

July 28, 2015

**FORM A**  
**(Pursuant to Clause 31(a) of the Listing Agreement)**

|   |  |                  |
|---|--|------------------|
| 1 | Name of the Company                            | Mercator Limited |
| 2 | Annual financial statements for the year ended | March 31, 2015   |
| 3 | Type of Audit observation                      | Un-qualified     |
| 4 | Frequency of observation                       | Not Applicable   |

For Mercator Limited



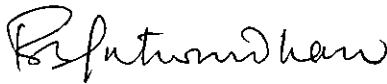
H.K. Mittal  
Executive Chairman  
& Managing Director

For Mercator Limited



Manohar Bidaye  
Chairman of Audit Committee

For Mercator Limited



Prasad Patwardhan  
Chief Financial Officer

For CNK & Associates LLP  
Chartered Accountants

Firm Registration No. 101961W



Himanshu Kishnadwala  
Partner  
Membership No. 37391





# Steadfast

ANNUAL REPORT  
2014-15

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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

Mr. Atul J. Agarwal  
Managing Director

Mr. Manohar Bidaye

Mr. K. R. Bharat

Mr. M. M. Agrawal

Mr. Gunender Kapur  
(w.e.f. August 13, 2014)

Mr. Shalabh Mittal  
(w.e.f. November 07, 2014)

Mrs. Archana Mittal  
(w.e.f. March 25, 2015)

Mr. Kapil Garg  
(upto May 29, 2014)

## Audit Committee

Mr. Manohar Bidaye  
Chairman

Mr. K. R. Bharat  
Member

Mr. Atul J. Agarwal  
Member (upto February 5, 2015)

Mr. H. K. Mittal  
Member (w.e.f. February 5, 2015)

## Stakeholders' Relationship Committee

Mr. Manohar Bidaye  
Chairman

Mr. K. R. Bharat  
Member

Mr. Atul J. Agarwal  
Member

## Chief Financial Officer

Mr. Prasad Patwardhan

## Company Secretary

Ms. Amruta Sant  
(upto April 10, 2015)

Mr. Deepesh Joishar  
(w.e.f. May 04, 2015)

## Auditors

M/s. CNK & Associates LLP

## Bankers

State Bank of India

ICICI Bank

Axis Bank

HDFC Bank

YES Bank

## Debenture and Security Trustees

Axis Trustee Services Limited

## 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](http://www.mercator.in)

E-mail: [mercator@mercator.in](mailto:mercator@mercator.in)

[investors@mercator.in](mailto:investors@mercator.in)

## Registrar & Transfer Agents

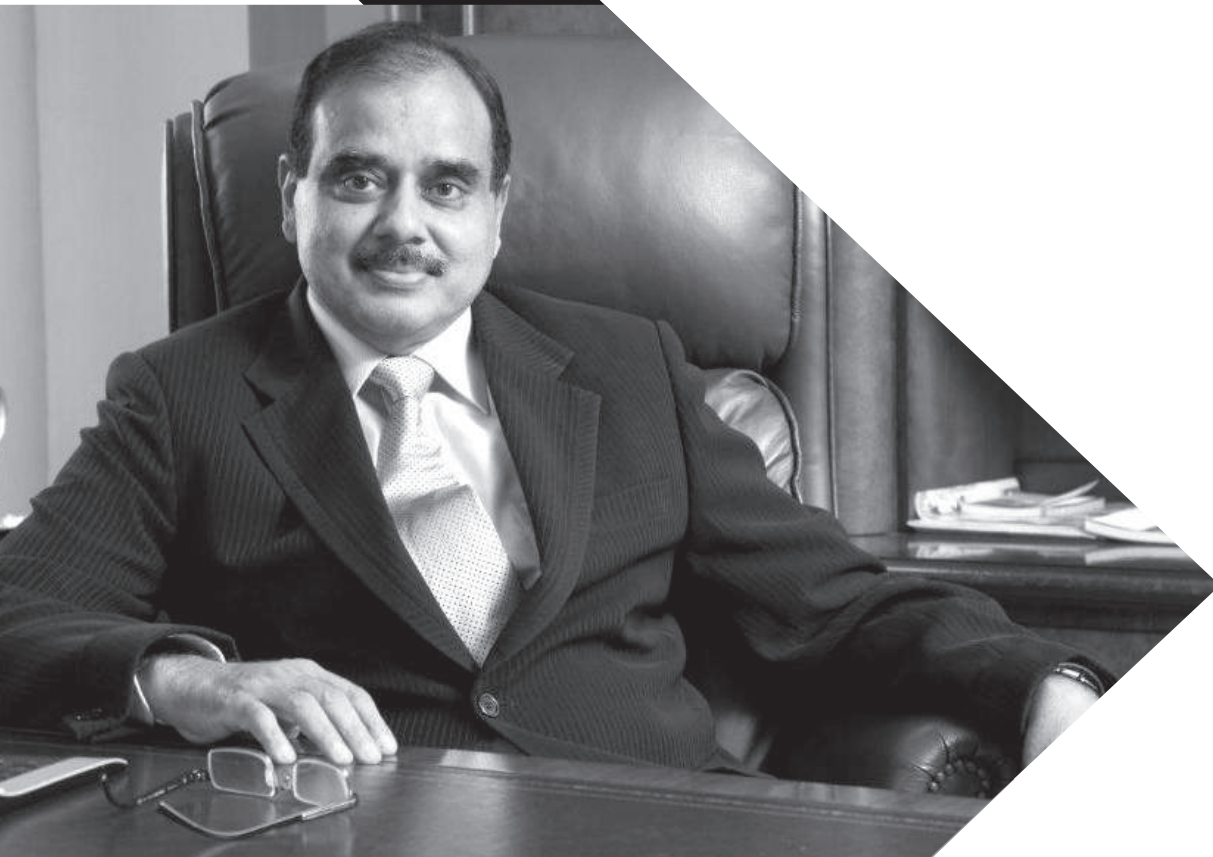
Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, L.B.S. Road,  
Bhandup West, Mumbai – 400 078.

Tel : 022 – 25963838

Fax : 022 – 25946969

E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)



## Chairman's Message

### **Dear Shareholders,**

The global economy during the year has moved along its growth trajectory but with a moderate rate. Also the growth in the global economy remains irregular with the Euro region still vulnerable and the slowdown in China due to lower investment by the government on fixed capital formation. However, two major consumption driven economies United States and India have been showing steady revival. The US economic growth is supported by the growth focused monetary policies of the central bank and huge discoveries and production of Shale oil & gas. On the other hand, India backed by a very determined government, focused on clearing fundamental hurdles and increasing the ease of doing business has led to a steady revival. Though the current revival in India is moderate, but with low inflation, low current & fiscal account deficit and falling cost of capital, India is gearing up for a very bright future ahead.

The year witnessed one of the steepest fall in crude oil prices with the delta shifting towards higher supply on account of huge pumping of shale oil & gas in US and OPEC not ready to budge its production volume. Also the structural slowdown in infrastructure spending in China has led to short term slowdown in demand for coal and iron ore. However, with continuous migration of population to urban regions across the world, demand for energy and steel would be ever increasing.

The global economic growth over the last seven years has gone through many challenges. However, we remain steadfast towards achieving our vision of becoming a dominant global player in the energy value chain. Continuous investment in assets and their optimum utilization has been our key strategy.

During the year, growth in all our businesses except dry bulk has been promising. In our Oil & Gas business, we are steadily progressing on the two blocks in Cambay basin and recently we made our first oil discovery. Also during the year our subsidiary Mercator Petroleum Ltd entered into Production Sharing Contract (PSC) with Myanma Oil and Gas Enterprise for two offshore oil and gas blocks in the Bay of Bengal, in consortium with Oil India Ltd and others. This opens new avenues of growth going forward.

Our Floating Production Unit deployed at the EBOK field in Nigeria under a long-term contract has been performing efficiently. The success of EBOK FPU has established Mercator as a global player in fast track MOPU conversions and we are aggressively exploring further opportunities within this space. The Sagar Samrat conversion contract is also moving along fairly well.

The dry bulk segment continues to face challenges due to the oversupply that is persisting for the past few years. The Baltic dry index has witnessed one of the lowest levels during the year but we have been consistently beating the index and also are operating at 95% utilization rate. The slowdown in orders for new dry bulk ships and increased scrapping posts

a positive outlook for the prices. The tankers market though has been very good and due to the fall in crude prices there has been increased consumption and also storage of crude oil. Currently all our tankers including the VLGC, that we acquired in the year FY14, is deployed on time charter.

The fall in global commodity prices has impacted our coal mining and trading business which has led to the fall in overall coal revenue. But we remained focused towards further rationalizing cost, by optimum utilization of mining equipment. The current measures by the Indonesian government towards increased regularization of the segment are very positive for the Company as it will curtail the supply from the unorganized players. The Indian Government has identified power sector as a key sector of focus to promote industrial growth. It opens new doors for our coal segment and we will continue to explore more business opportunities in this segment.

During the year we expanded our dredger portfolio and added one more dredger taking the total strength to seven dredgers. The segment has performed very well and has achieved a total of 1,466 operating days during the year FY15. With the government's enhanced focus on making India an export hub and also expressing the need for deeper ports, the demand for this segment is expected to be strong over the coming years.

I would also like to take this opportunity to thank all our stakeholders for believing in us and partnering us through the challenging journey. I would like to specially thank our employees, our biggest strength continue to work with great dedication and would like to acknowledge their steadfastness against all odds. The vision of the Company is fast taking shape and with the revival in the global economy and India further gaining momentum, the future remains very promising.

Warm Regards,

**H. K. Mittal**

## Notice

**NOTICE** is hereby given that the Thirty First Annual General Meeting of the members of Mercator Limited will be held on Friday, August 21, 2015, at 3:00 pm at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the Audited Financial Statement of the Company for the financial year ended March 31, 2015, together with the reports of the Board of Directors and Auditors thereon.
  - b. the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2015.
2. To declare dividend on Equity Share capital for the financial year ended March 31, 2015.
3. 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.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

**“RESOLVED THAT** M/s. CNK & Associates LLP, Chartered Accountants, Mumbai, bearing Firm Registration No. 101961W, the retiring Statutory Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting, on a remuneration (including terms of payment) to be fixed by the Board of Directors / Audit Committee of the Company.”

### SPECIAL BUSINESS:

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 applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Mr. Shalabh Mittal

(DIN: 00007919), who was appointed by the Board of Directors as an Additional Director with effect from November 7, 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting; and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. 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 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment) thereof for the time being in force, and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mrs. Archana Mittal (DIN: 00007972), who was appointed by the Board of Directors as an Additional Director with effect from March 25, 2015 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting; and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**By Order of the Board  
For Mercator Limited**

**Deepesh Joishar  
Company Secretary**

### Regd. Office:

3rd Floor, Mittal Tower,  
B-wing, Nariman Point,  
Mumbai - 400 021  
Dated: May 29, 2015

**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 Register of Members and Share Transfer Books will remain closed from Friday, August 14, 2015 to Friday, August 21, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the Annual General Meeting.

6. The Dividend for the financial year ended March 31, 2015, as recommended by the Board, if approved by the Members, will be paid / dispatched on or after August 26, 2015 to those Members whose names appear in the Register of Members of the Company as of the close of business hours on Thursday, August 13, 2015.
7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven (7) years is to be compulsorily transferred to the “Investor Education and Protection Fund (IEPF)”, constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provisions. Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Share Transfer Agent of the Company or to the Company, for claiming their outstanding unpaid / unclaimed dividend, if any for the Financial Year 2007-08 (which is due for transfer to IEPF in August, 2015) and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.

The details of unclaimed dividend lying with the Company as on September 24, 2014 (date of last Annual General Meeting) has been uploaded on Company’s website [www.mercator.in](http://www.mercator.in) in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website [www.mca.gov.in](http://www.mca.gov.in)

8. Members are requested to notify immediately any changes in their address to the Company / Registrar & 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.
9. 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.



10. 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](mailto:investors@mercator.in) mentioning your Folio / DP ID & Client ID.

11. 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, except Saturdays, during business hours up to the date of the Meeting.

12. 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.

13. The relevant details of Director(s) seeking appointment / re-appointment at the Annual General Meeting as required under Clause 49(IV)(G)(i) & (ia) of the Listing Agreement with the Stock Exchanges are as under:

| <b>Name of the Director</b>                  | <b>Mr. H. K. Mittal</b>                  | <b>Mr. Shalabh Mittal</b>   | <b>Mrs. Archana Mittal</b>                                 |
|--|--|---|--|
| <b>Date of Birth</b>                         | 19/02/1949                               | 07/12/1978  | 16/11/1954   |
| <b>Date of Appointment</b>                   | 23/05/1988                               | 07/11/2014  | 25/03/2015   |
| <b>Qualifications</b>                        | M. Tech. from IIT Roorkee                | PGDBM from S. P. Jain Institute of Management and Research / M.COM from University of Mumbai / OPM from Harvard Business School | Graduate from Delhi University                             |
| <b>Expertise in specific functional area</b> | Overall business strategies / management | Managing / Planning business strategies and policies  | Overall business management / spearheading social services |



| <b>Name of the Director</b>  | <b>Mr. H. K. Mittal</b>  | <b>Mr. Shalabh Mittal</b>   | <b>Mrs. Archana Mittal</b>  |
|--|--|---|---|
| <b>Directorship held in other Companies</b>  | <ul style="list-style-type: none"> <li>· AHM Investments Pvt. Ltd.</li> <li>· Mercator Oil &amp; Gas Ltd.</li> <li>· Mercator Petroleum Ltd.</li> <li>· Ankur Fertilizer Pvt. Ltd.</li> <li>· Vaitarna Marine Infrastructure Ltd.</li> <li>· Mercator FPSO Private Ltd.</li> <li>· MAC Maritime Training and Research Institute</li> </ul> | <ul style="list-style-type: none"> <li>· Mercator Lines (Singapore) Ltd.</li> <li>· Mercator International Pte Ltd</li> <li>· Oorja Holdings Pte Ltd</li> <li>· Oorja 1 Pte Ltd</li> <li>· Oorja 2 Pte Ltd</li> <li>· Oorja 3 Pte Ltd</li> <li>· MCS Holdings Pte Ltd</li> <li>· Mercator Offshore (P) Pte. Limited</li> <li>· Chitra Prem Pte Ltd</li> <li>· Oorja Batua Pte Ltd</li> <li>· Vidya Varsha Inc.</li> <li>· Mercator Energy Pte Ltd</li> <li>· Mercator Projects Pte Ltd</li> <li>· Mercator Offshore Asset Holding Pte Ltd</li> <li>· Mecator Okwok FPU Pte Ltd</li> <li>· Mercator Okoro FPU Pte Ltd</li> <li>· Mercator Offshore Holding Pte Ltd</li> <li>· Auctus Ventures Pte Ltd</li> <li>· Tree House healthcare Pte Ltd</li> <li>· Seahorse Investment Limited</li> <li>· Target Ship Management Pte Ltd</li> </ul> | <ul style="list-style-type: none"> <li>· Ankur Fertilizers Pvt. Ltd.</li> <li>· MHL Healthcare Ltd.</li> <li>· MLL Logistics Pvt. Ltd.</li> <li>· AHM Investment Pvt. Ltd.</li> <li>· Vaitarna Marine Infrastructure Ltd.</li> <li>· Rishi Holdings Pvt. Ltd.</li> <li>· Oorja Resources India Pvt. Ltd.</li> <li>· MAC Maritime Training &amp; Research Institute</li> </ul> |
| <b>Membership / Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Relationship Committee)</b> | NIL  | NIL   | NIL   |
| <b>No. of shares held in the Company</b>   | 46,654,200   | 361,250   | 26,327,400  |

14. In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to shareholders holding shares as on August 14, 2015 being the cut-off 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 shareholders entitled to participate in the e-voting process through the e-voting platform provided by National Depository Services Limited (NSDL). 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 Tuesday, August 18, 2015 and will end at 5.00 p.m. on Thursday, August 20, 2015. 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 of Haresh Jani & Associates, Practicing Company Secretaries (Membership No. FCS 4570), 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:**

I. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

- (a) In case a Member receives an e-mail from NSDL:
  - (i) Open the e-mail and also open PDF file namely “Mercator e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

- (ii) Launch Internet browsing by typing the following URL <https://www.evoting.nsdl.com>.
  - (iii) Click on Shareholder — Login.
  - (iv) Put User ID and password as initial password noted in step (a) above. Click login.
  - (v) Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits / characters or a combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of ‘e-voting’ opens. Click on ‘e-voting’- Active Voting Cycles.
  - (vii) Select “EVEN” of Mercator Limited.
  - (viii) Now you are ready for e-voting as “Cast Vote” page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when, prompted.
  - (x) Upon confirmation the message “Vote cast successfully” will be displayed.
  - (xi) Vote once cast cannot be modified.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution / Authority letter etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [hmjani@gmail.com](mailto:hmjani@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (b) In case of shareholders’ receiving Physical Annual Report initial password is provided at the bottom of the separate form attached. Please follow all steps from Sl. No. a(ii) to Sl. No. a(xii) above, to cast vote.

- II. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the “downloads” section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call 1800-222-990.
- IV. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [investors@mercator.in](mailto:investors@mercator.in).
- V. 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](http://www.mercator.in) and [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The results shall simultaneously be communicated to the Stock Exchanges.

**By Order of the Board  
For Mercator Limited**

**Deepesh Joishar  
Company Secretary**

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using “Forgot User Details / Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no. 1800-222-990.

**Regd. Office:**

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

Dated: May 29, 2015

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**ITEM NO. 5 AND 6:**

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Shalabh Mittal and Mrs. Archana Mittal as an Additional Directors of the Company with effect from November 7, 2014 and March 25, 2015 respectively. In terms of the provisions of Section 161(1) of the Act, Mr. Shalabh Mittal and Mrs. Archana Mittal would hold office up to the date of the ensuing Annual General Meeting.

The Company has received notices in writing, from Members along with the deposit of ₹ 100,000/- each proposing the candidatures of Mr. Shalabh Mittal and Mrs. Archana Mittal for the office of Non-Executive Directors of the Company.

The Company has also received from each of the aforesaid Directors - (i) consent in writing to act as director in Form DIR-2 pursuant to Rule

8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he / she is not disqualified under sub-section (2) of Section 164 of the Act.

The resolutions at Item No.5 & 6 seeks the approval of Members for the appointment of Mr. Shalabh Mittal and Mrs. Archana Mittal as Non-Executive Directors of the Company, pursuant to applicable provisions of the Act and the Rules made thereunder.

A brief resume of Mr. Shalabh Mittal and Mrs. Archana Mittal, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided elsewhere in the Notice.

Mr. Shalabh Mittal and Mrs. Archana Mittal are related to each other and hence both are interested in the proposed resolutions for their respective appointment as Directors, as well as appointment of each other, to the extent of permitted payments and benefits which each of them may get in their capacity as Director of the Company. Besides them, Mr. H. K. Mittal, the Director is also interested in the said resolutions to the extent of the benefit that Mr. Shalabh Mittal and Mrs. Archana Mittal may derive by virtue of

holding position of Directors. Except them, no other Director, Key Managerial Personnel or their relatives, are interested or concerned, financially or otherwise, in the Resolutions set out at Item No. 5 & 6.

The Board of Directors of your Company accordingly recommends the Resolutions as set out in Item No.5 & 6 of the accompanying Notice for the approval of members of the Company as an Ordinary Resolutions

**By Order of the Board  
For Mercator Limited**

**Deepesh Joishar  
Company Secretary**

**Regd. Office:**

3rd Floor, Mittal Tower,  
B-wing, Nariman Point,  
Mumbai - 400 021  
Dated: May 29, 2015

**Route Map to the Venue of 31st Annual General Meeting**



# Directors' Report

To  
The Members,  
**Mercator Limited**

We take pleasure in presenting Thirty First Annual Report of your Company for the year ended on March 31, 2015.

## FINANCIAL HIGHLIGHTS:

(Amount ₹ in crores)

| Particulars   | Consolidated      |                   | Standalone        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Year ended        |                   | Year ended        |                   |
|   | March 31,<br>2015 | March 31,<br>2014 | March 31,<br>2015 | March 31,<br>2014 |
| Income from operations                                  | 3,091.63          | 3,457.78          | 659.42            | 497.04            |
| <b>Total Income</b>                                     | <b>3,086.47</b>   | <b>3,477.78</b>   | <b>658.60</b>     | <b>508.41</b>     |
| Operating Profit  | 527.46            | 639.69            | 197.23            | 124.10            |
| Interest  | 213.09            | 193.56            | 52.48             | 57.24             |
| Depreciation  | 474.56            | 440.87            | 92.38             | 67.52             |
| Impairment  | 409.01            | 12.19             | -                 | -                 |
| Exceptional Items                                       | 115.96            | 2.98              | -                 | -                 |
| <b>Profit/(Loss) before Tax &amp; Minority Interest</b> | <b>(690.32)</b>   | <b>10.10</b>      | <b>51.55</b>      | <b>10.71</b>      |
| Minority Interest                                       | 257.37            | 47.08             | N.A.              | N.A.              |
| Taxes   |                   |                   |                   |                   |
| -Current Year   | (10.58)           | (25.70)           | (2.00)            | (1.50)            |
| -Deferred Tax   | (6.00)            | 0.70              | -                 | -                 |
| <b>Net Profit/(Loss) After Tax</b>                      | <b>(449.53)</b>   | <b>32.17</b>      | <b>49.55</b>      | <b>9.21</b>       |
| Transfer to Tonnage Tax Reserve                         | (10.31)           | (1.50)            | (10.31)           | (1.50)            |
| Transfer from General Reserve                           | -                 | 345.00            | -                 | 345.00            |
| Depreciation of previous year                           | (0.30)            | -                 | (0.30)            | -                 |
| Proposed Dividend                                       | (4.90)            | (2.45)            | (4.90)            | (2.45)            |
| Tax on Dividend   | (1.02)            | (0.42)            | (1.02)            | (0.42)            |
| Balance brought forward from last year                  | 719.34            | 346.54            | 33.25             | (316.59)          |
| <b>Balance carried to Balance Sheet</b>                 | <b>253.98</b>     | <b>719.34</b>     | <b>66.27</b>      | <b>33.25</b>      |

During the year under review, the income from operations on a consolidated basis was ₹ 3,092 cr as against ₹ 3,458 cr in the previous year. Unfavorable conditions prevailing in dry bulk market and lower volume and price of coal impacted the consolidated performance, however the other business segments of the Company performed satisfactorily. Mercator Lines (Singapore) Limited, the Subsidiary Company suffered a loss of ₹ 766 cr including non-cash items viz. ₹ 775 cr. As a consequence, the consolidated performance has resulted into loss before tax of ₹ 690 cr (previous year profit of ₹ 101 cr). After providing

loss for the minority interest of ₹ 257 cr (previous year profit ₹ 47.08 cr); the loss after tax was ₹ 448 cr as against loss of ₹ 32 cr in the previous year.

On a standalone basis, the Company has recorded improved performance. The income from operations for the year under review was ₹ 659 cr as against ₹ 497 cr in the previous year. After provision of tax of ₹ 2 cr (previous year ₹ 1.50 cr) the Company has earned net profit of ₹ 50 cr (previous year ₹ 9 cr). The healthy order book of dredging division and full year deployment of Gas Carrier and other tankers on

medium / long term time charter added substantially to top-line and bottom-line of standalone performance of the Company.

## **OPERATIONS & FINANCE:**

### **Oil and Gas**

The Directors are pleased to report that during the year; Mercator Petroleum Limited, a subsidiary of the Company in consortium with Oil India Ltd. and others; has entered into Product Sharing Contracts with Ministry of Energy; Republic of Myanmar; for two oil blocks allotted in the Offshore Block Bidding Round-2013.

The drilling operations in the Cambay Basin block awarded by the Government of India under NELP VII round of bidding are progressing well. During the year under review; one well was drilled in each oil block. Further testing and drilling is planned in the current year. The Floating Production Unit (FPU) contract in Nigeria is running smoothly. The Sagar Samrat conversion project is progressing as per schedule.

### **Coal**

Globally, all commodities including Coal have witnessed falling prices and lower demand; Mercator continued its strategy of controlling mining costs and improving utilization of resources. This has helped in sustaining the margins.

### **Shipping**

In Shipping, the Directors are pleased to report the Very Large Gas Carrier (VLGC) which was acquired at the end of previous financial year, was deployed gainfully on long term charter during the year. Further, the refurbishment of the Storage Tanker was completed ahead of its schedule by about one & half month, thus enabling the Company to start charter realizations early under the long term contract.

### **Dredging**

The Dredging business has consolidated its presence in India, registering a higher volume of operations as compared to the previous year resulting from repeat orders from existing customers as well as some new orders. During the year, your Company was awarded a 2 year dredging contract by Kandla Port Trust, valued at ₹ 275 cr approx. Your Company acquired one dredger during the year and is in the process of acquiring two more dredgers, to augment the dredging capabilities.

### **Finance**

The above acquisitions / refurbishments / other capital expenditure were part financed by debts. During the year your Company issued Foreign Currency Convertible Bonds (FCCBs) for an amount of USD 16 mn. The FCCBs are listed on Singapore Stock Exchange (SGX). As overseas step-down subsidiary of the Company successfully availed a Convertible term loan facility of USD 55 mn of which USD 20 mn has been disbursed. This will help your Company to expand in the oil and gas space.

### **DIVIDEND:**

The Board of Directors are pleased to recommend higher dividend of 20% i.e. ₹ 0.20 (previous year 10 % i.e. ₹ 0.10) per Equity Share on 24,48,92,073 shares for the financial year ended March 31, 2015. The said dividend shall be subject to the approval of the members at the ensuing Annual General Meeting.

The dividend, if approved by the shareholders at the Annual General Meeting, shall entail a payout of ₹ 5.92 cr including Dividend Distribution Tax (DDT) of ₹ 1.04 cr (Previous Year ₹ 2.87 cr & ₹ 0.42 cr respectively). The dividend is free of tax in the hands of the shareholders.

## **CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

### **Board of Directors:**

During the year under review, Mr. Kapil Garg (DIN 01360843) resigned as Director of the Company w.e.f. May 29, 2014. Mr. Gunender Kapur (DIN 01927304) was appointed as an Independent Director of the Company w.e.f. August 13, 2014. Further the Board inducted Mr. Shalabh Mittal (DIN 00007919) as an Additional Director of the Company w.e.f. November 7, 2014. In addition it was proposed to induct Mr. Shalabh Mittal as Joint Managing Director of the Company w.e.f. January 1, 2015. However, vide his letter dated December 31, 2014; Mr. Shalabh Mittal withdrew his proposed appointment as Joint Managing Director and opted to continue as an Additional Director of the Company.

Mrs. Archana Mittal (DIN 00007972) was appointed as an Additional Director w.e.f. March 25, 2015 and the Company has complied with the requirement of appointment of Women Director under the Companies Act, 2013 and Listing Agreements.

As per the provisions of Section 161 (1) of the Companies Act, 2013, Mr. Shalabh Mittal and Mrs. Archana Mittal hold office till the date of the ensuing Annual General Meeting. Notice under Section 160 (1) of the Companies Act, 2013, in respect of each of them has been received from a member proposing their candidature for the office of Directors of the Company.

Mr. H. K. Mittal (DIN 00007690) is 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 Clause 49 of the Listing Agreement, is given in the notice convening 31st Annual General meeting of the company accompanying this report. The Company has received declarations from Mr. M. M. Agrawal, Mr. Manohar Bidaye, Mr. K. R. Bharat and Mr. Gunender Kapur confirming that they meet with the criteria of Independence as prescribed under provisions of the Companies Act, 2013, Rules thereunder and Clause 49 of the Listing Agreement.

Your Directors recommend the above appointment / re-appointment for your approval.

### Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. H. K. Mittal, Executive Chairman, Mr. Atul Agarwal, Managing Director, Mr. Prasad Patwardhan, Chief Financial Officer and Mrs. Amruta Sant, Company Secretary were designated as Key Managerial Personnel of the Company.

Subsequently Mrs. Amruta Sant, resigned w.e.f. April 10, 2015. Mr. Deepesh Joishar has been appointed as the Company Secretary; Compliance Officer and Key Managerial Personnel of the Company w.e.f. May 4, 2015.

### BOARD EVALUATION PROCESS:

Pursuant to the provisions of the Companies Act, 2013 & Clause 49 of the Listing Agreement, evaluation of every directors' performance was done by the Nomination and Remuneration Committee. 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, 2015, your Company had total 34 subsidiaries / step-down subsidiaries. During the year, Panther Resources Pte.; Ltd. Mercator Project Pte. Ltd. and MCS Fuel Trading Sdn. Bhd. were formed / acquired as step-down subsidiaries. Mercator Lines (Panama) Inc. a step-down subsidiary of the Company was closed by way of voluntary winding up during the year.

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, 2015; 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, your Company has placed the audited annual accounts and related information of subsidiary companies on its website and will make available, upon request by any shareholder of your Company.

### AUDITORS:

M/s. CNK & Associates LLP, retires at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee has recommended the proposed re-appointment of M/s. CNK & Associates LLP, at its meeting held on May 29, 2015 M/s. CNK & Associates LLP have furnished a certificate that their appointment, if made, will be within the limits prescribed under the Companies Act. The Directors recommend their re-



appointment for approval of the members. Members are requested to approve their re-appointment as Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

#### **COST AUDIT COMPLIANCE REPORT:**

Specified operations of your Company were covered under the Companies (Cost Records and Audit) Rules, 2014 (earlier the Companies (Cost Accounting Records) Rules, 2011) for maintenance of cost records. Accordingly, as prescribed in the said Rules, your Company has obtained Compliance Certificate from a Cost Accountant, which does not contain any qualification, reservation, or adverse remark, or disclaimer.

#### **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, 2015 from M/s Anil Jani & Co., Company Secretaries is appended as Annexure I and forms part of this report. The said report does not contain any qualifications, reservations, or adverse remarks or disclaimers.

#### **MEETINGS OF THE BOARD**

Six 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 Agreements 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.

No ESOPs were issued during the year.

#### **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:
  - All vessels main engines have Energy Efficiency Design Index (EEDI) which reduces emissions greenhouse gases and helps in reducing impact on global warming. Engine RPM is reduced in rough seas (head wind and swell) so that the speed matches with the theoretical engine speed. Vessel main engine/generators are overhauled as per the running hours schedule so that optimum power is generated with the fuel economy.
  - Bridge team watches the movement of autopilot very precisely so that fine tune adjustments can be done to the system so that the rudder does not move unnecessary which cause's loss of speed. Weather routing is used so that fuel is not wasted due to rough seas in certain areas. Good quality fuel is used in all vessels which help in full optimization of engine capacity.
  - Vessels are Dry Docked at regular intervals so that the hull form is clean and also propellers are polished. This gives better speed ratio when compared to the fuel consumption.
  - Entire machinery in engine room and on deck is kept well maintained so that there are no leakages of water / steam / hydraulic oil. Air Condition plants are monitored very closely and temperature is controlled, wherever required. Some ships are equipped with vacuum toilets,



this helps us to conserve lot of water and in turn the hydrophore system works less. Garbage management is followed on board so that most of the garbage which is generated on board is sent ashore for recycling purposes. Energy efficient bulbs and lights are used on board.

- The Master of the ship and his team make good passage planning on board for more use of currents and wind during voyages. The generators when not required; are switched off to save fuel.
- (ii) the steps taken by the company for utilizing alternate sources of energy:

Since your Company operates mostly from offshore; 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 and also at time need to change the entire tubing's etc.

#### **(B) Technology absorption:**

As your Company has not entered into technical collaboration with any entity, there are no particulars relating to technology absorption and not imported any technology during the year.

#### **(C) Foreign Exchange Earnings and Outgo:**

Your Company has earned foreign exchange of ₹ 182.38 cr (previous year ₹ 86.82 cr) and spent ₹ 324.78 cr (previous year ₹ 150.73 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 the profits 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

#### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORTS**

The Company is committed to good corporate governance in compliance with the Listing Agreement with Stock Exchanges; 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 Clause 49 of the listing agreement with stock exchanges is appended. Management Discussion and Analysis Report is also appended.

#### **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.

Since there was no average profit in the last three financial years; your Company was not required to spend statutorily on CSR activities during the year. However, your Company has initiated its own CSR policy and appointed Prem Punita Foundation as Implementing Agency for implementation.

The details of the Committee and initiatives on CSR are set out in the Corporate Governance Report forming part of the Directors' Report.

### **LOANS, GUARANTEES AND INVESTMENTS**

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 are 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 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.

### **RISK MANAGEMENT POLICY**

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted 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 Director's 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.

### **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. The said Policy is posted on the website of the Company.

### **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, 2015 and the date of this report i.e. May 29, 2015.

### **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, 2015 in Form MGT-9 is appended as Annexure III.

**GENERAL**

- During the financial year 2014-15, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 and rules made thereunder.
- 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 IV.
- 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.

**For and on behalf of the Board  
For Mercator Limited**

**H. K. Mittal  
Executive Chairman**

**Regd. Office:**

3rd Floor, Mittal Tower, B-wing,  
Nariman Point, Mumbai – 400021.

Dated: May 29, 2015

## Annexure - I

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

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

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To,  
The Members,  
Mercator Limited  
Mumbai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mercator Limited (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 Mercator Limited 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 31st March, 2015 generally 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 made available to me and maintained by Mercator Limited ("the Company") for the financial year ended on 31st March, 2015 according to the applicable provisions of:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 1956 and the Companies Act, 2013 ('the Act') and the rules made there under, as applicable;</li> <li>(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;</li> <li>(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;</li> </ul> | <ul style="list-style-type: none"> <li>(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;</li> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</li> <li>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. However, no ESOP's were issued and no meeting was held during the year.</li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;</li> <li>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;</li> <li>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and</li> <li>(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);</li> </ul> </li> </ul> |
|--|---|



- (vi) Other and Industry Specific Laws applicable to the Company as per the representations made by the Management.

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) 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 are yet to be specified under the Act by the Institute.

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **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 at least seven days in advance 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.

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 commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has repaid the debt securities series Nos. X and XI of the last installments of 9.5% Secured Debentures aggregating to ₹ 150 Crores as per the stipulated conditions of the allotment/ consent with Debenture holders/ Trustees.

#### **I further report that during the audit period,**

- (i) The Company had raised US \$ 16 Million (approx ₹ 100 Crores) by issue of Foreign Currency Convertible Bonds (FCCB) and listed its debt securities at Singapore Exchange and generally complied with all the applicable laws from time to time.
- (ii) There were no instances of
  - (a) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - (b) There were no instances of Merger / amalgamation / reconstruction etc.
  - (c) There were no instances of foreign technical collaborations.

**For Anil Jani & Company  
Company Secretaries**

**Anil Jani  
Proprietor**

Place: Mumbai  
Date: 29/05/2015

FCS: 2506./C P No: 9154

**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.**

To,

The Members  
Mercator Limited  
Mumbai.

**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 our 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. Where ever required, I have obtained the Management representation about the Compliance of General and Industry Specific laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and Other applicable and Industry Specific 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 Anil Jani & Company  
Company Secretaries**

**Anil Jani  
Proprietor**

Place: Mumbai  
Date: 29/05/2015

FCS: 2506./C P No: 9154



## 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  |                   |                   |
|---------|---|---|-------------------|-------------------|
|         |   | Name of Director  | Ratio             |                   |
| 1       | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.   | Mr. H. K. Mittal  | 1:0.02            |                   |
|         |   | Mr. Atul Agarwal  | 1:0.02            |                   |
|         |   | Mr. Shalabh Mittal  | --                |                   |
|         |   | Mr. Manohar Bidaye  | --                |                   |
|         |   | Mr. M. M. Agrawal   | --                |                   |
|         |   | Mr. K. R. Bharat  | --                |                   |
|         |   | Mr. Gunender Kapur  | --                |                   |
|         |   | Mrs. Archana Mittal   | --                |                   |
| 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 FY 2014-15, there was no increase in basic remuneration of Executive Directors. However, they were eligible for commission for FY 2014-15 (FY 2013-14 - Nil in view of insufficient profits) Considering the same, increase by 492%. |                   |                   |
| 3       | The percentage increase in the median remuneration of employees in the financial year.  | The percentage increase in the remuneration of Mr. Prasad Patwardhan, CFO and Mrs. Amruta Sant, Company Secretary was 8% and 6% respectively.   |                   |                   |
|         |   | 8%  |                   |                   |
| 4       | The number of permanent employees on the rolls of the Company.  | 102   |                   |                   |
| 5       | The explanation on the relationship between average increase in remuneration and Company performance.   | The Profit Before Tax for the financial year ended March 31, 2015 increased by 381% from the previous year's performance, whereas the increase in the median remuneration was 8% which is in line with the performance of the Company           |                   |                   |
| 6       | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.  | The average remuneration of KMP increased by 434% and Profit Before Tax of the Company increased by 381%.   |                   |                   |
| 7       | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer. | <b>Particular</b>   | <b>31/03/2015</b> | <b>31/03/2014</b> |
|         |   | Market Capitalisation   | ₹ 41,509.21 lacs  | ₹ 60,243.45 lacs  |
|         |   | Price Earnings Ratio  | 8.39              | 64.74             |
|         |   | The stock price as at March 31, 2015 for one share (face value Re.1) was ₹ 16.95 has increased by 747.5% over the last public offering, i.e. February 1, 1994 at the price of ₹ 20 (face value ₹ 10) exclude bonus and dividend adjustment.     |                   |                   |



| Sr. No. | Requirements  | Disclosure   |
|---------|---|--|
| 8       | 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. | 8%   |
| 9       | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.   | During the FY 2014-15, there was no increase in basic remuneration of Executive Directors. However, they were eligible for commission for FY 2014-15 (FY 2013-14 Nil in view of insufficient profits) Considering the same, increase by 492%.<br>Mr. Prasad Patwardhan, CFO and Mrs. Amruta Sant, Company Secretary remuneration increased by 8% and 6% respectively against increase in Profit Before Tax of the Company by 381%. |
| 10      | The key parameters for any variable component of remuneration availed by the Directors.   | N.A.   |
| 11      | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.  | N.A.   |
| 12      | 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 lakhs) | Last employment held                    |
|-------------------------|-----|-----------------------------|---------------------|-----------------|------------------------------------|---------------------------------|---|
| <b>Onshore Staff</b>    |     |                             |                     |                 |                                    |                                 |   |
| Mr. H. K. Mittal        | 65  | M. Tech.                    | 40                  | 23/5/1988       | Executive Chairman                 | 284.34                          | Natraj Organics Limited                 |
| Mr. Atul Agarwal        | 57  | FCA                         | 31                  | 15/4/1988       | Managing Director                  | 284.34                          | A. J. Agarwal & Co.                     |
| Mr. Atul Malhotra #     | 42  | Post Graduate               | 20                  | 23/9/1996       | President - Coal & Logistics       | 90.98                           | ---                                     |
| Capt. Kowshik Kuchroo # | 50  | HND (Nautical Science) MICS | 32                  | 1/4/2005        | President - Shipping               | 102.41                          | Mundo Gas                               |
| Capt. Arun Nanda #      | 60  | Master - Foreign Going Ship | 37                  | 28/8/2006       | Vice President - Tanker Operations | 93.1                            | Marshall Produce Ship Brokers           |
| Mr. Prasad Patwardhan # | 48  | Chartered Accountant        | 25                  | 10/2/2012       | Chief Financial Officer            | 89.23                           | Welspun Projects Ltd.                   |
| Mr. Romie D Umrigar #   | 55  | Marine Engineer             | 31                  | 15/1/2014       | Head Technical - Dredging          | 62.58                           | Solitaire Marine and Offshore Pvt. Ltd. |



| Name   | Age | Qualification   | Experience in years | Date of joining | Designation    | Total Remuneration (₹ in lakhs) | Last employment held               |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------------------------|------------------------------------|
| <b>Offshore Staff</b>                          |     |                 |                     |                 |                |                                 |                                    |
| Capt.Brajesh Shankar Jha*                      | 59  | Master Mariner  | 6                   | 25/8/2014       | Master         | 35.12                           | Indus - Aus Marine Pvt Ltd         |
| Mr. Rohin Chand*                               | 49  | Deck Officer    | 3                   | 5/12/2014       | Chief Officer  | 7.00                            | Dohle Daunatic                     |
| Mr. Norman Fernandes                           | 38  | Deck Officer    | 3                   | 1/4/2014        | Chief Officer  | 61.23                           | Delta Al Muhitat Shipping          |
| Capt. Satbir Singh Lohan*                      | 50  | Master Mariner  | 1                   | 16/4/2014       | Master         | 35.53                           | SCI                                |
| Mr. V.Ravi Kumar*                              | 45  | Marine Engineer | 2                   | 19/1/2015       | Chief Engineer | 14.72                           | Sanmar Shipping                    |
| Capt Aditya Kumar Nanda*                       | 43  | Master Mariner  | 1                   | 11/7/2014       | Master         | 50.95                           | Corinthians Shipping Ltd           |
| Mr. Ajay Kumar Gautam*                         | 39  | Marine Engineer | 8                   | 6/5/2014        | Chief Engineer | 65.9                            |                                    |
| Mr. Gaurang Mehra*                             | 30  | Marine Engineer | 4                   | 21/4/2014       | 2nd Engineer   | 30.93                           |                                    |
| Mr. Narendra Singh*                            | 51  | Marine Engineer | 4                   | 1/11/2014       | 2nd Engineer   | 24.35                           | Prathibha Shipping Co Ltd          |
| Capt.Antony Augustine.T*                       | 37  | Master Mariner  | 2                   | 22/1/2015       | Master         | 17.66                           | Sanmar Shipping                    |
| Mr. Ratish Naik*                               | 42  | Marine Engineer | 1                   | 9/4/2014        | Chief Engineer | 29.54                           | Berge Bulk Norway AS               |
| Mr. Rajiv R. Rawale*                           | 41  | Marine Engineer | 2                   | 11/12/2014      | Chief Engineer | 29.63                           | Qatar Shipping Co SPC              |
| Mr. Panchu Gopal Ghosh*                        | 63  | Marine Engineer | 5                   | 1/4/2014        | Chief Engineer | 20.73                           | V-ships                            |
| Mr. Gaurav Bhardwaj*                           | 35  | Master Mariner  | 3                   | 1/4/2014        | Master         | 42.68                           | Anglo Eastern                      |
| Mr.Pankaj Agarwal*                             | 41  | Marine Engineer | 1                   | 17/10/2014      | Chief Engineer | 13.6                            | Samson Maritime Ltd                |
| Mr. Vamsidher Aradhyula*                       | 44  | Marine Engineer | 1                   | 15/7/2014       | Chief Engineer | 41.9                            | World Tankers Management PTE       |
| Mr.Awadh Kishore Diwakar*                      | 37  | Master Mariner  | 2                   | 29/8/2014       | Chief Officer  | 27.25                           | Seven Island Shipping Ltd          |
| Mr. Kavi Diwan*                                | 32  | Master Mariner  | 1                   | 1/4/2014        | Master         | 35.99                           | Bibby Ship Management              |
| Mr. Saroj Kumar De*                            | 38  | Marine Engineer | 1                   | 14/6/2014       | Chief Engineer | 26.33                           | Fleet Management Ltd               |
| Mr. Bharat Bhushan Gaba*                       | 42  | Master Mariner  | 1                   | 21/11/2014      | Master         | 35.11                           | Executive Ship Management          |
| Mr. Shajan Thondiyil*                          | 50  | Marine Engineer | 1                   | 1/4/2014        | Chief Engineer | 39.81                           | Seven Island Shipping Ltd          |
| Mr. Mohmmmed Sattar*                           | 35  | Marine Engineer | 1                   | 26/12/2014      | 2nd Engineer   | 19.06                           | Prathibha Shipping Co Ltd          |
| Mr. Siddharth Sudhir Kumar*                    | 31  | Master Mariner  | 1                   | 23/4/2014       | Master         | 22.47                           | MTM Ship Management PTE            |
| Mr. Allan Domic Miranda*                       | 30  | Deck Officer    | 1                   | 15/8/2014       | Chief Officer  | 19.22                           | Brilliance Maritime Inc            |
| Mr. Vikas Khare*                               | 39  | Marine Engineer | 1                   | 1/4/2014        | Chief Engineer | 21.62                           | Jackson shipping safety Management |
| Mr.Panneer Selvam Parivallal*                  | 33  | Marine Engineer | 1                   | 1/4/2014        | 2nd Engineer   | 31.46                           | Navigazione Montarani SPA          |
| Mr. Sanjeev Kumar Sinha*                       | 39  | Marine Engineer | 2                   | 6/11/2014       | Chief Engineer | 18.31                           | SCI                                |
| Mr. Satwinder Singh*                           | 37  | Master Mariner  | 0.6                 | 21/1/2015       | Master         | 13.66                           | Maersk Tanker                      |
| Mr. Mukesh Kumar*                              | 29  | Deck Officer    | 1                   | 1/4/2014        | Chief Officer  | 23.68                           | Folk Shipping LLC                  |
| Mr. Manoj Kumar Soni*                          | 36  | Deck Officer    | 1                   | 23/4/2014       | Chief Officer  | 26.97                           | Morning glory VIII                 |
| Mr. Anil Kumar Singh*                          | 42  | Master Mariner  | 4                   | 1/4/2014        | Master         | 54.99                           | Prathibha Shipping Co Ltd          |
| Mr. Dilip Kumar*                               | 34  | Master Mariner  | 7                   | 1/4/2014        | Captain        | 43.59                           |                                    |
| Mr.Abhishek Kumar*                             | 35  | Master Mariner  | 6                   | 1/4/2014        | Captain        | 12.22                           |                                    |
| Mr. Rajeev Ranjan Sinha*                       | 29  | Marine Engineer | 0.6                 | 17/7/2014       | 2nd Engineer   | 22.55                           | Navigazione Montarani SPA          |
| Mr. Niraj Kumar Singh*                         | 29  | Marine Engineer | 0.6                 | 24/11/2014      | 2nd Engineer   | 21.91                           | Pyxis Martime Corp                 |
| Mr. Krishnamoorthy Rajamani*                   | 31  | Marine Engineer | 0.1                 | 29/5/2014       | 2nd Engineer   | 17.85                           | Synergy Maritime Pvt Ltd           |
| Mr. Vikram Sharma*                             | 41  | Deck Officer    | 2                   | 11/7/2014       | Chief Officer  | 35.7                            | Prathibha Shipping Co Ltd          |
| Mr. Sanjay Kumar Singh*                        | 42  | Marine Engineer | 2                   | 22/7/2014       | Chief Engineer | 25.76                           | Shoho Kaiun KK                     |
| Mr. Rohit Kumar Singh*                         | 34  | Marine Engineer | 0.6                 | 3/2/2015        | Chief Engineer | 11.03                           | Dohle Daunatic                     |
| Mr. Ghanshyam Singh Gandhar*                   | 34  | Marine Engineer | 1                   | 1/4/2014        | 2nd Engineer   | 19.26                           | Andromeda Shipping                 |
| Mr. Narayanan Ezhuthassan Venu Kannamkumarath* | 64  | Marine Engineer | 16                  | 4/4/2014        | Chief Engineer | 20.11                           | Albatros                           |
| Mr. Rajesh Rana*                               | 43  | Master Mariner  | 10                  | 15/11/2014      | Captain        | 39.21                           |                                    |

| Name                                      | Age | Qualification   | Experience in years | Date of joining | Designation         | Total Remuneration (₹ in lakhs) | Last employment held                   |
|---|-----|-----------------|---------------------|-----------------|---------------------|---------------------------------|--|
| Mr. Deepak Yadav*                         | 41  | Marine Engineer | 10                  | 1/4/2014        | Chief Engineer      | 12.08                           | CIDO Shipping Co., Ltd.                |
| Mr. Varghese Pattathuparambil*            | 52  | Marine Engineer | 6                   | 1/6/2014        | Chief Engineer      | 19.32                           | World Tankers                          |
| Mr. Sreekumar S. Madhavikuttyamma*        | 48  | Marine Engineer | 11                  | 29/7/2014       | Chief Engineer      | 33.98                           |  |
| Mr. Nishant Nayanam*                      | 39  | Marine Engineer | 8                   | 15/7/2014       | Chief Engineer      | 59.58                           |  |
| Mr. Prakash Ulahannan*                    | 35  | Marine Officer  | 8                   | 1/4/2014        | Chief Officer       | 8.44                            | CIDO Shipping Co., Ltd.                |
| Mr. Praveen V. Gopinathan*                | 38  | Marine Officer  | 11                  | 19/6/2014       | Chief Officer       | 44.06                           | V Ships                                |
| Mr. Kaushal K. Jha*                       | 30  | Marine Officer  | 4                   | 7/12/2014       | Chief Officer       | 27.68                           | Mehdi Bros.Ship Mgmt.                  |
| Mr. Deepankar Ghosh*                      | 47  | Master Mariner  | 10                  | 10/8/2014       | Add. Captain        | 39.12                           | Polembros Shipping, Greece             |
| Mr. Gajendra K. Jayaswal*                 | 40  | Marine Officer  | 6                   | 23/5/2014       | Chief Officer       | 22.81                           |  |
| Mr. Ravi Kumar*                           | 45  | Master Mariner  | 13                  | 11/2/2015       | Captain             | 16.02                           | Wallem Shipmanagement India Pvt Ltd    |
| Mr. Jebin Sundaram*                       | 32  | Marine Engineer | 3                   | 1/4/2014        | 2nd Engineer        | 28.68                           | Spar Shipping As                       |
| Mr. Jagat Priy Satyarthi*                 | 42  | Marine Officer  | 4                   | 16/12/2014      | Chief Officer       | 25.44                           |  |
| Mr. Sherin Manjunath Kamath*              | 32  | Master Mariner  | 7                   | 30/5/2014       | Captain             | 61.07                           |  |
| Mr. Maninder S. Khasria*                  | 31  | Marine Engineer | 4                   | 24/1/2015       | 2nd Engineer        | 14.58                           | Spar Shipping As                       |
| Mr. Sameer Kumar Singh*                   | 34  | Marine Officer  | 4                   | 12/5/2014       | Chief Officer       | 22.2                            |  |
| Mr. Ganesh K. Singh*                      | 35  | Marine Engineer | 5                   | 16/8/2014       | 2nd Engineer        | 21.78                           | Wallem Shipmanagement India Pvt Ltd    |
| Mr. Sanoj Chavakkad Vijayan*              | 33  | Marine Engineer | 4                   | 20/9/2014       | 2nd Engineer        | 28.89                           | Five Stars Fujian Shipping Company Ltd |
| Mr. Nirmal Kumar                          | 43  | Master Mariner  | 8                   | 1/4/2014        | Captain             | 83.14                           |  |
| Mr. Shailesh Kumar*                       | 33  | Marine Engineer | 4                   | 20/3/2015       | 2nd Engineer        | 2.17                            | Wallem Shipmanagement India Pvt Ltd    |
| Mr. Sumesh Chandran Thundithara Chandran* | 38  | Marine Engineer | 6                   | 11/11/2014      | Chief Engineer      | 42.50                           | Eugene Asset Management                |
| Mr. Naga Sekhar Medidi*                   | 29  | Marine Engineer | 4                   | 16/11/2014      | Add. Chief Engineer | 31.38                           |  |
| Mr. Gaurav Panwar*                        | 40  | Master Mariner  | 8                   | 1/4/2014        | Captain             | 35.49                           | Tachibanaya Co. Ltd.                   |
| Mr. Avil P. Dmello*                       | 35  | Marine Engineer | 7                   | 5/8/2014        | Gas Engineer        | 33.60                           | Varun Shipping                         |
| Mr. Kailas J. Giddi*                      | 35  | Marine Officer  | 7                   | 21/2/2015       | Chief Officer       | 7.45                            | Varun Shipping                         |
| Mr. Karan Bassi*                          | 33  | Marine Engineer | 5                   | 11/10/2014      | 2nd Engineer        | 39.49                           | Anglo Eastern Ship Management          |
| Mr. Manish Mishra*                        | 39  | Marine Engineer | 5                   | 1/4/2014        | Chief Engineer      | 23.65                           | Tachibanaya Co. Ltd.                   |
| Mr. Malcolm S. Cardoz*                    | 30  | Marine Officer  | 6                   | 5/8/2014        | Chief Officer       | 57.19                           | Odfjell Chemical Tankers               |
| Mr. Priyank Madan*                        | 34  | Marine Engineer | 5                   | 27/6/2014       | Chief Engineer      | 29.77                           | Tachibanaya Co. Ltd.                   |
| Mr. Sachin Kumar*                         | 29  | Marine Officer  | 3                   | 20/8/2014       | 2nd Officer         | 21.9                            |  |

