Placement Document
Not for circulation
Private and confidential
Serial No. ___

MERCATOR LIMITED

Mercator Limited was incorporated in the Republic of India on November 24, 1983 with Registration No 031418 as a private limited company under the Companies Act, 1956. Our company's corporate identification number is L63090MH1983PLC031418. For details with respect to change of name, please see section "General Information" beginning on page 204.

Registered Office: *3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021;* ***Tel:*** *+91-22-4037 3333;* ***Fax:*** *+91– 22 6637 4444*
Website: *www.mercator.in* ***Email:*** *investors@mercator.in*

Mercator Limited (the "**Company**" or "**Issuer**") is issuing 25,000,000 equity shares of face value ₹1 each (the "**Equity Shares**") at a price of ₹ 40.75 per Equity Share, including a premium of ₹ 39.75 per Equity Share, aggregating ₹ 1,018.57 million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE BUYER AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

Invitations, offer and subscription of the Equity Shares shall only be made pursuant to this Placement Document together with the Application Form, the Confirmation of Allocation Note and the Placement Document. See the chapter titled "***Issue Procedure***" beginning on page 151. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent to any person other than Qualified Institutional Buyers (as defined in the SEBI ICDR Regulations) and persons retained by Qualified Institutional Buyers to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not to make copies of this Placement Document or any documents referred to in this Placement Document.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO RISK LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE CHAPTER TITLED "*RISK FACTORS*" BEGINNING ON PAGE 32 BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES TO IT OF AN INVESTMENT IN THE EQUITY SHARES PROPOSED TO BE ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

Our Company's Equity Shares are listed on the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**") (the BSE and the NSE collectively the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on January 10, 2017 was ₹ 44.40 and ₹44.50 per Equity Share, respectively. We have received in-principle approval under Regulation 28 of the SEBI Listing Regulations to list our Equity Shares from the BSE and the NSE on January 11, 2017. Applications will be made for the listing of the Equity Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges. A copy of the Placement Document (which will include disclosures prescribed under Form PAS-4 (as defined hereinafter) will be filed with the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Mumbai (the "**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "RBI"), the Stock Exchanges, the RoC or any other regulatory or listing authority. The Equity Shares offered in this Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Placement Document. This Placement Document has not been and will not be registered as a prospectus with any Registrar of Companies in India, will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. This Placement Document will be circulated or distributed to Qualified Institutional Buyers (as defined in the SEBI ICDR Regulations), only and will not constitute an offer to any other class of investors in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Placement Document is meant solely for QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Book Running Lead Manager or its affiliates does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

The Equity Shares in this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act")**, or any state securities laws in the United States and unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales occur. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see "***Notice to Investors***", "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 1, 163 and 169, respectively.

This Placement Document is dated January 17, 2017.

BOOK RUNNING LEAD MANAGER

Elara Capital (India) Private Limited

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and to the best of its knowledge and belief, having made all reasonable enquiries, we confirm that this Placement Document contains all information with respect to our Company, its Subsidiaries and the Equity Shares, which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company, its Subsidiaries and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to our Company, its Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to us, and on reasonable assumptions. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Manager ("**BRLM**") has not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of its shareholders, employees, legal counsels, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM, or by any of their shareholders, employees, legal counsels, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the issue of the Equity Shares or their distribution. Each person receiving this Placement Document acknowledges that such person has neither relied on the BRLM nor on any of their shareholders, employees, legal counsels, officers, directors, representatives, agents or affiliates or on any person affiliated with the BRLM in connection with its investigation of the accuracy of such information, representation or its investment decision, and each such person must rely on its own examination of our Company, its Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the BRLM. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to this Issue (in consultation with the BRLM or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see "*Distribution and Solicitation Restrictions*" and "*Transfer Restrictions*" beginning on pages 163 and 169, respectively.

This Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the BRLM which would permit an offering of the Equity Shares or distribution of this Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares in this Issue may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue related materials in connection with the Equity Shares, may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Equity Shares are being offered and sold outside India only in accordance with the restrictions described under the sections titled "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 163 and 169, respectively.

The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investors specified by the BRLM or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. The distribution of this Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law.

Any reproduction or distribution of this Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

In making an investment decision, prospective investors must rely on their own examination of our Company, its Subsidiaries and the terms of this Issue, including the merits and risk involved. Investors should not construe the contents of this Placement Document as business, investment, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the BRLM is making any representation to any investor, purchaser, offeree or subscriber of such Equity Shares pursuant to this Issue, regarding the legality of an investment in the Equity Shares in this Issue by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. Each such investor, subscriber, offeree or purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that they are eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in the securities or otherwise accessing the capital markets in India including the Equity Shares. Each subscriber of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors of the Issue.

The information on our Company's website, www.mercator.in, or any website directly or indirectly linked to our Company's website or the website of the BRLM or its affiliates does not constitute or form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section are to the prospective investors in this Issue. By bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the BRLM, as follows:

- You are a qualified institutional buyer as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations ("**QIB**"), and not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including reporting obligations;

- You are authorized to consummate the subscription of the Equity Shares in the Issue in compliance with all applicable laws and regulations;

- If you are not a resident of India, but a QIB or you are an Eligible FPI (as defined hereinafter) or an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) or an FVCI, in each case having a valid and existing registration with the SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

- If you are allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from date of Allotment, sell the Equity Shares so acquired, except on the floor of the Stock Exchanges, see the chapter titled "***Transfer Restrictions***" beginning on page 169;

- You have made, or been deemed to have made, as applicable, the representations set forth under the chapters titled "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 163 and 169, respectively;

- You are aware that the Equity Shares have not been, and will not be, registered through a prospectus, under the Companies Act (as defined hereunder), the SEBI ICDR Regulations or under any other law in force in India. This Placement Document has not been verified or affirmed by the SEBI, RBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has been filed with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- You are entitled to subscribe for such Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or our agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLM may not have knowledge of the statements that our Company or our agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions and accordingly you acknowledge that the BRLM has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- Neither our Company nor the BRLM or their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendation to you or advising you regarding the suitability of any transactions that you may enter into in connection with the Issue. Your participation in this Issue is on the basis that you are not and will not be a client of the BRLM. Neither the BRLM nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any duty or responsibility to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public. Further, you are aware and understand that the allotment of the Equity Shares shall be on a discretionary basis at the discretion of our Company and the BRLM;

- You have made, or been deemed to have made, as applicable, the representations set forth under "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 163 and 169, respectively;

- You have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety; including, in particular, the chapter titled "***Risk Factors***" beginning on page 32;

- That in making your investment decision, (i) you have relied on your own examination of our Company, its Subsidiaries and the terms of this Issue, including the merits and risks involved, (ii) you have made and will continue to make your own assessment of our Company, its Subsidiaries the Equity Shares and the terms of this Issue, (iii) you have relied upon your own investigations and resources in deciding to invest in the Equity Shares, (iv) you have consulted with your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, including any applicable securities law and (v) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company or any other party and (vi) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

- You are aware that the pre-issue and post-issue shareholding pattern of our Company will be filed by our Company with the Stock Exchanges, and if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and by subscribing to this Issue, you consent to such disclosures; also, if you are a top ten shareholder in our Company, our Company will be required to make a filing with the RoC within 15 days of the change, as per provisions of Section 93 of the Companies Act, 2013;

- Neither the BRLM nor any its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLM or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert, any claim against our Company, the BRLM, or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- If you are acquiring the Equity Shares to be issued pursuant to this Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a ‘Promoter’ of our Company, as defined under Section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations, and are not a person related to the Promoter or to group companies of the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter of our Company or to group companies of the Promoter of our Company;

- You have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired in the capacity of a lender not holding any Equity Shares of our Company, which shall not be deemed to be a person related to the Promoter;

- You have no right to withdraw your Bid after the Bid/Issue Closing Date (as defined hereinafter);

- You are eligible, including without any limitation under any applicable law or regulation, to apply for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to this Issue. You further confirm that your aggregate holding upon such issue of the Equity Shares shall not exceed the level permissible, as per any applicable law or regulation;

- The Bids submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Code**");

- To the best of your knowledge and belief, together with other QIBs in the Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50% of the Issue. For the purposes of this representation: (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956 (the "**Companies Act**"); and (b) "control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

- You are aware that in-principle approvals for listing and admission of the Equity Shares under Regulation 28 of the SEBI Listing Regulations has been applied for with the Stock Exchanges and application for final listing and trading approval shall be made only after allotment of Equity Shares. There can be no assurance that such final approvals for listing and trading in the Equity Shares will be obtained in time, or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLM has entered into a Placement Agreement with our Company whereby the BRLM has, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- That the contents of this Placement Document are exclusively the responsibility of our Company and that neither the BRLM nor any person acting on its behalf has, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLM or our Company or any other person and, to the greatest extent permitted by law, neither the BRLM nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received, whether contained in this Placement Document or otherwise;

- As stated in the preceding clause herein, the only information you are entitled to rely on, and on which you have relied on, in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares. You have neither received nor relied on any other information given or representations, warranties or statements made by the BRLM (including any view, statement, opinion or representation expressed in any research published or distributed by the BRLM or their respective affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the BRLM or its affiliates) or our Company and the BRLM or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will not be liable for your decision to accept an invitation to participate in this Issue based on any other information, representation, warranty or statement;

- You agree to indemnify, keep indemnified and hold our Company and the BRLM and their respective officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section and the chapters titled "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 163 and 169, respectively. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- That our Company, the BRLM, and their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are irrevocable;

- That you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and any notifications, circulars or clarifications issued thereunder, ("**Security Regulations**"), and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- You understand that the BRLM does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of our respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- That each of the acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the allotment of the Equity Shares and the listing and commencement of trading of Equity Shares, wherever the context may require.

- You agree that any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document and the Placement Document;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and accordingly, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur;

- You are, at the time the Equity Shares are purchased, located outside the United States (within the meaning of Regulation S), and you are not an affiliate of the Company or a person acting on behalf of the Company or such an affiliate;

- You are purchasing the Equity Shares in an offshore transactions meeting the requirements of Rule 903 or 904 of Regulation S and you shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations (as defined hereinafter), FPIs (which includes FIIs), other than Category III Foreign Portfolio Investor (as defined hereinafter) and unregulated broad based funds, which are classified as Category II foreign portfolio investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") directly or indirectly, only in the event that (i) such offshore derivative instruments are issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

P-Notes have not been and are not being offered or sold pursuant to this Placement Document. Neither this Placement Document nor the Placement Document contains or will contain any information concerning P-Notes, or the issuer(s) of any such P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claims on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes.

Any P-Notes that may be issued are not securities of the BRLM and do not constitute any obligations of, or claims on, the BRLM. Affiliates of the BRLM which are FPIs may purchase, to the extent permissible under law, the Equity Shares in this Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;

(2) warrant that our Company's Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

The filing of this Placement Document should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Company pursuant to this Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited company incorporated under the laws of India. The Board of Directors of our Company comprises four (4) Directors all of them are Indian citizens. Most of our senior managerial personnel and executive officers of our Company are residents of India and a substantial portion of the assets of such persons and of our Company are located in India. As a result, it may be difficult or may not be possible for investors to effect service of process upon our Company or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;
(b) where the judgment has not been given on the merits of the case;
(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where the judgment has been obtained by fraud; or
(f) where the judgment sustains a claim founded on a breach of any law than in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of such Section), in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties and does not include arbitration awards.

A few countries like the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong, amongst others, have been declared by the Central Government to be reciprocating territories for the purposes of Section 44A and do not include arbitration awards.

A judgment of a court in a country which is not a reciprocating territory may be enforced only by a suit upon the judgment and not by proceedings in execution. Such a suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with the public policy of India. Further, any judgment or award for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India must obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. It is unlikely that an Indian court would enforce foreign judgments that would be contrary to or in violation of Indian law. We cannot assure you that Indian courts and/or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.

CERTAIN CONVENTIONS, CURRENCY PRESENTATION AND FINANCIAL DATA

Certain Contraventions

In this Placement Document, unless the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investors’, ‘prospective investors’ and ‘potential investor’ are to the prospective investors of the Equity Shares to be issued pursuant to the Issue. References to the ‘Company’, or ‘our Company’ are to Mercator Limited, and references to ‘we’, ‘our’ or ‘us’ are to Mercator Limited and its Subsidiaries. All references in this Placement Document to “India” are to the Republic of India, to the “Government” or the “Central Government” are to the Government of India and to any “State Government” are to the relevant state government in India. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions.

Currency Presentation

In this Placement Document, all references to "Rupees", "₹", “Re.” and "Rs." are to the currency of India. All references to "U.S. dollars", "dollars", "$", "USD" and "US$" are to the currency of the United States of America. All references to IDR are to the currency of Indonesia. References to the words "Lakh" or "Lacs" mean "100 thousand", the word "million" means "10 Lacs", the word “crore” means “10 million” and the word "billion" means "1,000 million".

Financial Data

Our Company publishes its financial statements in Indian Rupees. Our Company's financial statements included herein have been prepared in accordance with accounting principles generally accepted in India, or Indian GAAP and the Companies Act and have been audited by the Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI. Unless otherwise indicated, all financial data in this Placement Document are derived from our Company's financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**"), U.S GAAP and other international accounting systems. Our Company does not quantify the impact of U.S. GAAP or International Financial Reporting Standards ("**IFRS**") on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its financial statements to U.S. GAAP or IFRS. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader’s familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. See the chapter titled "***Risk Factors***" beginning on page 32.

Unless the context requires otherwise, the financial data in this Placement Document is derived from our financial statements. Our Company's Fiscal commences on April 1 of each year and ends on March 31 of the succeeding year; so all references to a particular Fiscal are to the twelve months period ended on March 31 of that year. The consolidated audited financial statements of our Company for the twelve (12) months period ended on March 31, 2014, March 31, 2015 and March 31, 2016 (“**Audited Financial Statements**”) are prepared in accordance with Indian GAAP and limited reviewed financial results for the six months ended September 30, 2016 (“**Unaudited Financial Results**”), are prepared in accordance with Ind AS, are included in this Placement Document and are referred to herein as the "***Financial Statements***" beginning on page 206. The Unaudited Financial Results have been reviewed by our Company’s auditors in accordance with Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by Independent Auditors of Entity” issued by the Institute of Chartered Accountants of India.

In this Placement Document, certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our Company's business contained in this Placement Document consists of estimates/forecasts based on data reports compiled by professional organisations and analysts, on data from recognized industry sources, other external sources, and on our Company's knowledge of the markets in which our Company operates. The statistical information included in this Placement Document has been reproduced from various trade, industry and Government publications and websites. Our Company confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, Government bodies or other organisations) to validate market related analysis and estimates, so our Company have relied on internally developed estimates.

None of our Company, the BRLM or any of their affiliates and advisors or any other person connected with the Issue has independently verified this information and neither our Company nor the BRLM make any representation regarding the accuracy or completeness of such data. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, the BRLM and we do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent source and our Company cannot assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical facts constitute ‘forward-looking statements’. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can identify forward-looking statements by the use of forward-looking terminology, including the words "aim", "anticipate", "believes", "continue", "can", "could", "estimates", "expects", "intends", "may", "will", "plans", "objective", "potential", "project", "pursue", "shall", "will likely result", "will continue", "will achieve", "is likely" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions. All statements regarding our Company's expected financial condition and results of operations, business plans projects under execution, orders-in-hand and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, revenue and profitability and other matters discussed in this Placement Document regarding matters that are not historical facts. They appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate.

By their nature, forward-looking statements contained in this Placement Document (whether made by our Company or any third party) are predictions and involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, and assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Forward-looking statements are not guarantees of future performance. Our Company's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which we operate may differ materially from the impression created by the forward-looking statements contained in this Placement Document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of our Company and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause actual results and property valuations to differ materially from our expectations include, but are not limited to, the following:

- Disruptions in our Company;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Significant changes in the exchange rate;
- Changes in laws and regulations relating to the industry in which we operate;
- Our ability to successfully deploy our vessels;
- Our ability to successfully implement our growth strategy and expansion plans;
- Competition from existing players;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries;
- Potential mergers, acquisitions or restructurings;
- Our ability to control cost and retained key personnel;
- Our ability to attract and retain qualified personnel;
- The performance of the financial markets in India and globally;
- Market fluctuations and industry dynamics beyond our control;
- Occurrence of natural disasters or calamities affecting the areas in which we have operations; and
- Any adverse outcome in the legal proceedings in which we are involved; and
- Other factors discussed in this Placement Document, including "***Risk Factors***".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and "***Our Business***" beginning on pages 32, 65 and 125, respectively. These forward-looking statements speak only as of the date of this Placement Document. Our Company and the BRLM expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management of our Company, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and other forward-looking statements attributable to our Company in this Placement Document are expressly qualified in their entirety by reference to these cautionary statements.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$ 1.00), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ Per US$1.00)

	Period End	Average(1)	High(2)	Low(3)
Fiscal Year Ended:				
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
March 31, 2014	60.10	60.50	68.36	53.74
Quarter Ended:				
Friday, December 30, 2016	67.95	67.46	68.72	66.43
Friday, September 30, 2016	66.66	66.96	67.50	66.36
Thursday, June 30, 2016	67.62	66.93	68.01	66.24
Thursday, March 31, 2016	66.33	67.50	68.78	66.18
Month ended:				
Friday, December 30, 2016	67.95	67.90	68.37	67.43
Wednesday, November 30, 2016	68.53	67.63	68.72	66.43
Friday, October 28, 2016	66.86	66.75	66.89	66.53
Friday, September 30, 2016	66.66	66.74	67.06	66.36
Wednesday, August 31, 2016	66.98	66.94	67.19	66.74
Friday, July 29, 2016	67.03	67.21	67.50	66.91

Source: www.rbi.org.in

(1) Represents the average of the official rate for each working day of the relevant period;
(2) Maximum of the official rate for each working day of the relevant period;
(3) Minimum of the official rate for each working day of the relevant period.

Note: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end

On January 17, 2017 the exchange rate (the RBI reference rate) was ₹68.05 to US$ 1.00.

No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates, or at all.

