DIN: 00007690)	3
Mrs. Archana Mittal (DIN:00007972)	2
Mr. Gunender Kapur (DIN: 01927304)	0
Mr. Desh Raj Dogra (DIN:00226775) (up to 08.01.2018)	1
Mr. Anil Khanna (DIN:00199924) (w.e.f. 21.11.2017)	2

IV. Stakeholders relationship committee:

As at March 31, 2018 the Committee comprises of one Executive Director and two Non-Executive Directors to look after share transfer and other related matters, including the shareholders' grievances. Mr. M. M. Agrawal (DIN: 00681433), is the Chairman of the Committee with the other members being, Mr. H. K. Mittal (DIN:00007690) and Mrs. Archana Mittal (DIN:00007972). The Committee normally meets fortnightly. Authority to deal with Investor Grievance and other allied matters has been delegated to Registrar and Transfer Agent and Compliance Officer of the Company. The terms of reference of the Committee are as under:

1. To approve or deal with applications for transfer/ transmission; dematerialisation/ rematerialisation

of shares, issue of duplicate / split / sub-division / consolidation of certificates and to deal with all related matters.

2. To look into and redress shareholders / investors grievances relating to:
   a) Transfer of shares;
   b) Non-receipt of declared dividends;
   c) Non-receipt of annual reports;
   d) All such complaints directly concerning the shareholders / investors as stakeholders of the Company; and
   e) Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

24 Meetings of the Committee were held during the year. All the members attended all the meetings.

Mr. Deepak Dalvi- Assistant General Manager – Secretarial (up to October 4, 2017) and Mr. Suhas Pawar – Company Secretary (upto March 26, 2018) acted as Compliance Officers.

During the year, the Company received 14 complaints from the members all of which were duly resolved. 2 complaints were pending on the scores of SEBI as on March 31, 2018 which were subsequently resolved.

Further, during the year requests for Transmission of 699658 shares, Transfer of 1500 shares, Transfer (Exchange) of 1000 shares, and Demat of 720158 shares were received and processed.

V. Corporate social responsibility committee:

As at March 31, 2018, the Corporate Social Responsibility Committee of the Company comprised of three Directors. Mr. H. K. Mittal (DIN: 00007690) as its Chairman with Mr. Gunender Kapur (DIN: 01927304) and Mr. M. M. Agrawal (DIN: 00681433) being other members. Subsequently to the year end, Board Meeting held on April 27, 2018, the committee was reconstituted by replacing Mr. Gunender Kapur (DIN: 01927304) with Mr. Paritosh Kakkad (DIN: 02558443) as a member of Committee.

The Company has framed and amended the CSR Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Committee is authorized to plan, approve the operational procedures and supervise / monitor implementation of CSR policy.

VI. Risk management committee:

As at March 31, 2018, the Risk Management Committee comprised of Mr. Gunender Kapur (DIN: 01927304), who was the Chairman of the Committee and other members being Mr. M. M. Agrawal (DIN: 00681433), Independent Director, and Mr. Shalabh Mittal, Chief Executive Officer of the Company. Subsequent to the year end, the Board meeting held on April 27, 2018, the committee was reconstituted by replacing Mr. Gunender Kapur (DIN:01927304) with Mr. M. M. Agrawal (DIN:00681433) as Chairman of committee and Mr. Chetan Desai (DIN:03595319), was appointed as a member of Committee. The Company has laid down the procedure to inform Board members about risk assessment and minimization procedures.The Board periodically monitors the risk management plan.

VII. Subsidiary companies:

As at March 31, 2018; the Company had total 33 subsidiaries. The Indian Subsidiaries viz. Mercator Oil and Gas Limited, Mercator Petroleum Limited, Oorja Resources India Private Limited, Mercator Dredging Private Limited (formerly Mercator FPSO Private Limited) and Mercator Oceantransport Limited (w.e.f 18.01.2018) were neither listed nor material as at March 31, 2018. MCS Investment and Trading Limited was incorporated during the year. PT Indo Perkasa and MCS Holdings Pte. Ltd. are material non-listed foreign subsidiary of the Company. During the year, the Company has not disposed any shares that reduces shareholding to less than 50% or ceases the exercise of control over any of these subsidiaries other than Fortune Offshore O&M Pte. Ltd. and MCS Fuel Trading Sdn. Bhd. Mercator Projects Pte Ltd., Mercator Okwok FPU Pte Ltd, Mercator Okoro FPU Pte Ltd. have been under liquidation. Further the Company has not sold, disposed or leased the assets amounting to more than twenty percent of the assets of these subsidiaries. The Audit Committee reviews the financial statements including investments of all the subsidiary companies from time to time. The Minutes/resolutions of the Board Meetings of all the subsidiary companies (including step down subsidiary companies) are placed before the Board periodically for noting and taking on record. The Board periodically reviews a statement of all significant transactions, if any, entered into by any of the subsidiary companies. The Company has formulated a policy for determining "Material Subsidiaries", and the same is available on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

IX. Disclosures:

A. Basis of related party transactions:

i. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.

ii. At the beginning of every financial year, proposal for omnibus approval is placed before the Audit Committee for related party transactions with necessary details in compliance with relevant provisions of the Listing Regulation. All related party transactions were within prescribed limit and as per the Related Party Transaction Policy of the Company.

iii. Details of material individual transaction with

related parties are placed before the Audit Committee, whenever applicable.

iv. During the year, there was no material individual transaction with related parties or others which was neither in ordinary course of business nor on an arms length basis.

B. Disclosure of accounting treatment:

In the preparation of Financial Statements for the year ended on March 31, 2018; there was no treatment different from that prescribed in an Accounting Standard and applicable laws and regulations that had been followed.

C. Proceeds from public issues, rights issues, preferential issues etc.

During the year, the Company raised fund through qualified institutional placement by way of issue and allotment of 32,567,262 equity shares of ₹ 1/- each at a premium of ₹ 43.65 aggregating to ₹ 145.41 cr. Further, the Company raised fund through private placement basis by way of issue and allotment of 1000 Secured Non-convertible Debentures of ₹10,00,000/- each aggregating to ₹100 Crore. Besides these; the Company did not raise any funds through public / rights issues.

D. Remuneration of directors:

The Nomination and Remuneration Committee recommended the Remuneration of Directors, which was approved by the Board of Directors at its meeting held on May 27, 2016 and approved by the members at their general meeting held on July 30, 2016.

Details of remuneration paid to directors for the financial year ended March 31, 2018:

Executive directors: (₹ in crore)

Name	Salary	Bonus	Stock options	Perquisites	Commission	Total
Mr. H. K. Mittal Executive Chairman (DIN: 00007690)	0.69	--	--	0.03	--	0.72

The remuneration to the Executive Directors is governed by the agreements executed with them as approved by the members of the Company at their General Meeting held on July 30, 2016. As per the agreement, salary and perquisites are a fixed component and the commission is based on the performance of the Company, i.e. on the net profit of the year. However, the aggregate remuneration shall not exceed 5% of net profit calculated as per the provisions of the Companies Act, 2013; per Executive Director with payment of minimum remuneration to them in case of loss or inadequacy of profit in any financial year during the tenure, subject however, to the ceiling prescribed under Companies Act, 2013; and approval of the Central Government, if required. The present terms and conditions of appointment agreement of Executive Chairman will expire on July 31, 2019. The tenure of office of the Executive Chairman is for three years from his date of appointment, and can be terminated by either party by giving 6 months' notice in writing. Before the expiration of the tenure of office of Executive Chairman is entitled by way of compensation for the loss of office, the amount equivalent to the remuneration which he would have earned if he had been in the office for the unexpired residue of his term or for three years whichever is shorter, calculated on the basis of average remuneration actually earned by him during the period of three years immediately preceding the date on which he ceased to hold office or where he held the office for a lesser period than three years, during such period. No stock option was issued to the Executive Director during the year.

Non-Executive Directors:

The Board decides the payment of commission within the limits approved by members of the Company in their Annual General Meeting not exceeding 1% of its net profit to Non-executive Directors. During the year no commission was paid to the non-executive Directors of the Company.

Remuneration by way of sitting fees for attending Board meetings and Committee meetings are paid to Non-executive Directors.

Details of sitting fees paid to Non-Executive Directors during the year are as follows:

Name of the Director	Amount (₹)
Mr. M. M Agrawal (DIN:00681433)	10,00,000/-
Mr. Gunender Kapur (DIN:01927304)	2,50,000/-
Mrs. Archana Mittal (DIN:00007972)	3,50,000/-
Mr. Desh Raj Dogra (DIN:00226775) (up to 08.01.2018)	4,00,000/-
Mr. Anil Khanna (DIN: 00199924) (w.e.f 21.11.2017)	6,00,000/-

All the Non-Executive Directors have disclosed their shareholdings as at March 31, 2018 to the Company which is as under:

Name of the Director	No. of equity shares held	% of total share capital
Mr. M. M Agrawal (DIN: 00681433)	NIL	NIL
Mr. Gunender Kapur (DIN: 01927304)	NIL	NIL
Mrs. Archana Mittal (DIN:00007972)	2,70,27,400	8.94
Mr. Desh Raj Dogra (DIN:00226775) (up to 08.01.2018)	NIL	NIL
Mr. Anil Khanna (DIN:00199924) (w.e.f. 21.11.2017)	1,73,050	0.06

No convertible instrument was held by any of the above Non-executive Directors.

The Company did not have any pecuniary relationship or transaction with any of the Non- Executive Directors.

No stock options were issued to the Non-Executive Directors during the year

E. Management:

A Management Discussion and Analysis Report forming part of this Directors' Report is attached herewith and forms part of this Report.

Based on the disclosures received from the Senior Management Personnel, during the year, there was no material financial and commercial transaction by any of the Senior Management Personnel that may have a potential conflict with the interest of the Company at large.

F. Shareholders:

Your Company recognizes rights of shareholders and protects and facilitates their rights and gives equitable treatment to all shareholders. Your Company practices and believes in sharing adequate and timely information with all the stakeholders of the Company.

G. General body meetings:

Details of General Meetings held during last three years are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2016-17 (AGM)	15/09/2017	3.00 pm	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	1) Appointment of Mr. Desh Raj Dogra (DIN: 00226775) 2) Payment of Remuneration to Mr. Shalabh Mittal to hold office or place of profit in Mercator Limited as chief executive officer 3) Issue of securities up to an aggregate amount not exceeding USD 50 million or equivalent Indian currency or in any other foreign currency
2015-16 (AGM)	30/07/2016	3.00 pm	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	1) Appointment of Mr. H. K. Mittal as Executive Chairman 2) Appointment of Mr. Atul Agarwal as Executive Vice Chairman 3) Issue of Securities upto aggregate amount not exceeding ₹2,000,000,000/- (Rupees Two Hundred Crore Only) or equivalent amount thereof in any other foreign currency.
2014-15 (AGM)	21/08/2015	3.00 pm	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	NIL

Postal ballot

During the year ended March 31, 2018, the Company did not pass any special resolution by way of Postal Ballot as per provisions of Section 110 of the Companies Act, 2013.

Details of special resolution is proposed to be conducted through postal ballot

- Issuance of Secured/Unsecured Non-Convertible Debentures to the tune of ₹100 Crore. The postal ballot notice and form has already been sent on May 5, 2018 and the last day for voting is June 4, 2018. The result will be declared on or before June 6, 2018.

- Giving loan, guarantee or providing securities or making investment in excess of limit specified under Section 186 of Companies Act, 2013 but not exceeding ₹1000 Crore. The consent of the Members will be obtained by way of postal ballot once the Board of Directors take their decision in this regard at their ensuing meeting.

Procedure for postal ballot

Upon receiving approval of the Board of Directors and consent from the Scrutinizer, the notice of the Postal Ballot containing text of the Resolution to be passed and the relevant Explanatory Statement, postal ballot form, pre paid self address postage envelope are sent to the shareholders to enable them to vote on the Resolutions within a period of 30 days from the date of dispatch. The Company also provides e- voting facility to the members to cast their vote by electronic means. A notice is published in the local newspapers regarding dispatch of the Postal Ballot notice. After the last date of receipt of ballots, the Scrutinizer submits his report. Thereafter the results are declared. The Scrutinizer's report is submitted to the Stock Exchange and also displayed on the Company's website.

ii. Disclosures:

a) During the year, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large and was not in ordinary course of business or not on an arm's length basis. All related party transactions with related parties are disclosed in Note No. 4.5 of notes forming part of the Annual Accounts for the year under review. The Company has formulated a policy on materiality of Related Party Transactions as well as on dealing with Related

Party Transactions. During the year there were no material transactions with related parties. The policy is also available on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

b) There were no instances of non-compliance and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the past three years except, penalty imposed by Stock Exchanges for delay in filing unaudited financial result for the quarter ended September 30, 2017 and the same was paid on time.

c) The Company has formulated a Vigil Mechanism / Whistle Blower Policy and the same is available on the website of the Company.

http://mercator.in/investors/index.aspx?id=7055

d) Every employee and Director has access to the Audit Committee on any matter and is free to report any unethical behavior, improper practice and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

No person has been denied the access to the Audit Committee.

e) During the year the Company has not entered into Commodity Hedging activities. For Commodity Price Risk refer to Management Discussion and Analysis Report.

iii. Means of communication:

Quarterly/yearly results are normally published in Hindu Business Line and Mumbai Lakshadweep. The audited annual accounts are posted/E-mailed to every member of the Company. Quarterly shareholding distribution and quarterly/yearly results submitted to the Stock Exchanges are posted on the website of the Company i.e. www.mercator.in. The Company also displays official news releases on its website i.e. www.mercator.in. The Company has created an email id investors@mercator.in to facilitate redressal of investors'/ shareholders' grievances.

The presentations if any, made to institutional investors/ analysts through personal meetings are also displayed on website of the Company and submitted to the Stock Exchanges simultaneously.

All price sensitive, material and relevant information from the shareholders'/investors' point of view are promptly informed to the stock exchanges.

iv. Annual general meeting:

Thirty Fourth Annual General Meeting is scheduled to be held on Wednesday, September 26, 2018 at 3.30 pm at 4th Floor, Walchand Hirachand Hall, IMC Bldg., IMC Marg, Churchgate, Mumbai - 400 020.

v. Re-appointment of directors:

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. H. K. Mittal (DIN:00007690) is liable to retire by Rotation at the forthcoming Annual General Meeting (AGM) of the Company and offered himself for reappointment.

Mrs. Archana Mittal (DIN:00007972) Non-Executive Director of the Company and Mr. H. K. Mittal (DIN: 00007690) Executive Chairman are related to each other and hence are interested in the proposed appointment of Mr. H. K. Mittal as Executive Director, to the extent of permitted payments and benefits which he may get in his capacity as Director of the Company.

Brief resume of Mr. H. K. Mittal (DIN:00007690), whose re-appointment is to be considered at the ensuing Annual General Meeting along with his expertise in specific functional areas and names of the Companies in which he holds Directorship, Chairmanship and membership of committees of the Board, are provided in the accompanying Notice of the ensuing Annual General Meeting scheduled to be held on September 26, 2018.

vi. Financial calendar for the year 2018-19 (tentative and subject to change):

First Quarter Results (June, 30)	Mid of August 2018
Mailing of Annual Reports	End of August,2018
Annual General Meeting	End of September, 2018
Second Quarter Results (September, 30)	Mid of November, 2018
Third Quarter Results (December, 31)	Mid of February, 2019
Fourth Quarter/ Annual Results	May 2019.

vii. Dividend:

In view of losses suffered during the year under review, your Board of Directors regret their inability to recommend any dividend for the Financial Year ended on March 31, 2018

viii. Listing of shares, non-convertible debentures:

The Equity Shares of the Company are listed on Bombay Stock Exchange (Scrip Code 526235); National Stock Exchange (Scrip Code MERCATOR) and the annual listing fees in respect of the year 2017-2018 have been paid to the exchanges.

The monthly high-low quotations of the equity shares of the Company on Bombay Stock Exchange and National Stock Exchange during the financial year 2018-19 vis-à-vis Sensex performance of Bombay Stock Exchange is given below:

Month	BSE Share Price (₹)		NSE Share Price (₹)		SENSEX Performance	
	High	Low	High	Low	High	Low
April-17	55.20	46.10	55.25	46.10	30184.22	29241.48
May-17	50.35	39.10	50.30	39.00	31255.28	29804.12
June-17	45.85	39.45	45.90	39.25	31522.87	30680.66
July-17	45.80	40.20	45.95	40.25	32672.66	31017.11
August-17	44.65	36.65	44.65	36.55	32686.48	31128.02
September-17	43.50	35.50	43.65	35.50	32524.11	31081.83
October-17	48.75	36.40	48.75	36.30	33340.17	31440.48
November-17	49.00	37.70	48.90	37.80	33865.95	32683.59
December-17	40.00	32.75	39.95	32.70	34137.97	32565.16
January-18	47.00	37.35	47.00	37.20	36443.98	33703.37
February-18	41.15	33.90	41.30	33.90	36256.83	33482.81
March-18	38.90	29.10	38.95	29.20	34278.63	32483.84

The Redeemable Non-Convertible Debentures of the Company which were listed on BSE Limited (Scrip Code: 945945) were Prepaid and Fully Redeemed on March 26, 2018 and Delisting of the said NCD's is under process.

Annual Custody fee for the year 2018-19 have been paid by the Company to NSDL and CDSL.

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion Date and Likely Impact on

Equity:
As on March 31, 2018; the Company had 160, 4.75% Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each aggregating to US $16,000,000 (US Dollar Sixteen Million) outstanding with an initial conversion price of ₹ 38.30 per share (with a fixed rate of exchange on conversion of ₹ 58.5740 per USD 1.00). The said FCCBs are listed on Singapore Stock Exchange. Tenure of FCCBs is 5 years i.e. up to May, 2019. The FCCB holders can exercise their option to convert the Bonds into Equity at any time before their redemption, by following the prescribed procedure Assuming all FCCB holders exercise their option to convert the Bonds into Equity, there will be increase in the paid-up capital of the Company by 2,44,69,556 shares. Till date none of the FCCB holders has exercised the option.

ix. Registrar and transfer agents and share transfer system:

M/s. Link Intime India Private Limited having registered office at C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400083 (Tel: 022 – 49186000) are the Registrar and Transfer Agents (RTA) as also the Registrar for Electronic Connectivity. Entire functions of Share Registry, both for physical transfer and in de-mat form; as well as dematerialisation/ rematerialisation of shares, issue of duplicate / split / consolidation of Certificates along with registry function of Debentures is being carried out by the RTA at their registered office address.

The correspondence regarding query of unpaid dividends shall be addressed to Compliance Officer at the registered office of the Company.

x. Distribution of shareholding as on March 31, 2018:

Shareholding of nominal value of	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Capital
UPTO 500	63034	74.14	11147642	3.69
501 - 1000	9863	11.60	8444139	2.79
1001 - 2000	5150	6.06	8199569	2.71
2001 - 3000	2345	2.76	6075030	2.01
3001 - 4000	807	0.95	2963146	0.98
4001 - 5000	1060	1.25	5131766	1.70
5001 - 10000	1387	1.63	10719603	3.54
10001 AND ABOVE	1378	1.62	249778440	82.58
TOTAL	**85024**	**100.0000**	**302459335**	**100.0000**

xi. Shareholding pattern as on March 31, 2018:

Sr. No	Category	No. of Shares	% to Capital	No. of Holders
1	Promoters/Directors and their Relatives	92,941,600	30.73	5
2	Mutual Funds / UTI	75,000	0.02	1
3	Banks; FIs etc.	6,372,076	2.11	7
4	FIIs/FPIs	46,642,065	15.42	32
5	Private Corporate Bodies	47,376,008	15.66	838
6	Central Government/State Government	1,000	0.00	1
7	Indian Public	98,659,344	32.62	82623
8	NRIs / OCBs	3,328,348	1.10	1,088
9	Non-promoter Independent Directors and their relatives	285,551	0.09	3
10	Clearing members	6,778,343	2.24	417
	Total	**302,459,335**	**100.00**	**85,015**

xii. Dematerialisation of shares & liquidity:

The equity shares of the Company are under compulsory trading in demat form. Out of total capital of 30,24,59,335 equity shares; 30,08,39,306 equity shares representing 99.47% were held in demat form and balance 16,20,029 equity shares representing 0.53% were in physical form as on March 31, 2018. The ISIN of the equity shares of the Company is INE934B01028.

The shares are actively traded on BSE and NSE and the turnover data during the financial year 2017-18; was as under:

Particulars	BSE	NSE	Total
No of shares	142662492	648020852	79,06,83,344
Value (₹ In lakh)	59396.30	272223.03	331619.33

X. CEO/CFO Certification:

The necessary certification from Chief Executive Officer Mr. Shalabh Mittal and Chief Financial Officer Mr. Rajendra Kothari in respect of the financial year ended on March 31, 2018 has been annexed to this report.

XI. Compliance:

The Company has complied with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Necessary Information, Certificates and returns as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were submitted to Stock Exchanges within the prescribed time. The Company has complied with all the mandatory requirements of Corporate Governance requirements 17 to 27 and clauses (b) to (i) of sub regulations (2) of regulations 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also endeavors to follow Non Mandatory requirements. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to the Directors' Report.

XII. Plant locations:

The Company does not have any plant.

Address for correspondence:
Mercator Limited
3rd Floor, Mittal Tower, B-wing,
Nariman Point, Mumbai - 400 021.
Tel Nos: 91-22-66373333
Fax Nos: 91-22-66373344
E-mail: mercator@mercator.in /investors@mercator.in
Website: www.mercator.in

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Place: Mumbai
Dated: May 28, 2018

For and on behalf of the Board
For Mercator Limited

H. K. Mittal
Executive Chairman
(DIN:00007690)

CEO & CFO Certification

To,
The Board of Directors,
Mercator Limited
Mumbai

This is to certify that:

(a) We have reviewed financial statements for the financial year ended on March 31, 2018 and the cash flow statement for the year (consolidated and standalone) and that to the best of their knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

   i. significant changes in internal control during over financial reporting the year, whenever applicable;

   ii. that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. that there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(e) We further declare that all Board members and Senior Management personnel have affirmed compliance with the Code of conduct for the current year.

For Mercator Limited

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Dated: May 28, 2018

Independent Auditor's Certificate on Corporate Governance

To the Members of Mercator Limited

1. We have examined the compliance of conditions of Corporate Governance by Mercator Limited ("the Company"), for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the 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

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended March 31, 2018 *except as stated by management in para IX(I) "Disclosures" in their Report on Corporate Governance, with respect to delay in filling of unaudited results for the quarter and six months ended September 30, 2017.*

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

9. This certificate is addressed to and provided to the members of the Company pursuant to requirement of the Schedule V (paragraph E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"). Our certificate should not be used for 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 report is shown or into whose hands it may come without our prior consent in writing.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Management Discussion & Analysis Report

(Forming part of Directors' Report for the year ended March 31, 2018)

Review of performance

We are a diversified group with business operations spread across several key industries like dredging, shipping, coal mining and logistics, and oil & gas exploration and production. We own and operate a fleet of oil & gas tankers, serving Indian and international waters, along with dredgers in Indian ports. We enjoy coal mines and logistics infrastructure services in Indonesia, a mining licence in Mozambique and oil blocks in India's Cambay basin, along with an EPC project in Abu Dhabi. Our projects span across India, Indonesia and the Middle East.

The consolidated revenue from operations for FY18 stood at ₹974.21 Crore compared to ₹2115.39 Crore in FY17. We are happy to report that we recorded operating profits, at the group level, for the second consecutive year. Our operating profits stood at ₹305.53 Crore, up/down 58.25% from the previous year.

In FY18, we successfully completed a QIP issuance of 32,567,262 equity shares at a price of ₹44.65 per share. We managed to raise ₹145 Crore from marquee international investors through this QIP issuance, which took place in November 2017. The proceeds from this fund raising was used for strengthening operations across all business segments and the repayment of high-cost debt.

Deleveraging status

At the group level, we underwent significant debt reduction in FY18 as promised last year by the core management team. We have seen a 7.82% debt reduction in the shipping, dredging and coal businesses. Long-term debt has reduced to ₹1305.41 Crore from ₹1416.12 Crore as on March 31, 2018. However, the oil & gas segment has seen an increase in its overall debt level by ₹73.12 Crore, which was used for the development of the oil blocks Jyoti I and II.

The core management team will continue to focus on further reduction in the consolidated debt levels going forward in FY19. This debt reduction will primarily be achieved using internal accruals and sales of non-core assets held by the Company. We are also looking at a significant chunk of funds to be released, in FY19, from the working capital accounts of Sagar Samrat, the EPC project mandated by Oil and Natural Gas Corporation Limited (ONGC).

Segmental review

Dredging

Global outlook

Future Market Insights (FMI) recently released a report on the global dredging market in which it noted that the market is slated to touch a value of ~$16,500 Million in 2022. New trade lanes are expected to emerge between Asia and Africa wherein the China–India trade lane is likely to be the fastest growing pair and most probably the seventh largest in terms of trade flows by 2030.

India's ports & dredging industry

Ports handle almost 95% of total international trade volume in India. With the Government of India's (GoI's) Make in India initiative, industry experts believe that share of merchandise trade in India's GDP will increase substantially over the next 5 years. India currently has 12 major ports and 64 minor ports handling export-import cargo. During FY17, capacity addition of 100 Million Tonnes Per Annum (MTPA) was implemented across the 12 major ports. The total cargo handling capacity of the major ports during the year under review was 1065 MTPA, while the capacity at non-major ports was roughly 700 MTPA. According to CARE Ratings, this combined capacity of 1,765 MTPA will be augmented to 2,500 MTPA by 2025.

Projected cargo traffic to be handled by India's ports by FY22 is expected to be 1695 Million Metric Tonnes (MMT) according to the report of the National Transport Development Policy Committee. For this, the Ministry of Shipping has initiated National Maritime Development Policy (NMDP) with a planned outlay of $15 Billion. The Ministry of Shipping, in December 2017, provided grants worth $76.92 Million to Inland Water Transport Authority of India to improve inland water transport that will promote internal trade and reduce logistics cost.

The Inland Waterways Authority of India is developing National Waterways 1 (NW-1) under the Jal Marg Vikas Project (JMVP) with an expenditure of ₹53,700 Million and the National Water Development Agency is working on the river inter-linking project between Maharashtra and Gujarat that necessitates considerable dredging. Under the Sagarmala Programme, the Ministry of Shipping has identified 415 projects, at an estimated investment of ~$120 Billion. The programme will focus on port modernisation and new port development, port connectivity enhancement, port-linked coastal economic zone industrialisation and coastal community development for phase-wise implementation over the period from 2015 to 2035. According to the approved implementation plan of Sagarmala scheme, these projects are to be taken up by the relevant central ministries/agencies and state governments preferably through private/public-private partnership (PPP) mode, as reported by India Maritime Plus — the investment facilitation cell of the Ministry of Shipping, Government of India (GoI) and Federation of Indian Chambers of Commerce and Industry (FICCI).

Our review & performance

Despite FY18 being a tough year for our dredging business, we witnessed a significant turnaround with respect to

profitability. During the beginning of the year, we completed our project at Kandla port and strategically decided against extending the contract at lower profitability. As a result of which, two of our dredgers dry-docked for most of Q1. However, from Q2 onwards most of our Company's 9 dredging vessels were gainfully employed.

We demonstrated a strong bidding success rate of 50% and have strategically focussed our bidding towards high margin projects. We already have orders worth ₹154 Crore in hand with a large pipeline of orders expected from the GoI's renewed concentration in the dredging industry.

We are also exploring a strategic demerger of the dredging division to unlock significant shareholder value. We expect the demerger to create a focussed pure-play entity — Mercator Dredging Private Limited (MDPL) — to improve access to capital. MDPL will be separately listed on the Indian stock exchanges. The proposed scheme of the demerger envisages new shares in MDPL to be issued in the ratio of 1:40, i.e. 1 share of MDPL for 40 shares of Mercator Limited. The parent company will have 30% holding in the newly demerged entity MDPL. The appointed date for the scheme is October 1, 2018 and is subject to shareholders' and various other regulatory approvals.

Proposed shareholding of MDPL

	No. of Shares	%
Promoter	2,323,644	21.51%
Mercator Limited	3,240,636	30.00%
Mercator Public Shareholders	74,82,629	69.3%
Direct Holding	5,237,840	48.5%
Economic Interest through ML	22,48,749	20.8%

We, at Mercator, have evolved into one of the largest private sector dredging companies in India with a strong technical skill set. We are well poised to gain from the GoI's initiative on Inland Water Transport. We are definitely eyeing a slice of the projected ₹12,000 Crore annual dredging contracts to be generated under the GoI's Sagarmala initiative.

Another area of opportunity for the dredging business comes from the Namami Gange Project, which envisages an improvement in the Ganga's water quality by March 2019. Mr. Nitin Gadkari, Minister for Road Transport & Highways, Shipping and Water Resources, River Development & Ganga Rejuvenation in the Government of India, has announced that the GoI's spending on the clean Ganga mission will see a jump of 70% or ₹80,000 Million.

The GoI's ambition to develop India as a global trans-shipment hub, along with the announcement of certain large dredging projects reflect the high potential of the country's dredging market. At Mercator, we are looking forward towards the transforming scenario, which will help us further strengthen our dredging business. We operate a diverse dredging fleet that helps us deploy equipment appropriately for different maintenance dredging projects.

Shipping

Global outlook

Shipping is a global industry and its prospects are intricately linked to the level of economic activity across the world. The shipping market is cyclical in nature and freight rates generally tend to be highly volatile. The industry acts as a primary means of international transport of any essential commodity.

India's shipping industry

A consequence of strong GDP growth in India has been the rising energy demand. At present, India meets about 75% of total crude oil demand by imports. According to the Ministry of Oil & Gas data, India's crude imports touched 214.9 MMT in FY17, implying a CAGR of 6.7% over FY07–17 period. Private ports have been especially good at attracting crude import traffic. Petroleum, Oil, and Lubricants (POL) have been the major contributors to total traffic at ports as POL traffic in FY17 reached 349.8 MMT (Source: Ministry of Shipping, Government of India).