**Note :**

- 1) \* Employed for part of the year.
- 2) # Nature of employment is permanent for these employees and contractual for others.
- 3) Mr. H.K.Mittal, Exective Chairman of the Company is relative of Mrs. Archana Mittal and Mr. Shalabh Mittal, Directors of the Company.
- 4) None of the other employees is related to any Director of the Company.
- 5) 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
- 6) There was no employee drawing remuneration in excess to remuneration drawn by Exective Chairman/Managing Director of the Company.



## Annexure - III

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2015

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                         | 3 <sup>rd</sup> Floor, Mittal Tower, B-wing,<br>Nariman Point, Mumbai – 400 021<br>Tel Nos: 91-22-66373333<br>Fax Nos: 91-22-66373344<br>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<br>C-13, Pannalal Silk Mills Compound,<br>LBS Road, Bhandup (W),<br>Mumbai - 400 078<br>Tel No.91-22-25963838   |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Freight Services                                 | 9965                              | 42.74                              |
| 2       | Charter Hire Services                            | 9966                              | 43.46                              |
| 3       | Cargo handling Services                          | 9967                              | 13.80                              |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. 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 | U63033MH2005PLC154014 | Subsidiary                     | 100              | 2(87)(ii)          |
| 2      | Mercator Petroleum Ltd. | 3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021 | U11102MH2007PLC170562 | Subsidiary                     | 89.22            | 2(87)(ii)          |
| 3      | Mercator FPSO Pvt. Ltd. | 3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021 | U11100MH2011PTC223593 | Subsidiary                     | 100              | 2(87)(ii)          |

| Sl. No | Name                                 | Address of Company  | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|--------------------------------------|---|-----------------------|--------------------------------|------------------|--------------------|
| 4      | Oorja Resources India Pvt. Ltd.      | 3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021                     | U51109MH2009PTC195418 | Subsidiary                     | 100              | 2(87)(ii)          |
| 5      | Mercator International Pte. Ltd.     | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 6      | Mercator Offshore Holdings Pte. Ltd. | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 7      | Mercator Lines (Singapore) Ltd.      | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988                    | NA                    | Subsidiary                     | 66.17            | 2(87)(ii)          |
| 8      | Mercator Energy Pte. Ltd.            | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 78               | 2(87)(ii)          |
| 9      | Oorja Holdings Pte. Ltd.             | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 10     | Oorja 1 Pte. Ltd.                    | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 11     | Oorja 2 Pte. Ltd.                    | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 12     | Oorja 3 Pte. Ltd.                    | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 13     | Panther Resources Pte. Ltd.          | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 14     | Oorja Mocambique Limitada            | Av. Guerra Popular, 1028 2° Andar, Maputo, Mozambique                                 | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 15     | Broadtec Mocambique Minas Limitada   | Av. Guerra Popular, 1028 2° Andar, Maputo, Mozambique                                 | NA                    | Subsidiary                     | 85               | 2(87)(ii)          |
| 16     | PT Oorja Indo Petangis Four          | A9 Office Park Unit A3A, 2nd Floor, Jl. Mega Kuningan Raya, Jakarta 12950, Indonesia  | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 17     | PT Oorja Indo Petangis Three         | A9 Office Park Unit A3A, 2nd Floor, Jl. Mega Kuningan Raya, Jakarta, Indonesia -12950 | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 18     | PT Oorja Indo KGS                    | A9 Office Park Unit A3A, 2nd Floor Jl. Mega Kuningan Raya, Jakarta, Indonesia -12950  | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |
| 19     | MCS Holdings Pte. Ltd.               | 8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988                    | NA                    | Subsidiary                     | 100              | 2(87)(ii)          |



| Sl. No | Name                                       | Address of Company  | CIN/GLN | Holding/<br>Subsidiary/<br>Associate | % of<br>shares<br>held | Applicable<br>Section |
|--------|--|---|---------|--------------------------------------|------------------------|-----------------------|
| 20     | MCS Fuel Trading Sdn. Bhd.                 | Level 2, Tower 1, Avenue 5<br>Bangsar South city<br>W.P. Kuala Lumpur - 59200                               | NA      | Subsidiary                           | 100                    | 2(87)(ii)             |
| 21     | PT Mincon Indo Resources                   | Menara Prima, 15th Floor<br>Units A& B, Jl. Lingkar, Mega<br>Kuningan Blok 6.2, Jakarta,<br>Indonesia 12950 | NA      | Subsidiary                           | 100                    | 2(87)(ii)             |
| 22     | Mercator Offshore (P) Pte. Ltd.            | 8 Temasek Boulevard,<br>#07-01 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 79.10                  | 2(87)(ii)             |
| 23     | Ivorene Oil Services Nigeria Ltd.          | 3b Tokunbo Omisore<br>Cresent, Off Wole Olateju<br>Street, Lagos, Nigeria                                   | NA      | Subsidiary                           | 79.10                  | 2(87)(ii)             |
| 24     | Oorja (Batua) Pte. Ltd.                    | 8 Temasek Boulevard,<br>#07-02 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 100                    | 2(87)(ii)             |
| 25     | PT Bima Gema Permata                       | Menara Prima, 15th Floor<br>Units B, Jl. Lingkar Mega<br>Kuningan Blok 6.2, Jakarta,<br>Indonesia 12950     | NA      | Subsidiary                           | 100                    | 2(87)(ii)             |
| 26     | PT Nuansa Sakti Kencana                    | Menara Prima, 15th Floor<br>Units B, Jl. Lingkar Mega<br>Kuningan Blok 6.2, Jakarta,<br>Indonesia 12950     | NA      | Subsidiary                           | 100                    | 2(87)(ii)             |
| 27     | Chitra Prem, Pte. Ltd.                     | 8 Temasek Boulevard,<br>#07-02 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 66.17                  | 2(87)(ii)             |
| 28     | Vidya Varsha INC                           | 8 Temasek Boulevard,<br>#07-02 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 66.17                  | 2(87)(ii)             |
| 29     | PT Karya Putra Borneo                      | Menara Prima II, 20th floor<br>Unit A&B Jl. Lingkar Mega<br>Kuningan No. 6.2, Jakarta,<br>Indonesia 12950   | NA      | Subsidiary                           | 50                     | 2(87)(i)              |
| 30     | PT Indo Perkasa                            | Bl-7-8, Citraland,<br>Jl. D.I. Panjaitan Komp.<br>Roko, Samarinda   | NA      | Subsidiary                           | 25.5                   | 2(87)(i)              |
| 31     | Mercator Projects Pte. Ltd.                | 8 Temasek Boulevard,<br>#07-01 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 78                     | 2(87)(ii)             |
| 32     | Mercator Offshore Assets Holding Pte. Ltd. | 8 Temasek Boulevard,<br>#07-01 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 78                     | 2(87)(ii)             |
| 33     | Mercator Okwok FPU Pte. Ltd.               | 8 Temasek Boulevard,<br>#07-01 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 78                     | 2(87)(ii)             |
| 34     | Mercator Okoro FPU Pte. Ltd.               | 8 Temasek Boulevard,<br>#07-01 Suntec Tower Three,<br>Singapore - 038988                                    | NA      | Subsidiary                           | 78                     | 2(87)(ii)             |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

| Category of Shareholders                                 | No. of Shares held at the beginning of the year<br>(01/04/2014) |               |                   |                   | No. of Shares held at the end of the year<br>(31/03/2015) |               |                   |                   | % Change during the year |
|--|---|---------------|-------------------|-------------------|---|---------------|-------------------|-------------------|--------------------------|
|  | Demat   | Physical      | Total             | % of Total Shares | Demat   | Physical      | Total             | % of Total Shares |                          |
| <b>A. Promoters</b>                                      |   |               |                   |                   |   |               |                   |                   |                          |
| <b>(1) Indian</b>  |   |               |                   |                   |   |               |                   |                   |                          |
| a) Individual/HUF  | 80,077,816  | -             | 80,077,816        | 32.70             | 80,077,816  | -             | 80,077,816        | 32.70             | -                        |
| b) Central Govt  | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| c) State Govt(s)   | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| d) Bodies Corp.  | 18,406,250  | -             | 18,406,250        | 7.52              | 18,406,250  | -             | 18,406,250        | 7.52              | -                        |
| e) Banks / FI  | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| f) Any other   | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| <b>Sub-total (A)(1)</b>                                  | <b>98,484,066</b>   | <b>-</b>      | <b>98,484,066</b> | <b>40.22</b>      | <b>98,484,066</b>   | <b>-</b>      | <b>98,484,066</b> | <b>40.22</b>      | <b>-</b>                 |
| <b>B. Public Shareholding</b>                            |   |               |                   |                   |   |               |                   |                   |                          |
| <b>1. Institutions</b>                                   |   |               |                   |                   |   |               |                   |                   |                          |
| a) Mutual Funds  | 2,849   | 75,000        | 77,849            | 0.03              | 2,213   | 75,000        | 77,213            | 0.03              | -                        |
| b) Banks / FI  | 2,008,860   | -             | 2,008,860         | 0.82              | 3,438,681   | -             | 3,438,681         | 1.40              | 0.58                     |
| c) Central Govt  | 2,500   | -             | 2,500             | 0.00              | 2,500   | -             | 2,500             | 0.00              | -                        |
| d) State Govt(s)   | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| e) Venture Capital Funds                                 | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| f) Insurance Companies                                   | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| g) FIs   | 37,440,619  | 5,000         | 37,445,619        | 15.29             | 39,175,247  | 5,000         | 39,180,247        | 16.00             | 0.71                     |
| h) Foreign Venture Capital Funds                         | -   | -             | -                 | -                 | -   | -             | -                 | -                 | -                        |
| i) Others (specify Foreign Portfolio Investor-Corporate) | -   | -             | -                 | -                 | 158,335   | -             | 158,335           | 0.06              | 0.06                     |
| <b>Sub-total (B) (1):-</b>                               | <b>39,454,828</b>   | <b>80,000</b> | <b>39,534,828</b> | <b>16.14</b>      | <b>42,776,976</b>   | <b>80,000</b> | <b>42,856,976</b> | <b>17.50</b>      | <b>1.36</b>              |
| <b>2. Non-Institutions</b>                               |   |               |                   |                   |   |               |                   |                   |                          |
| <b>a) Bodies Corp.</b>                                   |   |               |                   |                   |   |               |                   |                   |                          |
| i) Indian and Overseas                                   | 16,280,987  | 29,500        | 16,310,487        | 6.66              | 14,354,093  | 29,500        | 14,383,593        | 5.87              | (0.79)                   |



| Category of Shareholders  | No. of Shares held at the beginning of the year<br>(01/04/2014) |                  |                    |                   | No. of Shares held at the end of the year<br>(31/03/2015) |                  |                    |                   | % Change during the year |
|---|---|------------------|--------------------|-------------------|---|------------------|--------------------|-------------------|--------------------------|
|   | Demat   | Physical         | Total              | % of Total Shares | Demat   | Physical         | Total              | % of Total Shares |                          |
| <b>b) Individuals</b>   |   |                  |                    |                   |   |                  |                    |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 66,856,388  | 2,336,581        | 69,192,969         | 28.25             | 67,522,847  | 2,276,581        | 69,799,428         | 28.50             | 0.25                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 15,203,574  | -                | 15,203,574         | 6.21              | 12,630,522  | -                | 12,630,522         | 5.16              | (1.05)                   |
| <b>c) Others (specify)</b>  |   |                  |                    |                   |   |                  |                    |                   |                          |
| Non Resident Indians  | 3,220,356   | 96,500           | 3,316,856          | 1.35              | 2,995,274   | 96,500           | 3,091,774          | 1.26              | (0.09)                   |
| Overseas Corporate Bodies   | -   | -                | -                  | -                 | -   | -                | -                  | -                 | -                        |
| Foreign Nationals   | -   | -                | -                  | -                 | -   | -                | -                  | -                 | -                        |
| Clearing Members  | 2,137,407   | -                | 2,137,407          | 0.87              | 3,132,827   | -                | 3,132,827          | 1.28              | 0.41                     |
| Trusts  | 4,536   | -                | 4,536              | 0.00              | 5,536   | -                | 5,536              | 0.00              | 0.00                     |
| Office Bearers  | 338,100   | -                | 338,100            | 0.14              | 283,600   | -                | 283,600            | 0.12              | (0.02)                   |
| Directors/Relative  | 369,250   | -                | 369,250            | 0.15              | 223,751   | -                | 223,751            | 0.09              | (0.06)                   |
| Foreign Bodies –D R   | -   | -                | -                  | -                 | -   | -                | -                  | -                 | -                        |
| <b>Sub-total (B) (2):-</b>  | <b>104,410,598</b>  | <b>2,462,581</b> | <b>106,873,179</b> | <b>43.64</b>      | <b>101,148,450</b>  | <b>2,402,581</b> | <b>103,551,031</b> | <b>42.28</b>      | <b>(1.36)</b>            |
| <b>Total Public Shareholding (B)=(B)(1)+(B) (2)</b>                             | <b>143,865,426</b>  | <b>2,542,581</b> | <b>146,408,007</b> | <b>59.78</b>      | <b>143,925,426</b>  | <b>2,482,581</b> | <b>146,408,007</b> | <b>59.78</b>      | <b>0.00</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | -   | -                | -                  | -                 | -   | -                | -                  | -                 | -                        |
| <b>Grand Total (A+B+C)</b>  | <b>242,349,492</b>  | <b>2,542,581</b> | <b>244,892,073</b> | <b>100.00</b>     | <b>242,409,492</b>  | <b>2,482,581</b> | <b>244,892,073</b> | <b>100.00</b>     | <b>0.00</b>              |



**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name       | Shareholding at the beginning of the year (01/04/2014) |                                  |  | Shareholding at the end of the year (31/03/2015) |                                  |  | % change in shareholding during the year |
|---------|--------------------------|--|----------------------------------|--|--|----------------------------------|--|--|
|         |                          | No. of Shares  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                                    | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1       | Mr. H. K. Mittal         | 46,654,200   | 19.05                            | -  | 46,654,200                                       | 19.05                            | -  | -  |
| 2       | Mrs. Archana Mittal      | 26,327,400   | 10.75                            | -  | 26,327,400                                       | 10.75                            | -  | -  |
| 3       | AHM Investments Pvt Ltd  | 18,406,250   | 7.52                             | -  | 18,406,250                                       | 7.52                             | -  | -  |
| 4       | Mr. Atul Agarwal         | 5,460,966  | 2.23                             | -  | 5,460,966  | 2.23                             | -  | -  |
| 5       | Mrs. Manjuli Agarwal     | 559,000  | 0.23                             | -  | 559,000  | 0.23                             | -  | -  |
| 6       | Mr. Shalabh Mittal       | 361,250  | 0.15                             | -  | 361,250  | 0.15                             | -  | -  |
| 7       | Mr. Aayush Atul Agarwal  | 317,500  | 0.13                             | -  | 317,500  | 0.13                             | -  | -  |
| 8       | Ms. Arooshi Atul Agarwal | 317,500  | 0.13                             | -  | 317,500  | 0.13                             | -  | -  |
| 9       | Mr. Adip Mittal          | 80,000   | 0.03                             | -  | 80,000   | 0.03                             | -  | -  |

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

| Sl. No. | Particulars   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|---|----------------------------------|
|         |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year  |   |                                  | No Change                               |                                  |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year |   |                                  | No Change                               |                                  |
|         | At the end of the year  |   |                                  | No Change                               |                                  |



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

| Sl No. | Name   | Shareholding  |   | Date     | Increase/<br>Decrease<br>in<br>shareholding | Reason   | Cumulative<br>Shareholding during<br>the year (01-04-14 to<br>31-03-15) |   |
|--------|--|---|---|----------|---|----------|---|---|
|        |  | No. of<br>Shares<br>at the<br>beginning<br>(01-04-<br>14) /<br>end of the<br>year<br>(31-03-15) | % of total<br>shares of<br>the<br>Company |          |   |          | No. of<br>Shares  | % of total<br>shares of<br>the<br>Company |
| 1      | Lotus Global<br>Investments<br>Ltd               | 14,229,669  | 5.81                                      | 01/04/14 | 0   | N.A.     |   |   |
|        |  | 14,229,669  | 5.81                                      | 31/03/15 |   |          | 14,229,669  | 5.81                                      |
| 2      | Kotak<br>Mahindra<br>(International)<br>Limited  | 7,980,427   | 3.26                                      | 01/04/14 |   | Transfer |   |   |
|        |  | 8,159,363   | 3.33                                      | 31/03/15 | 178,936                                     |          | 8,159,363   | 3.33                                      |
| 3      | Cresta Fund<br>Ltd                               | 5,650,000   | 2.31                                      | 01/04/14 | 0   | N.A.     |   |   |
|        |  | 5,650,000   | 2.31                                      | 31/03/15 |   |          | 5,650,000   | 2.31                                      |
| 4      | Albula<br>Investment<br>Fund Ltd                 | 5,175,644   | 2.11                                      | 01/04/14 | 0   | N.A.     |   |   |
|        |  | 5,175,644   | 2.11                                      | 31/03/15 |   |          | 5,175,644   | 2.11                                      |
| 5      | AXIS Bank<br>Ltd                                 | 2,000,000   | 0.82                                      | 01/04/14 |   |          |   |   |
|        |  |   |   | 23/05/14 | (200,000)                                   | Transfer | 1,800,000   | 0.74                                      |
|        |  |   |   | 18/07/14 | 40,000                                      | Transfer | 1,840,000   | 0.75                                      |
|        |  |   |   | 01/08/14 | 40,000                                      | Transfer | 1,880,000   | 0.77                                      |
|        |  |   |   | 08/08/14 | 417,000                                     | Transfer | 2,297,000   | 0.94                                      |
|        |  |   |   | 15/08/14 | 293,000                                     | Transfer | 2,590,000   | 1.06                                      |
|        |  |   |   | 22/08/14 | 350,000                                     | Transfer | 2,940,000   | 1.20                                      |
|        |  |   |   | 06/02/15 | (2,940,000)                                 | Transfer | -   | -   |
|        |  |   |   | 13/03/15 | 2,406,197                                   | Transfer | 2,406,197   | 0.98                                      |
|        |  |   |   | 20/03/15 | 190,303                                     | Transfer | 2,596,500   | 1.06                                      |
|        |  | 27/03/15  | 476,500                                   | Transfer | 3,073,000                                   | 1.25     |   |   |
|        |  | 3,213,610   | 1.31                                      | 31/03/15 | 140,610                                     | Transfer | 3,213,610   | 1.31                                      |
| 6      | Dimensional<br>Emerging<br>Markets<br>Value Fund | 1,796,935   | 0.73                                      | 01/04/14 |   | Transfer |   |   |
|        |  | 1,773,306   | 0.72                                      | 31/03/15 | (23,629.00)                                 |          | 1,773,306   | 0.72                                      |
| 7      | Lata Bhansali                                    | 1,701,616   | 0.69                                      | 01/04/14 |   | Transfer |   |   |
|        |  | 1,551,216   | 0.63                                      | 31/03/15 | (150,400)                                   |          | 1,551,216   | 0.63                                      |

| SI No. | Name                           | Shareholding   |                                  | Date     | Increase/ Decrease in shareholding | Reason   | Cumulative Shareholding during the year (01-04-14 to 31-03-15) |                                  |
|--------|--------------------------------|--|----------------------------------|----------|------------------------------------|----------|--|----------------------------------|
|        |                                | No. of Shares at the beginning (01-04-14) / end of the year (31-03-15) | % of total shares of the Company |          |                                    |          | No. of Shares  | % of total shares of the Company |
| 8      | Kotak Mahindra Investments Ltd | 1,345,939  | 0.55                             | 01/04/14 |                                    |          |  |                                  |
|        |                                |  |                                  | 04/04/14 | (1,332,439)                        | Transfer | 13,500   | 0.01                             |
|        |                                |  |                                  | 11/04/14 | 20,000                             | Transfer | 33,500   | 0.01                             |
|        |                                |  |                                  | 18/04/14 | 100,000                            | Transfer | 133,500  | 0.05                             |
|        |                                |  |                                  | 02/05/14 | 2,886                              | Transfer | 136,386  | 0.06                             |
|        |                                |  |                                  | 16/05/14 | (1,579)                            | Transfer | 134,807  | 0.06                             |
|        |                                |  |                                  | 23/05/14 | 341,615                            | Transfer | 476,422  | 0.19                             |
|        |                                |  |                                  | 30/05/14 | (51,800)                           | Transfer | 424,622  | 0.17                             |
|        |                                |  |                                  | 06/06/14 | 20,713                             | Transfer | 445,335  | 0.18                             |
|        |                                |  |                                  | 13/06/14 | (102,949)                          | Transfer | 342,386  | 0.14                             |
|        |                                |  |                                  | 20/06/14 | (6,645)                            | Transfer | 335,741  | 0.14                             |
|        |                                |  |                                  | 30/06/14 | (173,990)                          | Transfer | 161,751  | 0.07                             |
|        |                                |  |                                  | 04/07/14 | (26,700)                           | Transfer | 135,051  | 0.06                             |
|        |                                |  |                                  | 11/07/14 | 20,000                             | Transfer | 155,051  | 0.06                             |
|        |                                |  |                                  | 18/07/14 | 99,949                             | Transfer | 255,000  | 0.10                             |
|        |                                |  |                                  | 27/07/14 | 6,718                              | Transfer | 261,718  | 0.11                             |
|        |                                |  |                                  | 01/08/14 | 41,578                             | Transfer | 303,296  | 0.12                             |
|        |                                |  |                                  | 08/08/14 | (266,276)                          | Transfer | 37,020   | 0.02                             |
|        |                                |  |                                  | 15/08/14 | 596                                | Transfer | 37,616   | 0.02                             |
|        |                                |  |                                  | 22/08/14 | (974)                              | Transfer | 36,642   | 0.01                             |
|        |                                |  |                                  | 19/09/14 | 23,576                             | Transfer | 60,218   | 0.02                             |
|        |                                | 31/10/14   | 10,424                           | Transfer | 70,642                             | 0.03     |  |                                  |
|        |                                | 14/11/14   | 236                              | Transfer | 70,878                             | 0.03     |  |                                  |
|        |                                | 21/11/14   | (236)                            | Transfer | 70,642                             | 0.03     |  |                                  |
|        |                                | 16/01/15   | 2,000                            | Transfer | 72,642                             | 0.03     |  |                                  |
|        |                                | 20/02/15   | (2,000)                          | Transfer | 70,642                             | 0.03     |  |                                  |
|        |                                | 27/02/15   | 2,000                            | Transfer | 72,642                             | 0.03     |  |                                  |
|        |                                | 27/03/15   | 18,500                           | Transfer | 91,142                             | 0.04     |  |                                  |
|        |                                | 81,142   | 0.03                             | 31/03/15 | (10,000)                           | Transfer | 81,142   | 0.03                             |



| SI No. | Name                | Shareholding   |                                  | Date     | Increase/Decrease in shareholding | Reason    | Cumulative Shareholding during the year (01-04-14 to 31-03-15) |                                  |
|--------|---------------------|--|----------------------------------|----------|-----------------------------------|-----------|--|----------------------------------|
|        |                     | No. of Shares at the beginning (01-04-14) / end of the year (31-03-15) | % of total shares of the Company |          |                                   |           | No. of Shares  | % of total shares of the Company |
| 9      | LKP Finance Limited | 1,343,442  | 0.55                             | 01/04/14 |                                   |           |  |                                  |
|        |                     |  |                                  | 11/04/14 | 543,220                           | Transfer  | 1,886,662  | 0.77                             |
|        |                     |  |                                  | 18/04/14 | 1,000,000                         | Transfer  | 2,886,662  | 1.18                             |
|        |                     |  |                                  | 09/05/14 | (200)                             | Transfer  | 2,886,462  | 1.18                             |
|        |                     |  |                                  | 23/05/14 | (200)                             | Transfer  | 2,886,262  | 1.18                             |
|        |                     |  |                                  | 30/05/14 | 1,000                             | Transfer  | 2,887,262  | 1.18                             |
|        |                     |  |                                  | 06/06/14 | (1,000)                           | Transfer  | 2,886,262  | 1.18                             |
|        |                     |  |                                  | 20/06/14 | 999,600                           | Transfer  | 3,885,862  | 1.59                             |
|        |                     |  |                                  | 02/01/15 | 10,000                            | Transfer  | 3,895,862  | 1.59                             |
|        |                     |  |                                  | 16/01/15 | (500)                             | Transfer  | 3,895,362  | 1.59                             |
|        |                     |  |                                  | 13/02/15 | (14,000)                          | Transfer  | 3,881,362  | 1.58                             |
|        |                     |  |                                  | 20/02/15 | (229,643)                         | Transfer  | 3,651,719  | 1.49                             |
|        |                     |  |                                  | 27/02/15 | (799,777)                         | Transfer  | 2,851,942  | 1.16                             |
|        |                     |  |                                  | 06/03/15 | (580,942)                         | Transfer  | 2,271,000  | 0.93                             |
|        |                     | 27/03/15   | (600,000)                        | Transfer | 1,671,000                         | 0.68      |  |                                  |
|        |                     | 1,671,000  | 0.68                             | 31/03/15 |                                   | 1,671,000 | 0.68   |                                  |
| 10     | Suraj Bhansali      | 1,301,000  | 0.53                             | 01/04/14 |                                   |           |  |                                  |
|        |                     |  |                                  | 30/05/14 | (721,528)                         | Transfer  | 579,472  | 0.24                             |
|        |                     |  |                                  | 06/06/14 | 524,472                           | Transfer  | 524,472  | 0.21                             |
|        |                     |  |                                  | 04/07/14 | 273,435                           | Transfer  | 273,435  | 0.11                             |
|        |                     |  |                                  | 02/01/15 | 123,435                           | Transfer  | 123,435  | 0.05                             |
|        |                     | 123,435  | 0.05                             | 31/03/15 |                                   | 123,435   | 0.05   |                                  |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| SI No. | Name                                    | Shareholding   |                                  |          | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-14 to 31-03-15) |                                  |
|--------|---|--|----------------------------------|----------|-----------------------------------|--------|--|----------------------------------|
|        |   | No. of Shares at the beginning (01-04-14) / end of the year (31-03-15) | % of total shares of the Company | Date     |                                   |        | No. of Shares  | % of total shares of the Company |
| 1      | Mr. H. K. Mittal                        | 46,654,200   | 19.05                            | 01/04/15 | 0                                 | N.A.   | 46,654,200   | 19.05                            |
|        |   | 46,654,200   | 19.05                            | 31/03/15 |                                   |        |  |                                  |
| 2      | Mr. Atul Agarwal                        | 5,460,966  | 2.23                             | 01/04/14 | 0                                 | N.A.   | 5,460,966  | 2.23                             |
|        |   | 5,460,966  | 2.23                             | 31/03/15 |                                   |        |  |                                  |
| 3      | Mr. Shalabh Mittal (w.e.f. 07.11.2014)  | 361,250  | 0.15                             | 01/04/14 | 0                                 | N.A.   | 361,250  | 0.15                             |
|        |   | 361,250  | 0.15                             | 31/03/15 |                                   |        |  |                                  |
| 4      | Mrs. Archana Mittal (w.e.f. 25.03.2015) | 26,327,400   | 10.75                            | 01/04/14 | 0                                 | N.A.   | 26,327,400   | 10.75                            |
|        |   | 26,327,400   | 10.75                            | 31/03/15 |                                   |        |  |                                  |
| 5      | Mr. Manohar Bidaye                      | 97,500   | 0.04                             | 01/04/14 | 0                                 | N.A.   | 97,500   | 0.04                             |
|        |   | 97,500   | 0.04                             | 31/03/15 |                                   |        |  |                                  |
| 6      | Mr. K. R. Bharat                        | 0  | 0                                | 01/04/14 | 0                                 | N.A.   | 0  | 0                                |
|        |   | 0  | 0                                | 31/03/15 |                                   |        |  |                                  |
| 7      | Mr. M. M. Agrawal                       | 0  | 0                                | 01/04/14 | 0                                 | N.A.   | 0  | 0                                |
|        |   | 0  | 0                                | 31/03/15 |                                   |        |  |                                  |
| 8      | Mr. Gunender Kapur (w.e.f. 13.08.2014)  | 0  | 0                                | 01/04/14 | 0                                 | N.A.   | 0  | 0                                |
|        |   | 0  | 0                                | 31/03/15 |                                   |        |  |                                  |
| 9      | Mr. Kapil Garg (upto 29.05.2014)        | 0  | 0                                | 01/04/14 | 0                                 | N.A.   | 0  | 0                                |
|        |   | 0  | 0                                | 31/03/15 |                                   |        |  |                                  |
| 10     | Mr. Prasad Patwardhan                   | 200  | 0.00                             | 01/04/14 | 0                                 | N.A.   | 200  | 0.00                             |
|        |   | 200  | 0.00                             | 31/03/15 |                                   |        |  |                                  |
| 11     | Ms. Amruta Sant                         | 0  | 0                                | 01/04/14 | 0                                 | N.A.   | 0  | 0                                |
|        |   | 0  | 0                                | 31/03/15 |                                   |        |  |                                  |



## V. INDEBTEDNESS

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

(Amount ₹ In lacs)

|  | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|--|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |  |                    |          |                       |
| i) Principal Amount  | 83,533.27                              | -                  | -        | 83,533.27             |
| ii) Interest due but not paid                              | -                                      | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 1,512.07                               | -                  | -        | 1,512.07              |
| <b>Total (i+ii+iii)</b>                                    | <b>85,045.34</b>                       | <b>-</b>           | <b>-</b> | <b>85,045.34</b>      |
| <b>Change in Indebtedness during the financial year</b>    |  |                    |          |                       |
| * Addition   | 23,199.49                              | 10,014.53          | -        | 33,214.02             |
| * Reduction  | 27,367.55                              | -                  | -        | 27,367.55             |
| <b>Net Change</b>  | <b>(4,168.06)</b>                      | <b>10,014.53</b>   | <b>-</b> | <b>5,846.47</b>       |
| <b>Indebtedness at the end of the financial year</b>       |  |                    |          |                       |
| i) Principal Amount  | 79,365.21                              | 10,014.53          | -        | 89,379.73             |
| ii) Interest due but not paid                              | -                                      | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 922.41                                 | 457.81             | -        | 1,380.55              |
| <b>Total (i+ii+iii)</b>                                    | <b>80,287.95</b>                       | <b>10,472.34</b>   | <b>-</b> | <b>90,760.29</b>      |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amount ₹ In lacs)

| Sl No. | Particulars of Remuneration   | Name of MD / WTD / Manager  |                  | Total Amount  |
|--------|---|---|------------------|---------------|
|        |   | Mr. H. K. Mittal  | Mr. Atul Agarwal |               |
| 1      | Gross salary  |   |                  |               |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 36.00   | 36.00            | 72.00         |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 16.35   | 10.34            | 26.69         |
|        | (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   | 231.99  | 238.00           | 469.99        |
|        | - others, specify...  | -   | -                | -             |
| 5      | Others, please specify  | -   | -                | -             |
|        | <b>Total (A)</b>  | <b>284.34</b>   | <b>284.34</b>    | <b>568.68</b> |
|        | Ceiling as per the Act  | ₹ 568.71 lacs (being 10 % of Net Profits of the Company as calculated as under Section 198 of the Companies Act, 2013). |                  |               |

**B. Remuneration to other directors**

(Amount ₹ In lacs)

| SI No. | Particulars of Remuneration                | Name of Directors   |                  |                   |                    |                |                    |                     | Total Amount |
|--------|--|---|------------------|-------------------|--------------------|----------------|--------------------|---------------------|--------------|
|        |  | Mr. Manohar Bidaye  | Mr. K. R. Bharat | Mr. M. M. Agrawal | Mr. Gunender Kapur | Mr. Kapil Garg | Mr. Shalabh Mittal | Mrs. Archana Mittal |              |
| 1      | Independent Directors                      |   |                  |                   |                    |                |                    |                     |              |
|        | Fee for attending board committee meetings | 8.00  | 7.00             | 6.00              | 2.50               | -              | -                  | -                   | 23.50        |
|        | Commission                                 | -   | -                | -                 | -                  | -              | -                  | -                   | -            |
|        | Others, please specify                     | -   | -                | -                 | -                  | -              | -                  | -                   | -            |
|        | <b>Total (1)</b>                           | <b>8.00</b>   | <b>7.00</b>      | <b>6.00</b>       | <b>2.50</b>        | <b>-</b>       | <b>-</b>           | <b>-</b>            | <b>23.50</b> |
| 2      | Other Non-Executive Directors              |   |                  |                   |                    |                |                    |                     |              |
|        | Fee for attending board committee meetings | -   | -                | -                 | -                  | 0.50           | 1.00               | -                   | 1.50         |
|        | Commission                                 | -   | -                | -                 | -                  | -              | -                  | -                   | -            |
|        | Others, please specify                     | -   | -                | -                 | -                  | -              | -                  | -                   | -            |
|        | <b>Total (2)</b>                           | <b>-</b>  | <b>-</b>         | <b>-</b>          | <b>-</b>           | <b>0.50</b>    | <b>1.00</b>        | <b>-</b>            | <b>1.50</b>  |
|        | <b>Total (B)=(1+2)</b>                     | <b>8.00</b>   | <b>7.00</b>      | <b>6.00</b>       | <b>2.50</b>        | <b>0.50</b>    | <b>1.00</b>        | <b>-</b>            | <b>25.00</b> |
|        | Total Managerial Remuneration              | NIL   |                  |                   |                    |                |                    |                     |              |
|        | Overall Ceiling as per the Act             | ₹ 56.87 lacs (being 1 % of Net Profits of the Company as calculated as under Section 198 of the Companies Act, 2013). |                  |                   |                    |                |                    |                     |              |

**C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD**

(Amount ₹ In lacs)

| SI No. | Particulars of Remuneration   | Key Managerial Personnel  |                    |              |
|--------|---|---------------------------|--------------------|--------------|
|        |   | CFO Mr. Prasad Patwardhan | CS Ms. Amruta Sant | Total        |
| 1      | Gross salary  |                           |                    |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 84.03                     | 6.75               | 90.78        |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                         | -                  | -            |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                         | -                  | -            |
| 2      | Stock Option  | -                         | -                  | -            |
| 3      | Sweat Equity  | -                         | -                  | -            |
| 4      | Commission  |                           |                    |              |
|        | - as percentage of profit   | -                         | -                  | -            |
|        | others, specify...  | -                         | -                  | -            |
| 5      | Others, please specify  |                           |                    |              |
|        | Provident Fund  | 3.71                      | 0.33               | 4.04         |
|        | Gratuity  | 1.49                      | 0.13               | 1.62         |
|        | <b>Total</b>  | <b>89.23</b>              | <b>7.21</b>        | <b>96.44</b> |


**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) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   |   |                              |                                    |
| Punishment                          |                              |                   | NIL   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   |   |                              |                                    |
| Punishment                          |                              |                   | NIL   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   |   |                              |                                    |
| Punishment                          |                              |                   | NIL   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |



## Annexure - IV

### 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 ML board is responsible for the long-term success of a 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 a 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 Listing Agreement (as amended).

#### 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 should 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 Director of the Company, 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 in “**Annexure A**”.

### **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

## Report on Corporate Governance

(Forming part of Directors' report for the year ended on March 31, 2015)

### COMPANY'S PHILOSOPHY:

The Company strongly believes in ethical way of conducting business and in maintaining the highest standards of corporate governance. Corporate Governance as practiced at all levels of the Company is 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, 2015, the Board of Directors of the Company comprised of Eight Directors; Two Executive Directors and Six Non-Executive Directors, out of which Four are Independent Directors and One is Women Director. Among the Two Executive Directors; One is the Executive Chairman and the other is Managing 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. 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 the website of the Company. <http://mercator.in/investors/index.aspx?id=7055>

### Changes in Board Composition during the year:

During the year, Mr. Kapil Garg resigned as Director of the Company; and Mr. Gunender Kapur, Mr. Shalabh Mittal and Mrs. Archana Mittal were inducted as Additional Directors on the Board of the Company. Mr. Gunender Kapur being appointed as Additional Director with effect from August 13, 2014, was holding his office till the date of previous Annual General Meeting, i.e. September, 24, 2014; and he was appointed as Independent Director by the members at the said Annual General Meeting.

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 is Director; and necessary disclosures to this effect has been received by the Company from all the Directors.

During the year, in all Six Board Meetings were held i.e. on May 29, 2014, August 13, 2014, September 24, 2014, November 07, 2014, February 05, 2015 and March 25, 2015. 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<br>(00007690)  | Executive Chairman & Promoter            | 6                              | Yes                    | 3  | 0  | 0  |
| 2      | Mr. A. J. Agarwal<br>(00007663) | Managing Director,<br>Executive-Promoter | 6                              | Yes                    | 2  | 2  | 2  |

| 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** |
|--------|--|-------------------------------|--------------------------------|------------------------|--|--|--|
| 3      | Mr. Manohar Bidaye<br>(00010699)                         | Non-Executive Independent     | 6                              | Yes                    | 2  | 3  | 2  |
| 4      | Mr. K. R. Bharat<br>(00584367)                           | Non-Executive Independent     | 5                              | Yes                    | 2  | 0  | 0  |
| 5      | Mr. Kapil Garg<br>(01360843)<br>(upto 29.05.2014)        | Non-Executive Non Independent | 1                              | Yes                    | 2  | 0  | 0  |
| 6      | Mr. M. M. Agrawal<br>(00681433)                          | Non-Executive Independent     | 6                              | Yes                    | 6  | 4  | 0  |
| 7      | Mr. Gunender Kapur<br>(01927304)<br>(w.e.f. 13.08.2014)  | Non-Executive Independent     | 4                              | Yes                    | 0  | 0  | 0  |
| 8      | Mr. Shalabh Mittal<br>(00007919)<br>(w.e.f. 07.11.2014)  | Non-Executive Non Independent | 2                              | NA                     | 0  | 0  | 0  |
| 9      | Mrs. Archana Mittal<br>(00007972)<br>(w.e.f. 25.03.2015) | Non-Executive Non Independent | 0                              | NA                     | 2  | 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 Clause 49 of the Listing Agreement, 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 in Annexure X to Clause 49 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 and has 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 or Managing Director at the meeting.

### Independent Directors' Meeting:

During the year, a separate meeting of the Independent Directors was held on February 27, 2015, without the attendance of non-independent directors and members of the management. All 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>

All Board Members and Senior Management Personnel have affirmed compliance with the code for the year ended on March 31, 2015. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2015 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 Clause 49 of the Listing Agreements, the Company has a qualified and Independent Audit Committee. The Board of Directors in their meeting held on February 5, 2015 reconstituted the Audit Committee and Mr. H. K. Mittal was appointed as member of the Committee in place of Mr. Atul J. Agarwal. As at March 31, 2015, the Committee comprised of two Independent Non-Executive Directors and one Executive Promoter Director. Mr. Manohar Bidaye, Senior member of Institute of Company Secretaries of India is the Chairman of the Committee; other members being Mr. K. R. Bharat, MBA from Indian Institute of Management; and Mr. H. K. Mittal, Master from Indian Institute of Technology-Roorkee, Executive Chairman of the Company, all having a sound accounting

knowledge. Chief Financial Officer as well as General Manager (Finance & Accounts) 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. 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 Agreement with Stock Exchanges.

The Chairman of the Committee was present at Annual General Meeting to reply to the Queries of the Shareholders.

### 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 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 5 meetings of the Audit Committee were held i.e. on May 29, 2014, August

13, 2014, November 7, 2014, February 5, 2015 and February 27, 2015. The time intervals between two meetings of the Committee were not more than 4 months.