DEFINITIONS AND ABBREVIATIONS

Unless otherwise defined or the context otherwise indicates or requires, certain capitalized terms used in this Placement Document have the meanings set forth below. References to any legislation, act or regulation shall, unless the context otherwise requires, be to such legislation, act or regulation as amended as on the date of this Placement Document:

Term	Description
Mercator Limited / We / Us / Issuer / the Company / our Company	Unless the context otherwise indicates or implies, refers to Mercator Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021
Articles / Articles of Association	The articles of association of our Company, as amended from time to time
Auditors	M/s. CNK & Associates LLP, Chartered Accountants, the statutory auditors of our Company
Board of Directors / Board	The Board of Directors of our Company or a duly constituted committee thereof
Committee	The Committee duly constituted by the Board of Directors
Corporate Office	The corporate office of our Company located at 3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021
Director(s)	The Director(s) of our Company
Equity Shares / Shares	The equity shares of our Company of face value ₹ 1 each
QIP Committee	The QIP committee of the Board of Directors described in the chapter titled "***Board of Directors and Senior Management***" beginning on page 139
Material Subsidiary(ies)	Subsidiaries identified as material in accordance with the SEBI (LODR) Regulations, 2016 and the internal Policy of our Company on determining 'Material Subsidiaries' as approved by the Board which are as under: a. Mercator Offshore (P) Pte. Ltd. b. MCS Holdings Pte. Ltd.
Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Promoters	Mr. H. K. Mittal, Mrs. Archana Mittal and Mr. Atul Agarwal
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company located at 3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021
Registrar of Companies / RoC	The Registrar of Companies, Mumbai
Subsidiaries	(i) Mercator Oil & Gas Limited, (ii) Mercator Petroleum Limited, (iii) Mercator International Pte. Ltd., (iv) Oorja Resources India Private Limited, (v) Mercator FPSO Private Limited, (vi) Mercator Offshore (P) Pte. Ltd., (vii) Offshore Holding Company Pte. Ltd. (erstwhile known as Mercator Offshore Holding Pte. Ltd.), (viii) Mercator Energy Pte. Limited, (ix) Oorja Holdings Pte. Limited, (x) Oorja 1 Pte. Limited, (xi) Oorja 2 Pte. Limited, (xii) Oorja 3 Pte. Limited, (xiii) Panther Resources Pte. Limited, (xiv) Oorja Mocambique Limitada, (xv) Broadtec Mocambique Minas Limitada, (xvi) PT Oorja Indo Pentagis Four,

Term	Description
	(xvii) PT Oorja Indo Pentagis Three, (xviii) PT Oorja Indo KGS, (xix) MCS Holdings Pte. Limited, (xx) MCS Fuel Trading Sdn. Bhd., (xxi) Ivorene Oil Services Nigeria Limited*, (xxii) Oorja (Batua) Pte. Limited, (xxiii) PT Bima Gema Permata, (xxiv) PT Nuansa Sakti Kencana, (xxv) PT Karya Putra Borneo, (xxvi) PT Indo Perkasa, (xxvii) Mercator Projects Pte. Limited, (xxviii) Mercator Offshore Assets Holding Pte. Limited, (xxix) Mercator Okwok FPU Pte. Limited, (xxx) Mercator Okoro FPU Pte. Limited, (xxxi) Fortune Offshore O&M Pte. Limited, (xxxii) Brio Resources Pte. Limited, (xxxiii) Marvel Value International Limited; and (xxxiv) RDPT Batavia Drill ** proposed to be sold to any unrelated third party.*

Issue related Terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLM and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allottee(s)	Successful Bidders to whom Equity Shares are issued and Allotted pursuant to the Issue
Allotment	The issue and allotment of Equity Shares pursuant to this Issue
Application or Bid	Indication of interest from a QIB, including all revisions and modifications of interest as provided by them, to subscribe for a specified number of Equity Shares in this Issue on the terms set out in the Application Form to our Company
Application Form or Bid cum Application Form	The form, including all revisions and modifications thereto, pursuant to which a QIB submits an Application
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Placement Document and the Application Form
Bidding / Issue Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date, inclusive of both dates, during which prospective Bidders can submit Bids
Book Running Lead Manager/BRLM	Elara Capital (India) Private Limited
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Closing Date	On or about January 27, 2017, the date on which the Allotment is expected to be made
Cut-off Price	The Issue Price of the Equity Shares, which shall be determined by our Company, in consultation with the BRLM
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors and Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLM and in compliance with Chapter VIII of the SEBI ICDR Regulations
Escrow Agreement	The Escrow Agreement dated December 30, 2016 by and between our Company, Escrow Bank and the BRLM in relation to the Issue
Escrow Bank	ICICI Bank
Escrow Cash Account/ Escrow Account	The non-interest bearing, no-lien, escrow bank account without any cheque or overdraft facilities opened by our Company with the Escrow Bank under the arrangement between our Company and the Escrow Bank for receiving the share application amount from the successful Bidders
Floor Price	The floor price of ₹ 42.80 per Equity Share, calculated in accordance with Regulation 85 of the SEBI ICDR Regulations
Issue	The offer, issue and allotment of 25,000,000 Equity Shares to QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of Companies Act, 2013 and Private Placement Provisions
Issue Closing Date or Bid Closing Date	January 17, 2017, the date on which our Company (or the BRLM on behalf of our Company) shall cease acceptance of Application Forms
Issue Opening Date or Bid Opening Date	January 11, 2017, the date on which our Company (or the BRLM on behalf of our Company) shall commence acceptance of Application Forms
Issue Price	The price per Equity Share of ₹ 40.75
Issue Size	The issue of issuing 25,000,000 Equity Shares of face value ₹1 each at a price of ₹ 40.75 per Equity Share aggregating ₹ 1,018.57 million.
NSDL	The National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Pay-in Date	The last date specified in the CAN for payment of application monies by the QIBs.
Placement Agreement	The Placement Agreement dated January 10, 2017 entered between our Company and the BRLM
Placement Document	The placement document to be issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules thereunder
Preliminary Placement Document	The preliminary placement document issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules thereunder
QIB or Qualified Institutional Buyer	Any Qualified Institutional Buyer as defined under Regulation 2(1) (zd) of Chapter VIII of the SEBI ICDR Regulations and the rules thereunder
QIP	Private placement to QIBs under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the Rules made thereunder
Regulation S	Regulation S, as defined under the U.S. Securities Act
Relevant Date	January 11, 2017 date of the meeting of the QIP Committee duly authorised by the Board of Directors deciding to open the Issue
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SCR(SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 as amended from time to time
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended from time to time
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015
SEBI Prohibition of Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time
SGX	Singapore Exchange Limited
Stock Exchange	The BSE and the NSE

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLM and in compliance with Chapter VIII of the SEBI ICDR Regulations
STT	Securities Transaction Tax
U.S. Securities Act	The United States Securities Act of 1933 as amended from time to time

Business and Industry Related Terms

Terms	Description
Aframax	Tanker vessel with deadweight tonnage ranging from 80,000 to 124,999 metric tons
Bunker	A large container or compartment for storing fuel.
Chartering	Hiring or leasing of transportation.
CSD	Cutter Suction Dredger
Demurrage	Additional revenues for delays experienced in loading and/or unloading cargo, calculated in accordance with specific charter terms.
Dry Bulk	Solid cargo such as coal and iron ore, etc.
Dump Barge	The hull of a barge used for carriage of cargo.
DWT	Dead Weight Tonnage refers to the capacity a ship can safely carry when fully loaded, in long tonnes (1 long tonne is equal to approximately 1000 kg)
EPC	Engineering, Procurement and Construction.
EPIC	Engineering, Procurement, Installation and Commissioning
EPCIC	Engineering, Procurement, Construction, Installation and Commissioning
E & P	Exploration and Production
FPU	Floating Production Unit.
FSO	Floating Storage and Offloading Unit.
FY	Financial Year
IMO	International Maritime Organisation, a specialized agency of the United Nations for the safety and security of shipping and the prevention of marine pollution by ships.
LPG	Liquefied Petroleum Gas
MARPOL	International Convention for the Prevention of Pollution from Ships, 1973 modified by the Protocol of 1978
MOPU	Mobile Offshore Production Unit
MR Tanker	Medium Range Tanker. A crude oil tanker with deadweight ranging from 25,000 to 54,999 metric tons
MWP or Minimum Work Program	The work program specified in the production sharing contracts entered into by the Company in connection with our oil and gas business.
OECD	Organisation for Economic Co-operation and Development
ONGC	Oil and Natural Gas Corporation Limited
OPEC	Organization of the Petroleum Exporting Countries
Panamax	Dry Bulk vessel with deadweight tonnage ranging from 50,000 to 79,999 metric tons.
TSHD	Trailing Suction Hopper Dredger
Time charter	A vessel chartered by a charterer for a certain length of time, rather than for a certain voyage. Charges are based on daily rates.
VLCC	Very Large Crude Carrier is a crude oil tanker with deadweight of over 200,000 tonnes.
VLGC	Very Large Gas Carrier, which includes vessels above 60,000 cubic metres of capacity.
Wet Bulk	Liquid cargo transported unpacked in large quantities such as crude oil, petroleum, refined products etc.
WOS	Wholly Owned Subsidiary

Conventional and General Terms

Terms	Description
AGM	Annual General Meeting

Terms	Description
AIF	Alternate Investment Funds(as defined under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012) registered with the SEBI under applicable laws in India
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
CAGR	Compounded Annual Growth Rate
Chapter VIII	Refers to Chapter VIII of the SEBI ICDR Regulations, 2009 that deals with Qualified Institutions Placement and as amended from time to time
Civil Code or Code	The Code of Civil Procedure, 1908 of India, as amended from time to time
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EGM	Extraordinary General Meeting
EOM	Emphasis of Matters
FDI	Foreign Direct Investment in an Indian company, in accordance with applicable law
FEMA	The Foreign Exchange Management Act, 1999 as amended from time to time and the Regulations framed thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time
FII	Foreign Institutional Investor as defined under Section 2(1)(g) the FPI Regulations, 2014, and registered as such with SEBI
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time
Financial Year or Fiscal Year or Fiscal or FY	A period of twelve months ending March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign Portfolio Investors, as defined under Regulation 2(1)(h) of the Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FVCI	Any foreign venture capital investor (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with the SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI or Government	Government of India, unless otherwise specified
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act or IT Act	The Income Tax Act, 1961 of India as amended from time to time
India	The Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time
KMP	Key Managerial Personnel
Lakh/ Lac/Lacs	One hundred thousand
LTCG	Long Term Capital Gain

Terms	Description
Minimum Wages Act	Minimum Wages Act, 1948 as amended from time to time
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time
Non-Resident Indian(s) or NRI	Non-Resident Indian as defined under FEMA
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
PPP	Purchasing Power Parity
Portfolio Investment Scheme/PIS	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time
Private Placement Provisions	Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
₹ or Re. or Rs. or Rupees or INR	Indian Rupee
RBI	The Reserve Bank of India
STCG	Short Term Capital Gain
State	Any state in the Republic of India
State Government	Government of a State
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time
UK	United Kingdom of Great Britain and Northern Ireland
USA or U.S.	United States of America
$ or U.S. dollar or USD or US$	The currency of the United States
VAT	Value Added Tax
VCF	A venture capital fund as defined under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of our Company indicating both Registered Office and corporate office	Cover Page and 204
b.	Date of incorporation of our Company	204
c.	Business carried on by our Company and its subsidiaries with the details of branches or units, if any.	125
d.	Brief particulars of the management of our Company.	139
e.	Names, addresses, DIN and occupations of the Directors.	139
f.	Management's perception of risk factors	32
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
i)	Statutory dues;	NIL
ii)	Debentures and interest thereon;	NIL
iii)	Deposits and interest thereon; and	NIL
iv)	Loan from any bank or financial institution and interest thereon.	NIL
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of our Company, if any, for the private placement offer process.	367
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	204
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	204
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	23
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	23
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which our Company intends to raise by way of securities.	59
g.	Terms of raising of securities:	
i)	Duration, if applicable;	Not Applicable
ii)	Rate of dividend;	Not Applicable
iii)	Rate of interest;	Not Applicable
iv)	Mode of payment; and	Not Applicable
v)	Repayment.	Not Applicable
h.	Proposed time schedule for which the offer letter is valid.	17
i.	Purposes and objects of the offer.	59
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	59
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
i)	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	141 and 145
ii)	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	198
iii)	Remuneration of Directors (during the current year and last three financial years).	142
iv)	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made	87

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
	or, guarantees given or securities provided.	
v)	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark.	84
vi)	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for our Company and all of its subsidiaries.	198
vii)	Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company.	199
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of our Company in the following manner in a tabular form:	
(i) (a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	61
(b)	Size of the present offer; and	23
(c)	Paid up capital:	61
(A)	After the offer; and	61
(B)	After conversion of convertible instruments (if applicable);	Not Applicable
(d)	Share premium account (before and after the offer).	61
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	61
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	63
b.	Profits of our Company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	29
c.	Dividends declared by our Company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid / interest paid).	64
d.	A summary of the financial position of our Company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	29
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	31
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of our Company.	87
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	Our Company has complied with the provisions of the Act and the rules made thereunder.	342
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF THE ISSUE

*The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under the chapters titled "**Risk Factors**", "**Use of Proceeds**", "**Issue Procedure**", "**Placement**" and "**Description of the Equity Shares**" beginning on pages 32, 59, 151, 162 and 175.*

Issuer	Mercator Limited
Face value	₹ 1 per Equity Share
Issue Price per Equity Share	₹ 40.75
Issue Size	The issue of up to 25,000,000 Equity Shares aggregating ₹ 1,018.57 million of face value of ₹1 each at a price of ₹ 40.75 per Equity Share including a premium of ₹39.75 per Equity Share aggregating to ₹ 993.75 million. A minimum of 10 % of the Issue Size i.e. 2,500,000 Equity Shares shall be available for Allocation to Mutual Funds only, and 22,500,000 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board Resolution authorizing the Issue	May 27, 2016
Date of Shareholders' Resolution authorizing the Issue	July 30, 2016
Floor Price	₹ 42.80 per Equity Share, calculated in accordance with Regulation 85 of the SEBI ICDR Regulations. Under the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price subject to discount of not more than 5% on the Floor Price which may be considered by our Company.
Equity Shares issued and outstanding immediately prior to the Issue	244,892,073 Equity Shares at a face value of ₹1 per share.
Equity Shares issued and outstanding immediately after the Issue	269,892,073 Equity Shares at a face value of ₹1 per share.
Eligible Investors	QIBs as defined in regulation 2(1) (zd) of the SEBI ICDR Regulations and Chapter VIII of the SEBI ICDR Regulations , who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S, and to whom this Placement Document and the Application Form is delivered by BRLM in consultation with our Company, at their sole discretion and who are eligible to bid and participate in this Issue and QIBs not excluded pursuant to Regulation 86(1) (b) of the SEBI ICDR Regulations. For further details, see the chapters titled "***Issue Procedure***" and "***Transfer Restrictions***" beginning on pages 151 and 169, respectively.
Listing	(i) Applications for approval, in terms of Regulation 28 (1) of the SEBI Listing Regulations with the Stock Exchanges were made and (ii) the application for final listing and trading approval, for listing and admission of the Equity Shares and for trading on the Stock Exchange, will be made only after Allotment of the Equity Shares in the Issue.

Issue Procedure	The Issue is being made only to QIBs in reliance on Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Chapter VIII of the SEBI ICDR Regulations. For further details, see the chapter titled "***Issue Procedure***" beginning on page 151.
Transferability Restrictions	The Equity Shares being allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except if sold on the floor of the Stock Exchange. For further details, see the chapter "***Transfer Restrictions***" beginning on page 169.
Ranking	The Equity Shares being issued in the Issue are subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including with respect to dividend rights. Shareholders will be entitled to dividends and other corporate benefits, if any, declared by us after the Closing Date, in compliance with the Companies Act, 2013. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. Please see the chapter titled "***Description of the Equity Shares***" beginning on page 175.
Use of Proceeds	The gross proceeds of the Issue are expected to be approximately ₹ 1,018.75 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ 992.60 million. For further details, please see the chapter titled "***Use of Proceeds***" beginning on page 59.
Lock-up	Our Company has agreed that it will not, without the prior written consent of the BRLM (which such consent shall not be unreasonably withheld), for the period commencing from the date of the Placement Agreement and ending 90 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge (save and except in cases where such pledge is given as an additional security and not primary security), contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise. Provided however that the foregoing restrictions will not be applicable to and / or restrict the conversion of the FCCBs, which have already been issued by the Company and are outstanding as on the date of the Issue. Our Promoters have agreed that without the prior written consent of the BRLM (which such consent shall not be

	unreasonably withheld), they will not, during the period commencing from the date of the Placement Agreement and ending 90 days after the date of allotment of the Issue Shares, directly or indirectly: (a) sell, pledge (save and except in cases where such pledge is given as an additional security and not primary security), contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility; or (e) publicly announce any intention to enter into any transaction whether any such transaction described in (a) to (d) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; provided however that the foregoing restrictions will (i) not be applicable to any pledge or mortgage of the Equity Shares already existing on the date of the Placement Agreement or transfer of such existing pledge or mortgage; and (ii) not restrict the existing shareholders of our Company from acquiring or purchasing any Equity Shares in our Company, directly or indirectly, in accordance with and subject to applicable laws.
Risk Factors	For a discussion of certain risks in connection with an investment in the Equity Shares, please see the chapter titled "***Risk Factors***" beginning on page 32.
Closing Date	The Allotment is expected to be made on or about January 27, 2017 (the "**Closing Date**").
Security codes:	**ISIN:** INE934B01028 **BSE Scrip Code**: 526235 **NSE Symbol:** MERCATOR

SUMMARY OF BUSINESS

Our Company is a diversified conglomerate with operations spread across various geographies both onshore and offshore. We commenced our business in 1983 with one mini-bulk carrier to operate on the Indian coast. The current Promoter(s) took over our Company in 1988 pursuant to the acquisition of the entire share capital of the Company from the then existing shareholders. The Company came up with an Initial Public Offering in 1993. The shares of our Company are currently listed on the BSE and NSE. The Company had issued FCCBs in the year 2014 which are listed on the SGX.

Over the years, from being a traditional shipping company, we have diversified and forayed into different business segments, and today have a presence in shipping, dredging, oil & gas and coal. As of December 15, 2016, our operations consist of 9 vessels, 9 dredgers, 4 Oil & Gas Blocks, 4 coal mining licenses of which 1 is an operating coal mine, & 1 FPU. The FPU is proposed to be sold w.e.f. January, 2017. Our customer base mainly comprises of various Public sector Undertakings (PSUs), ports and other multinational clients who are spread across the world with presence in the field of Shipping, Coal, Oil & Gas and Dredging. Our Company has diversified from being only a "Shipping Company" to an "Energy focussed conglomerate" over the last few decades. Our Company through its Subsidiaries is present in oil upstream sector with interests in oil & gas blocks in India and Myanmar. Additionally we own and operate a FPU which is a combination of a MOPU and a FSO. We also have economic interests in coal mines in Indonesia and a coal mine area license in Mozambique. We also undertake coal trading and third party coal logistics. While pursuing diversification, we had ensured to maintain a steady expansion of our Shipping business owing to synergy of all other business segments of our Company. The main business interests of our Company are given below:

The table below represents segment wise revenue achieved by the Company for the FY 2016, FY 2015 and FY 2014:

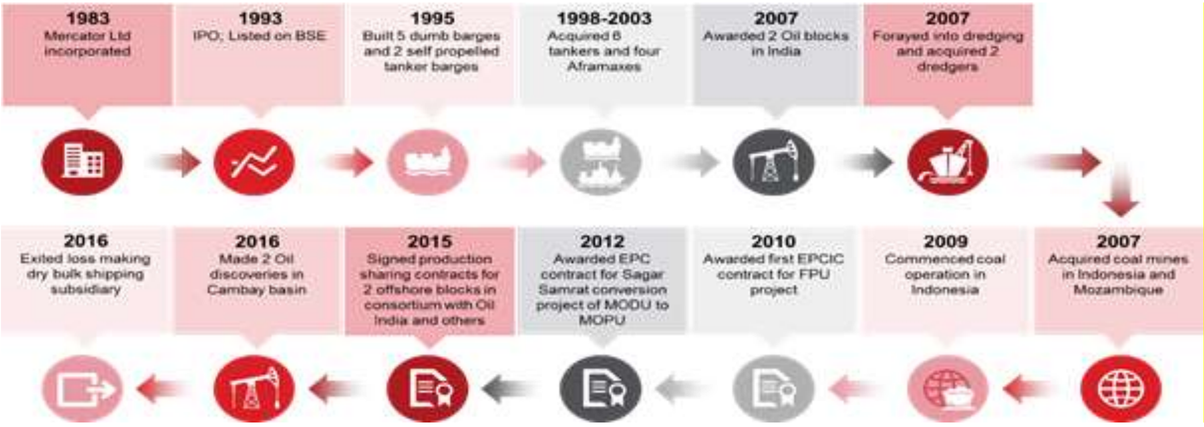
Segment	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue
Oil & Gas	6,348.22	23%	5,439.50	18%	7,284.35	21%
Dredging	2,832.63	10%	2,161.30	7%	1,725.56	5%
Shipping	5,039.24	19%	7,968.51	26%	7,430.10	21%
Coal	12,844.09	47%	15,347.00	50%	18,337.84	53%
Total	**27,064.18**	**100%**	**30,916.31**	**100%**	**34,777.85**	**100%**

OUR STRENGTHS

We believe that the following are our principal competitive strengths which have contributed to our current position in the industry:

Diverse business offerings

We believe that having a large & diverse business portfolio has enabled our Company to enterprise the potential in the industry. We have not just expanded & diversified in the original business i.e. shipping but also diversified across businesses as well. This has enabled us to de-risk the overall revenue and profitability as each of the businesses have their own cycles. Our assets portfolio within each business segment we operate in is also diversified enough to capture and enterprise opportunities that come up from time to time. A brief representation capturing the diversification of our Company is as under:



Term contracts of ongoing nature ensuring revenue visibility

Our Company and our Subsidiaries have various medium to long term contracts which are ongoing in nature. We are also party to various contracts with various PSUs and / or port authorities which are driven by tender process. We believe that these contracts have helped ensure that the Company attains continuous growth which is also sustainable over a longer period. All our tankers are contracted to reputed Indian and International Companies. Also, our dredgers are gainfully deployed majorly with government ports in India. Our ability to service these contracts in a successful manner also helps us to ensure that we get repeat work from such existing customers. Besides, we also deploy our assets in short term / spot contracts some of which may also be repetitive in nature.

Focus on integration and synergy through sharing of resources amongst diverse verticals

We believe that our Company operates in diverse business segments which are inter connected to enable our Company to serve its customers in a holistic manner. Presence in each of Oil & Gas segment and the Shipping segments has enabled our Company to target National and Multinational Oil Companies whereby we have been able to provide them services at various points in their value chain. The operation in Coal and Shipping segments have enabled our Company to reap further profits arising from mining and delivery of coal to various ports in India and worldwide. Our expertise and association in the Shipping industry also helps us understand the port sector which in turn is useful for our dredging business. The coal mining business also compliments the coal infrastructure logistic business as well.

Ability to successfully foray into newer business segments

In pursuance of our aim to diversify from a shipping company to an 'Energy Based Conglomerate', we have strategically entered into certain business segments. We have successfully commenced mining in Indonesia on a Greenfield level without historically being in that business. We set up not just the mining but logistical infrastructure in a country where we did not have any prior presence. Again, with little to no experience in the Oil & Gas services space we completed the Engineering, Production, Construction, Installation & Commissioning (EPCIC) work for FPU again in previously unchartered country of Nigeria. During one of the bidding rounds, we also bid for and were awarded two oil blocks in the Cambay basin of India where we successfully drilled and discovered oil in the very first couple of wells

Experienced leadership and management team with established track record

Our Company credits its growth to the extensive experience and expertise of our Promoter, Mr. H.K. Mittal and board of directors. Our operations are led by a team of experienced Key Management Personnel and senior management group who we believe have the professional individual expertise in diverse fields of finance, management, legal and secretarial functions which has enabled our Company to have diversified operations across various geographies. Our Company draws on this healthy blend of expertise to manage the challenges of growth effectively.