Our review & performance

FY18 was a relatively tough year for the shipping business as we witnessed volatilities in charter rates. While we believe that charter rates are expected to rebound, we utilised this period to rationalise our fleet. We monetised our aged fleet by selling three of our tankers and currently, our fleet is relatively younger and can be in operation for a significant period.

A slowdown in fleet growth should begin a recovery cycle in Very Large Gas Carrier (VLGC) and Very Large Crude Carriers (VLCC) rates from the second half of FY18 (Source: LPG Forecaster published by global shipping consultancy Drewry). This expected turnaround in the charter cycle augurs well for our shipping division's future growth prospects. We are preparing to leverage this likely upcoming upswing in charter prices with focussed approach towards operational efficiency, maintenance of our fleet and strategic capital allocation at present.

The shipping segment recorded FY18 revenues of ₹277.16 Crore, a marginal dip vis-à-vis the last year. Shipping segment profitability was affected mainly due to a one-time impact of ₹64.98 Crore on account of an overall loss on sale of three vessels in FY18. We sold the Dry Bulk Carrier 'M.T. Sri Prem Poorva', 'Vrinda' and a tanker 'M.T. Harsha Prem' in the year under review. Lower charter rates for VLGC and VLCC also impacted shipping revenues in FY18.

Oil & Gas

Global outlook

The oil & gas segment is among the most important energy sources of today's world. Crude oil is the source for several oil & gas derivatives and is among the most crucial influencers of the world economy. More than 4 Billion metric tonnes of oil is produced worldwide annually. The year 2017 was intriguing for the oil & gas industry as most of the oil producing nations were embroiled in natural disasters and tense geopolitical conditions. Besides, the oil market remains challenged by high stocks and sluggish

prices. From an energy perspective, in FY18, we were observing: a) Organization of the Petroleum Exporting Countries (OPEC) extend its cuts and adhere to them, b) the US producers increase production and keep costs down, and c) enough increase in demand to give us hope but not move the needle.

In 2017, the Brent crude oil prices totalled an average of $54.25 per barrel. This was significantly lower than the 2014 average price of $99 per barrel, although significantly higher than the 'January and February 2016' lows of $28 per barrel. The International Monetary Fund (IMF), in its Primary Commodity Prices Projections, asserted that after modest growth in 2018, the nominal price of Brent crude would increase to $51.8/barrel by 2020. According to the OPEC Monthly Oil Market Report, world oil demand will increase by 1.3 Million barrels per day in 2018. Deloitte opines that in oil & gas, the long-awaited price recovery could gain momentum in 2018. This revival will be driven by OPEC, and supported by some key non-OPEC countries, continuing its production restraint policy, strengthening of demand growth in the market and global inventories finally reverting to their more normal historical range.

India's oil and gas industry

BP's Annual Energy Outlook places India as the third largest consumer of crude oil and petroleum products in the world and the second largest refiner in Asia. According to the Ministry of Oil & Gas, India has 230.066 MMTPA of refining capacity with a surplus refining capacity of about 15%, making it the second largest refiner in Asia after China.

With 3.14 Million sq km of potential reserves lying unexplored until 2016, India's potential in the oil & gas sector is immense and there exists vast headroom for new discoveries. According to BP Energy Outlook 2016, India's energy consumption is projected to grow at 4.2% per annum up to 2035, faster than all major economies in the world.

Our review and performance

We own two onshore oil blocks in Gujarat's Cambay basin. These blocks have high-quality crude reserves and are in close proximity to refineries. We have achieved significant progress in developing these oil blocks and during the year under review, we received approval for the Field Development Plan for Jyoti I and II in the fourth quarter of FY18. Production at these fields is expected to commence in the first quarter of FY19. The Third-party Resource Certification for wells Jyoti I and II has given a 2P EUR i.e. expected ultimate recovery with water injection of 26.2 Million oil barrels. The Field Development Plan (FDP) has been submitted for 23 Million barrels of recoverable oil.

We have also successfully signed MoUs with public-sector unit (PSU) oil companies for use of evacuation infrastructure and sales contracts. We commenced drilling in the seventh exploratory well in December 2017 and the drilling campaign in the exploratory wells completed in April 2018.

Sagar Samrat

The EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU) is aggressively pursuing completion of string tests and eventual 'sail away'. An approved vendor of ONGC has started commissioning the turbines and compressors for completion of the string test. Here, the MOPU has been undocked and is undergoing jacking trials. The 'sail away' is expected in the first quarter of FY19. We incurred costs of ₹10.65 Crore for this project on account of certain variations in its scope. Following prudential accounting norms, we recognised the extra costs in our accounts and the corresponding revenue will be adjusted once the customer approves the variation in orders.

Coal

Global outlook

According to the International Energy Agency forecast, coal's share in the global energy mix is to decline from 27% in 2016 to 26% in 2022 owing to sluggish demand growth vis-à-vis other fuels. Its growth through 2022 is expected to remain concentrated primarily in Asia, especially in India and Southeast Asian countries.

However, coal prices remained on an upward trend during 2017 with the high price trajectory continuing at the beginning of 2018. Coking coal prices dropped to $70/tonne during the second quarter of FY18. Since then, higher demand in China, to meet a surge in power demand and supply issues in some major exporter countries, pushed prices up to $95/tonne recently.

Five-year Trend of Coal Prices

Source: Trading Economics

It is believed that coal will remain one of the most popular and feasible energy alternatives particularly in developing economies, until commercially and economically feasible renewable energy alternatives become sustainable.

Indonesia's coal production industry

Indonesia is one of the world's largest producers and exporters of coal. Since 2005, when it overtook Australia, the country is the leading exporter of thermal coal in the world (Source: Indonesia Investments). According to the most recent BP Statistical Review of World Energy, Indonesia currently ranks 9th in global coal reserves and contains ~2.2% of total proven global coal resources. Large

portions of Indonesia's total coal exports are bought by China and India.

Indonesia's Coal Production

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Production (in mln tons)	240	254	275	353	412	474	458	461	456	477

Source: Indonesia Coal Mining Association

Our review and performance

Our Indonesian business faced several headwinds during the reporting period. We had to replace the entire management team of our coal operations in Indonesia as there were reports of business irregularities and misappropriations by it. Our organisation follows the highest levels of compliance and governance and this incident indeed was disheartening for the entire core management team.

We ensured a complete clean-up of the system by shutting mining activities towards the middle of Q2 FY18 and were able to resume operations at the beginning of Q4 FY18. During this period, we performed a detailed operational and financial audit and implemented stronger systems and processes. We also introduced a new management team, which is now successfully running our Indonesia operations. As a result of this temporary disruption, our revenues were adversely impacted and we lost almost six months of business. However, our operations have now fully ramped up and we are confident of a strong financial performance, going forward.

In FY18, the coal business saw a sharp decline in revenues due to the above mentioned issues. Income from operations for the year under review stood at ₹493.88 Crore.

Our coal mines have high-quality reserves with majority of mine comprising 3,800 kcal coal. We have also identified a nearby patch of high grade coal of 4,200 kcal. We are working closely with local authorities for land acquisition to start the mining process and foresee immense potential to enhance logistics capacity and increase throughput at low capex, going forward. Additionally, outlook for coal stays positive as coal prices witness a steady upward movement.

Risks and concerns

With a diverse business model and operations spread across several countries in the world, our segments are highly dependent on the dynamic and constantly evolving global economic environment. Hence, any risks or challenges in the global economic scenario can directly or indirectly impact our operations. Our core management team ensures that they are always abreast of any regulatory changes or shifts in the operating environment and respond accordingly. This helps us to arm better with appropriate mechanisms to best mitigate challenges, as well as leverage opportunities.

Economic risk

We have trans-border operations, which makes us vulnerable to different economic conditions in each of the countries where we operate. Any adverse changes in the economic environment of these countries can potentially impact our operations. However, we ensure our operations remain highly diversified such that any large impact from adverse scenarios is contained.

Forex risk

Due to our global presence, we trade using several foreign exchange (forex). The volatility in global currencies could have an adverse impact on our Company's financials. We have developed a natural hedge against forex fluctuation to mitigate this risk, as major operations and expenditures are conducted using foreign currency.

Loss of assets

Our Company is involved in the capital intensive business of shipping and any loss of asset due to accident may have a negative impact on our shipping operations. Hence, we maintain aggregate insurance coverage for the full value of all our assets. We are also insured for any third-party risks arising from the shipping business.

Environmental risk

The energy segment of the business may lead to an adverse impact on environment. There is also the possibility of spillage during the transport of crude oil or other chemicals, which could be detrimental for the environment. We follow appropriate practices to counter any possible threats and its consequent impact on the environment to mitigate this risk. We also ensure the strictest adherence to all globally acceptable environmental standards.

Quality, safety and environment

We are committed to the policy of 'Zero Accidents and Zero Spills'. We believe that maintaining strict quality standards ensures full safety of all stakeholders and adherence to environmental norms is a critical component for business excellence and client satisfaction. Our Company believes in ensuring the health, safety and security of our team, as well as those associated with us.

All equipment and assets are regularly monitored and serviced to guard against any mishaps. All employees go through a thorough training programme to equip them with full awareness and understanding of all quality, safety and environmental norms. We practice the 'Stop Work' culture in case of any unsafe activity. Our flexible Health, Safety, Security & Environment (HSSE) culture adapts to the changing external demands and ensures 100% compliance to all relevant national and international rules and regulations.

We are happy to report that we delivered '100 accident-free days' in FY18 as a result of our initiatives to ensure full safety for our employees. We continue to remain committed towards this goal and are hopeful of reporting such victories in future as well.

Internal control systems and their adequacy

To ensure adherence to and adequacy of all internal control systems, we utilise the services of external auditors. They evaluate the efficacy and sustainability of our internal control systems and provide suggestions or improvements.

The Audit Committee constituted by the Board of Directors reviews their findings consistently.

Human resources policy

We believe that our team is the soul of our organisation and hence, take every measure to empower and motivate them. Our core focus is to provide growth and nurture our people, encouraging them to perform to the best of their abilities. We believe enabling cross-functional teams across levels help enhance productivity and efficiencies. We also recognise the importance of providing equal opportunities to women. Our Company remains focussed on strengthening our human resources policies and internal processes where employees seek continual improvement, greater accountability and responsibility.

As on March 31, 2018, there were 88 permanent employees and 13 contract employees with Mercator India. Globally, the Mercator group had 425 employees as on March 31, 2018.

Cautionary statement

The Statement in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include demand-supply conditions, changes in Government and international regulations, tax regimes, economic developments within and outside India and other factors such as litigation and labour relations.

For and on behalf of the Board
For Mercator Limited

H. K. Mittal
Executive Chairman
(DIN:00007690)

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: May 28, 2018

Independent Auditor's Report

To the Members of Mercator Limited

Report on the standalone indian accounting standards (Ind AS) financial statements.

We have audited the accompanying Standalone Ind AS financial statements of **MERCATOR LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian accounting Standard) Rules, 2015 (as amended) under Section 133 of the Act. 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. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other matter

The audited standalone financial statements for the year ended March 31 2017, was carried out and reported by erstwhile auditors, vide their unmodified audit report dated May 30, 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of reporting previous year numbers and our audit of the standalone financial statements.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016; issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of examination of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 'A' statement on the matters specified in the paragraph 3 and 4 of the Order.

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

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

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

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) , the cash flow statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

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

   e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 'B',

   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, (as amended), 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 litigation as at March 31, 2018 on its financial position in its Standalone Ind AS financial statements.

      ii. the Company has long-term contracts including derivative contracts as at March 31, 2018 for which based on the discussions and explanations provided by the management, there were no material foreseeable losses.

      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The diclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Annexure A to the Independent Auditor's Report

Annexure A referred to in paragraph 1 of the Independent Auditors Report of even date to the members of Mercator Limited (the "Company") in the Standalone Ind AS financial statements as of and for the year ended March 31, 2018 under the heading "Report on other legal and regulatory requirements".

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 the reasonable intervals. The discrepancies noticed on the physical verification of fixed assets as compared to fixed asset register were not material and have been adjusted in books of accounts.

(c) According to the information and explanations given to us and on the basis of the examination of the records of the company, the title deeds of the immovable properties included in fixed assets are held in the name of the Company.

ii. As per the information and explanations given to us, the inventories (excluding inventories in transit) have been physically verified by the management at reasonable intervals during the year and no material discrepancies has been noticed on such verification.

iii. The Company has granted loans, secured or unsecured to Body Corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act')

a. In our opinion, the rate of interest and other terms and conditions on which loans had been granted to the bodies corporate listed in the register maintained u/s 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

b. According to the information and explanations given to us, in case of the loans granted to the bodies corporate listed in register maintained u/s 189 of the Act, these loans are repayable on demand, which have not been recalled and hence, there has been no instance of default of the borrowers in the payment of principal and interest.

c. There are no overdue amounts in respect of the loans granted to a body corporate listed in the register maintained u/s 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, with respect to Loans and Advances made, guarantee given and investments made.

v. The Company has not accepted any deposit from the public within the meaning of section 73 to 76 of the Act and Rules framed thereunder to the extent notified.

vi. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records by the company u/s 148 (1) of the Companies Act 2013.

vii. (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, and any other statutory dues with the appropriate authorities though there has been certain minor delays in few cases and there are no undisputed statutory dues outstanding as at March 31, 2018, as per the books of accounts for a period of more than six months from the date they become payable;

(b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Duty of Customs , Duty of Excise, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on March 31, 2018 are as under:

Name of the Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where the disputes are pending
Service Tax under Finance Act, 1994	Service Tax	65.24	2006-07 to 2015-16	Commissioner of Service Tax, Mumbai
Income Tax	Income Tax	0.09	AY 2003 – 04	Commissioner of Income Tax (Appeals)
		0.12	AY 2007 – 08	ITAT
		2.99	AY 2008 – 09	ITAT
		64.90	AY 2009 – 10	ITAT
		1.28	AY 2010 – 11	ITAT
		4.25	AY 2011 – 12	ITAT
		9.52	AY 2012 – 13	ITAT
		5.53	AY 2013 – 14	Commissioner of Income Tax (Appeals)
		0.01	AY 2014 – 15	

viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institutions or Banks or dues to debenture holders as at the Balance Sheet date. The Company does not have any loans or borrowing from the Government as at the balance sheet date.

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during year nor have been informed of any such case by the Management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, accordingly, the provisions of clause 3(xii) of the Order are not applicable.

xiii. Based on our audit procedures and as per the information and explanations given by the management, all transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. The Company has raised ₹ 145.41 crore through Qualified Institutions Placement ("QIP") by allotting 3,25,67,262 Equity Shares at a price of ₹ 44.65 per share. The QIP placement is in compliance with section 42 of the Companies Act, 2013. According to the information and explanation provided to us and on the basis of the documents examined by us, the amounts so raised have been used for the purpose specified.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Annexure B to the Independent Auditor's Report

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 **MERCATOR 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

TThe 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 Act.

Auditor's 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 Act, 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 ICAI. 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.

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:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS 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 Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Balance Sheet

as at March 31, 2018

₹ in crore

	Particulars	Note	As at 31-Mar-2018	As at 31-Mar-2017
A	**ASSETS**			
1	**Non- Current Assets**			
	(a) Property, Plant and Equipment	2.1	846.07	1,053.78
	(b) Capital Work-in-Progress		6.42	-
	(c) Investment Property	2.2	1.10	1.25
	(d) Financial assets			
	(i) Investments	2.3	74.97	46.46
	(ii) Loans	2.4	428.64	285.72
	(iii) Other Financial Assets	2.5	22.81	2.57
	(e) Other Non Current Assets	2.6	41.47	52.99
	(f) Income Tax Assets (net)		94.66	124.78
Total Non-Current Assets			**1,516.14**	**1,567.55**
2	**Current Assets**			
	(a) Inventories	2.7	10.01	10.15
	(b) Financial Assets			
	(i) Trade Receivables	2.8	162.32	171.21
	(ii) Cash and Cash Equivalents	2.9(i)	18.45	36.46
	(iii) Bank Balances other than (ii) above	2.9(ii)	22.70	32.21
	(iv) Loans	2.10	77.31	64.97
	(v) Other Financial Assets	2.11	73.46	132.70
	(c) Other Current Assets	2.12	35.36	39.69
	Non Current Assets classified as Held for Sale		26.28	-
Total Current Assets			**425.89**	**487.39**
	TOTAL ASSETS		**1,942.03**	**2,054.94**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	2.13	30.25	26.99
	(b) Other Equity	2.14	741.16	794.62
Total Equity			**771.41**	**821.61**
2	**Non - Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.15	637.13	758.54
	(ii) Other Financial Liablities	2.16	12.78	0.18
	(b) Provisions	2.17	1.17	1.79
Total Non-Current Liabilities			**651.08**	**760.51**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.18	125.26	83.46
	(ii) Trade Payables	2.19	135.32	184.74
	(iii) Other Financial Liablities	2.20	216.44	194.64
	(b) Other Current Liabilities	2.21	41.99	8.84
	(c) Provisions	2.22	0.53	1.14
Total Current Liabilities			**519.54**	**472.82**
Total Liabilities			**1,170.62**	**1,233.33**
	TOTAL EQUITY AND LIABILITIES		**1,942.03**	**2,054.94**
Basis of Preparation & Significant Accounting Policies		1		
The accompanying notes are an integral part of the financial statements		2 to 3.25		

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Statement of Profit and Loss

for the year ended March 31, 2018

₹ in crore

	Particulars	Note	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
	INCOME			
	(a) Revenue from Operations	2.23	405.67	538.33
	(b) Other Income	2.24	42.41	30.50
1	**Total Income**		**448.08**	**568.83**
	EXPENSES:			
	(a) Operating Expenses	2.25	244.28	306.93
	(b) Employee Benefit Expenses	2.26	17.69	15.26
	(c) Finance Costs	2.27	104.23	96.90
	(d) Depreciation and Amortisation expenses	2.1	137.76	147.27
	(e) Other Expenses	2.28	86.94	22.86
2	**Total Expenses**		**590.90**	**589.22**
3	**Profit/(loss) before exceptional items and tax (1 - 2)**		(142.82)	(20.39)
4	Less: Exceptional items	3.08	-	9.16
5	**Profit/(Loss) before taxes (3 - 4)**		**(142.82)**	**(29.55)**
6	**Tax expense:**	3.13		
	(a) Current tax	2.29	(42.17)	(1.00)
	(b) Deferred Tax		-	-
	Profit /(Loss) for the period (5 - 6)		**(184.99)**	**(30.55)**
7	**Other comprehensive income**			
	Items that will not be reclassified to Statement of Profit and Loss			
	(a) Remeasurements of defined employee benefit plans		0.92	(0.61)
8	**Total Comprehensive Loss for the year**		**(184.07)**	**(31.16)**
9	**Earnings per share (Equity share of Re. 1/- Each)**			
	Basic (In Rupees)	3.01	(6.52)	(1.25)
	Diluted (In Rupees)		(6.52)	(1.25)
	Basis of Preparation & Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 3.25		

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Statement of Cash Flow

for the year ended March 31, 2018

₹ in crore

	Particulars	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) before taxes	(142.82)	(20.39)
	Adjustment for:		
	Depreciation & Amortisation	137.76	147.27
	Provision for doubtful debts/advances	7.48	9.51
	Finance Costs	104.23	96.90
	(Profit)/Loss on fixed assets sold / discarded (net)	65.35	0.36
	(Profit)/Loss on sale of investments (net)	-	0.57
	Notional Income on Corporate guarantee	(7.12)	-
	Interest income	(26.39)	(21.24)
	Dividend income	(0.07)	-
	Remeasurements of net defined benefit plans	0.92	(0.61)
	Unrealised foreign exchange (gain) / loss (Net)	7.31	7.22
	Operating profit before Working Capital changes	**146.65**	**219.59**
	Adjustment for:		
	(Increase) / Decrease in Non Current Financial Loans	(1.69)	(0.03)
	Decrease/(Increase) in Inventories	0.14	(1.38)
	Decrease/(Increase) in Other Current Assets	14.07	(17.08)
	Decrease/(Increase) in Trade receivables	0.45	(13.10)
	(Decrease)/Increase in Long term provisions	(0.62)	(0.06)
	(Decrease)/Increase in Trade payables	(54.68)	23.02
	(Decrease)/Increase in Other current liabilities	33.15	(0.07)
	(Decrease)/Increase in Other financial liabilities	7.52	(1.34)
	(Decrease)/Increase in Short term provisions	(0.61)	0.80
	Net Cash from Operating Activities	144.38	210.35
	Direct taxes paid (Net of refund)	(12.05)	(13.47)
		132.34	**196.88**
	Less: Exceptional items	-	(9.16)
	Total cash from / (used in) operating activities	**132.34**	**187.72**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets including capital work in progress	(68.02)	(48.98)
	(Increase) / Decrease in Capital Advances	11.52	(4.29)
	Proceeds from Sale of Fixed Assets	72.37	0.02
	Loan given to Subsidiaries	(197.46)	(214.20)
	Proceeds received from repayment of loan from Subsidiaries	69.49	98.26
	(Increase) / Decrease in Current Financial Loans	(12.32)	(12.29)
	(Increase) / Decrease in Non Current Financial Loans	(13.26)	(1.16)
	(Increase) / Decrease in Current Intercorporate deposits	5.37	20.29
	Purchase of Investments	(5.98)	(12.58)
	Bank deposits (Placed) / redeemed with banks (Net)	19.61	(20.22)
	Interest Received	27.08	20.50
	Dividend Received	0.07	-
	Net Cash from Investing Activities	**(91.53)**	**(174.65)**

Statement of Cash Flow (Contd..)

for the year ended March 31, 2018

₹ in crore

	Particulars	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
C	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	231.71	(17.60)
	Repayment of Borrowings	(305.10)	33.37
	Interest paid	(110.78)	(94.49)
	Dividend Paid (Including Dividend Distribution tax)	(1.62)	(2.95)
	Proceeds from issue of equity shares (net of issue expenses)	126.99	99.58
	Net Cash from Financing Activities	**(58.81)**	**17.91**
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**(18.01)**	**30.98**
	Cash and Cash Equivalents as at beginning of the year (Refer Note 2.9 (i))	36.46	5.59
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	-	(0.11)
	Cash and Cash Equivalents as at end of the year (Refer Note 2.9 (i))	**18.45**	**36.46**
	Cash and Cash equivalent (Refer Note 2.9 (i))	**18.45**	**36.46**

Notes:

1 The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 , 'Statement of Cash Flows".

2 Cash and cash equivalents include Unclaimed Dividend accounts of ₹ Nil crore (Previous Year ₹ 0.15 crore) which are not available for use by the company.

3 The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balance held in unpaid dividend bank accounts.

Reconiliation of changes in liabilities arising from financing activities including both changes arising from cash flows and non cash changes as per the requirement of amendment of Ind AS 7 :

PARTICULARS	As at March 31, 2017	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2018
			Fair Value Changes	Foreign Exchange Movement	Acquisition	Amortised Cost	
Foreign currency term loan from banks	560.86	(77.50)	-	1.54	-	4.27	489.17
External Commercial Borrowings	178.99	(30.67)	-	0.47	-	0.96	149.75
Foreign currency Convertible Bond	90.64	-	-	0.33	-	5.31	96.28
Other loan from banks	47.57	(3.73)	-	-	-	-	43.84
Other loan from Financial Institution	36.00	38.50	-	-	-	-	74.50
Non convertible Debentures	100.00	-	-	-	-	(0.78)	99.22
Total	**1,014.06**	**(73.40)**	**-**	**2.34**	**-**	**9.76**	**952.76**

4 Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Statement of Changes in Equity

for the year ended March 31, 2018

a) Equity Share Capital

(₹ in crore)

Particulars	As At 31-Mar-2018	As At 31-Mar-2017
Balance at the beginning of reporting period	26.99	24.49
Add: Changes in Equity Share Capital during the year	3.26	2.50
Balance at the end of the reporting period	**30.25**	**26.99**

(b) Other Equity

(₹ in crore)

Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Hedging Reserve	Foreign Currency Monetary Item Translation Difference Account	Deemed Equity Compo-nent	Other Compre-hensive Income Actuarial Gain (Loss) on Defined Benefit Obligation	Total
Balance at 1st April 2016	**42.89**	**40.00**	**363.75**	**37.50**	**89.97**	**140.12**	**15.38**	**(10.19)**	**8.94**	**0.36**	**(1.25)**	**727.47**
Profit / (Loss) for the Year	-	-	-	-	(31.76)	-	-	-	-	-	-	**(31.76)**
Other Comprehensive Income	-	-	-	-	-	-	-	-	4.19	-	0.61	**4.80**
	42.89	**40.00**	**363.75**	**37.50**	**58.21**	**140.12**	**15.38**	**(10.19)**	**13.13**	**0.36**	**(0.64)**	**700.51**
Restated balance at the beginning of year	-	-	1.93	-	(11.81)	(0.38)	-	-	(0.97)	-	-	**(11.23)**
Payment of Dividends	-	-	-	-	-	-	-	-	-	-	-	**-**
Payment of Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	**-**
Transfer from Retained Earnings	-	-	-	(12.50)		12.50	-	-	-	-	-	**-**
Issuance of equity shares through Quali-fied Institutional Placement	-	-	95.15	-	-	-	-	-	-	-	-	**95.15**
Increase /(decrease) during the year	-							10.19				**10.19**
Adjustment of expenses for issuance of equity shares through Qualified Institu-tional Placement	-	-	-	-	-	-	-	-	-	-	-	**-**
Balance at 31st March 2017	42.89	40.00	460.83	25.00	46.40	152.24	15.38	-	12.16	0.36	(0.64)	**794.62**
Balance at 1st April 2017	**42.89**	**40.00**	**460.83**	**25.00**	**46.40**	**152.24**	**15.38**	**-**	**12.16**	**0.36**	**(0.64)**	**794.62**
Profit / (Loss) for the Year	-	-	-	-	(184.59)	-	-	-	-	-	-	**(184.99)**
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	0.92	**0.92**
Total Comprehensive Loss for the Year	**42.89**	**40.00**	**460.83**	**25.00**	**(138.60)**	**152.25**	**15.38**	**-**	**12.16**	**0.36**	**0.28**	**610.55**
Payment of Dividends (including Divi-dend Distribution Tax)	-	-	-	-	(1.63)	-	-	-	-	-	-	**(1.63)**
Transfer to General Reserve	-	-	-	(25.00)	-	40.38	(15.38)	-	-	-	-	**-**
Transfer from General Reserve	-	-	-	25.00	-	(25.00)	-	-	-	-	-	**-**
Increase /(decrease) during the year	-	-	-	-	-	-	-	-	(6.21)	-	-	**(6.21)**
Issuance of equity shares through Quali-fied Institutional Placement	-	-	142.15	-	-	-	-	-	-	-	-	**142.15**
Amortisation of Financial Guarantee Obligation	-	-	-	-	8.52	-	-	-	-	-	-	**8.52**
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement	-	-	(12.23)	-	-	-	-	-	-	-	-	**(12.23)**
Balance at 31st March 2018	**42.89**	**40.00**	**590.75**	**25.00**	**(131.70)**	**167.63**	**-**	**-**	**5.95**	**0.36**	**0.28**	**741.16**

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Notes to the financial statements

1. Basis of Preparation and Significant Accounting Policies

CORPORATE INFORMATION

Mercator Limited (the "Company") is a public limited Company registered in India under the provisions of the Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India.

1.1 Basis for Preparation

The standalone financial statements of Mercator Limited ("the Company") have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting generally accepted in India.

Items included in the Ind AS financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's Ind AS financial statements are presented in Indian Rupee (INR), which is also the Company's functional and presentation currency. All amounts in these Ind AS financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in Crore.

These Ind AS standalone financial statements for the year ended March 31, 2018 were approved by the Board of Directors and were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on May 28, 2018.

1.2 Historical cost convention

The Ind AS financial statements have been prepared on a historical cost convention, except for the following

1. Certain financial assets and liabilities including derivative instruments are measured at fair value.
2. Assets held for sale- measured at fair value less costs to sell
3. Defined benefit plans- plan assets measured at Fair value.

1.3 Use of estimates

The preparation of theInd AS financial statements in conformity with the recognition and measurement principles of the Ind-AS that requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at date of financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Ind AS financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Critical estimates and judgements

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Ind AS financial statements.

The major areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation – refer note 3.3
- Estimation of current tax expenses and Payable – refer note 3.13
- Scrap Value and Useful lives of property, plant and equipment – refer note 1.6
- Impairment of property, plant and equipment – refer note 1.7
- Provisions for litigations, insurance claim receivables and claim of underperformance by client.

1.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

All the assets and liabilities have been classified as current/non-current, as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

Based on the nature of services rendered by the Company and the normal time between the rendering of the services and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to the financial statements

1.5 Foreign Currency translation

(i) Functional and presentation currency

The Company's Ind AS financial statements are presented in Indian Rupee (INR), which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currency are recorded at functional currency using the exchange rate at the date of accounting of the transaction. Non monetary items, which are measured in terms of historical costs denominated in a foreign currency, are reported using the exchange rate at the date of thetransaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the yearend are translated at closing rates. The difference in translation of long term monetary assets acquired and liabilities incurred prior to April 1, 2016 and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset; and in other cases, accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset / liability, by recognition as income or expense. The difference in translation of all other monetary assets andliabilities and realised gains and losses on other foreign currency transactions are recognisedin the Statement of Profit and Loss. They are deferred in Other Equity, if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively). Exchange differences relating to Long term foreign currency monetary items incurred prior to April 1, 2016 are accounted in terms of para D13AA of Ind- AS 101 as under:

(i) In so far as they relate to the acquisition of a depreciable capital asset, such differences are added to/ deducted from the cost of such capital asset and depreciated over the balance useful life of the asset

(ii) In other cases, such differences are accumulated in "Foreign currency Monetary Items Translation differences account" and amortised in the statement of Profit and loss over the balance useful life of the long-term foreign currency monetary item.

1.6 Property, Plant and Equipment& Depreciation

Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of Property, Plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), anydirectly attributable expenditure including exchange difference capitalised as per para 1.5 (ii) above, brokerage andstart-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Drydocks are considered as component of fleet with estimated useful lives different than the main component of fleet. Cost relating to drydock which is mandatorily required to be carried out as per the Classification Rules and Regulations is recognized in the carrying amount of ship and is depreciated/ amortised over 2.5 years. On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and equipment.