Attendance of each member at the Audit Committee Meetings:

| <b>Name of Director</b>                  | <b>No. of Meetings attended out of Five held</b> |
|--|--|
| Mr. Manohar Bidaye                       | 5  |
| Mr. Atul J. Agarwal<br>(upto 05.02.2015) | 4  |
| Mr. K. R. Bharat                         | 5  |
| Mr. H. K. Mittal<br>(w.e.f. 05.02.2015)  | 1  |

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

#### **Review of Information:**

The Audit Committee was presented with and reviewed necessary information as required under Clause 49 (III) E of the Listing Agreement 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 financial year 2014-15.

### **III. NOMINATION AND REMUNERATION COMMITTEE:-**

#### **Composition:**

Pursuant to the Section 178 of Companies Act, 2013, the Board of Directors at its meeting held in May 29, 2014 renamed the Remuneration-Cum-Selection Committee as Nomination and Remuneration Committee. The Nomination and Remuneration Committee was reconstituted and comprises of three Non-Executive Independent Director and One Executive Director. Mr. Manohar Bidaye is the Chairman of the Committee with Mr. K. R. Bharat, Mr. M. M. Agrawal and Mr. H. K. Mittal being other members. The Chairman of the Committee was present at the last Annual General Meeting and addressed to the queries raised by the shareholders.

The Company has framed the mandate and working procedures of the committee as required

under Section 178 of Companies Act, 2013 and revised clause 49 of the Listing Agreement defining therein the Role, Membership, Meeting Procedures etc.

#### **Terms of Reference:**

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the listing agreement 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;
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 shareholders, 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 had 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. Valuable Input Provided;
2. Dedication and Commitment;
3. Industry Knowledge;
4. Overall contribution; and
5. Compliances under Companies Act

#### **Meetings:**

During the year, in all 4 meetings of the Nomination and Remuneration Committee were held i.e. on August 13, 2014, September 12, 2014, November 11, 2014 and March 25, 2015 and necessary quorum was present at the meeting.

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

| <b>Name of Director</b>                 | <b>No. of Meetings attended out of Four held</b> |
|---|--|
| Mr. Manohar Bidaye                      | 4  |
| Mr. M.M. Agrawal                        | 4  |
| Mr. K. R. Bharat                        | 3  |
| Mr. H. K. Mittal<br>(w.e.f. 13.08.2014) | 3  |

#### **IV. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Pursuant to the Section 178 of Companies Act, 2013, the Board of Directors at its meeting

held in May, 2014 renamed the Shareholders' / Investors' Grievances Committee as Stakeholders Relationship Committee. 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. Manohar Bidaye, is the Chairman of the Committee with the other members being, Mr. Atul .J. Agarwal and Mr. K. R. Bharat. The Committee normally meets fortnightly. 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.

Ms. Amruta Sant, Company Secretary (upto April 10, 2015), Mr. Deepesh Joishar (w.e.f. May 4, 2015) and Mr. Deepak Dalvi- Assistant General Manager – Secretarial acted as Compliance Officers.

During the year, the Company received 17 complaints from the shareholders all of which were duly resolved. No complaint was pending as on March 31, 2015.

Further, during the year requests for Transfer of 11,500 shares; Transmission of 2,500 shares and Demat of 60,000 shares were received.

## V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to the Section 135 of Companies Act, 2013, the Board of Directors at its meeting held on May 29, 2014, formed Corporate Social Responsibility Committee comprising of three Directors. Mr. H. K. Mittal is the Chairman of the Committee with Mr. K. R. Bharat and Mr. M. M. Agrawal being other members.

The Company has framed 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. During the year, the Committee met on September 1, 2014, except Mr. K R Bharat all other members of the Committee attended the meeting.

## VI. RISK MANAGEMENT COMMITTEE:

The Board of Directors, during the year, constituted "Risk Management Committee" as required under Clause 49 of the Listing Agreement. The Company also adopted Risk Management Policy in accordance with the Companies Act, 2013. The Company has laid down the procedure to inform the Board Members about the risk assessment and minimization procedure. The Committee is responsible for risk identification, evaluation and mitigation and to set up process for risk management plan. The Risk Management Committee comprises of Mr. Atul. J. Agarwal, Managing Director, who is the Chairman of the Committee and other members being Mr. M. M. Agrawal, Mr. K. R. Bharat, the Independent Directors, Capt. Kowshik Kuchroo, President Shipping and Mr. Prasad Patwardhan, CFO of the Company.

## VII. ESOP COMPENSATION COMMITTEE:

The Company has ESOP Compensation Committee of Directors comprising of two Non-Executive Directors viz. Mr. K. R. Bharat & Mr. Manohar Bidaye and one Executive Director i.e. Mr. Atul. J. Agarwal.

The ESOS Scheme is approved by Shareholders in their meeting held on October 28, 2010. The Committee is authorized to formulate Employee Stock Option Scheme; to carry out process of determining eligibility criteria; to issue and allot the shares and to do all acts, deeds, matters and things as may be required in this regard, in accordance with the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. However no ESOPs were issued and no meeting was held during the year.

## VIII. SUBSIDIARY COMPANIES:

As at March 31, 2015; the Company had total 34 subsidiaries. The Indian Subsidiaries viz. Mercator Oil and Gas Limited, Mercator Petroleum Limited, Oorja Resources India Private Limited and Mercator FPSO Private Limited were neither listed nor material as at March 31, 2015.

MCS Holdings Pte. Ltd. and Oorja Indo KGS PT are material non-listed foreign subsidiaries 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. Further the Company has not sold, disposed or lease 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 Agreements. 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 that was not in ordinary course of business or not on an arm's length basis.

### D. Remuneration of Directors:

The Nomination and Remuneration Committee recommends the Remuneration of Directors, which is approved by the Board of Directors, subject to the approval of shareholders, where necessary.

#### Details of remuneration paid to Directors for the financial year ended March 31, 2015:

##### Executive Directors:

| Name                                  | Salary | Bonus | Stock options | Perquisites | Amount ₹ in lakhs |        |
|---------------------------------------|--------|-------|---------------|-------------|-------------------|--------|
|                                       |        |       |               |             | Commission        | Total  |
| Mr. H. K. Mittal - Executive Chairman | 36.00  | ---   | ---           | 16.35       | 231.99            | 284.34 |
| Mr. A. J. Agarwal -Managing Director  | 36.00  | ---   | ---           | 10.34       | 238.00            | 284.34 |

The remuneration to the Executive Directors is governed by the agreements executed with them as approved by the members of the Company in their General Meeting held on September 19, 2013. 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 agreements of both Executive Directors will expire on July 31, 2016.

### B. Disclosure of Accounting Treatment:

In the preparation of Financial Statements for the year ended on March 31, 2015; 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 issued unsecured Foreign Currency Convertible Bonds (FCCB) of US\$ 16 million, i.e. approximately ₹ 100 crores; which were listed on Singapore Stock Exchange. The entire net proceeds from the said FCCBs was used for capital expenditure. The funds raised were utilized for the purpose for which it was raised and the statement of utilization of proceeds certified by the Statutory Auditors M/s. CNK & Associates LLP was placed before the Audit Committee. Other than this, the Company did not raise any funds through public / rights / preferential issues.

The tenure of office of the Executive Chairman and Managing Director is for three years from their respective dates of appointments, 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 and Managing Director are entitled by way of compensation for the loss of office, the amount equivalent to the remuneration which they would have earned if they have been in the office for the unexpired residue of their term or for three years whichever is shorter, calculated on the basis of average remuneration actually earned by them during the period of three years immediately preceding the date on which they ceased to hold office or where they held the office for a lesser period than three years, during such period.

No stock options were issued to any of the Executive Directors 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 Audit Committee meetings are paid to Non-executive Directors ₹ 50,000/- (w.e.f 01/04/2014) per such meeting attended by them.

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

| Name of the Director                       | ₹ in lakhs |
|--|------------|
| Mr. Manohar Bidaye                         | 8.00       |
| Mr. K.R. Bharat                            | 7.00       |
| Mr. Kapil Garg<br>(upto 29/05/2014)        | 0.50       |
| Mr. M. M Agrawal                           | 6.00       |
| Mr. Gunender Kapur<br>(w.e.f. 13/08/2014)  | 2.50       |
| Mr. Shalabh Mittal<br>(w.e.f. 7/11/2014)   | 1.00       |
| Mrs. Archana Mittal<br>(w.e.f. 25/03/2015) | Nil        |

All the Non-Executive Directors have disclosed their shareholdings as at March 31, 2015 to the Company which is as under:

| Name of the Director                      | No. of equity shares held | % of total share capital |
|---|---------------------------|--------------------------|
| Mr. Manohar Bidaye                        | 97,500                    | 0.04                     |
| Mr. K.R.Bharat                            | NIL                       | NIL                      |
| Mr. Kapil Garg<br>(upto 29/05/2014)       | NIL                       | NIL                      |
| Mr. M. M Agrawal                          | NIL                       | NIL                      |
| Mr. Gunender Kapur<br>(w.e.f 13/08/2014)  | NIL                       | NIL                      |
| Mr. Shalabh Mittal<br>(w.e.f 7/11/2014)   | 3,61,250                  | 0.15                     |
| Mrs. Archana Mittal<br>(w.e.f 25/03/2015) | 2,63,27,400               | 10.75                    |

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.

### i. General Body Meetings:

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

| Financial Year   | Date       | Time       | Venue   | Special Resolution(s)  |
|------------------|------------|------------|---|--|
| 2013-14<br>(AGM) | 24/09/2014 | 3.30 P.M.  | Rangaswar Hall, 4 <sup>th</sup> Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021 | <ol style="list-style-type: none"> <li>1. Appointment of Mr. Aayush Agarwal (Son of Mr. Atul Agarwal, Managing Director) to hold office or place of profit in Mercator Energy Pte Ltd. a subsidiary of the Company</li> <li>2. Authority to Board of Directors to issue of Non-convertible Debentures (NCDs)/Commercial paper (CPs) on private placement basis aggregating up to an amount not exceeding ₹ 500 crores.</li> <li>3. Approval for payment of Commission to Non-executive Directors up to 1% of annual Net profits of the Company.</li> </ol> |
| 2012-13<br>(AGM) | 19/09/2013 | 3.30 P. M. | Rangaswar Hall, 4 <sup>th</sup> Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021 | <ol style="list-style-type: none"> <li>1. Payment of Minimum Remuneration to &amp; Re-Appointment of Executive Chairman, Mr. H. K. Mittal and Managing Director, Mr. Atul Agarwal</li> <li>2. Re-appointment of Mr. Adip Mittal, Relative of Director as Business Associate.</li> </ol>  |
| 2011-12<br>(AGM) | 29/08/2012 | 2.30 P.M   | M.C. Ghia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Goda, Mumbai - 400001                | <ol style="list-style-type: none"> <li>1. Issue of securities</li> <li>2. Amendments to Articles of Association</li> </ol>   |

During the year, it was proposed to conduct Postal Ballot to seek the approval of members by Special Resolution for the appointment of Mr. Shalabh Mittal as Joint Managing Director w.e.f January 1, 2015. However the same was not initiated as Mr. Shalabh Mittal withdrew his appointment from the office of Joint Managing Director of the Company. Hence no postal ballot was conducted during the year.

## 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 transaction 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 and also on dealing with Related Party Transactions and 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.
- 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 behaviour, 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.

## iii. Means of Communication:

Quarterly/yearly results are normally published in Hindu Business Line and Mumbai Lakshadweep. The audited annual accounts are posted 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 [www.mercator.in](http://www.mercator.in). The Company also displays official news releases on its website i.e. [www.mercator.in](http://www.mercator.in). The Company has created an email id [investors@mercator.in](mailto: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 First Annual General Meeting is scheduled to be held on Friday, August 21, 2015 at 3:00 pm at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021.

## 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 for retiring by Rotation at the forthcoming Annual General Meeting (AGM) of the Company.

On November 7, 2014 Mr. Shalabh Mittal (DIN 00007919) was appointed as an Additional Director on the Board of the Company, under Section 161 of the Companies Act, 2013 to hold office till the date of the ensuing Annual General Meeting.

Further, Mrs. Archana Mittal (DIN 00007972) was appointed as an Additional Director on March 25, 2015 and pursuant to Provisions of Section 149 and 161 of the Companies Act, 2013, to hold office till the date of ensuing Annual General Meeting.

The Company has received notices, in writing, from Member proposing the candidatures of Mr. Shalabh Mittal and Mrs. Archana Mittal for the office of Director.

Mr. H. K. Mittal, Mr. Shalabh Mittal and Mrs. Archana Mittal are related to each other and hence all are interested in the proposed appointments for their respective appointment as Directors, as well as appointment of each other, to the extent of permitted payments and benefits which each of them may get in their capacity as Director of the Company.

Brief resume of Mr. H.K.Mittal, Mr. Shalabh Mittal and Mrs. Archana Mittal, whose appointments / re-appointments are to be considered at the ensuing Annual General Meeting alongwith their expertise in specific functional areas and names of the Companies in which they hold Directorship, Chairmanship and membership of committees of the Board, are provided in the Notice of the ensuing Annual General Meeting scheduled to be held on August 21, 2015.

**vi. Financial Calendar For The Year 2015-16 (tentative and subject to change):**

|  |                       |
|--|-----------------------|
| First Quarter Results (June, 30)       | Mid of August 2015    |
| Mailing of Annual Reports              | End of July,2015      |
| Annual General Meeting                 | August 21, 2015       |
| Second Quarter Results (September, 30) | Mid of November, 2015 |

The monthly high-low quotations of the equity shares of the Company on Bombay Stock Exchange and National Stock Exchange during the financial year 2014-15 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, 2014     | 36.50               | 24.15 | 36.50               | 24.00 | 22,939.31          | 22,197.51 |
| May, 2014       | 40.00               | 27.80 | 39.65               | 28.15 | 25,375.63          | 22,277.04 |
| June, 2014      | 41.40               | 33.00 | 41.40               | 33.00 | 25,725.12          | 24,270.20 |
| July, 2014      | 38.80               | 31.05 | 38.80               | 31.00 | 26,300.17          | 24,892.00 |
| August, 2014    | 37.20               | 29.75 | 37.15               | 30.40 | 26,674.38          | 25,232.82 |
| September, 2014 | 36.75               | 27.30 | 36.80               | 27.25 | 27,354.99          | 26,220.49 |

|                                      |                       |
|--------------------------------------|-----------------------|
| Third Quarter Results (December, 31) | Mid of February, 2016 |
| Fourth Quarter/ Annual Results       | May 2016.             |

**vii. Dates Of Book-Closure:**

The Share Transfer Books and Register of Members of the Company will remain closed from Friday, August 14, 2015 to Friday, August 21, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares if declared, at the ensuing Annual General Meeting.

**viii. Dividend:**

The Board of Directors has recommended Dividend on Equity Shares of the Company at the rate of 20% i.e. ₹ 0.20 per share on 24,48,92,073 Equity Shares of ₹ 1/- each for the financial year ended on March 31, 2015 amounting ₹ 592.27 lacs (inclusive of Dividend Distribution Tax thereon amounting ₹ 102.49 lacs). The Dividend if declared at the Annual General meeting; will be paid/dispatched on or after August 26, 2015.

**ix. 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 2015-2016 have been paid to these exchanges.



| Month          | BSE Share Price |       | NSE Share Price |       | SENSEX Performance |           |
|----------------|-----------------|-------|-----------------|-------|--------------------|-----------|
|                | (₹)             | (₹)   | (₹)             | (₹)   |                    |           |
| October, 2014  | 29.50           | 24.40 | 29.60           | 24.25 | 27,894.32          | 25,910.77 |
| November, 2014 | 33.15           | 26.40 | 33.10           | 26.35 | 28,822.37          | 27,739.56 |
| December, 2014 | 31.85           | 23.00 | 31.90           | 23.00 | 28,809.64          | 26,469.42 |
| January, 2015  | 27.10           | 21.00 | 27.15           | 21.15 | 29,844.16          | 26,776.12 |
| February, 2015 | 22.30           | 17.80 | 22.30           | 16.50 | 29,560.32          | 28,044.49 |
| March, 2015    | 19.80           | 16.00 | 19.75           | 16.00 | 30,024.74          | 27,248.45 |

The Redeemable Non-Convertible Debentures of the Company are listed on Bombay Stock Exchange (Scrip Code: 945945); and the annual listing fees in respect of the year 2015-2016 have been paid to the said exchange. As at March 31, 2015; the Company has following series of listed Redeemable Non-Convertible Debentures issued on private placement basis in dematerialized form:

| Series No | No. of NCDs | Coupon rate | O/s. Face value As on 31/03/2015 | Outstanding Amount | ISIN         | Scrip Code |
|-----------|-------------|-------------|----------------------------------|--------------------|--------------|------------|
| IX-A      | 1500        | 12.40%      | ₹ 10,00,000/- each               | ₹ 150.00 crores    | INE934B07207 | 945945     |

Annual Custody fee for the year 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

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

As on March 31, 2015; the Company has 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. 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.

#### x. Registrar and Transfer Agents and Share Transfer System:

Link Intime India Private Limited having their office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai - 400 078 (Tel No.91-22-25963838) 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 dematerialization/rematerialization of shares, issue of duplicate / split / consolidation of Certificates along with registry function of Debentures is being carried out by the RTA at their above address.

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

#### xi. Distribution of Shareholding as on March 31, 2015:

| Shareholding of nominal value of | No. of Shareholders | % to total Shareholders | No. of Shares       | % to total Capital |
|----------------------------------|---------------------|-------------------------|---------------------|--------------------|
| UPTO 500                         | 64,343              | 74.7097                 | 1,14,15,911         | 4.6616             |
| 501 - 1000                       | 9,639               | 11.1920                 | 81,07,512           | 3.3106             |
| 1001 - 2000                      | 5,224               | 6.0657                  | 81,88,866           | 3.3439             |
| 2001 - 3000                      | 2,536               | 2.9446                  | 65,41,704           | 2.6713             |
| 3001 - 4000                      | 859                 | 0.9974                  | 31,31,831           | 1.2789             |
| 4001 - 5000                      | 1,011               | 1.1739                  | 48,57,039           | 1.9833             |
| 5001 - 10000                     | 1,319               | 1.5315                  | 1,00,02,169         | 4.0843             |
| 10001 AND ABOVE                  | 1,193               | 1.3852                  | 19,26,47,041        | 78.6661            |
| <b>TOTAL</b>                     | <b>86,124</b>       | <b>100.0000</b>         | <b>24,48,92,073</b> | <b>100.0000</b>    |



**xii. Shareholding Pattern as on March 31, 2015:**

| Sr. No | Category   | No. of Shares       | % to Capital  | No. of Holders |
|--------|--|---------------------|---------------|----------------|
| 1      | Promoters/Directors and their Relatives                | 9,84,84,066         | 40.22         | 10             |
| 2      | Mutual Funds / UTI                                     | 77,213              | 0.03          | 2              |
| 3      | Banks; FIs etc.  | 34,38,681           | 1.40          | 6              |
| 4      | FIs/FPIs   | 3,93,38,582         | 16.06         | 19             |
| 5      | Private Corporate Bodies                               | 1,43,89,129         | 5.88          | 980            |
| 6      | Central Government/ State Government                   | 2,500               | 0.00          | 2              |
| 7      | Indian Public  | 8,27,13,550         | 33.78         | 83,682         |
| 8      | NRIs / OCBs  | 30,91,774           | 1.26          | 1,163          |
| 9      | Non-promoter Independent Directors and their relatives | 2,23,751            | 0.09          | 5              |
| 10     | Clearing members                                       | 31,32,827           | 1.28          | 255            |
|        | <b>Total</b>   | <b>24,48,92,073</b> | <b>100.00</b> | <b>86,124</b>  |

**xiii. Dematerialisation of Shares & Liquidity:**

The equity shares of the Company are under compulsory trading in demat form. Out of total capital of 24,48,92,073 equity shares; 24,24,09,492 equity shares representing 98.99% were held in demat form and balance 24,82,581 equity shares representing 1.01% were in physical form as on March 31, 2015. 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 2014-15; was as under:

| Particulars       | BSE         | NSE          | Total        |
|-------------------|-------------|--------------|--------------|
| No of shares      | 8,98,14,611 | 21,20,59,125 | 30,18,73,736 |
| Value (₹ In lacs) | 27,384.16   | 64,708.46    | 92,092.62    |

**X. CEO/CFO CERTIFICATION:**

The necessary certification from Chief Executive Officer/Chairman, Mr. H. K. Mittal and Chief Financial Officer, Mr. Prasad B Patwardhan in respect of the financial year ended on March 31, 2015 has been annexed to this report.

**XI. COMPLIANCE:**

The Company has complied with all the mandatory requirements of Corporate Governance Clause 49 of the Listing Agreement with Stock Exchanges. 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

## Corporate Social Responsibilities (CSR)

The Company has initiated its own CSR policy and has appointed Prem Punita Foundation, Mumbai as its Implementing Agency. Prem Punita Foundation is a Mumbai based Non-Government Organization (NGO) registered in the year 2005 under Bombay Public Trust Act, 1950. The following projects were approved by the CSR Committee of the Company under its CSR project.

- **Project Prem Pravah:** To support individuals, groups, educational 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.

### CSR towards Society

Prem Punita Foundation has been supporting candidates from weaker sections of the society. Under **Project Prem Pravah** it has helped 32 candidates in higher courses with a focus on engineering discipline. The eligible candidates were provided with scholarships as well as help in securing job.

As a part of **Project Prem Sukhada**, a session on 'Hepatitis C' was conducted by the Foundation in which 25 ladies/girls from one of the adopted community participated. Further one of the community viz., Ganeshmurti Nagar in Colaba near the office premises of the Company has been selected by the Foundation for all-round development. The Foundation opened a medical dispensary in this community to provide medical aid in this needy area.

Under **Prem Kshamata Project** children were invited to join a Karate course in association with YMCA, Mumbai with financial aid from the foundation. The self-defence course attracted 10 children who happily qualified for 'Green Belt' and they are now eligible for next level.

The Foundation organised hobby classes for the young children in Machchimaar Nagar, Colaba. The Foundation also help some children with hearing deficiency and agreed to sponsor their annual therapy costs in association with other organisations working in this field.

The Foundation has joined hands with the Integrated Child Development Services scheme (ICDS) of Government of Maharashtra to provide services to pre-school children so as to ensure proper growth and development of children in rural, tribal and slum areas.

**Prem Sagar** is presently engaged in providing basic Computer education to under privileged section of the society with an endeavour to provide employment.

### CSR towards Investors

We aim to maintain high levels of transparency and disclosure through regular communication with our investors. On a timely basis, we disseminate our financial information through Stock Exchange in due compliance with Listing agreement. We also issue news releases giving briefs on performance and recent development. We also respond to teleconference calls/one on one meetings as requested by analysts on financial results. We practice prompt and timely disclosure of any price sensitive developments in the Company. To facilitate better accessibility for investor queries; we have dedicated e-mail ID and also provided our contact details on our website, annual reports etc. We continuously work towards strengthening our investor relations framework to improve our services towards the investor community.

### CSR towards Employees

The Company continues to place significant importance on its human resources and enjoys cordial relations at all levels. During the year, various initiatives for employee involvement and efficiency improvement continued. Mercator creates value for its employees, by providing opportunities for growth and prosperity as the organisation grows. Specifically,

it creates employee value through continuous learning and career progression opportunities

The Performance Management System has undergone considerable improvement and has enabled sharpening of the process of setting Goals & Major Initiatives. During the year, the organization structures of all key functions have been reviewed and strengthened so as to facilitate delivery of business goals.

Our mission is to protect and enhance the well-being of our employees, visitors and partners. Safe working is non-negotiable. We have a clear focus on safety practices ensuring all possible safety hazards are eliminated

The Company has constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to provide protection to women against sexual harassment at work place and to redress the complaint. The Company provided training and conducted awareness program on “Prevention of Sexual Harassment” for employees.

#### **CSR Initiatives at Group Level**

Our Singapore Stock Exchange (SGX) listed subsidiary Mercator Lines (Singapore) Limited (MLS) has designated CSR Committee and organises

its own programs as well as participates in other programmes’ in support of social causes. Every year MLS celebrates its foundation day as “Go Green Day”. MLS through its 4th consecutive in-house auction of hampers and gifts received over the festive seasons surpassed all previous years. This fund along with an equivalent contribution from MLS was donated to CRY India Girl Child Initiative “LetHerFly” and the Project Ace Singapore (Chinese New Year Festive Bags for the underprivileged elderly under Silver Ace NTUC eldercare). MLS also extended its helping hand to the Singapore Red Cross appeal for the Nepal Earthquake Relief Fund.

**For and on behalf of the Board  
For Mercator Limited**

**H. K. Mittal  
Executive Chairman**

#### **Regd. Office:**

3rd Floor, Mittal Tower,  
B-Wing, Nariman Point,  
Mumbai – 400 021  
Place: Mumbai  
Dated: May 29, 2015



## 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, 2015 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 and that we have evaluated the effectiveness of internal control systems of the company 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 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.
- (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**

**H. K. Mittal**  
Executive Chairman & Designated  
Chief Executive Officer

Place: Mumbai  
Dated: May 29, 2015

**For Mercator Limited**

**Prasad Patwardhan**  
Chief Financial Officer

## Auditor's Certificate on Corporate Governance

To,  
The Members,  
**Mercator Limited**  
Mumbai

We have examined the compliance of conditions of Corporate Governance by Mercator Limited for the year ended on March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

**For and on behalf of**  
**CNK & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101961W

Place: Mumbai  
Date: May 29, 2015

**Himanshu Kishnadwala**  
**Partner**  
Membership No. 37391

# Management Discussion & Analysis Report

(Forming part of Directors' report for the year ended March 31, 2015)

Mercator is a diversified company with operations spread across various geographies both onshore and offshore. The Company's operations are spread across Energy resources (Coal and Oil & Gas), Energy Transportation (Coal, Crude, Petroleum Products etc.) and Dredging.

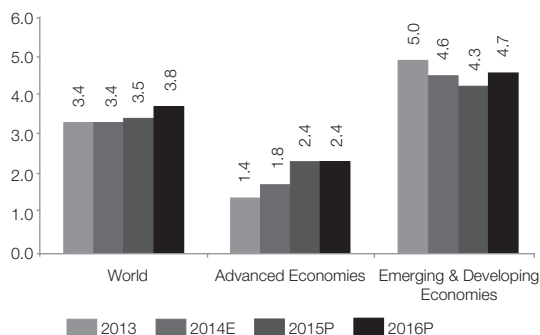
## ECONOMIC OVERVIEW

### Global Economy

The world economy is going through an interesting phase. As per the IMF, it continued to expand during 2014 at a moderate and uneven pace though is still reeling under a prolonged recovery process from the global financial crisis. Views point towards stagnation or narrow upward growth in the major developed economies while growth rates in the developing countries led by China and India relatively robust. The global trade, remains sluggish and the upward bias in world trade volumes, both exports and imports, is very gradual. However, we believe that an improving global growth profile will emerge in coming months.

As per IMF's world economic outlook, the world economy is expected to have grown at 3.4% in 2014 (Exhibit 1), While the developed economies witnessed a marginal revival in growth from 1.4% in 2013 to 1.8% in 2014. The emerging economies growth for the year stood at 4.6% as against 5.0% in 2013. IMF has projected that the global economic growth would remain moderate in 2015 at 3.5% and would further increase to 3.8% in 2016. IMF has also forecasted that beyond 2016, global growth would increase marginally backed by growth in the emerging and developing economies.

**Exhibit 1: World GDP Growth, %**

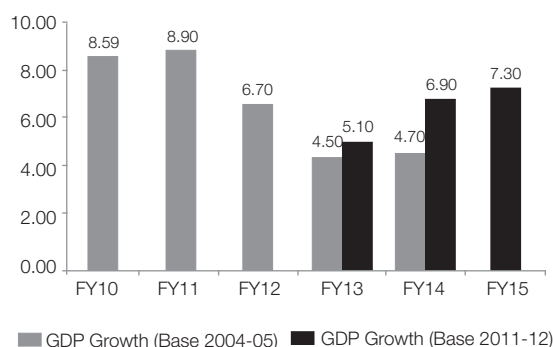


Source: IMF's World Economic Outlook, April 2015

### Indian Economy

Alongside the global revival, Indian economy is fast gaining momentum. As per CSO's estimates India's GDP in the year 2014-15 has grown at 7.3% whereas the growth in the fourth quarter is estimated at 7.5% (Based on the revised base to 2011-12). The key reasons for the revival in overall economic growth is, softening of commodity prices globally and key policy level decisions such as decontrol of diesel prices, increased budgetary allocation by government for infrastructure and impetus on ease of doing business in India by the new government at the centre. Also, many new initiatives such as Make in India drive and dedicated freight corridor etc. have significantly revived the investment sentiments in India. During the year, India was back on the investment radar for global fund managers witnessing net foreign inflow of over USD 40 billion as FII investments vs around USD 25 billion averaged over the past 5 years. This has also led to a relatively stable Rupee. To strengthen the revival in the economy, RBI has cut the repo rate by 50bps in Q4 FY15 and by 25bps in June 2015, further adding to the overall momentum in economy. As per IMF, the growth momentum in India would continue to strengthen in 2015 and GDP growth is projected at 7.5%; with this projection India would be one of the fastest growing major economy in the world.

**Exhibit 2: India GDP Growth, %**



Source: CSO

## INDUSTRY OVERVIEW

### COAL

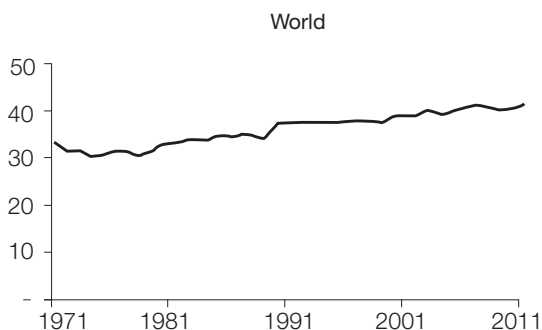
Coal currently is the second biggest source of primary energy in the world after oil and accounts for 30% of the global energy consumption. It is also the primary source for power generation with 40%

share. Over the last decade it has been the fastest growing global source of energy and may replace oil as the world's largest primary source of energy as per IEA. One of the key reasons for the growing dominance of coal in the global energy mix is, it is available abundantly and is widely distributed across the globe while being affordable.

Coal is currently fueling more low cost electricity. World over there is continuous migration of population to cities and as per Peabody Energy, 75 million people will be added to cities each year up to 2020. Also every day around 3.4 lakhs people will access to electricity for the first time. This would lead to a continuous demand growth for energy. The need for a sustained and cost efficient mean of fuel would be continuously increasing world over. Hence, coal is a very essential commodity for every developed or developing country for its continuous growth.

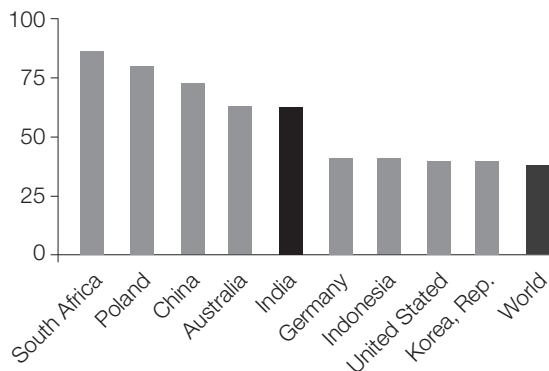
With fast ramping up of coal based power generation and Steel manufacturing capacities, China & India have emerged as the largest consumers of coal along with US. To tap the rising global demand for coal, the last five years has seen an increased investment in major coal exporting countries, primarily Australia and Indonesia for ramping up production. However, the global coal demand growth has been moderating in recent years. The global coal demand as per International Energy Association would continue to move up and grow at an average of 2.1% over 2014-19, and the total coal consumption is expected to cross 9 billion tonne in 2019 from close to 7.9 billion tonne in 2013. However, the growth would be marginally lower than the average growth of 3.3% over 2010 to 2013. This slowdown in growth had a marginal shift in demand supply scenario hampering coal prices globally.

**Exhibit 3: Coal as a percentage of electricity generation**

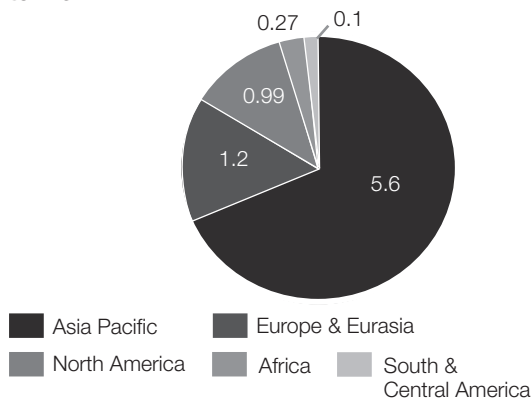


Source: The World Bank

**Coal % in Electricity Generation (2011)**



**Exhibit 4: World Coal Production 2014, billion tonne**



Source: BP Statistical Review 2015

However, the current depreciation in the currencies of the major exporting countries coupled with significant fall in oil prices, which is one of their major costs especially in open-pit mining, would help in maintaining production levels as well as margins. The exports from US would have the biggest impact as US coal is losing competitiveness in the global market with significant appreciation in US Dollar. Domestic demand in Indonesia, one of the key coal exporting countries, is also on the rise.

With the slackness in global prices of coal there has been a major fall in investments in developing green-field mines and also the demand from China is on the decline while the demand from India, the third largest importer, is growing.

Also commodities demand would come from a diversified group of regions including India, the Middle East, Latin America, Africa and countries belonging to ASEAN in Southeast Asia. As against other sources of energy the most important factor for continuous growth in coal demand is that coal is abundant available, easy to extract, geopolitically secure and coal-fired plants are easily integrated into existing power systems. With the increase in demand in South East Asia, Indonesia would continue to witness higher demand for its coal exports.

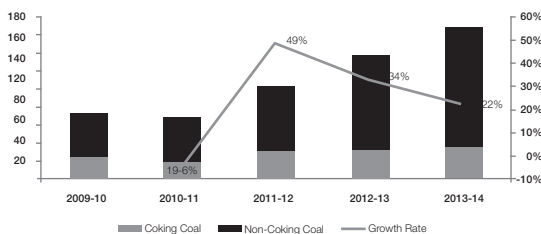
## India

The total coal reserves in India are 301.56 billion tonnes (source: Ministry of Coal) of which nearly 90% is non-coking/thermal coal and the production of coal was around 550 million tonnes in 2014-15 (Source: Ministry of Coal). However, the production ramp-up in India has been very slow due to a number of domestic constraints such as delay in obtaining Environment and Forest (EC & FC) clearances as well as in land acquisition, rehabilitation & resettlement issues, lack of logistical infrastructure etc. The quality of coal in India is also of low grade, hence, companies prefer to use a mix of imported coal with domestic coal.

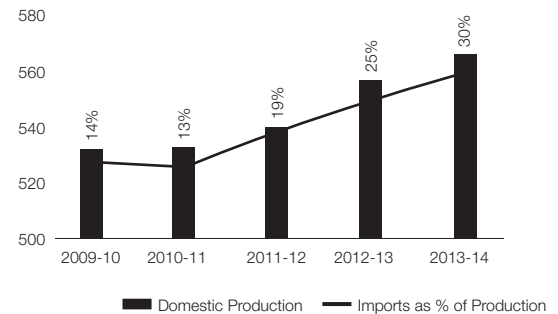
The total demand for coal in India as per coal ministry is estimated at 787 million tonnes and as per 12<sup>th</sup> Five year plan projections the total coal demand is expected to be around 980.5 million tonnes by 2017. However, total coal production in India is estimated at around 550 million tonnes, which is less than the demand, creating a huge demand supply gap.

### Exhibit 5: Production & Import of Coal in India.

Annual Coal Import in India



### Domestic Production Vs Imports



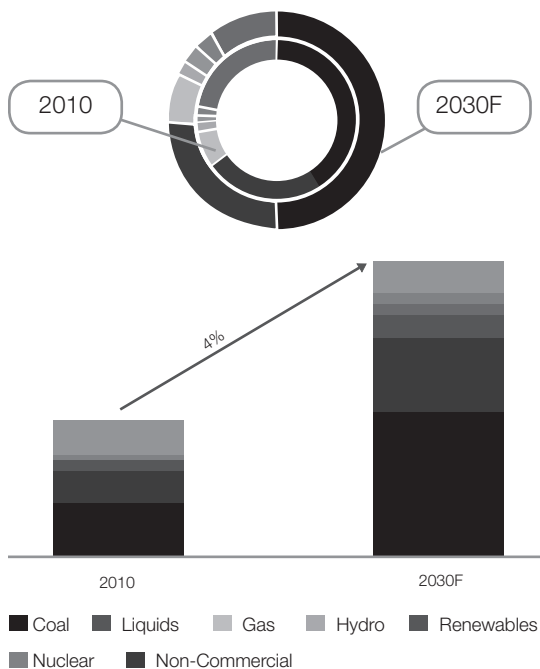
Source: Ministry of Coal

Hence, import of coal in India has witnessed a very strong growth. According to the Coal Ministry, India's overall coal imports in just three years have increased by 140% and India imported around 168.4 million tonnes in FY14. Also import of non-coking coal, which is used mainly by power, cement and iron producing plants, has increased by around 165% to 131.25 million tonnes in the same period. Indonesia (103.1 million tonnes) is the main Exporter of coal to India, followed by Australia (34.8 million tonnes) and South Africa (20.6 million tonnes). As per estimates the total coal imports in India in the year FY15 would be close to 200 million tonnes.

The total installed power capacity in India is 2,45,258 MW as on March 2014 of which coal based power capacity accounts for close to 60%. This has near doubled from 1,12,700 MW in the year 2004. Going forward India in the 12<sup>th</sup> five year plan would add 88,000 MW of power capacity. McKinsey Global Energy Perspective projects a 4% CAGR growth in India's energy demand lead by nuclear and renewable energy. Coal, though, would still remain the dominant energy provider and in fact is likely to increase its share to 50% from the present 40%.



**Exhibit 6: India's primary energy demand by fuel type**



Source: Mckinsey & Company

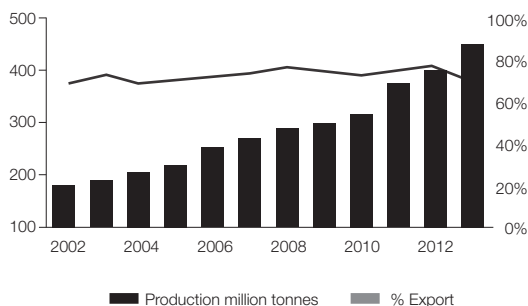
**Indonesia**

With 400 million tonnes per annum of exports, Indonesia has fast emerged as the world's largest coal exporter. The Indonesian government has increased its focus towards regularization of the mining sector. The government is now viewing several mechanisms towards increasing coal royalties including set up export related regulations to streamline mining in Indonesia. This is very positive for the large scale organized players in Indonesia.

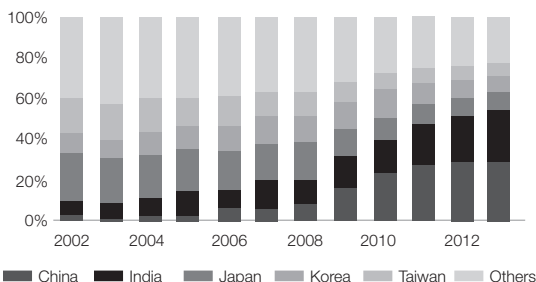
The coal sector in Indonesia is majorly depended on exports with China and India being the growing and lately the major benefactors. However, in Indonesia there is a rapid growth in demand for electricity growing at a CAGR of 8.5%. The Indonesian government has targeted to add 35 GW of power over the next five years where 60% will be coal based power plants. This would lead to significant increase in domestic demand for coal in Indonesia.

**Exhibit 7: Indonesia Coal production and exports**

Indonesia Coal Production Vs Exports



Indonesia Coal Exports % by country



Source: Directorate General of Mineral and Coal & Ministry of Trade, Indonesia/ Statistics Indonesia

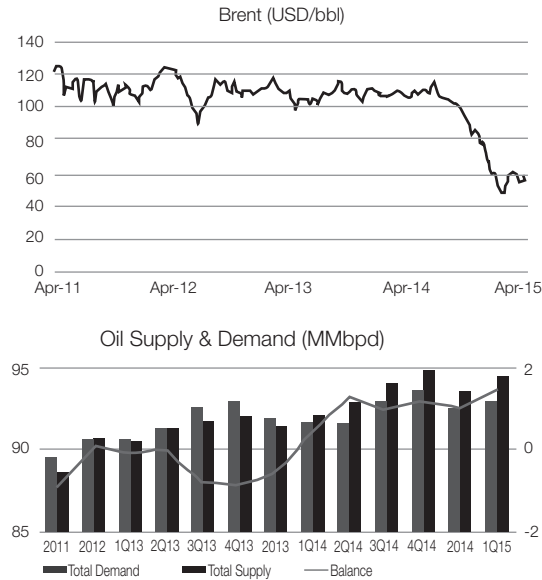
**OIL & GAS**

Oil is still the largest source of energy in the world along with coal and all reports suggest that the status quo shall remain for the foreseeable future despite the rise of alternative energy source and a focus on clean energy. Gas may take over from oil as a leading energy provider but together Oil & Gas together with coal will still remain as the top 2 sources of global energy.

As per BP Statistical review of world energy 2015, the global consumption of oil grew by 0.8 million barrels per day, a growth of 0.8%. The growth was contributed by NON-OECD countries whereas the consumption in OECD countries continuous to decline. On the other hand the global oil production grew by 2.1 mbpd, an increase of 2.1%. The output from OPEC was flat but US, Canada and Brazil witnessed record production.

This has had an adverse impact on crude oil prices which has fallen significantly. Brent Crude oil prices has fallen from close to USD 114 per barrel in June 2014 and now stands at USD 63 per barrel in May 2015, after hitting a low of USD 45 per barrel in Jan 2015.

**Exhibit 8: Crude oil Price, Supply & Demand**



Source: World data/IEA

The global oil inventory builds are projected to average at 1.8 mbpd through the first half of 2015. But the low crude oil prices have made many high cost production fields unviable. Hence, production is expected to slow down and the inventory builds is expected to moderate in second half of 2015.

Crude oil production by OPEC is expected to remain around 30.1 mbpd. There were major geopolitical events which added to the volatility like new sanctions on Russia, talks of lifting of sanctions on Iran, civil war in Syria, Libya & off-late in Yemen, rise of ISIS, unwillingness of OPEC to reduce output; to name a few however, the production growth which was witnessed in Iran & Iraq was offset by lower production in Angola, Algeria, Kuwait and Libya. As per EIA’s forecast, OPEC crude oil production would grow by 0.4 mbpd in 2015 but would witness a fall in production by 0.2 mbpd in 2016. Iraq is expected to be the largest contributor to OPEC production growth over the next two years.

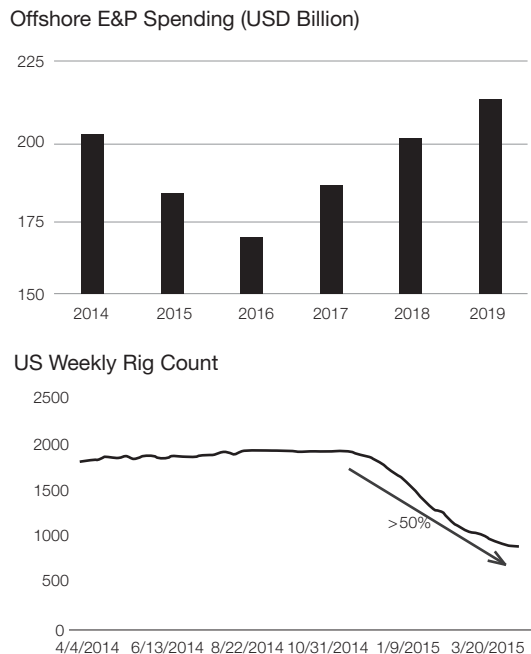
**Exploration**

The offshore exploration continue to witness investment despite the fall in crude prices as it is a fairly long term process and investments depends on long term crude price expectations. Also the diminishing reserves in many onshore areas and older offshore fields will likely lead to increased offshore development.

Over the next five years a strong exploration activities are expected in Latin America, US Gulf of Mexico and West Africa. The Mexican government has opened its reserves for foreign and private domestic energy companies and they can for the first time since 1938 explore, produce and refine oil in Mexico.

This increases huge opportunity for global oil explorers with the country sharing its 10.3 billion barrels (bb) of oil and 17.3 trillion cubic feet of natural gas in offshore proven reserves. Also there are increased activities in Africa region with expectations that Africa will hold 15% share in offshore capital expenditure over 2015. Hence the American and Africa continent will continue to dominate capital expenditure spending with USD 213 billion set to be spent over the next five years.

**Exhibit 9: Offshore E&P Spending and Rig count**



Source: HIS/Baker Hughes

On the other hand, Oil majors have announced capex cuts between USD 1 billion to nearly USD 10 billion as a knee-jerk reaction to the falling crude prices, affecting the services sector which has been severely hit by these. US drilling rig count has been closely watched as a leading indicator to the shale production. Schlumberger Ltd., the largest oil-field service company in the world, declared massive layoffs with profits plunging 39% in the last quarter. Similar drops in profits is seen across other service companies. Big bang M&A moves were announced in the Oil & Gas space with Shell indicating merging with BG and Baker Hughes indicating merger with Halliburton creating huge entities with an aim to weather the downturn much more effectively as well as create avenues for future growth.