OUR STRATEGIES

Continue to explore expansion with focus on the Dredging Sector

The Dredging Sector in India opened up for private participation in the year 2004. Developing India's coastal shipping and inland waterways traffic is a top priority for Indian Government. Dredging for development of inland waterways could open up a US$ 5- 10 billion opportunity over the next 5 years which we believe is largely untapped. Our Company is continuously exploring opportune Dredging contracts which are awarded by the Port authorities vide tender mechanism. We believe that an early mover advantage coupled with strong skill set can enable our Company to fully explore its potential in the Dredging sector.

Expanding our fleet of Tankers

We believe that the total Indian shipping fleet has not grown in tandem with the overall growth of the Indian seaborne trade thereby creating opportunities to meet the demand – supply gap, which is presently being fulfilled by foreign vessels. Our Company also benefits from its vessels registered under the Indian flag as there is a "right of first refusal" that Indian flagged ships receive over foreign flag competitors, if it meets the applicable criteria. We believe that we can capture additional market share in India and worldwide through additional investments in tankers.

Balance Sheet Deleveraging

In the recent past, our Company divested its interest in a loss-making step down subsidiary. The strategic disassociation of the loss-making step down subsidiary enabled our Company to reduce its consolidated debt. Further, our Company has also entered into binding term sheet for sale of the FPU which is proposed to be completed by January, 2017. This sale will further help our Company in reducing its consolidated debt. Our Company shall continue exploring such opportunities for deleveraging its balance sheet to ensure that the Company can sustain the steady growth targeted by the Company in the near future. We believe that prudent business strategies executed in a timely manner shall enable our Company to achieve the aforementioned. Our Company's total debt towards the FPU business on consolidated basis for FY 2016 was ₹4,225.41 million as against ₹5,335.87 million for FY 2015. Further, the debt of MLS for FY 2015 amounting to ₹10,327.30 million was no longer reflected for FY 2016.

Exploit full potential of our Oil & Gas Blocks

As on December 15, 2016, all our Oil & Gas blocks are in the exploration stage. Two of these Oil & Gas Blocks in India are in the advance stage of exploration. We have already made two discoveries in 1 of these Oil & Gas Blocks in India. We intend to complete the minimum work program in the said block to commence production in these discoveries.

SUMMARY OF FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with our unaudited financial statements for the six months period ended September 30, 2016 and our audited financial statements and notes thereto as at and for the twelve months period ended March 31, 2016, March 31, 2015 and March 31, 2014 prepared in accordance with Indian GAAP, each included elsewhere in this Placement Document. You should refer to "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" beginning on page 65 for further discussion and analysis of the financial statements of our Company. The financial information included in this Placement Document does not reflect our Company's results of operations, financial position and cash flows in the future and our Company's past results are not a guarantee of its future operating performance.

SUMMARY OF CONSOLIDATED BALANCE SHEET

Sr. No.	Particulars	As at 31 March 2016 Amount ₹ in Million	As at 31 March 2015 Amount ₹ in Million	As at 31 March 2014 Amount ₹ in Million
A	**EQUITY AND LIABLITIES**			
1	**Shareholder's funds**			
(a)	Share Capital	244.89	244.89	244.89
(b)	Reserves and surplus	8,269.87	19,544.29	23,187.68
		8,514.77	19,789.18	23,432.57
	Minority Interest	295.16	2,536.80	4,955.29
		8,809.92	22,325.98	28,387.86
2	**Non-current liabilities**			
(a)	Long-terms borrowings	16,091.34	25,066.74	25,638.84
(b)	Other long term liabilities	534.32	1,475.27	159.13
(c)	Long-term provisions	39.85	53.40	48.04
		16,665.51	26,595.41	25,846.01
3	**Current liabilities**			
(a)	Short-term borrowings	4,924.76	6,998.13	6,053.37
(b)	Trade payables	8,218.77	11,940.10	4,771.65
(c)	Other current liabilities	9,493.54	8,536.77	7,337.34
(d)	Short-term provisions	67.97	185.04	391.52
		22,705.04	27,660.03	18,553.88
	Total	**48,180.47**	**76,581.42**	**72,787.75**
B	**ASSETS**			
1	**Non-current assets**			
(a)	Fixed assets			
(i)	Tangible assets	26,534.16	49,832.38	54,216.95
(ii)	Intangible assets	3.24	4.01	-
(iii)	Capital work in progress	6878.00	6203.31	25.80
		33,415.40	56,039.70	54,242.75
	Goodwill on consolidation	-	-	178.27
(b)	Non-current investments	7.11	13.76	314.67
(c)	Deferred tax asset	(32.10)	41.28	98.76
(d)	Long-term loans and advances	2,909.79	3,685.51	3,027.63
(e)	Other non-current assets	60.10	29.76	454.27
		36,360.29	**59,810.00**	**58,316.35**
2	**Current assets**			
(a)	Current Investments	-	39.89	42.01
(b)	Inventories	192.14	341.37	570.22
(c)	Trade receivables	5,787.01	8,150.97	6,322.03
(d)	Cash and bank balances	954.44	2,744.05	1,945.42
(e)	Short-term loans and advances	2,282.64	3,013.49	2,865.83
(f)	Other current assets	2,603.95	2,481.66	2,725.89
		11,820.18	**16,771.42**	**14,471.40**
	Total	**48,180.47**	**76,581.42**	**72,787.75**

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT & LOSS

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
	Amount (in ₹ million)	Amount (in ₹ million)	Amount (in ₹ million)
INCOME			
a. Revenue from Operations	27,064.18	30,916.32	34,577.80
b. Other Income	188.57	152.86	284.18
1. Total Revenue	**27,252.75**	**31,069.18**	**34,861.99**
EXPENSES			
Operating Expenses	20,729.65	22,988.01	26,887.80
Employee benefit expenses	642.41	724.85	561.60
Finance Cost	2,621.83	2,253.00	2,051.38
Depreciation and amortization expenses	4,224.08	4,745.58	4,408.70
Impairment of Assets	3,488.28	4,090.08	121.87
Other expenses	6,441.82	2,011.23	699.86
2. Total Expenses	**38,148.07**	**36,812.75**	**34,731.21**
3. Profit / (Loss) before taxes & Exceptional Item	**(10,895.33)**	**(5,743.57)**	**130.78**
4. Exceptional Item	**-**	**1,159.59**	**29.81**
5. Profit / (Loss) before taxes	**(10,895.33)**	**(6,903.16)**	**100.97**
6. Tax Expense			
a. Current Tax	(28.22)	(105.82)	(254.46)
(Short) / Excess Provision for tax for earlier years	3.35	0.01	(2.52)
Deferred Tax	(77.14)	(59.99)	7.00
Profit / (Loss) for the year before adjustment for Minority Interest	(10,997.34)	(7,068.96)	(149.01)
Less: Share of profit / (loss) transferred to Minority Interest	2,096.07	2,573.71	470.79
Profit / (Loss) for the period	**(8,901.27)**	**(4,495.25)**	**321.78**
Earnings per share (Equity share of Re. 1/- each)			
Basic and Diluted (in Rupees)	(36.35)	(18.36)	1.31

SUMMARY OF STANDALONE PROFIT AND LOSS STATEMENT FOR SIX MONTHS ENDED SEPTEMBER 30, 2016

	₹ in million
INCOME	
a. Revenue from Operations	2,599.18
b. Other Income	(46.66)
1. Total Revenue	2,552.52
EXPENSES	
Operating Expenses	1,488.67
Employee benefit expenses	73.50
Finance Cost	371.42
Depreciation and amortization expenses	729.48
Other expenses	102.94
2. Total Expenses	2,766.00
3. Profit / (Loss) before taxes & Exceptional Item	(213.48)
4. Tax Expense	
a. Current Tax	(5.5)
(Short) / Excess Provision for tax for earlier years	0
Deferred Tax	0
Profit / (Loss) for the period	(218.98)
Earnings per share (Equity share of Re. 1/- each)	(0.89)
Basic and Diluted (in Rupees)	

SUMMARY OF CONSOLIDATED CASH FLOW

(₹ in million)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Opening Cash and Cash equivalents at the beginning of the year	2,530.65	1,585.30	3,149.32
Net Cash from / (used) in Operating Activities	6,564.64	10,139.15	4,244.83
Net Cash from / (used) in Investing Activities	11,134.58	(7,462.91)	(4,092.51)
Net Cash from / (used) in Financing Activities	(19,381.30)	(1,728.78)	(1,718.04)
Net increase / (decrease) in cash and cash equivalents	(1,682.08)	947.46	(1,565.72)
Closing Balance of Cash and Cash Equivalents at the end of the year	848.85	2,530.65	1,585.30

RISK FACTORS

This offering and an investment in Equity Shares involve a degree of risk. You should carefully consider the risks described below as well other information contained in this Placement Document before making an investment decision. If anyone or some combination of the risks described below actually occurs, our business, prospects, financial condition, results of operation and cash flows could adversely affect, the trading price of our shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Placement Document may not be exhaustive or complete and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future.

*This section should be read together with chapters titled "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", "**Industry Overview**" and "**Our Business**" beginning on pages 65, 89 and 125, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Placement Document. This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and the risks involved. Investors should consult tax, financial and legal advisors about the particular consequences of an investment in the Issue.*

INTERNAL RISKS AND RISKS ASSOCIATED WITH OUR BUSINESS.

1. Our Company has incurred significant debt and any significant indebtedness in the future could adversely affect our financial conditions and results of operations. Further, the terms under which credit facilities are availed by us from our lenders contain restrictive covenants and may be altered by the bank at any time without assigning any reason and which will, in turn limit our flexibility in operating our business.

As on September 30, 2016 our Company's total indebtedness was ₹10,349.36 million on standalone basis and we may incur additional indebtedness in the future. Any significant indebtedness in the future could have several important consequences, including that a portion of our cash flow will be used towards servicing and repayment of our indebtedness, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

Pursuant to the loan facilities availed by us, the terms under which credit facilities are availed contain restrictive covenants and may be altered by the bank at any time without assigning any reason. If any of such conditions are not fulfilled then the loan may be recalled. Further, default of any instalment or breach of any covenant may also give a right to such lender to convert its loan into equity leading to a change in the shareholding of the Company. In such case, we cannot assure you that we will have adequate funds at all times to repay this credit facility and may also be subject to demands for the payment of penal interest. Moreover, our ability to borrow and the terms of our borrowings depend on our financial condition and the stability of our cash flows. We may not be successful in obtaining these additional funds in a timely manner, or on favourable terms or at all, which could adversely affect our results of operations.

Our Company has in the past breached some of its covenants pursuant to which the lenders have levied penalties on our Company for each such breach. We cannot assure you that the Company will not continue to be in breach of any such lender covenants in future as well.

The restrictive covenants contained in the agreement with our lenders *interalia* include a requirement of obtaining prior written consent for any change in the capital structure, entering into any borrowing arrangements with other banks, financial institutions and/or any other parties, effecting mergers and acquisitions and certain other corporate actions. While we have obtained relevant consents and waivers from such lenders in relation to this Issue, there can be no assurance that we will be able to comply with these financial or other covenants, or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business.

Our ability to execute business plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. If we are not in compliance with certain of these covenants and are unable to obtain waivers from all of our lenders, our lenders may accelerate the repayment schedules. Subsequently, if we are unable to pay our debt, affected lenders could also proceed against any collateral granted to them to secure such indebtedness. Furthermore, these covenant defaults can result in cross-defaults in our other debt financing agreements, and there can be no assurance that potential defaults will not result in future cross-defaults. If any of our lenders accelerate the repayment of our borrowings, we cannot assure you that we will have sufficient assets to repay amounts outstanding under our loan agreements or continue our business.

Some of our borrowings are drawn on facilities that are repayable on demand. For further details of the outstanding secured borrowings of the Company including facilities repayable on demand and amounts outstanding thereof as on September 30, 2016, please see "*Financial Statements*" beginning on page 206. In the event that the lenders of such loans call in these loans, alternative sources of financing may not be available on commercially reasonable terms, or at all. Any such unexpected demand for repayment may materially and adversely affect our Company's cash flows, business, financial condition, results of operations and cash flows

2. ***There are certain income tax proceedings pending against one of our Subsidiaries namely Oorja Resources India Private Limited pursuant to search and seizure operations carried out by the Income Tax authorities at its registered office. Any adverse determination by the tax authorities in this matter could increase our tax liability.***

While the search and seizure operations were finally concluded on January 7, 2017, there can be no assurance as to whether the said subsidiary namely Oorja Resources India Private Limited will receive any further notice from the Income Tax authorities in relation to the aforementioned search and seizure operations. Any adverse determination in such proceedings may have a material adverse effect on our financial condition and cash flows. For details, please see section entitled "***Legal Proceedings***" on page 196.

3. ***Invocation of guarantees furnished by our Company on behalf of our Subsidiaries to their lenders could adversely affect our financial condition and cash flows.***

Our Company has furnished corporate guarantees to the lenders of its Subsidiaries for securing the loans granted to such Subsidiaries. Failure by our Subsidiaries to repay such loans may lead to invocation of such guarantees by such lenders thereby affecting our cash flows and financial condition. For instance, one of our Subsidiaries namely Mercator Offshore (P) Pte. Ltd. has recently failed to repay the quarterly instalment owed to its consortium of lenders, to which our Company is a guarantor. While the Company has not yet received any formal communication or notice for recovery from the concerned lender, there can be no assurance that such notice of recovery may not come in future. Upon the invocation of the guarantee by way of notice sent to our Company by the lender, the cash flows of our Company may be adversely affected.

4. ***We will have to make payments under our production sharing contracts if the commitment under Minimum Work programs is not satisfied.***

In our Oil and gas exploration business we have committed to complete Minimum Work Program in given period as per the production sharing contracts signed by us. If we are unable able to complete the minimum work programme in the given (or extended) period, which may result in making requisite payment for unfinished work commitment as specified under Production Sharing Contract will need to be made, which may adversely affect our financial condition.

5. ***Our Subsidiaries contribute a significant portion of our total revenues. Disassociation of our Subsidiaries, sale of any of our operating business or assets and / or any other form of restructuring within the group may adversely affect our revenues and financial results.***

Our Subsidiaries have contributed to almost 78.38% of our total revenues on a consolidated basis for the FY 2016. Due to the continuous depressed market conditions then prevailing in the dry bulk business, our Company decided to exit the dry bulk business being carried on by our Singapore listed erstwhile step-down subsidiary Mercator Lines (Singapore) Ltd ("MLS"), which was placed under Judicial

Management by the High Court of the Republic of Singapore. On February, 9 2016, Mercator International Pte Limited (MIPL), wholly owned subsidiary of the company, which held the shares in MLS, entered into Sale & Purchase Agreements with various entities to dispose of its entire shareholding (i.e. 66.17%) in MLS. Subsequently, on receipt of the approvals from SGX and other regulatory authorities, MIPL divested its entire stake in MLS. Accordingly, Company has consolidated MLS financials for the first nine months of FY 2016 i.e. April 2015 to December 2015. The consolidated Loss before minority interest for the year includes ₹ 9,847 million comprising of losses of ₹ 6,556.90 million suffered by MLS upto December 2015 and ₹ 3,290.10 million towards impairment loss pertaining to the investment in MLS.

Further, our Company through its subsidiary has entered into a letter of intent pursuant to which our subsidiary is proposing to sell its FPU unit at EBOK Field, Nigeria to Oriental. The FPU contributed to 13.87% of our total revenues for the FY 2016 on a consolidated basis. While we cannot assure you that the proposed sale of FPU shall be completed in a timely manner, if the sale is concluded, there will be no additional revenue from this business operation which may have an adverse impact on the business and operational results of our Company. We cannot assure you that our Company will not undertake any such restructuring of the group, disassociation and / or sale of any of its Subsidiaries, operating business, assets etc. in future which may in turn adversely affect our financial results.

6. ***We are involved in certain legal and other proceedings. An adverse outcome in such proceedings may have an adverse effect on our financials.***

The nature of the business segments that we operate in are such that, from time to time we have been, and expect to continue to be subject to legal proceedings and claims in the ordinary course of our business, particularly relating to liability claims and dispute under customer contracts. We are currently involved in certain legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Details of the total number of material proceedings pending by and against us are mentioned below:

Litigation filed against our Company:

Nature of cases/ claims	**Number of cases outstanding**	**Amounts involved (in million)**
Civil Matters	5	₹ 29.44
	3	USD 0.86
	1	AED 0.38
	1	SGD 0.03
Criminal Matters	NIL	NIL
Tax Matters	9	₹1,248.31

* *To the extent quantifiable.*

Litigation filed by our Company:

Nature of cases/claims	**Number of cases outstanding**	**Amount involved (₹ in million)**
Civil Matter	8	3,823.57
Criminal Matter	NIL	NIL
Tax Matter	3	365.20

* *To the extent quantifiable.*

We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be an adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

Further, our Company had recently received a notice dated September 30, 2016 issued under section 434 of the Companies Act, 1956 by one of its creditors for the recovery of an amount of ₹ 187,672,996/-. Although we have replied to the said notice denying the allegations and requesting for the withdrawal of notice, there can be no assurance that the creditors will not issue such notices in the future. In the event we are unable to pay the dues specified in such notices, it may have an adverse effect on our business. For further details of these legal proceedings, please refer to chapter titled "***Legal Proceedings***" beginning on page 196.

7. ***Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.***

Our ability to pay dividends in future will depend on the earnings, financial condition and capital requirements of our Company and that of our Subsidiaries and the dividends they distribute to us. Our Company was unable to pay dividend during some years in the past. Our business is capital intensive and we may make additional capital expenditure towards acquisition of assets or development of our assets. We may be unable to pay dividends in the near- or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations. For further information, see section "*Dividend Policy*" on page 64.

8. ***We are subject to regulation and liability in case of non – compliances under environmental and operational safety laws that could require significant expenditures and affect our cash flows and net income and could subject us to increased liability under applicable law or regulation.***

Our businesses, particularly the operation of our vessels are materially affected by government regulation in the form of international conventions and national, state and local laws and regulations in force in the jurisdictions in which the vessels operate, as well as in the countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with them or their impact on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business and that may materially adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends. See "*Regulation and Policies*" for a discussion of such conventions, laws, and regulations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates and financial assurances with respect to our operations. Some of these licenses may have expired and are in the process of renewal

The operation of our vessels is regulated by requirements set forth in the Merchant Shipping Act, 1958 read along with the Merchant Shipping (Management for the Safe Operation of Ships) Rules ("Merchant Shipping Rules") or other similar legislations as updated from time to time, for the safe operation of ships. The Merchant Shipping Rules requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a ship owner or bareboat charterer to comply with the Merchant Shipping Rules or other similar legislations may subject it to increased liability, and may result in a denial of access to, or detention in, certain ports.

9. ***Acts of piracy on ocean-going vessels could adversely affect our business.***

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the Indian Ocean, the Gulf of Aden and the Red Sea. Since 2008, the frequency of piracy incidents increased significantly, particularly in the Gulf of Aden off the coast of Somalia. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as "war risk" zones, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows and financial condition. While our use of guards is intended to deter and prevent the hijacking of our vessels, it may also increase our risk of liability for death or injury to persons or damage to personal property. If we do not have adequate insurance in place to cover such liability, it could adversely impact our business, results of operations, cash flows, and financial condition.

10. Our earnings will be adversely affected if we do not successfully employ our vessels.

As of December 15,2016, 1 of our vessels have been deployed on short term / spot trading in the spot charter market through participation in pool arrangements and 8 vessels on term contracts. The vessel hiring market is volatile, and in the past charter hire rates for vessels have sometimes declined below operating costs of vessels. We currently charter most of our vessels on medium to long term, however, at the end of such term the vessels may be employed on spot charter and we could be exposed to the cyclicality and volatility of the spot charter market if we do not have significant long-term, fixed-rate time charters to ameliorate the adverse effects of downturns in the spot market.

To the extent our vessels trade in the spot charter market, we may experience fluctuations in revenue, cash flow and net income. The spot charter market is highly competitive, and spot market voyage charter rates may fluctuate dramatically based primarily on the worldwide supply of vessels available in the market and the worldwide demand for the transportation of cargoes. We can provide no assurance that future charter hire rates will enable us to operate our vessels profitably. In addition, our standard time charter contracts with our customers specify certain performance parameters, which if not met can result in customer claims. Such claims may have a material adverse effect on our business, results of operations, cash flows and financial condition.

Further our vessels are required to comply with various environmental and other laws including but not limited to the SOLAS and MARPOL convention guidelines and regulations. Non – compliance or breach of any such laws may lead to penalty as well as cancellation of our permits to operate our vessels rendering them useless for such time as we may require to revoke the permissions. For further details on such laws, please see chapter titled "***Regulations and Policies***" on page 135.

11. Coal prices are subject to change based on a number of factors. If coal, prices decline it could materially and adversely affect our profitability and the value of our coal reserves.