Depreciation on Property, Plant and equipment is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of Vessels, where depreciation is provided on Straight

Notes to the financial statements

Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of Vessels, where useful life is considered as under based on technical evaluation:

Tankers, Dry Bulk carriers, Cutters, Dredgers 25 years except for two dredgers considered as 42 and 60 years.

Gas Carriers 30 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets costing less than ₹ 25,000/- are fully depreciatedin the year of capitalisation.

Intangible Assets & Amortization

Intangible assets are stated at acquisition cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives.

1.7 Impairment of non-financial assets

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash- Generating Units (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 group 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 and the impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

1.8 Investment Property

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP. Ind AS financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment Property is property (land or a building-ora part of a building) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supplyof goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 20 years from the date of original purchase.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.9 Assets held for sale

Non-current assets 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 asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

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

Notes to the financial statements

Property, plant and equipment classified as held for sale are not depreciated.

1.10 Investment in subsidiaries

Non-current Investments in equity shares in subsidiaries are carried at cost less accumulated impairment losses, if any. Where anindication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverableamount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts arerecognized in the Statement of Profit and Loss.

1.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivabletaking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company recognises revenue when the specific criteria have been met for each of the Company's activities as described below:

a) Cargo Handling

Where loading of the cargo is not completed before the close of the year, revenue is not recognised and the corresponding expenses are also carried forward to the next year.

b) Charter Hire Income

Income from charter hire and demurrage earnings is recognized on accrual basis as per the terms of agreement.

c) Dividend Income

Dividend on investments is recognised when the right to receive the same is established.

d) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate.

e) Insurance Claims

Claims including insurance claims are accounted when there is a reasonable certainty of the realisation of the claim amount.

f) Income from other services is accounted on accrual basis as per the terms of the relevant agreement.

g) Vessel Demurrage income due as per contractual terms is recognized. A provision on estimated basis is made towards deduction from demurrage based on past experience of settlements.

1.12 Incomplete Voyages

In case of incomplete voyages, freight earnings are recognised pro rata on the basis of direct operating expenses incurred as compared to total estimated direct operating expenses for the voyage.

1.13 Operating Expenses

a) Fleet direct operating expenses are charged to the Statement of Profit and Loss on accrual basis.

b) Bunker consumption cost, which is part of direct operating expenses, is charged to the Statement of Profit and Loss on consumption.

c) Stores and spares delivered on board the ships are charged to the Statement of Profit and Loss.

1.14 Inventories

Bunker and Lubes on vessels are valued at lower of cost and Net Realisable Value ascertained on First in First out basis. The cost includes all costs of purchase and other costs incurred in bringing theinventories to their present location and condition.

1.15 Leases

a) Finance Lease

Leases are classified as finance leases, if substantially all of the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

b) Operating Lease

<u>As a lessee</u>

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to Company is classified as a finance lease. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

<u>As a lessor</u>

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the financial statements

1.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of an optionallyconvertible bond is determined using a market interest rate for an equivalent non convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument, this is recognised and included in share holder's equity, net of income tax effect, and not subsequently re measured.

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that hasbeen extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

1.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use for sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market that can be accessed by the Company for the asset or liability.

The fair value of an asset or a 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.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised 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 or 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 recognised in the Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the financial statements

1.19 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income. However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changesrecognized in the Statement of Profit and Loss. However, currently the Company does not have any financial instruments in this category.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified at FVTPL.

For all other equity instruments, the Company decides to classify the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to Statement Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit or loss.

De- recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

Notes to the financial statements

'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognized and accumulated in Other Comprehensive Income are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets measured at fair value through other comprehensive income.

In case of other assets (listed as a) above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition.

B) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised 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 derivative financial instruments.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated 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 Other Comprehensive Income. These gains/ losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortized such as loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities 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 derecognised as well as through the EIR amortisation process. 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 amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. 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 de-recognition 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.

C) Financial guarantee obligation

The Company's investments include the effect of notional income from financial guarantee obligations.

D) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instrument is initially recognised at fair value on the date on which derivative contract is entered into and is subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as

Notes to the financial statements

financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken through other comprehensive income.

E) Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBS based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.20 Employee Benefits

a) Short – term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) Post – employment benefits

i. Defined Contribution Plans

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

ii. Defined Benefit Plans

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

c) Other Long – term employee benefits

Other Long – term employee benefit viz. leave encashment is recognised as an expense in the other comprehensive income as it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date.

Actuarial gain / loss, comprising of experience adjustments and the effects of changes in actuarial assumptions is recognized in the Statement of Other Comprehensive Income except for Long-term compensated absences where the same is immediately recognized in the Statement of Profit and Loss.

1.21 Cash and Cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in handand at bank in current and foreign currency accounts, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.22 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.23 Taxes on Income

Tax expenses comprise both current and deferred tax.

(a) Current tax

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with section 115VG (3) of chapter XII-G of the Income Tax Act, 1961.

Notes to the financial statements

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

Further, the Company is paying taxes on the basis of deemed tonnage income, hence there is no impact on deferred tax.

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognisedas an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

1.24 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for which a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Ind AS financial statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset. Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

1.25 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shareswhich could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Notes to the financial statements

2.1 Property, Plant and Equipment

₹ in Crore

	Cost				Depreciation / Impairement				Net Block	
	As at 01/04/2017	Addition	Disposal / Adjustments	As at 31/03/2018	As at 01/04/2017	Addition	Disposal / Adjustments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
Land	0.11	-	-	0.11	-	-	-	-	0.11	0.11
Vessels	1,326.40	66.56	175.76	1,217.20	273.40	137.47	39.49	371.38	845.82	1,053.00
Furniture & Fittings	0.23	-	0.23	-	0.07	-	0.07	-	-	0.16
Vehicles	0.70	-	0.66	0.04	0.44	0.07	0.51	-	0.04	0.26
Office Equipment	0.18	-	0.04	0.14	0.03	0.05	0.02	0.06	0.08	0.15
Computer Equipments	0.17	-	0.10	0.07	0.07	0.02	0.04	0.05	0.02	0.10
Total	**1,327.79**	**66.56**	**176.79**	**1,217.56**	**274.01**	**137.61**	**40.13**	**371.49**	**846.07**	**1,053.78**

	Cost				Depreciation / Impairement				Net Block	
	As at 01/04/2016	Addition	Disposal /Adjustments	As at 31/03/2017	As at 01/04/2016	Addition	Disposal /Adjustments	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Land	0.11	-	-	0.11	-	-	-	-	0.11	0.11
Vessels	1,277.56	65.08	16.24	1,326.40	126.61	146.79	-	273.40	1,053.00	1,150.96
Furniture & Fittings	0.23	-	-	0.23	0.05	0.02	-	0.07	0.16	0.19
Vehicles	1.07	-	0.37	0.70	0.27	0.17		0.44	0.26	0.81
Office Equipment	0.04	0.14	-	0.18	-0.02	0.05	-	0.03	0.15	0.05
Computer Equipments	0.17	-	-	0.17	0.00	0.07	-	0.07	0.10	0.16
Total	**1,279.18**	**65.22**	**16.61**	**1,327.79**	**126.91**	**147.10**	**-**	**274.01**	**1,053.78**	**1,152.28**

Note:

i Vessels, Land and Vehicle of Net book value of ₹845.82 Crore, ₹0.11 Crore and ₹ 0.04 Crore respectively has been charged/mortgaged to the lenders (Refer Note 2.15.)

ii Impairment testing for fleet

The Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of Ind-AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet is higher than their respective carrying amount.

2.2 Investment Property

₹ in Crore

	Cost				Depreciation / Impairement				Net Block	
	As at 01/04/2017	Addition	Disposal /Adjustments	As at 31/03/2018	As at 01/04/2017	Addition	Disposal /Adjustments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
Office Premises	1.62	-	-	1.62	0.37	0.15	-	0.52	1.10	1.25
Total	**1.62**	**-**	**-**	**1.62**	**0.37**	**0.15**	**-**	**0.52**	**1.10**	**1.25**

	Cost				Depreciation / Impairement				Net Block	
	As at 01/04/2016	Addition	Disposal /Adjustments	As at 31/03/2017	As at 01/04/2016	Addition	Disposal /Adjus ments	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Office Premises	1.62	-	-	1.62	0.20	0.17	-	0.37	1.25	1.42
Total	**1.62**	**-**	**-**	**1.62**	**0.20**	**0.17**	**-**	**0.37**	**1.25**	**1.42**

₹ in Crore

		Year Ended	
(a)	**Income and expenditure of Investment property:**	**31/03/2018**	**31/03/2017**
	Rental income from investment property:	0.60	0.60
	Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.05	0.06
	Income arising from Investment Properties before depreciation	0.55	0.54
	Less: Depreciation	0.15	0.17
	Income from Investment Properties (net)	**0.40**	**0.37**

Notes to the financial statements

(b) All of the Company's Investment Properties are held under freehold interest. Investment properties have restriction on title as they are pledged to secure long term borrowings of the Company (Refer to Note 2.15(a).

c) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

d) The fair value of the Company's Investments properties as at March 31, 2018 & March 31, 2017 have been arrived at on the basis of valuation carried out as at March 31 2017 by an external, independent valuer registered with the authority which govern the valuers in India. The fair value measurement for all the investments properties has been categorised as Level 1/Level 2 fair value on the inputs to the valuation technique used.

₹ in Crore

	Fair Value	
Fair Value of Investment Properties:	**31/03/2018**	**31/03/2017**
Office Premises	13.39	13.39
	-	-
	13.39	**13.39**

(e) Details of Company's investment properties and information about the fair value hierarchy are given below:

₹ in Crore

	31/03/2018		31/03/2017	
Fair Value of Investment Properties:	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Freehold land	-	-	-	-
Office Premises	13.39	-	13.39	-

2.3 Investments

₹ in Crore

	Face Value per Unit	Numbers - As at		Amount - As at	
		31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
Investment in Equity Instruments (Unquoted valued at cost)					
Subsidiaries					
Mercator Oil and Gas Limited	10.00	150,000	150,000	0.15	0.15
Mercator International Pte Limited (S$1)		100,000	100,000	0.29	0.29
Offshore Holdings Company Pte. Limited (S$1)*		2	2	0.00	0.00
Mercator Petroleum Limited **	10.00	15,300,000	15,300,000	15.30	15.30
Mercator Offshore (P) Pte Limited (S$1)		13,992	13,992	0.05	0.05
Oorja Resources India Private Limited	10.00	25,000	25,000	0.03	0.03
Mercator Oceantransport Ltd	10.00	50,000	-	0.05	-
Mercator Dredging Private Limited (formerly known as Mercator FPSO Private Ltd)	10.00	10,000	10,000	0.01	0.01
Other Equity Investment -					
(fair value of financial guarantee given for)					
Offshore Holdings Pte. Limited				18.42	-
Mercator International Pte Ltd				3.47	-
Mercator Oil and Gas Limited				0.33	-
Mercator Petroleum Limited				1.07	-
Investment in Debentures					
Subsidiaries:					
6% Optionally Convertible Unsecured Debentures of Mercator Petroleum Limited	10	35,810,000	30,630,000	35.81	30.63
Sub Total (A)				**74.97**	**46.46**
Others					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1,250	1,250	0.00	0.00
Sub Total (B)				0.00	0.00
Total				**74.97**	**46.46**

* Cost ₹ 51

** Shares of Mercator Petroleum Limited has been pledged for non-convertible debentures as collateral

Notes to the financial statements

₹ in Crore

	As at 31-Mar-2018	As at 31-Mar-2017
Non Current Investments		
(a) Aggregate amount of investments and market value are given below:		
Aggregate Cost of quoted investments	-	-
Aggregate Market Value of quoted investments	-	-
Aggregate Cost of unquoted investments	74.97	46.46
Aggregate amount of impairment in value of investments	-	-

2.4 Loans (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

Loans and advances to related parties (a)	421.08	279.86
Security & Judicial deposits	7.56	5.86
	428.64	**285.72**

(a) Loans and advances to related parties		
Mercator FPSO Private Limited	2.01	2.01
Mercator International Pte Limited	357.88	221.15
Mercator Petroleum Limited	61.19	56.70
	421.08	**279.86**

2.5 Other Financial Assets (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

Debenture Application Money - pending allotment (a)	0.75	-
Fixed Deposits with bank with maturity more than 12 months (b)	8.53	1.35
Accrued interest on fixed deposit with banks	-	0.16
Deposits with government and semi government bodies	0.06	0.06
Financial Guarantee Contract Premium	13.47	-
Unamortized finance charges	-	1.00
	22.81	**2.57**

(a) Company has subscribed for 6% Optionally Convertible Unsecured Debentures of Mercator Petroleum Limited for ₹ 0.75 crore which have been allotted in the month of April 2018.

(b) Held as lien for margin money & DSRA for borrowings

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

Capital Advances to related parties (a)	18.77	27.59
Capital Advances to Others	22.70	25.40
Capital Advances to Others, considered doubtful	2.70	-
Less: Provision made	(2.70)	-
	41.47	**52.99**

(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	18.77	27.59
Less: Provision held	-	-
	18.77	**27.59**

Notes to the financial statements

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.7 Inventories

(valued at lower of cost and net realisable value)

Bunker and lubes	10.01	10.15
	10.01	**10.15**

2.8 Trade Receivables

Unsecured, Considered Good	164.30	171.21
Unsecured, Considered Doubtful	25.62	22.82
Less Allowances for credit losses	(25.62)	(22.82)
Expected Credit Loss on Trade Receivables	(1.98)	-
	162.32	**171.21**

2.9 (i) Cash and Cash Equivalents

Cash on hand	0.01	0.09
Balances with bank		
Current Accounts (a)	14.33	36.37
Fixed Deposits with bank with maturity less than 3 months (b)	4.11	-
	18.45	**36.46**

(a) Balances with banks includes amount in escrow account	0.14	0.14
(b) Held as lien for margin money & DSRA for borrowings		

2.9 (ii) Other Bank Balances

Fixed Deposits with bank with maturity more than 3 months but less than 12 months (a)	2.60	32.21
Margin Money Deposit (placed with Banks under lien against the lien against facilities given by the Banks (a)	2.82	-
Earmarked Balances with Banks	17.17	-
Balances with banks in unpaid dividend accounts	0.11	-
	22.70	**32.21**
Balances with banks held as margin money deposits against guarantees	7.29	8.17

(a) Held as lien for margin money & DSRA for borrowings

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

Loans and advances to -		
- Related Parties (a)	77.31	64.97
	77.31	**64.97**
(a) Loans and advances to related parties -		
Mercator Offshore (P) Pte Limited	1.24	1.23
Mercator Oil & Gas Limited	63.25	57.27
MCS Holdings Pte Limited	5.73	5.36
Mercator Projects Pte Ltd	-	0.18
Offshore Holdings Copmany Pte Ltd*	7.10	0.93
	77.32	**64.97**

* denominates reimbursement of expenses

Notes to the financial statements

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unless otherwise stated)

Inter Corporate Deposits to others	5.71	14.02
Insurance Claim Receivable	61.85	54.28
Unbilled Revenue	2.25	63.07
Security Deposits	0.03	0.08
Others	2.93	-
Other Receivables from related party	-	0.03
Accrued interest on fixed deposit with banks	0.69	1.22
Inter corporate deposits to others, considered Doubtful	9.36	9.36
Less: Provision for doubtful advances	(9.36)	(9.36)
	73.46	**132.70**

2.12 Other Current Assets

Prepaid Expenses	3.81	1.06
Advance to Employees	0.10	0.14
Advance to Suppliers	29.08	28.82
Other Advances	2.37	8.14
GST / Service Tax Receivable	-	1.53
	35.36	**39.69**

2.13 Equity Share Capital

Authorised		
35,00,00,000 (Previous Year - 35,00,00,000) Equity shares of Re 1/- par value each	35.00	35.00
200,00,000 (Previous Year - 200,00,000) Preference shares of ₹ 100/- par value each	200.00	200.00
	235.00	235.00
Issued Capital		
30,24,59,335 share (Previous Year - 26,98,92,073) Equity shares of Re 1/- each	30.25	26.99
	30.25	26.99
Subscribed and Fully Paid Up Capital		
30,24,59,335 share (Previous Year - 26,98,92,073) Equity shares of Re 1/- each	30.25	26.99
	30.25	**26.99**

(a) Rights, preferences, restrictions attached to Shares

The company has two class of shares, referred to as equity shares having a face value of Re.1/- and preference shares having a face value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	2017-2018		2016-2017	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	269,892,073	26.99	244,892,073	24.49
Equity shares allotted in Qualified Institutional Placement	32,567,262	3.26	25,000,000	2.50
Equity shares outstanding at the end of the period	302,459,335	30.25	269,892,073	26.99

Notes to the financial statements

(c) On 13th Nov 2017, the Company issued and allotted 3,25,67,262 Equity Shares of Re 1/- each at an issue price of ₹ 44.65 per share to raise ₹ 145.41 Crore by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities Rules, 2014). Expenses related to the issue amounting to ₹ 12.31 Crore have been adjusted against Securities Premium Reserves. The net proceeds of the Qualified Institutional Placement has been utilised for repayment / prepayment of debt, working capital and general corporate purpose.

(d) The company during the preceding five years :
(i) Has not allotted shares pursuant to contracts without payment received in cash.
(ii) Has not issued shares by way of bonus shares.
(iii) Has not bought back any shares.

(e) Details of shareholders holding more than 5% Equity Shares in the Company on reporting date:

	As at March 31,2018		As at March 31,2017	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	47,066,700	15.56	46,766,700	17.33
Archana Mittal	27,027,400	8.94	27,027,400	10.01
AHM Investments Private Limited	18,406,250	6.09	18,406,250	6.82
Government of Singapore	17,336,959	5.73	15,366,840	5.69

Out of above 52,623,401 no of shares (PY 21,680,951 no of shares) (56.84% (PY 23.49%) of promoter holding) has been pledged for loan taken by company amounting to ₹ 74.50 Crore (PY ₹ 36.00 Crore) as stated in Schedule 2.18 90,00,000 shares held by AHM Investments Private Limited has been pledged during the year for credit facility amounting to ₹ 36 Crore taken by wholly owned subsidiary.

₹ in Crore

2.14 Other Equity

	As at	
	31-Mar-2018	31-Mar-2017
A. Summary Of Other Equity (Refer Statement of Changes in Equity for detailed movement)		
Capital Reserve	42.89	42.89
Capital Redemption Reserve	40.00	40.00
Securities Premium Account	590.75	460.83
Tonnage Tax Reserve	-	15.38
Debenture Redemption Reserve	25.00	25.00
General Reserve	167.63	152.24
Foreign Currency Monetary Item Translation Difference Account	5.96	12.16
Retained earnings	(131.70)	46.40
Deemed Equity component on FCCB	0.36	0.36
Other Comprehensive Income	0.28	(0.64)
	741.17	**794.62**

B. Nature of Reserves

Capital Reserve

Capital Reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital Redemption Reserve

Capital Redemption reserve (CRR) is being created as per Section 80 (d) of the Companies Act, 2013.

Security Premium

Securities Premium Reserve is used to record the premium on issue of securities of the Company. This reserve is created and utilised as per the provisions of the Companies Act, 2013.

Notes to the financial statements

Tonnage Reserve

These reserves are mandatory under the Income Tax Act, 1961 for companies who opt for the Tonnage Tax scheme prescribed under the said Act.

Debenture Redemption reserve

The Company is required to create a Debenture Redemption Reserve out of the profits which is available for redemption of debentures.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to Shareholders

Foreign Currency Monetary Item Translation Difference Account

Foreign Currency Monetary Item Translation Difference Account represents amounts recognized on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognized are amortised in the statement of profit and loss over remaining maturity of related borrowings.

Hedging reserve

This records the movement in the value of cash flow hedges

Retained earnings

Retained earnings represents surplus/ accumulated earnings of the company less any transfers to General Reserve, Tonnage Tax Reserves, dividend or other distribution paid to Shareholders.

Dividend : In respect of year ended March 31, 2018, the Board of Directors of the Company has recommended dividend amounting to ₹ Nil (Previous Year ₹ 0.05 per share) on the fully paid up equity shares.

Deemed Equity : Represents deemed equity portion of FCCB as per Ind AS.

2.15 Borrowings (Non-current)

₹ in Crore

	Non-current Portion		Current Maturities*		Total	
	As at		As at		As at	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Secured						
Debentures						
Secured Non Convertible Debentures - (a)	99.22	50.00	-	50.00	99.22	100.00
Term Loans						
From Banks						
Rupee Term Loans - (b) &(d)	-	0.05	-	0.06	-	0.11
Foreign Currency Term Loans - (b) &(d)	358.36	469.52	115.52	91.34	473.88	560.86
External Commercial Borrowings-(b) &(d)	81.27	148.33	66.85	30.66	148.12	178.99
From Financial Institutions						
Rupee Term Loans - (b) &(d)	2.00	-	8.00	-	10.00	-
Unsecured						
Foreign Currency Convertible Bonds (c)	96.28	90.64	-	-	96.28	90.64
	637.13	**758.54**	**190.37**	**172.06**	**827.50**	**930.60**

* Current maturities of non-current borrowings have been disclosed under "Other Financial Liabilities (Current)".

Notes to the financial statements

₹ in Crore

(a) Debentures comprise of following:	As at 31/03/2018 Gross	As at 31/03/2018 Carrying Value	As at 31/03/2017 Gross	As at 31/03/2017 Carrying Value	Redemption Date
1000 (12.00)% Secured Unlisted Unrated Non Convertible Debentures of ₹ 10,00,000 each *	100.00	99.22	-	-	Quarterly Instalment stating from June 2020
1000 (12.40)% Secured Listed Rated Non Convertible Debentures of ₹ 10,00,000 each **	-	-	100.00	100.00	5-Nov-18
	100.00	**99.22**	**100.00**	**100.00**	

* Non Convertible Debentures are secured by first pari passu charge on specified vessels and first pari passu charge on the specified immovable property of the company. The same has further collaterally secured on pledge of shares of Mercator Petroleum Limited held by the company and its step down subsidiary. This will be redeemed at premium of 5% on every redemption installment or any pre payment as per terms of Debenture Trust Deed.

** Non Convertible Debentures were secured by first pari-passu charge on specified vessels and first pari passu charge on the specified immovable property of the company. These have been fully prepaid on March 27, 2018.

(b) Foreign Currency term loan comprise of following:

i. The foreign currency term loans from banks of ₹ 473.88 crore (PY ₹ 560.86 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the company as well as charge on cash flows of specified vessels

ii. The external commercial borrowings of ₹ 148.12 crore (PY ₹ 178.99 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the company as well as charge on cash flows of specified vessels.

(c) Foreign Currency Convertible Bonds (FCCB) of USD 16 Mn outstanding amounting to ₹96.28 Crore (PY ₹90.64 Crore) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 at initial conversion price of ₹38.30 Per Share (at a fixed rate of exchange on conversion of ₹58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019 which is listed on Singapore Stock Exchange. This is fully unsecured in nature.

(d) Foreign Currency term from bank and Financial Institutions comprise of following:

₹ in Crore

	Currency	Balance Installments as aon 31/03/3018	Rate of Interest	As at 31/03/2018 Gross	As at 31/03/2018 Carrying Value	As at 31/03/2017 Gross	As at 31/03/2017 Carrying Value	End of tenure
External Commercial Borrowing	USD	13	Libor+3.40%	7.98	7.98	103.74	103.74	2022
External Commercial Borrowing	USD	13	Libor+3.40%	79.83	79.14	-	-	2022
External Commercial Borrowing	USD	16	Libor+3.40%	43.11	43.11	54.18	54.18	2022
External Commercial Borrowing	USD	2	Libor+5.00%	17.89	17.89	21.07	21.07	2019
				148.80	**148.12**	**178.99**	**178.99**	
Foreign Currency Term Loan	USD	6	Libor+5.00%	16.26	15.41	29.18	27.00	2020
Foreign Currency Term Loan	USD	16	Libor+4.50%	31.22	30.38	38.42	37.13	2022
Foreign Currency Term Loan	USD	8	Libor+4.50%	22.77	20.79	32.42	28.48	2020
Foreign Currency Term Loan	USD	6	Libor+4.50%	23.29	23.29	28.08	28.08	2020
Foreign Currency Term Loan	USD	16	Libor+5.20%	102.12	98.18	118.00	112.30	2022
Foreign Currency Term Loan	USD	25	Libor+4.50%	87.81	87.09	92.40	91.47	2025
Foreign Currency Term Loan	USD	20	MCLR+3.55%	29.92	27.69	32.42	30.30	2023
Foreign Currency Term Loan	USD	20	MCLR+3.55%	41.89	38.74	45.39	42.41	2023
Foreign Currency Term Loan	USD	9	Libor+5.00%	29.27	29.02	42.15	41.64	2020
Foreign Currency Term Loan	USD	16	Libor+5.00%	104.07	103.28	123.31	122.04	2022
				488.61	**473.87**	**581.76**	**560.85**	
FCCB	USD		4.75%	104.07	96.28	103.74	90.64	2020
Rupee term loan from Bank	INR		9.49%	-	-	-	0.11	2020
Rupee term loan from Financial Institution	INR		14.50%	10.00	10.00	-	-	2019
					827.49		**930.60**	

External Commercial Borrowings referred in (c) above are secured by exclusive/first pari passu charge on specified vessels of the company as well as charge on cash flows of specified vessels.

Notes to the financial statements

(e) Rupee term loan from financial institution comprise of following:

₹ in Crore

	Rate of Interest	Rate of Interest	As at				End of tenure
			31/03/2018		31/03/2017		
			Gross	Carrying Value	Gross	Carrying Value	
Financial Institution	14.50%	Long Term	10.00	10.00	-		30-Apr-19
Financial Institution*	13.50%	Short Term	17.50	17.50	-		31-Mar-19
Financial Institution	16.00%	Short Term	20.00	20.00			03-Nov-18
Financial Institution	14.50%	Short Term	5.00	5.00	12.00	12.00	31-Jan-19
Financial Institution	14.00%	Short Term	7.00	7.00	7.00	7.00	25-Sep-18
Financial Institution	14.00%	Short Term			10.00	10.00	
Financial Institution*	14.00%	Short Term	15.00	15.00	7.00	7.00	25-Feb-19
			64.50	**64.50**	**36.00**	**36.00**	

The above loans are secured against pledge of shares held by promoters.
* Loans are further collaterally secured by Personal Guarantee of Promoters

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.16 Other Financial Liabilities (Non-Current)

Security Deposit	0.18	0.18
Financial Guarantee Contract liability	12.60	-
	12.78	**0.18**

2.17 Provisions (Non-Current)

Provision for employee benefits		
Gratuity	0.81	1.22
Compensated absences	0.36	0.57
	1.17	**1.79**

2.18 Borrowings (Current)

Secured		
From Banks		
Cash Credit	24.40	27.48
Other Loans	16.93	-
From Financial Institution		
Other Loans	64.50	36.00
Unsecured		
From Banks		
Cash Credit	19.43	19.98
	125.26	**83.46**

Cash Credit facilities from Scheduled Banks are secured by first charge on all receivables on pari-passu basis and second charge on specified vessels. Other loans are secured by pledge of shares and personal guarantee of promoters.

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.19 Trade Payables

Total Outstanding of		
- Micro and small enterprises (Refer Note 3.09)	-	-
- Other than micro and small enterprises (a)	135.32	184.74
	135.32	**184.74**
(a) Includes payable to subsidiary companies	**37.64**	**28.70**

2.20 Other Financial Liabilities (Current)

Current maturities of long-term debt		
- Debentures (Refer Note 2.15)	-	50.00
- External commercial borrowings (Refer Note 2.15)	66.85	30.66
- Term loans from banks (Refer Note 2.15)	115.52	91.40
- Rupee Term Loan from Financial Institution (Refer Note 2.15)	8.00	-
Capital Creditors	16.50	3.19
Financial Guarantee Contract liability	3.57	-
Liability towards cash flow hedges	0.00	5.49
Other payables	1.20	1.46
Interest accrued but not due on borrowings	4.69	12.29
Unclaimed Dividend (a)	0.11	0.15
	216.44	**194.64**

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

Statutory dues payables	15.14	7.70
Advance for Asset classified as Held For Sale	26.28	-
Advance from customers	0.57	1.14
	41.99	**8.84**

2.22 Provisions (Current)

Provision for employee benefits		
Gratuity	0.27	0.88
Compensated absences	0.26	0.26
	0.53	**1.14**

2.23 Revenue from Operations

Revenue from -		
Freight and demurrage	55.48	0.85
Dredging	170.69	270.85
Charter hire	179.50	266.63
	405.67	**538.33**

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.24 Other Income

Dividend Income	0.07	-
Rent Income	0.60	0.60
Interest income		
- Fixed Deposits and Inter corporate deposits	3.50	6.00
- Related Party	22.89	15.24
Balances written back / written off (net)	0.23	-
Gain on Exchange Difference	5.07	-
Amortised Financial Guarantee Obligation	7.12	5.00
Other income	2.93	3.66
	42.41	**30.50**

Interest Income from Related Parties :		
Mercator Oil & Gas Ltd.	4.28	3.70
Mercator Petroleum Ltd	4.06	3.63
Mercator Offshore (P) Pte Ltd	-	0.12
Mercator International Pte Ltd	12.57	6.12
Interest on 6% Debentures of Mercator Petroleum Ltd	1.98	1.67
	22.89	**15.24**

2.25 Operating Expenses

Bunker Consumed	78.62	88.84
Vessel /Equipment hire expenses	7.95	34.23
Crew Expenses	79.87	90.01
Agency, Professional and service expenses	6.09	6.91
Communication expenses	1.73	1.81
Commission	0.38	0.06
Dispatch & Demurrage	-	5.87
Insurance	9.63	11.81
Port expenses	11.71	4.20
Repairs and Maintenance	39.72	58.69
Stevedoring, transport and freight	1.66	1.74
Other Expenses	6.92	2.76
	244.28	**306.93**

2.26 Employee Benefits Expenses

Salaries, wages, bonus, etc.	15.94	14.35
Contribution to provident and other funds	1.49	0.66
Employee welfare expenses	0.26	0.25
	17.69	**15.26**

2.27 Finance cost

Interest expense	81.38	78.27
Other finance cost	22.79	18.63
Amortised Financial Guarantee Obligation Premium (a)	0.06	-
	104.23	**96.90**

(a)		
Mercator Oceantransport Limited	0.03	-
Mercator Petroleum Limited	0.03	-
	0.06	**-**

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.28 Other expenses

Rent	3.55	2.28
Payment to auditors		
As auditors	0.28	0.28
For other services (certification and other matters)	0.11	0.12
Repairs and Maintenance	0.92	1.04
Insurance	0.13	0.14
Legal, Professional and consultancy expenses	4.80	4.96
Expected Credit Loss	1.98	-
Communication Expenses	0.28	0.33
Conveyance, Car Hire and Travelling	1.25	1.39
Advertisement	0.06	0.03
Loss on Sale / Discard of Fixed Asset	37.59	0.36
Loss on value of Assets classified as Held For Sale	27.76	-
Loss on sale of Non-Current Investments	-	0.58
Net Loss on foreign currency transactions/translation	-	1.62
Provision for doubtful debts/advances	5.50	6.43
Miscellaneous expenses	2.73	3.30
	86.94	22.86

2.29 Income Tax Expenses

Current tax		
Income tax for the year	2.00	1.00
Adjustments/(credits) related to previous years - Net (Refer Note 3.17)	40.17	
Total current tax	**42.17**	**1.00**

Notes to the financial statements

3.1 Earnings per Share (EPS)

Basic EPS (in ₹)	(6.52)	(1.25)
Diluted EPS (in ₹)	(6.52)	(1.25)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(184.07)	(31.16)
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	282,294,400	249,549,607
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	**282,294,400**	**249,549,607**
Face Value per equity share (₹)	1.00	1.00

3.2 Segment Reporting

In accordance with Accounting standard Ind AS 108 'Operating Segment', segment information has been given in the consolidated Ind AS financial statements of Mercator Limited, and therefore, no separate disclosure on segment information is given in the Standalone financial statements.