This leads to a very strong demand for Floating Production Systems as they are an important aspect of production in offshore areas. As per a report by Douglas-Westwood the total capital expenditure for Floating Production System between 2015 and 2019 would be USD 81 billion, an increase of 73% over the preceding 5 years. Oil companies are considering the use of Mobile Offshore Production Units ("MOPU"s), especially converted Jack-ups, instead of conventional platforms as MOPUs have demonstrated potential economic advantages in the areas of schedule, cost, and risk. MOPUs conversions are less time consuming and provide early monetization of the oil fields as compared to a full-fledged platform development thus a higher rate of return on investment. MOPUs have lower cost of installation and abandonment than that for conventional platforms. This also becomes handy for short-lived fields. Lastly, new projects pose significant risks. Unitization of such multiple projects where time frame of uncertainties call for phased production operations, MOPUs offer the perfect solution and present an optimum balance between aggressive management and prudent operations

## SHIPPING

The shipping industry is going through a volatile phase. It is highly intertwined with the global economies. In numbers, the global merchandise trade in the year 2014 continue to grow at a moderate rate of 2.8%. The key reason for this below par growth is slowdown in the emerging markets, very slow growth in the developed economies and the geo-political tension in Europe. As per WTO, the global merchandise trade is expected to revive but

the revival would be very slow. It is projected that the world merchandise trade will grow at 3.3% in 2015 and further inch higher to 4.0% in 2016.

Also as per BIMCO, the slowing of the Chinese economy is adding uncertainty to the level of shipping demand generated in the Far East.

With the growth in world trade, there has been a continuous addition of fleet capacity to garner higher share. However, this has created an oversupply of capacity across the major shipping segment as the growth in demand has only just matched the net supply of new tonnage coming on stream. Hence, the global shipping companies have started to reduce the momentum of capacity addition to bring back the normalcy in demand supply.

The only segment which continues to witness better growth in freight rates has been the Crude oil tankers segment as there has not been much of capacity addition over the last few years. However, the growing supply in product tankers has added some pressure on realization.

The supply of dry bulk during the year 2014, according to BIMCO has increased by 5.5% and the supply is expected to increase by 5.1% in 2015. Hence there is rising supply glut in this segment. For tankers, as per BIMCO estimates the growth in for the dirty segment in 2014 has been 1.3% and for the year 2015 it would be 1.7%. Three years of low supply growth has led to more positive short-term prospects for crude oil tankers. With regards to the clean segment BIMCO has estimated supply growth would have been 4.3% in 2014 and would marginally increase to 4.6% 2015. Whereas the supply growth in the container ship segment is expected to drop from 6.2% in 2014 to 5.8% in 2015.

## Dry Bulk

Iron ore, coal and grain are the three main constituents of the dry bulk shipping industry followed by some minor bulk commodities. Iron ore constitutes for the major share in the industry followed by coal. With the fall in demand for iron ore from China the dry bulk carriers globally are under significant pressure.

The Baltic Dry Index, the key index for dry bulk fell to a 30 year low. The index started the year at 1200 but due to low demand for Iron ore from China the Index remained under pressure for major part of the year 2014-15. The Baltic Dry Index witnessed a

strong revival in the second quarter of 2014-15 and touched 1464 but could not sustain. After hitting a low of 509 the index recovered and closed the year at 583. It has further recovered and is trading around 620 levels as of May 2015. The only positive is that the global crude prices have also halved which adds to some margin in the prevailing grim environment. As per BIMCO's estimates the demand for dry bulk in 2015 would continue to grow but at a very moderate rate of 4-5%.

### **Tanker (Wet Bulk)**

The year 2014 started on a very encouraging note for crude oil tankers. The current prevailing fall in crude prices has been due to increased supply where demand has witnessed a steady growth. This augurs well for the tankers as their freight rates witnessed growth whereas cost for bunker fuel drastically reduced. With the shale oil boom in US the exports to US has come down. This has forced the crude oil producer to look at East creating higher ton-miles. This has led to increase in demand for the tankers market. Also the prevailing contango in crude oil prices has increased the demand for storage of extra production, leading to increased demand for crude carriers.

For product tankers, with the continuous revival in global economy the seaborne trade has been steady and growing. Hence the demand for product tankers has been very positive with strong growth in prices. As per EIA, exports of non-crude petroleum products from the United States averaged a record setting 3.8 mbpd in 2014, an increase of 0.35 mbpd from 2013, which is a 13<sup>th</sup> consecutive year of growth. As per Ministry of Chemicals & Fertilizers the trade for Chemicals in India has grown at a very steady state and over the last seven years Imports in value terms has grown at a CAGR of 20.3% whereas exports have grown at 16.5%. With the steady revival in economy the demand for chemicals in India would continue to remain strong. With increasing shale oil boom in US and increased competitiveness of Middle East, the petrochemicals market in Europe is getting less competitive. Hence, with the revival in the European economies there would be increased demand for petrochemicals over the coming years.

In the product tanker market, freight rates on the spot market shot up in October, 2014 and have managed to stay high since then. The overall demand for the wet bulk segment remains very strong.

### **Gas Carriers**

With the significant boom in shale gas production in US the export of LNG is continuously growing. Also the demand for LNG from developing economies is very healthy. This has led to increased demand for Very Large Gas Carriers (VLGC) used for transporting LPG leading to strong charter rates. The demand for LNG in China, Japan and India is very strong hence an increase of trade between North America and Asia Pacific is very strong. This would lead to a rapid increase in demand for VLGC. Also North America has also started to build LNG terminals to export of Shale Gas. This would further add to demand for VLGC from both North America and Russia. The enlarged Panama Canal is projected to open in late 2016; this would decrease the transit route between North America and Asia Pacific region. The developing economies are looking for cleaner sources such as LPG to fulfill their energy needs thus increasing the overall demand of gas carriers. Hence, going forward demand for VLGC would continue to remain robust.

### **DREDGING**

Dredging is done to ensure waterways & ports are navigable, new port creation, land reclamation, extraction of sand & gravel for construction industry etc. World trade is widely recognized as the most important driver for the dredging industry. The global dredging market will continue to grow structurally thanks to the growing world population, higher energy demand, increasing seaborne trade, rising size of container vessels, and rising sea levels.

Dredging plays an important role by assisting the ports to enable handling of increased vessel sizes. The Indian dredging market consists primarily of maintenance dredging and capital dredging in addition to a limited amount of inland dredging, beach nourishment and reclamation dredging.

Of the total international trade in India approximately 95% by volume and 70% by value is traded through ports. There are 13 major ports in India and are managed by Port Trusts, regulated by government. It is expected that India's port traffic would increase from 933 MMT in FY13 to 1,758 MMT by FY17, growing at a CAGR of 17%.

As per the Maritime Agenda 2010-20, India has very low draft at Indian ports which does not match international standards. While most Major Ports in India have a minimum draft under 10m, world's top 20 container ports have drafts exceeding 15m.

Major ports alone are targeting investment of ₹8800 Crs in dredging during Twelfth Plan period. In addition to the ports, there is huge demand by inland waterways especially for the dredging of Ganga River which alone could be nearly a billion dollar project. Also, Indian Government is focused on development of inland cruise liners, cruise vessels and ro-ro vessels. This requires creation and development of large number of minor ports thus boosting the dredging market.

The new government has set a clear agenda of developing India has an export hub of manufacturing and is working aggressively on its new drive “Make in India”. The government has increased its impetus on the revival of infrastructure sector and increasing traffic handling capacity at ports is one of the key agenda. It is also consulting with best international ports to increase the efficiency of ports in India. It is making efforts to increase the draft capacity to 20 meters to enhance the economic viability of ports. The government is also working towards a plan to convert the important 101 rivers to inland waterways. This will increase new avenues of growth for the dredging industry in India. One of the recent big initiatives is that the Reserve Bank of India has brought capital dredging under the domain of infrastructure lending. Hence, the demand for the dredging sector in India is expected to remain very strong over the coming years.

## REVIEW OF OPERATIONS

The Mercator Group has diversified operations with its own fleet of tankers, bulk carriers; dredgers and Floating Production Units (FPU). Mercator also has coal mine licence(s) in Indonesia and Mozambique. The Group is in a production-sharing contract with (i) the Government of India in respect of two oil blocks in the Cambay Basin in western India, awarded under NELP-VII; and (ii) Ministry of Energy, Republic of Myanmar in respect of two shallow water oil blocks awarded in the Offshore Block bidding Round 2013, in consortium. Mercator has also been awarded a contract by ONGC for conversion of the Mobile Offshore Drilling Unit (MODU) into the Mobile Offshore Production Unit (MOPU).

The consolidated income from the operations was ₹ 3,092 crores for the year under review as compared to ₹ 3,458 crores in the previous year. The operating profits were ₹ 528 crores, as against ₹ 640 crores in the previous year. Loss after Tax and minority interest was ₹ 450 crores (previous year profit ₹ 32 crores).

## COAL

Mercator has economic interests in three coal mines in Indonesia and a mining licence in Mozambique. The mining activity is supplemented by coal procurement, trading and end to end logistics from the mine head to the consumer's stockyard.

The total sales for coal by volume during the year FY15 stood at 5.82 MMT as against 6.65 MMT in FY14 a decrease of ~13%. The net sales for the division stood at ₹ 1,535 crores as against ₹ 1,834 crores in FY14 which effectively is only a 4% drop in revenue per MT despite the nearly 20% decline in overall coal prices. The Company during FY15 continued its focus on lowering costs and enhancing operation efficiency by increasing the overall mining to over 2.3 MMT i.e. 40% of the total coal sales up from about 30% in FY14.

Mercator achieved a total turnover of ₹ 1535 crores (previous year ₹ 1,829 crores). This contributed about 50% to the total operating income (previous year 53%). Lower volumes, coupled with pressure on coal prices during the year, affected sales.

## OIL & GAS

### Offshore

Mercator owns one Mobile Offshore Production Unit (MOPU) and one Floating Storage Offloading Unit (FSO), which are deployed at the EBOK field in Nigeria under a long-term contract. The MOPU has a processing capacity of 50,000 barrels of oil per day whereas FSO has a storage capacity of 1.2 million barrels. The FPU continues to operate without any unplanned downtime. Over the past nearly 4 years it has assisted in producing nearly 40 million barrels from the field. Mercator had successfully provided customized Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) services to provide this core production structure of the field.

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 progressing as per schedule. The scope of work for this project includes Surveys, Design, Engineering, Procurement, Fabrication, Transportation, Jack up, Hook-up, Testing, Certification/Inspection, Pre-commissioning, Start-up and Commissioning of entire facilities including demolition of existing Drilling equipment for final conversion. The completion timeline has been extended due to changes in design and the scope of work.

In this segment, Mercator achieved a total turnover of ₹ 546 crores compared to ₹ 714 crores in the previous year. This has contributed about 18% of the total operating income (previous year 21%).

### Oil Blocks

Mercator Petroleum Limited, a subsidiary of the Company (MPL) has Production Sharing Contracts with the Government of India for exploration of Petroleum in two blocks under the Seventh New Exploration Licensing Policy round (NELP-VII). The 'S-Type' blocks are situated onshore in the prolific Cambay Basin, Gujarat, India and cover 180.22 square kilometre. The exploration and production activities at these two blocks have progressed well. During the year one well was drilled in each oil block. The Company continues to move steadily ahead on its exploration schedule going forward.

MPL in consortium with Oil India Ltd. and others, had been chosen as a selected candidate for two offshore oil blocks [M-4 (shallow water block in the Moattama basin) and YEB (shallow water block in the Rakhine basin)] by the Ministry of Energy; Republic of Myanmar, in the Myanmar Offshore Block Bidding Round – 2013. During the year; the consortium has entered into Production Sharing Contract with Ministry of Energy, Myanmar.

### SHIPPING

#### Tanker (Wet Bulk)

Mercator's tanker fleet consists of a Very Large Gas Carrier (VLGC); a Very Large Crude Carrier (VLCC), Aframax and product tankers.

At the beginning of the year; Mercator had six own tankers and a gas carrier of aggregate capacity of 626,791 DWT. There was no change in the tonnage during the year.

Our clientele list include notable end users like IOC, BPCL, HPCL, British Gas and Trafigura.

The tanker business achieved a turnover of ₹ 419 crores as compared to ₹ 243 crores in the previous year. The number of operating days were 2,247 days (previous year 2,243 days). The time charter equivalent (TCE) at USD 20,128 was higher by 25% as compared to USD 16,166 in the previous year. Overall contribution from the tanker division was 14% (previous year 7%) of the total operating income. The VLGC which was acquired at the end of last financial year; was gainfully deployed during the whole year consequently increasing

the contribution from Tanker division to the total operating income.

#### Dry Bulk

Mercator's bulk carrier fleet comprises Geared and Gearless Panamax and Kamsarmaxes. At the beginning of the year, there were 14 own bulk carriers with aggregate tonnage of 1,061,488 DWT and one chartered-in bulk carrier of 91,800 DWT with an aggregate capacity of 1,532,288 DWT. There was no change in the composition of fleet during the year.

Despite the challenging times in the dry bulk, our vessels have nearly 100% operations. Our clientele includes major international traders like Glencore, Vitol etc.

Mercator achieved a turnover of ₹ 375 crores (₹ 496 crores previous year). Vessel operating days decreased to 5,183 days (previous year 5,331 days). Though TCE at USD 10,361 declined by about 8% against previous year's USD 11,312 it outperformed industry index of USD 6,304. This segment contributed about 12% to the total operating income (previous year 14%).

#### DREDGING

Dredging is the youngest of our businesses started in the year 2007. Over the years we have secured contracts in other major ports like New Mangalore Port, Mormugao Port and Indian Navy etc. competing with DCI and other International companies. During the year the utilization has increased as compared to the previous years, due to repeat orders from existing customers as well as new orders. During the year, Company was awarded a 2 year dredging contract by Kandla Port Trust, valued at ₹ 275+ crore.

At the beginning of the year, Mercator had six dredgers with an aggregate capacity of 27,100 cubic meter and one Cutter Suction Dredger. The Company acquired one dredger of 850 cubic meter during the year. At the end of the year, there were 7 dredgers with an aggregate capacity of 27,950 cubic meter. With 1466 operating days, Mercator achieved a turnover of ₹ 216 crores (Previous year ₹ 175 crores). This segment contributed about 7% to the total operating income (previous year 5%).

#### Review of Operations of Subsidiaries

##### Mercator International Pte. Ltd. (MIPL)

MIPL incorporated in Singapore is a wholly-owned subsidiary and an apex Company for all overseas

subsidiaries. It has further subsidiary companies - namely Mercator Lines (Singapore) Ltd., Mercator Offshore Holding Pte. Ltd., Oorja Holdings Pte. Ltd, and Mercator Energy Pte Limited. These subsidiaries have further step-down subsidiaries.

On a standalone basis MIPL achieved income by way of dividend ₹ 27.92 crores equivalent of USD 4.56 million (as against ₹ 74.32 crores equivalent of USD 12.196 million in the previous year including dividend of ₹ 61.42 crores equivalent of USD 10.08 million). The net profit of ₹ 144.85 crores, equivalent of USD 23.66 million (previous year net profit of ₹ 53 crores, equivalent of USD 8.62 million) includes profit on sale of investment amounting ₹ 126.17 crores (equivalent of USD 20.71 million).

#### **Oorja Holdings Pte. Ltd. (OHPL) and its subsidiaries:**

OHPL is a 100% subsidiary of MIPL, based in Singapore. It was established with the objective of exploring business opportunities in commodity mining and trading.

OHPL, through its subsidiaries in Singapore and Indonesia, owns and operates three mines in Indonesia and also has a mining license in Mozambique.

Through its subsidiary, it also holds a Coal Trader Licence, and procures coal from various miners in South and East Kalimantan regions as well as Sumatra region in Indonesia.

OHPL has established itself in the coal mining and procurement business and is a reliable coal supplier from Indonesia. It exported 5.82 million MT in FY 2015 (6.65 million MT in previous year). It exports coal to India, China, Thailand, Sri Lanka, Philippines and other Asian countries.

During the year; OHPL achieved a consolidated turnover of ₹ 1,443.74 crores, equivalent of USD 235.82 million (previous year ₹ 1,767.26 crores equivalent of USD 290.02 million) and earned a profit of ₹ 8.04 crores, equivalent of USD 1.31 million (previous year profit of ₹ 71.72 crores equivalent of USD 11.77 million).

#### **Mercator Offshore (P) Pte. Ltd. (MOPPL):**

This subsidiary based in Singapore has a contract for chartering of Floating Production Unit (FPU) comprising a Mobile Offshore Production Unit

(MOPU) and a Floating Storage Offshore Unit (FSO) in their EBOK oilfield in Nigeria for a period of nine years.

MOPPL had done entire Engineering, Procurement; Construction, Installation and Commissioning of the FPU in Nigeria, which is operating well. MOPPL has now completed three successive years of continuous and stable operations. MOPPL has a subsidiary in Nigeria, IVORENE Oil Services Ltd, which provides local support in Nigeria.

MOPPL has now completed four successful years of continuous and stable operations. MOPPL achieved a turnover of ₹ 328.08 crores, equivalent of USD 53 million and earned a profit of ₹ 70.41 crores equivalent of USD 11.50 million (previous year turnover of ₹ 312 crores equivalent of USD 51 million and profit of ₹ 47.72 crores equivalent of USD 7.83 million). MOPPL has paid a dividend of ₹ 29.39 crores, equivalent of USD 4.80 million (previous year ₹ 39 crores equivalent of USD 6.40 million).

During the year; MIPL sold its entire shareholding of MOPPL for a consideration of cash at fair value to its another step down subsidiary Mercator Offshore Assets Holdings Pte. Ltd.; a subsidiary of MEPL.

#### **Mercator Oil & Gas Ltd. (MOGL)**

This is an Indian unlisted subsidiary. MOGL, in consortium with MOPPL and an Abu Dhabi-based shipyard, has been awarded a contract by ONGC for conversion of its Mobile Offshore Drilling Unit (MODU) into a Mobile Offshore Production Unit (MOPU). The execution of the project is progressing as per schedule. MOGL achieved a turnover of ₹ 222 crores (₹ 401 crores in previous year) and earned a profit of ₹ 0.22 crores (₹ 10.37 crores in previous year).

Pursuant to the provisions of the Companies Act 2013 and Rules and Regulations thereunder; MOGL has complied with requirements of appointment of independent directors (including woman director) and CSR.

#### **Mercator Petroleum Ltd. (MPL)**

This is an Indian unlisted subsidiary. MPL has entered into a Production- Sharing Contract with the Government of India in respect of two blocks allotted to it under the Seventh New Exploration Licensing Policy round (NELP-VII).

Subsequent to the year end, the exploratory drilling has been initiated within the block area.

Mercator Petroleum Limited, a subsidiary of the Company in consortium with Oil India Ltd. and others, was chosen as a selected candidate for two offshore oil blocks by the Ministry of Energy, the Republic of Myanmar, in the Myanmar Offshore Block Bidding Round – 2013. During the year, the consortium has entered into Production Sharing Contract (PSC) with the Myanmar Ministry.

During the year; MPL issued 1,49,00,000 equity shares of ₹ 10/- for cash at par on a fair value basis. MPL further issued 1,50,00,000 equity shares of ₹ 10/- each for cash at par Right basis. Both these issues were fully subscribed by the Company and its other stepdown subsidiary - Mercator Energy Pte Ltd., Singapore. The shareholdings of MPL was 51% by the Company and 49% by MEPL

Pursuant to the provisions of the Companies Act 2013 and Rules and Regulations thereunder; MPL has complied with requirements of appointment of independent directors and Key Managerial Personnel (KMP).

#### **Mercator Offshore Holdings Pte. Ltd. (MOHPL)**

MOHPL owns and operates one VLCC. For the year ended March 2015, MOHPL achieved a turnover of ₹ 57.73 crores (equivalent of USD 9.42 million) (₹ 26.33 crores (equivalent of USD 4.32 million) in the previous year during the period November 2013 till March 2015) and recorded a loss of ₹ 20.66 crores (equivalent of USD 3.38 million) (₹ 1.34 crores (equivalent of USD 0.22 million) during period ended March 2015.

#### **Mercator Lines (Singapore) Ltd. (MLS)**

This is a Singapore Stock Exchange-listed subsidiary wherein MIPL holds 67.14% stake.

The consolidated fleet, as at the beginning of the year, comprised 13 own vessels of aggregate capacity of 992,202 DWT and one in-chartered vessel with a capacity of 91,800 DWT. There was no change in the composition of the fleet during the year.

MLS achieved a consolidated turnover of ₹ 344.96 crores, equivalent of USD 56.30 million (as against ₹ 459 crores equivalent of USD 75.30 million in the previous year). MLS suffered a loss of ₹ 767.50 crores, equivalent of USD 125.4 million against a loss of ₹ 140 crores, equivalent to USD 22.8 million

in the previous year. The loss for the year includes exceptional items of ₹ 557.72 crores, equivalent of USD 91.1 mn and depreciation of ₹ 216.72 crores, equivalent of USD 35.4 million. Exceptional items of ₹ 504.46 crores, equivalent of USD 82.4 million relates to non-cash items comprising of ₹ 388.75 crores, equivalent of USD 63.5 million for allowance of impairment of vessels and ₹ 115.71 crores, equivalent of USD 18.9 million for provision for onerous contract.

#### **Mercator Energy Pte. Limited (MEPL)**

MEPL is subsidiary of MIPL in Singapore with the object of carrying business activities of petroleum, mining and prospecting services and activities incidental to oil and gas extraction. MEPL further has a subsidiary/step down subsidiaries in Singapore. During the year through its subsidiary, MEPL acquired one second hand rig on behalf of the customer. MEPL issued shares of SGD 641,026 to MIPL and other professionals. Consequent to this issue, the Company's holding in the said subsidiary reduced to 78%. MEPL also availed a term loan facility of USD 55 million of which USD 20 million has been disbursed. Another subsidiary of MEPL, Mercator Offshore Assets Holdings Pte. Ltd, acquired the entire shareholding of MOPPL from MIPL for cash consideration at a fair value.

(For the purpose of financial performances conversion rate of per dollar has been taken as ₹ 61.2209 for the Profit and Loss account (previous year ₹ 60.094); and ₹ 62.5908 for Balance Sheet items (previous year ₹ 60.10).

#### **RISK OVERVIEW**

Mercator has a very diverse business model with operations spread across various countries. The businesses are also dependent on global business environment which is dynamically evolving. Hence the Company faces a number of risks in its business operations which could have direct or indirect impact of the Company's operations.

The Company is cognizant of this fact and has a robust risk management policy in place. The management continuously monitors the changing business environment and regulations globally and formulates strategies accordingly to mitigate them. Following are some major risk faced by the Company and its mitigation measures:



### **Economic Risk**

**Risk:** The Company's business operations are dependent on the growth in the global economy and trade. The swings in the economic growth may have an adverse impact on the Company's operations.

**Mitigation Measure:** The Company is not completely immune to any slowdown in the global economy and operations would be impacted by the same. However, with operations spread across different geographies the Company has diversified base of revenue source which mitigates region specific economic slowdown risk.

### **Forex risk**

**Risk:** The Company's business is global and has exposure to many countries. With increased volatility in the global currencies the Company's could have an adverse impact due to currency fluctuations.

**Mitigation Measure:** The Company has a natural hedge against forex fluctuation due to major operations and expenditures being in foreign currency. However, the Company follows a very prudent hedging policy by booking forward contracts to minimize the risk.

### **Loss of Asset**

**Risk:** The Company is into capital intensive business of shipping and any loss of Ship due to accident could have a negative impact on the Company.

**Mitigation Measure:** The Company maintains aggregate insurance coverage for the hull value of all its vessels. It is also insured for third party risks, including environmental risks, Navigation Policy, Port Risk Policy and War Risk Policy etc.

### **Environmental Risk**

**Risk:** The Company has operations in mining which could have an adverse impact on environment. Also the possible spillage during the transport of crude or other chemicals could have an adverse impact on the environment.

**Mitigation:** The Company adheres to globally accepted environment regulations across its operations. Also carries out regular maintenance of carriers which mitigates the risk of spillage.

### **QUALITY, SAFETY AND ENVIRONMENT**

We at Mercator follow a policy of "*Zero Accidents and Zero Spills*" and are committed to the Health,

Safety and Security of everyone associated with our work and the environment we work in. It is a key element for our business success in operational excellence and meeting client expectations.

We achieve this by following a just and sound HSSE culture driven system where encouragement is provided to report HSSE issues to the management. We monitor our assets and systems both onshore & offshore so that early corrective and preventive action can be taken towards maintaining a zero tolerance towards incidents and pollution.

Regular trainings are provided to our staff and our HSSE systems are measured & reviewed at regular intervals so that a continuous progress can be achieved. Regular Audits also take place in this regard for periodic review by top management. Lessons learnt are shared with one and all.

Good communication is practiced like having Tool box meeting prior to start of any job and Stop Work culture is practiced in case of possibility of any unsafe activity. We also follow a Flexible HSSE culture which adapts to the changing external demands while having a 100% compliance to all National and International rules and regulations.

All team leaders at Mercator lead through example and execution, and support all initiatives for reducing HSSE Risks.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company's internal control systems are adequate and commensurate with the scale and size of the operations. An external firm of auditors evaluates the efficacy and adequacy of the internal controls, systems and adherence to management policies and provides their suggestions. The Audit Committee constituted by the Board of Directors reviews the performance of the Company, with inputs from internal and statutory auditors. The Company also has a Vigil Mechanism under Whistle Blower Policy.

### **HUMAN RESOURCES POLICY**

Mercator provides a stimulating, challenging and innovative work environment. Its teams are driven by energetic and forward-thinking individuals. The Company endeavors in providing equal opportunities to all its employees and is committed in providing a workplace where everyone feels respected and valued.



The Company believes its people should be aligned to its core values, with a culture of achieving their performance goals. The Company sets clear expectations that encourage continuous performance improvement, innovation and a strong commitment towards the organisation.

Mercator's focus this year has been to encourage and develop a knowledge-sharing platform within the group. It has conducted two leadership offsites to this effect. The prime focus of these meetings is to draw common synergies with people working in different divisions and across multiple geographies, as this in turn fosters team work and cooperation.

The forum is also used to discuss various developmental opportunities to be initiated on the human resources front. With internal development and advancement opportunities, employees have great career growth potential. The Company believes in empowerment of its employees and encourages them in their professional and personal development and ambitions.

As on March 31, 2015 there were 102 permanent employees with Mercator Ltd. in India. Globally, the Mercator group had 537 employees as on March 31, 2015.

## **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**

### **Regd. Office:**

3rd Floor, Mittal Tower,  
B-wing, Nariman Point,  
Mumbai - 400021  
Place: Mumbai  
Dated: May 29, 2015

# Independent Auditor's Report

## To the Members of Mercator Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MERCATOR LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement 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 financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from materialism statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profits and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.3 to the financial statements;
  - ii. The Company 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 Company.

**For CNK & Associates LLP**

Chartered Accountants

Firm's Registration No.: 101961W

**Himanshu Kishnadwala**  
**Partner**

Membership No. 37391

Dated: May 29, 2015

Place: Mumbai

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Mercator Limited ("the Company") on the standalone financial statements for the year ended March 31, 2015.]

- i.
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- ii.
  - a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion having regard to the nature and location of the inventory, the frequency of physical verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the above mentioned inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. On the basis of the records produced before us and verified by us and according to information and explanations given to us, the company has not granted loan to body corporates covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Hence clauses iii(a) and iii(b) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase

of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the Internal Control system and there is no continuing failure to correct the same.

- v. The company has not accepted any deposits during the year to which the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are applicable.
- vi. On the basis of the records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, and applicable to the company in respect of coal handling activity have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
- vii.
  - (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2015, 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 disputed statutory dues not deposited on account of disputed matters pending before appropriate authorities are as under:

| Name of the Statute                 | Nature of the dues | Amount (₹ in lakhs) | Year/s to which the amount relates | Forum where dispute is pending      |
|-------------------------------------|--------------------|---------------------|------------------------------------|-------------------------------------|
| Service Tax under Finance Act, 1994 | Service Tax        | 8,296.46            | 2006-07 to 2013-14                 | Commissioner of Service tax, Mumbai |

| Name of the Statute | Nature of the dues | Amount (₹ in lakhs) | Year/s to which the amount relates | Forum where dispute is pending       |
|---------------------|--------------------|---------------------|------------------------------------|--------------------------------------|
| Income Tax          | Income Tax         | 1,357.15            | 2010-11                            | Commissioner of Income tax (Appeals) |
|                     |                    | 170.69              | 2009-10                            |                                      |
|                     |                    | 8.71                | 2002-03                            |                                      |
|                     |                    | 545.83              | 2006-07                            | Income Tax Appellate Tribunal        |
|                     |                    | 1840.32             | 2007-08                            |                                      |
|                     |                    | 7,426.10            | 2008-09                            |                                      |

Amounts paid under protest and not charged to the Statement of Profit and Loss has not been included above. [Refer Note 3.3 to the financial statements]

- (c) According to the information and explanations given to us the amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions and rules made thereunder have been transferred to such fund within time.
- viii. The Company does not have any accumulated losses as on 31st March 2015 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, bank or debenture holders during the year.

- x. In our opinion and according to the information and explanations given to us, the company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are not prejudicial to the interest of the company;
- xi. In our opinion and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.

**For CNK & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 101961W

**Himanshu Kishnadwala**  
**Partner**  
Membership No. 37391

Dated: May 29, 2015  
Place: Mumbai

## Balance Sheet as at March 31, 2015

(Amount ₹ in Lakhs)

| Particulars   | Note   | (Amount ₹ in Lakhs)        |                            |
|---|--------|----------------------------|----------------------------|
|   |        | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| <b>A EQUITY AND LIABILITIES</b>                       |        |                            |                            |
| <b>1 Shareholder's funds</b>                          |        |                            |                            |
| (a) Share capital                                     | 2.1    | 2,448.92                   | 2,448.92                   |
| (b) Reserves and surplus                              | 2.2    | 67,650.13                  | 63,958.93                  |
|   |        | <b>70,099.05</b>           | <b>66,407.85</b>           |
| <b>2 Non - current liabilities</b>                    |        |                            |                            |
| (a) Long-term borrowings                              | 2.3    | 70,931.26                  | 56,944.67                  |
| (b) Other long term liabilities                       | 2.4    | 864.75                     | 1,116.48                   |
| (c) Long-term provisions                              | 2.5    | 258.15                     | 220.91                     |
|   |        | <b>72,054.16</b>           | <b>58,282.06</b>           |
| <b>3 Current liabilities</b>                          |        |                            |                            |
| (a) Short-term borrowings                             | 2.6    | 3,823.32                   | 4,581.01                   |
| (b) Trade payables                                    | 2.7    | 12,798.07                  | 10,603.63                  |
| (c) Other current liabilities                         | 2.8    | 20,896.52                  | 29,041.58                  |
| (d) Short-term provisions                             | 2.9    | 634.38                     | 322.56                     |
|   |        | <b>38,152.29</b>           | <b>44,548.78</b>           |
| <b>Total</b>  |        | <b>180,305.50</b>          | <b>169,238.69</b>          |
| <b>B ASSETS</b>                                       |        |                            |                            |
| <b>1 Non-current assets</b>                           |        |                            |                            |
| (a) Fixed assets                                      |        |                            |                            |
| (i) Tangible assets                                   | 2.10   | 97,210.74                  | 92,342.86                  |
| (b) Non-current investments                           | 2.11   | 1,655.79                   | 263.64                     |
| (c) Long-term loans and advances                      | 2.12   | 25,731.82                  | 32,584.24                  |
| (d) Other non-current assets                          | 2.13   | 297.59                     | 1,327.33                   |
|   |        | <b>124,895.94</b>          | <b>126,518.07</b>          |
| <b>2 Current assets</b>                               |        |                            |                            |
| (a) Current investments                               | 2.11   | -                          | 50.00                      |
| (b) Inventories                                       | 2.14   | 690.88                     | 1,421.91                   |
| (c) Trade receivables                                 | 2.15   | 23,977.80                  | 18,638.97                  |
| (d) Cash and bank balances                            | 2.16   | 6,162.81                   | 5,024.35                   |
| (e) Short-term loans and advances                     | 2.17   | 24,407.76                  | 17,503.14                  |
| (f) Other current assets                              | 2.18   | 170.31                     | 82.25                      |
|   |        | <b>55,409.56</b>           | <b>42,720.62</b>           |
| <b>Total</b>  |        | <b>180,305.50</b>          | <b>169,238.69</b>          |
|   |        | -                          | -                          |
| <b>Significant Accounting Policies</b>                | 1      |                            |                            |
| <b>Notes forming part of the financial statements</b> | 2 to 6 |                            |                            |

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary

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

(Amount ₹ in Lakhs)

|  | Note   | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|--|--------|---------------------------------|---------------------------------|
| <b>INCOME</b>  |        |                                 |                                 |
| (a) Revenue from operations                              | 2.19   | 65,941.78                       | 49,704.36                       |
| (b) Other income   | 2.20   | 2,152.22                        | 2,720.84                        |
| <b>1 Total Revenue</b>                                   |        | <b>68,094.00</b>                | <b>52,425.20</b>                |
| <b>EXPENSES:</b>   |        |                                 |                                 |
| (a) Operating expenses                                   | 2.21   | 40,008.42                       | 33,689.81                       |
| (b) Employee benefit expenses                            | 2.22   | 2,167.96                        | 1,325.49                        |
| (c) Finance cost   | 2.23   | 7,088.66                        | 7,308.22                        |
| (d) Depreciation and amortisation expenses               |        | 9,238.00                        | 6,751.73                        |
| (e) Other expenses                                       | 2.24   | 4,436.39                        | 2,278.70                        |
| <b>2 Total Expenses</b>                                  |        | <b>62,939.43</b>                | <b>51,353.95</b>                |
| <b>3 Profit/(Loss) before taxes (1 - 2)</b>              |        | <b>5,154.57</b>                 | <b>1,071.25</b>                 |
| <b>4 Tax expense:</b>                                    |        |                                 |                                 |
| (a) Current tax  |        | (200.00)                        | (125.00)                        |
| (b) Short/Excess Provision for tax for earlier years     |        | -                               | (25.12)                         |
| <b>Profit/(Loss) for the period (3 - 4)</b>              |        | <b>4,954.57</b>                 | <b>921.13</b>                   |
| <b>Earnings per share (Equity share of Re. 1/- Each)</b> |        |                                 |                                 |
| Basic and Diluted (In Rupees)                            | 4.7    | 2.02                            | 0.38                            |
| <b>Significant Accounting Policies</b>                   | 1      |                                 |                                 |
| <b>Notes forming part of the financial statements</b>    | 2 to 6 |                                 |                                 |

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2015

(Amount ₹ in Lakhs)

| Particulars   | Current Year     | Previous Year    |
|---|------------------|------------------|
| <b>A Cash Flow from Operating Activities</b>            |                  |                  |
| Net Profit / (Loss) before taxes                        | 5,154.57         | 1,071.25         |
| <b>Adjustment for:</b>                                  |                  |                  |
| Depreciation  | 9,238.00         | 6,751.73         |
| Provision for doubtful debts/advances                   | 1,915.43         | -                |
| Loss on derivative transaction                          | -                | 63.96            |
| Interest paid   | 7,088.66         | 7,308.22         |
| (Profit)/Loss on fixed assets sold (net)                | 86.54            | (1.31)           |
| (Profit)/Loss on sale of investments (net)              | (61.12)          | (13.81)          |
| Interest income   | (1,840.90)       | (1,584.71)       |
| Dividend income   | -                | (690.22)         |
| Bad Debts and other amounts written off/(back)          | 29.28            | 877.47           |
| Adjustments for exchange fluctuation                    | (341.79)         | (887.07)         |
| <b>Operating profit before working capital changes</b>  | <b>21,268.67</b> | <b>12,895.51</b> |
| <b>Adjustment for:</b>                                  |                  |                  |
| Decrease/(Increase) in Long-term loans and advances     | (21.65)          | 92.83            |
| Decrease/(Increase) in Inventories                      | 731.03           | (466.17)         |
| Decrease/(Increase) in Short-term loans and advances    | 103.97           | (2,014.47)       |
| Decrease/(Increase) in Trade receivables                | (7,272.91)       | 1,502.78         |
| (Decrease)/Increase in Long term provisions             | 37.24            | (7.90)           |
| (Decrease)/Increase in Trade payables                   | 2,173.75         | 2,577.42         |
| (Decrease)/Increase in Other current liabilities        | (15.85)          | (563.85)         |
| (Decrease)/Increase in Short term provisions            | 6.05             | (6.73)           |
| <b>Net Cash from Operating Activities</b>               | <b>17,010.30</b> | <b>14,009.42</b> |
| Direct taxes paid                                       | (1,465.88)       | (818.71)         |
| <b>Total cash from / (used in) operating activities</b> | <b>15,544.42</b> | <b>13,190.71</b> |

## Cash Flow Statement for the year ended March 31, 2015

(Amount ₹ in Lakhs)

|   | <b>Current<br/>Year</b> | <b>Previous<br/>Year</b> |
|---|-------------------------|--------------------------|
| <b>B Cash Flow from Investing Activities</b>                              |                         |                          |
| Acquisition of fixed assets including capital work in progress            | (23,223.16)             | (28,829.84)              |
| Sale of Fixed Assets  | 10,101.83               | 4,439.62                 |
| (Increase) / Decrease in Short-term loans and advances                    | (6,173.61)              | 479.34                   |
| (Increase) / Decrease in Long-term loans and advances                     | 8,738.09                | (630.17)                 |
| (Increase) / Decrease in Capital Advances                                 | (66.46)                 | (933.54)                 |
| (Increase) / Decrease in Current Intercompany deposits                    | (336.80)                | (36.40)                  |
| (Purchase)/sale of Investments  | (1,281.04)              | 105.65                   |
| Investment in fixed deposits  | 3,327.32                | (3,874.57)               |
| Interest Income   | 1,781.41                | 1,480.30                 |
| Dividend Income   | -                       | 690.22                   |
| <b>Net Cash from Investing Activities</b>                                 | <b>(7,132.42)</b>       | <b>(27,109.39)</b>       |
| <b>C Cash Flow from Financing Activities</b>                              |                         |                          |
| Proceeds from Long term borrowings  | 4,333.56                | 6,610.36                 |
| Proceeds/(Repayments) from/of Short term borrowings                       | (757.70)                | 1,771.21                 |
| Expenses incurred for FCCB  | (193.29)                | -                        |
| Interest paid   | (8,024.88)              | (7,521.22)               |
| Dividend Paid (Including Dividend Distribution tax)                       | (283.97)                | -                        |
| Loss on derivative transactions   | -                       | (63.96)                  |
| <b>Net Cash from Financing Activities</b>                                 | <b>(4,926.28)</b>       | <b>796.39</b>            |
| <b>Net Increase / (decrease) in cash and cash equivalents (A + B + C)</b> | <b>3,485.72</b>         | <b>(13,122.29)</b>       |
| Cash and Cash Equivalents as at beginning of the year (Refer Note 2.16)   | 2,070.64                | 15,177.47                |
| Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents | (21.11)                 | 15.46                    |
| Cash and Cash Equivalents as at end of the year (Refer Note 2.16)         | 5,535.25                | 2,070.64                 |
| <b>Cash and Cash Equivalents comprise of:</b>                             |                         |                          |
| Cash and Bank Balances (Refer Note 2.16)                                  | 5,535.25                | 2,070.64                 |

**Notes:**

- 1) Figures in bracket represent outflows.
- 2) Cash and cash equivalents include Unclaimed dividend accounts of ₹ 34.48 lakhs (P.Y. ₹ 45.38 lakhs) which are not available for use by the company.
- 3) 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 and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

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**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary

## Notes Forming Part of the Financial Statements

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015**

#### **CORPORATE INFORMATION**

Mercator Limited was incorporated on 24th November 1983 as private limited company with name as Mercator Lines Private Limited. It was converted into limited company vide ROC approval dated 12th April 1984. The name was changed to Mercator Limited vide ROC approval dated 22nd November 2011. The Company has directly and/or through its subsidiaries diversified business verticals viz. Shipping (tankers, Gas Carriers and dry bulkers), Dredging, Oil and Gas (EPCIC and E & P), Coal (Mining, Procurement and Logistics).

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **1.1 Basis of Preparation**

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of Institute of Chartered Accountants of India (ICAI), Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the ICAI to the extent it does not contradict with any other accounting standard referred to above, other pronouncements of ICAI and other relevant provisions of the Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the company for the purpose

of current – noncurrent classification of assets and liabilities.

The Financial Statements are presented in Indian rupees rounded off to the nearest rupees in lakhs.

##### **1.2 Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a going concern basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### **1.3 Tangible fixed assets and depreciation**

- a) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction including attributable borrowing cost, duties and other incidental expenses related to the acquisition of the asset.
- b) Individual fixed assets costing up to ₹ 25,000 are not capitalized but fully written off to the statement of profit and loss in the year of purchase.
- c) Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are, following option given by notification of Ministry of Corporate Affairs (MCA) dated 31 March, 2009 / 29 December, 2011, adjusted to carrying cost of the respective fixed assets.
- d) Depreciation on fixed assets is provided to the extent of depreciable amount on the

## Notes Forming Part of the Financial Statements

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 in respect of Vessels, where useful life is considered as under based on technical evaluation:

Tankers, Dry Bulk carriers, Cutters, Dredgers - 25 years

Gas Carriers - 30 years

- e) Depreciation on additions/disposals during the year is provided on pro-rata basis.
- f) Depreciation on furniture, fixtures and electrical fittings installed at office premises taken on lease is provided over the initial period of lease.
- g) Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

### 1.4 Impairment of assets

The carrying amounts of all assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors, where they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use determined asset wise. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions are identified, and appropriate valuation model is used.

The Impairment loss recognized in prior accounting periods is reversed if there has

been a change in the estimate of recoverable amount.

### 1.5 Capital Work in Progress

All expenditure, including borrowings cost incurred during the vessel acquisition period, are accumulated and shown under this head till the vessel is put to commercial use.

### 1.6 Revenue Recognition

#### a) Freight Income

Income on account of freight is recognized 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 recognized 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 by the balance sheet date.

#### e) Interest Income

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

#### f) Insurance Claims

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

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

## Notes Forming Part of the Financial Statements

### 1.7 Incomplete Voyages

Incomplete voyages represent freight income and direct operating expenses on voyages which are not complete as at the balance sheet date.

### 1.8 Foreign exchange transactions and balances

- a) Monetary transactions in foreign currency are recorded at standard exchange rates determined monthly.
- b) Monetary items denominated in foreign currency outstanding at the end of the year are valued at the rates prevalent on that date.
- c) Exchange differences arising on translation of Long Term Foreign Currency Monetary items are, following option given by notification of MCA dated 31st March 2009/ 29th December 2011, treated in the following manner:
  - i. In respect of borrowings relating to or utilized for acquisition of depreciable capital assets, the same is adjusted to the cost of the relevant capital asset and depreciated over the balance life of the said capital asset.
  - ii. In other cases, the same is accumulated in a 'Foreign Currency Monetary Item Translation Difference Account'. The amount so accumulated in this account is amortized over the balance period of such assets / liabilities or 31st March 2020, whichever is earlier.
- d) Differences in translation of other monetary items and realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.
- e) Exchange differences arising on translation of long term foreign currency loans given to entities classified as non

integral foreign operations is accumulated in Foreign Currency Fluctuation Reserve. On disposal of investment, the balance in the said reserve is transferred to the Statement of Profit and Loss.

### 1.9 Derivative financial instruments and Hedging

The company classifies foreign currency derivatives in respect of the identified transactions at the inception of each contract meeting the hedging criterion, as cash flow hedges. Changes in the fair value of derivatives classified as cash flow hedges are recognized directly in reserves and surplus (under the head "Hedging Reserve") and are reclassified into the Statement of Profit and Loss upon occurrence of the hedged transaction.

If the hedging instrument no longer meets the criteria for hedge accounting, gets expired or is sold, terminated or exercised before the forecasted transaction, the hedge accounting on such transaction is discontinued prospectively. The cumulative gain or loss previously recognized in hedging reserve continues to remain there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the balance in hedging reserve is recognized immediately in the Statement of Profit and Loss.

In respect of other derivative transactions which do not meet the hedging criteria, the changes in their value are recognized in the statement of profit and loss.

### 1.10 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.

## Notes Forming Part of the Financial Statements

### 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 Statement of Profit and Loss.

### 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 Statement of Profit and Loss.

### 1.11 Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the lease term are classified as operating lease.

- a) In respect of operating lease agreements entered into by the Company as a lessee, the lease payments are recognised as expense in the Statement of Profit and Loss over the lease term.
- b) In respect of operating lease agreement entered into by the Company as a lessor, the initial direct costs are recognised as expenses in the year in which they are incurred.

### 1.12 Inventories

Bunker and Lubers on vessels are valued at lower of cost and Net Realisable Value ascertained on First in First out basis.

### 1.13 Investments

- a) Investments are classified into non-current and current investments.
- b) Investments which are readily realizable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as non-current investments.
- c) Non-current investments are stated at cost of acquisition and related expenses. Provision for diminution, if any, in the value of such investments is made to recognise a decline, other than of a temporary nature.
- d) Current investments are stated at cost of acquisition including incidental / related expenses or at fair value as at 31st March 2015, whichever is less and the resultant decline, if any, is charged to revenue.

### 1.14 Borrowing Costs

Borrowing costs include interest, ancillary costs, incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition/construction of the qualifying assets are capitalized as part of the cost of the asset, up to the date of acquisition/completion of construction. All other borrowing costs are expenses in the period they occur.

### 1.15 Provision for Taxation

Tax expense comprises both current and deferred tax.

- a) Provision for current income tax is made on the basis of the assessable income under the Income tax Act, 1961. Income

## Notes Forming Part of the Financial Statements

from shipping activities is assessed on the basis of deemed tonnage income of the company under section 115VG(3) of Chapter XII-G of the Income Tax Act, 1961.

- b) Deferred income tax is recognized on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non shipping activities of the company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.
- c) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

### 1.16 Earning per share

The basic earnings per share is computed by dividing the net profit after tax for year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.17 Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

### 1.18 Premium on redemption of Bonds / Debentures

Premium on redemption of bonds / debentures is adjusted against Securities Premium Account

### 1.19 Cash and Cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash in hand and at bank in current and foreign currency accounts. Term deposits having maturities of three months or less are considered as cash equivalents.