Our profitability and the value of our coal reserves depend upon the prices we receive for our coal. The contract prices we may receive in the future for coal depend upon factors beyond our control, including the following:

- the domestic and foreign supply of and demand for coal;
- the domestic and foreign demand for electricity;
- the quantity and quality of coal available from competitors;
- competition for production of electricity from non-coal sources, including the price and availability of alternative fuels;
- domestic and foreign air emission standards for coal-fuelled power plants and the ability of coal-fuelled power plants to meet these standards;
- adverse weather, climatic or other natural conditions, including unseasonable weather patterns;
- domestic and foreign economic conditions, including economic slowdowns and the exchange rate of various currencies, majorly U.S. dollars;
- domestic and foreign legislative, regulatory and judicial developments, environmental regulatory changes or changes in energy policy and energy conservation measures that would adversely affect either directly or indirectly our key businesses of Shipping, Coal Mining & Transportation and Oil& Gas E&P and services, such as legislation limiting carbon emissions or providing for increased funding and incentives for alternative energy sources;
- any new regulations that may be introduced;
- the proximity to, capacity of and cost of transportation and port facilities; and
- market price fluctuations for emission allowances.

Due to a number of factors outside our control, including those mentioned above. Pricing may be adversely affected or we may need to reduce production as a result of our uncommitted volume levels. If coal prices remain depressed, or if there is a further decline in the prices we receive for our future coal sales contracts, it could materially and adversely affect us by decreasing our profitability and the value of our coal reserves.

Further, we compete with numerous other domestic and foreign coal producers for domestic and international sales. Overcapacity and increased production within the coal industry, both domestically and internationally. Our ability to ship our coal to international customers depends on port capacity, which is limited. Increased competition within the coal industry for international sales could result in us not being able to obtain throughput capacity at port facilities, or the rates for such throughput capacity to increase to a point where it is not economically feasible to export our coal.

In addition to competing with other coal producers, we compete generally with producers of other fuels, such as natural gas. Natural gas pricing has declined significantly in recent years. The decline in the price of natural gas has caused demand for coal to decrease and adversely affect the price of our coal. Sustained periods of low natural gas prices have also contributed to utilities phasing out or closing existing coal-fired power plants and continued low prices could reduce construction of any new coal-fired power plants. This trend has, and could continue to have, a material adverse effect on demand and prices for our coal.

12. Invocation of our outstanding guarantees issued in relation to any one of our projects could adversely affect our financial condition.

Generally we furnish performance bank guarantees in favour of our clients to ensure performance under our contracts. As of December 15, 2016, we have issued performance bank guarantees amounting to ₹ 1,153.30 million of which, guarantees amounting to a total of ₹1,099.25 million and ₹54.05 million are outstanding with State Bank of India Bank and Yes Bank respectively. A call on one or more of these guarantees or drawdown on letters of credit could adversely affect our banking relationships along with an adverse effect on our financial results.

13. Invocation of our outstanding guarantees and / or comfort letters issued by the Company to some of the clients of some of its Subsidiaries could adversely affect our financial condition.

Our Company has issued comfort letters to some of the clients of some of its Subsidiaries assuring the performance of a contract undertaken by these Subsidiaries. A call on one or more of these Comfort Letters could adversely affect our financial results**.**

14. Failure to recover additional claims against clients for payment could have a material adverse effect on us.

We occasionally bring claims against our clients for additional cost exceeding the contract price or for amounts not included in the original contract price. These types of claims occur due to matters such as client-caused delays or changes from the initial scope of work, which result in additional cost, both direct and indirect. Often, these claims can be the subject of lengthy arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When such events occur and unresolved claims are pending, we may invest additional working capital in our ongoing contracts to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on such claims could have a material adverse impact on our liquidity and consequently our financial results

15. Inaccuracies in our estimates of our coal and petroleum could result in decreased profitability from lower than expected revenues or higher than expected costs.

Our future performance depends on, among other things, the accuracy of our estimates of our proven and probable coal and petroleum reserves. We base our estimates of reserves on engineering, economic and geological data assembled, analyzed and reviewed by internal and third-party engineers and consultants. We update our estimates of the quantity and quality of proven and probable coal reserves annually to reflect the production of coal from the reserves, updated geological models and mining recovery data, the tonnage contained in new lease areas acquired and estimated costs of production and sales prices. There are numerous factors and assumptions inherent in estimating the quantities and qualities of, and costs to mine, coal reserves, including many factors beyond our control, including the following:

- quality of the coal and oil;
- geological and mining conditions, which may not be fully identified by available exploration data and/or may differ from our experiences in areas where we currently mine;
- the percentage of coal and oil ultimately recoverable;

- the assumed effects of regulation, including the issuance of required permits, taxes, including severance and excise taxes and royalties, and other payments to governmental agencies;
- assumptions concerning the timing for the development of the reserves;
- assumptions concerning physical access to the reserves; and
- assumptions concerning equipment and productivity, future coal and oil prices, operating costs, including for critical supplies such as fuel, tires and explosives, capital expenditures and development and reclamation costs.

As a result, estimates of the quantities and qualities of economically recoverable coal and petroleum attributable to any particular group of properties, classifications of reserves based on risk of recovery, estimated cost of mining / production, and estimates of future net cash flows expected from these properties as prepared by different engineers, or by the same engineers at different times, may vary materially due to changes in the above factors and assumptions. Actual production recovered from identified reserve areas and properties, and revenues and expenditures associated with our mining operations, may vary materially from estimates. Any inaccuracy in our estimates related to our reserves could result in decreased profitability from lower than expected revenues and/or higher than expected costs.

16. Our coal mining operations are subject to geologic, equipment and operational risks, including events beyond our control, which could result in higher operating expenses and/or decreased production and sales and adversely affect our results of operations.

The level of our production at our mines is subject to operating conditions and events beyond our control that could disrupt operations, affect production and the cost of mining at particular mines for varying lengths of time and have a significant impact on our operating results. Adverse operating conditions and events that coal producers have experienced in the past include changes or variations in geologic conditions, such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit; mining and processing equipment failures and unexpected maintenance problems; adverse weather and natural disasters, such as heavy rains and flooding; accidental water inflows; and unexpected suspension of mining operations to prevent, or due to, a safety accident, including fires and explosions from methane and other sources.

If any of these conditions or events occur in the future at any of our mines or affect deliveries of our coal to customers, they may increase our cost of mining, delay or halt production at particular mines, or negatively impact sales to our customers either permanently or for varying lengths of time, which could adversely affect our financial condition, results of operations and cash flows. We cannot assure you that these risks would be covered by our insurance policies.

17. Our inability to acquire additional coal reserves or our inability to develop coal reserves in an economically feasible manner may adversely affect our business.

Our recoverable reserves decline as we mine coal. Our profitability depends substantially on our ability to mine and process, in a cost-effective manner, coal reserves that possess the quality characteristics desired by our customers. As a result, our future success depends upon our ability to acquire additional coal that is economically recoverable. If we fail to acquire or develop additional coal reserves, our existing reserves will eventually be depleted. We may not be able to obtain replacement reserves when we require them. If available, replacement reserves may not be available at favorable prices, or we may not be capable of mining those reserves at costs that are comparable with our existing coal reserves. Our ability to obtain coal reserves in the future could also be limited by the availability of cash we generate from our operations or available financing, restrictions under our existing or future financing arrangements, competition from other coal producers, the lack of suitable acquisition or lease-by-application, or the inability to acquire coal mines on mutually agreed commercial terms. If we are unable to acquire replacement reserves, our future production may decrease significantly and our operating results may be negatively affected. In addition, we may not be able to mine future reserves as profitably as we do at our current operations.

During FY 2016, there was a reduction in the volume of coal that was sold on account of closure of one mine in Indonesia. There is no guarantee whether other mines may not be closed in the future, which will have an adverse impact on the revenue received, thereby affecting the financial conditions of the Company.

Additionally, our Company also offers coal infrastructure comprising of an all-weather haul road, stockpile facility crushing unit and loading facility to other coal mines situated in proximity to our coal mines. We have expertise in providing complete logistics solutions for coal i.e. transportation of coal from the foreign load port until its final destination, however, we may not always have contracts to that affect

18. Increases in the costs of mining and other industrial supplies, or the inability to obtain a sufficient quantity of those supplies, could negatively affect our operating costs or disrupt or delay our production.

Our coal mining operations use significant amounts of, diesel fuel and other mining and industrial supplies. We also use significant amounts of diesel fuel for trucks and other heavy machinery. If the prices of mining and other industrial supplies, particularly diesel fuel, increase, our operating costs could be negatively affected. In addition, if we are unable to procure these supplies, our coal mining operations may be disrupted or we could experience a delay or halt in our production.

19. Our coal handling operations at Haji Bunder have been suspended and we are not aware of the tentative date when the same shall restart

Our Company had coal handling operations under long term contract with Mumbai Port Trust at Haji Bunder. However, these operations were suspended by State Government during the FY 2016 due to non-renewal of environmental license of Mumbai Port Trust.

In FY 2015, the revenue from these operations contributed to about 13.79% of our total revenue from operations on standalone basis. Since these operations were suspended during FY 2016, we cannot be sure when will these operations restart or whether the same will be restarted at all, This will have an adverse impact on our cash flows.

20. We are dependent on transportation infrastructure and related facilities in connection with the sale of coal and the failure of or disruption in these services could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on transportation infrastructure and related facilities for the transportation of coal to our customers. We believe that it currently has access to adequate transport networks and sufficient rolling stock capacity and maintenance capabilities, but no assurance can be given that this will continue. Transportation costs associated with sales currently represent a significant cost of sales of coal. An increase in transportation costs, for whatever reason, or a decrease in the currently prevailing prices for coal may render the Company's mining and sales operations uneconomical and our results of operations and financial condition may be adversely affected.

21. The aging of our fleet may result in increased operating costs and our ability to raise financing against the asset values of these vessels and meet the requirements of adequate security collateral against the existing loans in the future, which could adversely affect our earnings.

The average life of our tankers, Dry Bulk carriers, Cutters, Dredgers is 25 years while the average life of our Gas Carriers is 30 years. The life of the vessels tends to be much longer than these years. In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. While we intend to acquire more modern vessels for our initial fleet, we may be forced to acquire older vessels depending on market conditions. Older vessels are typically less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance and other rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives life.

As our vessels become older, they depreciate in value. The market value of our vessels fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter hire rates, competition from other shipping companies and other modes of transportation, types, sizes and ages of vessels, applicable governmental regulations, supply of vessels and new building order book and the cost of new vessel buildings.

A decrease in these values could also cause us to breach certain covenants that are contained in our credit facilities. If the recoverable amounts of our vessels further depreciate as a result of which we are in breach of such covenants and if we are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose the vessels in our fleet.

Decrease in vessel values could affect our ability to raise cash by limiting our ability to refinance our vessels, thereby adversely impacting our liquidity. If any vessel is placed as security for our financing arrangements, and there is a drop in the value of such vessel to the extent that such value falls below the acquisition price, we may be required to provide additional security, alternate security or deposit margin money in order to maintain such financing arrangements, which may adversely affect our operational flexibility thereby impacting our operating results. Failure to do so may result in such financing arrangement being terminated, and there is no assurance that we will be able to obtain other financing or incur debt on terms that are acceptable to us or at all.

22. Our results of operations may be adversely affected by foreign currency exchange rate fluctuations and movements in international interest rates as well as changes to the accounting treatment of the effects of such fluctuations and movements.

While our reporting currency is in Indian Rupees, a significant portion of our income and expenses are denominated in foreign currencies. As a result, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks, which may affect our financial performance and results of operations. We derive a large part of our revenues from contracts for the employment of our vessels that are denominated in foreign currencies. Any appreciation in the value of the Indian Rupee in relation to the value of the applicable foreign currency could adversely affect our reported operating revenues. Additionally, some of our operating costs and interest costs are denominated in foreign currencies. While this may help reduce the impact of foreign currency exchange rate movements to a certain extent, our results of operations may be adversely affected by an appreciation in the value of the Indian Rupee. Movements in exchange rates may also result in foreign currency translation gains or losses on current assets and liabilities including, significantly, bank balances and debtors, thereby affecting our profit and loss account, which could result in a material adverse effect on our financial performance and results of operations.

23. We may not be able to complete the work within the specified period in the contracts and may not get extension for the same. Further, we may be exposed to risks arising from termination of contracts

Any failure on our part to satisfactorily meet agreed upon commitments under any of the our business contracts within the stipulated time period may expose us to the risk of additional costs and / or disputes, in the event that we are unable to obtain suitable extension in time lines for completion of the work. We may also have to pay liquidated damages if the work is not completed or if a dispute is decided against us.

As part of our business operations we are required to enter into commercial contracts with various third parties including our customers, suppliers, government bodies and contractors amongst others, who may terminate contracts at their convenience, or upon material breach or default on our part, based on our failure to meet specified performance measurements. Further a number of our contracts can be terminated by the customer at short notice. Termination of, or default under our contracts, may expose us to greater liabilities for damages resulting from the default or may result in us not being paid for work done under the contract which may in turn also affect our financials adversely.

24. Statutory auditors of our Company have included certain qualifications/ observations and emphasis of matter paras in their respective audit reports of our Company.

Statutory auditors of our Company have included certain qualifications/ observations and matters of emphasis in their respective audit reports of our Company in the last five financial years immediately preceding this Placement Document, including with respect to the Companies (Auditor‘s Report) Order, 2003, 2015 and 2016, as applicable, which are discussed in our standalone and consolidated financial information. For further details, please refer to the "*Financial Statements*" and "*Management's*

Discussion and Analysis of Financial Condition and Results of Operations" on page 206 and 65 respectively.

If we are required to restate the accounts for any reason including due to accounting standards or regulatory requirements or otherwise, we may be required to expend all of the expenses specified in these qualifications which may result in loss for the subsequent period or we will be unable to meet our financial covenants/obligations. Further, there can be no assurance that our auditors will not qualify their opinion in the future.

25. We are subject to various law and regulations, in jurisdictions where we operate, including environmental and health and safety laws and regulations, which may result in the interruption of our operations and incur additional costs.

Our operations are subject to various international, national, state and local laws and regulations, which are subject to laws specific to the industry in which we operate, as well as laws generally governing business of a particular country, including those relating to the protection of the environment and occupational health and safety, including those governing the hazardous waste management laws. Further, we require registrations with the relevant tax and labour authorities in India**.** There can be no assurance that the relevant authorities will issue such permits or approvals within the time anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Additionally, we are required to renew certain licenses and government approvals after a certain interval of time and adhere to the terms and conditions provided for under the statutory and regulatory permits and approvals, some of which may require us to undertake substantial compliance-related expenditure. Breach or non-compliance with specified conditions may result in the suspension, withdrawal or termination of our approvals and registrations or the imposition of penalties by the relevant authorities. While we are not aware of any outstanding material claims or obligations, we may incur substantial costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of violations of or liabilities under environmental or health and safety laws or noncompliance with permits required, which, as a result, may have an adverse effect on our business, financial condition and cash flows.

Further, the coal, oil & gas industry, in particular, are subject to strict regulations with respect to a range of environmental matters including limitations on land use, including forest land; permits and licensing requirements; risks of exploration activities; the storage & handling of coal and associated risks; the storage of petroleum and coal, treatment and disposal of wastes; remediation of contaminated soil and groundwater; air quality standards; water pollution and discharge of hazardous materials into the environment. We are required to comply with extensive domestic and international environmental laws and safety regulations in our business operations, any changes in those laws, regulations and their interpretations could require us to incur additional costs. Although we have a comprehensive safety management system for the safe operation of our mines, which includes safety management plans, rules, codes of practice, manuals and procedures with which our employees are required to comply, the same may not be adequate, and we may not be able to minimise the risk of accidents, injuries and illness to our employees on account of these operations. Further we may also be subject to increased liability, which may adversely affect our insurance coverage. For further details on various regulations and laws applicable to our Company, please refer to the chapter titled "***Regulations and Policies***" on page 135.

26. Any downgrading of our Company's debt ratings could impact our ability in future to raise finance on favorable terms or at all, which in turn could adversely affect our business, financial condition and results of operations.

As at September 30, 2016, our Company had total borrowings of ₹ 10,349.36 million, which includes short term borrowings of ₹ 492.41 million, long term borrowings of ₹ 9,856.95 million. Our Company's long-term debt is rated by CARE Rating as 'CARE BBB' and short term debt is rated by CARE Rating as 'CARE A3+'. In the recent past, the CARE ratings were revised from A- and A2+ respectively largely due to deterioration in the capital structure due to losses and one time impairment / provision on account of the underperformance and sale of the erstwhile subsidiary being MLS. While, the rating of the Company continues to derive strength from long track record of the Company along with experienced promoters and management and its diversified revenue portfolio, we cannot assure you that the debt rating will not be revised again in future. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, penalties and acceleration of amounts due under such facilities which may lead to downgrading of our Company's debt ratings which could impact our ability to raise finance in future on favorable terms or at all and in turn adversely affect our business, financial condition and results of operations.

27. For Financial Years 2014, 2015 and 2016 our coal business had the largest portion of our revenue and we will continue to rely on our key contracts for a large portion of our revenue.

We have derived and believe that we will continue to derive in the near term a significant portion of our revenue from coal business. For Financial Years 2014, 2015 and 2016, coal business contributed for approximately, 53%, 50% and 47% of our operating revenue, respectively. The revenue from this business may vary from year to year. We cannot assure you that we can maintain the historical levels of business or that we will be able to replace this business in case we are not profitable in it.

Furthermore, major events affecting our clients, such as bankruptcy, change of management, mergers and acquisitions could adversely impact our business. If any of our clients become bankrupt or insolvent, we may lose some or all of our business from that client and our receivable from that client would increase and may have to be written off, adversely impacting our income and financial condition. Any loss of our key customers or any significant decrease in spending by some or all of our customers may adversely affect our revenue, profitability and results of operations. We expect that a significant portion of our income will continue to be attributable by one business in the foreseeable future and if any of its customers reduce their business with us, it may result in low capacity utilization of our resources, which could adversely affect our revenues, profitability and results of operations.

In addition, our income may be affected by competition, increases in fuel prices, the cyclical nature of the industry and a number of other factors that could cause the loss of our customers, some of which may not be predictable by us, such as financial difficulties or insolvency affecting our customers. Our key customers, some of whom have experienced substantial competition and other pressures on their profitability, may demand price reductions and/or other value-added services for no additional charge, which could reduce our profitability. Any significant reduction in or the termination of the use of the services we provide to any of our customers, or any requirement to lower our prices, could harm our business.

28. We have substantial fixed operating costs that will be incurred regardless of our level of business activity. Non-employment of vessels or low productivity of assets due to reduced demand, weather interruptions or other natural or other causes can have a significant negative effect on our business.

Our business has substantial amount of fixed costs which may not necessarily fluctuate in proportion to changes in operating revenues. Operating revenues may fluctuate as a function of changes in day rates, commodity prices and other market forces. However, interest costs and costs for operating our vessels & other assets are generally fixed. During times of prolonged reduced activity, reductions in costs may not be immediate as personnel may be retained for a period of time, rentals may be required to be carried on etc. Non-employment of vessels or low productivity of vessels and/or other assets due to reduced demand, weather interruptions or any other natural and/or other causes can have a significant negative effect on our results of operations condition.

Our shipping operations are subject to risk arising from fluctuations in freight rates which have a significant impact on us. Shipping is a derived demand which occurs as a result of seaborne trade. Therefore, the demand in a particular sector will subsequently affect the freight rates. For instance, in oil sector, because there is a constant volatility in oil prices, they are affected by these increases and therefore reflect them onto their freight prices. Also, an over-supply of vessel capacity may result in a reduction of charter rates, vessel hire rates and our overall profitability. The factors affecting the supply and demand of vessels are not within our control. As such, if such a reduction occurs upon the expiration or termination of any of our vessels current contracts, we may be constrained to re-charter such vessels at reduced or unprofitable rates or we may not be able to charter our vessels at all. Accordingly, fluctuations in freight rates may be unpredictable and may have a negative impact on the Company's revenue.

Our mining operations are subject to risk arising from falling coal prices, rising fuel and other related costs which also have significant impact on us. Therefore, demand of coal will subsequently affect the coal prices and therefore the volatility impacts our business. Such volatility is not within our control and we may not be able break-even in case of lower than required market prices.

29. Our results of operations may be adversely affected by our inability to negotiate profitable contracts for the employment of our vessels. This will prevent us from utilizing our fleet at profitable levels, which could adversely affect our profitability.

We intend to keep the vessels on contract 100% of the possible safe operational time. In the event that vessel is under a prolonged break-down or off-hire due to operations/technical issue or scheduled/unscheduled dry-docking. During the breakdown & off-hire period of the vessel, the contract may be required to be supplemented with an alternate vessel of similar technical parameters. Such vessel may or may not be available within the required time and the cost acceptable to us and we may need to incur additional expenses for in-chartering the vessel. The contract in such a case may have higher expenses during the breakdown & off-hire period of the vessel, the contract may be required to be supplemented with an alternate vessel of similar technical parameters. Such vessel may or may not be available within the required time and the cost acceptable to us and we may need to incur additional expenses for in-chartering the vessel. The contract in such a case may have higher expenses which will affect our financials. Additionally, we may be levied with penalties and/or liquidated damages. We may also be reprimanded with disqualification and/or blacklisted. For instance, our Company had recently received an order from the Dredging Corporation of India whereby they had blacklisted our Company for the breach of the contract entered into with them in Paradip Port. The Company has filed a writ petition before the High Court of Andhra Pradesh wherein the order has been suspended for the interim period till the final disposal of the writ petition. We cannot guarantee whether the final judgement will be decided in our favour, in the event it is not in our favour, it will have an adverse impact on our business. For further details of these legal proceedings, please refer to chapter titled "***Legal Proceedings***" beginning on page 126.