3.3 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits

(A) Defined Contribution Plans:

The Company has recognised the following amounts in the Statement of Profit and Loss for the year

(₹ in Crore)

Particulars	Current Year	Previous Year
Contribution to Employees' Provident Fund (excluding Contribution to Seamen's Provident Fund)	0.54	0.61

(B) Defined Benefit Plans and Other Long Term Benefits:

Valuations in respect of Gratuity and Leave Encashment have been carried out by an independent actuary as at the Balance Sheet date under the Projected Unit Credit method, based on the following assumptions:

Actuarial Assumptions	Gratuity		Leave Encashment	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
(a) Discount Rate	7.50%	7.50%	7.50%	7.50%
(b) Salary Escalation Rate	8.00%	8.00%	8.00%	8.00%
(c) Staff Turnover Rate	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale
(d) Mortality Table	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate
(e) Expected average remaining service (in years)	15.00	17.61	10.77	18.00

(i) Changes in Defined Benefit Obligation

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Defined Benefit Obligation at the beginning	2.10	1.36	0.83	0.83
Current Service Cost	0.18	0.23	0.12	0.18
Past Service Cost	0.11	-	-	-
(Gain) / Loss on settlements	-	-	-	-
Interest Expense	0.13	0.10	0.05	0.06
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.62)	(0.27)	(0.30)	(0.17)

Notes to the financial statements

₹ in Crore

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions	-	0.05	-	0.01
Remeasurements - Due to Experience Adjustments	(0.82)	0.63	(0.09)	(0.08)
Defined Benefit Obligation at the end	**1.08**	**2.10**	**0.61**	**0.83**

(ii) Change in Fair Value of Plan Assets

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Fair Value of Plan Assets at the beginning	-	-	-	-
Interest Income	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	0.62	0.27	0.30	0.17
Employer Direct Settlement Payments	-	-	-	-
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.62)	(0.27)	(0.30)	(0.17)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-	-	-
Fair Value of Plan Assets at the end	**-**	**-**	**-**	**-**

(iii) Components of Defined benefit cost

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Current Service Cost	0.18	0.23	0.12	0.18
Past Service Cost	0.11	-	-	-
(Gain) / Loss on Settlements	-	-	-	-
Reimbursement Service Cost	-	-	-	-
Total Service Cost	**0.29**	**0.23**	**0.12**	**0.18**
Interest Expense on Defined benefit obligation	0.13	0.10	0.05	0.06
Interest (Income) on Plan Assets	-	-	-	-
Interest (Income) on Reimbursement Rights	-	-	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-	-	-
Total Net Interest Cost	**0.13**	**0.10**	**0.05**	**0.06**
Reimbursement of Other Long Term Benefits	-	-	-	-
Defined Benefit Cost included in the Statement of Profit and Loss	0.42	0.33	0.17	0.24
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions	-	0.05	-	0.01
Remeasurements - Due to Experience Adjustments	(0.82)	0.63	(0.09)	(0.08)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
Total Remeasurements in Other Comprehensive Income	**(0.82)**	**0.68**	**(0.09)**	**(0.07)**
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	**(0.40)**	**1.01**	**0.08**	**0.17**

Notes to the financial statements

(iv) Net defined Benefit Liability/ (Asset) reconciliation

₹ in Crore

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Net Defined Benefit Liability / (Asset) at the beginning	2.10	1.36	0.83	0.83
Defined Benefit Cost included in the Statement of Profit and loss	0.42	0.33	0.17	0.24
Total Remeasurements included in Other Comprehensive Income	(0.82)	0.68	(0.09)	(0.07)
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	-	-	-	-
Amount recognized due to Plan Combinations	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	(0.62)	(0.27)	(0.30)	(0.17)
Employer Direct Settlement Payments	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	**1.08**	**2.10**	**0.61**	**0.83**

(v) Amounts recognized in the Balance Sheet

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Defined Benefit Obligation	1.08	2.10	0.61	0.83
Fair Value of Plan Assets	-	-	-	-
Funded Status	**1.08**	**2.10**	**0.61**	**0.83**
Effect of Asset Ceiling/Onerous Liability	-	-	-	-
Net Defined Benefit Liability/(Asset)	**1.08**	**2.10**	**0.61**	**0.83**
Of which, Short term Liability	**0.27**	**0.88**	**0.26**	**0.26**

(vi) Experience Adjustments - Gratuity

Experiences	2014	2015	2016	2017	2018
Defined Benefit Obligation at the end of the period	1.88	2.20	1.36	2.10	1.08
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	0.60	0.07	1.22	-0.63	-0.82
Experience adjustments on Plan Assets	NA	NA	NA	NA	NA

(vii) Maturity Profile of Defined Benefit Obligation :

Present Value of Obligations	Year 1	Year 2	Year 3	Year 4	Year 5 to Year 10
Gratuity	0.27	0.11	0.07	0.05	0.53
Leave Encashment	0.26	0.08	0.08	0.05	0.20

(viii) Sensitivity Analysis

Particulars	Discount Rate		Salary Escalation Rate	
Present Value of Obligations	+1%	-1%	+1%	-1%
Gratuity	-6.20%	7.20%	7.60%	-6.70%
Leave Encashment	-2.60%	2.90%	3.50%	-3.30%

3.4 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2018 ₹ NIL (Previous Year NIL).

Notes to the financial statements

3.5 Contingent Liabilities

₹ in Crore

Particulars	31-Mar-2018	31-Mar-2017
Claims against the company not acknowledged as debts in respect of the following items		
Income Tax Demands for various Assessment Years disputed by the Company *	135.41	126.83
Service Tax Demands disputed by the Company	64.03	64.03
Legal Cases - Shipping	28.70	28.70
Legal Cases - Dredging	12.63	-
Legal Cases - Others	-	2.00
	240.77	**221.56**
Guarantees :		
Counter Guarantee issued by Company for guarantees obtained from bank (net of margin)	94.57	110.03
Corporate guarantees issued by the Company on behalf of subsidiaries	585.58	486.25
Counter Guarantees issued by company for Standby Letter of Credit on behalf of Step down Subsidiary	251.21	274.60
Letter of Comforts issued by the Company on behalf of Subsidiary	48.13	47.98
	979.49	**918.86**
* Against the above the Company has already paid ₹ 40.75 Crore (Previous Year ₹ 40.75 Crore)		
The Company expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:		
Legal Cases - Shipping	9.17	9.14
	9.17	**9.14**

(i) It is not practical for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums / authorities.

(i) The Company's pending litigations comprise of claims pertaining to proceedings pending with Income Tax, Service Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions were required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

3.6 Related Party Disclosures: as per Accounting Standard (Ind AS) 24 "Related Party Disclosures" - As per Annexure 'A'

A List of Related Parties

I Subsidiaries - Fellow/ Step down subsidiaries

Sr. No	Name of the Subsidiary Company	Country of Origin	Remarks
1	Mercator Oil and Gas Limited. (MOGL)	India	
2	Mercator Petroleum Limited. (MPL)	India	
3	Oorja Resources India Private Limited	India	
4	Mercator Dredging Private Limited (FPSO)	India	
5	Mercator Oceantransport Limited	India	
6	Mercator International Pte. Limited (MIL)	Singapore	
7	Offshore Holdings Company Pte. Limited (OHPL)	Singapore	
8	Oorja Holdings Pte. Limited	Singapore	
9	Mercator Energy Pte Limited (MEPL)	Singapore	
10	Mercator Offshore Assets Holding Pte Limited (MOAHPL)	Singapore	
11	Mercator Offshore (P) Pte Limited (MOPPL)	Singapore	
12	Panther Resources Pte Limited	Singapore	
13	Oorja (Batua) Pte. Limited	Singapore	
14	Oorja 1 Pte. Limited	Singapore	
15	Oorja 2 Pte. Limited	Singapore	
16	Oorja 3 Pte. Limited	Singapore	
17	Oorja Mozambique Lda	Mozambique	
18	MCS Holdings Pte. Ltd.	Singapore	

Notes to the financial statements

Sr. No	Name of the Subsidiary Company	Country of Origin	Remarks
19	PT Karya Putra Borneo	Indonesia	
20	PT Indo Perkasa	Indonesia	
21	Oorja Indo Petangis Four	Indonesia	
22	Oorja Indo Petangis Three	Indonesia	
23	PT Mincon Indo Resources	Indonesia	
24	Bima Gema Permata, PT	Indonesia	
25	Nuansa Sakti Kenkana	Indonesia	Note 4
26	Oorja Indo KGS	Indonesia	
27	Broadtec Mozambique Minas Lda	Mozambique	
28	Brio Resources Pte Ltd.	Singapore	
29	Marvel Value International Limited	Singapore	
30	MCS Investment and Trading Limited	Dubai UAE	
31	MCS Fuel Trading Sdn Bdh	Malayasia	Note 2
32	Mercator Projects Pte Ltd	Singapore	Note 1
33	Mercator Okoro FPU Pte Ltd	Singapore	Note 1
34	Mercator Okwok FPU Pte Ltd	Singapore	Note 1
35	Fortune Offshore O & M Pte Ltd	Singapore	Note 3
II	**Key Managerial Personnel**		
1	Mr. H.K Mittal - Executive Chairman		
2	Mrs. Archana Mittal - Director		
3	Mr. Shalabh Mittal - Chief Executive Officer		
4	Mr. Rajendra Kothari - Chief Financial Officer (effective from 01.02.2018)		
5	Mr. Kiran Vaidya - Chief Financial Officer (upto 31.01.2018)		
6	Mr. Suhas Pawar - Company Secretary (upto 26.03.2018)		
III	**Enterprises over which Key Managerial Personnel exercise significant control**		
1	Ankur Fertilizers Private Limited		
2	AHM Investments Private Limited		
3	MHL Healthcare Limited		
4	Prem Punita Foundation (India)- Chartiable Trust		
5	HK Sons Realtors Private Limited		
6	Premputli Realtors Private Limited		
7	Sisouli Realtors Private Limited		
8	Vaitarna Marine Infrastructure Limited		
9	Rishi Holding Private Limited		
10	Mac Maritime Training and Research Institute		
IV	**Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence. (With whom transaction have taken place)**		
1	MLL Logistics Private Limited		

Notes

1 Company under liquidation and final order from liquidator is awaited

2 Company has been struck from records of Companies Commissioner of Malayasia dated 09.06.2017

3 Company has been struck from records of Accounting and Corporate Regulatory Authority dated 04.09.2017

4 Company has been sold and change of directors have been accepted by Ministry of Energy and Mineral Resources dated 13.03.2018

Notes to the financial statements

B. Details of transactions with the other parties

₹ in crore

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Managerial Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services Rendered								
Mercator Petroleum Limited	-	5.00	-	-	-	-	-	5.00
Total	**-**	**5.00**	**-**	**-**	**-**	**-**	**-**	**5.00**
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	8.52	21.76	-	-	8.52	21.76
Total	**-**	**-**	**8.52**	**21.76**	**-**	**-**	**8.52**	**21.76**
Interest Income								
Mercator International Pte Limited	12.57	6.12	-	-	-	-	12.57	6.12
Mercator Petroleum Limited	4.06	3.63	-	-	-	-	4.06	3.63
Mercator Oil & Gas Limited	4.28	3.70	-	-	-	-	4.28	3.70
Mercator Offshore (P) Pte. Limited.	-	0.12	-	-	-	-	-	0.12
MLL Logistics Private Limited	-	-	-	-	-	1.26	-	1.26
Total	20.91	13.57	-	-	-	1.26	20.91	14.83
Interest on Debentures								
Mercator Petroleum Limited	1.98	1.50	-	-	-	-	1.98	1.50
Total	**1.98**	**1.50**	**-**	**-**	**-**	**-**	**1.98**	**1.50**
Contribution to CSR								
Prem Punita Foundation	-	-	-	0.05	-	-	-	0.05
Total	**-**	**-**	**-**	**0.05**	**-**	**-**	**-**	**0.05**
Interest Income on Corporate Guarantee given to subsidiaries								
Offshore Holding Company Pte Ltd	2.94	-	-	-	-	-	2.94	-
Mercator International Pte Limited	3.47	-	-	-	-	-	3.47	-
MOGL	0.27	-	-	-	-	-	0.27	-
Mercator Petroleum Pvt Ltd	0.44	-	-	-	-	-	0.44	-
Total	**7.12**	**-**	**-**	**-**	**-**	**-**	**7.12**	**-**
Interest expense on Corporate Guarantee given to subsidiaries								
Mercator Oceantransport Limited	0.03	-	-	-	-	-	0.03	-
Mercator Petroleum Pvt. Ltd	0.03	-	-	-	-	-	0.03	-
Total	**0.06**	**-**	**-**	**-**	**-**	**-**	**0.06**	**-**
Shares pledged for loan against shares								
Mr. H.K Mittal	-	-	85.45	76.88	-	-	85.45	76.88
Mrs. Archana Mittal	-	-	63.20	19.13	-	-	63.20	19.13
AHM Investments Private Limited	-	-	33.17	5.13	-	-	33.17	5.13
	-	**-**	**181.82**	**101.14**	**-**	**-**	**181.82**	**101.14**
Investment made during the year								
6% Debentures in Mercator Petroleum Limited	5.18	12.60	-	-	-	-	5.18	12.60
6% Debentures in Mercator Petroleum Limited - Pending allotment	0.75	-	-	-	-	-	0.75	-
Investment in shares of Mercator Oceantransport Limited	0.05	-	-	-	-	-	0.05	-
Total	**5.98**	**12.60**	**-**	**-**	**-**	**-**	**5.98**	**12.60**

Notes to the financial statements

₹ in crore

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Managerial Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Expenses incurred on behalf of								
Offshore Holdings Company Pte Ltd	6.30	6.90	-	-	-	-	6.30	6.90
Mercator Oceantransport Limited	0.01	-	-	-	-	-	0.01	-
Oorja Resources India Private Limited	0.00	0.17	-	-	-	-	0.00	0.17
Mercator Dredging Private Limited	0.00	0.00	-	-	-	-	0.00	0.00
Mercator Offshore (P) Pte Limited	-	0.11	-	-	-	-	-	0.11
Mercator Oil & Gas Limited	0.07	-	-	-	-	-	0.07	-
Mercator Petroleum Limited	0.11	0.04	-	-	-	-	0.11	0.04
MCS Holdings Pte. Ltd.	0.35	0.00	-	-	-	-	0.35	0.00
Vaitarna Marine Infrastructure Limited	-	-	0.00	-	-	-	0.00	-
Ankur Fertilizers Private Limited	-	-	0.02	0.03	-	-	0.02	0.03
Total	**6.84**	**7.22**	**0.02**	**0.03**	**-**	**-**	**6.86**	**7.25**
Expenses incurred repaid								
Offshore Holdings Company Pte Ltd	-	-	-	-	-	-	-	-
Mercator Oil & Gas Limited	0.00	-	-	-	-	-	0.00	-
Mercator Petroleum Limited	0.07	-	-	-	-	-	0.07	-
Ankur Fertilizers Private Limited	-	-	0.02	-	-	-	0.02	-
Vaitarna Marine Infrastructure Limited	-	-	-	0.01	-	-	-	0.01
Oorja Resources India Private Limited	-	-	-	-	-	-	-	-
Total	**0.07**	**-**	**0.02**	**0.01**	**-**	**-**	**0.09**	**0.01**
Loan given during the year								
Mercator Oil & Gas Limited	38.14	28.38	-	-	-	-	38.14	28.38
Mercator International Pte Limited	159.32	181.13	-	-	-	-	159.32	181.13
Mercator Petroleum Limited	-	4.69	-	-	-	-	-	4.69
Total	**197.46**	**214.20**	**-**	**-**	**-**	**-**	**197.46**	**214.20**
Loan Repaid during the year								
Mercator Oil & Gas Limited	36.08	7.26	-	-	-	-	36.08	7.26
Mercator Offshore (P) Pte Limited	-	3.34	-	-	-	-	-	3.34
Mercator International Pte Limited	33.42	87.67	-	-	-	-	33.42	87.67
Total	**69.50**	**98.27**	**-**	**-**	**-**	**-**	**69.50**	**98.27**
Return of Capital Advance								
Vaitarna Marine Infrastructure Limited	-	-	8.82	-	-	-	8.82	-
Total	**-**	**-**	**8.82**	**-**	**-**	**-**	**8.82**	**-**
Inter Corporate Deposit Repaid								
MLL Logistics Private Limited	-	-	-	-	-	21.80	-	21.80
Total	**-**	**-**	**-**	**-**	**-**	**21.80**	**-**	**21.80**
Advances received during the year								
Oorja Resources India Private Limited	-	28.62	-	-	-	-	-	28.62
Total	**-**	**28.62**	**-**	**-**	**-**	**-**	**-**	**28.62**

Notes to the financial statements

₹ in crore

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Managerial Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Outstanding Balances as on 31.03.2018								
Comfort Letters								
Marvel Value International Limited	48.13	47.98	-	-	-	-	48.13	47.98
Total	**48.13**	**47.98**	**-**	**-**	**-**	**-**	**48.13**	**47.98**
Guarantees								
Mercator International Pte Limited	95.94	115.09	-	-	-	-	95.94	115.09
Mercator Petroleum Limited	92.55	36.10	-	-	-	-	92.55	36.10
Mercator Oil and Gas Limited	223.12	215.75	-	-	-	-	223.12	215.75
MCS Holdings Pte. Ltd	173.97	155.42	-	-	-	-	173.97	155.42
Total	**585.58**	**522.36**	**-**	**-**	**-**	**-**	**585.58**	**522.36**
Counter Guarantees								
Mercator Petroleum Limited	17.00	17.00	-	-	-	-	17.00	17.00
Total	**17.00**	**17.00**	**-**	**-**	**-**	**-**	**17.00**	**17.00**
Loans and Advances								
Mercator International Pte Limited	374.76	248.86	-	-	-	-	374.76	248.86
Mercator Oil & Gas Limited	51.62	49.56	-	-	-	-	51.62	49.56
Mercator Petroleum Limited	39.64	46.97	-	-	-	-	39.64	46.97
Mercator Dredging Private Limited	2.01	2.01	-	-	-	-	2.01	2.01
Total	**468.03**	**347.40**	**-**	**-**	**-**	**-**	**468.03**	**347.40**
Capital Advances								
Vaitarna Marine Infrastructure Limited			18.77	27.59			18.77	27.59
Total			**18.77**	**27.59**			**18.77**	**27.59**
Loan and Other Receivable								
Mercator Oil & Gas Limited	11.63	7.71	-	-	-	-	11.63	7.71
Mercator Petroleum Limited	21.55	9.73	-	-	-	-	21.55	9.73
Mercator Offshore (P) Pte Limited	1.24	1.23	-	-	-	-	1.24	1.23
Offshore Company Holding Pte Ltd	7.10	0.92	-	-	-	-	7.10	0.92
MCS Holdings Pte. Ltd.	5.73	5.36	-	-	-	-	5.73	5.36
Mercator Okoro FPU Pte. Ltd.	-	0.03	-	-	-	-	-	0.03
Mercator Projects Pte Ltd (Singapore)	-	0.18	-	-	-	-	-	0.18
Total	**47.25**	**25.16**	**-**	**-**	**-**	**-**	**47.25**	**25.16**
Loan and Other Payables								
Mercator International Pte Limited	16.89	27.71	-	-	-	-	16.89	27.71
Oorja Resources India Private Limited.	28.70	28.70	-	-	-	-	28.70	28.70
Vaitarna Marine Infrastructure Limited	-	-	0.88	1.91	-	-	0.88	1.91
Rishi Holding Private Limited	-	-	-	0.04	-	-	-	0.04
Total	**45.59**	**56.41**	**0.88**	**1.95**	**-**	**-**	**46.47**	**58.36**
Advances received during the year								
Oorja Resources India Private Limited	-	28.62	-	-	-	-	-	28.62
Total	**-**	**28.62**	**-**	**-**	**-**	**-**	**-**	**28.62**
C) Remuneration paid to Key Managerial Personnel	**2.85**	**3.42**	**-**	**-**	**-**	**-**	**2.85**	**3.42**
Total Compensation of Key Managerial Personnel	**2.85**	**3.42**	**-**	**-**	**-**	**-**	**2.85**	**3.42**

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Ind AS financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with foreign subsidiaries includes unrealised foreign exchange gain/loss.

Notes to the financial statements

D) Sitting Fees Paid to Non-Executive Directors ₹ in Crore

Particulars	Current Year	Previous Year
Directors Sitting Fees	0.27	0.22

3.7 Disclosure as per Ind AS 17 "Leases":

(A) Operating Lease (as Lessee):
Disclosures in respect of cancellable agreements for office premises taken on lease

		As at	
		31-Mar-2018	31-Mar-2017
(i)	Lease payments recognized in the Statement of Profit and Loss	3.47	2.29
(ii)	Significant leasing arrangements		
	The Company has given refundable interest free security deposits under the agreements.	3.29	2.95
	The lease agreements are up to 4 to 36 months. These agreements also provided for periodical increase in rent.		
(iii)	Future minimum lease payments under non-cancellable agreements		
	Not later than one year	NIL	NIL
	Later than one year and not later than five years	NIL	NIL
	Later than five years	NIL	NIL

(B) Operating Lease (as Lessor):
Disclosures in respect of cancellable agreements for office given on lease

		As at	
		31-Mar-2018	31-Mar-2017
(i)	Lease receipt recognized in the Statement of Profit and Loss	0.60	0.60
(ii)	Future minimum lease receivable under non-cancellable agreements		
	Not later than one year	0.60	0.60
	Later than one year and not later than five years	1.35	1.96
	Later than five years	-	-

3.8 Exceptional item as at March 31, 2018 ₹NIL(Previous Year ₹ 9.16 cr) relates to termination of cash flow hedge contracts.

3.9 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Information related to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

₹ in Crore

		As at	
		31-Mar-2018	31-Mar-2017
(i)	Principal amount outstanding	Nil	Nil
(ii)	Interest on Principal amount due	Nil	Nil
(iii)	Interest and Principal amount paid beyond appointment day	Nil	Nil
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act	Nil	Nil
(v)	The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi)	The amount of further interest remaining due and payable even in the succeeding years, 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 of MSME Development Act.	Nil	Nil

3.10 Tonnage Tax Reserve

In terms of section 115VT of the Income Tax Act, 1961, the Company is required to transfer a minimum of 20% of book profits from the tonnage tax activities in tonnage tax reserve which are to be utilised for acquiring new ships within 8 years of such transfer. The Company has transferred ₹ Nil (Previous Year ₹ NIL) to Tonnage Tax Reserve as company has incurred a book loss of ₹ 142.84 crore (Previous Year ₹ 29.55 crore).During the year, the company has transferred the utilised Tonnage Tax Reserve to General Reserve, which had been utilised for the purchase of dredgers in the earlier years.

Notes to the financial statements

3.11 Details of loans given, investment made and guarantee given covered under section 186(4) of the Companies Act. 2013:

(i) Loans and Advances given below:

₹ in Crore

Name of the Company	Relationship	Nature of Transaction	As at 31-Mar-2018 *	As at 31-Mar-2017 *
Mercator FPSO Private Limited	Subsidiary	Loans & Advances	2.01	2.01
Mercator International Pte. Limited	Subsidiary	Loans & Advances	357.88	221.15
Mercator Petroleum Limited	Subsidiary	Loans & Advances	61.19	56.70
Mercator Offshore (P) Pte. Limited	Subsidiary	Loans & Advances	1.24	1.23
Mercator Oil and Gas Limited	Subsidiary	Loans & Advances	63.25	57.27
MCS Holdings Pte. Limited	Subsidiary	Loans & Advances	5.73	5.36
Mercator Projects Pte. Limited	Subsidiary	Loans & Advances	-	0.18
Mercator Okoro FPU Pte Ltd	Subsidiary	Loans & Advances	-	0.03
Offshore Holdings Co.Pte. Limited	Subsidiary	Loans & Advances	7.10	0.93
Mercator Oceantransport Limited	Subsidiary	Loans & Advances	0.01	-

All the above loans are utilized by respective companies for their business activities.

The particulars of company's investment in wholly owned subsidiaries are disclosed in Note - 2.3

*Includes exchange fluctuation on reinstatement / repayment of Loans

(ii) Investments made during the year 2017-18

Name of Subsidiary	Opening Balance	Additions	Deletions	Closing Balance
Mercator Petroleum Limited	45.93	5.18	-	51.11
Mercator Oceantransport Limited	0.00	0.05	-	0.05

Investments made during the year 2016-17

Name of Subsidiary	Opening Balance	Additions	Deletions	Closing Balance
Mercator Petroleum Limited	33.33	12.60	-	45.93

(iii) Guarantees given

Corporate guarantees issued by the company on behalf of wholly owned Subsidiaries

Guarantee given on behalf of	Outstanding as at 31st March 2018	Outstanding as at 31st March 2017
Mercator International Pte. Limited*	95.94	115.09
MCS Holdings Pte Limited*	173.97	155.42
Mercator Oil and Gas Limited*	223.12	215.75
Mercator Petroleum Limited*	92.55	-
Total	**585.58**	**486.25**

*Parent Company guarantees issued in favor of Banks for Loans availed by the subsidiaries for their Business activities

(iv) Standby Letter of Credit

	As at 31-Mar-2018	As at 31-Mar-2017
Standby Letter of Credit is issued in favour of Bank for the Loan availed by step-down subsidiary for its business activity.	251.21	274.60

(v) Letter of Comfort

	As at 31-Mar-2018	As at 31-Mar-2017
Letter of Comfort is issued in favour of Bank for the Loan availed by subsidiary for its business activity.	48.13	47.98

(vi) Security Given

	As at 31-Mar-2018	As at 31-Mar-2017
Charge created on investment property of the company (Refer Note 2.2(b))	95.00	26.00

(vii) Security Taken

	As at 31-Mar-2018	As at 31-Mar-2017
Charge on fixed assets and cash flow of one of subsidiary incorporated in India for non-convertible debenture issued by company during the year (Refer Note No 2.15 (a))	100.00	-

Notes to the financial statements

3.12 Disclosure as required under Regulation 34(3) and 53(f) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015

₹ in Crore

Name of the Company	As at 31-Mar-2018	Maximum outstanding during 2017-18	As at 31-Mar-2017	Maximum outstanding during 2016-17
Mercator International (Pte) Ltd.	357.88	357.88	221.15	229.54
Mercator Oil and Gas Limited	63.25	74.89	57.27	57.73
Mercator Petroleum Limited	61.19	61.19	56.70	56.70
Mercator Dredging Private Limited (Formerly known as Mercator FPSO Private Limited)	2.01	2.01	2.01	2.01
Offshore Holdings Pte. Ltd.	7.10	7.23	0.93	9.00
Mercator Offshore (P) Pte. Ltd.	1.24	1.27	1.23	5.23
MCS Holdings Pte Limited	5.73	5.73	5.36	5.49
Mercator Projects Pte Ltd	-	0.18	0.18	0.19

3.13 Income Tax expense

(A) Tax Expenses recognized in the Statement of Profit & Loss

Particulars	Current Year	Previous Year
Current tax on taxable income for the year	2.00	1.00
Excess/(Short) provision for tax of earlier years	40.17	-
Total Current tax expense (A)	42.17	1.00
Effective Tax Rate	**-0.55%**	**-3.38%**

(B) Reconciliation between statutory Income Tax Rate applicable to the company and the effective Income Tax rate is as follows :

Particulars	Current Year	Previous Year
Profit before Tax	(142.82)	(29.55)
Indian statutory income tax rate	33.06%	33.06%
Expected income tax expense	0.00	0.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Gain attributable to tonnage tax activity	1.00	1.00
Non Qualifying Income & Expense under Tonnage Tax	1.00	
Others (net)		
Total income tax expense	**2.00**	**1.00**

* Note: In case of Indian shipping companies, tax expense is computed based on the gross tonnage of the vessels for the income subject to tonnage tax. In case of income not subject to tonnage tax, the same is calculated based on the taxable profits calculated in accordance with the local tax laws.

3.14 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the company as per section 135 of the Companies Act 2013, during the year ₹ NIL.

3.15 Financial Risk Management Objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Risk Management committee.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables and Loans and borrowings.