### 1.20 Cash Flow Statement

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

## Notes Forming Part of the Financial Statements

### 2.1. Share Capital

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| 35,00,00,000 Equity shares of Re 1/- par value.                          | 3,500.00                | 3,500.00                |
| 200,00,00,000 Preference shares of ₹100/- par value.                     | 20,000.00               | 20,000.00               |
|  | <b>23,500.00</b>        | <b>23,500.00</b>        |
| <b>Issued Capital</b>  |                         |                         |
| 24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up  | 2,448.92                | 2,448.92                |
|  | <b>2,448.92</b>         | <b>2,448.92</b>         |
| <b>Subscribed and Fully Paid Up Capital</b>                              |                         |                         |
| 24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up. | 2,448.92                | 2,448.92                |
|  | <b>2,448.92</b>         | <b>2,448.92</b>         |

#### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

| Particulars                                   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Number of shares at the beginning of the year | 244,892,073             | 244,892,073             |
| Add: Shares issued during the year            | -                       | -                       |
| Number of shares at the end of the year       | <b>244,892,073</b>      | <b>244,892,073</b>      |

##### Terms/Rights attached to Equity 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.

For the period of five years immediately preceding the date as at which the balance sheet is prepared:

- (i) No shares were allotted pursuant to contracts without payment being received in cash.
- (ii) No bonus shares were issued.
- (iii) No shares were bought back.



## Notes Forming Part of the Financial Statements

### Details of shareholders holding more than 5 percent equity shares in the company:

| Name of the shareholder                | As at March 31, 2015 |              | As at March 31, 2014 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No of shares         | % of holding | No of shares         | % of holding |
| Equity shares of Re. 1 each fully paid |                      |              |                      |              |
| H. K. Mittal                           | 46,654,200           | 19.05        | 46,654,200           | 19.05        |
| Archana Mittal                         | 26,327,400           | 10.75        | 26,327,400           | 10.75        |
| AHM Investments Private Limited        | 18,406,250           | 7.52         | 18,406,250           | 7.52         |
| Lotus Global Investments Limited       | 14,229,669           | 5.81         | 14,229,669           | 5.81         |

## 2.2. Reserves and Surplus

(Amount ₹ in Lakhs)

| Particulars   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| <b>Capital Reserve</b>                                  |                      |                      |
| As per last Financial Statements                        | 4,289.49             | 4,289.49             |
|   | <b>4,289.49</b>      | <b>4,289.49</b>      |
| <b>Capital Redemption Reserve</b>                       |                      |                      |
| As per last Financial Statements                        | <b>4,000.00</b>      | <b>4,000.00</b>      |
| <b>Securities Premium Account</b>                       |                      |                      |
| As per last Financial Statements                        | 36,374.92            | 36,374.92            |
| Less: Utilisation of Reserve for issuance of Securities | (193.29)             | -                    |
|   | <b>36,181.63</b>     | <b>36,374.92</b>     |
| <b>Tonnage Tax Reserve</b>                              |                      |                      |
| As per last Financial Statements                        | 150.00               | -                    |
| Add/(Less): Transferred from Surplus                    | 1,030.91             | 150.00               |
|   | <b>1,180.91</b>      | <b>150.00</b>        |
| <b>Tonnage Tax Reserve (Utilised)</b>                   |                      |                      |
| As per last Financial Statements                        | -                    | 17,524.83            |
| Less: Transferred to General Reserve                    | -                    | (17,524.83)          |
|   | -                    | -                    |
| <b>Debenture Redemption Reserve</b>                     |                      |                      |
| As per last Financial Statements                        | 7,500.00             | 10,250.00            |
| Less: Transferred to General Reserve                    | (3,750.00)           | (2,750.00)           |
|   | <b>3,750.00</b>      | <b>7,500.00</b>      |
| <b>General Reserve</b>                                  |                      |                      |
| As per last Financial Statements                        | 10,251.66            | 24,476.83            |
| Add: Transferred from Debenture Redemption Reserve      | 3,750.00             | 2,750.00             |
| Add: Transferred from Tonnage Tax Reserve (Utilised)    | -                    | 17,524.83            |
| Less: Transferred to Surplus                            | -                    | (34,500.00)          |
|   | <b>14,001.66</b>     | <b>10,251.66</b>     |

## Notes Forming Part of the Financial Statements

| Particulars  | (Amount ₹ in Lakhs)     |                         |
|--|-------------------------|-------------------------|
|  | As at March<br>31, 2015 | As at March<br>31, 2014 |
| <b>Foreign Exchange Fluctuation Reserve</b>  |                         |                         |
| As per last Financial Statements   | 944.31                  | (27.49)                 |
| Add: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)  | 300.42                  | 1,364.13                |
| Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations                      | (1,270.82)              | (392.33)                |
|  | <b>(26.09)</b>          | <b>944.31</b>           |
| <b>Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.1)</b>  |                         |                         |
| As per last Financial Statements   | (1,620.71)              | 103.88                  |
| Add/(Less): For the year (net)   | 419.98                  | (1,724.59)              |
|  | <b>(1,200.73)</b>       | <b>(1,620.71)</b>       |
| <b>Hedging Reserve (Refer Note 1.9)</b>  |                         |                         |
| As per last Financial Statements   | (1,256.04)              | (790.04)                |
| Add/(Less): Increase/(Decrease) during the year (net)  | 103.04                  | (466.00)                |
|  | <b>(1,153.00)</b>       | <b>(1,256.04)</b>       |
| <b>Surplus</b>   |                         |                         |
| As per last Financial Statements   | 3,325.30                | (31,659.33)             |
| Net Profit/(Loss) after tax transferred from Statement of Profit and Loss  | 4,954.57                | 921.13                  |
| Less: Transfer to Tonnage Tax Reserve  | (1,030.91)              | (150.00)                |
| Add: Transferred from General Reserve  | -                       | 34,500.00               |
| Less: Depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013 (Refer Note 2.10.4) | (30.43)                 | -                       |
| Less: Provision for Dividend*  | (489.78)                | (244.89)                |
| Less: Tax on Dividend  | (102.49)                | (41.61)                 |
|  | 6,626.26                | 3,325.30                |
| <b>Closing</b>   | <b>67,650.13</b>        | <b>63,958.93</b>        |

\*The Company has made a provision for Dividend @ ₹ 0.20 per share (P.Y. ₹ 0.10 per share) as proposed by Board of Directors and is subject to approval at the ensuing Annual General Meeting of Shareholders.

### 2.3. Long term borrowings

| Particulars                                   | (Amount ₹ in Lakhs)     |                         |
|---|-------------------------|-------------------------|
|   | As at March<br>31, 2015 | As at March<br>31, 2014 |
| <b>Secured</b>                                |                         |                         |
| (A) Debentures                                | 15,000.00               | 15,000.00               |
| (B) External commercial borrowings            | 13,535.26               | 6,160.23                |
| (C) Term loans from banks                     | 32,381.47               | 35,784.44               |
| <b>Unsecured</b>                              |                         |                         |
| (D) Foreign Currency Convertible Bonds (FCCB) | 10,014.53               | -                       |
|   | <b>70,931.26</b>        | <b>56,944.67</b>        |

## Notes Forming Part of the Financial Statements

### Notes:

(i) Security details

- a) Debentures referred in (A) above are secured by first pari passu charge on specified vessels and first pari- passu charge on the specified immovable property of the company.
- b) External Commercial Borrowings referred in (B) above are secured by exclusive/first pari passu charge on specified vessels of the company of which ₹2503.63 lakhs (P.Y. ₹2,704.49 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels.
- c) Term Loans referred in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, and includes ₹10,800.00 lakhs (P.Y. ₹12,150.00 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels. It includes an amount of ₹5,933.61 Lakhs additionally secured by pari passu charge on specified immovable property

(ii) FCCB referred in (D) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 with 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

(iii) Terms of repayment and interest are as follows: (Amount ₹ in Lakhs)

| Description   | ROI*        | Balance installments as on 31.03.2015 | Year of maturity F.Y. ending | Amount outstanding 31.03.2015 | Amount outstanding 31.03.2014 |
|---|-------------|---------------------------------------|------------------------------|-------------------------------|-------------------------------|
| Debentures  | 9.50%       | 0                                     | 2015                         | -                             | 13,000.00                     |
| Debentures  | 9.50%       | 0                                     | 2015                         | -                             | 2,000.00                      |
| Debentures  | 12.40%      | 3                                     | 2019                         | 15,000.00                     | 15,000.00                     |
| Term Loan   | 12.90%      | 6                                     | 2018                         | 6,400.00                      | 7,200.00                      |
| Term Loan   | 13.10%      | 6                                     | 2018                         | 4,400.00                      | 4,950.00                      |
| Term Loan   | Libor+3.25% | 4                                     | 2017                         | 5,933.61                      | 8,543.79                      |
| External Commercial Borrowing                       | Libor+3.00% | 2                                     | 2016                         | 3,911.93                      | 6,460.73                      |
| External Commercial Borrowing                       | Libor+5.00% | 8                                     | 2019                         | 2,503.63                      | 2,704.49                      |
| External Commercial Borrowing                       | Libor+3.40% | 21                                    | 2022                         | 11,266.34                     | -                             |
| Term Loan   | Libor+4.50% | 16                                    | 2020                         | 1,251.82                      | -                             |
| Term Loan   | Libor+5.60% | 28                                    | 2022                         | 15,334.75                     | 15,024.95                     |
| Term Loan   | Libor+6.60% | 0                                     | 2015                         | -                             | 3,004.99                      |
| Term Loan   | Libor+2.60% | 5                                     | 2017                         | 3,661.56                      | 4,597.63                      |
| Term Loan   | Libor+5.00% | 17                                    | 2020                         | 9,701.57                      | 1,046.69                      |
| FCCB  | 4.75%       | 1                                     | 2020                         | 10,014.53                     | -                             |
|   |             |                                       |                              | <b>89,379.73</b>              | <b>83,533.27</b>              |
| Less: Shown in current maturities of long term debt |             |                                       |                              | 18,448.47                     | 26,588.60                     |
| Balance shown as above                              |             |                                       |                              | <b>70,931.26</b>              | <b>56,944.67</b>              |

\* Applicable Rate of Interest p.a as on 31.03.2015

## Notes Forming Part of the Financial Statements

### 2.4. Other long term liabilities

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Other Liabilities                                   |                         |                         |
| Liability towards cash flow hedges (Refer note 4.8) | 864.75                  | 1,116.48                |
|   | <b>864.75</b>           | <b>1,116.48</b>         |

### 2.5. Long term provisions

(Amount ₹ in Lakhs)

| Particulars                     | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---------------------------------|-------------------------|-------------------------|
| Provision for employee benefits |                         |                         |
| Gratuity                        | 197.75                  | 169.13                  |
| Compensated absences            | 60.40                   | 51.78                   |
|                                 | <b>258.15</b>           | <b>220.91</b>           |

### 2.6. Short term borrowings

(Amount ₹ in Lakhs)

| Particulars                                     | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <b>Secured</b>                                  |                         |                         |
| Loans repayable on demand                       |                         |                         |
| Working capital facilities from scheduled banks | 1,958.50                | 2,607.01                |
| <b>Unsecured</b>                                |                         |                         |
| Working capital facilities from scheduled banks | 1,864.82                | 1,974.00                |
|   | <b>3,823.32</b>         | <b>4,581.01</b>         |

**Note:**

Working capital facilities from Scheduled Banks are secured by first charge on all receivables and other current assets of the company on pari-passu basis and second charge on specified vessels.

### 2.7. Trade payables

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Trade payables  |                         |                         |
| Due to Micro, Small & Medium Enterprises (Refer note 5.1) | -                       | -                       |
| Other Trade payables*                                     | 12,798.07               | 10,603.63               |
|   | <b>12,798.07</b>        | <b>10,603.63</b>        |
| * Includes payable to subsidiary companies.               | 559.62                  | 1,857.88                |
|   | <b>559.62</b>           | <b>1,857.88</b>         |

## Notes Forming Part of the Financial Statements

### 2.8. Other current liabilities

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Current maturities of long-term debt                      |                         |                         |
| 1) Debentures (Refer Note 2.3 (i) (a))                    | -                       | 15,000.00               |
| 2) External commercial borrowings (Refer Note 2.3 (i)(b)) | 4,146.64                | 3,004.99                |
| 3) Term loans from banks (Refer Note 2.3 (i) (c))         | 14,301.83               | 8,583.61                |
| Interest accrued but not due on borrowings                | 1,380.55                | 1,512.07                |
| Interest accrued and due on borrowings                    | 19.72                   | 28.51                   |
| Unpaid dividend*  | 34.48                   | 45.38                   |
| For Other liabilities                                     |                         |                         |
| Salaries & wages payable                                  | 14.96                   | 99.72                   |
| Statutory dues payables                                   | 702.99                  | 597.33                  |
| Liability towards cash flow hedges (Refer Note 4.8)       | 288.25                  | 139.56                  |
| Advance from customers                                    | 0.83                    | 2.97                    |
| Other payables  | 6.27                    | 27.44                   |
|   | <b>20,896.52</b>        | <b>29,041.58</b>        |

\* There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

### 2.9. Short term provisions

(Amount ₹ in Lakhs)

| Particulars                     | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---------------------------------|-------------------------|-------------------------|
| Provision for employee benefits |                         |                         |
| Gratuity                        | 21.98                   | 18.79                   |
| Compensated absences            | 20.13                   | 17.26                   |
| Others                          |                         |                         |
| Provision for dividend          | 489.78                  | 244.89                  |
| Tax on dividend                 | 102.49                  | 41.62                   |
|                                 | <b>634.38</b>           | <b>322.56</b>           |

## Notes Forming Part of the Financial Statements

### 2.10. Fixed Assets

| Particulars                       | Original Cost       |                  |                   |                  | Depreciation/Amortization |                     |                 | Net Book Value       |                      |                      |
|-----------------------------------|---------------------|------------------|-------------------|------------------|---------------------------|---------------------|-----------------|----------------------|----------------------|----------------------|
|                                   | As at April 1, 2014 | Additions        | Other Adjustments | Deductions       | As at March 31, 2015      | Upto March 31, 2014 | For the Year    | Up to March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| <b>Tangible Assets</b>            |                     |                  |                   |                  |                           |                     |                 |                      |                      |                      |
| Land                              | 11.31               | -                | -                 | -                | 11.31                     | -                   | -               | -                    | 11.31                | 11.31                |
| Office Premises (Refer Note 1, 2) | 344.28              | -                | -                 | -                | 344.28                    | 157.56              | 23.06           | 180.62               | 163.66               | 166.72               |
| Vessels (Refer Note 3)            | 136,465.89          | 23,210.11        | 1,101.51          | 10,188.37        | 150,589.14                | 44,538.99           | 9,148.34        | -                    | 96,901.81            | 91,926.89            |
| Furniture and Fixtures            | 315.41              | -                | -                 | -                | 315.41                    | 282.82              | 8.18            | 1.16                 | 23.25                | 32.59                |
| Vehicles                          | 292.44              | -                | -                 | -                | 292.44                    | 162.90              | 41.15           | 1.58                 | 86.81                | 129.54               |
| Office Equipments                 | 106.52              | 1.02             | -                 | -                | 107.54                    | 72.64               | 1.72            | 26.26                | 6.92                 | 33.88                |
| Computer Equipments               | 146.25              | 12.03            | -                 | -                | 158.28                    | 124.32              | 15.55           | 1.43                 | 16.98                | 21.93                |
| <b>Total</b>                      | <b>137,682.10</b>   | <b>23,223.16</b> | <b>1,101.51</b>   | <b>10,188.37</b> | <b>151,818.40</b>         | <b>45,339.23</b>    | <b>9,238.00</b> | <b>30.43</b>         | <b>97,210.74</b>     | <b>92,342.86</b>     |
| <b>Previous Year</b>              | <b>108,501.32</b>   | <b>28,829.84</b> | <b>384.32</b>     | <b>33.38</b>     | <b>137,682.10</b>         | <b>38,614.63</b>    | <b>6,751.73</b> | <b>27.13</b>         | <b>92,342.86</b>     | <b>69,886.68</b>     |

#### Notes

- 1) Includes cost of 10 shares of ₹ 50/- each fully paid in Mittal Tower Premises Co-operative Society Ltd.
- 2) Office premises having gross value ₹ 343.16 lakhs (P.Y. ₹ 343.16 lakhs) and accumulated depreciation ₹ 180.05 lakhs (P.Y. ₹ 157.06/- lakhs) are given on Operating Lease.
- 3) Other adjustments include exchange fluctuation loss on Long term foreign currency loans ₹ 1101.51 lakhs (P.Y. ₹ 384.32 lakhs)
- 4) Adjustments represents depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013 and charged to Surplus an amount of ₹ 30.43 Lakhs
- 5) Consequent to Schedule II of the Companies Act, 2013, becoming applicable with effect from April 01, 2014, additional charge of Depreciation to statement of profit and loss for the year ended March 31, 2015, is ₹ 28.26 Lakhs

## Notes Forming Part of the Financial Statements

### 2.11. Investments

(Amount ₹ in Lakhs)

| Particulars  | As at March 31, 2015 |                      | As at March 31, 2014 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Nos                  | As at March 31, 2015 | Nos                  | As at March 31, 2014 |
| <b>Non Current Investments - At cost</b>                                     |                      |                      |                      |                      |
| <b>Trade investments (Unquoted)</b>  |                      |                      |                      |                      |
| <b>Investment in Equity Shares of Subsidiaries</b>                           |                      |                      |                      |                      |
| Mercator Oil and Gas Limited   | 150,000              | 15.00                | 150,000              | 15.00                |
| Mercator International Pte Limited   | 100,000              | 28.80                | 100,000              | 28.80                |
| Mercator Offshore Holdings Pte. Limited **                                   | 2                    | -                    | 2                    | -                    |
| Mercator Petroleum Limited   | 15,300,000           | 1,530.00             | 100,000              | 10.00                |
| Mercator Offshore (P) Pte Limited  | 13,992               | 4.57                 | 13,992               | 4.57                 |
| Oorja Resources India Private Limited  | 25,000               | 2.50                 | 25,000               | 2.50                 |
| Mercator FPSO Private Limited  | 10,000               | 1.00                 | 10,000               | 1.00                 |
| <b>Others</b>  |                      |                      |                      |                      |
| <b>Investment in Equity Shares</b>   |                      |                      |                      |                      |
| Marg Swarnabhoomi Port Private Limited                                       | 1,250                | 0.13                 | 1,250                | 0.13                 |
| <b>Non trade investments (Unquoted)</b>                                      |                      |                      |                      |                      |
| <b>Investment in Others</b>  |                      |                      |                      |                      |
| Units of Indian Real Opportunity Venture Capital Fund                        | 7,380                | 73.80                | 20,164               | 201.64               |
| <b>Aggregate amount of Unquoted investments</b>                              |                      | 1,655.80             |                      | 263.64               |
| <b>Current Investments - at the lower of cost and fair value</b>             |                      |                      |                      |                      |
| <b>Quoted</b>  |                      |                      |                      |                      |
| <b>Investments in Mutual Funds</b>   |                      |                      |                      |                      |
| Axis Equity Fund   | -                    | -                    | 500,000              | 50.00                |
| (Market value of current investments on 31.03.15 ₹ Nil (P.Y. ₹ 60.25 lakhs)) |                      |                      |                      |                      |
| <b>Aggregate amount of Quoted investments</b>                                |                      | -                    |                      | 50.00                |

\*\* Cost ₹ 51/-

## Notes Forming Part of the Financial Statements

### 2.12. Long term loans and advances

| Particulars   | (Amount ₹ in Lakhs)     |                         |
|---|-------------------------|-------------------------|
|   | As at March<br>31, 2015 | As at March<br>31, 2014 |
| <u>Unsecured</u>                                    |                         |                         |
| <b>Considered good</b>                              |                         |                         |
| Loans and advances to related parties*              | 8,540.29                | 17,014.26               |
| Capital Advances                                    | 1,947.27                | 1,873.54                |
| Capital Advances to related parties**               | 4,199.96                | 4,199.96                |
| <b>Deposits</b>                                     |                         |                         |
| Deposits with government and semi government bodies | 3.04                    | 3.04                    |
| Other deposits                                      | 375.65                  | 354.00                  |
| Other deposits to related parties***                | 500.00                  | 500.00                  |
| <b>Other loans and advances</b>                     |                         |                         |
| Advance payment of tax (net of provisions)          | 8,788.63                | 7,412.75                |
| Unamortized finance charges                         | 401.98                  | 141.69                  |
| MAT credit available                                | 975.00                  | 1,085.00                |
|   | <b>25,731.82</b>        | <b>32,584.24</b>        |
| * Loans and advances to related parties             |                         |                         |
| Mercator FPSO Private Limited                       | 201.24                  | 199.48                  |
| Mercator International Pte Limited                  | 4,568.17                | 13,467.60               |
| Mercator Petroleum Limited                          | 3,770.88                | 3,345.27                |
| Oorja Resources India Private Limited               | -                       | 1.91                    |
|   | <b>8,540.29</b>         | <b>17,014.26</b>        |
| ** Capital Advances to related parties              |                         |                         |
| Vaitarna Marine Infrastructure Limited              | 4,199.96                | 4,199.96                |
|   | <b>4,199.96</b>         | <b>4,199.96</b>         |
| ***Other deposits to related parties                |                         |                         |
| MLL Logistics Private Limited                       | 500.00                  | 500.00                  |
|   | <b>500.00</b>           | <b>500.00</b>           |



## Notes Forming Part of the Financial Statements

### 2.13. Other non current assets

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| Unsecured, Considered Good                                 |                         |                         |
| Fixed Deposits with bank with maturity more than 12 months | 292.80                  | 1,293.97                |
| Accrued interest on fixed deposit with banks               | 4.79                    | 33.36                   |
|  | <b>297.59</b>           | <b>1,327.33</b>         |

### 2.14. Inventories

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| At Cost (Valued at lower of cost and net realisable value) |                         |                         |
| Bunker and lubes   | 690.88                  | 1,421.91                |
|  | <b>690.88</b>           | <b>1,421.91</b>         |

### 2.15. Trade receivables

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| <b>Unsecured</b>   |                         |                         |
| Debts outstanding for a period exceeding six months from the due date of payment |                         |                         |
| Considered good (net of provision for doubtful debts ₹2351.63 lacs)              | 10,618.72               | 10,986.40               |
| <b>Others debts</b>  |                         |                         |
| Considered good  | 13,359.08               | 7,652.57                |
|  | <b>23,977.80</b>        | <b>18,638.97</b>        |

### 2.16. Cash and bank balances

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents   |                         |                         |
| Cash in hand  | 2.22                    | 1.23                    |
| Balances with banks   | 5,533.03                | 2,069.41                |
|   | <b>5,535.25</b>         | <b>2,070.64</b>         |
| <b>Others</b>   |                         |                         |
| Fixed Deposits with bank with maturity more than 3 months but less than 12 months | 627.56                  | 2,953.71                |
|   | <b>627.56</b>           | <b>5,024.35</b>         |
| Balances with banks in unpaid dividend accounts                                   | 34.48                   | 45.38                   |
| Balances with banks includes amount in escrow account                             | 431.59                  | 109.47                  |
| Balances with banks held as margin money deposits against guarantees              | 1,078.37                | 413.43                  |

## Notes Forming Part of the Financial Statements

### 2.17. Short term loans and advances

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <u>Unsecured</u>                                      |                         |                         |
| <b>Considered good</b>                                |                         |                         |
| Loans and advances to related parties*                | 7,098.39                | 968.63                  |
| Others  |                         |                         |
| Advance to employees                                  | 74.87                   | 88.89                   |
| Advance to suppliers                                  | 3,705.31                | 3,975.80                |
| Inter corporate deposits to related parties**         | 5,739.13                | 5,552.00                |
| Inter corporate deposits to others                    | 1,188.37                | 1,038.70                |
| Insurance claim receivable                            | 5,428.05                | 5,428.05                |
| Service tax receivable                                | 193.34                  | 222.94                  |
| Unamortized finance charges                           | 655.16                  | 117.49                  |
| Prepaid expenses                                      | 322.33                  | 110.64                  |
| Other Receivables from related party***               | 2.81                    | -                       |
| <b>Considered doubtful</b>                            |                         |                         |
| Inter corporate deposits to others                    | 935.77                  | 971.97                  |
| Advance to suppliers                                  | 714.56                  | 714.56                  |
|   | <b>1,650.33</b>         | <b>1,686.53</b>         |
| Less: Provision for doubtful advances                 | (1,650.33)              | (1,686.53)              |
|   | -                       | -                       |
|   | <b>24,407.76</b>        | <b>17,503.14</b>        |
| <b>*Loans and advances to related parties</b>         |                         |                         |
| MLL Logistics Private Limited                         | -                       | 345.13                  |
| Mercator Offshore (P) Pte Limited                     | 477.38                  | 436.84                  |
| Mercator Oil & Gas Limited                            | 5,794.61                | 15.35                   |
| MCS Holdings Pte Limited                              | 606.28                  | 171.32                  |
| Mercator Projects Pte Ltd                             | 16.19                   | -                       |
| Mercator Offshore Holdings Pte Ltd                    | 203.93                  | -                       |
|   | <b>7,098.39</b>         | <b>968.64</b>           |
| <b>** Inter corporate deposits to related parties</b> |                         |                         |
| MLL Logistics Private Limited                         | 5,739.13                | 5,552.00                |
|   | <b>5,739.13</b>         | <b>5,552.00</b>         |
| <b>***Other Receivables</b>                           |                         |                         |
| Mercator Okoro FPU Pte Ltd                            | 2.81                    | -                       |
|   | <b>2.81</b>             | <b>-</b>                |

## Notes Forming Part of the Financial Statements

### 2.18. Other current assets

(Amount ₹ in Lakhs)

| Particulars                                  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| Accrued interest on fixed deposit with banks | 170.31                  | 82.25                   |
|  | <b>170.31</b>           | <b>82.25</b>            |

### 2.19. Revenue from operations

(Amount ₹ in Lakhs)

| Particulars             | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|-------------------------|---------------------------------|---------------------------------|
| Freight                 | 27,154.50                       | 21,322.92                       |
| Charter hire            | 28,660.36                       | 21,597.97                       |
| Dispatch and demurrage  | 1,031.01                        | 103.47                          |
| Cargo handling services | 9,095.91                        | 6,680.00                        |
|                         | <b>65,941.78</b>                | <b>49,704.36</b>                |

### 2.20. Other income

(Amount ₹ in Lakhs)

| Particulars   | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Dividend received on current investments              | -                               | 479.41                          |
| Dividend received from subsidiary company             | -                               | 210.81                          |
| Rent received   | 17.30                           | 31.92                           |
| Net gain on foreign currency transactions/translation | -                               | 214.92                          |
| Interest income                                       |                                 |                                 |
| - Fixed Deposits and Inter corporate deposits         | 1,075.86                        | 972.58                          |
| - others  | 765.03                          | 612.14                          |
| Gain on sale of current investments                   | 22.20                           | -                               |
| Gain on sale of non-current investments               | 38.92                           | 13.81                           |
| Gain on sale of assets (net)                          | -                               | 1.31                            |
| Other income  | 232.91                          | 183.94                          |
|   | <b>2,152.22</b>                 | <b>2,720.84</b>                 |

## Notes Forming Part of the Financial Statements

### 2.21. Operating expenses

(Amount ₹ in Lakhs)

| Particulars                               | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Bunker consumed                           | 9,111.10                        | 7,573.04                        |
| Vessel /Equipment hire expenses           | 6,301.57                        | 3,740.53                        |
| Crew Expenses                             | 7,141.89                        | 7,175.26                        |
| Agency, Professional and service expenses | 366.80                          | 467.35                          |
| Communication expenses                    | 106.61                          | 131.48                          |
| Commission                                | 17.03                           | 6.70                            |
| Insurance                                 | 1,067.22                        | 1,118.48                        |
| Port expenses                             | 1,346.20                        | 1,083.56                        |
| Repairs and maintenance                   | 9,655.90                        | 8,430.09                        |
| Stevedoring, transport and freight        | 4,604.12                        | 3,550.95                        |
| Miscellaneous expenses                    | 289.98                          | 412.37                          |
|   | <b>40,008.42</b>                | <b>33,689.81</b>                |

### 2.22. Employee benefits expenses

(Amount ₹ in Lakhs)

| Particulars                               | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Salaries, wages, bonus, etc.              | 2,057.88                        | 1,226.13                        |
| Contribution to provident and other funds | 65.39                           | 61.24                           |
| Employee welfare expenses                 | 44.69                           | 38.12                           |
|   | <b>2,167.96</b>                 | <b>1,325.49</b>                 |

### 2.23. Finance cost

(Amount ₹ in Lakhs)

| Particulars           | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|-----------------------|---------------------------------|---------------------------------|
| Interest expense      | 6,793.22                        | 6,918.27                        |
| Other borrowing costs | 295.44                          | 389.95                          |
|                       | <b>7,088.66</b>                 | <b>7,308.22</b>                 |

## Notes Forming Part of the Financial Statements

### 2.24. Other expenses

(Amount ₹ in Lakhs)

| Particulars  | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|--|---------------------------------|---------------------------------|
| Rent   | 417.22                          | 435.51                          |
| Payment to auditors  |                                 |                                 |
| As auditors  | 25.00                           | 22.50                           |
| For other services (certification and other matters)                     | 20.10                           | 16.75                           |
| Repairs and maintenance (office premises and premises acquired on lease) | 108.90                          | 95.49                           |
| Insurance  | 17.64                           | 17.02                           |
| Legal, Professional and consultancy expenses                             | 287.60                          | 236.68                          |
| Donation   | 2.87                            | 0.80                            |
| Communication expenses   | 39.27                           | 38.93                           |
| Conveyance, car hire and travelling                                      | 157.79                          | 157.06                          |
| Advertisement  | 5.06                            | 8.01                            |
| Loss on sale of assets (net)   | 86.54                           | -                               |
| Loss on derivative transactions  | -                               | 63.96                           |
| Bad Debts and other amounts written off/back (net)                       | 29.28                           | 877.47                          |
| Net Loss on foreign currency transactions/translation                    | 393.57                          | -                               |
| Provision for doubtful debts/advances                                    | 1,915.43                        | -                               |
| Miscellaneous expenses   | 930.12                          | 308.52                          |
|  | <b>4,436.39</b>                 | <b>2,278.70</b>                 |

### 3. OTHER DISCLOSURES

#### 3.1 Contingent Liabilities not provided for

(Amount ₹ in Lakhs)

| Particulars   | Current<br>Year    | Previous<br>Year   |
|---|--------------------|--------------------|
| Counter guarantees issued by the Company for guarantees obtained from bank (net of margin).           | 7,847.82           | 7,292.86           |
| Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries. | 152.60             | 436.50             |
| Corporate guarantees issued by the company on behalf of subsidiaries.                                 | 1,04,275.50        | 1,05,813.95        |
| <b>TOTAL</b>  | <b>1,12,275.92</b> | <b>1,13,543.31</b> |

#### 3.2 Letters of comfort issued

(Amount ₹ in Lakhs)

| Particulars  | Current<br>Year | Previous<br>Year |
|--|-----------------|------------------|
| Letters of comfort issued by the company on behalf of wholly owned / step down subsidiaries. | 4,991.70        | 5,108.48         |

## Notes Forming Part of the Financial Statements

### 3.3 Claims against the Company not acknowledged as debts in respect of following items:

(Amount ₹ in Lakhs)

| Particulars                       | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| In respect of Income Tax matters* | 11,348.79    | 10,269.30     |
| In respect of Service Tax matters | 8,296.46     | 8,177.22      |
| Others                            | 2,965.86     | 143.84        |

\* Against the above, the company has already paid ₹ 3,986.59 Lakhs (P.Y. 2,644.38 Lakhs)

### 3.4 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2015 ₹ NIL (P.Y. ₹ NIL).

### 3.5 CIF value of Imports

(Amount ₹ in Lakhs)

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| On CIF basis during the accounting year in respect of: |              |               |
| Stores & Spares  | 789.06       | 1,285.48      |
| Capital Goods (including CWIP)                         | 20,827.49    | 6,917.40      |

### 3.6 Value of Imported & Indigenous Stores & Spare Parts consumed

(Amount ₹ in Lakhs)

| Particulars                | Current Year |     | Previous Year |     |
|----------------------------|--------------|-----|---------------|-----|
|                            | (₹ in Lakhs) | %   | (₹ in Lakhs)  | %   |
| Imported Stores & Spares   | 789.06       | 18% | 1,285.48      | 35% |
| Indigenous Stores & Spares | 3,581.38     | 82% | 2,402.30      | 65% |

### 3.7 Expenditure in foreign currency

(Amount ₹ in Lakhs)

| Particulars                                    | Current Year | Previous Year |
|--|--------------|---------------|
| On Repairs/Renovations and expenses of Vessels | 2,111.76     | 837.07        |
| On Bunker                                      | 2,377.57     | 1,440.54      |
| On Freight                                     | -            | 417.80        |
| On Vessel Expenses                             | 3,855.17     | 3,460.51      |
| On Travelling                                  | 6.77         | 5.31          |
| On Interest                                    | 2,509.96     | 708.99        |

## Notes Forming Part of the Financial Statements

### 3.8 Earnings in foreign currency on account of

(Amount ₹ in Lakhs)

| Particulars     | Current Year | Previous Year |
|-----------------|--------------|---------------|
| Shipping Income | 7,550.77     | 7,817.12      |
| Interest Income | 396.40       | 522.88        |
| Dividend Income | -            | 210.81        |
| Other Income    | 10,290.67    | 131.00        |

### 3.9 Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittance, if any, of foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

## 4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

4.1 The company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with the notification of MCA dated 31st March 2009/29th December 2011 on Accounting Standard (AS)-11. In line with the above notification, gains / losses arising during the year from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets are adjusted to the cost of the fixed assets. The addition to fixed assets on account of the same is ₹ 1,101.51 Lakhs (P.Y ₹ 384.32 Lakhs).

Exchange Fluctuation on restatement of foreign currency loan initially taken for acquisition of fixed asset has been transferred to “Foreign Currency Monetary Item Translation Difference Account” (FCMITD) since subsequently the said fixed asset was disposed off. The exchange loss (net) transferred to FCMITD for the same is ₹ 522.65 Lakhs (PY Loss (net) ₹ 1,234.43 Lakhs). The balance debit amount outstanding in FCMITD as on 31<sup>st</sup> March, 2015 is ₹ 1,200.73 lakhs (PY debit amount outstanding ₹ 1,620.71 Lakhs).

4.2 In view of long term interest of the company in its subsidiaries and step down subsidiaries no provision is made for diminution in value of investment, if any, in these subsidiary companies and step down subsidiary companies.

### 4.3 Disclosures in accordance with Revised Accounting Standard (AS) -15 on “Employee Benefits”:

Disclosure as required by AS-15 is as under:

#### (A) Defined Contribution Plans:

The Company has recognized the following amounts in the Statement of Profit and Loss for the year:

(Amount ₹ in Lakhs)

| Particulars   | Current Year | Previous Year |
|---|--------------|---------------|
| i. Contribution to Employees’ Provident Fund (Includes Contribution to Seamen’s Provident Fund) | 71.43        | 63.42         |
| ii. Contribution to Employees’ Family Pension Fund  | NIL          | NIL           |
| iii. Contribution to Employees’ Superannuation Fund   | NIL          | NIL           |
| <b>Total</b>  | <b>71.43</b> | <b>63.42</b>  |

## Notes Forming Part of the Financial Statements

### (B) Defined Benefit Plans and Other Long Term Benefits:

General Description of Significant Defined Benefit Plans:

#### Gratuity Plan:

Gratuity is payable to all eligible employees of the company as per the provisions of the Payment of Gratuity Act, 1972. Gratuity is payable on resignation/retirement of the employee who has completed five years of continuous service.

#### Leave encashment:

All eligible employees can carry forward and accumulate leave upto maximum of 75 days. Encashment is allowed on Basic Salary for a minimum of 15 days and a maximum of 30 days at a time. However, encashment is subject to maintaining a minimum balance of 20 days at any given point of time.

#### (i) Changes in the Present Value of Obligation

(Amount ₹ in Lakhs)

| Sr. No. | Particulars   | For the year ended<br>March 31, 2015 |                     | For the year ended<br>March 31, 2014 |                     |
|---------|---|--------------------------------------|---------------------|--------------------------------------|---------------------|
|         |   | Gratuity                             | Leave<br>Encashment | Gratuity                             | Leave<br>Encashment |
| a.      | Present Value of Obligation as at April 1, 2014 (Opening) | 187.92                               | 69.04               | 215.22                               | 56.37               |
| b.      | Interest Cost   | 15.03                                | 5.52                | 17.22                                | 4.51                |
| c.      | Past Service Cost   | NIL                                  | NIL                 | NIL                                  | NIL                 |
| d.      | Current Service Cost                                      | 27.52                                | 18.94               | 24.12                                | 16.12               |
| e.      | Curtailment Cost/ (Credit)                                | NIL                                  | NIL                 | NIL                                  | NIL                 |
| f.      | Settlement Cost/(Credit)                                  | NIL                                  | NIL                 | NIL                                  | NIL                 |
| g.      | Benefits paid   | 3.27                                 | 12.14               | NIL                                  | 16.50               |
| h.      | Actuarial (Gain)/Loss                                     | (7.48)                               | (0.82)              | (68.63)                              | 8.54                |
| i.      | Present Value of Obligation as at March 31, 2015          | 219.72                               | 80.54               | 187.92                               | 69.04               |

#### (ii) Expenses recognized in the Statement of Profit and Loss

(Amount ₹ in Lakhs)

| Sr. No. | Particulars   | For the year ended<br>March 31, 2015 |                     | For the year ended<br>March 31, 2014 |                     |
|---------|---|--------------------------------------|---------------------|--------------------------------------|---------------------|
|         |   | Gratuity                             | Leave<br>Encashment | Gratuity                             | Leave<br>Encashment |
| a.      | Current Service Cost                                      | 27.52                                | 18.94               | 24.12                                | 16.12               |
| b.      | Past Service Cost   | NIL                                  | NIL                 | NIL                                  | NIL                 |
| c.      | Interest cost   | 15.03                                | 5.52                | 17.22                                | 4.51                |
| d.      | Curtailment Cost/ (Credit)                                | NIL                                  | NIL                 | NIL                                  | NIL                 |
| e.      | Settlement Cost/ (Credit)                                 | NIL                                  | NIL                 | NIL                                  | NIL                 |
| f.      | Net Actuarial (Gain)/ Loss                                | (7.48)                               | (0.82)              | (68.63)                              | 8.54                |
| g.      | Employees' Contribution                                   | NIL                                  | NIL                 | NIL                                  | NIL                 |
| h.      | Total Expenses recognized in Statement of Profit and Loss | 35.07                                | 23.64               | (27.30)                              | 29.17               |



## Notes Forming Part of the Financial Statements

(iii) Following are the Principal Actuarial Assumptions used as at the Balance Sheet date:

(Amount ₹ in Lakhs)

| Sr. No. | Particulars            | FY 2014-15<br>Gratuity and Leave<br>Encashment         | FY 2013-14<br>Gratuity and Leave<br>Encashment         |
|---------|------------------------|--|--|
| a.      | Discount Rate          | 8.00%  | 8.00%  |
| b.      | Salary Escalation Rate | 8.00%  | 8.00%  |
| c.      | Staff Turnover Rate    | 10% to 2% p.a. age related<br>on graduated scale       | 10% to 2% p.a. age related<br>on graduated scale       |
| d.      | Mortality Table        | Indian Assurance Lives<br>mortality (2006-08) Ultimate | Indian Assurance Lives<br>mortality (2006-08) Ultimate |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

### Experience adjustments

(Amount ₹ in Lakhs)

| Experiences   | 2011   | 2012    | 2013   | 2014   | 2015   |
|---|--------|---------|--------|--------|--------|
| Defined Benefit Obligation at the end of the period | 131.88 | 247.06  | 215.22 | 188.00 | 219.72 |
| Plan Assets   | N.A.   | N.A.    | N.A.   | N.A.   | N.A.   |
| Surplus / (Deficit)                                 | N.A.   | N.A.    | N.A.   | N.A.   | N.A.   |
| Experience adjustments of Obligation [Gain/ (Loss)] | 1.24   | (63.18) | 77.34  | 59.78  | 7.49   |
| Experience adjustments on Plan Assets               | N.A.   | N.A.    | N.A.   | N.A.   | N.A.   |

### 4.4 Segment Reporting

In accordance with paragraph 4 of Accounting Standard (AS) 17 'Segment Reporting', the company has disclosed segment result on the basis of Consolidation Financial Statements. The same are therefore not disclosed for standalone Financial Statements.