30. Our exploration and development activities may not be commercially successful.

Oil and gas exploration is very capital intensive and requires huge gestation periods and involve numerous risks, including the risk that, after substantial expenditures, we may not encounter any reserves or that the reserves encountered may not be commercially viable for production. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations or production, including: unexpected drilling conditions; title problems, pressure or irregularities in geologic formations, equipment failures or repairs, fires or other accidents, adverse weather conditions, reduction in fuel prices. Our future drilling activities may not be successful, and our drilling success rates could decline which could result in higher costs without any corresponding revenues. Further there is uncertainty whether the discovered oil and gas could be exploited economically, due to which we may not be able to realize any benefits or returns on our investments, and may further cause us to incur substantial costs and losses and also affect our financials adversely.

During the breakdown & off-hire period of the vessel, the contract may be required to be supplemented with an alternate vessel of similar technical parameters. Such vessel may or may not be available within the required time and the cost acceptable to us and we may need to incur additional expenses for in-chartering the vessel. The contract in such a case may have higher expenses during the breakdown & off-hire period of the vessel, the contract may be required to be supplemented with an alternate vessel of similar technical parameters. Such vessel may or may not be available within the required time and the cost acceptable to us and we may need to incur additional expenses for in-chartering the vessel. The contract in such a case may have higher expenses which will affect our financials. Additionally, we may be levied with penalties and/or liquidated damages. We may also be reprimanded with disqualification and/or blacklisted.

In general, the costs to maintain a vessel in good operating condition increases with the age of the vessel. While we may intend to acquire more modern vessels, we may be forced to acquire older vessels depending on market conditions. Older vessels are typically less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives penalties and/or liquidated damages. We may also be reprimanded with disqualification and/or blacklisted. For instance, our Company had recently received an order from the Dredging Corporation of India whereby they had blacklisted our Company for the breach of the contract entered into with them in Paradip Port. The Company has filed a writ petition before the High Court of Andhra Pradesh wherein the order has been suspended for the interim period till the final disposal of the writ petition. We cannot guarantee whether the final judgement will be decided in our favour, in the event it is not in our favour, it will have an adverse impact on our business. For further details of these legal proceedings, please refer to chapter titled "***Legal Proceedings***" beginning on page 196.

In general, the costs to maintain a vessel in good operating condition increases with the age of the vessel. While we may intend to acquire more modern vessels, we may be forced to acquire older vessels depending on market conditions. Older vessels are typically less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

31. A depreciation in the value of our vessels may have a material adverse effect on our financial condition and results of operations.

As our vessels become older, they depreciate in value. The market value of our vessels fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter hire rates, competition from other shipping companies and other modes of transportation, types, sizes and ages of vessels, applicable governmental regulations, supply of vessels and new building order book and the cost of new vessel buildings.

A decrease in these values could also cause us to breach certain covenants that are contained in our credit facilities. If the recoverable amounts of our vessels further depreciate as a result of which we are in breach of such covenants and if we are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose the vessels in our fleet.

Decrease in vessel values could affect our ability to raise cash by limiting our ability to refinance our vessels, thereby adversely impacting our liquidity. If any vessel is placed as security for our financing arrangements, and there is a drop in the value of such vessel to the extent that such value falls below the acquisition price, we may be required to provide additional security, alternate security or deposit margin money in order to maintain such financing arrangements, which may adversely affect our operational flexibility thereby impacting our operating results. Failure to do so may result in such financing arrangement being terminated, and there is no assurance that we will be able to obtain other financing or incur debt on terms that are acceptable to us or at all.

32. Our Company's registered office and some of the other premises from which we operate or are used by us for the purposes of our operations are taken on a leave and license basis. Any termination of the relevant leave and license agreements in connection with such premises or our failure to renew the same could adversely affect our operations. Further, some of our lease / leave and license agreements may not be adequately stamped.

Our Company's registered office and some of the other premises from which we operate or are used by us for the purposes of our operations are taken on a leave and license basis. In the event that we are required to vacate these premises and relocate our Company's registered office/ branch office, we will be required to expend time and financial resources to locate suitable premises to set up these units, which may adversely affect our financial condition. Also, we may be unable to relocate to an appropriate location in a timely manner, or at all. Additionally, if the owner of such premises renews such agreements on terms and conditions that are unfavourable to our Company or terminates the agreements prior to its tenure, our business and results of operations may be adversely affected. In addition, any adverse impact on the title and ownership rights of the owners from whose premises we operate or any breach of the contractual terms of such leave and license agreements may adversely impact us.

Further, some of our leave and license agreements have certain irregularities such as inadequate stamping and/or non-registration of deeds and agreements. The effect of inadequate stamping and non-registration is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping and non-registration. In the event of any dispute arising out of such unstamped or inadequately stamped and/or unregistered agreements, we may not be able to effectively enforce our rights arising out of such agreements which may have an adverse impact on the business and operations of our Company.

33. Our Company's index of charges as reflected on the website of the Ministry of Corporate Affairs does not accurately reflect the charges subsisting on our Company's assets as on date.

The index of charges of our Company as reflected on the website of the Ministry of Corporate Affairs, Government of India, reflects eight additional charges as being subsisting on the assets of our Company as on date. These charges relates either to loans which are satisfied by our Company or to loans in respect of which multiple charges have been created by our Company. Our Company has already filed the relevant forms with the RoC for the satisfaction of charges. However, as on the date of this Placement Document, our Company's index of charges on the said website does not reflect the factual position of charges subsisting on the assets of our Company. For details of our Company's financial indebtedness, please refer to the chapter titled "*Financial Statements*" on page 206 of this Placement Document.

34. We experienced losses and negative cash flows in recent financial periods and may experience such losses and / or negative cash flows in the future. An inability to generate sufficient cash flows in the future may adversely affect our business operations and financial performance.

We had losses and negative net cash flows from total of our operating, investing & financing activities in Fiscal 2016 and Fiscal 2014, the details of which are provided below. Further our Company has also suffered losses in the past, the details of which are provided below.

(₹ in million)

Particulars	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Net cash from/ (used in) operating activities	6,564.64	10,139.15	4,244.83
Net cash from/ (used in) investing activities	11,134.58	(7,462.91)	(4,092.51)
Net cash from/ (used in) financing activities	(19,381.30)	(1,728.78)	(1,718.04)
Net increase/ (decrease) in cash and cash equivalents	(1,682.08)	947.46	(1,565.72)
Revenue	27,252.75	31,069.18	34,861.99
PAT	(8,901.27)	(4,495.25)	321.78

For details on the negative cash flows for the last three Fiscals, please refer to the chapter titled "*Management Discussion and Analysis of Financial Condition and Result of Operations*" on page 65

Cash flow is a key financial indicator of cash generated from operations to meet our capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. An inability to generate sufficient cash flows in the future may adversely affect our business operations and financial performance.

35. We have had to undertake an asset impairment in the past and exit some of our businesses at a loss and there is no assurance that we may not do so in future.

The dry bulk shipping market had been subdued since the financial crisis and has seen a sharp deterioration in the last 2-3 years. The fall in freight rates and dry bulk asset prices adversely impacted MLS's financial position and cash flows. Following an application to the Singapore Court by MLS's creditor, MLS was placed under judicial management in January 2016. As a part of portfolio-restructuring exercise, Mercator decided to exit the dry bulk cargo business by divesting the entire 66.17% stake in MLS. Post regulatory approvals, entire stake in MLS was sold in March 2016 to 3 investors for a token amount of SGD 1 each.

Allowance of impairment of ₹ 3,488.28 Million in Fiscal 2016 relates to impairment comprises of investment, Loans and advances made to subsidiary Mercator Line (Singapore) Ltd is ₹3,258.46 Million and impairment of Coal mine in Indonesia on account of exhausted reserve is ₹229.82 Million. Allowance of impairment of ₹4,090.08 Million in Fiscal 2015 relates to impairment of vessel prices in dry bulk segment.

36. We have contingent liabilities and our financial condition could be adversely affected if any of these contingent liabilities materializes.

As of March 31, 2016, the contingent liabilities amounting to ₹ 3,234.59 million is disclosed in the notes to our audited financial statements. In the event that any of the contingent liabilities materialize, our financial condition may be adversely affected.

37. One of our Promoters, Mr. H.K. Mittal has provided personal guarantees for a portion of our borrowings to secure certain of our loans. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoter in connection with our Company's borrowings.

One of our Promoters, Mr. H.K. Mittal has provided personal guarantees for some of our borrowings to secure certain of our loans. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoter in connection with our Company‘s borrowings.

38. Our Company has provided corporate guarantees and / or comfort letters in respect of various loan facilities obtained by its subsidiaries.

Our Company has extended corporate guarantees and / or comfort letters securing the performance by our subsidiaries under various debts availed under the respective loan agreements. In the event of any default by our subsidiaries to discharge their payment or performance obligations under these loan agreements, then the guarantees provided by us may be invoked, thus exposing us to additional and increased financial liabilities, over and above the additional cost overruns and penalties.

39. We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

We have entered into transactions with several related parties, aggregating ₹ 5,434.00 million, ₹ 4,507.53 million, ₹ 8,819.53 million and ₹ 1,696.45 million for FY 2014, FY 2015 and FY 2016 and for the six months period ended September 30, 2016 (standalone), which were conducted in compliance with applicable laws.

Whilst we believe that all our related party transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest. It is likely that we may continue to enter into related party transactions in the future and we cannot assure you that such transactions, individually or in the aggregate, will not adversely affect our financial condition and results of operations.

40. We are exposed to market risks from our hedging activities, and the use of hedging instruments could result in financial losses that may adversely affect our results of operations and financial condition.

We have in the past held, derivative contracts in nature of forward exchange contracts. We have taken hedges for both payments and receipts. We believe that these forward exchange contracts, generally speaking, have the effect of reducing the volatility of our profit and reducing our exposure to foreign exchange and interest rate risk. We have incurred losses from our hedging activities in the past and we may incur in the future as well, if the foreign exchange rates or interest rates move contrary to our expectations, or if our risk management procedures prove to be inadequate, we could incur derivative related or other charges and opportunity losses independent of the relative strength of our business, which could affect our results of operations and financial condition.

41. We are subject to intense competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability.

The markets in which we operate across all facets of our business are both highly competitive and global. Our businesses compete with other domestic and international companies. Players in this market generally compete with each other on key attributes such as technical competence, optimum use of vessels, pricing and track record. To the extent that one or more of our competitors gains an advantage with respect to any key competitive factor, our business and financials could be adversely affected. We may therefore be forced to operate at margins which are lower than that of our competitors, exposing us to potentially increased downward pricing pressure across our businesses. The ability of a competitor to offer comparable or improved services may also negatively affect our ability to maintain or increase our profitability.

42. A shortage of skilled manpower could have an adverse effect on our business and financial condition

Our business requires a large number of skilled personnel to conduct operations. Recruiting, training and retaining such employees are critical to being able to continue to meet industry and customer demand and generate increasing revenue. The demand for skilled personnel in the businesses in which we operate is extremely high and we may not be able obtain skilled labour due to a shortage of such skilled workers. A material decrease in the supply of technically skilled officers could impair our ability to operate, or increase the cost of crewing our vessels, which would materially adversely affect our business, financial condition and results of operations.

43. Operations in foreign countries expose us to local laws and regulations.

We currently operate out of a number of countries globally. Typically operating business in foreign countries carries with it certain risks such as exposure to unfamiliar local economic, political, environmental and labour conditions, currency exchange control issues, government policies towards foreign owned business, instability in governance etc. We cannot control these risks or predict the effect of any such event in the future on our business and profitability, and this also affects our ability to continue uninterrupted operations in these countries.

44. We are subject to stringent labour laws and trade union activity. Our business may be affected due to disputes with our labours/employees.

The various geographies including but not limited to Indonesia in which we operate have stringent labour legislation that protects the interests of workers, including legislation that sets out detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations.

In addition to our permanent employees we also employ labour for execution of our projects and the number of contract labourers may vary from time to time depending on the nature and quantum of work involved. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

45. Our current insurance coverage includes environmental risks, breakdowns of equipment, third party liability claims, labour disturbances, navigation risks, port risks and war risks. We are subject to hazards customary to the operation of vessels and unforeseen interruptions that could adversely affect our financial performance, for which we may not be adequately insured or indemnified. If we are unable to obtain adequate compensation under our insurance coverage, our business and financial condition would be adversely affected.

Our operations are subject to various operating hazards and risks, including:

- catastrophic marine disasters;
- delays entering foreign ports, including as a result of congestion, or port-state compliance

procedures;

- adverse sea and weather conditions;
- mechanical failures;
- navigation errors and crew negligence;
- vessel collisions;
- oil and hazardous substance spills, containment and clean up;
- labour shortages and strikes;
- unanticipated geological conditions;
- damage to and loss of vessels,
- drilling rigs and production facilities; and
- war, sabotage, piracy and terrorism risks.

We are into capital intensive business of shipping and these risks present a threat to the safety of personnel and to our vessels, cargo, equipment under tow and other property, as well as the environment. We could be required to suspend our operations as a result of these hazards. In such an event, we would experience loss of revenue and possibly property damage, and additionally, third parties may have significant claims against us for damages due to personal injury, death, property damage, pollution and loss of business. Additionally, we may be penalized by the relevant authorities if we are determined to be responsible for the occurrence of any of such hazards. If we are unable to obtain adequate compensation under our insurance coverage, our business and financial condition would be adversely affected

Further, in the ordinary course of our business, we maintain a number of insurance policies to cover our assets, liabilities and risks that we face inherent to our business activities and operations. Our business involves many risks and hazards which may adversely affect our profitability, including environmental risks, breakdowns of equipment, third party liability claims, labour disturbances, navigation risks, port risks and war risks.

During FY 2016, a fire incident occurred at the yard in Sagar Samrat Conversion project, as a result of which the completion of the project was delayed. Although immediate actions were taken to minimise the cost and time impact on the project, we cannot assure you that such incidents will not happen in the future and have an adverse impact on the financial condition and operations of our Company. Our Company has filed a total claim of USD 2,765,032 with the concerned insurance company, the same is still pending. We cannot assure you whether full compensation will be received by the Company against such claim or at all.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, we cannot assure you that the operation of our business will not be affected by any of such incidents and hazards. In addition, our insurance may not provide adequate coverage in such circumstances including those involving claims by third parties and is subject to certain deductibles, exclusions and limits on coverage.

Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

46. Our Company is dependent on the service of one of our Promoter, Mr. H.K. Mittal for its business strategies and growth plans. The loss of the service of our Promoter, Mr. H.K. Mittal, other directors and key management, who are involved in our day to day operations or our inability to attract and retain skilled personnel could adversely affect our business.

Our Promoter and Executive Chairman, H.K. Mittal has over 28 years of experience in the shipping industry and is key man for our Company’s business strategies and growth plans. We are also dependent on our senior managerial personnel, our directors, who collectively have immense and relevant experience in the shipping, oil& gas, dredging and coal business. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects.

We cannot assure you that we will continue to retain any or all of the key members of our management skilled in the each of the industries in which our Company operates. Our management personnel make key decisions to maximize our revenue and earnings in a highly volatile and cyclical industry and our success will depend, in part, on our ability to hire and retain key members of our management team. Although our Company maintains a directors' and officers' liability insurance, the loss of the services of any key member of our management team could have an adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline. Our ability to execute orders and to obtain new clients depends largely on our ability to attract, train, motivate and retain highly skilled professionals and other mid-level professionals. Our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain them. Difficulty in hiring and retaining qualified personnel and crewmembers could also adversely affect the results of our operations.

Our success depends in large part on our ability to attract and retain skilled employees, such as management level nautical and engineer officers. Such employees with appropriate knowledge and experience are scarce and the employment market for such personnel is very competitive. We may experience a reduction in the experience level of our personnel as a result of any increased attrition, which could lead to higher unavailability of vessels and more operating incidents, which in turn could decrease revenues and increase costs. The loss of their services or those of any other members of senior managerial personnel could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations. If we are unable to continue to attract and retain skilled and qualified employees in the future and/or there is a change in labour laws and regulations in a particular country which restricts our skilled and expatriate personnel from working in such country, this may affect our ability to operate efficiently.

47. Our Promoters have pledged a portion of the Equity Shares in favour of lenders who may exercise their rights under the pledge agreements upon the occurrence of events of default.

As of September 30, 2016, 36.83 % of our share capital amounting to 36,567,000 Equity Shares, held by our Promoter was pledged with financial institutions in connection with loans availed. In the event that our Company is unable to repay the loans in a timely manner or in the event of a default under the terms of such loan agreements, the financial institutions may exercise the pledge and take control of the Equity Shares, which will result in a dilution of our Promoter's shareholding in our Company. A sale of Equity Shares by such financial institutions in the open market may also result in the Promoter losing control of our Company, affect the price of our Equity Shares and a breach of certain covenants under our financing arrangements. **.**

48. Our vessels could be arrested by maritime claimants, which would result in a significant loss of earnings and cash flow, thereby adversely affecting our financial condition and results of operations.

Under the maritime law of many jurisdictions, claimants for breach of certain maritime contracts, vessel mortgagees, suppliers of goods and services to a vessel and shippers and consignees of cargo and others having maritime claims, may arrest a vessel through a court process to obtain security for their claims. In addition, in certain jurisdictions, a claimant may be able to arrest a "sister ship," i.e., the vessels which are owned or controlled by the legal or beneficial owner of that vessel. Besides, in some jurisdiction, it is also possible to arrest an "associate ship", which is owned by different legal entities but having common legal or beneficial control. Our vessels may therefore be arrested with respect to a claim against the beneficial owner of our vessels even though they may be "*wrongful"* arrests. In certain circumstances, claimants may have maritime liens against our vessels, and such vessels may be arrested even if the claim giving rise to maritime lien is not against us. The arrest of one or more of our vessels in the future could result in a material loss of earnings and cash flow for us or require us to provide security to have the arrest lifted. If any of our vessels are arrested over a prolonged period, it may adversely affect our liquidity and cash flows.

49. Rising fuel prices and other unexpected expenses may adversely affect our profitability.

The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and environmental concerns. As a result, an increase in the price of fuel may adversely affect our profitability. In the last decade, the prices for fuel have been increasing as well as volatile. A significant or sustained increase in the price of fuel or reduction in supply could increase our operating expenses and we may not be able to successfully pass on the costs to our customers and have a material adverse effect on our financial condition and results of operations. Such increase may also reduce the profitability and competitiveness of our business.

50. There exists a private limited company which operates its business under the same or similar name as our Company and which can claim the history of our brand.

There is a private limited company in the name of "*Mercator Shipping and Ship Management Private Limited*" ("**MSSMPL**") which is controlled by the erstwhile promoters of our Company. The present management took over our Company in 1988 from the then existing shareholders. MSSMPL sold their business to our Company however they still continue to use the "Mercator" brand name and is also engaged in a similar business as our Company. Although, the word mark "Mercator" has already been registered in the name of our Company, we cannot assure that MSSMPL will not claim in the future against our Company regarding the history of our brand. If there is any deficiency in the quality of services provided by MSSMPL, it may adversely affect our brand image as they operate under the same or similar name and thereby affecting our business. Further, there are some other companies who are also using the Mercator brand, who may or may not be controlled by the erstwhile management.

As on date of this Placement Document, our Company has not signed any non-compete or such other agreement / document with MSSMPL or its owners and they may expand their business in the future that may compete with us which may conflict with our Company's interests.

RISKS RELATING TO OUR EQUITY SHARES AND THE ISSUE

51. Applicants to the Issue are not allowed to withdraw their bids after the Bid/Issue Closing Date.

In terms of the ICDR Regulations, applicants in this Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our Company's business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of allotment of Equity Shares in this Issue. The occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of the SEBI. Our Company may complete the allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

52. Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Company, its directors or executive officers.

Majority of our directors and key managerial personnel are residents of India and all or substantial portion of our assets are located in India. As a result, it may be difficult for investors outside India to effect service of process upon us, our directors, executive officers or such experts in countries outside India, including the United States, or enforce, in Indian courts, judgments obtained in foreign courts, against us or such persons or entities. See "*Enforcement of Civil Liabilities*" beginning on page 9

53. After this Issue and till Allotment, the price of our Equity Shares may be volatile.

The Issue Price will be determined by us in consultation with the BRLM, based on Bids received in compliance with Chapter VIII of the ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The trading price of our Equity Shares may fluctuate after this Issue and Allotment due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the financial services industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. Due to which the market value of an investor's investment may fluctuate

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

54. Conditions in Indian stock exchanges may affect the price or liquidity of the Equity Shares.

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. Problems in the past included temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on the trading of certain securities and limitations on price movements and margin requirements. Furthermore, disputes have occurred from time to time between listed companies, stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

55. There may be less company information available in Indian securities markets than in securities markets in certain other countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in markets in the United Kingdom, the United States and certain other economies. The SEBI is responsible for monitoring, ensuring and improving disclosure and other regulatory standards for the Indian securities markets and has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Investors may, however, have access to less information about our business, results of operations and financial conditions, on an on-going basis, than investors would have in the case of companies subject to reporting requirements of certain other countries.