The Company manages market risk through Risk Management committee, which evaluates and exercises independent control over the entire process of market risk management. The committee recommends risk management objectives and policies, which are approved by Risk Management and Board.

Notes to the financial statements

(a) Market Risk

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in interest rates.

₹ in Crore

Exposure to Interest rate risk	As at	
	31-Mar-2018	31-Mar-2017
Total Borrowings	952.76	1,014.06
% of Borrowings out of above bearing variable rate of Interest	65.28%	73.00%

The Company is exposed to interest rate risk as it borrows funds at floating interest rates. The interest rate risk is managed by monitoring the Company's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended March 31, 2018 would increase/decrease by ₹ 3.11 crore (Previous Year ₹ 3.70 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

ii) Maritime Risk

The operations of the Company may be exposed to piracy, war, sabotage and terrorism risk at sea which could potentially disrupt the operations of the Company. Also, the Company's vessels are susceptible to arrests by maritime claimants which could result in significant loss for the Company. In times of emergency or wars, the Government could demand the Company's vessels without adequate compensation.

iii) Price Risk

The Company is engaged in the business of commodity transportation of crude oil, petroleum products, coal, iron-ore etc which involves a high level of dependence on the production of oil and gas. Thus, demand in these sectors will have a direct impact on the business of the Company. A decline in the demand for oil, coal or iron etc will adversely affect the business of the company. Thus, often, the factors affecting the supply and demand for the vessel are beyond the control of the Company as the nature, timing and degree of changes in the industry conditions cannot be foreseen and are unpredictable.

iv) Other price risk:

The Company is not exposed to any significant equity price risks arising from equity investments, as on March 31, 2018. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade in these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

v) Foreign currency risk

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is mitigated by natural hedges of matching revenues and costs.

Since the majority of the revenues of the Company are denominated in US dollars, there is a translation risk as the Company has to report its financial performance in INR. The carrying amounts of the Company's financial assets and financial liabilities denominated in foreign currencies at the reporting date in INR are as follows:

Notes to the financial statements

₹ in Crore

Details / Currency	As at	
	31-Mar-2018	31-Mar-2017
Trade Receivables		
- USD	14.35	14.76
Cash and Cash equivalents		
- USD	0.46	0.55
Other Financial Assets		
- USD	385.98	228.87
- SGD	0.06	-
- Euro	2.34	-
- GBP	0.02	-
- JPY	0.00	-
Borrowings		
- USD*	718.28	830.49
Other Financial Liabilities		
- USD	25.60	11.36
- SGD	0.20	0.07
- AED	0.04	0.07
- Euro	0.08	-
- GBP	0.21	-
- JPY	0.04	-

*Borrowings includes USD Loan of ₹ 323.12 Crore (Previous year ₹ 395.84 crore) where exchange fluctuation impact on revaluation are capitalised as per Ind AS 101 to Cost of Vessel.

Sensitivity Analysis:

A 5% strengthening / weakening of Indian Rupee against key currencies to which the Company is exposed (net of hedge, if any), with all other variables being held constant, would have led to approximately a gain / loss of ₹ 9.1 crore (Previous Year : ₹ 10.10 crore).

(b) Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when where there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When such recoveries are made, these are then recognized as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates.

Ageing of Accounts Receivables

₹ in Crore

Particulars	As at 31st March 2018	As at 31st March 2017
Less than 180 days	68.69	91.77
More than 180 days	121.24	102.26

Financial assets are considered to be of good quality and there is no significant increase in credit risk

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors

Notes to the financial statements

rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following tables detail the Company's remaining contractual maturity for its non derivative financial liabilities, based on contractually agreed discounted cash flows:

Maturity Analysis of Significant Financial Liabilities

₹ in Crore

As at March 31, 2018	Up to 1 year	Contractual Cash Flows			
		1-3 years	3-5 years	More than 5 years	Total
Financial Instruments					
Borrowings	315.64	389.71	226.86	20.55	952.76
Trade Payables	135.32	-	-	-	135.32
Liability towards cash flow hedge	-	-	-	-	-
Other financial liabilities	26.07	12.78	-	-	38.85
	477.03	**402.49**	**226.86**	**20.55**	**1,126.93**

As at March 31, 2017	Up to 1 year	Contractual Cash Flows			
		1-3 years	3-5 years	More than 5 years	Total
Borrowings	255.52	563.62	190.79	4.13	1,014.06
Trade Payables	184.74	-	-	-	184.74
Liability towards cash flow hedge	5.49	-	-	-	5.49
Other financial liabilities	22.59	0.18	-	-	22.77
	468.34	**563.80**	**190.79**	**4.13**	**1,227.06**

3.16 Capital Management

For the purpose of Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at 31st March 2018, the Company has only one class of equity shares and has debt, consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution of dividend or re-investment into business based on its long term financial plans.

The debt equity for the year is as under:

	As at	
	31-Mar-2018	31-Mar-2017
Borrowings (₹ in crore) - (A)	952.76	1,014.06
Total Equity (₹ in crore) - (B)	771.42	821.61
Debt Equity Ratio (A/B)	1.24	1.23

3.17 Having regard to the ongoing Income tax disputes and assessment proceedings of various years as well as pending reconciliation of the Income Tax assets the management has made an estimated provision of ₹ 40.17 crore in the financial statements for short provision of tax in the earlier years.

3.18 The Board of Directors at its meeting held on February 14, 2018, approved the Scheme of Arrangement between Mercator Limited ("Company" or "Demerged Company") and Mercator Dredging Private Limited ("MDPL" or "Resulting Company") and their respective shareholders ("the Scheme") u/s 230 to 232 of the Companies Act 2013 ("the Act") and other applicable provisions of the Act. Pursuant to the said scheme of dredging business of the Company, is proposed to be demerged into MDPL, a wholly owned subsidiary of the Company.

Notes to the financial statements

3.19 As disclosed in our announcement dated 7th December 2017 for Disclosure under Regulation 30 of SEBI (Listing and Disclosure Requirements), Regulations, 2015 as amended ("Listing Regulations"), the senior management of our step down subsidiaries in Indonesia (the "Indonesian Entities") has been changed by the Company, following which certain proceedings have been filed by the Company in Singapore and Indonesia against some of the erstwhile senior management of the Indonesian Entities who have in turn initiated various proceedings against some of our step down subsidiaries and some of the company's executives. This change also led to disruption in operations for approximately four months and Indonesian entities had incurred substantial costs for its fixed contractual commitment, salary cost, professional fees, legal fees, consumable, maintenance and other overheads during this period. The Indonesian subsidiary has resumed operations w.e.f. January 15, 2018 and management is of the view that the above disruption will have no substantial impact on the future operations of these entities or the investment value recorded in the company's books.

3.20 During the year the Company has sold Dry Bulk Carrier "M.T. Sri Prem Poorva", built in 1994, tanker "M.T. Harsha Prem" built in 1993. Also, the Company has entered into agreement of sale dated March 19, 2018 for sale of M. V. Vrinda built in 1997 and deliver the vessel on April 2, 2018, which has been classified as "Non – Current Asset Held for Sale" as at March 31, 2018. On such transactions, the Company has accounted for aggregate loss of ₹ 65.04 crore on sale and impairment of Asset classified as Held for Sale, classified under the head of "other expenses".

3.21 The Company does not have any long term contracts including derivative contracts as at March 31, 2018 wherein the company is required to make provision towards any foreseeable losses.

3.22 Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1 to the financial statements.

(a) The carrying value of financial instruments by categories is as follows -

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	18.45	36.46
Bank balances other than Cash and cash equivalents	22.70	32.21
Loans	505.95	350.69
Trade receivables	162.32	171.21
Investment in Debentures of Subsidiary	35.81	30.63
Other Financial assets	96.27	135.26
Measured at Cost		
Investment in Equity Shares of Subsidiaries	39.16	15.82
Investment in Equity Shares-Others	-	-
Total	**880.66**	**772.28**

Financial liabilities:		
Measured at amortised cost		
Borrowings	952.76	1,014.06
Other financial liabilities	38.85	17.27
Trade and other payables	135.32	184.74
Measured at fair value through profit and loss		
Derivatives	-	5.49
Total	**1,126.93**	**1,221.56**

Carrying amounts of trade receivables, cash and cash equivalents and trade payables as at March 31, 2018 and March 31, 2017 approximate the fair values because of their short term nature. Difference between carrying amounts and fair values of other bank balances, borrowings, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Notes to the financial statements

(b) Fair Value Hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured ar fair value. ₹ in Crore

At 31st March, 2018	Level 1	Level 2	Level 3	Total
Finance liabilities at fair value through profit or loss				
Investments in mutual funds - Level 1	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

All other financial instruments are classified as level 3.

₹ in Crore

At 31st March, 2017	Level 1	Level 2	Level 3	Total
Finance liabilities at fair value through profit or loss				
Investments in mutual funds - Level 1	-	-	-	-
Derivative financial liabilities - Level 2	-	5.49	-	5.49
Total	**-**	**5.49**	**-**	**5.49**

All other financial instruments are classified as level 3.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a) The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

b) Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

3.23 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Notes to the financial statements

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company is evaluating possible impact of Ind AS 115 and will make necessary adjustments in FY-2018-19 based on the preliminary evaluation the Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements."

3.24 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements.

3.25 Previous year's figures have been regrouped / restated wherever necessary to conform to current year's classification.

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT , 2013

(pursuant to first provisio to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART A: Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital*	Reserves & Surplus*	Total Assets*	Total Liabilities*	Invest-ments (except in subsidiar-ies)*	Turn-over**	Profit/ (Loss) before Tax**	Provisions for Tax**	Profit/ (Loss) af-ter Tax**	Proposed Divi-dend**	% of Sharehold-ing
1	Mercator Oil & Gas Limited	31/3/2018	INR	0.15	(38.19)	227.59	265.63	-	32.48	(35.11)	(0.02)	(35.08)	-	100.00%
2	Mercator Petroleum Limited	31/3/2018	INR	30.00	(0.53)	380.94	351.47	-	-	(1.11)	-	(1.11)	-	87.75%
3	Mercator Dredging Private Limited (Formerly Mercator FPSO Private Limited)	31/3/2018	INR	0.01	(0.05)	1.97	2.01	-	-	(0.00)	-	(0.00)	-	100.00%
4	Oorja Resources India Private Limited	31/3/2018	INR	0.03	0.05	31.00	30.92	-	-	0.07	0.02	0.05	-	100.00%
5	Mercator Oceantransport Limited	31/3/2018	INR	0.05	(0.01)	0.05	0.01	-	-	(0.01)	-	(0.01)	-	100.00%
6	Mercator International Pte Ltd	31/3/2018	USD	0.39	(42.06)	586.07	627.73	-	-	(17.09)	0.17	(17.26)	-	100.00%
7	Oorja Holdings Pte Ltd	31/3/2018	USD	0.00	(173.48)	341.00	514.48	-	-	(7.29)	0.08	(7.37)	-	100.00%
8	Offshore Holdings Company Pte Ltd	31/3/2018	USD	19.51	(13.57)	487.97	482.02	-	42.19	(45.73)	1.31	(47.04)	-	100.00%
9	Mercator Energy Pte Ltd	31/3/2018	USD	3.42	(145.48)	82.44	224.50	15.77	-	(4.88)	1.26	(6.14)	-	75.00%
10	Brio Resources Pte Ltd	31/3/2018	USD	0.00	-	0.04	0.04	-	0.07	-	-	-	-	100.00%
11	Marvel Value International Limited	31/3/2018	USD	0.00	(16.46)	35.65	52.11	-	-	(6.69)	-	(6.69)	-	100.00%
12	MCS Investment and Trading Limited	31/3/2018	USD	-	-	-	-	-	-	-	-	-	-	100.00%
13	Mercator Offshore Assets Holding Pte Ltd	31/3/2018	USD	1.56	(171.87)	0.04	170.35	-	-	(0.04)	-	(0.04)	-	75.00%
14	Mercator Projects Pte Ltd***	31/3/2018	USD	-	-	-	-	-	-	-	-	-	-	75.00%
15	Panther Resources Pte Ltd	31/3/2018	USD	0.00	150.29	150.29	-	-	-	(0.33)	-	(0.33)	-	100.00%
16	Oorja 1 Pte Ltd	31/3/2018	USD	0.00	10.95	10.97	0.02	-	-	78.24	-	78.24	-	100.00%
17	Oorja 2 Pte Ltd	31/3/2018	USD	0.00	11.11	11.13	0.02	-	-	59.94	-	59.94	-	100.00%
18	Oorja 3 Pte Ltd	31/3/2018	USD	0.00	0.01	0.03	0.02	-	-	14.82	-	14.82	-	100.00%
19	Oorja (Batua) Pte Ltd	31/3/2018	USD	0.00	(19.30)	227.81	247.11	-	-	0.27	0.87	(0.60)	-	100.00%
20	MCS Holdings Pte Ltd	31/3/2018	USD	6.50	261.37	498.53	230.66	-	228.88	(20.10)	0.04	(20.15)	-	100.00%
21	Oorja Mozambique Minas Limitada	31/3/2018	MZM	0.00	0.09	2.15	2.05	-	-	0.09	-	0.09	-	100.00%
22	Mercator Offshore (P) Pte Ltd	31/3/2018	USD	1.30	(6.85)	27.05	32.60	-	-	(3.49)	(0.91)	(2.58)	-	76.25%
23	Mercator Okoro FPU Pte Ltd***	31/3/2018	USD	-	-	-	-	-	-	-	-	-	-	75.00%
24	Mercator Okwok FPU Pte Ltd***	31/3/2018	USD	-	-	-	-	-	-	-	-	-	-	75.00%
25	PT Karya Putra Borneo	31/3/2018	USD	39.31	34.12	232.64	159.22	-	211.84	40.68	10.29	30.40	-	45.00%
26	Broadtec Mozambique Minas Limiteda	31/3/2018	MZM	0.00	0.02	1.46	1.44	-	-	0.02	-	0.02	-	85.00%
27	MCS Fuel Trading Sdn Bdh	9/6/2017	USD	-	-	-	-	-	-	-	-	-	-	100.00%
28	PT Oorja Indo KGS	31/3/2018	USD	1.89	(3.84)	7.02	8.97	-	-	(0.74)	-	(0.74)	-	100.00%
29	PT Oorja Indo Petangis Three	31/3/2018	USD	21.14	(20.82)	0.32	-	-	-	(3.61)	-	(3.61)	-	100.00%
30	PT Oorja Indo Petangis Four	31/3/2018	USD	20.49	(20.13)	0.36	-	-	-	(3.37)	-	(3.37)	-	100.00%
31	Fortune Offshore O & M Pte Ltd	4/9/2017	USD	-	-	-	-	-	-	-	-	-	-	100.00%
32	PT Indo Perkasa	31/3/2018	USD	36.15	37.97	166.06	91.95	-	72.93	16.58	4.91	11.67	-	22.95%
33	PT Bema Gema Permata	31/3/2018	USD	3.73	(10.08)	0.86	7.22	-	-	0.61	-	0.61	-	100.00%
34	PT Nuansa Sakti Kencana	31/3/2018	USD	3.73	(4.71)	-	0.98	-	-	(0.44)	-	(0.44)	-	100.00%
35	PT Mincon Indo Resources***	31/3/2018	USD	8.13	(7.93)	0.20	-	-	-	(0.01)	-	(0.01)	-	100.00%

(Note : *** under liquidation)

Exchange Rate: *1USD= Rs. 65.0441 , **1USD=Rs.64.4932, # 1USD=58.30349 Mozambican Meticals (MZM),

1 Subsidiaries which are yet to commence operations
MCS Investment and Trading Limited
Marvel Value International Limited

2 Subsidiaries which have been liquidated or sold/ceased during the year -
MCS Fuel Trading Sdn. Bhd.
PT Nuansa Sakti Kencana
Fortune Offshore O & M Pte Ltd

Part B: Associates and Jont Ventures

Sr. No.	Name of Associates/ joint ventures	Audited Balancesheet Date	Shares held by the Company on the year end			Description of significant influence	Reason for non consolidation	Networth attributable to shareholding	Profit /loss fot the year	
			No.	Amount of Investment	Extent of Holding %				Consider in Consolidation	Not Consider in Consolida-tion
NIL										

1 Associates or Jont Ventures which are yet to commence operations - NIL

2 Associates or Jont Ventures which have been liquidated or sold during the year - NIL

Independent Auditor's Report

To the Members of Mercator Limited

Report on the Consolidated Ind-AS Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of **Mercator Limited.** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31,2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements")

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income) and consolidated cash flows and changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed 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. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind As financial statements. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated 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 audit report under the provisions of the Act and the Rules made there under.

   We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

   We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in other Matters paragraph below, other than the unaudited financial statements as certified by the management, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. **Basis of Qualified Opinion**

   Reference is invited to Note No. 3.7 of the Consolidated financial statements wherein :

a) ***In case of a step down subsidiary, the auditors have issued a modified opinion for the financial year ended March 31, 2018 on the following basis:***

   i) ***recoverability and non provision of impairment loss in case of long overdue Trade Receivables amounting to ₹126.01 Crore (US$ 19.37 Mn), (Previous Year ₹72.97 Crore (US$ 11.25 Mn))***

ii) in case of claim of Hindustan Zinc Ltd (HZL), the company had forwarded a draft settlement agreement proposing a full and final additional cash settlement of ₹ 7.39 Crore (US$ 1.13 Mn), which is currently being reviewed by the claimant. However, the company has not made any provision for the potential claim amount and other incidental costs, pending final settlement of the claim.

b) In case of two step down subsidiaries the respective auditors, in their report for the financial year ended March 31, 2018, have raised a concern regarding the recoverability of deposits amounting to ₹22.03 Crore (USD 3.39 Mn,) (Previous Year ₹21.96 Crore (US$ 3.39 Mn)) paid in the past to acquire 70% equity interests in companies which own coal mining concessions.

5. Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph above,* the aforesaid consolidated 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, its consolidated loss (including other Comprehensive Income), its consolidated cash flows and consolidated changes in equity for the year ended on that date.

6. Emphasis of matter

As more detailed in Note No 3.8 of the consolidated financial statements, in case of several subsidiaries, the respective auditors have qualified their audit report expressing concern about the financial statements being prepared on a going concern basis. The management has however, prepared these financial statements on a going concern basis, in view of the financial support and undertaking from the ultimate Holding Company and resumption of coal mining operations in Indonesia.

7. Other Matters

The Consolidated Ind AS financial Statements include unaudited financial statements of two subsidiaries which have been consolidated on the basis of management certified financial statements whose financial statements reflect total assets of ₹ 35.65 Crore, total revenue of ₹ Nil and net profit / (loss) after tax (including other comprehensive income) of ₹ (6.69) Crore for the year ended March 31, 2018 for the year ended March 31, 2018.

We did not audit the financial statements of 28 subsidiaries/ step down subsidiaries whose financial statements reflect total revenues of ₹ 568.55 Crore for the year ended March 31, 2018, net profit / (loss) after tax (including other comprehensive income) of ₹ (85.32) Crore for the year ended March 31, 2018 and total assets of ₹ 1238.14 Crore as at year ended March 31, 2018 as considered in the Consolidated Ind AS financial Statements. These financial statements have been audited by other auditors whose audit reports have been furnished to us and our report in respect thereof is based solely on the audit reports of such other auditors. Our audit report is not modified in respect of this matter.

The Consolidated Ind AS financial Statements do not include financial statements of one subsidiary which as per information and explanation given to us by the management do not have any material transactions.

The audited consolidated financial statements for the year ended March 31, 2017, was carried out and reported by erstwhile auditors, vide their unmodified audit report dated 30th May 2017, whose report has been furnished to us by the management and which has been relied upon by us for the purpose reporting previous year numbers and our audit of the standalone financial statements.

Our Opinion on the Consolidated Ind AS financial statements and our report on other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financials statement and other financial information of Subsidiaries, we report to the extent applicable that,

(a) We have sought and, except for the possible effects of the matters described in the basis of qualified opinion, have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind-AS financial statements.

(b) In our opinion, except for the possible effects of the matters described in the basis of qualified opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 and taken on record by the Board of Directors of the Holding Company and the reports of statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group 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 Holding Company and its Subsidiary Companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure-A" and

(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 group has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in the Consolidated Ind-AS financial statements – Refer Note No. 3.6 to the consolidated financial statements.

ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies incorporated in India.

iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November 2016 to 30th December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Annexure - A to the Auditors' Report

(Referred to in paragraph 8(f) under 'Report on Other Legal and Regulatory Requirements section of our report to the members of Mercator Limited of even date)

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

In conjunction with our audit of the Consolidated Ind AS financial statements of **MERCATOR LIMITED** ("the Holding Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph of the main report is sufficient and appropriate to provide a basis for our audit opinion on the company's and the covered entities internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) 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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion the Holding Company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: May 28, 2018

Consolidated Balance Sheet

as at March 31, 2018

₹ in crore

	Particulars	Note	As at 31-Mar-2018	As at 31-Mar-2017
A	**ASSETS**			
1	**Non- Current Assets**			
	(a) Property, Plant and Equipment	2.1	1,640.44	1,862.93
	(b) Capital Work-in-Progress		292.31	694.07
	(c) Investment Properties	2.2	1.10	1.25
	(d) Other Intangible Assets	2.1	0.54	0.19
	(e) Financial assets			
	(i) Investments	2.3	-	-
	(ii) Loans	2.4	10.81	9.72
	(ii) Other Financial Assets	2.5	15.13	2.70
	(f) Other Non Current Assets	2.6	114.05	92.35
	(g) Income Tax Assets (net)		82.50	129.93
	Total Non-Current Assets		**2,156.88**	**2,793.14**
2	**Current Assets**			
	(a) Inventories	2.7	16.61	17.85
	(b) Financial Assets			
	(i) Investment	2.3	205.73	185.86
	(ii) Trade Receivables	2.8	321.74	390.26
	(iii) Cash and Cash Equivalents	2.9(i)	22.46	93.88
	(iv) Bank Balances other than (iii) above	2.9(ii)	105.98	35.53
	(v) Loans	2.10	3.18	1.66
	(vi) Other Financial Assets	2.11	74.61	69.62
	(c) Other Current Assets	2.12	282.36	354.28
	Non Current Assets classified as Held for Sale		26.28	-
	Total Current Assets		**1,058.95**	**1,148.94**
	TOTAL ASSETS		**3,215.83**	**3,942.08**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	2.13	30.25	26.99
	(b) Other Equity	2.14	922.43	964.92
	Equity attributable to Owners		952.68	991.91
	Non Controlling Interest		60.97	57.93
	Total Equity		**1,013.65**	**1,049.84**
2	**Non - Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.15	1,012.60	1,199.57
	(ii) Other Financial Liablities	2.16	42.00	42.45
	(b) Provisions	2.17	3.55	4.39
	(c) Deferred Tax Liabilities (Net)		0.72	3.94
	Total Non-Current Liabilities		**1,058.87**	**1,250.35**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	2.18	422.61	422.82
	(ii) Trade Payables	2.19	265.29	189.21
	(iii) Other Financial Liablities	2.20	324.42	915.41
	(b) Other Current Liabilities	2.21	130.43	105.77
	(c) Provisions	2.22	0.56	8.68
	Total Current Liabilities		**1,143.31**	**1,641.89**
	Total Liabilities		**2,202.18**	**2,892.24**
	TOTAL EQUITY AND LIABILITIES		**3,215.83**	**3,942.08**
	Basis of Preparation & Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 3.30		

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

₹ in crore

	Particulars	Note	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
	INCOME			
	(a) Revenue from Operations	2.23	974.21	2,115.39
	(b) Other Income	2.24	36.47	156.23
1	**Total Income**		**1,010.68**	**2,271.62**
	EXPENSES:			
	(a) Operating Expenses	2.25	668.68	1,383.63
	(b) Employee Benefit Expenses	2.26	30.10	36.42
	(c) Finance Costs	2.27	173.16	232.42
	(d) Depreciation and Amortisation expenses	2.1	186.04	318.64
	(e) Impairment of Assets	2.1	-	0.01
	(f) Other Expenses	2.28	170.01	241.33
2	**Total Expenses**		**1,227.99**	**2,212.45**
3	**Profit/(loss) before exceptional items and tax (1 - 2)**		(217.31)	59.17
4	Less: Exceptional items	3.13	-	(9.16)
5	**Profit/(Loss) before taxes (3 - 4)**		**(217.31)**	**50.01**
6	**Tax expense:**			
	(a) Current tax	2.29	(58.12)	(20.03)
	(b) Deferred Tax	2.29	(2.12)	(1.18)
	Profit /(Loss) for the period (5 - 6)		**(277.55)**	**28.80**
7	**Other comprehensive income for the year (net of tax)**			
	Items that will not be reclassified to Profit or Loss, (a) Remeasurements of net defined benefit plans		1.49	(0.43)
8	**Total Comprehensive Income for the year**		**(276.06)**	**28.37**
9	**Profit /(Loss) attributable to :**			
	Owners		(295.27)	24.50
	Non-Controlling Interest		17.72	4.30
			(277.55)	**28.80**
10	**Other Comprehensive Income attributable to:**			
	Owners		1.24	(0.36)
	Non-Controlling Interest		0.25	(0.07)
			1.49	**(0.43)**
11	**Total Comprehensive Income / (Loss) attributable to the owner of the Company**			
	Owners		(294.03)	24.14
	Non-Controlling Interest		17.97	4.23
			(276.06)	**28.37**
12	**Earnings per share (Equity share of Re. 1/- Each)**			
	Basic (In Rupees)	3.1	(10.42)	0.97
	Diluted (In Rupees)	3.1	(10.42)	0.97
	Basis of Preparation & Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 3.30		

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Statement of Consolidated Cash Flow

for the year ended March 31, 2018

₹ in crore

	Particulars	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) Before Exceptional Item and Tax	(217.31)	50.01
	Adjustment for:		
	Depreciation & Amortisation	186.04	318.64
	Impairment of Assets		0.01
	Provision for doubtful debts/advances	6.14	55.64
	Remeasurements of net defined benefit plans	1.49	(0.43)
	Finance Costs	173.16	232.42
	(Profit)/Loss on fixed assets sold / discarded (net)	65.42	131.62
	(Profit)/Loss on sale of investments (net)	-	0.58
	Interest income	(3.98)	(8.06)
	Asset written off	-	0.99
	Exceptional Item	-	9.16
	Bad Debts and other amounts written off/(back)	11.18	-
	Unrealised gain on Fair Value of Investment	(18.12)	(136.75)
	Unrealised foreign exchange (gain) / loss (Net)	14.97	(1.31)
	Operating profit before working capital changes	**218.99**	**652.53**
	Adjustment for:		
	Decrease/(Increase) in Non Current Financial Assets - Loans	(1.09)	(3.24)
	Decrease/(Increase) in Non Current Other Financial Assets	(2.75)	(1.12)
	Decrease/(Increase) in Other Non Current Assets	(39.29)	(0.04)
	Decrease/(Increase) in Inventories	1.24	1.37
	Decrease/(Increase) in Trade Receivables	51.82	132.74
	Decrease/(Increase) in Current Financial Assets - Loans	(3.77)	(54.42)
	Decrease/(Increase) in Current Other Financial Assets	(10.85)	21.97
	Decrease/(Increase) in Other current assets	71.93	20.05
	(Decrease)/Increase in Non Current Other financial liabilities	(0.46)	(5.88)
	(Decrease)/Increase in Non Current provisions	(0.84)	0.41
	(Decrease)/Increase in Trade Payables	75.63	(210.11)
	(Decrease)/Increase in Current Other Financial Liabilities	(58.27)	(418.74)
	(Decrease)/Increase in Other current liabilities	24.66	417.09
	(Decrease)/Increase in Current provisions	(8.12)	4.83
	Net Cash from Operating Activities	**318.83**	**557.44**
	Direct taxes paid (Net of refund)	(16.02)	(28.11)
		302.81	**529.33**
	Less : Exceptional Item	-	(9.16)
	Total cash from / (used in) operating activites	**302.81**	**520.17**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets including capital work in progress	(225.35)	(151.58)
	(Increase) / Decrease in Capital advances	17.60	70.97
	Proceeds from Sale of Fixed Assets	72.37	489.66
	(Increase) / Decrease in Short-term loans and advances	-	0.25
	(Increase) / Decrease in Current Intercorporate deposits	5.37	21.54
	Purchase/(Sale) of Investments	(1.74)	(48.97)
	Bank deposits (Placed) / redeemed with banks (Net)	(80.31)	(20.36)
	Interest Income	4.63	7.29
	Net Cash from Investing Activities	**(207.43)**	**368.80**

₹ in crore

	Particulars	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
C	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	297.22	443.63
	Repayment of Borrowings	(423.30)	(1,236.52)
	Changes in the Non-Controliing Interest	(14.93)	24.18
	Proceeds from issue of shares QIP (Net of Expesnes)	133.18	99.58
	Increase/(Decrease) in Reserves	22.03	(19.17)
	Dividend Paid (Including Dividend Distribution tax)	(1.62)	(2.95)
	Interest paid	(179.37)	(188.27)
	Net Cash from Financing Activities	**(166.79)**	**(879.52)**
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**(71.41)**	**9.45**
	Cash and Cash Equivalents as at beginning of the year (Refer Note 2.9(i))	93.88	84.55
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	(0.01)	(0.12)
	Cash and Cash Equivalents as at end of the year (Refer Note 2.9(i))	22.46	93.88
	Cash and Cash Equivalents comprise of:		
	Cash and Bank Balances (Refer Note 2.9(i))	22.46	93.88

Notes:

a) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

b) Reconciliation of changes in liabilities arising from financiang activities including both changes arising from cash flows and non cash changes as per the requirement of amendment of Ind AS 7 :