### Related Party Disclosures (as per Accounting Standard (AS) 18 'Related Party Disclosures'- As per Annexure 'A')

#### 4.5 Related Party Disclosures:

##### (A) List of Related Parties

##### (I) Subsidiaries - Fellow/ Step down subsidiaries

1. Mercator International Pte Limited (MIPL) (Singapore)
2. Mercator Oil and Gas Limited (MOGL) (India)
3. Mercator Petroleum Limited (India)
4. Oorja Resources India Private Limited (India)
5. Mercator FPSO Private Limited (India)
6. Mercator Offshore Holdings Pte Limited (MOHPL) (Singapore)
7. Oorja Holdings Pte.Limited (OHL) (Singapore)
8. Mercator Energy Pte Limited (Singapore)
9. Mercator Lines (Singapore) Limited (MLS) (Singapore)
10. Mercator Projects Pte Ltd (Singapore)

## Notes Forming Part of the Financial Statements

### (I) Subsidiaries - Fellow/ Step down subsidiaries

|     |  |
|-----|--|
| 11. | Mercator Offshore Assets Holding Pte Limited (Singapore) |
| 12. | Mercator Okwok FPU Pte Limited (Singapore)               |
| 13. | Mercator Okoro FPU Pte Limited (Singapore)               |
| 14. | Mercator Offshore (P) Pte Limited (Singapore)            |
| 15. | Ivorene Oil Services Nigeria Limited                     |
| 16. | Chitra Prem Pte. Limited (Singapore)                     |
| 17. | Varsha Vidya Inc (Panama)                                |
| 18. | Panther Resources Pte Ltd (Singapore)                    |
| 19. | Oorja (Batua) Pte Limited (Singapore)                    |
| 20. | Oorja 1 Pte Limited (Singapore)                          |
| 21. | Oorja 2 Pte Limited (Singapore)                          |
| 22. | Oorja 3 Pte Limited (Singapore)                          |
| 23. | Oorja Mozambique Limitada (Mozambique)                   |
| 24. | MCS Holdings Pte Limited (Singapore)                     |
| 25. | PT Karya Putra Borneo (Indonesia)                        |
| 26. | PT Indo Perkasa (IPK) (Indonesia)                        |
| 27. | Oorja Indo Petangis Four (Indonesia)                     |
| 28. | Oorja Indo Petangis Three (Indonesia)                    |
| 29. | Oorja Indo KGS (Indonesia)                               |
| 30. | Broadtec Mozambique Minas Limitada (Mozambique)          |
| 31. | PT Mincon Indo Resources (Jakarta)                       |
| 32. | Bima Gema Permata PT (Jakarta)                           |
| 33. | Nuansa Sakti Kencana PT (Jakarta)                        |
| 34. | MCS Fuel Trading Sdn. Bhd (Malaysia)                     |

### (II) Key Management Personnel

|    |  |
|----|--|
| 1. | Mr. H.K Mittal- Executive Chairman             |
| 2. | Mr. A.J. Agarwal- Managing Director            |
| 3. | Mr. Prasad Patwardhan- Chief Financial Officer |
| 4. | Ms. Amruta Sant -Company Secretary             |

### (III) Enterprises over which Key Management Personnel exercise significant control

|    |  |
|----|--|
| 1. | AAAM Properties Private Limited                    |
| 2. | Ankur Fertilizers Private Limited                  |
| 3. | AHM Investments Private Limited                    |
| 4. | MHL Healthcare Limited                             |
| 5. | Papeeta Resources Pte Limited                      |
| 6. | Asmara Resources Private Limited ( India)          |
| 7. | Prem Punita Foundation ( India)- Chartiabale Trust |

### (IV) Enterprises over which Directors/Relative of Directors/Key Management Personnel/ Relative of Key Management Personnel exercise significant influence.

|    |   |
|----|---|
| 1. | MLL Logistics Private Limited             |
| 2. | Zicom Electronic Security Systems Limited |
| 3. | Vaitarna Marine Infrastructure Limited    |
| 4. | Rishi Holding Private Limited             |

## Notes Forming Part of the Financial Statements

### (B) Details of Transactions with above parties

| Name of the Transaction                         | Subsidiary Companies |             | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |             | Total     |           |
|---|----------------------|-------------|--|-------------|---|-------------|-----------|-----------|
|   | Current Yr           | Previous Yr | Current Yr   | Previous Yr | Current Yr  | Previous Yr |           |           |
|   | (Amount ₹ in Lakhs)  |             |  |             |   |             |           |           |
| Services Rendered                               | 280.75               | 749.65      | -  | -           | -   | -           | 280.75    | 749.65    |
| Interest Income                                 | 762.36               | 523.26      | -  | -           | 580.61  | 622.39      | 1,342.97  | 1,145.65  |
| Interest Expense                                | -                    | 0.54        | -  | -           | -   | -           | -         | 0.54      |
| Services Received                               | -                    | -           | -  | -           | 1,109.59  | 681.96      | 1,109.59  | 681.96    |
| Purchase of capital Asset                       | -                    | 7,352.67    | -  | -           | -   | -           | -         | 7,352.67  |
| Sale of Capital Asset                           | 10,101.83            | -           | -  | -           | -   | -           | 10,101.83 | -         |
| Investment made during the year                 | 1,520.00             | -           | -  | -           | -   | -           | 1,520.00  | -         |
| Reimbursements of Expenses Paid                 | -                    | 1,686.42    | -  | 1.43        | -   | 0.66        | -         | 1,688.51  |
| Reimbursements of Expenses Received             | 3,993.37             | 1,073.50    | -  | -           | 0.27  | 1.40        | 3,993.37  | 1,073.50  |
| <b>Finance Provided</b>                         |                      |             |  |             |   |             |           |           |
| <b>Loans</b>                                    |                      |             |  |             |   |             |           |           |
| Loans Given during the Year                     | 29,130.78            | 7,135.66    | -  | 10.00       | -   | -           | 29,130.78 | 7,145.66  |
| Loans Repaid During the Year                    | 30,021.06            | 7,002.52    | -  | 10.00       | -   | -           | 30,021.06 | 7,012.52  |
| Loans taken during the Year by Company          | -                    | 1,830.00    | -  | -           | -   | -           | -         | 1,830.00  |
| Loans Repaid During the Year by Company         | -                    | 1,840.00    | -  | -           | -   | -           | -         | 1,840.00  |
| <b>Inter Corporate Deposits</b>                 |                      |             |  |             |   |             |           |           |
| Inter Corporate Deposits given during the year  | -                    | -           | -  | -           | 415.13  | 1,252.00    | 415.13    | 1,252.00  |
| Inter Corporate Deposits repaid during the year | -                    | -           | -  | -           | 228.00  | 1,275.00    | 228.00    | 1,275.00  |
| <b>Advances</b>                                 |                      |             |  |             |   |             |           |           |
| Advances Given During the Year                  | -                    | -           | -  | -           | -   | 9.00        | -         | 9.00      |
| <b>Guarantees and Comfort Letters</b>           |                      |             |  |             |   |             |           |           |
| Guarantees Given                                | 31.30                | 36,783.91   | -  | -           | -   | -           | 31.30     | 36,783.91 |
| Balances Written Back                           | -                    | -           | -  | -           | 2.02  | -           | -         | 2.02      |

## Notes Forming Part of the Financial Statements

| Name of the Transaction   | Subsidiary Companies |             | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |             | Total      |
|---|----------------------|-------------|--|-------------|---|-------------|------------|
|   | Current Yr           | Previous Yr | Current Yr   | Previous Yr | Current Yr  | Previous Yr |            |
|   | (Amount ₹ in Lakhs)  |             |  |             |   |             |            |
| <b>Outstanding as on 31.03.2015</b>   |                      |             |  |             |   |             |            |
| Comfort Letter  | 4,991.70             | 5,679.43    | -  | -           | -   | -           | 4,991.70   |
| Guarantees  | 104,274.53           | 105,813.95  | -  | -           | -   | -           | 104,274.53 |
| Counter Guarantees  | 152.60               | 152.60      | -  | -           | -   | -           | 152.60     |
| <b>Outstanding balances as on 31.03.2015</b>  |                      |             |  |             |   |             |            |
| <b>Loans Advances and Receivables</b>   |                      |             |  |             |   |             |            |
| Loans   | 17,138.46            | 16,058.76   | -  | -           | -   | -           | 17,138.46  |
| Advances  | -                    | -           | -  | -           | -   | 345.13      | -          |
| Capital Advances  | -                    | -           | -  | -           | 4,199.96  | 4,199.96    | 4,199.96   |
| <b>Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2015</b> |                      |             |  |             |   |             |            |
| Trade & Other Receivables   | 933.40               | 1,781.84    | -  | -           | 2,354.39  | 1,998.08    | 3,287.80   |
| Trade & Other Payables  | 3,398.61             | 1,657.88    | -  | -           | 123.93  | 3.64        | 3,522.54   |
| <b>Inter Corporate Deposit</b>  |                      |             |  |             |   |             |            |
| Balance as on 31.03.2015  | -                    | -           | -  | -           | 5,739.13  | 5,552.00    | 5,739.13   |
| <b>Deposit</b>  |                      |             |  |             |   |             |            |
| Balance as on 31.03.2015  | -                    | -           | -  | -           | -   | 515.00      | -          |
| <b>Remuneration paid to Key Management Personnel</b>                                |                      |             |  |             |   |             |            |
| Remuneration paid to Relative of Key Management Personnel                           | 652.80               | 96.00       | -  | -           | -   | -           | -          |
| Remuneration paid to Relative of Key Management Personnel                           | -                    | 14.50       | -  | -           | -   | -           | -          |

## Notes Forming Part of the Financial Statements

### Details of Transactions with above parties

(Amount ₹ in Lakhs)

| Name of the Transaction                | Subsidiary Companies |                 | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |               | Total            |
|--|----------------------|-----------------|--|-------------|---|---------------|------------------|
|  | Current Yr           | Previous Yr     | Current Yr   | Previous Yr | Current Yr  | Previous Yr   |                  |
|  |                      |                 |  |             |   |               |                  |
| <b>Services Rendered</b>               |                      |                 |  |             |   |               |                  |
| MCS Holdings Pte Limited               | 280.75               | 745.74          | -  | -           | -   | -             | 280.75           |
| <b>Total</b>                           | <b>280.75</b>        | <b>745.74</b>   | -  | -           | -   | -             | <b>280.75</b>    |
| <b>Interest Income</b>                 |                      |                 |  |             |   |               |                  |
| Mercator International Pte Limited     | 382.63               | 510.70          | -  | -           | -   | -             | 382.63           |
| Mercator Petroleum Ltd                 | 307.41               | -               | -  | -           | -   | -             | 307.41           |
| MLL Logistics Private Limited          | -                    | -               | -  | -           | 580.61  | 620.26        | 580.61           |
| <b>Total</b>                           | <b>690.04</b>        | <b>510.70</b>   | -  | -           | <b>580.61</b>   | <b>620.26</b> | <b>1,270.65</b>  |
| <b>Interest Expense</b>                |                      |                 |  |             |   |               |                  |
| Oorja Resources India Private Limited  | -                    | 0.54            | -  | -           | -   | -             | -                |
| <b>Total</b>                           | -                    | <b>0.54</b>     | -  | -           | -   | -             | <b>0.54</b>      |
| <b>Services Received</b>               |                      |                 |  |             |   |               |                  |
| Vaitarna Marine Infrastructure Limited | -                    | -               | -  | -           | 1,103.59  | 688.76        | 1,103.59         |
| <b>Total</b>                           | -                    | -               | -  | -           | <b>1,103.59</b>   | <b>688.76</b> | <b>1,103.59</b>  |
| <b>Purchase of Capital Asset</b>       |                      |                 |  |             |   |               |                  |
| Mercator International Pte Limited     | -                    | 7,352.67        | -  | -           | -   | -             | -                |
| <b>Total</b>                           | -                    | <b>7,352.67</b> | -  | -           | -   | -             | <b>7,352.67</b>  |
| <b>Sale of Capital Asset</b>           |                      |                 |  |             |   |               |                  |
| Mercator Okoro FPU Pte Ltd             | 10,101.83            | -               | -  | -           | -   | -             | 10,101.83        |
| <b>Total</b>                           | <b>10,101.83</b>     | -               | -  | -           | -   | -             | <b>10,101.83</b> |
| <b>Investment made during the year</b> |                      |                 |  |             |   |               |                  |
| Mercator Petroleum Limited             | 1,520.00             | -               | -  | -           | -   | -             | 1,520.00         |
| <b>Total</b>                           | <b>1,520.00</b>      | -               | -  | -           | -   | -             | <b>1,520.00</b>  |
| <b>Reimbursements of Expenses Paid</b> |                      |                 |  |             |   |               |                  |
| Ankur Fertilizers Private Limited      | -                    | -               | -  | 1.41        | -   | -             | -                |
| Vaitarna Marine Infrastructure Limited | -                    | -               | -  | -           | -   | 0.66          | -                |
| Mercator Offshore Holdings Pte Limited | -                    | 1,685.27        | -  | -           | -   | -             | -                |
| <b>Total</b>                           | -                    | <b>1,685.27</b> | -  | <b>1.41</b> | -   | <b>0.66</b>   | -                |
|  |                      |                 |  |             |   |               | <b>1,687.34</b>  |

## Notes Forming Part of the Financial Statements

| Name of the Transaction                        | Subsidiary Companies |                 | Enterprises over which Key Management Personnel exercise significant control |              | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |             | Total            |
|--|----------------------|-----------------|--|--------------|---|-------------|------------------|
|  | Current Yr           | Previous Yr     | Current Yr   | Previous Yr  | Current Yr  | Previous Yr |                  |
|  | (Amount ₹ in Lakhs)  |                 |  |              |   |             |                  |
| <b>Reimbursements of Expenses Received</b>     |                      |                 |  |              |   |             |                  |
| Mercator Offshore Holdings Pte. Limited (Net)  | 1,036.05             | 726.24          | -  | -            | -   | -           | 1,036.05         |
| MCS Holdings Pte Limited                       | 801.67               | 307.55          | -  | -            | -   | -           | 801.67           |
| Mercator Petroleum Ltd                         | 2,107.21             | 0.03            | -  | -            | -   | -           | 2,107.21         |
| Vaitama Marine Infrastructure Limited          | -                    | -               | -  | 0.27         | 1.40  | 1.40        | 0.27             |
| <b>Total</b>                                   | <b>3,944.93</b>      | <b>1,033.82</b> | <b>-</b>   | <b>0.27</b>  | <b>1.40</b>   | <b>1.40</b> | <b>3,945.20</b>  |
| <b>Finance Provided</b>                        |                      |                 |  |              |   |             |                  |
| <b>Loans</b>                                   |                      |                 |  |              |   |             |                  |
| <b>Loans Given during the Year</b>             |                      |                 |  |              |   |             |                  |
| Mercator International Pte Limited             | 19,101.53            | 5,355.81        | -  | -            | -   | -           | 19,101.53        |
| Mercator Petroleum Limited                     | 2,832.50             | 875.00          | -  | -            | -   | -           | 2,832.50         |
| Mercator Oil & Gas Limited                     | 7,195.00             | 810.00          | -  | -            | -   | -           | 7,195.00         |
| MHL Healthcare Limited                         | -                    | -               | -  | 10.00        | -   | -           | 10.00            |
| <b>Total</b>                                   | <b>29,129.03</b>     | <b>7,040.81</b> | <b>-</b>   | <b>10.00</b> | <b>-</b>  | <b>-</b>    | <b>29,129.03</b> |
| <b>Loans Repaid During the Year</b>            |                      |                 |  |              |   |             |                  |
| Mercator Oil & Gas Limited                     | 1,470.00             | 1,300.00        | -  | -            | -   | -           | 1,470.00         |
| Mercator International Pte Limited             | 23,759.15            | 5,533.47        | -  | -            | -   | -           | 23,759.15        |
| Mercator Petroleum Limited                     | 4,790.00             | -               | -  | -            | -   | -           | 4,790.00         |
| MHL Healthcare Limited                         | -                    | -               | -  | 10.00        | -   | -           | 10.00            |
| <b>Total</b>                                   | <b>30,019.15</b>     | <b>6,833.47</b> | <b>-</b>   | <b>10.00</b> | <b>-</b>  | <b>-</b>    | <b>30,019.15</b> |
| <b>Loans taken during the Year by Company</b>  |                      |                 |  |              |   |             |                  |
| Mercator Oil & Gas Limited                     | -                    | 1,630.00        | -  | -            | -   | -           | 1,630.00         |
| Oorja Resources India Private Limited          | -                    | 200.00          | -  | -            | -   | -           | 200.00           |
| <b>Total</b>                                   | <b>-</b>             | <b>1,830.00</b> | <b>-</b>   | <b>-</b>     | <b>-</b>  | <b>-</b>    | <b>1,830.00</b>  |
| <b>Loans Repaid During the Year by Company</b> |                      |                 |  |              |   |             |                  |
| Mercator Oil & Gas Limited                     | -                    | 1,640.00        | -  | -            | -   | -           | 1,640.00         |
| Oorja Resources India Private Limited          | -                    | 200.00          | -  | -            | -   | -           | 200.00           |
| <b>Total</b>                                   | <b>-</b>             | <b>1,840.00</b> | <b>-</b>   | <b>-</b>     | <b>-</b>  | <b>-</b>    | <b>1,840.00</b>  |

## Notes Forming Part of the Financial Statements

| Name of the Transaction                                | Subsidiary Companies |                  | Enterprises over which Key Management Personnel exercise significant control |                 | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |                 | Total            |
|--|----------------------|------------------|--|-----------------|---|-----------------|------------------|
|  | Current Yr           | Previous Yr      | Current Yr   | Previous Yr     | Current Yr  | Previous Yr     |                  |
|  | (Amount ₹ in Lakhs)  |                  |  |                 |   |                 |                  |
| <b>Inter Corporate Deposits</b>                        |                      |                  |  |                 |   |                 |                  |
| <b>Inter Corporate Deposits given during the year</b>  |                      |                  |  |                 |   |                 |                  |
| Zicom Electronic Security Systems Limited              | -                    | -                | -  | 165.00          | -   | 165.00          | 165.00           |
| MLL Logistics Private Limited                          | -                    | -                | -  | 877.00          | 415.13  | 877.00          | 877.00           |
| <b>Total</b>   | -                    | -                | -  | <b>1,042.00</b> | <b>415.13</b>   | <b>1,042.00</b> | <b>1,042.00</b>  |
| <b>Inter Corporate Deposits repaid during the year</b> |                      |                  |  |                 |   |                 |                  |
| Zicom Electronic Security Systems Limited              | -                    | -                | -  | 165.00          | -   | 165.00          | 165.00           |
| MLL Logistics Private Limited                          | -                    | -                | -  | 900.00          | 228.00  | 900.00          | 900.00           |
| <b>Total</b>   | -                    | -                | -  | <b>1,065.00</b> | <b>228.00</b>   | <b>1,065.00</b> | <b>1,065.00</b>  |
| <b>Advances</b>  |                      |                  |  |                 |   |                 |                  |
| <b>Advances Given During the Year</b>                  |                      |                  |  |                 |   |                 |                  |
| MLL Logistics Private Limited                          | -                    | -                | -  | 9.00            | -   | 9.00            | 9.00             |
| <b>Total</b>   | -                    | -                | -  | <b>9.00</b>     | -   | <b>9.00</b>     | <b>9.00</b>      |
| <b>Guarantees and Comfort Letters</b>                  |                      |                  |  |                 |   |                 |                  |
| <b>Guarantees Given</b>                                |                      |                  |  |                 |   |                 |                  |
| Mercator International Pte Limited                     | -                    | 26,443.91        | -  | -               | -   | -               | 26,443.91        |
| Mercator Oil and Gas Limited                           | -                    | 10,340.00        | -  | -               | -   | -               | 10,340.00        |
| Mercator Petroleum Limited                             | 31.30                | -                | -  | -               | -   | -               | 31.30            |
| <b>Total</b>   | <b>31.30</b>         | <b>36,783.91</b> | -  | -               | -   | -               | <b>36,783.91</b> |
| <b>Balances Written Back</b>                           |                      |                  |  |                 |   |                 |                  |
| Zicom Electronic Security Systems Ltd.                 | -                    | -                | -  | 2.02            | -   | 2.02            | -                |
| <b>Total</b>   | -                    | -                | -  | <b>2.02</b>     | -   | <b>2.02</b>     | -                |
| <b>Outstanding as on 31.03.2015</b>                    |                      |                  |  |                 |   |                 |                  |
| <b>Comfort Letter</b>                                  |                      |                  |  |                 |   |                 |                  |
| Mercator Lines (Singapore) Limited                     | 4,991.70             | 5,679.43         | -  | -               | -   | -               | 5,679.43         |
| <b>Total</b>   | <b>4,991.70</b>      | <b>5,679.43</b>  | -  | -               | -   | -               | <b>5,679.43</b>  |

## Notes Forming Part of the Financial Statements

| Name of the Transaction                      | Subsidiary Companies |                   | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |             | Total             |
|--|----------------------|-------------------|--|-------------|---|-------------|-------------------|
|  | Current Yr           | Previous Yr       | Current Yr   | Previous Yr | Current Yr  | Previous Yr |                   |
|  | (Amount ₹ in Lakhs)  |                   |  |             |   |             |                   |
| <b>Guarantees</b>                            |                      |                   |  |             |   |             |                   |
| Mercator International Pte Limited           | 22,479.20            | 13,582.55         | -  | -           | -   | -           | 22,479.20         |
| Mercator Offshore (P) Pte Limited            | 53,357.98            | 63,285.09         | -  | -           | -   | -           | 53,357.98         |
| Mercator Petroleum Limited                   | 9,942.55             | 12,384.00         | -  | -           | -   | -           | 9,942.55          |
| Mercator Oil and Gas Limited                 | 18,494.81            | 16,562.30         | -  | -           | -   | -           | 18,494.81         |
| <b>Total</b>                                 | <b>104,274.54</b>    | <b>105,813.95</b> | -  | -           | -   | -           | <b>104,274.54</b> |
| <b>Counter Guarantees</b>                    |                      |                   |  |             |   |             |                   |
| Mercator Petroleum Limited                   | 152.60               | 152.60            | -  | -           | -   | -           | 152.60            |
| <b>Total</b>                                 | <b>152.60</b>        | <b>152.60</b>     | -  | -           | -   | -           | <b>152.60</b>     |
| <b>Outstanding balances as on 31.03.2015</b> |                      |                   |  |             |   |             |                   |
| <b>Loans, Advances and Receivables</b>       |                      |                   |  |             |   |             |                   |
| <b>Loans</b>                                 |                      |                   |  |             |   |             |                   |
| Mercator International Pte Limited           | 7,402.31             | 12,059.93         | -  | -           | -   | -           | 7,402.31          |
| Mercator Oil & Gas Limited                   | 5,725.00             | 15.35             | -  | -           | -   | -           | 5,725.00          |
| Mercator Petroleum Limited                   | 3,494.97             | 3,345.27          | -  | -           | -   | -           | 3,494.97          |
| <b>Total</b>                                 | <b>16,622.28</b>     | <b>15,420.54</b>  | -  | -           | -   | -           | <b>16,622.28</b>  |
| <b>Advances</b>                              |                      |                   |  |             |   |             |                   |
| MLL Logistics Private Limited                | -                    | -                 | -  | -           | 345.13  | -           | -                 |
| <b>Total</b>                                 | -                    | -                 | -  | -           | <b>345.13</b>   | -           | -                 |
| <b>Capital Advances</b>                      |                      |                   |  |             |   |             |                   |
| Vaikarna Marine Infrastructure Limited       | -                    | -                 | -  | -           | 4,199.96  | -           | 4,199.96          |
| <b>Total</b>                                 | -                    | -                 | -  | -           | <b>4,199.96</b>   | -           | <b>4,199.96</b>   |



## Notes Forming Part of the Financial Statements

| Name of the Transaction   | Subsidiary Companies |                 | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |                 | Total           |
|---|----------------------|-----------------|--|-------------|---|-----------------|-----------------|
|   | Current Yr           | Previous Yr     | Current Yr   | Previous Yr | Current Yr  | Previous Yr     |                 |
|   | as on 31.03.2015     |                 |  |             |   |                 |                 |
| <b>Outstanding Balances of Trade and Other Receivables &amp; Payables</b> |                      |                 |  |             |   |                 |                 |
| <b>Trade and Other Receivables</b>  |                      |                 |  |             |   |                 |                 |
| MLL Logistics Private Limited   | -                    | -               | -  | -           | 2,354.39  | 1,841.21        | 2,354.39        |
| Mercator International Pte Limited  | -                    | 1,407.68        | -  | -           | -   | -               | 1,407.68        |
| Mercator Offshore Holdings Pte. Ltd                                       | 203.93               | -               | -  | -           | -   | -               | 203.93          |
| MCS Holdings Pte Limited  | 606.28               | 171.32          | -  | -           | -   | -               | 606.28          |
| <b>Total</b>  | <b>810.21</b>        | <b>1,579.00</b> | <b>-</b>   | <b>-</b>    | <b>2,354.39</b>   | <b>1,841.21</b> | <b>3,164.60</b> |
| <b>Trade and Other Payables</b>   |                      |                 |  |             |   |                 |                 |
| Mercator Lines (Singapore) Limited  | 559.62               | 896.85          | -  | -           | -   | -               | 559.62          |
| Zicom Electronic Security Systems Limited                                 | -                    | -               | -  | -           | -   | 2.02            | -               |
| Mercator International Pte Limited  | 2,834.12             | -               | -  | -           | -   | -               | 2,834.12        |
| Vaitama Marine Infrastructure Limited                                     | -                    | -               | -  | -           | 123.93  | -               | 123.93          |
| Rishi Holding Private Limited   | -                    | -               | -  | -           | -   | 1.62            | -               |
| Mercator Offshore Holdings Pte Limited                                    | -                    | 959.04          | -  | -           | -   | -               | 959.04          |
| <b>Total</b>  | <b>3,393.74</b>      | <b>1,857.88</b> | <b>-</b>   | <b>-</b>    | <b>123.93</b>   | <b>3.64</b>     | <b>3,517.67</b> |
| <b>Inter Corporate Deposit</b>  |                      |                 |  |             |   |                 |                 |
| <b>Balance as on 31.03.2015</b>   |                      |                 |  |             |   |                 |                 |
| MLL Logistics Private Limited   | -                    | -               | -  | -           | 5,739.13  | 5,552.00        | 5,739.13        |
| <b>Total</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>   | <b>-</b>    | <b>5,739.13</b>   | <b>5,552.00</b> | <b>5,552.00</b> |
| <b>Deposit</b>  |                      |                 |  |             |   |                 |                 |
| <b>Balance as on 31.03.2015</b>   |                      |                 |  |             |   |                 |                 |
| MLL Logistics Private Limited   | -                    | -               | -  | -           | -   | 500.00          | -               |
| <b>Total</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>   | <b>-</b>    | <b>-</b>  | <b>500.00</b>   | <b>500.00</b>   |
| <b>Remuneration paid to Key Management Personnel</b>                      |                      |                 |  |             |   |                 |                 |
| Remuneration paid to Relative of Key Management Personnel                 | -                    | 14.50           | -  | -           | -   | -               | -               |

## Notes Forming Part of the Financial Statements

### 4.6 Disclosure in respect of Leases as per AS 19:

#### (A) In respect of Operating Leases (as Lessee):

(Amount ₹ in Lakhs)

| Particulars  | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
|--|---------------------------------|---------------------------------|
| (a) Operating Leases   |                                 |                                 |
| Disclosures in respect of cancellable agreements for office premises taken on lease    |                                 |                                 |
| (i) Lease payments recognized in the Statement of Profit and Loss                      | 399.32                          | 410.47                          |
| (ii) Significant leasing arrangements  |                                 |                                 |
| The Company has given refundable interest free security deposits under the agreements. |                                 |                                 |
| The lease agreements are upto 11 to 60 months.   |                                 |                                 |
| These agreements also provide 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) In respect of Operating Leases (as Lessor):

(Amount ₹ in Lakhs)

| Particulars   | Year ended<br>March 31,<br>2015 | Year ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| (a) Operating Leases  |                                 |                                 |
| Disclosures in respect of cancellable agreements for office premises given on lease |                                 |                                 |
| (i) Lease payments recognized in the Statement of Profit and Loss                   | 17.30                           | 31.92                           |
| (ii) 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                             |

#### General Description of leasing arrangement

- (i) Leased Assets: Premises, Godown
- (ii) Future lease rentals are determined as per Agreements.

## Notes Forming Part of the Financial Statements

### 4.7 Earning Per Share as per AS 20

(Amount ₹ in Lakhs)

| Particulars  | Year ended     | Year ended     |
|--|----------------|----------------|
|  | March 31, 2015 | March 31, 2015 |
| Net Profit after Tax                                   |                |                |
| - Basic and Diluted                                    | 4,954.57       | 921.13         |
| Number of Shares used in computing Earning Per Share   |                |                |
| - Basic and Diluted                                    | 244,892,073    | 244,892,073    |
| Earning per share (equity shares of face value Re 1/-) |                |                |
| - Basic and Diluted (in ₹)                             | 2.02           | 0.38           |

### 4.8 Derivative Instruments

(A) The Company uses foreign currency forward contracts to hedge its risks associated with foreign Currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

#### (B) Details of outstanding Hedging Contracts

(Amount ₹ in Lakhs)

| Derivative contracts | March 31, 2015             |                          | March 31, 2014             |                          |
|----------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                      | Amount in foreign currency | Equivalent Indian rupees | Amount in foreign currency | Equivalent Indian rupees |
| USD/INR              | 31.59                      | 1,600.00                 | 35.54                      | 1,800.00                 |
| USD/INR              | 17.71                      | 800.00                   | 19.93                      | 900.00                   |
| USD/INR              | 17.75                      | 800.00                   | 19.97                      | 900.00                   |

#### (C) Foreign Currency Exposures

The year end exposure in currencies other than the financial currency of the Company that were not hedged by a derivative instrument or otherwise are given below:

| Particulars                  | 2014-15    |            | 2013-14    |            |
|------------------------------|------------|------------|------------|------------|
|                              | ₹ In Lakhs | Fx.Million | ₹ In Lakhs | Fx.Million |
| Trade Receivables            | 514.00     | USD 0.82   | 2,086.12   | USD 3.47   |
| Balances with bank           | 2,174.39   | USD 3.47   | 440.55     | USD 0.73   |
| Loan & Advances              | 5,874.77   | USD 9.39   | 14,075.76  | USD 23.42  |
| Advance from Customers       |            |            | 2.97       | USD 0.01   |
| Accounts Payable/Acceptances | 3,650.05   | USD 5.77   | 2,097.71   | USD 3.44   |
|                              |            | SGD 0.01   |            | EUR 0.01   |
|                              |            | JPY 4.42   |            | JPY 1.37   |
|                              |            | DKK 0.04   |            | SGD 0.03   |
|                              |            | GBP 0.01   |            | DKK 0.04   |
| Borrowings                   | 63,579.73  | USD 101.58 | 41,383.27  | USD 68.86  |

## Notes Forming Part of the Financial Statements

### 5. OTHER DISCLOSURES AND NOTES

5.1 The company has not received any intimation from its vendors regarding the status under the Micro and Small Enterprises Development Act 2006 and hence disclosures required under the said Act have not been made.

#### 5.2 Tonnage Tax Reserve

In terms of section 115VT of the Income Tax Act, 1961, the company is required to transfer amounts out of its profit to Tonnage Tax Reserve. During the year, the company has transferred ₹1,030.91 Lakhs (P.Y. ₹ 150.00 Lakhs) to Tonnage Tax Reserve.

#### 5.3 Details of loans given, Investments made and guarantee given covered u/s 186(4) of the Companies Act, 2013

Loans & Advances given, Investments made and corporate guarantees taken on behalf of Subsidiaries are given under the respective head

##### a) Loans and Advances given during the year

(Amount ₹ in Lakhs)

| Loans & Advances Given                  | *Opening balance | *Additions during the year | *Deletions during the year | *Closing Balance |
|---|------------------|----------------------------|----------------------------|------------------|
| Mercator FPSO Private Limited           | 199.48           | 1.76                       | -                          | 201.24           |
| Mercator International Pte. Limited     | 13,467.60        | 21,267.23                  | 30,166.66                  | 4,568.17         |
| Mercator Petroleum Limited              | 3,345.27         | 5,247.11                   | 4,821.50                   | 3,770.88         |
| Mercator Offshore (P) Pte. Limited      | 436.84           | 44.20                      | 3.66                       | 477.38           |
| Mercator Oil & Gas Limited              | 15.35            | 7,505.22                   | 1,725.96                   | 5,794.61         |
| MCS Holdings Pte. Limited               | 171.32           | 1,082.42                   | 647.46                     | 606.28           |
| Mercator Projects Pte. Limited          | -                | 16.19                      | -                          | 16.19            |
| Mercator Offshore Holdings Pte. Limited | (959.04)         | 2,470.89                   | 1,307.92                   | 203.93           |
| <b>Total</b>                            | <b>16,676.82</b> | <b>37,635.02</b>           | <b>38,673.16</b>           | <b>15,638.68</b> |

All the above loans are utilized by respective companies for their business activities

\*Includes exchange fluctuation on reinstatement/repayment of Loans

##### b) Investments during the year

(Amount ₹ in Lakhs)

| Name of Subsidiary         | *Opening balance | *Additions during the year | *Deletions during the year | *Closing Balance |
|----------------------------|------------------|----------------------------|----------------------------|------------------|
| Mercator Petroleum Limited | 10.00            | 1,520.00                   | -                          | 1,530.00         |

\*Utilised by Subsidiary for its business activities

##### c) Guarantees given during the year

Corporate guarantees issued by the company on behalf of wholly owned Subsidiaries

(Amount ₹ in Lakhs)

| Guarantee given on behalf of         | Outstanding as at Current Year | Outstanding as at Previous Year |
|--------------------------------------|--------------------------------|---------------------------------|
| Mercator Offshore (P) Pte. Limited*  | 53,358.66                      | 63,285.09                       |
| Mercator International Pte. Limited* | 22,479.49                      | 13,582.55                       |
| Mercator Oil & Gas Limited*          | 8,904.77                       | 7,351.12                        |
| <b>Total</b>                         | <b>84,742.92</b>               | <b>84,218.76</b>                |

\*Parent Company Guarantees issued in favor of Banks for Loans availed by the subsidiaries for their Business activities

## Notes Forming Part of the Financial Statements

### d) Letter of Comfort Issued

(Amount ₹ in Lakhs)

| Particular  | Current Year | Previous Year |
|---|--------------|---------------|
| Letter of comfort issued by the company on behalf of subsidiaries | 4,991.70     | 5,108.48      |

Letter of comfort is issued in favour of Bank for the loan availed by subsidiary for its business activity.

### 5.4 Disclosure as required under clause 32 of the Listing agreement

(Amount ₹ in Lakhs)

| Loans and Advances in nature of Loans given to subsidiaries | Current Year | Previous Year |
|---|--------------|---------------|
| <i>Mercator International (Pte) Ltd.</i>                    |              |               |
| Balance outstanding at year end                             | 4,568.18     | 13,467.60     |
| Maximum amount Outstanding during the year.                 | 17,035.68    | 21,183.20     |
| <i>Mercator Oil &amp; Gas Limited</i>                       |              |               |
| Balance outstanding at year end                             | 5,794.61     | 15.35         |
| Maximum amount Outstanding during the year.                 | 7,040.94     | 818.71        |
| <i>Mercator Petroleum Limited</i>                           |              |               |
| Balance outstanding at year end                             | 3,770.88     | 3,345.27      |
| Maximum amount Outstanding during the year.                 | 6,324.97     | 3,345.27      |
| <i>Mercator FPSO Private Limited</i>                        |              |               |
| Balance outstanding at year end                             | 201.24       | 199.48        |
| Maximum amount Outstanding during the year.                 | 201.24       | 199.48        |
| <i>Mercator Offshore Holding Pte. Ltd.</i>                  |              |               |
| Balance outstanding at year end                             | 203.93       | -             |
| Maximum amount outstanding during the year                  | 289.99       | -             |
| <i>Mercator Offshore (P) Pte. Ltd.</i>                      |              |               |
| Balance outstanding at year end                             | 477.38       | 436.84        |
| Maximum amount outstanding during the year                  | 477.38       | 436.84        |
| <i>Oorja Resources India Private Limited</i>                |              |               |
| Balance outstanding at year end                             | -            | 1.91          |
| Maximum amount outstanding during the year                  | 1.91         | 118.03        |

### 5.5 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013 as applicable, there is no amount necessary to be spent on CSR activities for the year.

### 6. PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary

## Notes Forming Part of the Financial Statements

### SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013

(pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### PART A: Subsidiaries

| Sr. No. | Name of the Subsidiary                  | Financial period ended | Reporting currency & Exchange rate | Share Capital* | Reserves & Surplus* | Total Assets* | Total Liabilities* | Investments except in subsidiaries* | Turnover** | Profit/(Loss) before Tax** | Provisions for Tax** | Profit/(Loss) after Tax** | Proposed Dividend** | % of Share-holding |
|---------|---|------------------------|------------------------------------|----------------|---------------------|---------------|--------------------|-------------------------------------|------------|----------------------------|----------------------|---------------------------|---------------------|--------------------|
| 1       | Mercator Oil and Gas Limited            | 31/3/2015              | INR                                | 15.00          | 1,728.16            | 26,817.45     | 25,074.29          | -                                   | 22,273.73  | 52.52                      | 29.62                | 22.90                     | -                   | 100.00             |
| 2       | Mercator Petroleum Limited              | 31/3/2015              | INR                                | 3,000.00       | (89.31)             | 10,037.26     | 7,136.57           | -                                   | -          | (53.58)                    | -                    | (53.58)                   | -                   | 89.22              |
| 3       | Oorja Resources India Private Limited   | 31/3/2015              | INR                                | 2.50           | 36.42               | 274.90        | 235.98             | -                                   | -          | (2.34)                     | 0.67                 | (1.67)                    | -                   | 100.00             |
| 4       | Mercator FPSO Private Limited           | 31/3/2015              | INR                                | 1.00           | (3.80)              | 198.55        | 201.35             | -                                   | -          | (1.21)                     | -                    | (1.21)                    | -                   | 100.00             |
| 5       | Mercator International Pte. Limited     | 31/3/2015              | USD                                | 37.55          | 41,788.80           | 70,191.08     | 28,364.73          | 15.98                               | -          | 14,712.20                  | (226.58)             | 14,485.63                 | -                   | 100.00             |
| 6       | Mercator Lines (Singapore) Limited      | 31/3/2015              | USD                                | 133,752.78     | (19,880.72)         | 219,631.74    | 105,759.67         | 432.50                              | 34,496.14  | (72,356.37)                | -                    | (72,356.37)               | -                   | 66.17              |
| 7       | Mercator Offshore Holdings Pte. Limited | 31/3/2015              | USD                                | 1,877.82       | 4,844.11            | 56,126.09     | 49,404.16          | -                                   | 5,772.85   | (2,066.33)                 | -                    | (2,066.33)                | -                   | 100.00             |
| 8       | Panther Resources Pte. Limited          | 31/3/2015              | USD                                | 0.01           | (106.64)            | 1,261.56      | 1,368.20           | -                                   | -          | (104.31)                   | -                    | (104.31)                  | -                   | 100.00             |
| 9       | Oorja Mocambique Minas, Limitada        | 31/3/2015              | Mozambican Meticals#               | 0.43           | -                   | 148.83        | 148.41             | -                                   | -          | -                          | -                    | -                         | -                   | 100.00             |
| 10      | Oorja Holdings Pte. Limited             | 31/3/2015              | USD                                | 0.00           | (240.41)            | 56,149.65     | 56,390.05          | -                                   | -          | (650.50)                   | (23.77)              | (674.27)                  | -                   | 100.00             |
| 11      | PT Oorja Indo Petangis Four             | 31/3/2015              | USD                                | 347.38         | (1,524.68)          | 474.27        | 1,651.57           | -                                   | 186.37     | (23.65)                    | 1.86                 | (25.52)                   | -                   | 100.00             |
| 12      | PT Oorja Indo Petangis Three            | 31/3/2015              | USD                                | 347.38         | (868.23)            | 580.34        | 1,101.19           | -                                   | 62.88      | (32.19)                    | (0.63)               | (32.82)                   | -                   | 100.00             |
| 13      | PT Oorja Indo KGS                       | 31/3/2015              | USD                                | 156.48         | 1,251.99            | 8,893.51      | 7,485.05           | -                                   | 74,604.55  | (686.60)                   | 25.75                | (660.85)                  | -                   | 100.00             |
| 14      | PT Nuansa Sakti Kencana                 | 31/3/2015              | USD                                | 358.51         | (320.47)            | 1,581.78      | 1,543.75           | -                                   | 6,025.63   | 775.49                     | 1.62                 | 777.11                    | -                   | 100.00             |
| 15      | PT Mincon Incon Indo Resources          | 31/3/2015              | USD                                | 156.48         | (1,154.99)          | 60.22         | 1,058.73           | -                                   | 848.75     | (220.63)                   | (6.60)               | (227.23)                  | -                   | 100.00             |
| 16      | MCS Holdings Pte. Limited               | 31/3/2015              | USD                                | 625.91         | 28,078.86           | 91,471.71     | 62,766.94          | -                                   | 142,428.44 | 2,469.62                   | (369.44)             | 2,100.18                  | -                   | 100.00             |
| 17      | PT Karya Putra Borneo                   | 31/3/2015              | USD                                | 345.12         | (1,486.45)          | 24,373.31     | 25,514.63          | -                                   | 21,849.86  | 238.92                     | (197.55)             | 41.37                     | -                   | 50.00              |
| 18      | PT Indo Perkasa                         | 31/3/2015              | USD                                | 345.12         | 3,317.81            | 16,130.94     | 12,468.01          | -                                   | 3,122.98   | (4.97)                     | (49.04)              | (54.01)                   | -                   | 25.50              |



# Independent Auditor's Report on the Consolidated Financial Statements

## To the Members of Mercator Limited

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

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors on which we have relied in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the



aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note no. 3.8 to the Consolidated financial statements regarding net loss suffered by a subsidiary, Mercator Lines (Singapore) Ltd (“MLS”), and the preparation of financial statements of MLS on a going concern basis based on the reasonable expectation that the company will have adequate cash flows which would allow them to continue operations in the foreseeable future.

### **Our opinion is not modified in respect of this matter.**

### **Other Matters**

We did not audit the financial statements/ financial information of thirty subsidiaries, whose financial statements, reflect total assets of Rs. 1,51,495.47 lakhs as at 31st March, 2015, total revenues of Rs. 2,20,230.92 lakhs and net cash flows amounting to Rs.4955.95 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated 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 and the financial statements approved by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”), issued by the Central Government of India in terms of sub-

section (11) of Section 143 of the Act, based on the comments in the auditors’ reports of the Holding company and subsidiary companies incorporated in India to whom, the order is applicable, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding company as on 31st March, 2015 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies

(Audit and Auditor's) 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 on its financial position in the Consolidated financial statements – Refer Note 3.5 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, where required to be transferred, to the Investor Education and Protection Fund by the Group.

**For CNK & Associates LLP**  
Chartered Accountants  
Firm's Registration No.101961W

**Himanshu Kishnadwala**  
**Partner**  
Membership No. 37391

Date: May 29, 2015  
Place: Mumbai

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Mercator Limited ("the Company") on the consolidated financial statements for the year ended 31st March, 2015.]

With respect to Mercator Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply ('Covered Entities'), we report as follows:

i. (a) The Holding company and covered entities are maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

In respect of a subsidiary, there were no fixed assets during the year and hence clauses i (a) and i(b) are not applicable.

ii. (a) As explained to us, in respect of the Holding Company, the inventory has been physically verified during the year by the management. In our opinion having regard to the nature and location of the inventory, the frequency of physical verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the above mentioned inventory followed by the management of the Holding Company are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion, the Holding company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

In respect of the covered entities, there was no Inventory during the year and hence clauses ii(a), ii(b) and ii(c) are not applicable.

iii. On the basis of the records produced before us and verified by us and according to

information and explanations given to us, the Holding company and covered entities have not granted loan to body corporates covered in the register maintained under section 189 of the Companies Act, 2013("the Act").Hence clauses iii(a) and iii(b) are not applicable.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services in the Holding company and the covered entities. During the course of our audit, no major weakness has been noticed in the Internal Control system and there is no continuing failure for the same.

v. The Holding company and the covered entities have not accepted any deposits during the year to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are applicable.

vi. On the basis of the records produced , we are of the opinion that prima facie ,the cost records and accounts prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, and applicable to the Holding company in respect of coal handling activity have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.

As informed to us, In respect of covered entities, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act and hence clause vi is not applicable.

vii. (a) The holding company and covered entities are regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2015, for a period of more than six months from the date they become payable.

- (b) Based on our audit procedures and according to Information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax or cess which have not been deposited by the holding company and covered entities on account of any dispute
- (c) According to the information and explanations given to us the amounts required to be transferred by the Holding Company to investor education and protection fund in accordance with the relevant provisions and rules made thereunder have been transferred to such fund within time.
- According to the information and explanation made available to us, the covered entities, are not liable to pay any sum towards Investor Education and Protection Fund.
- viii. The Holding Company and one of the covered entities does not have any accumulated losses as on 31st March 2015 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- In respect of one covered entity, the Company's accumulated losses at the end of the year are not more than 50% of the net worth of the company and the company has incurred cash losses during the current financial year but not in the immediately preceding financial year.
- In respect of one of the covered entities, the Company's accumulated losses at the end of the year are more than 50% of the net worth of the company and the company has incurred cash losses during the current financial year but not in the immediately preceding financial year.
- ix. Based on our audit procedures and as per the information and explanations given by the respective management, we are of the opinion that the Holding Company and one of the covered entities have not defaulted in repayment of dues to a financial institutions, bank or debenture holders during the year.
- In respect of other covered entities, since the companies have not taken any loan from financial institutions or banks and has not issued any debentures. Hence this clause is not applicable.
- x. In our opinion and according to the information and explanations given to us ,the holding company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are not prejudicial to the interest of the company;
- In our opinion and according to the information and explanations given to us, the covered entities have not given guarantee for loans taken by others from bank or financial institutions. Accordingly, the provision of clause (x) of paragraph 3 of the Order is not applicable to the Company.
- xi. Based on our audit procedures and according to the information and explanations given to us, the holding company has utilized the term loans for the purpose for which the loans were obtained.
- Based on our audit procedures and according to the information and explanations given to us, the covered entities have not raised any term loans during the year and accordingly clause xi is not applicable.
- xii. During the course of our examination of the books of account and records of the Holding Company and the Covered entities, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.