56. There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the Stock Exchanges in a timely manner.

In accordance with Indian law and regulations and the requirements of the Stock Exchanges, in principle and final approvals for listing and trading of the Equity Shares issued pursuant to this Issue will not be applied for or granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted. Accordingly, there could be a failure or delay in listing the Equity Shares on the Stock Exchange. If there is a delay in obtaining such approvals, we may not be able to credit the Equity Shares allotted to the investors to their depository participant accounts or assure ownership of such Equity Shares by the investors in any manner promptly after the Closing Date. In any such event, the ownership of the investors over Equity Shares allotted to them and their ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "*Issue Procedure*" beginning on page 151.

57. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed Equity Shares on a Stock Exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic Stock Exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised Stock Exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity

Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

58. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

59. Any future issuance of Equity Shares may dilute the shareholding of investors and any future sales of Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

The future issuance of Equity Shares by our Company, or the disposal of Equity Shares by any of our major shareholders, including by the Promoters, lenders that have received a pledge of our Equity Shares as security and are seeking to enforce such security, or the perception that such issuance or sales may occur, may significantly affect the trading price of the Equity Shares. Except for the restrictions described in the sections *"Placement"* and *"Description of the Shares"*, there is no restriction on our ability to issue Equity Shares or the ability of any of our shareholders to dispose of, pledge or otherwise encumber their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that our shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. Future issuances of Equity Shares may dilute the shareholding of the investors and may adversely affect the trading price of the Equity Shares. Subject to applicable law, such securities may also be issued at prices below the then market price of the Equity Shares. Further, as on March 31, 2016, the Company had 160, 4.75% Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each aggregating to US $16,000,000 outstanding with an initial conversion price of ₹ 38.30 per share. The said FCCBs are listed on SGX. The tenure of FCCBs is 5 years i.e. up to May, 2019. In the event that all FCCB holders exercise their option to convert the bonds into equity, there would be increase in the paid-up capital of the Company.

60. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of Allotment of the Equity Shares.

Our Company's Equity Share are currently listed on the BSE and the NSE. Pursuant to the ICDR Regulations, for a period of 12 months from the date of the Allotment of the Equity Shares under this Issue, QIBs subscribing to the Equity Shares may only sell their Equity Shares through Stock Exchange mechanism and may not enter into any off market trading in respect of these Equity Shares. Further, allotment to FVCIs, VCFs and AIFs are subject to applicable rules and regulations, including in relation to lock-in. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

61. The ability of the investors to sell Equity Shares that they acquire in this Issue is restricted by the transfer restrictions set forth in the Placement Document.

No actions have been taken by our Company in order to permit a public offering of the Equity Shares in any jurisdiction including India. The Equity Shares are subject to restrictions on transferability and resale. The investors are required to observe these restrictions, which are set forth in this Placement Document under the section titled '*Transfer Restrictions*' beginning on page 169. Our Company We will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein

62. Since our Equity Shares are quoted in Indian Rupees in India, investors may be subject to potential

losses arising out of exchange rate risk on the Indian Rupee and risks associated with the conversion of Indian Rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since the Equity Shares are quoted in Indian Rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. In addition, investors that seek to sell Equity Shares will have to obtain approval from RBI, unless the sale is made on one of the Stock Exchanges or in connection with an offer made under the Takeover Code. The volatility of the Indian Rupee against the U.S. Dollar and other currencies subjects investors who convert funds into Indian Rupees to purchase our Equity Shares to currency fluctuation risks.

63. Sales of our securities by the existing shareholders may lower the prices of shares.

The market price of our Equity Shares could decline as a result of sales of a large number of our Equity Shares or the perception that such sales could occur in the future. Sales by existing shareholders may also make it more difficult for the investors to sell equity shares in the future.

RISKS RELATING TO INDIA AND ABROAD

64. The Public companies in India, including us, may be required to prepare financial statements under IFRS or a variation thereof, IND-AS. The transition to IND-AS in India is still at an early stage and we may be adversely affected by this transition.

We currently prepare our annual and interim financial statements under Indian GAAP. Companies in India, including ourselves, will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards ("**Ind-AS**"). On January 2, 2015, the Ministry of Corporate Affairs, Government of India (the "**MCA**") announced the revised roadmap for the implementation of Ind-AS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies through a press release (the "**Press Release**"). Further, on February 16, 2015, the MCA has released the Companies (Indian Accounting Standards) Rules, 2015 (the "**Ind AS Rules**") which has come into effect from April 1, 2015. The Ind AS Rules provide for voluntary adoption of Ind AS by companies in Fiscal 2015. Ind-AS will also be required to be implemented on a mandatory basis by such companies that meet certain net worth criteria.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind-AS differs in certain respects from IFRS and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. When we adopt Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that the adoption of Ind-AS by us will not adversely affect its results of operation or financial condition.

65. Our business and activities may be regulated by the Competition Act, 2002.

The Competition Act, 2002, as amended ("**Competition Act**"), was enacted for the purpose of preventing practices having an adverse effect on competition in India and has mandated the Competition Commission of India ("**CCI**") to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market or any other similar way, is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. The Competition Act also prohibits the abuse of dominant position by any enterprise. Further, if it is proved that any contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

Consequently, all agreements entered into by us may fall within the purview of the Competition Act. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. The applicability of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, may adversely affect our business, results of operations and prospects.

66. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to "*Regulations and Policies*" on page 135 of this Draft Red Herring Prospectus for details of the laws currently applicable to us.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties.

Further, the Government of India has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the central and state Governments into a unified rate structure. It is unclear from when such tax regime will be effective. While the Government of India and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

It is difficult to predict the economic policies that will be pursued by the Government. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the Government of India on November 8, 2016 demonetised the high value currency notes of ₹ 500 and ₹ 1,000 and replaced the same with new ₹ 2,000 and ₹ 500 currency notes. Since the old currency notes comprised around 86% of the total currency in circulation in India, there has been a shortage of high value currency notes. The Government of India has also imposed restrictions on withdrawal of cash which is causing our Company inconvenience with respect to management of petty cash and payment to casual manpower which we engage from time to time at our project sites. Although, we believe that the cash shortage in the economy will not be long term, however, presently, there is no assurance or visibility with regard to the time period within which the Government of India will be able to resolve the currency notes shortage in the economy.

67. We are subject to stringent labour laws and trade union activity. Our business may be affected due to disputes with our labours/employees.

The various geographies in which we operate have stringent labour legislation that protects the interests of workers, including legislation that sets out detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations.

In addition to our permanent employees we also employ labour for execution of our projects and the number of contract labourers may vary from time to time depending on the nature and quantum of work involved. There is no trade union for the Company's full-time employees. However officers and crew working on board our various vessels are represented by trade unions. Negotiations are held periodically with these unions by the Indian National Ship Owners Association of which the Company is a member, and agreements reached are binding on the Company. While we have outsourced most of our crew sourcing and technical management requirements to ship management companies, we still remains liable for adherence to these negotiated agreements. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

68. Terrorist attacks, communal disturbances, civil unrest, piracy and other acts of violence or war involving India and other countries or the occurrence of natural or man-made disasters may adversely affect the financial markets and our business.

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

The potential impact of a natural disaster such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, MERS (Middle East Respiratory Syndrome), Zika, the mosquito virus, on our results of operations and financial position is speculative, and would depend on numerous factors. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian flu, swine flu, MERS and Zika had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we have projects would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected. In the past, political conflicts have also resulted in attacks on ships, mining of waterways and other efforts to disrupt international shipping.

Acts of terrorism and piracy have also affected ships trading in regions such as the South China Sea and the Gulf of Aden. Any terrorist attacks targeted at our ships may in the future negatively materially affect our business, financial condition, results of operations and cash flows and could directly impact our vessels or our customers.

Some states in India have also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

69. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This may have an adverse effect on our capital expenditure plans, business and financial performance.

70. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing or reporting requirements and does not fall under any of the exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India which will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

71. We or other intermediaries may be required to withhold U.S. tax on payments made on the Equity Shares to certain non-U.S. financial institutions after December 31, 2016.

Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), we may be subject to a 30% U.S. withholding tax on certain payments we receive unless we enter into an agreement (an "FFI agreement") with the U.S. Internal Revenue Service (the "IRS") pursuant to which we may be required to report to the IRS, information about any of our "United States accounts" and comply with certain procedures to be determined by the IRS. We may enter into such an agreement with the IRS and thereby become a participating foreign financial institution ("participating FFI") unless we otherwise become eligible for an exemption (e.g., pursuant to an intergovernmental agreement between the United States and India). The U.S. Treasury Department and the IRS recently issued regulations that implement certain provisions of FATCA. Under FATCA and the regulations, if we enter into an FFI agreement, we (or another intermediary that is a participating FFI) may be required, pursuant to our FFI agreement, to withhold 30% U.S. withholding tax from any payment made on the Equity Shares after December 31, 2016, to the extent the payment is considered to be a "foreign pass thru payment," but only if such payment is made to a "foreign financial institution" (which is broadly defined for this purpose and in general includes investment vehicles) that is not a participating FFI. Under current regulations, the term "foreign pass thru payment" is not defined and it is not yet clear whether or to what extent payments on the Equity Shares will be treated as "foreign pass thru payments". Holders of Equity Shares should consult their own tax advisors regarding the application of FATCA to an investment in the Equity Shares and their ability to obtain a refund of any amounts withheld under FATCA. The above is based on our understanding of FATCA, which is complex new legislation, and its application to us is uncertain at this time.

MARKET PRICE INFORMATION

Our Equity Shares are listed and traded on BSE and NSE. The stock market data presented below is given for the BSE and the NSE separately. As on the date of this Placement Document, our Company has 244,892,073 Equity Shares of face value ₹ 1 each issued, subscribed and paid up.

The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the BSE and the NSE during the calendar years ended 2016, 2015 and 2014.

The high, low and average market prices of our Equity Shares during the preceding three years

NSE

Calendar Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total turnover on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover on date of low (₹ million)	Average of Closing Prices during the Period (₹)	Total number of Equity Shares traded in the period	Total Turnover in the period
										In number	In ₹ million
2016	52.85	06-09-2016	5,174,930	275.72	17.20	12-02-2016	1,189,384	20.12	34.68	487,214,572	19,632.06
2015	30.60	23-12-2015	4,800,402	144.74	15.75	12-06-2015	257,322	4.07	21.03	336,605,710	7,790.52
2014	39.40	09-06-2014	5,698,443	225.70	17.25	28-02-2014	250,917	4.30	28.50	190,958,514	6,056.94

Source: www.nseindia.com
** Average of the daily closing price*
(1) High is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

BSE

Calendar Year	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total turnover on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover on date of low (₹ million)	Average of Closing Prices during the Period (₹)	Total number of Equity Shares traded in the period	Total Turnover in the period
										In number	In ₹ million
2016	52.85	06-09-16	990,771	52.79	17.15	12-02-16	338,559	5.76	34.61	97,872,507	3,774.54
2015	30.65	23-12-15	1,879,083	56.81	15.85	12-06-15	144,513	2.30	21.03	109,507,414	2,518.64
2014	39.25	09-06-14	2,205,483	87.11	17.20	28-02-14	93,381	1.61	28.49	82,262,336	2,594.78

Source: www.bseindia.com
** Average of the daily closing price*
(1) High is based on the Daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low is based on the Daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(iii) The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the last six months:

NSE

Month year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover on date of low (₹ million)	Average of Closing Prices for the Period (₹)	Total Equity Shares traded in the period	
										(In figures)	(In ₹ in million)
Dec - 16	41.55	01-12-2016	4,524,195	191.88	38.20	19-12-2016	498,006	19.03	40.13	34,377,567	1,398.23
Nov-16	46.55	02-11-2016	1,764,790	82.59	33.85	22-11-2016	1,256,345	42.59	40.30	31,408,203	1,273.24
Oct-16	50.35	14-10-2016	8,855,223	441.33	46.30	26-10-2016	1,137,154	53.18	47.67	132,441,252	6,312.69
Sep-16	52.85	06-09-2016	5,174,930	275.72	43.85	29-09-2016	3,244,805	147.96	48.68	34,339,808	1,690.40
Aug-16	52.55	25-08-2016	4,476,633	232.88	42.05	10-08-2016	980,291	41.24	46.78	53,238,652	2,546.80
Jul-16	46.65	28-07-2016	6,181,925	288.61	37.95	01-07-2016	2,902,086	108.76	40.81	56,919,365	2,419.01

Source: www.nseindia.com
** Average of the daily closing price*
(1) High is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

BSE

Month year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover on date of low (₹ million)	Average of Closing Prices for the Period (₹)	Total Equity Shares traded in the period	
										(In figures)	(In ₹ in million)
Dec -16	41.45	08-12-16	250,790	10.36	38.05	19-12-16	80,074	3.06	40.07	6,318,554	256.22
Nov-16	46.55	01-11-16	208,772	9.78	33.90	22-11-16	207,984	7.06	40.30	5,852,728	238.48
Oct-16	50.40	14-10-16	1,227,345	61.20	46.25	26-10-16	223,128	10.43	47.72	15,229,216	736.54
Sep-16	52.85	06-09-16	990,771	52.79	43.85	29-09-16	865,824	38.75	48.66	7,721,450	377.99
Aug-16	52.45	25-08-16	970,850	50.45	42.05	10-08-16	235,058	9.90	46.71	12,415,118	593.20
Jul-16	46.55	28-07-16	1,435,650	66.81	37.85	01-07-16	712,057	26.72	40.73	13,478,653	572.69

Source: www.bseindia.com
** Average of the daily closing price*
(1) High is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low is based on the daily Closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(iv) The following table sets forth the market price on the Stock Exchanges on May 30, 2016, the first working day following the approval of the Board of Directors for the Issue:

	BSE						NSE					
Date	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (` in million)	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (` in million)
May 30, 2016	25.7	26.3	24.55	25.75	165,099	4.19	25.75	26.40	24.50	25.95	870,839	22.12

Source: www.nseindia.com, www.bseindia.com

USE OF PROCEEDS

The gross proceeds from the Issue will be ₹ 1,018.75 million. The net proceeds from the Issue after deducting fees, commissions and expenses of approximately ₹ 26.15 million, will be approximately ₹ 992.60 million ("**Net Proceeds**").

Our Company has availed a term loan of ₹420 million from Axis Finance Limited ("**AFL**") for general corporate purposes (the "**AFL Loan**"). Pursuant to the terms of this loan agreement dated June 27, 2016 signed by and between AFL and our Company, in the event of raising of funds through QIP, our Company is required to repay the entire outstanding owed by our Company to AFL towards the AFL Loan, within a period of 3 (three) days from the date of receipt of such funds. Accordingly, our Company proposes to repay the entire outstanding owed to AFL (as on the date of such repayment) within a period of 3 (three) days from the date of raising funds pursuant to this proposed QIP.

Subject to compliance with applicable laws and regulations and repayment of the outstanding towards the AFL Loan, our Company intends to use the net proceeds of the Issue primarily for augment funds for growth opportunities such as acquisitions and strategic initiatives and general corporate purposes and any other purposes as may be permissible under applicable law.

In accordance with the decision of our Company's Board, our Company's management will have the flexibility in deploying the net proceeds received by our Company from the Issue. Pending authorization of the Net Proceeds for the purposes described above, our Company intends to temporarily invest the funds in bank deposits, high quality interest/dividend bearing liquid instruments, including money market mutual funds, as approved by the Board in accordance with the investment policy and applicable laws.

Our Promoters or Directors are not making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALIZATION STATEMENTS

Our authorized capital is ₹ 2,350 million divided into 350 million Equity Shares of ₹ 1 each and 20 million preference shares of ₹ 100 each. As of the date of this Placement Document, 244.89 million Equity Shares of ₹ 1 each were paid up and outstanding.

The following table sets forth our Company's capitalisation and total debt, on a standalone basis, as on March 31, 2016, and as adjusted to give effect to the Issue. This table should be read with the chapter titled *"**Management's Discussion and Analysis of Financial Condition and Results of Operations**"* and other financial information contained in the chapter titled "***Financial Statements***" beginning on pages 65 and 206, respectively.

(₹ In million)

Particulars	As of March 31, 2016	
	Actual (Audited)	As Adjusted for the Issue
Indebtedness		
Long term Borrowings	9,764.98	9,856.96
Short Term Borrowing	500.82	492.41
Total Indebtedness (A)	10,265.80	10,349.37
Shareholders' Funds		
Equity Share Capital	244.89	269.89
Reserves and Surplus [1]	6,924.28	7,928.78
Total Shareholders' Funds (B)	7,169.18	8,198.67
Total Capitalisation (A) + (B)	17,434.98	18,548.04

[1] *Reserves and surplus is net of adjustments for estimated issue expenses of approximately ₹ 26.15 million*

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Placement Document is set forth below:

No.	Particulars	Amount (In ₹ million) Aggregate nominal value
A.	**Authorised Share Capital**	
	350,000,000 Equity Shares of ₹ 1 each	350.00
	20,000,000 Preference Share of ₹ 100 each	2,000.00
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue**	
	244,892,073 Equity Shares of ₹ 1 each	244.89
C.	**Present Issue in terms of this Placement Document**[(a)]	
	Issue of 25,000,000 Equity Shares of ₹ 1 each	25.00
D.	**Issued, Subscribed and Paid-Up Share Capital after the Issue**	
	269,892,073 Equity Shares of ₹ 1 each	269.89
E.	**Securities Premium Account**	
	Before the Issue	3,618.16
	After the Issue[(b)]	4,605.09

Notes:

(a) The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on May 27, 2016 and by the shareholders of our Company vide a special resolution passed pursuant to sections 42 and 62(1)(c) of the Companies Act at the AGM held on July 30, 2016.

(b) The Securities Premium Account after the Issue is calculated net of adjustments for estimated issue expenses of approximately ₹ 26.15 millions.