₹ in crore

Particulars	As at March 31, 2017	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2018
			Fair Value Changes	Foreign Exchange Movement	Acquisition	Amortised Cost	
Foreign currency term loan from banks	1,072.15	(98.13)		2.99	-	5.16	982.17
External Commercial Borrowings	178.99	(32.30)		0.46	-	0.97	148.12
Foreign currency Convertible Bond	90.64	-		0.33	-	5.31	96.28
Other loan from banks	361.15	(34.15)	-	0.72	-	0.01	327.73
Other loan from Financial Institution	36.00	38.50	-	-	-	-	74.50
Non convertible Debentures	100.00	(0.75)	-	-	-	(0.03)	99.22
Total	**1,838.93**	**(126.83)**	**-**	**4.50**	**-**	**11.42**	**1,728.02**

c) Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

Equity Share Capital

(a) Equity Shares

Particulars	As atMarch 31, 2018		As at March 31, 2017	
	No of Share	₹ in Crore	No of Share	₹ in Crore
Balance at the beginning of Reporting Period	269,892,073	26.99	244,892,073	24.49
Add: Changes in Equity Share Capital during the year	32,567,262	3.26	25,000,000	2.50
Balance at the end of Reporting Period	**302,459,335**	**30.25**	**269,892,073**	**26.99**

(b) Other Equity

₹ in crore

Particulars	Deemed Equity	Reserves and Surplus							Other Reserves				Total equity	Non Controling Interst	Total
		Capital Reserve	Capital Redem-petion Reserve	Securities Premium	Deben-ture Re-demption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Other Compre-hensive Income	Other Reserve			
Balance as on 1st April 2016	**0.36**	**42.89**	**40.00**	**363.75**	**37.50**	**217.24**	**140.12**	**15.38**	**(10.19)**	**(6.70)**	**(1.31)**	**22.96**	**862.00**	**29.52**	**891.52**
Profit for the year	-	-	-	-	-	24.57	-	-	-	-	-	-	24.57	(4.23)	20.34
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	(0.43)	-	(0.43)	-	(0.43)
Increase / (decrease) during the year	-	-	-	-	-	-	-	-	10.19	6.66	-	(22.96)	(6.11)	32.64	26.53
Dividends	-	-	-	-	-	(2.95)	-	-	-	-	-	-	(2.95)	-	(2.95)
Restated balance at the beginning of year	-	-	-	1.93	-	-	-	-	-	-	-	-	1.93	-	1.93
Issuance of equity shares through Qualified Institutional Placement	-	-	-	95.15	-	-	-	-	-	-	-	-	95.15	-	95.15
Transfer to General Reserve	-	-	-	-	(12.50)	-	12.50	-	-	-	-	-	-	-	-
Add/(Less) : Ind AS effect	-	-	-	-	-	(8.87)	(0.37)	-	-	-	-	-	(9.24)	-	(9.24)
Balance at 31st March 2017	**0.36**	**42.89**	**40.00**	**460.83**	**25.00**	**229.99**	**152.25**	**15.38**	**-**	**(0.04)**	**(1.74)**	**-**	**964.92**	**57.93**	**1,022.85**

(₹ in crore)

Particulars	Deemed Equity	Reserves and Surplus							Other Reserves				Total equity	Non Controling Interst	Total
		Capital Reserve	Capital Redem-petion Reserve	Securities Premium	Deben-ture Re-demption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Other Compre-hensive Income	Other Reserve			
Balance at 1st April 2017	**0.36**	**42.89**	**40.00**	**460.83**	**25.00**	**229.99**	**152.25**	**15.38**	**-**	**(0.04)**	**(1.74)**	**-**	**964.92**	**57.93**	**1,022.85**
Profit/ (Loss) for the year	-	-	-	-	-	(295.52)	-	-	-	-	-	-	(295.52)	17.97	(277.55)
Other Comprehensive Income to be recycled htrough Statements of Profit & Loss *	-	-	-	-	-	-	-	-	-	-	113.78	-	113.78	-	113.78
Increase / (decrease) during the year	-	-	-		(25.00)	-	25.00	-	-	9.46	1.49	-	10.95	(14.93)	(3.98)
Dividends	-	-	-	-	-	(1.62)	-	-	-	-	-	-	(1.62)	-	(1.62)
Transfer from General Reserve	-	-	-	-	25.00	-	(25.00)	-	-	-	-	-	-	-	-
Issuance of equity shares through Qualified Institutional Placement	-	-	-	142.15	-	-	-	-	-	-	-	-	142.15	-	142.15
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement	-	-	-	(12.23)	-	-	-	-	-	-	-	-	(12.23)	-	(12.23)
Transfer to General Reserve	-	-	-	-	-	-	15.38	(15.38)	-	-	-	-	-	-	-
Balance at 31st March 2018	**0.36**	**42.89**	**40.00**	**590.75**	**25.00**	**(67.15)**	**167.63**	**-**	**-**	**9.42**	**113.53**	**-**	**922.43**	**60.97**	**983.40**

*Represents the resultant impact on deconsolidation of the entities which are in the process of liquidation and necessary adjustment through Statement of profit and loss shall be made on receipt of confirmation from the Official Liquidator.

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Notes to the financial statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018

CORPORATE INFORMATION

Mercator Limited (the "Company") is a public limited Company registered in India under the provisions of the Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The Consolidated Ind-AS Financial Statements relate to Mercator Limited (the Company) and its subsidiary companies. The Company and its subsidiaries constitute the Group. The Group has diversified business verticals viz. Shipping (tankers, gas carriers and dry bulkers), Dredging, Oil and Gas, Coal (Mining, Procurement and Logistics).

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for Preparation:

The consolidated Ind-AS financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements of the subsidiary companies used in the preparation of the Consolidated Ind-As Financial Statements have been drawn upto the same reporting date as that of Mercator Limited, i.e, 31st March 2018.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

Authorisation of financial statements: The Consolidated Ind-AS Financial statements were authorised for issue in accordance with a resolution of the Board of Directors in its meeting held on 28th May 2018.

The functional currency of the Company and its Indian Subsidiaries is Indian Rupees ("INR") whereas the functional currency of foreign subsidiaries is USD ($), Mozambican Meticals. The Group's Consolidated Ind-AS financial statements are presented in Indian Rupee (INR), which is also the Holding Company's functional and presentation currency. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crore.

1.2 Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for the following:

1. Certain financial assets and liabilities including derivative instruments is measured at fair value.
2. Assets held for sale- measured at fair value less costs to sell
3. Defined benefit plans- plan assets measured at Fair value.

1.3 Use of estimates:

The preparation of the financial statements in conformity with Ind-AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

Revisions to accounting estimates are recognized prospectively in the Consolidated Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Critical estimates and judgements

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

The areas involving critical estimates or judgement are:

Assessment of functional currency

Estimation of current tax expenses and Payable - refer note 3.13

Useful lives of property, plant and equipment- refer note 1.7

Measurement of recoverable amount of cash generating units - Refer note 2.1

Provisions and Contingencies.

1.4 Current versus non-current classification:

The company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Notes to the financial statements

All the assets and liabilities have been classified as current/non-current as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Principles of consolidation:

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Financial Statements of the subsidiaries are included in the Consolidated Ind-AS Financial Statements from the date on which Control commences until the date on which the Control ceases.

The following Subsidiary Companies are considered in the Consolidated Ind-AS Financial Statements.

Sr. no	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2018	% of holding either directly or through subsidiary as at March 31, 2017
1	Mercator Oil and Gas Limited	India	100.00%	100.00%
2	Mercator Petroleum Limited	India	87.75%	87.75%
3	Oorja Resources India Private Limited	India	100.00%	100.00%
4	Mercator Dredging Pvt Ltd. (formerly Mercator FPSO Private Limited)	India	100.00%	100.00%
5	Mercator Oceantransport Limited	India	100.00%	100.00%
6	Mercator International Pte. Limited	Singapore	100.00%	100.00%
7	Offshore Holdings Company Pte Ltd.	Singapore	100.00%	100.00%
8	Brio Resources Pte Ltd.	Singapore	0.00%	0.00%
9	Oorja Holdings Pte. Limited	Singapore	100.00%	100.00%
10	Mercator Energy Pte Limited	Singapore	75.00%	75.00%
11	Mercator Offshore Assets Holding Pte Limited	Singapore	75.00%	75.00%
12	Mercator Offshore (P) Pte Limited	Singapore	100.00%	100.00%
13	Panther Resources Pte Limited	Singapore	100.00%	100.00%
14	Oorja (Batua) Pte. Limited	Singapore	100.00%	100.00%
15	Oorja 1 Pte. Limited	Singapore	100.00%	100.00%
16	Oorja 2 Pte. Limited	Singapore	100.00%	100.00%
17	Oorja 3 Pte. Limited	Singapore	100.00%	100.00%
18	Oorja Mozambique Lda	Mozambique	100.00%	100.00%
19	MCS Holdings Pte. Ltd.	Singapore	100.00%	100.00%
20	PT Karya Putra Borneo	Indonesia	50.00%	50.00%
21	PT Indo Perkasa	Indonesia	25.50%	25.50%
22	Oorja Indo Petangis Four	Indonesia	100.00%	100.00%
23	Oorja Indo Petangis Three	Indonesia	100.00%	100.00%
24	PT Mincon Indo Resources	Indonesia	100.00%	100.00%
25	Nuansa Sakti Kencana (upto 13.03.2018)	Indonesia	100.00%	100.00%
26	Bima Gema Permata, PT	Indonesia	100.00%	100.00%
27	Oorja Indo KGS	Indonesia	100.00%	100.00%
28	Broadtec Mozambique Minas Lda	Mozambique	85.00%	85.00%
29	MCS Investment and Trading Limited	Malaysia	100.00%	100.00%
30	Marvel Value International Limited	British Virgin Islands	100.00%	100.00%

Following companies are sold / closed / in process of liquidation and have accordingly been deconsolidated

Sr. No	Name of the company	Date of Closure/sale/ liquidation
1	Nuansa Sakti Kencana	Company has been sold and change of directors have been accepted by Ministry of Energy and Mineral Resources dated 13.03.2018
2	MCS Fuel Trading Sdn Bdh	Company has been struck from records of Companies Commissioner of Malaysia dated 09.06.2017
3	Mercator Okwok FPU Pte Ltd	Company under liquidation and final order from liquidator is awaited
4	Mercator Okoro FPU Pte Ltd	Company under liquidation and final order from liquidator is awaited
5	Mercator Projects Pte Ltd	Company under liquidation and final order from liquidator is awaited
6	Fortune Offshore O&M Pte Ltd	Company has been struck from records of Accounting and Corporate Regulatory Authority dated 04.09.2017

Notes to the financial statements

The Consolidated Ind-AS financial statements have been prepared on the following basis:

1. The Financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together book values of similar items of assets, liabilities, income, expenses, equity and cash flows of the parent with those of its subsidiaries. The intra-company balances and transactions including unrealised gain/loss from such transactions are eliminated upon Consolidation.
2. Consolidated Ind-AS financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
3. Non-Controlling Interests(NCI) represents part of the net profit or loss and net asets of the subsidiaries that are not, directly or indirectly owned or controlled by the company are excluded.

1.6 Foreign Currencies translation:

(i) Functional and presentation currency

The functional currency of the Company and its Indian Subsidiaries is Indian Rupees ("INR") whereas the functional currency of foreign subsidiaries is USD ($), Mozambican Meticals. The Group's Consolidated Ind-AS financial statements are presented in Indian Rupee (INR), which is also the Holding Company's functional and presentation currency. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crore.

(ii) Transaction and balances

Monetary Items

Transactions in foreign currencies are initially recorded at their standard Exchange rates determined monthly.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognised in Consolidated Statement of Profit or loss as Borrowing costs to the extent regarded as an Adjustment to the borrowing costs. They are deferred in Equity if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operations.

Non-Monetary Items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.7 Property, plant, and equipment:

Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of Property, Plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure

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including exchange difference capitalised as per para 1.5 (ii) above, brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, company depreciates them separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Drydocks are considered as component of fleet with estimated useful lives different than the main component of fleet. Cost relating to drydock which is mandatorily required to be carried out as per the Classification Rules and Regulations is recognized in the carrying amount of ship and is amortised over 2.5 years. On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and equipment.

The Company reviews the carrying value of property, plant and equipment annually or more frequently when there is indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Depreciation on fixed assets is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of Vessels, where depreciation is provided on Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except, the following cases where useful life is considered as under based on technical evaluation:

A)	Vessels	
i)	Tankers, Dry Bulk carriers, Cutters, Dredgers	25 years
ii)	Gas Carriers	30 years

B) Coal Crusher is depreciated on unit of production basis considering estimated production of 3,00,00,000 MT

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.8 Intangible Assets and Amortisation:

Computer Software

Software's meeting the recognition criteria are recognised as Intangible assets and amortised from the period the asset is available for use over the estimated useful lives.

Costs associated with maintaining the software programs are recognised as expense as they are incurred.

1.9 Capital work in progress:

All expenditure and related borrowings cost incurred during the asset acquisition period, are accumulated and shown under this head till the asset is put to commercial use.

1.10 Impairment of non-financial assets:

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash-Generating Units (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 group 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.

1.11 Investment Property:

Since there is no change in the functional currency, the Holding company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment Property is property (land or a building- or a part of a building) held either to earn rental income

Notes to the financial statements

or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Holding Company depreciates building component of investment property over 20 years from the date of original purchase.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.12 Assets held for sale:

Non-current assets 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 asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

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

Property, plant and equipment classified as held for sale are not depreciated.

1.13 Non-current assets (or disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal Company) and its sale is highly probable. 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.

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

1.14 Oil and Gas Assets:

The Company follows Ind AS 106 "Exploration for and Evaluation of Mineral Resources" and Guidance Note on Accounting for Oil and Gas Producing Activities (2016) both issued by the Institute of Chartered Accountants of India (ICAI).

Acquisition costs such as costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved are capitalised. Any pre-acquisition costs are expensed as and when incurred.

All costs which are directly attributable to the exploration and evaluation activities of Oil and Gas are capitalised. General and Administration costs including finance costs are included in the Exploration and Evaluation costs only to the extent that those costs can be directly attributable to the related exploration and evaluation assets. In all other cases, these costs are expensed as incurred.

The Company classifies the acquisition costs, exploration and evaluation assets as tangible assets or intangible assets according to nature of assets acquired.

Once the technical feasibility of extracting Oil and Gas is determinable, exploration and evaluation assets are classified as Capital Work in Progress. Exploration and Evaluation assets is assessed for impairment and impairment loss if any, is recognised, before such reclassification. Subsequent development costs are capitalised as and when incurred.

When a well is ready to commence commercial production, the capitalised costs referred above (including costs allocated to dry well) are reclassified as "completed wells or producing wells" from intangible assets under development to gross block of intangible assets.

When all wells identified in the block do not result in discovery of proved oil and gas resources, the capitalized costs as referred to above are charged as an expense.

Expenditure incurred on exploratory blocks which are written off in past and start producing subsequently are not reinstated.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Impairment test is performed in accordance with the procedures given below for impairment of non-financial assets. Impairment loss, if any is recognised as an expense.

The company allocates exploration and evaluation assets to cash generating units or a group of cash generating units for the purpose of assessing such assets for impairment.

The company is currently in the Exploratory Stage and accordingly all expenditures incurred for the said activities are transferred to Capital Work in Progress.

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1.15 Mining Properties:

When mines are capable of operating in the manner intended by the management, exploration and evaluation assets are transferred to mining properties. Amortisation is charged using the units of production method.

1.16 Exploration and Evaluation Assets:

Exploration and evaluation activity involves the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation expenditures comprise of costs that are directly attributable to:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation assets related to an area of interest is written-off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale; or

(ii) exploration activities in interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets are recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to mining properties.

1.17 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group recognises revenue when the specific criteria have been met for each of the Company's activities as described below:

a) Freight Income

Income on account of freight is recognised in all cases where loading of the cargo is completed before the close of the year. All corresponding direct expenses are also provided.

b) Cargo Handling

Where loading of the cargo is not completed before the close of the year, revenue is not recognised and the corresponding expenses are also carried forward to the next year.

c) Charter Hire Income

Income from charter hire and demurrage earnings is recognised on accrual basis as per the terms of agreement.

d) Dividend Income

Dividend on investments is recognised when the right to receive the same is established.

e) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate.

f) Insurance Claims

Claims including insurance claims are accounted when there is a reasonable certainty of the realisation of the claim amount.

g) Revenue from Sale of Coal

Revenue from coal mining and trading is recognized on transfer of risk, reward and ownership of the goods, and is recorded net of returns, trade allowance, and government duties.

h) Income from Construction Contracts

In case of a subsidiary, revenue from long-term construction contracts is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

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i) Income from other services is accounted on accrual basis as per the terms of the relevant agreement.

g) Vessel Demurrage income due as per contractual terms is recognized. A provision on estimated basis is made towards deduction from demurrage based on past experience of settlements.

1.18 Incomplete Voyages:

In case of incomplete voyages, freight earnings are recognised pro rata on the basis of direct operating expenses incurred as compared to total estimated direct operating expenses for the voyage.

1.19 Exploration and evaluation expenditure:

Exploration Asset - Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Exploration expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- The exploration expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration asset is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the exploration asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the exploration asset attributable to that area of interest are first tested for impairment and then reclassified to mining property within property, plant and equipment.

1.20 Inventories:

Bunker and Lubes on vessels are valued at lower of cost and net realisable value ascertained on first in first out basis.

Inventory of coal is valued at the lower of cost and net realisable value. Cost is determined based on the weighted average cost incurred during the period and includes an appropriate portion of fixed and variable overheads. Net realizable value is the estimated sales amount in the ordinary course of business less the costs of completion and selling expense.

1.21 Leases:

a) Finance Lease

Leases are classified as finance leases, if substantially all of the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

b) Operating Lease

<u>As a lessee</u>

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

<u>As a lessor</u>

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.22 Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence

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that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument, this is recognised and included in shareholders equity, net of income tax effect, and not subsequently re measured.

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

1.23 Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use for sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.24 Fair value measurement:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market that can be accessed by the company for the asset or liability.

The fair value of an asset or a 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 or 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.25 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) <u>Financial assets</u>

<u>Initial recognition and measurement</u>

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or at FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. However currently the company does not have any financial instruments in this category.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified at FVTPL. For all other equity instruments, the company decides to classify the same either at FVTOCI or FVTPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

De- recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognized and accumulated in OCI are not reclassified to profit or loss on de-recognition

Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets measured at fair value through other comprehensive income.

In case of other assets (listed as a) above), the company determines if there has been a significant increase in credit risk of the financial asset since initial recognition.

B) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised 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 derivative financial instruments.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortized such as loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities 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 derecognised as well as through the EIR amortisation process.

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 amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 de-recognition 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.

C) Financial guarantee obligation

The company's investments include the effect of notional income from financial guarantee obligations.

D) Derivative financial instruments

Initial recognition and subsequent measurement

The company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks.

Such derivative financial instrument is initially recognised at fair value on the date on which derivative contract is entered into and is subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken through other comprehensive income.

E) Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBs based on the allocation

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of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.26 Employee Benefits:

a) Short – term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) Post – employment benefits

i. Defined Contribution Plans
Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

ii. Defined Benefit Plans

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet

c) Other Long – term employee benefits

Other Long – term employee benefit viz. leave encashment is recognised as an expense in the Statement of Profit and Loss as it accrues. The company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the other comprehensive income.

1.27 Cash and Cash equivalents:

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand and at bank in current and foreign currency accounts, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.28 Cash Flow statement:

Cash flows are reported using the indirect method, whereby profit /(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.29 Provision for Taxation:

Tax expenses comprise both current and deferred tax

(a) Current tax

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with section 115VG (3) of chapter XII-G of the Income Tax Act, 1961.

In respect of subsidiary companies, provision for taxation is made as per the applicable local laws of the respective countries

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

Further, the company is paying taxes on the basis of deemed tonnage income therefore no impact on deferred tax

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(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

1.30 Provisions and Contingencies:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

1.31 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Notes to the financial statements

2.1 Property, Plant and Equipment

(₹ in crore)

	Cost					Depreciation /Amortisation						Net Block	
	As at 01/04/2017	Translation / Adjust-ment	Addition	Disposal /Adjust-ments	As at 31/03/2018	As at 01/04/2017	Translation / Adjust-ment	Depreciation during the year	Impairment	Disposal /Adjust-ments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
Property Plant and Equipment													
Land	111.86	0.37	0.01	-	112.24	11.07	0.08	3.37	-	-	14.52	97.72	100.79
Vessels	2,359.19	2.96	66.56	(280.75)	2,147.96	802.33	0.66	168.79	-	(143.42)	828.36	1,319.60	1,556.86
Furniture & Fittings	7.02	0.03	0.02	(3.45)	3.62	5.44	0.16	0.67	-	(3.31)	2.96	0.66	1.58
Vehicles	4.37	0.01	1.06	(1.21)	4.23	2.62	0.01	0.70	-	(0.95)	2.38	1.85	1.75
Office Building	3.17	0.01	0.01	-	3.19	0.80	(0.14)	0.23	-	-	0.89	2.30	2.37
Computer Equipments	1.27	-	-	(0.82)	0.45	0.41	-	0.04	-	(0.03)	0.42	0.03	0.86
Mines	96.40	0.24	-	-	96.64	25.02	-	-	-	-	25.02	71.62	71.38
Mining Equipment	175.11	0.62	30.69	-	206.42	47.77	0.27	11.72	-	-	59.76	146.66	127.34
	2,758.39	**4.24**	**98.35**	**(286.23)**	**2,574.75**	**895.46**	**1.04**	**185.52**	**-**	**(147.71)**	**934.31**	**1,640.44**	**1,862.93**
Other Intangible Assets													
Computer Software	0.40	-	0.72	-	1.12	0.21	-	0.37	-	-	0.58	0.54	0.19
Total	**2,758.79**	**4.24**	**99.07**	**(286.23)**	**2,575.87**	**895.67**	**1.04**	**185.89**	**-**	**(147.71)**	**934.89**	**1,640.98**	**1,863.12**

	Cost					Depreciation /Amortisation						Net Block	
	As at 01/04/2016	Translation / Adjust-ment	Addition	Disposal /Adjust-ments	As at 31/03/2017	As at 01/04/2016	Translation / Adjust-ment	Depreciation during the year	Impairment	"Disposal /Adjust-ments"	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Property Plant and Equipment													-
Land	118.01	(2.76)	0.44	(3.83)	111.86	4.31	(0.44)	7.20	-	-	11.07	100.79	113.70
Vessels	2,903.59	(55.97)	66.25	(554.68)	2,359.19	553.23	(21.20)	270.30	-	-	802.33	1,556.86	2,350.36
Furniture & Fittings	8.14	(0.10)	0.71	(1.73)	7.02	3.97	(0.23)	1.70	-	-	5.44	1.58	4.17
Vehicles	5.16	(0.09)	-	(0.70)	4.37	1.76	(0.01)	0.87	-	-	2.62	1.75	3.40
Office Premises	2.67	0.09	0.41	-	3.17	0.60	(0.03)	0.23	-	-	0.80	2.37	2.07
Computer Equipments	0.47	0.10	0.70	-	1.27	0.22	0.06	0.13	-	-	0.41	0.86	0.25
Mines	56.43	(31.42)	71.39	-	96.40	25.29	(1.39)	1.12	-	-	25.02	71.38	31.14
Mining Equipment	167.00	(3.35)	11.68	(0.22)	175.11	13.85	(2.93)	36.84	0.01	-	47.77	127.34	153.15
	3,261.47	**(93.50)**	**151.58**	**(561.16)**	**2,758.39**	**603.23**	**(26.18)**	**318.40**	**0.01**	**-**	**895.46**	**1,862.93**	**2,658.24**
Other Intangible Assets	-	-	-	-	-	-	-	-	-	-	-		-
Computer Software	0.45	(0.05)	-	-	0.40	0.14		0.07	-	-	0.21	0.19	0.31
Total	**3,261.92**	**(93.55)**	**151.58**	**(561.16)**	**2,758.79**	**603.37**	**(26.18)**	**318.47**	**0.01**	**-**	**895.67**	**1,863.12**	**2,658.55**

Notes:

i Vessels, Land and Vehicle of Net book value of ₹ 845.92 Crore, ₹ 0.11 Crore and ₹ 0.04 Crore respectively has been charged/mortgaged to the lenders (Refer Note 2.15 and 2.18)

ii. **Impairment testing for fleet**

In view of pertinent slowdown in shipping industry, the Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of IND-AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the mangement's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet is higher than their respective carrying amount.

iii. **Impairment testing for mining properties**

The Company assessed 'recoverable amount' of each CGU (Cash Generating Unit) by determining the value in use, requires the estimation of cash flows expected to be generated from the continued use and ultimate diposition of such CGU and a suitable discount rate in order to calculate the present value. While it is believed that the assumptions used in the estimation of the value in use of CGU reflected in the financial statements are appropriate and reasonable.

Notes to the financial statements

(₹ in crore)

2.2 Investment Property

	Cost					Depreciation /Amortisation						Net Block	
	As at 01/04/2017	Translation / Adjust-ment	Addition	Disposal /Adjust-ments	As at 31/03/2018	As at 01/04/2017	Translation / Adjust-ment	Depreciation during the year	Impairment	Disposal /Adjust-ments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
Office Premises	1.62	-	-	-	1.62	0.37	-	0.15	-	-	0.52	1.10	1.25
	1.62	**-**	**-**	**-**	**1.62**	**0.37**	**-**	**0.15**	**-**	**-**	**0.52**	**1.10**	**1.25**

Investment Property

	Cost					Depreciation /Amortisation						Net Block	
	"As at 01/04/2016"	Translation / Adjust-ment	Addition	"Disposal /Adjust-ments"	"As at 31/03/2017"	"As at 01/04/2016"	Translation / Adjust-ment	Depreciation during the year	Impairment	"Disposal /Adjust-ments"	"As at 31/03/2017"	"As at 31/03/2017"	"As at 31/03/2016"
Office Premises	1.62	-	-	-	1.62	0.20		0.17	-	-	0.37	1.25	1.42
Total	**1.62**	**-**	**-**	**-**	**1.62**	**0.20**	**-**	**0.17**	**-**	**-**	**0.37**	**1.25**	**1.42**

		Year Ended	
(a)	Income and expenditure of Investment property:	31/03/2018	31/03/2017
	Rental income from investment property:	0.60	0.60
	Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.05	0.06
	Income arising from Investment Properties before depreciation	0.55	0.54
	Less: Depreciation	0.15	0.16
	Income from Investment Properties (net)	0.40	0.38

(b) All of the Company's Investment Properties are held under freehold interest. Investment properties have restriction on title as they are pledged to secure long term borrowings of the Company (Refer to Note 2(c)).

(c) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(d) The fair value of the Company's Investments properties as at March 31, 2018 & March 31, 2017 have been arrived at on the basis of valuation carried out as at March 31 2017 by an external, independent valuer registered with the authority which govern the valuers in India. The fair value measurement for all the investments properties has been categorised as level 1/Level 2 fair value on the inputs to the valuation technique used.

	Fair Value	
Fair Value of Investment Properties:	31/03/2018	31/03/2017
Office Premises	13.39	13.39

(e) Details of Company's investment properties and information about the fair value hierarchy are given below:

	31/03/2018		31/03/2017	
Fair Value of Investment Properties:	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Freehold land	-	-	-	-
Office Premises	13.39	-	13.39	-

Notes to the financial statements

2.3 Investments

₹ in Crore

Particulars	Face Value per Unit	Numbers - As at		Value - As at	
		31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
a) Non Current Investments - At cost					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1250	1250	-	-
Aggregate amount of Unquoted investments					
b) Current Investments - At fair value					
Quoted					
Investment in Mutual Fund (Investment in Rights of Mining (FVTPL))				205.73	185.86
				205.73	**185.86**
Aggregate amount of Current investments				**205.73**	**185.86**

2.4 Loans (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

	As at 31-Mar-2018	As at 31-Mar-2017
Loans and Advances -Others	3.25	-
Other deposits	7.56	9.72
	10.81	**9.72**

2.5 Other Financial Assets (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

Fixed Deposits with bank with maturity more than 12 months (a)	11.18	1.35
Accrued interest on fixed deposit with banks	-	0.15
Deposits with government and semi government bodies	0.06	-
Unamortized finance charges	3.89	1.20
	15.13	**2.70**

(a) Held as lien for margin money & DSRA for borrowings

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

(a) Capital Advances to Others		
Capital Advances to related parties (a)	18.77	27.59
Capital Advances to Others	49.76	55.84
Capital Advances to Others, considered doubtful	2.70	
Less Provision made	(2.70)	-
(b) Advances Other than Capital Advances		
Deposits with government and semi government bodies	9.87	7.69
(c) Other Advances		
Advances Recoverable	35.65	1.23
	114.05	**92.35**

(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	18.77	27.59
Less: Provision held	-	-
	18.77	**27.59**

Notes to the financial statements

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.7 Inventories

(valued at lower of cost and net realisable value)

Coal	3.71	7.70
Bunker and lubes	10.05	10.15
Stores	2.85	-
	16.61	**17.85**

2.8 Trade Receivables

Unsecured, Considered Good	323.72	390.26
Unsecured, Considered Doubtful	25.62	19.74
Less Allowances for doubtful debts	(25.62)	(19.74)
Expected credit loss on Trade Receivables	(1.98)	-
	321.74	**390.26**

2.9 (i) Cash and Cash Equivalents

Cash in hand	0.18	36.91
Balances with banks		
Current Accounts (a)	17.12	37.53
Fixed Deposits with bank with maturity less than 3 months (b)	5.16	19.44
	22.46	**93.88**

a) Balances with banks includes amount in escrow account	0.14	0.14
b) Held as lien for margin money & DSRA for borrowings		

2.9 (ii) Other Bank Balances

Fixed Deposits with bank with maturity more than 3 months but less than 12 months (a)	8.40	35.24
Earmarked Balances with Banks	41.46	0.14
Restricted Cash and cash equivalents (b)	56.00	-
Balances with banks in unpaid dividend accounts	0.12	0.15
	105.98	**35.53**

Balances with banks held as margin money deposits against guarantees	7.29	8.17

a) Held as lien for margin money & DSRA for borrowings

b) Restricted Cash represents bank accounts of a step-down subsidiary, which were frozen by the newly appointed directors of the subsidiaries on 6th September 2017.