**For CNK & Associates LLP**

Chartered Accountants  
Firm's Registration No.101961W

**Himanshu Kishnadwala**  
**Partner**

Membership No. 37391

Date: May 29, 2015

Place: Mumbai

## Consolidated Balance Sheet as at March 31, 2015

| Particulars   | Note   | (Amount ₹ in Lakhs)        |                            |
|---|--------|----------------------------|----------------------------|
|   |        | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| <b>A EQUITY AND LIABILITIES</b>                       |        |                            |                            |
| <b>1 Shareholder's funds</b>                          |        |                            |                            |
| (a) Share capital                                     | 2.1    | 2,448.92                   | 2,448.92                   |
| (b) Reserves and surplus                              | 2.2    | 195,442.85                 | 231,876.77                 |
|   |        | <b>197,891.77</b>          | <b>234,325.69</b>          |
| Minority interest                                     |        | 25,368.02                  | 49,552.89                  |
|   |        | <b>223,259.79</b>          | <b>283,878.58</b>          |
| <b>2 Non - current liabilities</b>                    |        |                            |                            |
| (a) Long-term borrowings                              | 2.3    | 250,667.41                 | 256,388.36                 |
| (b) Other long term liabilities                       | 2.4    | 14,752.71                  | 1,591.35                   |
| (c) Long-term provisions                              | 2.5    | 533.96                     | 480.41                     |
|   |        | <b>265,954.08</b>          | <b>258,460.12</b>          |
| <b>3 Current liabilities</b>                          |        |                            |                            |
| (a) Short-term borrowings                             | 2.6    | 69,981.26                  | 60,533.70                  |
| (b) Trade payables                                    |        | 119,400.99                 | 47,716.46                  |
| (c) Other current liabilities                         | 2.7    | 85,367.65                  | 73,373.40                  |
| (d) Short-term provisions                             | 2.8    | 1,850.40                   | 3,915.19                   |
|   |        | <b>276,600.30</b>          | <b>185,538.75</b>          |
| <b>Total</b>  |        | <b>765,814.17</b>          | <b>727,877.45</b>          |
| <b>B ASSETS</b>                                       |        |                            |                            |
| <b>1 Non-current assets</b>                           |        |                            |                            |
| (a) Fixed assets                                      |        |                            |                            |
| (i) Tangible assets                                   | 2.9    | 498,323.76                 | 542,169.47                 |
| (ii) Intangible assets                                | 2.9    | 40.08                      | -                          |
| (iii) Capital work in progress                        |        | 62,033.12                  | 257.99                     |
|   |        | <b>560,396.96</b>          | <b>542,427.46</b>          |
| Goodwill on consolidation                             |        | -                          | 1,782.70                   |
| (b) Non-current investments                           | 2.10   | 137.60                     | 3,146.66                   |
| (c) Deferred tax asset                                |        | 412.79                     | 987.60                     |
| (d) Long-term loans and advances                      | 2.11   | 36,855.05                  | 30,276.34                  |
| (e) Other non-current assets                          | 2.12   | 297.59                     | 4,542.67                   |
|   |        | <b>598,099.99</b>          | <b>583,163.43</b>          |
| <b>2 Current assets</b>                               |        |                            |                            |
| (a) Current investments                               | 2.10   | 398.89                     | 420.14                     |
| (b) Inventories                                       | 2.13   | 3,413.67                   | 5,702.23                   |
| (c) Trade receivables                                 | 2.14   | 81,509.68                  | 63,220.25                  |
| (d) Cash and bank balances                            | 2.15   | 27,440.49                  | 19,454.22                  |
| (e) Short-term loans and advances                     | 2.16   | 30,134.90                  | 28,658.30                  |
| (f) Other current assets                              | 2.17   | 24,816.55                  | 27,258.88                  |
|   |        | <b>167,714.18</b>          | <b>144,714.02</b>          |
| <b>Total</b>  |        | <b>765,814.17</b>          | <b>727,877.45</b>          |
| <b>Significant Accounting Policies</b>                | 1      |                            |                            |
| <b>Notes forming part of the financial statements</b> | 2 to 6 |                            |                            |

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

(Amount ₹ in Lakhs)

| Particulars  | Note No. | Year Ended March 31, 2015 | Year Ended March 31, 2014 |
|--|----------|---------------------------|---------------------------|
| <b>INCOME</b>  |          |                           |                           |
| (a) Revenue from operations  | 2.18     | 309,163.22                | 345,778.04                |
| (b) Other income   | 2.19     | 1,528.55                  | 2,841.82                  |
| <b>1 Total Revenue</b>   |          | <b>310,691.77</b>         | <b>348,619.86</b>         |
| <b>EXPENSES:</b>   |          |                           |                           |
| (a) Operating expenses   | 2.20     | 229,880.05                | 268,878.00                |
| (b) Employee benefit expenses                                      | 2.21     | 7,248.53                  | 5,615.96                  |
| (c) Finance cost   | 2.22     | 22,529.95                 | 20,513.80                 |
| (d) Depreciation and amortisation expenses                         |          | 47,455.80                 | 44,087.02                 |
| (e) Impairment of assets   |          | 40,900.82                 | 1,218.72                  |
| (f) Other expenses   | 2.23     | 20,112.32                 | 6,998.55                  |
| <b>2 Total Expenses</b>  |          | <b>368,127.47</b>         | <b>347,312.05</b>         |
| <b>3 Profit/(Loss) before exceptional items and taxes (1 - 2)</b>  |          | <b>(57,435.70)</b>        | <b>1,307.81</b>           |
| <b>4 Less: Exceptional items (Refer note 3.7)</b>                  |          | <b>11,595.90</b>          | <b>298.09</b>             |
| <b>5 Profit/(Loss) before taxes (3 - 4)</b>                        |          | <b>(69,031.60)</b>        | <b>1,009.72</b>           |
| <b>6 Tax expense:</b>  |          |                           |                           |
| (a) Current tax  |          | (1,058.21)                | (2,544.60)                |
| (b) Short provision of tax for earlier years                       |          | 0.05                      | (25.16)                   |
| (c) Deferred Tax   |          | (599.85)                  | 69.97                     |
| Profit/(Loss) for the year before adjustment for Minority Interest |          | (70,689.61)               | (1,490.07)                |
| Less: share of profit / loss transferred to Minority Interest      |          | 25,737.07                 | 4,707.88                  |
| <b>Profit/(Loss) for the period</b>                                |          | <b>(44,952.54)</b>        | <b>3,217.81</b>           |
| <b>Earnings per share (Equity share of Re. 1/- Each)</b>           |          |                           |                           |
| Basic and Diluted (In Rupees)                                      | 4.6      | (18.36)                   | 1.31                      |
| <b>Significant Accounting Policies</b>                             | 1        |                           |                           |
| <b>Notes forming part of the financial statements</b>              | 2 to 6   |                           |                           |

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary

## Consolidated Cash Flow Statement

for the year ended March 31, 2015

(Amount ₹ in Lakhs)

|   | <b>Current<br/>Year</b> | <b>Previous<br/>Year</b> |
|---|-------------------------|--------------------------|
| <b>A Cash Flow from Operating Activities</b>                      |                         |                          |
| Net Profit / (Loss) Before Tax                                    | (69,031.60)             | 1,009.72                 |
| <b>Adjustment for:</b>  |                         |                          |
| Depreciation  | 47,455.80               | 44,087.02                |
| Impairment of assets  | 40,900.82               | 1,218.72                 |
| Provision for doubtful debts/advances                             | 11,097.88               | 167.13                   |
| Loss/Gain on derivative transactions                              | -                       | 329.20                   |
| Interest paid   | 22,529.95               | 20,513.80                |
| (Profit)/Loss on fixed assets sold (net)                          | -                       | (5.54)                   |
| (Profit)/Loss on sale of investments (net)                        | (61.12)                 | (13.42)                  |
| Interest income   | (1,221.17)              | (1,157.75)               |
| Dividend income   | -                       | (479.44)                 |
| Bad Debts and other amounts written off/(back)                    | 35.94                   | 561.50                   |
| Adjustment for foreign exchange currency translation / Adjustment | (1,299.94)              | (4,328.25)               |
| Adjustments for exchange fluctuation                              | (146.30)                | 306.46                   |
| <b>Operating profit before working capital changes</b>            | <b>50,260.26</b>        | <b>62,209.15</b>         |
| Adjustment for:   |                         |                          |
| Decrease/(Increase) in Long-term loans and advances               | (1,602.76)              | (3,684.56)               |
| Decrease/(Increase) in Inventories                                | 2,288.56                | (2,188.17)               |
| Decrease/(Increase) in Short-term loans and advances              | (350.86)                | 856.19                   |
| Decrease/(Increase) in Other current assets                       | 2,523.51                | (8,059.03)               |
| Decrease/(Increase) in Trade Receivables                          | (29,406.33)             | 1,597.89                 |
| (Decrease)/Increase in Other long term liabilities                | 13,413.09               | 426.32                   |
| (Decrease)/Increase in Long term provisions                       | 53.55                   | 51.52                    |
| (Decrease)/Increase in Trade Payables                             | 71,687.16               | (2,244.20)               |
| (Decrease)/Increase in Other current liabilities                  | (1,496.13)              | (3,024.49)               |
| (Decrease)/Increase in Short term provisions                      | (2,370.56)              | (203.78)                 |
| <b>Net Cash from Operating Activities</b>                         | <b>104,999.49</b>       | <b>45,736.84</b>         |
| Direct taxes paid   | (3,608.02)              | (3,288.54)               |
| <b>Total cash from / (used in) operating activities</b>           | <b>101,391.47</b>       | <b>42,448.30</b>         |

# Consolidated Cash Flow Statement

for the year ended March 31, 2015

(Amount ₹ in Lakhs)

|   | Current<br>Year    | Previous<br>Year   |
|---|--------------------|--------------------|
| <b>B Cash Flow from Investing Activities</b>                              |                    |                    |
| Acquisition of Fixed Assets including Capital Work in Progress            | (81,715.40)        | (39,370.07)        |
| Sale of Fixed Assets  | 0.75               | 4,455.04           |
| (Increase) / Decrease in Short-term loans and advances                    | 345.13             | (9.00)             |
| (Increase) / Decrease in Capital advances                                 | (2,868.28)         | (4,731.63)         |
| (Increase) / Decrease in Current Intercompany deposits                    | (334.99)           | (24.45)            |
| (Purchase)/sale of Investment   | 3,091.43           | (48.86)            |
| Investment in fixed deposits  | 5,683.75           | (2,740.49)         |
| Interest Income   | 1,168.56           | 1,064.91           |
| Dividend Income   | -                  | 479.44             |
| <b>Net Cash from Investing Activities</b>                                 | <b>(74,629.05)</b> | <b>(40,925.11)</b> |
| <b>C Cash Flow from Financing Activities</b>                              |                    |                    |
| Proceeds from Long term Borrowings  | (2,434.56)         | (12,997.85)        |
| Proceeds from Short term Borrowings                                       | 9,447.56           | 15,036.47          |
| Proceeds from issue of shares to minority shareholders                    | (501.66)           | 2,532.98           |
| Expenses incurred for FCCB  | (193.29)           | -                  |
| Dividend Paid (Including Dividend Distribution tax)                       | (283.97)           | -                  |
| Interest paid   | (23,321.88)        | (21,422.81)        |
| Gain on derivative transaction  | -                  | (329.20)           |
| <b>Net Cash from Financing Activities</b>                                 | <b>(17,287.80)</b> | <b>(17,180.41)</b> |
| <b>Net Increase / (decrease) in cash and cash equivalents (A + B + C)</b> | <b>9,474.62</b>    | <b>(15,657.22)</b> |
| Cash and Cash Equivalents as at beginning of the year (Refer Note 2.15)   | 15,853.02          | 31,493.24          |
| Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents | (21.11)            | 17.00              |
| Cash and Cash Equivalents as at end of the year (Refer Note 2.15)         | 25,306.53          | 15,853.02          |
| <b>Cash and Cash Equivalents comprise of:</b>                             |                    |                    |
| Cash and Bank Balances ( Refer Note 2.15)                                 | 25,306.53          | 15,853.02          |

## Notes:

- Figures in bracket represent outflows.
- Cash and cash equivalents include Unclaimed dividend accounts of ₹ 34.48 lakhs (P.Y. ₹ 45.38 lakhs) which are not available for use by the company.
- 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 and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary



## Notes Forming Part of the Consolidated Financial Statements

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2015**

#### **CORPORATE INFORMATION**

Mercator Limited was incorporated on 24th November 1983 as Private Limited Company with name as Mercator Lines Private Limited. It was converted into Limited Company vide ROC approval dated 12th April 1984. The name was changed to Mercator Limited vide ROC approval dated 22nd November 2011.

The Consolidated 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 and dry bulkers), Dredging, Oil and Gas (EPCIC and E & P), Coal (Mining, Procurement and Logistics).

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **1.1 Basis of Preparation**

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2015.

The financial statements of the Group have been prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standard 21 "Consolidated Financial Statements" as notified by the Companies (Accounts) Rules, 2014.

All assets and liabilities are classified as Current or Non-Current as per the Company's normal

operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, twelve months has been considered by the Company for the purpose of Current – Non-Current classification of assets and liabilities.

The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakhs.

##### **1.2 Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a going basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### **1.3 Principles of consolidation**

The Consolidated financial statements include the financial statements of Mercator Limited (the company), the parent company and all of its subsidiaries (collectively referred to as the group), in which the company has more than one-half of the voting power of an enterprise or where the company controls the composition of the board of directors.

## Notes Forming Part of the Consolidated Financial Statements

The following subsidiary companies are considered in the Consolidated Financial Statements:

| <b>Name of the Subsidiary Company</b>         | <b>Country of incorporation</b> | <b>% of holding either directly or through subsidiary as at March 31, 2015</b> | <b>% of holding either directly or through subsidiary as at March 31, 2014</b> |
|---|---------------------------------|--|--|
| Mercator International Pte. Limited           | Singapore                       | 100  | 100  |
| Mercator Oil & Gas Limited                    | India                           | 100  | 100  |
| Mercator Petroleum Limited                    | India                           | 89.22  | 100  |
| Mercator FPSO Private Limited                 | India                           | 100  | 100  |
| Oorja Resources India Private Limited         | India                           | 100  | 100  |
| Mercator Offshore Holdings Pte. Limited       | Singapore                       | 100  | 100  |
| Mercator Offshore (P) Pte Limited             | Singapore                       | 79.10  | 100  |
| Oorja Holdings Pte. Limited                   | Singapore                       | 100  | 100  |
| Mercator Lines (Singapore) Limited            | Singapore                       | 66.17  | 66.17  |
| Mercator Lines (Panama) Inc                   | Panama                          | -  | 100  |
| Oorja 1 Pte. Limited                          | Singapore                       | 100  | 100  |
| Oorja 2 Pte. Limited                          | Singapore                       | 100  | 100  |
| Oorja 3 Pte. Limited                          | Singapore                       | 100  | 100  |
| Oorja Mozambique Minas, Limitada              | Mozambique                      | 100  | 100  |
| MCS Holdings Pte. Limited                     | Singapore                       | 100  | 100  |
| Pt Oorja Indo Petangis Four                   | Indonesia                       | 100  | 100  |
| Pt Oorja Indo Petangis Three                  | Indonesia                       | 100  | 100  |
| Pt Oorja Indo KGS                             | Indonesia                       | 100  | 100  |
| Broadtec Mozambique Minas, Lda                | Mozambique                      | 85   | 85   |
| PT Mincon Indo Resources                      | Indonesia                       | 100  | 100  |
| Chitra Prem Pte. Limited                      | Singapore                       | 66.17  | 66.17  |
| Vidya Varsha Inc.                             | Panama                          | 66.17  | 66.17  |
| Bima Gema Permata PT                          | Jakarta                         | 100  | 100  |
| Nuansa Sakti Kenca PT                         | Jakarta                         | 100  | 100  |
| Ivorene Oil Services Nigeria Limited          | Singapore                       | 79.10  | 100  |
| Oorja (Batua) Pte Limited                     | Singapore                       | 100  | 100  |
| P.T. Karya Putra Borneo                       | Indonesia                       | 50   | 50   |
| P.T. Indo Perkasa                             | Indonesia                       | 25.50  | 25.50  |
| Mercator Energy Pte. Limited                  | Singapore                       | 78.00  | 100  |
| Mercator Offshore Assets Holding Pte. Limited | Singapore                       | 78.00  | 100  |
| Mercator Okwok FPU Pte. Limited               | Singapore                       | 78.00  | 100  |
| Mercator Okoro FPU Pte. Limited               | Singapore                       | 78.00  | 100  |
| Mercator Projects Pte. Limited                | Singapore                       | 78.00  | -  |
| Panther Resources Pte. Limited                | Singapore                       | 100  | -  |

## Notes Forming Part of the Consolidated Financial Statements

The Consolidated 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 and expenses. The intra-group balances and intra-group transactions have been fully eliminated.
2. The difference between the costs of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
3. Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments are made by the company in the subsidiary companies and further movements in their share in equity, subsequent to the date of the investment as stated above.
4. Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
5. Indian Rupee is the reporting currency for the Group. However, the reporting currencies of non-integral overseas subsidiaries are different from the reporting currency of the Group. The translation of those currencies into Indian Rupee is performed for assets and liabilities, using the exchange rate as at the Balance Sheet date, and for revenues, costs and expenses using average exchange rate during the reporting period. Resultant currency translation exchange gain/loss is carried as Foreign Currency Translation Reserve under Reserves and Surplus.

### 1.4 Tangible fixed assets and Depreciation

- a) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction including attributable borrowing cost, duties and other incidental expenses related to the acquisition of the asset.
- b) Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are, following option given by notification of Ministry of Corporate Affairs (MCA) dated 31st March 2009/29th December 2011, adjusted to carrying cost of the respective fixed assets.
- c) Depreciation on Vessels and on fixed assets held outside India is provided using Straight Line Method (SLM) based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.
- d) In Parent Company, 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 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 |
| Gas Carriers                | 30 years |
- e) Depreciation on additions / disposals during the year is provided on pro-rata basis.
- f) Depreciation on assets acquired under lease is spread over the lease period.

## Notes Forming Part of the Consolidated Financial Statements

- g) Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.
- h) Dry docking expenses, comprising cost of materials and services deployed during the dry docking, are capitalised and depreciated over the period to the next scheduled dry docking, which approximates two and half years. If the vessel is disposed before the next dry docking, the carrying amount of dry docking expenses is included in determining the gain or loss on disposal of the vessel and taken to the Statement of Profit and Loss. If the period to the next dry docking is shorter than expected, the unamortised balance of the deferred dry docking cost is charged immediately as an expense before the next dry docking.

### 1.5 Goodwill

Goodwill arising on the acquisition of subsidiaries is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

### 1.6 Impairment of assets

The carrying amounts of all assets / CGU are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal / external factors, where they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use determined asset wise. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions are identified, and appropriate valuation model is used.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 1.7 Capital work in progress

All expenditure and borrowings cost incurred during the asset acquisition period, are accumulated and shown under this head till the asset is put to commercial use.

### 1.8 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.

## Notes Forming Part of the Consolidated Financial Statements

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.

### 1.9 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 realizable 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.

### 1.10 Oil and Gas Assets

During the year company has changed its accounting for Oil and Gas from Successful Efforts Method to Full Cost Method as per the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas producing activities" (Revised 2013).

There is no material impact on financial statements on account of change in the method as stated above.

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license by license basis. Costs are held, undepleted, within exploratory and development wells-in-progress until the exploration phase relating to the license area is complete or commercial oil and gas reserves have been discovered.

### 1.11 Investments

a) Investments are classified into Non Current and Current investments.

- b) Investments which are readily realizable and intended to be held for not more than twelve months are classified as Current investments. All other investments are classified as Non-Current investments.
- c) Long-term Investments are stated at cost of acquisition and related expenses. Provision for diminution, if any, in the value of such investments is made to recognise a decline, other than of a temporary nature.
- d) Current Investments are stated at cost of acquisition including incidental / related expenses or at fair value as at 31st March 2015, whichever is less and the resultant decline, if any, is charged to revenue.

### 1.12 Incomplete Voyages

Incomplete voyages represent freight received and direct operating expenses on voyages which are not complete as at the Balance Sheet date.

### 1.13 Borrowing Costs

Borrowing costs include interest, ancillary costs, incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition/construction of the qualifying assets are capitalized as part of the cost of the asset, up to the date of acquisition/completion of construction. All other borrowing costs are expenses in the period they occur.

### 1.14 Revenue Recognition

- a) Freight Income  
Income on account of freight is recognized 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

## Notes Forming Part of the Consolidated Financial Statements

corresponding expenses are also carried forward to the next year.

- c) Charter Hire Income  
Income from charter hire and demurrage earnings is recognized 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 by the balance sheet date.
- e) Interest Income  
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- f) Insurance Claims  
Claims including insurance claims are accounted when there is a reasonable certainty of the realisability of the claim amount.
- g) Revenue from Mining Activity  
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.
- i) Income from other services is accounted on accrual basis as per the terms of the relevant agreement.

### 1.15 Foreign Exchange Transactions

- a) Monetary transactions in foreign currency are recorded at standard exchange rates determined monthly.

- b) Monetary items denominated in foreign currency outstanding at the end of the year are valued at the rates prevalent on that date.

- c) Exchange differences arising on translation of Long Term Foreign Currency Monetary (LTFCM) items are, following option given by notification of MCA dated 31st March 2009/ 29th December 2011, treated in the following manner:

- In respect of borrowings relating to or utilized for acquisition of depreciable capital assets, the same is adjusted to the cost of the relevant capital asset and depreciated over the balance life of the said capital asset.
- In other cases, the same is accumulated in a 'Foreign Currency Monetary Item Translation Difference Account'. The amount so accumulated in this account is amortized over the balance period of such assets / liabilities or 31st March 2020, whichever is earlier.

- d) Differences in translation of other monetary items and realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.

- e) Exchange difference arising on translation of long term foreign currency loans given to entities classified as Non Integral Foreign Operations is accumulated in Foreign Currency Fluctuation Reserve. On disposal of investment, the balance in the said reserve is transferred to the Statement of Profit and Loss.

### 1.16 Employees Benefits

- a) Short – term employee benefits

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

## Notes Forming Part of the Consolidated Financial Statements

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 Statement of Profit and Loss.

### 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 and when 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 Statement of Profit and Loss.

### 1.17 Lease Accounting

- a) Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the lease term are classified as Operating lease.
- b) In respect of Operating lease agreements entered into as a lessee, the lease payments are recognised as expense in the Statement of Profit and Loss over the lease term.
- c) In respect of Operating lease agreement entered into as a lessor, the initial direct

costs are recognised as expenses in the year in which they are incurred.

- d) At the beginning of the lease period, the Finance lease is capitalised based on the fair value of leased assets or based on the present value of a minimum lease payment, if the present value is lower than the fair value. The minimum lease payment is bifurcated between the financial cost and the payment obligation so as to produce a constant periodical interest rate for the obligation. Lease expense is recorded in the Statement of Profit and Loss. Leased assets under finance lease are recorded in the fixed assets account and depreciated based on the useful lives of the assets or the lease period, whichever is shorter.

### 1.18 Earning per share:

The basic earnings per share is computed by dividing the net profit after tax for year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.19 Provision for Taxation :

- a) Provision for current income tax is made on the basis of the assessable income under the Income tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the company under section 115VG (3) of Chapter XII-G of the Income Tax Act, 1961.
- b) In respect of subsidiary companies, provision for taxation is made as per the applicable local laws of the respective countries.
- c) Deferred income tax is recognized on timing differences, between taxable

## Notes Forming Part of the Consolidated Financial Statements

income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non shipping activities of the company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the Balance Sheet date.

- d) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

### 1.20 Provisions and Contingent Liabilities:

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or its subsidiary companies.

### 1.21 Derivative instruments and hedge accounting

The Group uses foreign currency forward contracts; forward freight agreements, options on forward freight agreements and currency options to hedge its risks associated with foreign currency fluctuations and fluctuations in freight rates relating to certain firm commitments and forecasted transactions. The Company has designated these hedging instruments as cash flow hedges or economic hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments : Recognition and Measurement" (AS – 30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide principles on the

use of such financial derivatives consistent with the Company's risk management strategy.

Derivatives are initially recognised at fair value at the dates the derivative contracts are entered into and are subsequently re-measured to their fair values at each Balance Sheet date.

The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

### Hedge accounting

Hedges which include derivatives, embedded derivatives and non-derivatives in respect of price risk, are designated as either hedges of fair value of recognised assets or liabilities or fair commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the hedge relationship, the relationship between the hedging instrument and hedged item is determined, along with its risk management objectives and the strategy for undertaking the hedge. At the inception of the hedge and on an ongoing basis, the effectiveness of the hedging relationship in offsetting changes in fair values or cash flows of the hedged item is determined.

### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges will be recorded in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting will be discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the



## Notes Forming Part of the Consolidated Financial Statements

carrying amount of the hedged item arising from the hedged risk will be amortised to the Statement of Profit and Loss from that date.

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated as and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion of the hedge, if any, is recognised immediately in the Statement of Profit and Loss.

Amounts deferred in equity will be recycled in the profit or loss in the periods when the hedged item is recognised in the Statement of Profit and Loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity will be transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting will be discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time will remain in equity and will be recognised when the forecast

transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that had been deferred in equity will be recognised immediately in the Statement of Profit and Loss.

### 1.22 Premium on redemption of Bonds / Debentures

Premium on redemption of bonds / debentures is adjusted against Securities Premium Account

### 1.23 Cash and Cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash in hand and at bank in current and foreign currency accounts. Term deposits having maturities of three months or less are considered as cash equivalents.

### 1.24 Cash Flow Statement

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

## Notes Forming Part of the Consolidated Financial Statements

### 2.1 Share Capital

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| 35,00,00,000 Equity shares of Re 1/- par value.                          | 3,500.00                | 3,500.00                |
| 200,00,00,000 Preference shares of ₹ 100/- par value.                    | 20,000.00               | 20,000.00               |
|  | <b>23,500.00</b>        | <b>23,500.00</b>        |
| <b>Issued Capital</b>  |                         |                         |
| 24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up  | 2,448.92                | 2,448.92                |
|  | <b>2,448.92</b>         | <b>2,448.92</b>         |
| <b>Subscribed and Fully Paid Up Capital</b>                              |                         |                         |
| 24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up. | 2,448.92                | 2,448.92                |
|  | <b>2,448.92</b>         | <b>2,448.92</b>         |

#### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

##### Equity Shares

| Particulars                        | As at March<br>31, 2015 | As at March<br>31, 2014 |
|------------------------------------|-------------------------|-------------------------|
| Number of shares at the beginning  | 244,892,073             | 244,892,073             |
| Add: Shares issued during the year | -                       | -                       |
| Number of shares at the end        | <b>244,892,073</b>      | <b>244,892,073</b>      |

#### Terms / Rights attached to Equity shares

The company has two class of shares referred to as equity shares having a par value of ₹1/- and preference shares having a par 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 proposed by the Board of Directors is subject to the approval of the shareholders in 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.

For the period of five years immediately preceding the date as at which the balance sheet is prepared:

- (i) No shares were allotted pursuant to contracts without payment being received in cash.
- (ii) No bonus shares were issued.
- (iii) No shares were bought back.

## Notes Forming Part of the Consolidated Financial Statements

### Details of shareholders holding more than 5 percent equity shares in the company:

| Name of the shareholder                | As at March 31, 2015 |              | As at March 31, 2014 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No of shares         | % of holding | No of shares         | % of holding |
| Equity shares of Re. 1 each fully paid |                      |              |                      |              |
| H. K. Mittal                           | 46,654,200           | 19.05        | 46,654,200           | 19.05        |
| Archana Mittal                         | 26,327,400           | 10.75        | 26,327,400           | 10.75        |
| AHM Investments Private Limited        | 18,406,250           | 7.52         | 18,406,250           | 7.52         |
| Lotus Global Investments Limited       | 14,229,669           | 5.81         | 14,229,669           | 5.81         |

## 2.2 Reserves and Surplus

(Amount ₹ in Lakhs)

| Particulars   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| <b>Capital Reserve</b>  |                      |                      |
| As per last Financial Statements  | 4,289.49             | 4,289.49             |
|   | <b>4,289.49</b>      | <b>4,289.49</b>      |
| <b>Capital Redemption Reserve</b>   |                      |                      |
| As per last Financial Statements  | <b>4,000.00</b>      | <b>4,000.00</b>      |
| <b>Securities Premium Account</b>   |                      |                      |
| As per last Financial Statements  | 36,374.92            | 36,374.92            |
| Less: Utilisation of reserve for Issuance of Securities   | (193.29)             | -                    |
|   | <b>36,181.63</b>     | <b>36,374.92</b>     |
| <b>Tonnage Tax Reserve</b>  |                      |                      |
| As per last Financial Statements  | 150.00               | -                    |
| Add/(Less): Transferred from Statement of Profit and Loss   | 1,029.69             | 150.00               |
|   | <b>1,179.69</b>      | <b>150.00</b>        |
| <b>Tonnage Tax Reserve (Utilised)</b>   |                      |                      |
| As per last Financial Statements  | -                    | 17,524.83            |
| Add/(Less): Transferred to/from General Reserve   | -                    | (17,524.83)          |
|   | -                    | -                    |
| <b>Debenture Redemption Reserve</b>   |                      |                      |
| As per last Financial Statements  | 7,500.00             | 10,250.00            |
| Add / (Less): Transferred to/from General Reserve   | (3,750.00)           | (2,750.00)           |
|   | <b>3,750.00</b>      | <b>7,500.00</b>      |
| <b>General Reserve</b>  |                      |                      |
| As per last Financial Statements  | 10,251.66            | 24,476.83            |
| Add / (Less) : Transferred from / to Debenture Redemption Reserve   | 3,750.00             | 2,750.00             |
| Add / (Less) : Transferred from Tonnage Tax Reserve Account under section 115VT of the Income tax Act, 1961 | -                    | 17,524.83            |
| Add / (Less) : Transferred to Surplus   | -                    | (34,500.00)          |
|   | <b>14,001.66</b>     | <b>10,251.66</b>     |

## Notes Forming Part of the Consolidated Financial Statements

| Particulars   | (Amount ₹ in Lakhs)     |                         |
|---|-------------------------|-------------------------|
|   | As at March<br>31, 2015 | As at March<br>31, 2014 |
| <b>Capital Reserve on Consolidation</b>   | <b>74,441.44</b>        | <b>71,478.80</b>        |
| <b>Foreign Exchange Currency Translation Reserve</b>  | <b>34,649.32</b>        | <b>27,829.97</b>        |
| <b>Foreign Exchange Fluctuation Reserve</b>   |                         |                         |
| As per last Financial Statements  | 944.31                  | (27.49)                 |
| Add / Less: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)  | 300.42                  | 1,364.13                |
| Add / Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations               | (1,270.82)              | (392.33)                |
|   | <b>(26.09)</b>          | <b>944.31</b>           |
| <b>Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.2)</b>   |                         |                         |
| As per last Financial Statements  | (1,620.71)              | 103.88                  |
| Add/Less: For the year  | 419.97                  | (1,724.59)              |
|   | <b>(1,200.74)</b>       | <b>(1,620.71)</b>       |
| <b>Hedging Reserve</b>  |                         |                         |
| As per last Financial Statements  | (1,256.04)              | (790.04)                |
| Add/Less: For the year  | 103.04                  | (466.00)                |
|   | <b>(1,153.00)</b>       | <b>(1,256.04)</b>       |
| <b>Surplus</b>  |                         |                         |
| As per last Financial Statements  | 71,934.37               | 34,653.06               |
| Net Profit/(Loss) after tax transferred from Statement of Profit and Loss   | (44,952.54)             | 3,217.81                |
| Less: Transfer to Tonnage Tax Reserve   | (1,029.69)              | (150.00)                |
| Less: Depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013 (Refer Note 2.9.5) | (30.43)                 | -                       |
| Add / (Less): Transferred from General Reserve  | -                       | 34,500.00               |
| Less: Provision for Dividend*   | (489.78)                | (244.89)                |
| Less: Tax on Dividend   | (102.49)                | (41.61)                 |
|   | <b>25,329.44</b>        | <b>71,934.37</b>        |
|   | <b>195,442.85</b>       | <b>231,876.77</b>       |

\*The Company has made a provision for Dividend @ ₹ 0.20 per share (P.Y. ₹ 0.10 per share) as proposed by Board of Directors and is subject to approval at the ensuing Annual General Meeting of Shareholders.

## Notes Forming Part of the Consolidated Financial Statements

### 2.3 Long term borrowings

(Amount ₹ in Lakhs)

| Particulars                                   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <b>Secured</b>                                |                         |                         |
| (A) Debentures                                | 15,000.00               | 15,000.00               |
| (B) Foreign Currency Loans                    | 193,271.41              | 205,603.92              |
| (C) Term loans from banks                     | 32,381.47               | 35,784.44               |
| <b>Unsecured</b>                              |                         |                         |
| (D) Foreign Currency Convertible Bonds (FCCB) | 10,014.53               | -                       |
|   | 250,667.41              | 256,388.36              |

#### Notes:

#### Security details

##### (I) Secured

- a) Debentures referred in (A) above are secured by first mortgage on specified vessels of the company on pari-passu basis with other lenders and first pari-passu charge on the specified immovable property.
- b) Foreign Currency Loan referred in (B) above are secured by, wherever applicable
  - (i) By way of exclusive charge on specified vessel(s)
  - (ii) By way of pari-passu charge on specified vessel(s)
  - (iii) By way of exclusive charge on specified mining assets
  - (iv) Corporate guarantee(s)
  - (v) Personal guarantee
  - (vi) Charge on loan provided to subsidiary
  - (vii) Assignment of contract(s); Earnings; Insurance
  - (viii) Charge on shares; Deposits & Accounts
  - (ix) External Commercial Borrowings referred in (B) above are secured by exclusive / first pari passu charge on specified vessels of the company of which ₹ 2503.65 lakhs (P.Y. ₹ 2704.49 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels.
- c)
  - (i) Term Loans referred in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, and includes ₹ 10,800.00 lakhs (P.Y. ₹ 12,150.00 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels. It includes an amount of ₹ 5,933.61 Lakhs additionally secured by pari passu charge on specified immovable property
  - (ii) Term Loan referred in (C) above includes Bonds of ₹ 12,518.16 Lakhs secured by third preferred Mortgage of MOPU & FSO ; subordinated charge over future acquisitions.

##### (II) Unsecured

FCCB referred in (D) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 with 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:

## Notes Forming Part of the Consolidated Financial Statements

### Terms of repayment and interest are as follows:

(Amount ₹ in Lakhs)

| Description   | ROI*         | Balance<br>installments<br>as on<br>31.03.2015 | Year* of<br>maturity<br>F.Y.<br>ending | Amount<br>outstanding<br>31.03.2015 | Amount<br>outstanding<br>31.03.2014 |
|---|--------------|--|--|-------------------------------------|-------------------------------------|
| Debentures  | 9.50%        | 0  | 2015                                   | -                                   | 13,000.00                           |
| Debentures  | 9.50%        | 0  | 2015                                   | -                                   | 2,000.00                            |
| Debentures  | 12.40%       | 3  | 2019                                   | 15,000.00                           | 15,000.00                           |
| Term Loan   | 12.90%       | 6  | 2018                                   | 6,400.00                            | 7,200.00                            |
| Term Loan   | 13.10%       | 6  | 2018                                   | 4,400.00                            | 4,950.00                            |
| Term Loan   | Libor+3.25%  | 4  | 2017                                   | 5,933.61                            | 8,543.79                            |
| External Commercial<br>Borrowing                    | Libor+3.00%  | 2  | 2016                                   | 3,911.93                            | 6,460.73                            |
| External Commercial<br>Borrowing                    | Libor+5.00%  | 8  | 2019                                   | 2,503.63                            | 2,704.49                            |
| External Commercial<br>Borrowing                    | Libor+3.40%  | 21   | 2022                                   | 11,266.34                           | -                                   |
| Term Loan   | Libor+4.50%  | 16   | 2020                                   | 1,251.82                            | -                                   |
| Term Loan   | Libor+5.60%  | 28   | 2022                                   | 15,334.75                           | 15,024.95                           |
| Term Loan   | Libor+6.60%  | 0  | 2015                                   | -                                   | 3,004.99                            |
| Term Loan   | Libor+2.60%  | 5  | 2017                                   | 3,661.56                            | 4,597.63                            |
| Term Loan   | Libor+5.00%  | 17   | 2020                                   | 9,701.57                            | 1,046.69                            |
| FCCB  | 4.75%        | 1  | 2020                                   | 10,014.53                           | -                                   |
| Foreign Currency Loan                               | Libor +4.25% | 1  | 2015                                   | -                                   | 2,780.01                            |
| Foreign Currency Loan                               | Libor +6.0%  | 1  | 2018                                   | 9,388.62                            | 9,014.97                            |
| Foreign Currency Loan                               | Libor +3.80% | 32   | 2023                                   | 31,411.71                           | 31,268.02                           |
| Foreign Currency Loan                               | Libor +4.30% | 7  | 2017                                   | 8,762.71                            | 10,517.47                           |
| Foreign Currency Loan                               | Libor +6.0%  | 16   | 2019                                   | 10,532.57                           | 11,530.37                           |
| Foreign Currency Loan                               | Libor +3.75% | 12   | 2018                                   | 42,405.27                           | 52,286.83                           |
| Foreign Currency Loan                               | Libor +4.75% | 7  | 2019                                   | 10,953.39                           | 10,998.26                           |
| Foreign Currency Loan                               | Libor +1.5%  | 9  | 2018                                   | 39,614.73                           | 40,062.45                           |
| Foreign Currency Loan                               | Libor +2.50% | 19   | 2020                                   | 21,134.64                           | 20,254.30                           |
| Foreign Currency Loan                               | Libor +3.0%  | 11   | 2018                                   | 4,991.70                            | 5,108.48                            |
| Foreign Currency Loan                               | Libor +2.25% | 4  | 2016                                   | 1,668.58                            | 2,596.05                            |
| Foreign Currency Loan                               | Libor +2.35% | 13   | 2019                                   | 9,910.90                            | 9,493.00                            |
| Foreign Currency Loan                               | Libor +2.25% | 70   | 2021                                   | 15,311.91                           | 16,079.69                           |
| Foreign Currency Loan                               | Libor+5.25%  | 1  | 2016                                   | 5,007.26                            | 5,408.98                            |
| Foreign Currency Loan                               | Libor+6.0%   | 3  | 2016                                   | 5,633.23                            | -                                   |
| Bond  | 5.00%        | 1  | 2021                                   | 12,518.16                           | -                                   |
|   |              |  |  | <b>318,625.12</b>                   | <b>310,932.15</b>                   |
| Less: Shown in current maturities of long term debt |              |  |  | 67,957.71                           | 54,543.79                           |
| Balance shown as above                              |              |  |  | <b>250,667.41</b>                   | <b>256,388.36</b>                   |

\* Applicable Rate of Interest as on 31.03.2015

## Notes Forming Part of the Consolidated Financial Statements

### 2.4 Other long term liabilities

(Amount ₹ in Lakhs)

| Particulars                        | As at March<br>31, 2015 | As at March<br>31, 2014 |
|------------------------------------|-------------------------|-------------------------|
| Trade payable                      | 146.05                  | 474.87                  |
| Others                             |                         |                         |
| Provisions for onerous contracts   | 13,741.91               | -                       |
| Liability towards cash flow hedges | 864.75                  | 1,116.48                |
|                                    | <b>14,752.71</b>        | <b>1,591.35</b>         |

### 2.5 Long term provisions

(Amount ₹ in Lakhs)

| Particulars                     | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---------------------------------|-------------------------|-------------------------|
| Provision for employee benefits |                         |                         |
| Gratuity                        | 458.10                  | 413.73                  |
| Compensated absences            | 75.86                   | 66.68                   |
|                                 | <b>533.96</b>           | <b>480.41</b>           |

### 2.6 Short term borrowings

(Amount ₹ in Lakhs)

| Particulars                             | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <b>Secured</b>                          |                         |                         |
| Loans repayable on demand               |                         |                         |
| Working capital facilities from banks*  | 61,544.41               | 50,746.73               |
| Foreign Currency Demand Loan from Bank* | 5,007.26                | 4,807.98                |
| <b>Unsecured</b>                        |                         |                         |
| Working capital facilities from banks   | 3,429.59                | 4,978.99                |
|   | <b>69,981.26</b>        | <b>60,533.70</b>        |

#### Note:

\*Working capital facilities from Banks are secured by 1st charge on respective receivables and other current assets of the company on pari-passu basis and second charge on specified vessels; and further by way of Corporate Guarantees, wherever applicable.

## Notes Forming Part of the Consolidated Financial Statements

### 2.7 Other current liabilities

| Particulars                                   | (Amount ₹ in Lakhs)     |                         |
|---|-------------------------|-------------------------|
|   | As at March<br>31, 2015 | As at March<br>31, 2014 |
| Current maturities of long-term debt          |                         |                         |
| 1) Debentures (Refer Note 2.3 (a))            | -                       | 15,000.00               |
| 2) Foreign Currency Loan (Refer Note 2.3 (b)) | 53,655.88               | 30,960.18               |
| 3) Term loans from banks (Refer Note 2.3 (c)) | 14,301.83               | 8,583.61                |
| Interest accrued but not due on borrowings    | 1,859.93                | 1,927.25                |
| Interest accrued and due on borrowings        | 45.17                   | 52.62                   |
| Income received in advance                    | 9,063.11                | 11,515.09               |
| Unpaid dividend*                              | 34.48                   | 45.38                   |
| For Other liabilities                         |                         |                         |
| Salaries & wages payable                      | 18.29                   | 121.22                  |
| Statutory dues payables                       | 919.81                  | 828.61                  |
| Liability towards cash flow hedges            | 288.25                  | 139.56                  |
| Advance from customer                         | 0.83                    | 2.97                    |
| Other payables                                | 5,180.07                | 4,196.91                |
|   | <b>85,367.65</b>        | <b>73,373.40</b>        |

\* There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

### 2.8. Short term provisions

| Particulars                     | (Amount ₹ in Lakhs)     |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | As at March<br>31, 2015 | As at March<br>31, 2014 |
| Provision for employee benefits |                         |                         |
| Gratuity                        | 23.69                   | 21.21                   |
| Compensated absences            | 25.29                   | 22.24                   |
| Others                          |                         |                         |
| Provision for dividend          | 489.78                  | 244.89                  |
| Tax on dividend                 | 102.49                  | 41.61                   |
| Provision for onerous contracts | 1,199.18                | 3,585.24                |
| Others                          | 9.97                    | -                       |
|                                 | <b>1,850.40</b>         | <b>3,915.19</b>         |





## Notes Forming Part of the Consolidated Financial Statements

### 2.10 Investments

(Amount ₹ in Lakhs)

| Particulars  | Nos   | As at March   | Nos     | As at March     |
|--|-------|---------------|---------|-----------------|
|  |       | 31, 2015      |         | 31, 2014        |
| <b>Non Current Investments - At cost</b>   |       |               |         |                 |
| <b>Trade investments (Unquoted)</b>  |       |               |         |                 |
| <b>Investment in Equity Shares</b>   |       |               |         |                 |
| Marg Swarnabhoomi Port Private Limited   | 1,250 | 0.13          | 1,250   | 0.13            |
| Others   | -     | -             | -       | 2,944.89        |
| <b>Non trade investments (Unquoted)</b>  |       |               |         |                 |
| <b>Investment in Others</b>  |       |               |         |                 |
| Units of Indian Real Opportunity Venture Capital Fund                                | 7,380 | 73.80         | 20,164  | 201.64          |
| Axis Infra Bond  |       | 63.67         |         | -               |
| <b>Aggregate amount of Unquoted investments</b>                                      |       | <b>137.60</b> |         | <b>3,146.66</b> |
| <b>Current Investments - at the lower of cost and fair value</b>                     |       |               |         |                 |
| <b>Quoted</b>  |       |               |         |                 |
| <b>Investments in Mutual Funds</b>   |       |               |         |                 |
| Axis Equity Fund   | -     | -             | 500,000 | 50.00           |
| Axis Infra Bond  | -     | 392.93        | -       | 364.43          |
| (Market value of current investments on 31.3.15 ₹ 442.28 lakhs (P.Y. ₹ 424.68 lakhs) |       |               |         |                 |
| <b>Aggregate amount of Quoted investments</b>  | -     | <b>392.93</b> | -       | <b>414.43</b>   |
| <b>Unquoted</b>  |       |               |         |                 |
| <b>Investment in Shares</b>  | -     | 5.96          | -       | 5.72            |
| <b>Aggregate amount of Unquoted investments</b>                                      | -     | <b>5.96</b>   | -       | <b>5.72</b>     |
| <b>Aggregate amount of Current investments</b>                                       |       | <b>536.49</b> |         | <b>420.14</b>   |

## Notes Forming Part of the Consolidated Financial Statements

### 2.11 Long term loans and advances

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <b>Unsecured</b>                                    |                         |                         |
| <b>Considered good</b>                              |                         |                         |
| Capital Advances                                    | 9,135.58                | 6,267.30                |
| Capital Advances to related parties*                | 4,199.96                | 4,199.96                |
| <b>Deposits</b>                                     |                         |                         |
| Deposits with government and semi government bodies | 4.24                    | 4.24                    |
| Other deposits                                      | 3,107.65                | 537.98                  |
| Other deposits to related parties**                 | 500.00                  | 500.00                  |
| Exploration and development expenses recoverable    | 8,163.67                | 3,293.74                |
| Deffered exploration and development of mine        | 107.85                  | 3,346.08                |
| <b>Other loans and advances</b>                     |                         |                         |
| Advances Recoverable                                | 770.88                  | 846.55                  |
| Advance payment of tax (net of provisions)          | 8,638.29                | 6,672.35                |
| Unamortized finance charges                         | 409.50                  | 157.77                  |
| Derivative financial instruments                    | 842.43                  | 351.57                  |
| Prepaid expenses                                    | -                       | 3,013.80                |
| MAT credit available                                | 975.00                  | 1,085.00                |
|   | <b>36,855.05</b>        | <b>30,276.34</b>        |
| * Capital Advances to related parties               |                         |                         |
| Vaitarna Marine Infrastructure Limited              | 4,199.96                | 4,199.96                |
|   | <b>4,199.96</b>         | <b>4,199.96</b>         |
| ** Other deposits to related parties                |                         |                         |
| MLL Logistics Private Limited                       | 500.00                  | 500.00                  |
|   | <b>500.00</b>           | <b>500.00</b>           |

### 2.12 Other non current assets

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| Fixed Deposits with bank with maturity more than 12 months | 292.80                  | 4,509.31                |
| Accrued interest on fixed deposit with banks               | 4.79                    | 33.36                   |
|  | <b>297.59</b>           | <b>4,542.67</b>         |

## Notes Forming Part of the Consolidated Financial Statements

### 2.13 Inventories

(Amount ₹ in Lakhs)

| Particulars  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| At Cost (Valued at lower of cost and net realisable value) |                         |                         |
| Coal   | 1,775.12                | 3,535.83                |
| Bunker and lubes   | 1,638.55                | 2,166.40                |
|  | <b>3,413.67</b>         | <b>5,702.23</b>         |

### 2.14 Trade receivables

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| <b>Unsecured</b>  |                         |                         |
| Debts outstanding for a period exceeding six months from the due date of payment          |                         |                         |
| Considered good (net of provision for doubtful debts ₹ 2,351.63 lakhs (P. Y. ₹ 400 lakhs) | 17,527.25               | 16,151.19               |
| <b>Others debts</b>   |                         |                         |
| Considered good   | 63,982.43               | 47,069.06               |
|   | <b>81,509.68</b>        | <b>63,220.25</b>        |

### 2.15 Cash and bank balances

(Amount ₹ in Lakhs)

| Particulars   | As at March<br>31, 2015 | As at March<br>31, 2014 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents   |                         |                         |
| Cash in hand  | 52.40                   | 19.15                   |
| Balances with banks   | 21,425.21               | 15,629.63               |
| Deposits with banks with 3 months maturity  | 3,828.92                | 204.24                  |
|   | <b>25,306.53</b>        | <b>15,853.02</b>        |
| <b>Others</b>   |                         |                         |
| Fixed Deposits with bank with maturity more than 3 months but less than 12 months | 2,133.96                | 3,601.20                |
|   | <b>27,440.49</b>        | <b>19,454.22</b>        |
| Balances with banks in unpaid dividend accounts                                   | 34.48                   | 45.38                   |
| Balances with banks includes amount in escrow account                             | 431.59                  | 109.47                  |
| Balances with banks held as margin money deposits against guarantees              | 1,078.37                | 413.43                  |

## Notes Forming Part of the Consolidated Financial Statements

### 2.16 Short term loans and advances

(Amount ₹ in Lakhs)

| Particulars                                    | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| Unsecured, Considered Good                     |                         |                         |
| Loans and advances to related parties*         | -                       | 345.13                  |
| Deposits                                       | 688.24                  | 626.92                  |
| Others   |                         |                         |
| Advance to employees                           | 136.38                  | 214.56                  |
| Advance to suppliers                           | 7,020.92                | 6,398.97                |
| Advances recoverable                           | 5,877.51                | 2,658.08                |
| Inter corporate deposits to related parties**  | 5,739.13                | 5,552.00                |
| Inter corporate deposits to others             | 1,288.37                | 1,140.51                |
| Advance payment of tax (net of provisions)     | 668.89                  | -                       |
| Indirect Tax receivable                        | 212.87                  | 791.71                  |
| Insurance receivable                           | 5,428.05                | 6,212.39                |
| Unamortized finance charges                    | 1,351.56                | 886.13                  |
| Prepaid expenses                               | 1,722.98                | 3,831.90                |
| <b>Considered doubtful</b>                     |                         |                         |
| Inter corporate deposits to others             | 935.77                  | 971.97                  |
| Advance to suppliers                           | 714.56                  | 714.56                  |
|  | <b>1,650.33</b>         | <b>1,686.53</b>         |
| Less: Provision for doubtful advances          | (1,650.33)              | (1,686.53)              |
|  | -                       | -                       |
|  | <b>30,134.90</b>        | <b>28,658.30</b>        |
| <br>   |                         |                         |
| *Loans and advances to related parties         |                         |                         |
| MLL Logistics Private Limited                  | -                       | 345.13                  |
|  | -                       | <b>345.13</b>           |
| ** Inter corporate deposits to related parties |                         |                         |
| MLL Logistics Private Limited                  | 5,739.13                | 5,552.00                |
|  | <b>5,739.13</b>         | <b>5,552.00</b>         |

### 2.17 Other current assets

(Amount ₹ in Lakhs)

| Particulars                                  | As at March<br>31, 2015 | As at March<br>31, 2014 |
|--|-------------------------|-------------------------|
| Accrued interest on fixed deposit with banks | 197.26                  | 147.84                  |
| Interest accrued and due                     | 31.76                   | -                       |
| Contract work in progress                    | 24,587.53               | 27,111.04               |
|  | <b>24,816.55</b>        | <b>27,258.88</b>        |

## Notes Forming Part of the Consolidated Financial Statements

### 2.18 Revenue from operations

(Amount ₹ in Lakhs)

| Particulars                            | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|--|---------------------------------|---------------------------------|
| Freight                                | 34,039.40                       | 35,124.13                       |
| Charter hire                           | 93,812.26                       | 84,778.80                       |
| Dispatch and demurrage                 | 1,383.83                        | 2,249.32                        |
| Net gain on Derivatives translation    | 4,183.77                        | -                               |
| Sale of Coal                           | 144,374.32                      | 176,698.45                      |
| Cargo handling services                | 9,095.91                        | 6,680.00                        |
| Income from project related activities | 22,273.73                       | 40,247.34                       |
|  | <b>309,163.22</b>               | <b>345,778.04</b>               |

### 2.19 Other income

(Amount ₹ in Lakhs)

| Particulars   | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Dividend received on current investments              | -                               | 479.44                          |
| Rent received   | 17.30                           | 31.92                           |
| Net gain on foreign currency transactions/translation | -                               | 575.39                          |
| Interest income                                       | 1,221.17                        | 1,157.75                        |
| Gain on sale of current investments (net)             | 22.20                           | -                               |
| Gain on sale of non-current investments               | 38.92                           | 13.81                           |
| Gain on sale of assets (net)                          | -                               | 5.54                            |
| Other Income  | 228.96                          | 577.97                          |
|   | <b>1,528.55</b>                 | <b>2,841.82</b>                 |

## Notes Forming Part of the Consolidated Financial Statements

### 2.20 Operating expenses

(Amount ₹ in Lakhs)

| Particulars  | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|--|---------------------------------|---------------------------------|
| Purchase of Coal   | 95,557.88                       | 102,216.89                      |
| Coal Mining and Logistics expenses                       | 35,658.18                       | 55,504.34                       |
| Designing and other technical charges                    | 13,075.70                       | 12,580.26                       |
| Procurement of equipments for project related activities | -                               | 22,533.09                       |
| Bunker consumed  | 14,748.47                       | 15,542.76                       |
| Vessel /Equipment hire expenses                          | 10,774.87                       | 9,454.41                        |
| Crew Expenses  | 20,444.94                       | 22,863.14                       |
| Agency, Professional and service expenses                | 2,514.42                        | 1,913.37                        |
| Communication expenses                                   | 215.48                          | 206.56                          |
| Miscellaneous expenses                                   | 1,280.27                        | 2,021.19                        |
| Commission   | 1,203.52                        | 2,836.93                        |
| Insurance  | 4,397.78                        | 3,820.30                        |
| Port expenses  | 1,821.34                        | 2,543.32                        |
| Repairs and maintenance                                  | 23,583.08                       | 11,290.49                       |
| Stevedoring, transport and freight                       | 4,604.12                        | 3,550.95                        |
|  | <b>229,880.05</b>               | <b>268,878.00</b>               |

### 2.21 Employee benefits expenses

(Amount ₹ in Lakhs)

| Particulars                               | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|---|---------------------------------|---------------------------------|
| Salaries, wages, bonus, etc.*             | 6,900.91                        | 5,298.27                        |
| Contribution to provident and other funds | 197.70                          | 180.26                          |
| Employee welfare expenses                 | 149.92                          | 137.43                          |
|   | <b>7,248.53</b>                 | <b>5,615.96</b>                 |

\* Employee cost pertaining to a subsidiary amounting to ₹ 219.35 lakhs (P. Y. ₹ 0.02 lakhs) being directly attributable to the exploration & development cost are included therein.