NOTES TO THE CAPITAL STRUCTURE

1. History of Equity Share Capital of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment
November 25, 1983	50	100	100	Cash	Subscription to Memorandum dated November 21, 1983[(1)]
December 26, 1983	5,000	100	100	Cash	Further Issue[(2)]
March 31, 1984	2,050	100	100	Cash	Further Issue[(3)]
April 17, 1984	5,000	100	100	Cash	Further Issue[(4)]
March 5, 1987	6,025	100	100	Cash	Further Issue[(5)]
February 5, 1991	18,125	100	100	Cash	Right shares in the ratio of 1:1
October 29, 1991	8,750	100	100	Cash	Right shares in the ratio of 1:4
December 2, 1991	450,000	10	N.A.	Other than Cash	Bonus issue in the ratio of 1:1
March 31, 1992	75,000	10	10	Cash	Right shares [(6)]
October 1, 1992	390,000	10	N.A.	Other than Cash	Bonus issue in the ratio of 2 : 5

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment
November 12, 1992	292,500	10	10	Cash	Right shares
February 1, 1994	3,342,500	10	20	Cash	Public issue
December 10, 2001	500,000	10	15	Cash	Preferential allotment (7)
March 31, 2004	520,000	10	275	Cash	Preferential allotment (8)
May 13, 2004	300,000	10	275	Cash	Preferential allotment (9)
December 2, 2004	650,000	10	560	Cash	Preferential allotment (10)
December 24, 2004	29,700	10	10	Cash	Employee Stock Purchase Scheme
On February 1, 2005, the face value of equity shares of our Company was split from ₹ 10 each into ₹ 1 each and consequently, the issued equity share capital was reclassified from ₹6,999,700 divided into 699,970 Equity Shares of ₹ 10 each to ₹6,999,700 divided into ₹6,999,700 Equity Shares of ₹1 each.					
March 28, 2005	2,700,000	1	27.50	Cash	Preferential allotment (11)
December 7, 2005	3,000,000	1	56.00	Cash	Preferential allotment (12)
February 7, 2006	1,13,545,500	1	N.A.	Other than Cash	Bonus issue in the ratio of 3 : 2
July 30, 2007	3,200,000	1	137.50	Cash	Preferential allotment (13)
July 30, 2007	4,800,000	1	N.A.	Other than Cash	Bonus issue in the ratio of 3:2(14)
October 25, 2007	12,114,726	1	59.81	Cash	Conversion of FCCBs(15)
November 5, 2007	13,525,794	1	59.81	Cash	Conversion of FCCBs(16)
November 19, 2007	1,462,248	1	59.81	Cash	Conversion of FCCBs(17)
December 21, 2007	5,848,992	1	59.81	Cash	Conversion of FCCBs(18)
January 21, 2008	3,604,441	1	59.81	Cash	Conversion of FCCBs(19)
March 31, 2008	1,096,686	1	59.81	Cash	Conversion of FCCBs(20)
April 29, 2008	365,562	1	59.81	Cash	Conversion of FCCBs(21)
May 14, 2008	731,124	1	59.81	Cash	Conversion of FCCBs(22)
January 13, 2011	8,900,000	1	55.00	Cash	Preferential allotment(23)

(1) Allotment of 20 Equity Shares, 20 Equity Shares and 10 Equity Shares to the subscribers to the MoA of our Company being Taro Ramchandani, Mercator Ship Management Private Limited and Suresh Gobole respectively
(2) Allotment of 5,000 Equity Shares to Mercator Ship Management Private Limited
(3)Allotment of 10 Equity Shares each to Manika Taro Ramchandani, Jayant Taro Ramchandani, Arun Taro Ramchandani, Captain Mervin John Pinto and Ram Swaroop Nakra and 2,000 Equity Shares to Mercator Ship Management Private Limited
(4) Allotment of 5,000 Equity Shares to Mercator Ship Management Private Limited
(5) Allotment of 2,265 Equity Shares, 1,880 Equity Shares and 1,880 Equity Shares to Manika Ramchandani, Jayant Ramchandani and Arun Ramchandani respectively
(6) Allotment of 75,000 Equity Shares to Rishi Holdings Private Limited
(7) Preferential allotment of 300,000 Equity Shares to H.K. Mittal and 200,000 Equity Shares to Archana Mittal
(8) Preferential allotment of 100,000 Equity Shares to H.K. Mittal, 160,000 Equity Shares to Archana Mittal, 10,000 Equity Shares to Atul Agarwal and 250,000 Equity Shares to The Indiaman Fund (Mauritius) Limited
(9)Preferential allotment of 300,000 Equity Shares to The Indiaman Fund (Mauritius) Limited
(10) Preferential allotment of 650,000 Equity Shares to Lotus Globus Investments Limited
(11) Preferential allotment of 1,000,000 Equity Shares, 1,300,000 Equity Shares and 400,000 Equity Shares to H.K. Mittal, Archana Mittal and Atul Agarwal respectively

(12) Preferential allotment of 2,250,000 Equity Shares to H.K. Mittal and 750,000 Equity Shares to Atul Agarwal
(13) Preferential allotment of 3,200,000 Equity Shares to AHM Investments Private Limited
(14) Allotment of 4,800,000 Equity Shares to AHM Investments Private Limited
(15)Allotment of 1,462,248 Equity Shares and 9,321,833 Equity Shares to Grants Investments Limited, 102,357 Equity Shares to Goldman Sachs Investment (Mauritius) Limited, 731,124 Equity Shares to Swiss Finance Corp (Mauritius) Limited and 497,164 Equity Shares to Morgan Stanley Mauritius Company Limited
(16) Allotment of 1,462,248 Equity Shares to Swiss Finance Corp (Mauritius) Limited, 4,752,306 Equity Shares to Deutsche Bank AG London, 3,655,620 Equity Shares to Merrill Lynch Capital Markets, 731,124 Equity Shares to Barclays Capital Mauritius Limited and 2,924,496 Equity Shares to Goldman Sachs Investment (Mauritius) Limited
(17) Allotment of 1,462,248 Equity Shares to Deutsche Bank, AG, London
(18) Allotment of 731,124 Equity Shares to Merrill Lynch Capital Markets, 1,462,248 Equity Shares to Copthall Mauritius Investments Limited, 1,462,248 Equity Shares to Morgan Stanley Mauritius Company Limited and 2,193,372 Equity Shares to Grants Investments Limited
(19) Allotment of 2,142,193 Equity Shares to Grants Investments Limited and 1,462,248 Equity Shares to Copthall Mauritius Investments Limited
(20) Allotment of 365,562 Equity Shares to Swiss Finance Corporation (Mauritius) Limited and 731,124 Equity Shares to Grants Investments Limited
(21) Allotment of 365,562 Equity Shares to Swiss Finance Corporation (Mauritius) Limited.
(22) Allotment of 731,124 Equity Shares to Grants Investments Limited
(23) Preferential allotment of 8,900,000 Equity Shares to AHM Investments Private Limited

2. Equity Shares issued for consideration other than cash by our Company

In the last one year preceding the date of this Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

3. Issuance of Foreign Currency Convertible Bonds (FCCB) by our Company

In May 2014; the Company issued USD 16 million Unsecured FCCB due 2019. The bonds are convertible at any time after at any time on and after May 27, 2014 and up to the close of business on April 27, 2019 by holders of the Bonds (the "Bondholders") into newly issued, shares of face value of Re. 1.00 each of our Company (the "Shares") at the option of the Bondholder, at an initial conversion price of Rs 38.30 per Share with a fixed rate of exchange on conversion of 58.5740.

If all Bonds are converted into Shares; then there would be issue of further 24,469,556 of the shares which would result into decrease in promoters' shareholding by 36.86%. However, as on date of this Placement Document; neither the Company has received any notice nor any Bonds are converted into Shares.

DIVIDEND POLICY

Under the Companies Act, an Indian company may pay dividend only upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting. As permitted by the Articles of Association of our Company, the Board declares and pays interim dividends. Under the Companies Act, a company may pay dividends only out of its profits in the year in which the dividend is declared or out of the undistributed profits or reserves of prior fiscal years or out of both.

The following table sets forth details regarding the dividend paid on a standalone basis by our Company on the Equity shares for Fiscal Years 2016, 2015 and 2014:

Particulars	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Face Value of Equity Shares (₹ per share)	1	1	1
Dividend on Equity Shares* (₹ per share)	0.20	0.10	0.00
Total Dividend on Equity Shares* (₹ in million)	48.98	24.49	0.00
Dividend Distribution Tax (₹ in million)	10.25	4.16	0.00
Dividend Payout Ratio (%) **	14.49	9.90	26.32

**Actual dividend paid during the financial year*
*** Dividend per share divided by earning per share*

Future Dividends

Our Company has no formal policy relating to payment of dividends. The amounts paid or not paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The form, frequency and amount of future dividends will depend on our revenues, cash flows, financial condition (including capital position) and other factors.

For a summary of certain Indian tax consequences of dividend distributions to shareholders, see the chapter titled "***Taxation***" beginning on page 180.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Financial Statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards in other countries with which prospective investors may be familiar. The degrees to which the financial statements included in this Placement Document will provide meaningful information, is dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI regulations. Any reliance on the financial disclosures presented in this Placement Document by persons not familiar with these Indian practices, law and rules should be limited. We have not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on the financial data herein. Our actual results and the timing of selected events could differ materially from those anticipated in forward-looking statements contained in this discussion as a result of various factors, including those set forth under "Risk Factors" on page 32 and elsewhere in this Placement Document. See the section titled "Forward Looking Statements" on page 12. Please refer to this section in conjunction with the chapters "Financial Statements" and "Risk Factors" beginning on pages 206 and 32 respectively. Our Fiscal ends on March 31st of each year, so all references to a particular "Fiscal" are to the 12-month period ended March 31st of that Fiscal which have been prepared on a consolidated basis in accordance with Indian GAAP, the accounting standards referred to in Section 113 of the Companies Act, 1956, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable. In addition, this discussion relates to the Unaudited Interim Financial Statements results of our Company on a standalone basis for the six months period ended September 30, 2016, which have been subjected to a limited review.

Overview:

Our Company is a diversified conglomerate with operations spread across various geographies both onshore and offshore. We commenced our business in 1983 with one mini-bulk carrier to operate on the Indian coast. The current Promoters took over our Company in 1988 pursuant to the acquisition of the entire share capital of the Company from the then existing shareholders. The Company came up with an Initial Public Offering in 1993. The shares of our Company are currently listed on the BSE and NSE. The Company had issued FCCBs in the year 2014 which are listed on the SGX.

Over the years, from being a traditional shipping company, we have diversified and forayed into different business segments, and today have a presence in shipping, dredging, oil & gas and coal. As of December 15, 2016, our operations consist of 9 vessels, 9 dredgers, 4 Oil & Gas Blocks, 4 coal mining licenses of which 1 is an operating coal mine & 1 FPU. The FPU is proposed to be sold w.e.f. January, 2017. Our customer base mainly comprises of various Public sector Undertakings (PSUs), ports and other multinational clients who are spread across the world with presence in the field of Shipping, Coal, Oil & Gas and Dredging. Our Company has diversified from being only a "Shipping Company" to an "Energy focussed conglomerate" over the last few decades. Our Company through its Subsidiaries is present in oil upstream sector with interests in oil & gas blocks in India and Myanmar. Additionally we own and operate a FPU which is a combination of a MOPU and a FSO. We also have economic interests in coal mines in Indonesia and a coal mine area license in Mozambique. We also undertake coal trading and third party coal logistics. While pursuing diversification, we had ensured to maintain a steady expansion of our Shipping business owing to synergy of all other business segments of our Company. The main business interests of our Company are given below:

The table below represents segment wise revenue achieved by the Company for the FY 2016, FY 2015 and FY 2014:

Segment	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue
Oil & Gas	6,348.22	23%	5,439.50	18%	7,284.35	21%
Dredging	2,832.63	10%	2,161.30	7%	1,725.56	5%
Shipping	5,039.24	19%	7,968.51	26%	7,430.10	21%
Coal	12,844.09	47%	15,347.00	50%	18,337.84	53%
Total	**27,064.18**	**100%**	**30,916.31**	**100%**	**34,777.85**	**100%**

Factors Affecting Our Results of Operations

Our financial condition and results are affected by numerous factors including the following:

Certain Factors Affecting our Results of Operations

Our results of operations are affected by a variety of factors that have affected our results in the past and may affect our results in the future.

Activity level in the Dredging, Shipping, Oil & Gas and Coal sector in India and abroad

Our financial results are significantly affected by general global economic conditions in particular by increase and / or decrease in the demand and investment in each of the sectors in which we operate. Our projects may be impacted by a wide range of factors including governmental approvals, financing contingencies, commodity prices, investment bottlenecks such as environmental clearances and land acquisition issues, lack of political will to encourage investments and overall market and economic conditions. The demand and supply in the industries in which we operate is determined by a combination of various global economic factors which may be beyond our control. Further, presence and operations across multiple jurisdictions also exposes us to unique political and socio-economic risks associated to each of such jurisdictions. During an economic downturn many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem market or acceptable. Additionally during a general slowdown in the market economy, there would be reduced investment in these large scale projects. Our results of operations may therefore fluctuate from quarter to quarter and year to year depending on if and when contracts are awarded and the commencement and progress of work under the awarded contracts.

Our ability to execute the contracts in a successful manner

Our Company has entered into various long term and short term contracts with various PSUs, ports and other multinational companies. The industries in which we operate have limited large players and government controlled ports who are our customers. Procuring repeat contracts from such customers is essential to ensure that our Company is able to maintain the steady growth and presence in the market. A good track record is also a vital criteria for the bidding process under which we get most of our contracts. Failure to perform our existing contracts to the satisfaction of such customers may lead to stoppage of contracts from existing customers as well as limit our chances to procure new customers, ultimately adversely affecting our financial performance and results of operations.

Our ability to successfully deploy our vessels

Our dredgers are typically deployed at all the major ports across India through a tender process. In selecting contractors for major ports, the concerned authorities generally limit the tender to contractors which meet pre-qualification criteria including experience, technical knowledge and capacity, past performance, reputation for quality, safety record, the financial strength of the bidder as well as its ability to provide performance guarantees. Only a select set of contractors who meet the eligibility criteria set out under the tender offers are permitted to participate in the tender process. However, price competitiveness of the bid is typically one of the most important selection criterion. Pre-qualification is therefore key to our winning major port contracts and we continue to develop on our pre-qualification status through focused client development efforts. We believe that our long term relationships with various PSUs and private sector clients in India and abroad enable us to understand and evaluate our clients' requirements in a more efficient manner.

For more information on these and other factors/developments which have or may affect us, please refer to sections titled “*Risk Factors*”, “*Industry*” and “*Our Business*” beginning on pages 32, 89 and 125 respectively.

Statement of Significant Accounting Policies:

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 31st March, 2016.

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

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2016	% of holding either directly or through subsidiary as at March 31, 2015
1.	Mercator Oil and Gas Limited.	India	100.00%	100.00%
2.	Mercator Petroleum Limited.	India	87.75%	87.75%
3.	Oorja Resources India Private Limited.	India	100.00%	100.00%
4.	Mercator FPSO Private Limited.	India	100.00%	100.00%
5.	Mercator Global Pte Limited.	Singapore	0.00%	0.00%
6.	Mercator International Pte. Limited	Singapore	100.00%	100.00%
7.	Mercator Offshore Holdings Pte. Limited.	Singapore	100.00%	100.00%
8.	Brio Resources Pte Ltd.	Singapore	0.00%	0.00%
9.	Oorja Holdings Pte. Limited.	Singapore	100.00%	100.00%

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2016	% of holding either directly or through subsidiary as at March 31, 2015
10.	Mercator Energy Pte Limited.	Singapore	75.00%	78.00%
11.	Mercator Projects Pte. Ltd.	Singapore	75.00%	78.00%
12.	Mercator Offshore Assets Holding Pte Limited	Singapore	75.00%	78.00%
13.	Mercator Okwok FPU Pte Limited.	Singapore	75.00%	78.00%
14.	Mercator Okoro FPU Pte Limited.	Singapore	75.00%	78.00%
15.	Mercator Offshore (P) Pte Limited.	Singapore	76.25%	79.10%
16.	Ivorene Oil Services Nigeria Limited.	Singapore	76.25%	79.10%
17.	Fortune Offshore O&M Pte Limited.	Singapore	76.25%	0.00%
18.	Panther Resources Pte Limited.	Singapore	100.00%	100.00%
19.	RDPT Batavia Drill	Indonesia	91.00%	81.00%
20.	Oorja (Batua) Pte. Limited.	Singapore	100.00%	100.00%
21.	Oorja 1 Pte. Limited.	Singapore	100.00%	100.00%
22.	Oorja 2 Pte. Limited.	Singapore	100.00%	100.00%
23.	Oorja 3 Pte. Limited.	Singapore	100.00%	100.00%
24.	Oorja Mozambique Lda	Mozambique	100.00%	100.00%
25.	MCS Holdings Pte. Ltd.	Singapore	100.00%	100.00%
26.	PT Karya Putra Borneo	Indonesia	50.00%	50.00%
27.	PT Indo Perkasa	Indonesia	25.50%	25.50%
28.	Oorja Indo Petangis Four	Indonesia	100.00%	100.00%
29.	Oorja Indo Petangis Three	Indonesia	100.00%	100.00%
30.	PT Mincon Indo Resources	Jakarta	100.00%	100.00%
31.	PT Bima Gema Permata	Jakarta	100.00%	100.00%
32.	Nuansa Sakti Kenkana	Jakarta	100.00%	100.00%
33.	Oorja Indo KGS	Indonesia	100.00%	100.00%
34.	Broadtec Mozambique Minas Lda	Mozambique	85.00%	85.00%
35.	MCS Fuel Trading Sdn, Bhd	Malaysia	100.00%	100.00%
36.	Mercator Lines (Singapore) Limited**.	Singapore	66.17%	66.17%
37.	Vidya Varsha Inc.**	Panama	66.17%	66.17%
38.	Chitra Prem Pte Limited**	Singapore	66.17%	66.17%
39.	Marvel Value International Limited	British Virgin Islands	100.00%	0.00%

*** Due to the continuous depressed market conditions in the dry bulk business, the board of Directors took a decision on January, 18 2016 to exit the dry bulk business being carried on by our Singapore listed step-down subsidiary Mercator Lines (Singapore) Ltd ("MLS"), which was placed under Judicial Management by the High Court of the Republic of Singapore. On February, 9 2016, Mercator International Pte Limited (MIPL), wholly owned subsidiary of the company, which holds the shares in MLS, entered into Sale & Purchase Agreements with various entities to dispose off its entire shareholding (i.e. 66.17%) in MLS. Subsequently, on receipt of the approvals from SGX and other regulatory authorities, MIPL has divested its entire stake in MLS. Accordingly, Company has consolidated MLS financials for the first nine months of FY 2016 i.e. April 2015 to December 2015. The consolidated Loss before minority interest for the year includes ₹ 9847.0 million comprising of losses of ₹ 6556.9 million suffered by MLS up to December 2015 and ₹ 3290.1 million towards impairment loss pertaining to the investment in MLS*

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)/Unit of Production/Double declining method 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.
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 recognized in prior accounting periods 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. 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 previous year F.Y 2014-15, the company had 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 the 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 2016, 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 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) <u>Short – term employee benefits</u>
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) <u>Post – employment benefits</u>
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) <u>Other Long – term employee benefits</u>
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 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 yearend 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 nonoccurrence 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 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.

Components of our Revenue and Expenses

Components of our Revenue

The components of our revenue also expressed as a percentage of our total revenue, as reflected in our Consolidated audited financial statements for Fiscal 2016, Fiscal 2015 and Fiscal 2014 is as follows:

(₹ In Million)

COMPONENTS OF OUR REVENUE						
	Year ended 31.03.2016		Year ended 31.03.2015		Year ended 31.03.2014	
Particulars	Amount (in INR)	As % of Total Income	Amount (in INR)	As % of Total Income	Amount (in INR)	As % of Total Income
A. Revenue from Operations						
Freight	3,086.55	11.33%	3,403.94	10.96%	3,512.41	10.08%

COMPONENTS OF OUR REVENUE						
	Year ended 31.03.2016		Year ended 31.03.2015		Year ended 31.03.2014	
Particulars	**Amount (in INR)**	**As % of Total Income**	**Amount (in INR)**	**As % of Total Income**	**Amount (in INR)**	**As % of Total Income**
Charter Hire	8,360.58	30.68%	9,381.23	30.19%	8,477.88	24.32%
Dispatch and demurrage	23.93	0.09%	138.38	0.45%	224.93	0.65%
Net Gain on Derivatives translation	230.78	0.85%	418.38	1.35%	-	
Sale of Coal	12,542.62	46.02%	14,437.43	46.47%	17,669.85	50.69%
Cargo Handling services	301.48	1.11%	909.59	2.93%	668.00	1.92%
Income from project related activities	2,518.25	9.24%	2,227.37	7.17%	4,024.73	11.54%
Total Revenue from Operations (A)	27,064.18	**99.31%**	30,916.32	**99.51%**	34,577.80	**99.18%**
A. Other Income						
Rent received	1.68	0.01%	1.73	0.01%	3.19	0.01%
Interest received	174.70	0.64%	122.12	0.39%	115.78	0.33%
Gain on sale of current investments (net)	-	-	2.22	0.01%	-	-
Gain on sale of non – current investments	0.16	0.00%	3.89	0.01%	1.38	0.00%
Other Income	12.03	0.04%	22.90	0.07%	57.80	0.17%
Dividend received on current Investment	-	-	-	-	47.94	0.14%
Net Gain on Foreign Currency transaction/translation	-	-	-	-	57.54	0.17%
Gain on Sale of Assets	-	-	-	-	0.55	0.00%
Total Other Income (B)	**188.57**	**0.69%**	**152.86**	**0.49%**	**284.18**	**0.82%**
Total Revenue (A+B)	**27,252.75**	**100%**	**31,069.18**	**100%**	**34,861.99**	**100%**

Income

Our total income comprises of revenue from operations carried out by our Company and its Subsidiaries and other income.

Income from Operations

Our Income from operations substantially comprises of freight income, cargo handling, and charter hire income amongst others. Income on account of freight is recognized in all cases where loading of the cargo is completed before the close of each year. Where loading of the cargo is not completed before the close of the year, revenue is not recognized and corresponding expenses are also carried forward. Income from charter hire and demurrage earnings is recognized on accrual basis.

Other Income

Income from other income comprises of dividend income, interest income and insurance claims. Dividend on investments is recognized when the right to receive the same is established by the balance sheet date. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Claims including insurance claims are accounted when there is a reasonable certainty of the claim amount. Income from other services is accounted on accrual basis as per the terms of the relevant agreement. Monetary transactions in foreign currency are recorded at standard exchange rates determined monthly.