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

Other Loans and Advances	0.24	-
Security Deposits	2.94	1.66
	3.18	**1.66**

Notes to the financial statements

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unless otherwise stated)

Accrued interest on fixed deposit with banks	0.84	1.33
Inter Corporate Deposits to others	5.71	11.07
Insurance Claim Receivable	61.85	54.28
Security Deposits	1.03	-
Unbilled Revenue	2.25	-
Others	2.93	2.94
Inter corporate deposits to others, considered Doubtful	9.36	9.36
Less: Provision for doubtful advances	(9.36)	(9.36)
	74.61	**69.62**

2.12 Other Current Assets

Contract work in progress	206.71	224.54
Unamortised finance charges	1.18	1.60
Prepaid Expenses	16.79	11.29
Advance to Employees	0.12	0.22
Advance to Suppliers	44.22	39.41
Other Advances	7.75	69.18
GST / Service Tax Receivable	5.59	8.04
	282.36	**354.28**

2.13 Equity Share Capital

Authorised		
35,00,00,000 Equity shares (Previous Year -35,00,00,000) of Re 1/- par value each	35.00	35.00
200,00,000 Preference shares (Previous Year -200,00,000) of ₹ 100/- par value each	200.00	200.00
	235.00	**235.00**
Issued Capital		
30,24,59,335 (Previous Year - 26,98,92,073) Equity shares of Re 1/- each		
	30.25	26.99
	30.25	**26.99**
Subscribed and Fully Paid Up Capital		
30,24,59,335 (Previous Year - 26,98,92,073) Equity shares of Re 1/- each	30.25	26.99
	30.25	**26.99**

(a) Rights, preferences, restrcitions attached to Shares

The company has two class of shares, referred to as equity shares having a face value of Re.1/- and preference shares having a face value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	2017-2018		2016-2017	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	269,892,073	26.99	244,892,073	24.49
Equity shares allotted in Qualified Institutional Placement	32,567,262	3.26	25,000,000	2.50
Equity shares outstanding at the end of the period	302,459,335	30.25	269,892,073	26.99

Notes to the financial statements

(c) On 13th Nov 2017, the Company has issued and allotted 3,25,67,262 Equity Shares of Re 1/- each at an issue price of ₹ 44.65 per share to raise ₹ 145.41 Crore by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. Expenses related to the issue amounting to ₹ 12.31 Crore have been adjusted against Securities Premium Reserves. The net proceeds of the Qualified Institutional Placement has been utilised for repayment / prepayment of debt, working capital and general coporate purpose.

(d) The company during the preceeding five years :
(i) Has not allotted shares pursuant to contracts without payment received in cash.
(ii) Has not issued shares by way of bonus shares.
(iii) Has not bought back any shares.

(e) Details of shareholders holding more than 5% Equity Shares in the Company on reporting date:

	As at March 31,2018		As at March 31,2017	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	47,066,700	15.56	46,766,700	17.33
Archana Mittal	27,027,400	8.94	27,027,400	10.01
AHM Investments Private Limited	18,406,250	6.09	18,406,250	6.82
Goverment of Singapore	17,336,959	5.73	15,366,840	5.69

Out of above, 52,623,401 no of shares (PY 21,680,951 no of shares) 56.84% (PY 23.49%) of promoter holding) has been pledged for loan taken by company amounting to ₹ 74.50 Crore (PY ₹ 36.00 Crore) as stated in Note 2.18 90,00,000 shares held by AHM Investments Private Limited has been pledged during the year for credit facility amounting to ₹ 36 Crore taken by wholly owned subsidiary Mercator Oil and Gas Limited from Axis Bank Limited.

₹ in crore

2.14 Other Equity

	As at 31-Mar-2018	As at 31-Mar-2017
A. Summary Of Other Equity (Refer Statement of Changes in Equity for detailed movement)		
Capital Reserve	42.89	42.89
Capital Redemption Reserve	40.00	40.00
Securities Premium Account	590.75	460.83
Tonnage Tax Reserve	-	15.38
Debenture Redemption Reserve	25.00	25.00
General Reserve	167.63	152.25
Retained Earnings	(67.15)	229.99
Other Comprehensive Income (OCI)	113.53	(1.74)
Deemed Equity Component of FCCB	0.36	0.36
Foreign Currency Monetary Item Translation Difference Account	9.42	(0.04)
	922.43	**964.92**

B. Nature of Reserves

Capital Reserve
Capital Reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital Redemption Reserve
Capital Redemption reserve (CRR) is being created as per Section 80 (d) of the Companies Act, 2013.

Security Premium Account
Securities Premium Reserve is used to record the premium on issue of securities of the Company. This reserve is created and utilised as per the provisions of the Companies Act, 2013.

Tonnage Reserve
These reserves are mandatory under the Income Tax Act, 1961 for companies who opt for the Tonnage Tax scheme prescribed under the said Act.

Notes to the financial statements

Debenture Redemption reserve
The Company is required to create a Debenture Redemption Reserve out of the profits which is available for redemption of debentures.

General Reserve
General Reserve represents appropriation of retained earnings and are available for distribution to Shareholders

Foreign Currency Monetary Item Translation Difference Account
Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borowings not related to acquisition of depreciable assets. Amounts so recognised are amortised in the statement of profit and loss over remaining maturity of related borrowings.

Retained earnings
Retained earnings represents surplus/ accumulated earnings of the company less any transfers to General Reserve, Tonnage Tax Reserves, dividend or other distribution paid to Shareholders.

Dividend : In respect of year ended March 31, 2018, the Board of Directors of the Company has recommended dividend amounting to ₹ Nil (Previous Year ₹ 0.05 per share) on the fully paid up equity shares.

Deemed Equity : Represents deemed equity portion of FCCB as per Ind AS.

2.15 Borrowings (Non-current)

₹ in Crore

	Non-current Portion		Current Maturities*		Total	
	As at		As at		As at	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Secured						
Debentures						
Secured Non Convertible Debentures - (a)	99.22	50.00	-	50.00	99.22	100.00
Term Loans	-	-	-	-	-	-
From Banks	-	-	-	-	-	-
Rupee Term Loans - (b) &(d)	21.66	26.15	-	0.06	21.66	26.21
Foreign Currency Term Loans - (b) &(d)	712.17	884.45	217.96	135.83	930.14	1,020.28
External Commercial Borrowings (b) &(d)	81.27	148.33	66.85	30.66	148.12	178.99
From Financial Institutions	-	-	-	-	-	-
Rupee Term Loans - (b) &(d)	2.00	-	8.00	-	10.00	-
Unsecured						
Foreign Currency Convertible Bonds (c)	96.28	90.64	-	-	96.28	90.64
	1,012.60	**1,199.57**	**292.81**	**216.55**	**1,305.41**	**1,416.12**

* Current maturities of non-current borrowings have been disclosed under "Other Financial Liabilities (Current)".

₹ in Crore

(a) Debentures comprise of following:	As at				Redemption Date
	31/03/2018		31/03/2017		
	Gross	Carrying Value	Gross	Carrying Value	
1000 (12.00)% Secured Unlisted Unrated Non Convertible Debentures of ₹ 10,00,000 each *	100.00	99.22	-	-	Quarterly Instalment starting from June 2020
1000 (12.40)% Secured Listed Rated Non Convertible Debentures of ₹ 10,00,000 each **	-	-	100.00	100.00	5-Nov-18
	100.00	**99.22**	**100.00**	**100.00**	

Notes to the financial statements

* Non Convertible Debentures are secured by first pari passu charge on specified vessels and first pari passu charge on the specified immovable property of the company. The same has further colaterally secured on pledge of shares of Mercator Petroleum Limited held by the parent company and its step down subsidiary. This will be redeemed at premium of 5% on every redemption installment or any prepayment as per terms of Debenture Trust Deed.

** Non Convertible Debentures are secured by first pari pasu charge on specified vessels and first pari passu charge on the specified immovable property of the Group. This has been fully prepaid dated March 27, 2018.

(b) Foreign Currency term loan comprise of following:

i The foreign currency term loans from banks of ₹ 930.14 crore (PY ₹ 1020.28 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the Group as well as charge on cash flows of specified vessels

ii The external commercial borrowings of ₹ 148.12 crore (PY ₹ 164.60 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the company as well as charge on cash flows of specified vessels.

iii Foreign Currency Convertible Bonds (FCCB) has been issued at USD 16 Mn outstanding amounting to ₹ 96.28 Crore (PY ₹ 90.64 Crore) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 at initial conversion price of ₹ 38.30 Per Share (at a fixed rate of exchange on conversion of ₹ 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019 which is listed on Singapore Stock Exchange. This is fully unsecured in nature.

(c) Foreign Currency term from bank and Financial Institutions comprise of following:

₹ in Crore

Particulars	Currency	Balance Installments as on 31/03/2018	Rate of Interest	As at				End of tenure
				31/03/2018		31/03/2017		
				Gross	Carrying Value	Gross	Carrying Value	
External Commercial Borrowing	USD	13	Libor+3.40%	7.98	7.98	103.74	103.74	2022
External Commercial Borrowing	USD	13	Libor+3.40%	79.83	79.14	-	-	2022
External Commercial Borrowing	USD	16	Libor+3.40%	43.11	43.11	54.18	54.18	2022
External Commercial Borrowing	USD	2	Libor+5.00%	17.89	17.89	21.07	21.07	2019
				148.81	**148.12**	**178.99**	**178.99**	
Foreign Currency Term Loan	USD	6	Libor+5.00%	16.26	15.41	29.18	27.00	2020
Foreign Currency Term Loan	USD	16	Libor+4.50%	31.22	30.38	38.42	37.13	2022
Foreign Currency Term Loan	USD	8	Libor+4.50%	22.77	20.79	32.42	28.48	2020
Foreign Currency Term Loan	USD	6	Libor+4.50%	23.29	23.29	28.08	28.08	2020
Foreign Currency Term Loan	USD	16	Libor+5.20%	102.12	98.18	118.00	112.30	2022
Foreign Currency Term Loan	USD	25	Libor+4.50%	87.81	87.09	92.40	91.47	2025
Foreign Currency Term Loan	USD	20	MCLR+3.55%	29.92	27.69	32.42	30.30	2023
Foreign Currency Term Loan	USD	20	MCLR+3.55%	41.89	38.74	45.39	42.41	2023
Foreign Currency Term Loan	USD	9	Libor+5.00%	29.27	29.02	42.15	41.64	2020
Foreign Currency Term Loan	USD	16	Libor+5.00%	104.07	103.28	123.31	122.04	2022
Foreign Currency Term Loan	USD	9	Libor+5.00%	70.89	70.89	-	-	2021
Foreign Currency Term Loan	USD	14	Libor+5.00%	95.94	95.94	115.09	115.09	2021
Foreign Currency Term Loan	USD	21	Libor+3.80%	251.21	251.21	275.45	275.45	2023
Foreign Currency Term Loan	USD	3	Libor+6.00%	38.21	38.23	68.89	68.89	2018
				944.87	**930.14**	**1,041.20**	**1,020.28**	
FCCB	USD		4.75%	104.07	96.28	103.74	90.64	2020
Rupee term loan from Bank	INR		9.49%	-	21.66	-	26.21	2020
Rupee term loan from Financial Institution	INR		18.00%	10.00	10.00	-	-	2019
Total					**1,305.42**		**1,416.12**	

External Commercial Borrowings referred in (c) above are secured by exclusive/first pari passu charge on specified vessels of the company as well as charge on cash flows of specified vessels.

Notes to the financial statements

(d) Rupee term loan from financial institution comprise of following:

₹ in Crore

Particulars	Rate of Interest		As at				End of tenure
			31/03/2018		31/03/2017		
			Gross	Carrying Value	Gross	Carrying Value	
Financial Institution	14.50%	Long Term	10.00	10.00	-		30-Apr-19
Financial Institution*	13.50%	Short Term	17.50	17.50	-		31-Mar-19
Financial Institution	16.00%	Short Term	20.00	20.00			03-Nov-18
Financial Institution	14.50%	Short Term	5.00	5.00	12.00	12.00	31-Jan-19
Financial Institution	14.00%	Short Term	7.00	7.00	7.00	7.00	25-Sep-18
Financial Institution	14.00%	Short Term			10.00	10.00	
Financial Institution*	14.00%	Short Term	15.00	15.00	7.00	7.00	25-Feb-19
			64.50	**64.50**	**36.00**	**36.00**	

The above loans are secured against pledge of shares held by promoters and personal guarantees of promoters.

* Loans are further collaterally secured by Personal Guarantee of Promoters

₹ in Crore

	As at	
	31-Mar-2018	31-Mar-2017

2.16 Other financial Liabilities (Non Current)

Security Deposit	0.18	0.18
Other payables	41.82	42.27
	42.00	**42.45**

2.17 Provisions (Non Current)

Provision for employee benefits		
Gratuity	3.10	3.80
Compensated absences	0.45	0.59
	3.55	**4.39**

2.18 Borrowings (Current)

Secured		
From Banks		
Cash Credit*	269.71	314.97
Foreign Currency loan payable on demand **	52.04	51.87
Other Loans	16.93	-
From Financial Institutions		
Other Loans***	64.50	36.00
Unsecured		
From Banks		
Cash Credit	19.43	19.98
	422.61	**422.82**

Note:

* Cash Credit Facilities are secured by first charge on respective receivables on pari passu basis and second charge on specified vessels; and further by way of Corporate Guarantees, wherever applicable.

** Foreign Currency Demand Loan is provided as a sublimit of the existing Overdraft limit for a tenure of one year, with a roll over to be undertake after 6 months. Rate of Interest: 6 months LIBOR plus 5.5 % p.a. payable monthly.

*** Loans from others are secured by pledge of shares and personal guarantee of promoters.

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.19 Trade Payables

Total Outstanding of		
- Micro and small enterprises (refer Note 3.14)	-	-
- Other than micro and small enterprises	265.29	189.21
	265.29	**189.21**

2.20 Other Financial Liabilities (Current)

Current maturities of long-term debt		
- Debentures (Refer Note 2.15)	-	50.00
- External commercial borrowings (Refer Note 2.15)	66.85	30.66
- Rupee Term Loan from banks (Refer Note 2.15)	-	0.06
- Rupee Term Loan from Financial Institution (Refer Note 2.15)	8.00	-
- Term loans from banks (Refer Note 2.15)	217.96	135.83
Capital Creditors	16.50	3.19
Interest accrued but not due on borrowings	4.70	12.80
Interest accrued and due on borrowings	1.90	-
Unpaid dividend (a)	0.11	0.15
For Other Liabilities		
- Liability towards cash flow hedges	-	5.49
- Other payables	8.40	677.23
	324.42	**915.41**

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

Statutory dues payables	17.24	11.48
Advance for Asset classified as Held For Sale	26.28	-
Advance from customers	86.91	94.29
	130.43	**105.77**

2.22 Provisions (Current)

Provision for employee benefits		
Gratuity	0.29	0.88
Compensated absences	0.27	0.27
Provison for Tax	-	7.53
	0.56	**8.68**

2.23 Revenue from Operations

Revenue from		
Freight and demurrage	55.48	0.86
Dredging	170.69	270.85
Charter hire	221.68	642.05
Net gain on Derivatives translation	-	26.41
Coal Sales and support services	484.19	1,146.41
Cargo handling services	9.69	2.86
Income from project related activities	32.48	25.95
	974.21	**2,115.39**

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.24 Other Income

Dividend Income	0.07	-
Rent Income	0.60	0.60
Interest income		
- Fixed Deposits and Inter corporate deposits	0.40	6.00
- others	3.58	2.05
Balances written back / written off (net)	1.37	-
Gain / (Loss) on Exchange Difference (net)	5.26	-
Other Construction Income	0.64	-
Gain on fair value of current investment	18.12	132.22
Other income	6.43	15.36
	36.47	**156.23**

2.25 Operating Expenses

Purchase of coal	362.00	978.62
Designing and other technical charges	22.17	11.32
Procurement of equipments and materials for project related activities	16.62	0.87
Bunker Consumed	80.05	88.83
Vessel /Equipment hire expenses	7.95	34.23
Crew Expenses	88.88	129.02
Agency, Professional and service expenses	5.90	12.11
Communication expenses	1.73	1.81
Commission	0.38	0.05
Dispatch & Demurrage	0.24	5.87
Insurance	15.53	25.97
Port expenses	13.11	4.20
Repairs and Maintenance	44.67	78.05
Stevedoring, transport and freight expenses	1.66	5.90
Other Expenses	7.79	6.78
	668.68	**1,383.63**

2.26 Employee Benefits Expenses

Salaries, wages, bonus, etc.	27.03	34.64
Contribution to provident and other funds	2.35	1.35
Employee welfare expenses	0.72	0.43
	30.10	**36.42**

Employee Costs amounting to ₹ 1.99 Crore (P.Y. ₹ 1.20 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

2.27 Finance cost

Interest expense	108.29	200.46
Other borrowing costs	64.87	31.96
	173.16	**232.42**

Finance Costs amounting to ₹ 16.53 Crore (P.Y. ₹ 10.07 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

2.28 Other expenses

Rent	4.06	4.13
Payment to auditors		
As auditors	1.32	1.10
For other services (certification and other matters)	0.11	0.15
Repairs and Maintenance	1.56	1.36
Insurance	0.15	0.14
Net Loss on foreign currency transactions/translation	0.89	2.02
Legal, Professional and consultancy expenses	28.93	26.01
Donation	-	0.14
Communication Expenses	0.30	0.52
Conveyance, Car Hire and Travelling	3.79	4.78
Advertisement	0.06	0.03
Loss on Sale / Discard of Fixed Asset	37.66	131.62
Loss on value of Assets classified as Held For Sale	27.76	-
Loss on sale of Non-Current Investments	3.73	0.58
Bad Debts and other amounts written off/back (net)	12.55	-
Assets no longer required, written off	-	0.99
Provision for doubtful debts/advances	6.14	55.64
Miscellaneous expenses	41.00	12.12
	170.01	**241.33**

2.29 Income Tax Expenses

Amount recognised in Statement of Profit & Loss		
Current Tax		
Income tax for the year	17.95	20.11
Adjustments/(credits) related to previous years - Net (Refer Note 3.22)	40.17	(0.08)
Total current tax	**58.12**	**20.03**
Deferred tax		
Deferred tax for the year	2.12	1.18
	2.12	1.18
Total	**60.24**	**21.21**

Notes to the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2018	31-Mar-2017

3.1 Disclosure as per Inbd AS 33 "Earnings Per Share

Basic EPS (in ₹)	(10.42)	0.97
Diluted EPS (in ₹)	(10.42)	0.97
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(294.03)	24.14
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	282,294,400	249,549,607
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	282,294,400	249,549,607
Face Value per equity share (₹)	1.00	1.00

3.2 Disclosures in accordance with Ind AS -19 on "Employee Benefits":

(A) Defined Contribution Plans:

The Group has recognised the following amounts in the Statement of Profit and Loss for the year:

Particulars	Current Year	Previous Year
Contribution to Employees' Provident Fund (Includes Contribution to Seamen's Provident Fund)	0.74	0.86

(B) Defined Benefit Plans:

Valuations in respect of Gratuity and Leave Encashment have been carried out by an independent actuary as at the Balance Sheet date under the Projected Unit Credit method, based on the following assumptions:

Actuarial Assumptions	Gratuity		Leave Encashment	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
(a) Discount Rate	7.50%	7.50%	7.50%	7.50%
(b) Salary Escalation Rate	8% to 9%	8.00%	8.00%	8.00%
(c) Staff Turnover Rate	2% to 10% p.a. age related on graduated scale	10% to 12% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale
(d) Mortality Table	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(i) Changes in Defined Benefit Obligation

(₹ in Crore)

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Defined Benefit Obligation at the beginning	4.68	3.20	0.86	0.86
Current Service Cost	0.63	0.89	0.20	0.18
Past Service Cost	0.14	0.16	-	
(Gain) / Loss on settlements	-	-		
Interest Expense	0.32	0.24	0.05	0.06
Foreign Exchange Difference	(0.05)			
Benefit Payments from Plan Assets	(0.06)	-		
Benefit Payments from Employer	(0.65)	(0.28)	(0.30)	(0.17)
Settlement Payments from Plan Assets	-	-	-	

Notes to the financial statements

₹ in Crore

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Settlement Payments from Employer	-	-	-	
Other (Employee Contribution, Taxes, Expenses)	-	-	-	
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	-	-	-	
Increase / (Decrease) due to Plan combination	-	-	-	
Remeasurements - Due to Demographic Assumptions	-	-	-	
Remeasurements - Due to Financial Assumptions	-	0.10	-	0.01
Remeasurements - Due to Experience Adjustments	(1.62)	0.36	(0.09)	(0.08)
Defined Benefit Obligation at the end	**3.39**	**4.68**	**0.72**	**0.86**

(ii) Change in Fair Value of Plan Assets

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Fair Value of Plan Assets at the beginning	-	-	-	-
Interest Income	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	0.71	0.33	0.30	0.17
Employer Direct Settlement Payments	-	-	-	-
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.71)	(0.33)	(0.30)	(0.17)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-	-	-
Fair Value of Plan Assets at the end	**-**	**-**	**-**	**-**

(iii) Components of Defined benefit cost

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Current Service Cost	0.63	0.88	0.20	0.18
Past Service Cost	0.14	0.16	-	-
(Gain) / Loss on Settlements	-	-	-	-
Reimbursement Service Cost	-	-	-	-
Foreign Exchange Difference	(0.05)	-	-	-
Total Service Cost	**0.71**	**1.04**	**0.20**	**0.18**
Interest Expense on Defined benefit obligation	0.32	0.24	0.05	0.06
Interest (Income) on Plan Assets	-	-	-	-
Interest (Income) on Reimbursement Rights	-	-	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-	-	-
Total Net Interest Cost	**0.32**	**0.24**	**0.05**	**0.06**
Reimbursement of Other Long Term Benefits	-	0.05	-	-
Defined Benefit Cost included in the Statement of Profit and Loss	**1.04**	**1.33**	**0.25**	**0.24**
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions	-	0.11	-	0.01
Remeasurements - Due to Experience Adjustments	(1.62)	0.36	(0.09)	(0.08)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
Total Remeasurements in Other Comprehensive Income	**(1.62)**	**0.47**	**(0.09)**	**(0.07)**
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	**(0.58)**	**1.81**	**0.16**	**0.17**

Notes to the financial statements

(iv) Net defined Benefit Liability/ (Asset) reconciliation

(₹ in Crore)

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Net Defined Benefit Liability / (Asset) at the beginning	4.68	3.20	0.86	0.86
Defined Benefit Cost included in the Statement of Profit and loss	1.04	1.33	0.25	0.24
Total Remeasurements included in Other Comprehensive Income	(1.62)	0.47	(0.09)	(0.07)
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	-	-	-	-
Amount recognized due to Plan Combinations	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	(0.71)	(0.33)	(0.30)	(0.17)
Employer Direct Settlement Payments	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	**3.39**	**4.68**	**0.72**	**0.86**

(v) Amounts recognised in the Balance Sheet

	Gratuity		Leave Encashment	
	Year Ended 31st March 2018	Year Ended 31st March 2017	Year Ended 31st March 2018	Year Ended 31st March 2017
Defined Benefit Obligation	3.39	4.68	0.72	0.86
Fair Value of Plan Assets	-	-	-	-
Funded Status	**3.39**	**4.68**	**0.72**	**0.86**
Effect of Asset Ceiling/Onerous Liability	-	-	-	-
Net Defined Benefit Liability/(Asset)	**3.39**	**4.68**	**0.72**	**0.86**
Of which, Short term Liability	**0.29**	**0.88**	**0.27**	**0.27**

(vi) Experience Adjustments - Gratuity

Experience	2014	2015	2016	2017	2018
Defined Benefit Obligation at the end of the period	1.88	2.20	1.35	1.83	1.08
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	0.60	0.07	1.22	(0.63)	(0.82)
Experience adjustments on Plan Assets	NA	NA	NA	NA	NA

(vii) Maturity Profile of Defined Benefit Obligation :

Present Value of Obligations	Year 1	Year 2	Year 3	Year 4	Year 5 to Year 10
Gratuity	0.27	0.11	0.07	0.05	0.53
Leave Encashment	0.26	0.08	0.08	0.05	0.20

(viii) Sensitivity Analysis

Present Value of Obligations	Discount Rate		Salary Escalation Rate	
	+1%	-1%	+1%	-1%
Gratuity	-9.60%	11.33%	9.13%	-8.20%
Leave Encashment	-2.60%	2.90%	3.50%	-3.30%

3.3 Disclosure as per Ind AS 108 " Operating Segment "

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group has four principal operating and reporting segments; viz. Shipping, Offshore, Coal mining, trading and logistic.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

Notes to the financial statements

a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(₹ in Crore)

(b) Segment Revenue	Shipping		Offshore		Coal Mining, Trading and Logistics		Others		Unallocated		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	447.85	637.50	-	304.19	493.88	1,147.76	32.48	25.95	-	-	974.21	2,115.39
Results												
Profit/(loss) before interest, exceptional items and tax	(55.27)	56.62	-	11.48	69.77	68.35	(58.65)	155.15	-	-	(44.15)	291.59
Less: Interest											(173.16)	(232.42)
Profit/(loss) before exceptional items and tax											(217.31)	59.17
Less: Exceptional Item											-	(9.16)
Total Profit / (Loss) Before Tax											(217.31)	50.01
Provision for Tax												
Current Tax											(58.12)	(20.03)
Deferred Tax											(2.12)	(1.18)
Net Profit / (Loss)											**(277.55)**	**28.80**
Other Information												
Assets	1,872.03	2,006.45	-	653.63	790.66	791.61	537.63	486.46	15.51	3.93	3,215.83	3,942.08
Liabilities	176.92	195.64	-	604.31	199.19	177.20	66.85	72.22	1,759.23	1,842.87	2,202.18	2,892.24
Capital Expenditure	66.56	65.91	-	0.02	31.79	85.01	0.72	0.64	-	-	99.07	151.58
Depreciation	169.36	179.85	-	94.03	16.54	44.56	0.14	0.20	-	-	186.04	318.64
Impairment	-	-	-	-	-	0.01	-	-	-	-	-	0.01

Notes to the financial statements

3.4 Additional Information pursuant to Para 2 to General Information for the Preparation of Consolidated Financial Statements

(₹ in Crore)

Sr. No.	Name of Entity	Relationship	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss) for the year		Share in Other Comprehensive Income / (Loss) for the year		Share in Total Comprehensive Income / (Loss) for the year	
			% of Consolidated net assets	Amount (Rs in Crores)	% of Consolidated Profit / (Loss)	Amount (Rs in Crores)	% of Consolidated other comprehensive income	Amount (Rs in Crores)	% of Consolidated total comprehensive income	Amount (Rs in Crores)
1	Mercator Limited	Parent Company	74.28%	752.97	68.99%	(191.49)	61.46%	0.92	69.03%	(190.57)
2	Mercator Oil & Gas Limited	Subsidiary - Indian	-3.75%	(38.04)	12.66%	(35.13)	-1.36%	(0.02)	12.73%	(35.15)
3	Mercator Petroleum Limited	Subsidiary - Indian	2.80%	28.40	0.40%	(1.11)	0.00%	-	0.40%	(1.11)
4	Mercator Dredging Private Limited (Formerly Mercator FPSO Private Limited)	Subsidiary - Indian	0.00%	(0.04)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
5	Oorja Resources India Private Limited	Subsidiary - Indian	0.01%	0.07	-0.02%	0.05	0.00%	-	-0.02%	0.05
6	Mercator Oceantransport Limited	Subsidiary - Indian	0.00%	0.04	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
7	Mercator International Pte Ltd	Subsidiary - Foreign	17.76%	180.06	4.14%	(11.48)	0.00%	-	4.16%	(11.48)
8	Oorja Holdings Pte Ltd	Subsidiary - Foreign	-23.10%	(234.16)	2.71%	(7.51)	0.00%	-	2.71%	(7.51)
9	Offshore Holdings Company Pte Ltd	Subsidiary - Foreign	0.59%	5.95	16.95%	(47.04)	0.00%	-	17.04%	(47.04)
10	Mercator Energy Pte Ltd	Subsidiary - Foreign	-1.88%	(19.10)	2.21%	(6.14)	0.00%	-	2.22%	(6.14)
11	Brio Resources Pte Ltd	Subsidiary - Foreign	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
12	Marvel Value International Limited	Subsidiary - Foreign	-1.62%	(16.46)	2.41%	(6.69)	0.00%	-	2.43%	(6.69)
13	MCS Investment and Trading Limited	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
14	Mercator Offshore Assets Holding Pte Ltd	Subsidiary - Foreign	-16.80%	(170.31)	0.01%	(0.04)	0.00%	-	0.01%	(0.04)
15	Mercator Projects Pte Ltd *	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
16	Panther Resources Pte Ltd	Subsidiary - Foreign	14.83%	150.29	-6.35%	17.63	0.00%	-	-6.39%	17.63
17	Oorja 1 Pte Ltd	Subsidiary - Foreign	1.06%	10.75	-0.01%	0.02	0.00%	-	-0.01%	0.02
18	Oorja 2 Pte Ltd	Subsidiary - Foreign	1.10%	11.11	0.00%	0.01	0.00%	-	0.00%	0.01
19	Oorja 3 Pte Ltd	Subsidiary - Foreign	0.00%	0.01	-0.00%	0.02	0.00%	-	-0.00%	0.02
20	Oorja (Batua) Pte Ltd	Subsidiary - Foreign	-10.89%	(110.43)	0.19%	(0.53)	0.00%	-	0.19%	(0.53)
21	MCS Holdings Pte Ltd	Subsidiary - Foreign	26.43%	267.87	7.26%	(20.15)	0.00%	-	7.30%	(20.15)
22	Oorja Mozambique Minas Limitada	Subsidiary - Foreign	0.01%	0.09	-0.03%	0.09	0.00%	-	-0.03%	0.09
23	Mercator Offshore (P) Pte Ltd	Subsidiary - Foreign	-0.55%	(5.55)	0.93%	(2.58)	0.00%	-	0.93%	(2.58)
24	Mercator Okoro FPU Pte Ltd *	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
25	Mercator Okwok FPU Pte Ltd *	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
26	PT Karya Putra Borneo	Subsidiary - Foreign	7.24%	73.43	-10.95%	30.40	20.45%	0.30	-11.12%	30.70
27	Broadtec Mozambique Minas Limiteda	Subsidiary - Foreign	0.00%	0.02	-0.01%	0.02	0.00%	-	-0.01%	0.02
28	MCS Fuel Trading Sdn Bdh *	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
29	PT Oorja Indo KGS	Subsidiary - Foreign	-0.19%	(1.96)	0.27%	(0.74)	0.00%	-	0.27%	(0.74)
30	PT Oorja Indo Petangis Three	Subsidiary - Foreign	-0.07%	(0.66)	1.30%	(3.61)	0.00%	-	1.31%	(3.61)
31	PT Oorja Indo Petangis Four	Subsidiary - Foreign	0.04%	0.36	1.22%	(3.37)	0.00%	-	1.22%	(3.37)
32	Fortune Offshore O & M Pte Ltd #	Subsidiary - Foreign	0.00%	-	0.00%	-	0.00%	-	0.00%	-
33	PT Indo Perkasa	Subsidiary - Foreign	7.31%	74.12	-4.21%	11.67	19.46%	0.29	-4.33%	11.96
34	PT Bema Gema Permata	Subsidiary - Foreign	-0.63%	(6.36)	-0.22%	0.61	0.00%	-	-0.22%	0.61
35	PT Nuansa Sakti Kencana *	Subsidiary - Foreign	0.00%	-	0.16%	(0.44)	0.00%	-	0.16%	(0.44)
36	PT Mincon Indo Resources	Subsidiary - Foreign	0.02%	0.20	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
36	Non Controling Interest	Subsidiary - Foreign	6.01%	60.97	0.00%	-	0.00%	-	0.00%	-
			100.00%	**1,013.65**	**100.00%**	**(277.55)**	**100.00%**	**1.49**	**100.00%**	**(276.06)**

Step down subsidiaries sold / closed / in process of liquidation (refer note no 1.5).