### 2.22 Finance cost

(Amount ₹ in Lakhs)

| Particulars           | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|-----------------------|---------------------------------|---------------------------------|
| Interest expense      | 21,098.30                       | 18,368.16                       |
| Other borrowing costs | 1,431.65                        | 2,145.64                        |
|                       | <b>22,529.95</b>                | <b>20,513.80</b>                |

## Notes Forming Part of the Consolidated Financial Statements

### 2.23 Other expenses

(Amount ₹ in Lakhs)

| Particulars  | Year Ended<br>March 31,<br>2015 | Year Ended<br>March 31,<br>2014 |
|--|---------------------------------|---------------------------------|
| Rent   | 1,031.98                        | 856.01                          |
| Payment to auditors  |                                 |                                 |
| As auditors  | 116.80                          | 237.50                          |
| For other services   | 18.43                           | 18.88                           |
| Repairs and maintenance (office premises and premises acquired on lease) | 396.83                          | 144.72                          |
| Insurance  | 33.72                           | 80.59                           |
| Net loss on foreign currency transaction/transalation                    | 823.40                          | -                               |
| Legal, Professional and consultancy expenses                             | 2,889.38                        | 2,115.32                        |
| Donation   | 22.59                           | 28.74                           |
| Communication expenses   | 98.18                           | 104.29                          |
| Conveyance, car hire and travelling                                      | 1,311.04                        | 1,162.86                        |
| Advertisement  | 5.27                            | 8.01                            |
| Loss on sale of current investments (net)                                | -                               | 0.39                            |
| Net Loss on derivatives transactions                                     | -                               | 329.20                          |
| Bad Debts and other amounts written off/back                             | 35.94                           | 561.50                          |
| Provision for doubtful debts/advances                                    | 11,097.88                       | 167.13                          |
| Miscellaneous expenses   | 2,230.88                        | 1,183.41                        |
|  | <b>20,112.32</b>                | <b>6,998.55</b>                 |

### 3. OTHER DISCLOSURES

#### 3.1 Contingent Liabilities not provided for

(Amount ₹ in Lakhs)

| Particulars  | Current<br>Year  | Previous<br>Year |
|--|------------------|------------------|
| Counter guarantees issued by the Company for guarantees obtained from the bank (net of margin).      | 7,847.82         | 7,292.86         |
| Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries | 152.60           | 436.50           |
| Performance guarantees issued by the company on behalf of subsidiaries                               | 19,532.59        | 21,595.18        |
|  | <b>27,533.01</b> | <b>29,324.54</b> |



## Notes Forming Part of the Consolidated Financial Statements

**3.2** Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2015 ₹ 9,942.55 Lakhs (Previous Year ₹ 12,383.56 Lakhs).

**3.3** Estimated amount of commitments outstanding towards contributions to funds are ₹ Nil Lakhs (Previous year ₹ 1,051.15 Lakhs).

**3.4** In respect of the Compensation shares given to the owners of the chartered in vessels on entering into early termination agreements in 2013, Put Options have been granted by the Company. The put options require the Company to purchase the shares at a price equivalent to 50% of the closing price for the shares on the market day preceding the date on which the shares are transferred to the owners. The options can be exercised within ninety days after the fourth anniversary of the date on which the shares were transferred. If the put option is exercised, the resultant outflow in the fourth year would be ₹ 3,562.58 Lakhs.

**3.5 Claims against the Company not acknowledged as debts in respect of following items:**

(Amount ₹ in Lakhs)

| Particulars                       | Current Year | Previous Year |
|-----------------------------------|--------------|---------------|
| In respect of Income Tax matters* | 11,348.79    | 10,269.30     |
| In respect of Service Tax matters | 8,296.46     | 8,177.22      |
| Others                            | 5002.10      | 143.84        |

\* Against the above, the company has already paid ₹ 3,986.59 Lakhs (P.Y. 2,644.38 Lakhs)

**3.6** Additional Information, as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Subsidiary/Associates/Joint Ventures

(Amount ₹ in Lakhs)

| Name of the Enterprise                 | Net Assets i.e. total assets minus total liabilities |           | Share in profit or loss            |             |
|--|--|-----------|------------------------------------|-------------|
|  | As % of consolidated net assets                      | Amount    | As % of Consolidated Profit & Loss | Amount      |
| <b>Parent</b>                          |  |           |                                    |             |
| Mercator Limited                       | 31.16%   | 69,572.26 | (5.83%)                            | 4,122.30    |
| <b>Subsidiaries</b>                    |  |           |                                    |             |
| <b>Indian</b>                          |  |           |                                    |             |
| 1 Mercator Oil & Gas Ltd.              | 0.77%  | 1,728.16  | (0.03%)                            | 22.90       |
| 2 Mercator Petroleum Ltd.              | (0.04%)  | (99.31)   | 0.08%                              | (53.58)     |
| 3 Mercator FPSO Pvt. Ltd.              | 0.00%  | (3.80)    | 0.00%                              | (1.21)      |
| 4 Oorja Resources India Pvt. Ltd.      | 0.02%  | 36.42     | 0.00%                              | (1.67)      |
| <b>Foreign</b>                         |  |           |                                    |             |
| 1 Mercator International Pte. Ltd.     | 12.55%   | 28,029.75 | 1.97%                              | (1,389.88)  |
| 2 Mercator Offshore Holdings Pte. Ltd. | 3.01%  | 6,721.93  | 2.91%                              | (2,053.63)  |
| 3 Mercator Lines (Singapore) Ltd.      | 36.97%   | 82,536.78 | 46.31%                             | (32,736.91) |

## Notes Forming Part of the Consolidated Financial Statements

(Amount ₹ in Lakhs)

|    | Name of the Enterprise                     | Net Assets i.e. total assets minus total liabilities |                   | Share in profit or loss               |                    |
|----|--|--|-------------------|---------------------------------------|--------------------|
|    |  | As % of consolidated net assets                      | Amount            | As % of Consolidated of Profit & Loss | Amount             |
| 4  | Chitra Prem, Pte. Ltd.                     | (1.16%)  | (2,591.26)        | 6.84%                                 | (4,838.29)         |
| 5  | Vidya Varsha Inc.                          | (5.51%)  | (12,293.46)       | 17.52%                                | (12,386.21)        |
| 6  | Oorja Holdings Pte. Ltd.                   | (0.11%)  | (240.40)          | 0.95%                                 | (674.27)           |
| 7  | Oorja 1 Pte. Ltd.                          | (0.57%)  | (1,265.24)        | 0.26%                                 | (183.96)           |
| 8  | Oorja 2 Pte. Ltd.                          | (1.28%)  | (2,866.03)        | 1.99%                                 | (1,405.30)         |
| 9  | Oorja 3 Pte. Ltd.                          | (0.55%)  | (1,228.08)        | 0.04%                                 | (31.38)            |
| 10 | Oorja Mocambique Limitada                  | 0.00%  | 0.06              | 0.00%                                 | -                  |
| 11 | Broadtec Mocambique Minas Limitada         | 0.00%  | 0.01              | 0.00%                                 | -                  |
| 12 | PT Oorja Indo Petangis Four                | (0.68%)  | (1,525.56)        | 0.04%                                 | (25.52)            |
| 13 | PT Oorja Indo Petangis Three               | (0.39%)  | (868.23)          | 0.05%                                 | (32.82)            |
| 14 | PT Oorja Indo KGS                          | 0.56%  | 1,251.99          | 0.93%                                 | (660.85)           |
| 15 | MCS Holdings Pte. Ltd.                     | 12.57%   | 28,064.27         | (2.95%)                               | 2,086.73           |
| 16 | PT Mincon Indo Resources                   | (0.52%)  | (1,154.99)        | 0.32%                                 | (227.23)           |
| 17 | PT Karya Putra Borneo                      | 0.18%  | 408.58            | (0.03%)                               | 20.68              |
| 18 | PT Indo Perkasa                            | 0.89%  | 1,994.35          | 0.04%                                 | (26.46)            |
| 19 | Oorja (Batua) Pte. Ltd.                    | (0.37%)  | (829.77)          | (0.16%)                               | 113.35             |
| 20 | Bima Gema Permata PT                       | (0.18%)  | (392.63)          | (1.67%)                               | 1,178.26           |
| 21 | Nuansa Sakti Kencana PT                    | (0.14%)  | (320.47)          | (1.10%)                               | 777.11             |
| 22 | Panther Resources Pte. Ltd                 | (0.05%)  | (106.64)          | 0.15%                                 | (104.31)           |
| 23 | Mercator Offshore (P) Pte. Ltd.            | 3.07%  | 6,852.56          | (9.96%)                               | 7,041.78           |
| 24 | Ivorene Oil Services Nigeria Ltd.          | 0.01%  | 29.75             | 0.02%                                 | (16.74)            |
| 25 | Mercator Energy Pte. Ltd.                  | (1.60%)  | (3,567.42)        | 4.93%                                 | (3,483.22)         |
| 26 | Mercator Offshore Assets Holding Pte. Ltd. | (0.01%)  | (30.84)           | 0.04%                                 | (30.16)            |
| 27 | Mercator Projects Pte Ltd.                 | 0.00%  | (6.12)            | 0.01%                                 | (5.99)             |
| 28 | Mercator Okwok FPU Pte. Ltd.               | (0.01%)  | (22.03)           | 0.03%                                 | (21.55)            |
| 29 | Mercator Okoro FPU Pte. Ltd.               | 0.00%  | 77.18             | (0.00%)                               | 75.49              |
| 30 | Minority Interest of all subsidiaries      | 0.11%  | 25,368.02         | 0.36%                                 | (25,737.07)        |
|    |  | <b>100.00%</b>                                       | <b>223,259.79</b> | <b>100.00%</b>                        | <b>(70,689.61)</b> |

## Notes Forming Part of the Consolidated Financial Statements

**3.7** Exceptional item relates to provision for onerous contract relates mainly to an operating lease contract whereby the Group has contracted to charter a vessel for periods up to 2020.

**3.8** During the year, our step down subsidiary Mercator Lines (Singapore) Limited (MLS) has incurred net losses of Rs 76,751.17 Lakhs (Previous Year Rs 13,867.19 Lakhs). As at March 31, 2015, MLS has net current liabilities of Rs 24,842.91 Lakhs (Previous Year Rs 5,651.79 Lakhs). Additionally, due to substantial fall in freight rates and deterioration in dry bulk markets, the cash flows and financial position of the MLS has been impacted adversely. MLS Management has appointed an independent financial advisor to assist with an assessment of its financial position and to establish the options available with respect to its financial affairs. The independent financial advisor is working closely with MLS management and the lenders to establish the refinancing and restructuring plan. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the MLS's Group's ability to continue as a going concern.

The financial statements have been prepared on the going concern basis because, the lenders to MLS have not sought to enforce their security and legal rights to call on the outstanding debt and the directors have a reasonable expectation that the MLS will have adequate cash flows which would allow the MLS to continue in operational existence in the foreseeable future.

### 4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

#### 4.1 Details of contract revenue and costs as per Accounting Standard 7

(Amount ₹ in Lakhs)

| Particulars   | For the year<br>ended March<br>31, 2015 | For the year<br>ended March<br>31, 2014 |
|---|---|---|
| Contract revenue recognised during the year   | 22,273.73                               | 40,134.37                               |
| Aggregate of contract costs incurred and recognised profits<br>(less recognised losses) upto the reporting date | 94,027.37                               | 72,053.21                               |
| Advances received for contracts in progress   | Nil                                     | Nil                                     |
| Retention money for contracts in progress   | Nil                                     | Nil                                     |
| Gross amount due from customers for contract work (asset)   | 25,415.53                               | 27,116.90                               |
| Gross amount due to customers for contract work (liability)   | Nil                                     | Nil                                     |

**4.2** The company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with the notification of MCA dated 31st March 2009 / 29th December 2011 on Accounting Standard (AS)-11. In line with the above notification, gains / losses arising during the year from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, are adjusted to the cost of the fixed assets. The addition to fixed assets on account of the same is ₹ 1,101.51 lakhs (Previous Year ₹ 384.32 Lakhs).

Exchange Fluctuation on restatement of foreign currency loan initially taken for acquisition of fixed asset has been transferred to "Foreign Currency Monetary Item Translation Difference Account" (FCMITD) since subsequently the said fixed asset was disposed off. The exchange loss (net) transferred to FCMITD for the same is ₹ 522.65 Lakhs (Previous Year Loss (net) ₹ 1,234.43 Lakhs). The balance debit amount outstanding in FCMITD as on March 31, 2015 is ₹ 1200.74 Lakhs (Previous Year debit amount outstanding ₹ 1,620.71 Lakhs).

## Notes Forming Part of the Consolidated Financial Statements

### 4.3 Disclosure in accordance with Accounting Standard 17 on “Segment Reporting”.

#### Primary Segments:

The group has identified Business Segment as the primary segment. Segments have been identified taking into account the nature of the services / products, the differing risks and returns, the organisation structure and internal reporting system. The Group's operations predominantly relate to

- a) Shipping
- b) Offshore
- c) Coal Mining, Procurement and Logistics.

#### Secondary Segment:

The shipping activities are managed from India and Singapore. The Offshore activities are managed from Singapore. The Coal Mining, Coal Procurement and logistics are managed from India, Singapore and Indonesia.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly attributable to the business segment, are shown as others.

Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

There are no Inter Segment transfers.

| Segment Revenue                         | Shipping    |            | Offshore   |           | Coal Mining, Trading and Logistics |            | Others    |           | Unallocated |            | Total       |             |
|---|-------------|------------|------------|-----------|------------------------------------|------------|-----------|-----------|-------------|------------|-------------|-------------|
|   | 2014-15     | 2013-14    | 2014-15    | 2013-14   | 2014-15                            | 2013-14    | 2014-15   | 2013-14   | 2014-15     | 2013-14    | 2014-15     | 2013-14     |
| Revenue                                 | 101,298.14  | 91,556.60  | 32,121.10  | 31,268.20 | 153,470.22                         | 183,378.40 | 22,273.76 | 41,575.30 | -           | -          | 309,163.22  | 347,778.50  |
| Results                                 |             |            |            |           |                                    |            |           |           |             |            |             |             |
| Profit / (Loss) before tax and interest | (64,375.36) | (3,215.00) | 9,176.46   | 8,002.00  | 6,638.15                           | 12,290.00  | 2,059.10  | 3,289.00  | -           | -          | (46,501.65) | 20,366.00   |
| Less :Interest                          |             |            |            |           |                                    |            |           |           |             |            | (22,529.95) | (19,356.05) |
| Total Profit Before Tax                 |             |            |            |           |                                    |            |           |           |             |            | (69,031.60) | 1,009.95    |
| Provision for Taxation                  |             |            |            |           |                                    |            |           |           |             |            |             |             |
| Current Tax                             |             |            |            |           |                                    |            |           |           |             |            | (1,058.16)  | (2,569.76)  |
| Deferred Tax                            |             |            |            |           |                                    |            |           |           |             |            | (599.85)    | 69.97       |
| Minimum Alternate Tax                   |             |            |            |           |                                    |            |           |           |             |            | -           | -           |
| Net Profit                              |             |            |            |           |                                    |            |           |           |             |            | (70,689.61) | (1,489.84)  |
| Other Information                       |             |            |            |           |                                    |            |           |           |             |            |             |             |
| Assets                                  | 459,339.06  | 511,528.44 | 165,146.87 | 91,317.45 | 103,571.04                         | 88,536.73  | 37,757.20 | 36,494.83 | -           | -          | 765,814.17  | 727,877.45  |
| Liabilities                             | 43,546.29   | 27,210.86  | 86,409.68  | 13,893.36 | 13,495.12                          | 11,104.81  | 10,496.92 | 20,323.99 | 388,606.29  | 371,465.85 | 542,554.29  | 443,998.87  |
| Capital Expenditure                     | 25,046.91   | 85,702.22  | 62,377.68  | 34.22     | 3,230.45                           | 7,919.83   | 44.26     | 19.46     |             |            | 90,699.29   | 93,675.74   |
| Depreciation                            | 33,353.99   | 30,029.72  | 13,234.39  | 12,996.89 | 854.91                             | 1,055.56   | 12.52     | 4.85      |             |            | 47,455.80   | 44,087.02   |
| Impairment                              | 39,337.24   |            | -          | -         | 1,563.58                           | 1,218.72   | -         | -         |             |            | 40,900.82   | 1,218.72    |

## **Notes** Forming Part of the Consolidated Financial Statements

### **4.4 Disclosures as per Accounting Standard 18 on “Related Party Disclosures”**

#### **A List of Related Parties**

##### **I Key Management Personnel**

- 1 Mr. H.K Mittal- Executive Chairman
- 2 Mr. A.J. Agarwal- Managing Director
- 3 Mr. Shalabh Mittal
- 4 Mrs. Shruti Mittal
- 5 Mr. K.S.Raheja
- 6 Mr. Kapil Garg
- 7 Mr. Handoko Soeseno
- 8 Mr. Taufik Surya Darma
- 9 Mr. Atul Malhotra
- 10 Mr. Prasad Patwardhan - Chief Financial Officer
- 11 Ms. Amruta Sant - Company Secretary (as on 31 March 2015)

##### **II Enterprises over which Key Management Personnel exercise significant control**

- 1 AAAM Properties Private Limited
- 2 Ankur Fertilizers Private Limited
- 3 AHM Investments Private Limited
- 4 MHL Healthcare Limited
- 5 Papeeta Resources Pte Limited
- 6 Asmara Resources Private Limited (India)
- 7 Prem Punita Foundation (India)- Charitable Trust
- 8 Oilmax Energy Private Limited
- 9 Bright Gold Petroleum Private Limited
- 10 Energia Consultancy Private Limited (till 27 May 2014) after that Energa Consultancy LLP
- 11 Professional Knowledge Management Solutions Private Limited
- 12 Oilmax Energy International Pte. Ltd (Singapore)

##### **III Enterprises over which Directors/Relative of Directors / Key Management Personnel / Relative of Key Management Personnel exercise significant influence.**

- 1 MLL Logistics Private Limited
- 2 Zicom Electronic Security Systems Limited
- 3 Vaitarna Marine Infrastructure Limited
- 4 Rishi Holding Private Limited
- 5 PT United Coal Indonesia

##### **IV Relative of Key Management Personnel**

- 1 Mr. Aayush Agarwal
- 2 Mr. Adip Mittal

## Notes Forming Part of the Consolidated Financial Statements

### B. Details of Transactions with above parties

| Name of the Transaction   | Key Management Personnel |               | Enterprises over which Key Management Personnel exercise significant control |             | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence. |             | Total      |             |
|---|--------------------------|---------------|--|-------------|--|-------------|------------|-------------|
|   | Current Yr               | Previous Yr   | Current Yr   | Previous Yr | Current Yr   | Previous Yr | Current Yr | Previous Yr |
|   | (Amount ₹ in Lakhs)      |               |  |             |  |             |            |             |
| Interest Income   | -                        | -             | -  | -           | 580.61   | 622.39      | 580.61     | 622.39      |
| Services Received   | -                        | -             | 185.82   | 1,000.00    | 1,109.59   | 681.96      | 1,295.41   | 1,681.96    |
| Reimbursements of Expenses Paid   | -                        | -             | 79.30  | 34.25       | -  | 0.66        | 79.30      | 34.90       |
| Reimbursements of Expenses Received   | -                        | -             | -  | -           | 0.27   | 1.40        | 0.27       | 1.40        |
| Contribution made for CSR   | -                        | -             | 18.00  | -           | -  | -           | 18.00      | -           |
| <b>Finance Provided</b>   |                          |               |  |             |  |             |            |             |
| <b>Loans</b>  |                          |               |  |             |  |             |            |             |
| Loans Given during the Year   | -                        | -             | -  | 10.00       | -  | -           | -          | 10.00       |
| Loans Repaid During the Year  | -                        | -             | -  | 10.00       | -  | -           | -          | 10.00       |
| <b>Inter Corporate Deposits</b>   |                          |               |  |             |  |             |            |             |
| Inter Corporate Deposits given during the year                                      | -                        | -             | -  | -           | 415.13   | 1,252.00    | 415.13     | 1,252.00    |
| Inter Corporate Deposits repaid during the year                                     | -                        | -             | -  | -           | 228.00   | 1,275.00    | 228.00     | 1,275.00    |
| <b>Advances</b>   |                          |               |  |             |  |             |            |             |
| Advances Given During the Year  | 9.47                     | -             | -  | -           | -  | 9.00        | 9.47       | 9.00        |
| Balances Written Back   | -                        | -             | -  | -           | 2.02   | -           | 2.02       | -           |
| <b>Outstanding balances as on 31.03.2015</b>  |                          |               |  |             |  |             |            |             |
| <b>Loans, Advances and Receivables</b>  |                          |               |  |             |  |             |            |             |
| Advances  | 579.85                   | 662.06        | -  | -           | 4,199.96   | 345.13      | 579.85     | 1,007.19    |
| Capital Advances  | -                        | -             | -  | -           | -  | -           | 4,199.96   | 4,199.96    |
| <b>Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2015</b> |                          |               |  |             |  |             |            |             |
| Trade & Other Receivables   | -                        | -             | 1.00   | -           | 2,354.39   | 1,998.02    | 2,355.39   | 1,998.02    |
| Trade & Other Payables  | -                        | -             | -  | 57.41       | 123.93   | 3.64        | 123.93     | 61.05       |
| <b>Inter Corporate Deposit</b>  |                          |               |  |             |  |             |            |             |
| Balance as on 31.03.2015  | -                        | -             | -  | -           | 5,739.13   | 5,552.00    | 5,739.13   | 5,552.00    |
| <b>Deposit</b>  |                          |               |  |             |  |             |            |             |
| Balance as on 31.03.2015  | -                        | -             | 50.00  | 50.00       | -  | 515.00      | 50.00      | 565.00      |
| <b>Remuneration paid to Key Management Personnel</b>                                | <b>1,696.55</b>          | <b>522.85</b> |  |             |  |             |            |             |
| <b>Remuneration paid to Relative of Key Management Personnel</b>                    | <b>182.78</b>            | <b>14.50</b>  |  |             |  |             |            |             |

## Notes Forming Part of the Consolidated Financial Statements

### Partywise details of material transactions

| Name of the Transaction                                       | Key Management Personnel |             | Enterprises over which Key Management Personnel exercise significant control |                 | Enterprises over which Directors/Relative of Key Management Personnel exercise significant influence |                 | Total           |
|---|--------------------------|-------------|--|-----------------|--|-----------------|-----------------|
|   | Current Yr               | Previous Yr | Current Yr   | Previous Yr     | Current Yr   | Previous Yr     |                 |
| <b>Interest Income</b>  |                          |             |  |                 |  |                 |                 |
| MLL Logistics Private Limited                                 | -                        | -           | -  | 620.26          | 580.61   | 580.61          | 620.26          |
| <b>Total</b>  | -                        | -           | -  | <b>620.26</b>   | <b>580.61</b>  | <b>580.61</b>   | <b>620.26</b>   |
| <b>Services Received</b>                                      |                          |             |  |                 |  |                 |                 |
| Vaitarna Marine Infrastructure Limited                        | -                        | -           | -  | 688.76          | 1,103.59   | 1,103.59        | 688.76          |
| Oil Max Energy Private Limited                                | -                        | -           | 185.82   | 1,000.00        | -  | 185.82          | 1,000.00        |
| <b>Total</b>  | -                        | -           | <b>185.82</b>  | <b>1,000.00</b> | <b>1,103.59</b>  | <b>1,289.41</b> | <b>1,668.76</b> |
| <b>Reimbursements of Expenses Paid</b>                        |                          |             |  |                 |  |                 |                 |
| Oil Max Energy Private Limited                                | -                        | -           | 79.30  | 32.81           | -  | 79.30           | 32.81           |
| Vaitarna Marine Infrastructure Limited                        | -                        | -           | -  | -               | 0.66   | -               | 0.66            |
| <b>Total</b>  | -                        | -           | <b>79.30</b>   | <b>32.81</b>    | <b>0.66</b>  | <b>79.30</b>    | <b>33.47</b>    |
| <b>Reimbursements of Expenses Received</b>                    |                          |             |  |                 |  |                 |                 |
| Vaitarna Marine Infrastructure Limited                        | -                        | -           | 0.27   | 1.40            | -  | 0.27            | 1.40            |
| <b>Total</b>  | -                        | -           | <b>0.27</b>  | <b>1.40</b>     | <b>-</b>   | <b>0.27</b>     | <b>1.40</b>     |
| <b>Contribution made for Corporate social responsibility.</b> |                          |             |  |                 |  |                 |                 |
| Prern Punita Foundation                                       | -                        | -           | 18.00  | -               | -  | 18.00           | -               |
| <b>Total</b>  | -                        | -           | <b>18.00</b>   | <b>-</b>        | <b>-</b>   | <b>18.00</b>    | <b>-</b>        |
| <b>Finance Provided</b>                                       |                          |             |  |                 |  |                 |                 |
| <b>Loans</b>  |                          |             |  |                 |  |                 |                 |
| <b>Loans Given during the Year</b>                            |                          |             |  |                 |  |                 |                 |
| MHL Healthcare Limited  | -                        | -           | -  | 10.00           | -  | -               | 10.00           |
| <b>Total</b>  | -                        | -           | -  | <b>10.00</b>    | -  | -               | <b>10.00</b>    |
| <b>Loans Repaid During the Year</b>                           |                          |             |  |                 |  |                 |                 |
| MHL Healthcare Limited  | -                        | -           | -  | 10.00           | -  | -               | 10.00           |
| <b>Total</b>  | -                        | -           | -  | <b>10.00</b>    | -  | -               | <b>10.00</b>    |
| <b>Inter Corporate Deposits</b>                               |                          |             |  |                 |  |                 |                 |
| <b>Inter Corporate Deposits given during the year</b>         |                          |             |  |                 |  |                 |                 |
| Zicom Electronic Security Systems Limited                     | -                        | -           | -  | 165.00          | -  | -               | 165.00          |
| <b>Total</b>  | -                        | -           | -  | <b>165.00</b>   | <b>-</b>   | <b>-</b>        | <b>165.00</b>   |
| <b>Inter Corporate Deposits repaid during the year</b>        |                          |             |  |                 |  |                 |                 |
| MLL Logistics Private Limited                                 | -                        | -           | 415.13   | 877.00          | 415.13   | 415.13          | 877.00          |
| <b>Total</b>  | -                        | -           | <b>415.13</b>  | <b>1,042.00</b> | <b>415.13</b>  | <b>1,042.00</b> | <b>1,042.00</b> |
| <b>Inter Corporate Deposits repaid during the year</b>        |                          |             |  |                 |  |                 |                 |
| Zicom Electronic Security Systems Limited                     | -                        | -           | -  | 165.00          | -  | -               | 165.00          |
| <b>Total</b>  | -                        | -           | -  | <b>165.00</b>   | <b>-</b>   | <b>-</b>        | <b>165.00</b>   |
| <b>Advances</b>   |                          |             |  |                 |  |                 |                 |
| <b>Advances Given During the Year</b>                         |                          |             |  |                 |  |                 |                 |
| MLL Logistics Private Limited                                 | -                        | -           | 228.00   | 900.00          | 228.00   | 228.00          | 900.00          |
| <b>Total</b>  | -                        | -           | <b>228.00</b>  | <b>1,065.00</b> | <b>228.00</b>  | <b>228.00</b>   | <b>1,065.00</b> |
| <b>Advances</b>   |                          |             |  |                 |  |                 |                 |
| <b>Advances Given During the Year</b>                         |                          |             |  |                 |  |                 |                 |
| Mr. Handoko Soeseno   | -                        | -           | -  | -               | -  | -               | 9.47            |

# Notes Forming Part of the Consolidated Financial Statements

(Amount ₹ in Lakhs)

| Name of the Transaction  | Key Management Personnel |               | Enterprises over which Key Management Personnel exercise significant control |              | Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence |                 | Total           |
|--|--------------------------|---------------|--|--------------|---|-----------------|-----------------|
|  | Current Yr               | Previous Yr   | Current Yr   | Previous Yr  | Current Yr  | Previous Yr     |                 |
| MLL Logistics Private Limited  | -                        | -             | -  | -            | -   | 9.00            | -               |
| <b>Total</b>   | -                        | -             | -  | -            | -   | <b>9.00</b>     | <b>9.00</b>     |
| <b>Balances Written Back</b>   |                          |               |  |              |   |                 |                 |
| Zicom Electronic Security Systems Ltd.   | -                        | -             | -  | -            | 2.02  | -               | -               |
| <b>Total</b>   | -                        | -             | -  | -            | <b>2.02</b>   | -               | <b>2.02</b>     |
| <b>Outstanding balances as on 31.03.2015</b>   |                          |               |  |              |   |                 |                 |
| <b>Advances</b>  |                          |               |  |              |   |                 |                 |
| MLL Logistics Private Limited  | -                        | -             | -  | -            | 345.13  | -               | 345.13          |
| Mr. Handoko Soeseno  | 579.85                   | 662.06        | -  | -            | -   | -               | 579.85          |
| <b>Total</b>   | <b>579.85</b>            | <b>662.06</b> | -  | -            | <b>345.13</b>   | -               | <b>1,007.19</b> |
| <b>Capital Advances</b>  |                          |               |  |              |   |                 |                 |
| Vaitarna Marine Infrastructure Limited   | -                        | -             | -  | -            | 4,199.96  | 4,199.96        | 4,199.96        |
| <b>Total</b>   | -                        | -             | -  | -            | <b>4,199.96</b>   | <b>4,199.96</b> | <b>4,199.96</b> |
| <b>Outstanding Balances of Trade and Other Receivables &amp; Payables as on 31.03.2015</b> |                          |               |  |              |   |                 |                 |
| <b>Trade and Other Receivables</b>   |                          |               |  |              |   |                 |                 |
| MLL Logistics Private Limited  | -                        | -             | -  | -            | 2,354.39  | 1,841.21        | 2,354.39        |
| Oil Max Energy Private Limited   | 1.00                     | -             | 1.00   | -            | -   | -               | 1.00            |
| <b>Total</b>   | <b>1.00</b>              | -             | <b>1.00</b>  | -            | <b>2,354.39</b>   | <b>1,841.21</b> | <b>1,841.21</b> |
| <b>Trade and Other Payables</b>  |                          |               |  |              |   |                 |                 |
| Zicom Electronic Security Systems Limited  | -                        | -             | -  | -            | -   | 2.02            | -               |
| Vaitarna Marine Infrastructure Limited   | -                        | -             | -  | -            | 123.93  | -               | 123.93          |
| Rishi Holding Private Limited  | -                        | -             | -  | -            | -   | 1.62            | -               |
| Oil Max Energy Private Limited   | -                        | -             | -  | 57.41        | -   | -               | 57.41           |
| <b>Total</b>   | -                        | -             | -  | <b>57.41</b> | <b>123.93</b>   | <b>3.64</b>     | <b>123.93</b>   |
| <b>Inter Corporate Deposit</b>   |                          |               |  |              |   |                 |                 |
| Balance as on 31.03.2015   | -                        | -             | -  | -            | 5,739.13  | 5,552.00        | 5,552.00        |
| MLL Logistics Private Limited  | -                        | -             | -  | -            | 5,739.13  | 5,552.00        | 5,552.00        |
| <b>Total</b>   | -                        | -             | -  | -            | <b>5,739.13</b>   | <b>5,552.00</b> | <b>5,552.00</b> |
| <b>Deposit</b>   |                          |               |  |              |   |                 |                 |
| Balance as on 31.03.2015   | -                        | -             | -  | 50.00        | -   | -               | 50.00           |
| Oil Max Energy Private Limited   | -                        | -             | -  | 50.00        | -   | -               | 50.00           |
| MLL Logistics Private Limited  | -                        | -             | -  | -            | -   | 500.00          | 500.00          |
| <b>Total</b>   | -                        | -             | -  | <b>50.00</b> | -   | <b>500.00</b>   | <b>550.00</b>   |
| <b>Remuneration paid to Key Management Personnel</b>                                       | <b>1,696.55</b>          | <b>522.85</b> | -  | -            | -   | -               | -               |
| <b>Remuneration paid to Relative of Key Management Personnel</b>                           | <b>182.78</b>            | <b>14.50</b>  | -  | -            | -   | -               | -               |



## Notes Forming Part of the Consolidated Financial Statements

### 4.5 Disclosure in respect of Leases as per AS 19:

#### (A) Disclosure in respect of Operating lease (as Lessee):

(Amount ₹ in Lakhs)

| Particulars  | For the year<br>ended March<br>31, 2015 | For the year<br>ended March<br>31, 2014 |
|--|---|---|
| <b>(a) Operating Leases</b>  |   |   |
| Disclosures in respect of cancelable agreements for office premises taken on lease                                     |   |   |
| (i) Lease payments recognized in the Statement of Profit and Loss  | 733.63                                  | 576.23                                  |
| (ii) Significant leasing arrangements  |   |   |
| The Company has given refundable interest free security deposits under the agreements.                                 | -                                       | -                                       |
| The lease agreements are upto 24 to 60 months.   | -                                       | -                                       |
| These agreements also provided for increase in rent.   | -                                       | -                                       |
| These agreements are non cancellable by both the parties for 12–24 months except in certain exceptional circumstances. | -                                       | -                                       |
| (iii) Future minimum lease payments under non-cancellable agreements   |   |   |
| Not later than one year  | 441.33                                  | 179.10                                  |
| Later than one year and not later than five years  | 661.68                                  | 109.98                                  |
| Later than five years  | Nil                                     | Nil                                     |

## Notes Forming Part of the Consolidated Financial Statements

### (B) Disclosure in respect of operating lease (as Lessor):

(Amount ₹ in Lakhs)

| Particulars  | For the year<br>ended March<br>31, 2015 | For the year<br>ended March<br>31, 2014 |
|--|---|---|
| <b>(a) Operating Leases</b>  |   |   |
| Disclosures in respect of cancellable agreements for office given on lease |   |   |
| (i) Lease receipt recognized in the Statement of Profit and Loss           | 17.30                                   | 31.92                                   |
| (ii) Significant leasing arrangements                                      |   |   |
| - The new lease agreements are for a period of 12 months.                  | -                                       | -                                       |
| (iii) Future minimum lease receivable 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                                     |

#### General description of leasing arrangement:

- i. Leased Assets: Office premises, Godown And Vehicle
- ii. Future Lease rentals are determined on the basis of agreed terms.

### 4.6 Earning Per Share as per AS 20

| Particulars  | For the year<br>ended March<br>31, 2015 | For the year<br>ended March<br>31, 2014 |
|--|---|---|
| Net Profit after Tax, Minority interest                |   |   |
| - Basic and Diluted (Amount ₹ in Lakhs)                | (44,952.54)                             | 3,217.81                                |
| Number of Shares used in computing Earning Per Share   |   |   |
| - Basic and Diluted                                    | 244,892,073                             | 244,892,073                             |
| Earning per share (equity shares of face value Re 1/-) |   |   |
| - Basic and Diluted (in ₹)                             | (18.36)                                 | 1.31                                    |

## Notes Forming Part of the Consolidated Financial Statements

### 4.7 Derivative Instruments

#### (A) Details of outstanding Hedging Contracts

(Amount ₹ in Lakhs)

| Derivative contracts | March 31, 2015             |                         | March 31, 2014             |                         |
|----------------------|----------------------------|-------------------------|----------------------------|-------------------------|
|                      | Amount in foreign currency | Equivalent Indian rupee | Amount in foreign currency | Equivalent Indian rupee |
| USD/INR              | 31.59                      | 1600.00                 | 35.54                      | 1800.00                 |
| USD/INR              | 17.71                      | 800.00                  | 19.93                      | 900.00                  |
| USD/INR              | 17.75                      | 800.00                  | 19.97                      | 900.00                  |

#### (B) Foreign Currency Exposures

The year end exposure in currencies other than the financial currency of the Company that were not hedged by a derivative instrument or otherwise are given below:

| Particulars   | 2014-15   |  | 2013-14   |  |
|---|-----------|--|-----------|--|
|   | ₹ Lakhs   | Fx.Million   | ₹ Lakhs   | Fx.Million   |
| Account Receivable  | 1,251.71  | USD 2.00   | 2,048.92  | USD 3.41   |
| Balance in Bank   | 2,769.56  | USD 3.47<br>Rp 12,441.47   | 1,920.92  | USD 1.81<br>IDR 15,349.04<br>SGD 0.05                                      |
| Fixed Deposit with foreign Bank   |           |  | 20.55     | IDR 389.89   |
| Loan & Advances   | 6,444.41  | USD 9.39<br>Rp 11,763.96   | 1,204.82  | USD 0.01<br>IDR 22,804.87  |
| Advance from Customers  |           |  | 2.97      | USD 0 .005   |
| Accounts Payable/Acceptance<br>(including capital commitments<br>made but not provided for) | 5,952.59  | USD 7.41<br>SGD 0.13<br>JPY 4.42<br>DKK 0.04<br>Rp 25,396.85<br>AED 0.01<br>GBP 0.01 | 4,807.13  | USD 0.83<br>SGD 0.06<br>JPY 1.37<br>EURO 3.24<br>DKK 0.04<br>IDR 28,681.82 |
| Borrowings  | 71,790.81 | USD 114.70   | 46,191.25 | USD 76.86  |

## Notes Forming Part of the Consolidated Financial Statements

### 5 DISCLOSURE REQUIRED FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As per Section 135 of the Companies Act, 2013 as applicable, there is no amount necessary to be spent on CSR activities for the year in the parent company.

In one of the Subsidiary

- Gross amount required to be spent by the company during the year ₹ 12.08 Lakhs.
- Amount spent during the year on:

(Amount ₹ in Lakhs)

| Sr. No | Particulars  | In Cash | Yet to be paid in Cash | Total |
|--------|--|---------|------------------------|-------|
| i)     | Construction/acquisition of any asset  | Nil     | Nil                    | Nil   |
| ii)    | On purpose other than (i) above, viz; for the purpose of social and educational development. | 18.00   | Nil                    | 18.00 |

### 6 PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For and on behalf of the Board

For **FOR CNK & ASSOCIATES LLP**

Chartered Accountants

**H. K. Mittal**  
Executive Chairman

**A. J. Agarwal**  
Managing Director

**Archana Mittal**  
Director

**Himanshu Kishnadwala**  
Partner

**Manohar Bidaye**  
Director

**K. R. Bharat**  
Director

**M. M. Agrawal**  
Director

Dated: 29th May 2015  
Place: Mumbai

**Gunender Kapur**  
Director

**Prasad Patwardhan**  
Chief Financial Officer

**Deepesh Joishar**  
Company Secretary







## Our Asset Portfolio (As on May 29, 2015)

### Coal

| Serial No. | Coal Mines                           | Ownership (%) |
|------------|--------------------------------------|---------------|
| 1          | Pentagis, East Kalimantan; Indonesia | 100           |
| 2          | Batuah, East Kalimantan, Indonesia   | 50            |
| 3          | Mozambique; Africa                   | 85            |

### Oil & Gas - Offshore Services

| Serial No. | Name of Vessel | Type | Capacity                    | Ownership |
|------------|----------------|------|-----------------------------|-----------|
| 1          | Virini Prem    | FSO  | 1.2 million barrels storage | Owned     |
| 2          | Veer Prem      | MOPU | 50,000 BOPD processing      | Owned     |

### Oil & Gas - E & P

| Serial No. | Blocks | Location             | Participation Interest (%) |
|------------|--------|----------------------|----------------------------|
| 1          | CB-9   | Onshore Cambay Basin | 100                        |
| 2          | CB-3   | Onshore Cambay Basin | 100                        |
| 3          | M-4    | Offshore Myanmar     | 25                         |
| 4          | YEB    | Offshore Myanmar     | 25                         |

### Tankers

| Serial No. | Name of Vessel | Vessel Type | DWT      | Ownership |
|------------|----------------|-------------|----------|-----------|
| 1          | Kamakshi Prem  | VLCC        | 2,99,235 | Owned     |
| 2          | Hansa Prem     | MR          | 36,032   | Owned     |
| 3          | Prem Pride     | FSO         | 1,09,610 | Owned     |
| 4          | Prem Mala      | MR          | 47,044   | Owned     |
| 5          | Harsha Prem    | MR          | 42,235   | Owned     |
| 6          | Vedika Prem    | MR          | 42,235   | Owned     |

### Dry Bulk Carriers

| Serial No. | Name of vessel   | Vessel Type  | DWT    | Ownership    |
|------------|------------------|--------------|--------|--------------|
| 1          | Sri Prem Poorva  | Panamax      | 69,286 | Owned        |
| 2          | Gaurav Prem      | Panamax      | 73,901 | Owned        |
| 3          | Sri Prem Aparna  | Panamax      | 73,461 | Owned        |
| 4          | Garv Prem        | Panamax      | 74,444 | Owned        |
| 5          | Garima Prem      | Panamax      | 74,456 | Owned        |
| 6          | Kesari Prem      | Panamax      | 69,186 | Owned        |
| 7          | Prem Varsha      | Kamsarmax    | 82,379 | Owned        |
| 8          | Prem Vidya       | Kamsarmax    | 82,273 | Owned        |
| 9          | Prem Veena       | Kamsarmax    | 82,459 | Owned        |
| 10         | Kanak Prem       | Panamax      | 69,221 | Owned        |
| 11         | Kalpana Prem     | Panamax      | 73,652 | Owned        |
| 12         | Gauri Prem       | Panamax      | 74,405 | Owned        |
| 13         | Aarti Prem       | Panamax      | 69087  | Owned        |
| 14         | Chitra Prem      | Post Panamax | 93270  | Owned        |
| 15         | Maria Laura Prem | Post Panamax | 91800  | In-chartered |

### Gas Carrier

| Serial No. | Name of Vessel | Vessel Type | DWT    | Ownership |
|------------|----------------|-------------|--------|-----------|
| 1          | Sisouli Prem   | VLGC        | 50,400 | Owned     |

### Dredgers

| Serial No. | Name of Vessel | Vessel Type | Hopper Capacity | Ownership |
|------------|----------------|-------------|-----------------|-----------|
| 1          | Bhagvati Prem  | TSHD        | 7,598           | Owned     |
| 2          | Darshani Prem  | TSHD        | 7,450           | Owned     |
| 3          | Tridevi Prem   | TSHD        | 5,433           | Owned     |
| 4          | Omkara Prem    | TSHD        | 4,500           | Owned     |
| 5          | Uma Prem       | TSHD        | 2,600           | Owned     |
| 6          | Yukti Prem     | CSD         | Not Applicable  | Owned     |
| 7          | Vivek Prem     | GSHD        | 850             | Owned     |





**Registered Office**

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