Notes to the financial statements

3.5 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2018 ₹ 43.08 crore (P.Y. ₹ 80.99 crore).

3.6 Contingent Liabilities

Claims against the Group not acknowledged as debts in respect of the following items

(₹ in Crore)

	31-Mar-2018	31-Mar-2017
Income Tax Demands for various Assessment Years disputed by the Group *	136.22	127.64
Service Tax Demands disputed by the Group	64.03	64.03
Legal Cases - Shipping	28.70	28.70
Legal Cases - Dredging	12.63	-
Others	8.56	11.24
	250.14	**231.61**
Guarantees :		
Counter guarantee issued by Parent Company for guarantees obtained from bank (net of margin)	94.57	110.03

* Against the above the Parent Company has already paid ₹ 40.75 Crore (Previous Year ₹ 40.75 Crore)

The Group expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:

Legal Cases - Shipping	9.17	9.14
Legal Cases - Others	1.20	1.20
	10.37	**10.34**

(i) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums / authorities.

(ii) The Group's pending litigations comprise of claims pertaining to proceedings pending with Income Tax, Service Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions were required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

3.7 a) In case of a step down subsidiary :

i) There are certain long overdue Trade Receivables amounting to ₹ 126.01 Crore (US$ 19.37 Mn), (Previous Year ₹ 72.97 Crore (US$ 11.25 Mn)). No provision for Impairment loss has been made for the same, as in the opinion of the management ,the said amounts are recoverable.

ii) Claim of Hindustan Zinc Ltd (HZL) : The step down subsidiary, had forwarded a draft settlement agreement proposing a full and final additional cash settlement of ₹ 7.39 Crore (US$ 1.13 Mn), which is currently being reviewed by HZL. No provision has been made for the potential claim amount and other incidental costs, pending final settlement of the claim.

b) Two step down subsidiaries paid certain deposits in the past amounting to ₹ 22.03 Crore (USD 3.39 Mn,) (Previous Year ₹ 21.96 Crore (US$ 3.39 Mn)) to acquire 70% equity interests in companies which own coal mining concessions.No provision has been made for the same, as in the opinion of the management,the said amounts are recoverable.

3.8 In case of 8 subsidiaries/ Stepdown subsidaries, the respective auditors have qualified their audit reports expressing concerns about the financial statements being prepared on a going concern basis. The Group has however, prepared these financial statements on a going concern basis, in view of the financial support and undertaking from the ultimate holding company and resumption of coal mining operations in Indonesia.

Notes to the financial statements

3.9 Related Party Disclosures:

A List of Related Parties

I Key Managerial Personnel

1 Mr. H.K Mittal - Executive Chairman
2 Mr. Shalabh Mittal - Chief Executive Officer
3 Mr. Rajendra Kothari - Chief Financial Officer (effective from 01.02.2018)
4 Mr. Kiran Vaidya - Chief Financial Officer (upto 31.01.2018)
5 Mr. Suhas Pawar - Company Secretary (upto 26.03.2018)
6 Mr. Adip Mittal
7 Ms. Archana Mittal
8 Ms. Shruti Mittal
9 Mr. Anil Khanna
10 Ms. Archana Dhole
11 Mr. Aditya Desai
12 Ms. Vaishali Hazare
13 Ms. Parul Harlalka
14 Mr. Lalitkumar Bagayatkar
15 Mr. Santosh Kadam
16 Mr. Radhay Shyam Bansal (from 06.09.2017)
17 Mr. Suresh Shanmugam (upto 05.09.2017)
18 Mr. Jaysangker (upto 05.09.2017)
19 Mr. Suhadi Zaini (upto 05.09.2017)
20 Mr. Kirtipal Singh Raheja (upto 05.09.2017)
21 Mr. Bharat Kumar Jain (from 06.09.2017)
22 Mr. Vinay Kumar Malik (from 06.09.2017)
23 Mr. Mahesh Rawat (effective from 01.02.2018)
24 Mr. Bantwal Subraya Prabhu
25 Mr. Kennedy Perkash Nanik (from 06.09.2017)
26 Mr. Sagar Vats (from 06.09.2017)
27 Mr. Kapil Garg (upto 01.10.2016)

II Enterprises over which Key Managerial Personnel exercise significant control

1 Ankur Fertilizers Private Limited
2 AHM Investments Private Limited
3 MHL Healthcare Limited
4 Prem Punita Foundation (India)- Chartiable Trust
5 HK Sons Realtors Private Limited
6 Premputli Realtors Private Limited
7 Sisouli Realtors Private Limited
8 Vaitarna Marine Infrastructure Limited
9 Rishi Holding Private Limited
10 Urban Pod Private Limited
11 Lotusnest Private Limited
12 Sidus Infraprojects Private Limited
13 Whosejewellery Marketplace Portal LLP
14 Rock Stone Finlease Private Limited
15 Media Capital (India) Private Limited
16 Trilogy Media Private Limited
17 Oil Max Energy Private Limited
18 Actus Marine & offshore Private Limited
19 Vector Shipping Services Private Limited
20 Target Ship Management India Private Limited
21 Indian National Shipowner Association
22 Mac Maritime Training and Research Institute

III Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.(With whom transaction have taken place)

1 MLL Logistics Private Limited

IV Relative of Key Managerial Personnel

1 Mrs. Ritu Garg

Notes to the financial statements

B. Details of transactions with the other parties (₹ in crore)

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Managerial Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Interest Income								
MLL Logistics Pvt Ltd.	-	-	-	-	-	1.26	-	1.26
Total	**-**	**-**	**-**	**-**	**-**	**1.26**	**-**	**1.26**
Services Rendered								
Vaitarna Marine Infrastructure Limited	-	-	4.30	21.76	-	-	4.30	21.76
Total	**-**	**-**	**4.30**	**21.76**	**-**	**-**	**4.30**	**21.76**
Annual Maintenance Charges								
Vaitarna Marine Infrastructure Limited	-	-	4.22	-	-	-	4.22	-
Total	**-**	**-**	**4.22**	**-**	**-**	**-**	**4.22**	**-**
Contribution to CSR								
Prem Punita Foundation				0.13				0.13
Total	**-**	**-**	**-**	**0.13**	**-**	**-**	**-**	**0.13**
Shares pledged for loan against shares								
Mr. H.K Mittal			85.45	76.88			85.45	76.88
Mrs. Archana Mittal			63.20	19.13			63.20	19.13
AHM Investments Private Limited			33.17	5.13			33.17	5.13
Total	**-**	**-**	**181.82**	**101.14**	**-**	**-**	**181.82**	**101.14**
Expenses incurred repaid								
Ankur Fertilizers Private Limited	-	-	0.02	0.03	-	-	0.02	0.03
Vaitarna Marine Infrastructure Limited			0.00				0.00	-
Oil Max Energy Private Limited			-	0.11			-	0.11
Total	**-**	**-**	**0.03**	**0.14**	**-**	**-**	**0.03**	**0.14**
Reimbursement of Expenses Received								
Vaitarna Marine Infrastructure Limited	-	-		0.01	-	-	-	0.01
Total	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**0.01**
Return of Capital Advance								
Vaitarna Marine Infrastructure Limited	-	-	8.82	-	-	-	8.82	-
Total	**-**	**-**	**8.82**	**-**	**-**	**-**	**8.82**	**-**
Rent Paid								
Kapil Garg	-	-	-	0.30	-	-	-	0.30
Ritu Garg	-	-	-	-	-	0.30	-	0.30
Total	**-**	**-**	**-**	**0.30**	**-**	**0.30**	**-**	**0.60**
Inter Corporate Deposit Repaid								
MLL Logistics Private Limited	-	-	-	-	-	21.80	-	21.80
Total	**-**	**-**	**-**	**-**	**-**	**21.80**	**-**	**21.80**

Notes to the financial statements

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Managerial Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Managerial Personnel/Relative of Key Managerial Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Outstanding Balances as on 31.03.2018								
Capital Advances								
Vaitarna Marine Infrastructure Limited	-	-	18.77	27.59	-	-	18.77	27.59
Total	**-**	**-**	**18.77**	**27.59**	**-**	**-**	**18.77**	**27.59**
Trade and Other Payables								
Vaitarna Marine Infrastructure Limited	-	-	0.88	1.91	-	-	0.88	1.91
Oil Max Energy Private Limited	-	-	-	0.11	2.00	3.00	2.00	3.11
Total	**-**	**-**	**0.88**	**2.02**	**2.00**	**3.00**	**2.88**	**5.02**
Deposit Given								
Oil Max Energy Private Limited	-	-	0.50	0.50			0.50	0.50
Total	**-**	**-**	**0.50**	**0.50**	**-**	**-**	**0.50**	**0.50**
Remuneration paid to key Management Personnel	6.87	12.36					6.87	12.36
Total	**6.87**	**12.36**	**-**	**-**	**-**	**-**	**6.87**	**12.36**

Key Managerial Personnel and Relatives of Promotors who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Ind AS financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

C) Sitting Fees Paid to Non-Executive Directors (₹ in crore)

	Current Year	Previous Year
Director Sitting Fees	0.31	0.24

3.10 In the case of a subsidiary,during the financial year ended 2016-17, the Director General of Hydrocarbons (DGH) invoked a Bank Guarantee of ₹ 4.69 crore due to expiry of Phase -I of the Production Sharing Contract ('PSC') in relation to an Onshore Block (Identified as Block CB-ONN-2005/3) in Ahmedabad and Mahesana districts in the State of Gujarat.

As per the subsidiary, the delay however has been attributable to the delays in grants of Environmental Clearance (EC) from the Ministry of Environment and Forests (MOEF) and Geo-Technical Data (GTD) from the Directorate General of Hydrocarbons (DGH) by 1,270 days, the subsidiary was unable to commence drilling operations in the said Block. The subsidiary has requested DGH to consider the work done by it as fulfilment of Minimum Work Programme in cognizance of delays in giving permissions and allow it to enter into the Phase -II of the PSC

The subsidiary has obtained a legal opinion in this matter and on the basis of the said opinion, is confident that it has adequate grounds to contest the case as the PSC has provisions for the subsidiary to enter the Phase II of the PSC and accordingly no provision is required to be made in the financial statements.

Notes to the financial statements

3.11 Disclosure as per Ind AS 11 "Construction contracts "

(A) Operating Lease (as Lessee):

(₹ in Crore)

Disclosures in respect of cancellable agreements for office premises taken on lease	Year Ended	
	31-Mar-2018	31-Mar-2017
Contract revenue recognised during the year	32.48	25.95
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	1,265.07	1,232.94
Advances received for contracts in progress	30.60	30.60
Retention money for contracts in progress	NIL	NIL
Gross amount due from customers for contract work (asset)	206.78	228.18
Gross amount due to customers for contract work (liability)	NIL	NIL

3.12 Disclosure as per Ind AS 17 "Leases":

(A) Operating lease (as Lessee):

Disclosures in respect of cancellable agreements for office premises taken on lease

	Operating Leases	As at	
		31-Mar-2018	31-Mar-2017
	Disclosures in respect of cancellable agreements for office premises taken on lease	-	-
(i)	Lease payments recognized in the Statement of Profit and Loss	3.78	3.47
(ii)	Significant leasing arrangements		
	The Group has given refundable interest free security deposits under the agreements.	3.29	-
	The lease agreements are up to 4 to 36 months. These agreements also provided for periodical increase in rent.	-	-
(iii)	Future minimum lease payments under non-cancellable agreements	-	-
	Not later than one year	0.24	0.28
	Later than one year and not later than five years	NIL	0.14
	Later than five years	NIL	NIL
	(B) Operating lease (as Lessor):		
	Disclosures in respect of cancellable agreements for office given on lease		

		As at	
		31-Mar-2018	31-Mar-2017
(a)	Operating Leases Disclosures in respect of cancellable agreements for office given on lease		
(i)	Lease receipt recognized in the Statement of Profit and Loss	0.60	0.60
(ii)	Future minimum lease receivable under non-cancellable agreements		
	Not later than one year	0.84	0.60
	Later than one year and not later than five years	1.35	0.60
	Later than five years	NIL	NIL
	General Description of leasing arrangement		
	(i) Leased Assets: Premises, Godown		
	(ii) Future lease rentals are determined on the basis of agreed terms		

3.13 Exceptional item as at March 31, 2018 ₹ NIL (P.Y. ₹ 9.16 crore) relates to termination of cash flow hedge contracts.

Notes to the financial statements

3.14 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Information related to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Group:

(₹ in Crore)

		As at	
		31-Mar-2018	31-Mar-2017
(i)	Principal amount outstanding	Nil	Nil
(ii)	Interest on Principal amount due	Nil	Nil
(iii)	Interest and Principal amount paid beyond appointment day	Nil	Nil
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act	Nil	Nil
(v)	The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi)	The amount of further interest remaining due and payable even in the succeeding years, 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 of MSME Development Act.	Nil	Nil

3.15 Tonnage Tax Reserve

In terms of section 115VT of the Income Tax Act, 1961, with respect to the shipping activities of the group in India, it is required to transfer a minimum of 20% of book profits from the tonnage tax activities in tonnage tax reserve which are to be utilised for acquiring new ships within 8 years of such transfer. The Group has transferred ₹ Nil (Previous Year ₹ Nil) to Tonnage Tax Reserve as company has incurred a book loss (on standalone basis) of ₹ 142.84 crore (Previous Year ₹ 29.55 crore) .During the year, the group has transfered the utilised Tonnage Tax Reserve to General Reserve, which had been utilised for the purchase of dredgers in the earlier years.

3.16 Income Tax expense

(A) Tax Expenses recognised in the statement of Profit & Loss

(₹ in Crore)

Particulars	Current Year	Previous Year
Profit before Tax	(217.31)	50.01
Income Tax Expenses	(2.38)	(70.46)
Income not subject to tax	0.09	29.89
Difference in books and tax depreciation	13.37	3.34
Gain attributable to tonnage tax activity	0.80	0.92
Non Qualifying Income & Expense under Tonnage Tax	1.20	0.08
Non-deductible expenses	5.16	51.17
Others	1.81	6.35
Earlier year Tax Provision	40.17	(0.08)
Income Tax & Differed Tax Expense	**60.24**	**21.21**
Effective Tax Rate	**-27.72%**	**42.41%**

(B) Deferred Tax as per Ind AS 12 "Income Taxes

(i) Deferred tax liability (net) included in the balance sheet comprises of the following:

Particulars	Deferred tax (asset) / liability as at 31/03/2017	Charge/ (Credit) for the current year	Deferred tax (asset) / liability as at 31/03/2018
Deferred tax assets			
Depreciation	(0.29)	0.06	(0.23)
Employee Benefits	(0.63)	0.08	(0.55)
Deferred tax liabilities			
Long Term Provisions and Short Term Provisions	0.02		0.02
Foreign source Income yet to be remitted	4.84	(3.36)	1.48
Net deferred tax liability/ (asset)	3.94	(3.22)	0.72

Notes to the financial statements

(ii) Deferred tax liability (net) included in the balance sheet comprises of the following: (₹ in Crore)

Particulars	As at 31st March, 2017	Credit/ (charge) in Statement of Profit and Loss	Credit/ (charge) in Other Comprehensive income	As at 31st March, 2018
Deferred tax (assets)/liabilities				
Unabsorbed Depreciation	(0.29)	0.06	-	(0.23)
Provision for post retirement benefits	(0.61)	(0.12)	0.20	(0.53)
Foreign source Income yet to be remitted / others	4.84	0.88	(4.24)	1.48
Total	**3.94**	**0.82**	**(4.04)**	**0.72**

Particulars	As at 31st March, 2016	Credit/ (charge) in Statement of Profit and Loss	Credit/ (charge) in Other Comprehensive income	As at 31st March, 2017
Deferred tax (assets)/liabilities				
Unabsorbed Depreciation	(0.25)	(0.05)	-	(0.30)
Provision for post retirement benefits	(0.40)	(0.23)	0.02	(0.61)
Foreign source Income yet to be remitted / others	3.86	1.45	(0.47)	4.84
Total	**3.21**	**1.17**	**(0.45)**	**3.94**

3.17 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Indian entities of the Group as per section 135 of the Companies Act 2013, during the year ₹ NIL.

3.18 During the year the Group has sold Dry Bulk Carrier "M.T. Sri Prem Poorva", built in 1994, tanker "M.T. Harsha Prem" built in 1993. Also, the Group has entered into agreement of sale dated March 19, 2018 for sale of M. V. Vrinda built in 1997 and deliver the vessel on April 2, 2018, which has been classified as "Non – Current Asset Held for Sale" as at March 31, 2018. On such transactions, the Group has accounted for aggregate loss of ₹ 65.04 crore on sale and impairment of Asset classified as Held for Sale, classified under the head of "other expenses".

3.19 In respect of "Sagar Samrat" EPC project, the Group had incurred additional cost of ₹ 18.59 crore on account of certain variations in the scope of the project. Following prudential accounting norms, the Group has recognized the above costs in its Consolidated Statement of Profit and Loss. Corresponding Revenue shall be recognized once the variations orders are approved by the customer

3.20 Financial risk Management objectives and policies

The Group financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Risk Management committee

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables and Loans and borrowings.

The Group manages market risk through Risk Management committee, which evaluates and exercises independent control over the entire process of market risk management. The committee recommends risk management objectives and policies, which are approved by Risk Management and Board.

a. Market Risk

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in interest rates.

Notes to the financial statements

Exposure to Interest rate risk

₹ in crore

Particulars	As at	
	31st March 2018	31st March 2017
Total Borrowings	1,728.02	1,838.94
% of Borrowings out of above bearing variable rate of Interest	85%	85%

The Group is exposed to interest rate risk as it borrow funds at floating interest rates. The interest rate risk is managed by monitoring the Group's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended March 31, 2018 would increase/decrease by ₹ 7.35 Crore (previous year ₹ 7.82 Crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

ii) Maritime Risk

The operations of the Group may be exposed to piracy, war, sabotage and terrorism risk at sea which could potentially disrupt the operations of the Group. Also, the Group's vessels are susceptible to arrests by maritime claimants which could result in significant loss for the Group. In times of emergency or wars, the Government could demand the Group's vessels without adequate compensation.

iii) Business Risk

i) Risk relating to Exploration, Development and production.

The Group has two oil blocks in the Cambay Basin and in one of them we have announced discovery of superior quality oil with oil flowing to surface at the time of testing of Wells. While the oil price has been volatile in the past, Brent Crude appears to have been stabilized between US$ 50 to US$ 60 per barrel over last year. Even otherwise, in subsidiary's context, the risk of fluctuations in Oil Price is contained since the quality of Oil discovered in subsidiary's blocks (light and sweet crude - 410 API) is better than that of Brent Crude (Brent Crude being 380 API) and therefore enjoys premium over Brent.

Project Specific Risk:

Currently, operations are underway to accomplish drilling and testing campaign in one of our Oil Blocks. With an increase in Oil Price, there are possibilities of non-availability of Drilling Rigs and associated services. Also pricing for such services may increase since many drilling companies' Oil Rigs are currently in a cold stack condition. However, this Risk is contained owing to the fact that subsidiary has entered into Long Terms contracts with its vendors to ensure availability of services till the drilling campaign is accomplished.

ii) Risk relating to Construction Contract

Currently we are operating One project and envisaging similar opportunities in near future.

Project Specific Risk

The project is at its tail end of completion and we envisage no major risk in increase of quantities/prices of Raw Materials or Services as the same are reviewed on a continuous basis. There may be a risk of minuscule increase in cost of towing and commissioning against the budget depending on weather conditions. However, these costs may be extremely insignificant to the project risk.

Notes to the financial statements

iv) Price Risk

The Group is engaged in the business of commodity transportation of crude oil, petroleum products, coal, iron-ore etc which involves a high level of dependence on the production of oil and gas. Thus, demand in these sectors will have a direct impact on the business of the Group. A decline in the demand for oil, coal or iron etc will adversely affect the business of the Group. Thus, often, the factors affecting the supply and demand for the vessel are beyond the control of the Group as the nature, timing and degree of changes in the industry conditions cannot be foreseen and are unpredictable.

Other price risk:

The Group is not exposed to any significant equity price risks arising from equity investments, as on March 31, 2018. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

v) Foreign currency risk

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is mitigated by natural hedges of matching revenues and costs.

The carrying amounts of the Group's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows:

₹ in crore

Details / Currency	As at	
Details	**31-Mar-2018**	**31-Mar-2017**
Trade Receivables		
- USD	23.05	5.27
Cash and Cash equivalents		
- USD	3.38	0.55
Other Financial Assets		
- USD	394.19	228.87
- SGD	0.06	-
- Euro	2.34	-
- GBP	0.02	-
- JPY	0.00	-
Other non-current assets		
- USD	0.82	-
Borrowings		
- USD	828.85	916.24
Trade Payables		
- USD	62.33	-
Other Financial Liabilities		
- USD	43.92	26.53
- SGD	0.20	0.15
- AED	0.04	
- Euro	0.08	
- GBP	0.21	
- JPY	0.04	
- Others		2.46

Notes to the financial statements

Sensitivity Analysis:
A 5% strengthening / weakening of Indian Rupee against key currencies to which the Group is exposed (net of hedge, if any), with all other variables being held constant, would have led to approximately a gain / loss of ₹ 23.79 crore (Previous Year : ₹ 35.40 crore).

b. Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when where there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When such recoveries are made, these are then recognized as income in the statement of profit and loss.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates.

Ageing of Accounts Receivables

₹ in crore

Particulars	As at 31st March 2018	As at 31st March 2017
Less than 180 days	123.79	234.60
More than 180 days	197.95	155.66

Financial assets are considered to be of good quality and there is no significant increase in credit risk

c. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

Maturity Analysis of Significant Financial Liabilities

₹ in crore

As at 31st March, 2018	Contractual Cash Flows				
	Total	Up to 1 year	1-3 years	3-5 years	More than 5 years
Financial Instruments					
Borrowings	1,728.02	975.41	525.74	226.86	-
Trade Payables	265.29	265.29	-	-	-
Other financial liabilities	73.61	31.61	42.00	-	-
	2,066.92	**1,272.32**	**567.74**	**226.86**	**-**

Notes to the financial statements

₹ in crore

As at 31st March, 2017	Contractual Cash Flows				
	Total	Up to 1 year	1-3 years	3-5 years	More than 5 years
Financial Instruments					
Borrowings	1,838.94	671.14	770.27	335.05	62.49
Trade Payables	189.21	189.21	-	-	-
Liability towards cash flow hedge	5.49	5.49	-	-	-
Other financial liabilities	735.82	693.37	42.45	-	-
	2,769.46	**1,559.20**	**812.72**	**335.05**	**62.49**

3.21 Capital Management

For the purpose of Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at March 31, 2018, the Group has only one class of equity shares and has debt, consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution of dividend or re-investment into business based on its long term financial plans.

The debt equity for the year is as under:

₹ in crore

	As at	
	31-Mar-2018	31-Mar-2017
Borrowings (₹ in crore) - (A)	1,728.02	1,838.94
Total Equity (₹ in crore) - (B)	1,013.65	1,049.84
Debt Equity Ratio (A/B)	1.70	1.75

3.22 Having regard to the ongoing Income tax disputes and assessment proceedings of various years as well as pending reconciliation of the Income Tax assets, the management has made an estimated provision of ₹ 40.17 crore in the financial statements.

3.23 The Board of Directors at its meeting held on February 14, 2018, approved the Scheme of Arrangement between Mercator Limited ("Company" or "Demerged Company") and Mercator Dredging Private Limited ("MDPL" or "Resulting Company") and their respective shareholders ("the Scheme") u/s 230 to 232 of the Companies Act 2013 ("the Act") and other applicable provisions of the Act. Pursuant to the said scheme of dredging business of the Company, is proposed to be demerged into MDPL, a wholly owned subsidiary of the Company.

3.24 Disruption of Business of its Indonesian Entities operating coal mine : In September 2017, the group had changed its directors and senior management, which has led to certain disruption of operation of the business for approximately 5 months. Following the change of the subsidiaries directors and senior management, certain proceedings have been filed by new management of the subsidiaries, ultimate parent company and shareholder of the said subsidiaries in Singapore and Indonesia against some of the former directors of the said subsidiaries, who have in turn initiated various proceedings against the company, shareholders of the Group and ultimate parent company. The subsidiaries have resumed its operation on January 15, 2018.

The subsidiaries had incurred expenses of ₹ 31.08 Crore for its fixed contractual commitment, salary cost, professional fees, consumable, maintenance, incremental legal expense and other overheads etc.

Management believes that the above disruption of operation has no significant impact on the subsidiaries operation in the future. As of the issuance date the dispute between ultimate parent Company and former directors of the subsidiaries are under review of all parties for settlement.

Notes to the financial statements

3.25 The Group does not have any long term contracts including derivative contracts as at March 31, 2018 wherein the Group is required to make provision towards any foreseeable losses.

3.26 Fair value measurements

Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1.26 to the financial statements.

(a) The carrying value of financial instruments by categories is as follows -

₹ in crore

Particulars	As at	
	31-Mar-2018	31-Mar-2017
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	22.46	93.88
Bank balances other than Cash and cash equivalents	105.98	35.53
Loans	13.98	11.38
Trade receivables	321.74	390.26
Other Financial assets	89.74	72.32
At fair value through profit and loss		
Investment in Mutual Funds	205.73	185.86
Total	**759.63**	**789.22**
Financial liabilities:		
Measured at amortised cost		
Borrowings	1,728.02	1,838.94
Other financial liabilities	73.61	735.82
Trade and other payables	265.29	189.21
At fair value through profit and loss		
Derivatives	0.00	5.49
Total	**2,066.92**	**2,769.46**

Carrying amounts of trade receivables, cash and cash equivalents and trade payables as at March 31, 2018 and March 31, 2017 approximate the fair values because of their short term nature. Difference between carrying amounts and fair values of other bank balances, borrowings, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

(b) Fair Value Hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

₹ in crore

At 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
Investments in mutual funds	-	-	205.73	205.73
Derivative financial liabilities	-	-	-	-
Total	**-**	**-**	**205.73**	**205.73**

Notes to the financial statements

₹ in crore

At 31st March, 2017	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
Investments in mutual funds	-	-	185.86	185.86
Derivative financial liabilities	-	5.49	-	5.49
Total	**-**	**5.49**	**185.86**	**191.35**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a) The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

b) Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

3.27 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Indian entities have not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective. The core principle of Ind

AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation"

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is evaluating possible impact of Ind AS 115 and will make necessary adjustments in FY-2018-19. based on the preliminary evaluation the said entities do not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements."

Notes to the financial statements

3.28 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements.

3.29 Figures for the current year are not comparable with those of the previous year in view of the deconsolidation impact given during the current year w.r.t. certain step down subsidiaries.

3.30 Previous year's figures have been regrouped / restated wherever necessary to conform to current year's classification.

As per our report of even date

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: May 28, 2018

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(DIN:00007690)

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

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Our Asset Portfolio

Coal

Sr. No	Coal Mines		Country	Ownership
1	Petangis, East Kalimanthan (Two Mines)		Indonesia	100
2	Batuah, East Kalimanthan		Indonesia	50
3	Tete Province		Mozambique	85

Oil & Gas - Exploration & Production

Sr. No	Blocks	Types	Country	Ownership
1	CB-9	Onshore	Cambay Basin, India	100
2	CB-3	Onshore	Cambay Basin, India	100

Tankers

Sr. No	Name of the Vessel	Vessel Type	DWT	Ownership
1	Kamakshi Prem	VLCC	299235	Owned
2	Prem Pride	Aframax	109610	Owned
3	Hansa Prem	MR	36032	Owned
4	Prem Mala	MR	47044	Owned
5	Vedika Prem	MR	42235	Owned

Gas Carriers

Sr. No	Name of the Vessel	Vessel Type	DWT	Ownership
1	Sisouli Prem	VLGC	50400	Owned

Dredgers

Sr. No	Name of the Vessel	Vessel Type	DWT	Ownership
1	Bhagwati Prem	TSHD	7598	Owned
2	Darshani Prem	TSHD	7450	Owned
3	Tridevi Prem	TSHD	5433	Owned
4	Omkara Prem	TSHD	4500	Owned
5	Uma Prem	TSHD	2600	Owned
6	Vivek Prem	GD Hopper, Self Propelled	850	Owned
7	Veera Prem	TSHD	11300	Owned
8	Vakul Prem	Bucker Ladder	583	Owned
9	Yukti Prem	TSHD	N.A.	Owned

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