Expenses

Components of our Expenses

The components of our expenses also expressed as a percentage of our total revenue, as reflected in our Consolidated audited financial statements for the Fiscal 2016, Fiscal 2015 and Fiscal 2014 is as follows:

(₹ in million)

COMPONENTS OF OUR EXPENSES						
	Year ended 31.03.2016		**Year ended 31.03.2015**		**Year ended 31.03.2014**	
Particulars	**Amount (in INR Million)**	**As % of Total Income**	**Amount (in INR Million)**	**As % of Total Income**	**Amount (in INR Million)**	**As % of Total Income**
A. Operating Expenses						
Purchase of Coal	11,939.16	43.81	9,555.79	30.76	10,221.69	29.32
Coal Mining and Logistics expenses	15.62	0.06	3,565.82	11.48	5,550.43	15.92
Designing and other technical charges	1,730.13	6.35	1,307.57	4.21	1,258.03	3.61
Procurement of equipments for projects	434.72	1.60	-	-	2,253.31	6.46
Bunker consumed	1,066.77	3.91	1,474.85	4.75	1,554.28	4.46
Vessel / Equipment hire expenses	495.54	1.82	1,077.49	3.47	945.44	2.71
Crew Expenses	1,568.19	5.75	2,044.49	6.58	2,286.31	6.56
Agency, Professional and service expenses	157.12	0.58	251.44	0.81	191.34	0.55
Communication Expenses	14.25	0.05	21.55	0.07	20.66	0.06
Miscellaneous Expenses	76.21	0.28	128.03	0.41	202.12	0.58
Commission	58.79	0.22	120.35	0.39	283.69	0.81
Insurance	458.11	1.68	439.78	1.42	382.03	1.10
Port Expenses	71.73	0.26	182.13	0.59	254.33	0.73
Repairs and maintenance	2,477.69	9.09	2,358.31	7.59	1,129.05	3.24
Stevedoring, transport and freight	165.61	0.61	460.41	1.48	355.10	1.02
Total Operating Expenses (A)	**20,729.65**	**76.06**	**22,988.01**	73.99	**26,887.80**	**77.13**
B. Employee Benefits expenses						
Salaries, wages, bonus, etc.	602.27	2.21	690.09	2.22	529.83	1.52
Contribution to provident fund and other funds	15.44	0.06	19.77	0.06	18.03	0.05
Employee welfare expenses	24.70	0.09	14.99	0.05	13.74	0.04
Total Employee Benefits Expenses (B)	**642.41**	**2.36**	**724.85**	2.33	**561.60**	**1.61**
C. Finance Cost						
Interest expense	2296.30	8.43	2109.83	6.79	1836.82	5.27
Other borrowing costs	325.53	1.19	143.17	0.46	214.56	0.62
Total Finance Cost (C)	**2,621.83**	9.62	**2,253.00**	7.25	**2,051.38**	5.88
D. Depreciation and Amortization Cost	**4,224.08**	**15.50**	**4,745.58**	**15.27**	**4,408.70**	**12.65**
E. Impairment of assets	**3,488.28**	**12.80**	**4,090.08**	**13.16**	**121.87**	**0.35**
F. Other Expenses						
Rent	83.94	0.31	103.20	0.33	85.60	0.25
Payment to auditors						
As auditors	12.11	0.04	11.68	0.04	23.75	0.07
For other services	2.50	0.01	1.84	0.01	1.89	0.01

COMPONENTS OF OUR EXPENSES						
Particulars	Year ended 31.03.2016		Year ended 31.03.2015		Year ended 31.03.2014	
	Amount (in INR Million)	As % of Total Income	Amount (in INR Million)	As % of Total Income	Amount (in INR Million)	As % of Total Income
Repairs and maintenance (office premises and premises acquired on lease)	20.05	0.07	39.68	0.13	14.47	0.04
Insurance	3.71	0.01	3.37	0.01	8.06	0.02
Net Loss on foreign currency transaction / translation	193.26	0.71	82.34	0.27	-	0.00
Legal, Professional and consultancy expenses	141.48	0.52	288.94	0.93	211.53	0.61
Donation	1.99	0.01	2.26	0.01	2.87	0.01
Communication expenses	9.31	0.03	9.82	0.03	10.43	0.03
Conveyance, car hire and travelling	69.69	0.26	131.10	0.42	116.29	0.33
Advertisement	0.59	0.00	0.53	0.00	0.80	0.00
Loss on sale of assets (net)	4484.47	16.46	-		-	
Bad debts and other amounts written off /back	27.08	0.10	3.59	0.01	56.15	0.16
Provision for doubtful debts / advances	1,290.60	4.74	1,109.79	3.57	16.71	0.05
Miscellaneous expenses	101.06	0.37	223.09	0.72	118.34	0.34
Loss on sale of current investments (net)	-	-	-	-	0.04	0.00
Net Loss on Derivative Transaction	-	-	-	-	32.92	0.09
Total Other Expenses (F)	**6,441.82**	**23.64**	**2,011.23**	**6.47**	**699.86**	**2.01**
TOTAL EXPENSES (A+B+C+D+E+F)	**38,148.07**	**139.98**	**36,812.75**	**118.49**	**34,731.21**	**99.62**

Expenses

Our expenses comprise of operating expenses, employee benefits expenses, finance cost, depreciation and amortization and other expenses.

Operating Expenses

Our Operating Expenses include expenses incurred for bunker consumed, vessel / equipment hire expenses, crew expenses, agency professional expenses, communication expenses, commission, insurance, port expenses, repairs and maintenance, stevedoring, transport and freight and miscellaneous expenses. Our operating expenses constituted for 76.06%, 73.99% and 77.13% of our total revenue for Fiscal 2016, Fiscal 2015 and Fiscal 2014 respectively.

Employee Benefits Expenses

Our Employee benefits expenses comprises of both short – term employee benefits expense, and post – employment benefits. Short term employee benefits are payable within 12 months of rendering services and include benefits such as salaries, wages, performance incentives, etc. recognized at actual amounts due. Post-employment benefits include payments towards (i) defined contribution plans like provident fund which are charged as they fall due; (ii) defined benefit plans like gratuity which is determined using Projected Unit Credit Method with actuarial valuation carried out; and (iii) other long term employee benefits like leave encashment which is recognized as an expense when it accrues.

Finance Cost

Our Finance Cost comprises of interest expenses on our borrowing and debt facilities and other borrowing costs like loan processing costs and other finance costs of lenders. Our finance costs accounted for 9.62%, 7.25% and 5.88% of our total revenue for Fiscal 2016, 2015 and 2014 respectively.

Depreciation and Amortization expenses

Our fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are adjusted to carrying cost of the respective fixed assets. Our depreciation and amortization expenses accounted for 15.50%, 15.27% and 12.65% of our total revenue for the Fiscals 2016, 2015 and 2014 respectively.

Impairment of assets

MLS, incorporated in Singapore, was a step down subsidiary of Mercator Limited. MLS specialized in dry bulk shipping business and was listed in SGX. Mercator Limited held 66.17% of the total equity shares of MLS through Mercator International Pte Ltd ("MIPL"). MIPL further invested in MLS by way of subscription to convertible bonds and unsecured loans.

The dry bulk shipping market had been subdued since the financial crisis and has seen a sharp deterioration in the last 2-3 years. The fall in freight rates and dry bulk asset prices adversely impacted MLS's financial position and cash flows. Following an application to the Singapore Court by MLS's creditor, MLS was placed under judicial management in January 2016. As a part of portfolio-restructuring exercise, Mercator decided to exit the dry bulk cargo business by divesting the entire 66.17% stake in MLS. Post regulatory approvals, entire stake in MLS was sold in March 2016 to 3 investors for a token amount of SGD 1 each.

In FY 2016 (9 months), MLS on standalone basis suffered a loss of Rs 6,556.9 million. Impairment loss on account of writing off investment in MLS was Rs 3,290.10 million. In view of above, the consolidated performance of Mercator Limited for FY 2016 resulted in a loss before tax of Rs 10,895.33 million (previous year loss of Rs 6903.16 million). After providing loss for minority interest of Rs. 2,096.07 million (previous year Rs 2573.71 million), the loss after tax was Rs. 8,901.27 million as against loss of Rs. 4,495.26 million in the previous year. Going forward, financial performance of MLS will not form part of Mercator Limited's consolidated results.

Further, since entire stake in MLS was sold before 31 March, 2016 the balance sheet of MLS was not consolidated with the balance sheet of Mercator Limited as on 31 March, 2016.

Other expenses

Our other expenses include rent, payment to auditors, repairs and maintenance of office premises, insurance, loss on foreign currency transactions, legal, professional and consultancy expenses, donations, communication expenses, conveyance, car hire, travelling, advertisement, loss on sale of assets, bad debts and other amounts written off, provision for doubtful debts and other miscellaneous expenses. Our other expenses accounted for 23.64%, 6.47% and 2.01% of our total revenue for Fiscals 2016, 2015 and 2014 respectively.

Summary of Consolidated Audited Profit & Loss Account

(₹ in million)

CONSOLIDATED STATEMENT OF PROFIT & LOSS						
	Year ended 31.03.2016		**Year ended 31.03.2015**		**Year ended 31.03.2014**	
Particulars	**Amount (in INR million)**	**As % of Total Income**	**Amount (in INR million)**	**As % of Total Income**	**Amount (in INR million)**	**As % of Total Income**
Income						
a. Revenue from Operations	27,064.18	99.31	30,916.32	99.51	34,577.80	99.18
b. Other Income	188.57	0.69	152.86	0.49	284.18	0.82
7. Total Revenue	**27,252.75**	**100.00**	**31,069.18**	**100.00**	**34,861.99**	**100.00**

CONSOLIDATED STATEMENT OF PROFIT & LOSS						
Particulars	**Year ended 31.03.2016**		**Year ended 31.03.2015**		**Year ended 31.03.2014**	
	Amount (in INR million)	**As % of Total Income**	**Amount (in INR million)**	**As % of Total Income**	**Amount (in INR million)**	**As % of Total Income**
EXPENSES						
Operating Expenses	20,729.65	76.06	22,988.01	73.99	26,887.80	77.13
Employee benefit expenses	642.41	2.36	724.85	2.33	561.60	1.61
Finance Cost	2,621.83	9.62	2,253.00	7.25	2,051.38	5.88
Depreciation and amortization expenses	4,224.08	15.50	4,745.58	15.27	4,408.70	12.65
Impairment of Assets	3,488.28	12.80	4,090.08	13.16	121.87	0.35
Other expenses	6,441.82	23.64	2,011.23	6.47	699.86	2.01
8. Total Expenses	**38,148.07**	**139.98**	**36,812.75**	**118.49**	**34,731.21**	**99.62**
9. Profit / (Loss) before taxes & Exceptional Item	**(10,895.33)**	**(39.98)**	**(5,743.57)**	**(18.49)**	**130.78**	**0.38**
10. Exceptional Item	**-**		**1,159.59**	**3.73**	**29.81**	**0.09**
11. Profit / (Loss) before taxes	**(10,895.33)**	**(39.98)**	**(6,903.16)**	**(22.22)**	**100.97**	**0.29**
12. Tax Expense						
a. Current Tax	(28.22)	(0.10)	(105.82)	(0.34)	(254.46)	(0.73)
(Short) / Excess Provision for tax for earlier years	3.35	0.01	0.01	0.00	(2.52)	(0.01)
Deferred Tax	(77.14)	(0.28)	(59.99)	(0.19)	7.00	0.02
Profit / (Loss) for the year before adjustment for Minority Interest	(10,997.34)	(40.35)	(7,068.96)	(22.75)	(149.01)	(0.43)
Less: Share of profit / (loss) transferred to Minority Interest	2,096.07	7.69	2,573.71	8.28	470.79	1.35
Profit / (Loss) for the period	**(8,901.27)**	**(32.66)**	**(4,495.25)**	**(14.47)**	**321.78**	**0.92**
Earnings per share (Equity share of Re. 1/- each)						
Basic and Diluted (in Rupees)	(36.35)		(18.36)		1.31	

Fiscal 2016 compared to Fiscal 2015

Income from Operations (Net)

Our net income from operations for the year ended March 31, 2016 was ₹ 27,064.18 Million as against ₹ 30,916.32 million for the previous year recording a reduction of 12.46%, Mercator Line (Singapore) Ltd (MLS) a step-down subsidiary of the Company engaged in the business of dry bulk shipping was placed under Judicial Management in January 2016. The Company decided to exit the dry bulk cargo business by divesting the entire 66.17% stake in MLS. Therefore, the Company recorded revenue from MLS only till December 2016 thereby reducing overall revenue compared to previous Fiscal.

Cargo Handling Services

Our income from cargo handling services for the year ended March 31, 2016 was ₹ 301.48 million compared to previous year's income of ₹ 909.59 million. Our cargo handling services involved coal handling operations at Haji Bunder under long term contract. These operations were suspended by State Government during the Fiscal 2016 due to non-renewal of environmental license of Mumbai Port Trust. Consequently, revenue in this segment has declined by 66.86%.

Net gain on derivative translation

Net gain from derivative translation for the year ended March 31, 2016 was ₹ 230.78 million compared to previous year's gain of ₹ 418.38 million. This is because of fewer freight future transactions in Fiscal 2016.

Other Income

Our other income is primarily comprised of interest on term deposits, other non-operating income viz. dividend received on current investments, rental income, gain on foreign currency translation, etc. For the year ended March 31, 2016 our other income was ₹ 188.57 million while for previous year it was ₹ 152.86 Million thereby showing an increase of 23.36%.

Expenditures:

Operating Expenses of Coal (Purchase of Coal, Coal mining and Logistics Expense)

Operating cost of coal for the year ended March 31, 2016 was ₹ 11,954.78 Million, decrease of 8.89% over previous year's figure of ₹ 1,3121.61 Million. This is primarily because of reduction in coal volume and prices.

Repairs and Maintenance

Our repairs and maintenance cost for the Fiscal 2016 has increased by 5.06% to ₹ 2,477.69 million, compared to previous year's figure of ₹ 2,358.31 Million. This was largely because dry bulk vessels were required to undergo repairs and maintenance.

Administrative & Other Expenses

Our administrative & other expenses for the Fiscal 2016 were ₹ 6,441.82 Million, an increase of 220.29 % over previous year's figure of ₹ 2,011.23 Million. This is largely on account of losses on sale of Assets of ₹4,484.47 Million of Mercator Line (Singapore) Ltd (MLS).

Financial Costs

Our financial costs for Fiscal 2016 were ₹ 2,621.83 Million, increasing from previous year's figure of ₹ 2,253.00 Million. During the Fiscal 2016. Increase in cost on account of increase in borrowings for acquisition of two Dredgers.

Depreciation & Amortization

Our depreciation & amortization for the year ended March 31, 2016 was ₹ 4,224.08 Million vis-à-vis previous year's figure of ₹ 4,745.58 Million, Decline in Depreciation is on account of sale of Vessels by MLS. Therefore, our depreciation has been reduced by 10.99% in Fiscal 2016.

Allowance for impairment of Vessels

Allowance of impairment of ₹ 3,488.28 Million in Fiscal 2016 relates to impairment comprises of investment, Loans and advances made to subsidiary Mercator Line (Singapore) Ltd is ₹3,258.46 Million and impairment of

Coal mine in Indonesia on account of exhausted reserve is ₹229.82 Million.

PAT (after extraordinary income/ (loss) but before Minority Interest)

For the year ended March 31, 2016, the Company on a consolidated basis incurred net loss of ₹ 10,997.34 million over previous year's loss of ₹ 7,068.96 million majorly on account of Impairment of ₹ 3,488.28 Million and losses on sale of Assets of ₹4,484.47 Million and losses of ₹2,072.34 million incurred by one of the subsidiaries, namely MLS in Singapore.

Stevedoring, transport and freight

Our Stevedoring, transport and freight cost for the year ended March 31, 2016 was ₹ 165.61 million, a decline of 64.03% over previous year's figure of ₹ 460.41 million. This is primarily because our coal handling operations at Haji Bunder under long term contract was discontinued on account of non-renewal of environmental license of Mumbai Port Trust.

Port Expenses

Our Port expenses for the year ended March 31, 2016 was ₹ 71.73 million, a decline of 60.62% over previous year's figure of ₹ 182.13 million. MLS, which operated in dry bulk segment, was sold by the Company in Fiscal 2016 and its profit and loss account was consolidated only for first nine months of Fiscal 2016. Consequently, port expenses pertaining to MLS has been included in the consolidated profit and loss account only for the first nine months resulting in lower port expenses.

Commission

Our commission expenses for the year ended March 31, 2016 was ₹ 58.79 million, a decline of 51.15% over previous year's figure of ₹ 120.35 million. Since MLS was sold in the Fiscal 2016 and consolidated only for the first nine months, commission pertaining to MLS has been included in the consolidated financial statements only for the first nine months resulting in lower commission expenses.

Bunker Consumed

Our bunker consumption expenses for the year ended March 31, 2016 was ₹ 1,066.77 million, a decline of 27.67% over previous year's figure of ₹ 1,474.85 million. MLS, which largely operated bulkers on spot, required consumption of bunker fuel. MLS was sold in Fiscal 2016 and its profit and loss account was consolidated only for first nine months. This resulted in lower bunker fuel expenses for Fiscal 2016.

Vessel / Equipment hire expenses

Our Vessel / Equipment hire expenses for the year ended March 31, 2016 was ₹ 495.54 million, a decline of 54.01% over previous year's figure of ₹ 1,077.49 million. This is primarily because of the fact that MLS, which was sold by the Company in Fiscal 2016, was consolidated only for first nine months of Fiscal 2016 and accordingly any vessel / equipment fire expenses pertaining to MLS have been included in the consolidated financial results only for 9 months. Further, coal handling operations was discontinued in Fiscal 2016 as a result of non-renewal of environmental license of Mumbai Port Trust which also resulted in lower vessel / equipment hire charges.

Crew Expenses

Our Crew expenses for the year ended March 31, 2016 was ₹ 1,568.19 million, a decline of 23.30% over previous year's figure of ₹ 2,044.49 million. Since MLS was sold in the Fiscal 2016 and its profit and loss account was consolidated only for the first nine months, crew expenses pertaining to MLS has been included in the consolidated profit and loss account only for the first nine months and resulting in lower crew expenses.

Agency professional and service expenses

Our Crew expenses for the year ended March 31, 2016 was ₹ 157.12 million, a decline of 37.51% over previous year's figure of ₹ 251.44 million. This is primarily because of the fact that agency professional and services expenses pertaining to MLS has been consolidated only for the first nine months of Fiscal 2016 since MLS was sold.

Communication expenses

Our Communication expenses for the year ended March 31, 2016 was ₹ 14.25 million, a decline of 33.87% over previous year's figure of ₹ 21.55 million. This is primarily because of the fact that communication expenses pertaining to MLS has been consolidated only for the first nine months of Fiscal 2016 since MLS was sold

Fiscal 2015 compared to Fiscal 2014

Income from Operations (Net)

Our net income from operations for the year ended March 31, 2015 was ₹ 30,916.32 Million as against ₹ 34,577.80 Million for the previous year, recording a reduction of 10.59%. This is primarily attributable to fall in coal prices and reduced consumption and unfavourable conditions in dry bulk market. We saw decrease in revenues from EPC contract with ONGC in FY 2015 since sizeable amount of work under the contract was completed in FY 2014.

Other Income

Our other income is primarily comprised of interest on term deposits, other non-operating income viz. dividend received on current investments, rental income, gain on foreign currency translation, etc. For the year ended March 31, 2015 our other income was ₹ 152.86 Million while for year ended March 31, 2014 it was ₹ 284.18 Million. Total Income has been reduced by 46.21%.

Cargo Handling Services

Our income from cargo handling services for the year ended March 31, 2015 was ₹ 909.59 million compared to previous year's income of ₹ 668.00 million registering an increase of 36.17%. This is because of increase in coal handling volumes.

Expenditures:

Operating Expenses of Coal (Purchase of Coal, Coal mining and Logistics Expense)

Operating cost of coal for the year ended March 31, 2016 was ₹ 13,121.61 Million, decrease of 16.81% over previous year's figure of ₹ 15,772.12 Million. This is primarily because of reduction in coal volume and prices.

Repairs and Maintenance

Our repairs and maintenance cost for the Fiscal 2015 were ₹ 2,358.31 million, an increase of 108.88% over previous year's figure of ₹ 1,129.05 Million. This was largely because dry vessels were required to undergo substantial repairs and maintenance. Further, certain expenses in relation to EPC contract have been regrouped under the head repairs and maintenance which resulted in higher repairs and maintenance cost in Fiscal 2015.

Administrative & Other Expenses

Our administrative & other expenses for the Fiscal 2015 were ₹ 2,011.23 Million, an increase of 187.38 % over previous year's figure of ₹ 699.86 Million. This amount is 6.51% of our net income from operations for the Fiscal 2015 compared to 2.02% for the Fiscal 2014. For the Fiscal 2015, this amount comprised mainly of 'Provision for doubtful debts/advances' of ₹ 1,109.79 Million i.e. 3.59% of our net income.

Financial Costs

Our financial costs for Fiscal 2015 were ₹ 2,253.00 Million increasing from previous year's figure of ₹ 2,051.38 Million. During the Fiscal 2015, we issued Foreign Currency Convertible Bonds for an amount of USD 16 million. The FCCBs are listed on SGX. Further, the overseas subsidiary of the Company successfully availed a Convertible term loan facility of USD 55 million out of which USD 20 million was disbursed. NCDs worth ₹ 1,500.00 Million were repaid. Total borrowings increased from ₹ 37,146.59 Million as at the end of Fiscal 2014 to ₹ 38,860.64 Million as at the end of Fiscal 2015. While there has been increase in borrowings, there has been savings in NCD interest cost by repayment of NCDs @ 9.50% worth ₹ 1,500.00 Million.

Depreciation & Amortization

Our depreciation & amortization for the year ended March 31, 2015 was ₹ 4,745.58 Million vis-à-vis previous year's figure of ₹ 4,408.70 Million, an increase of 7.64% in absolute terms and from 12.75% in Fiscal 2014 to 15.35% in Fiscal 2015, as a percentage of our net income from operations. This is primarily due to net addition of ₹ 1,866.49 Million in fixed assets. Total Depreciation has been increase by 7.64%.

Allowance for impairment of Vessels and

Allowance of impairment of ₹ 4,090.08 Million in Fiscal 2015 relates to impairment of vessel prices in dry bulk segment.

Provision for onerous contract

Provision for onerous contract of ₹ 1,159.59 Million in Fiscal 2015 (nil in previous Fiscal) relates mainly to early termination of a fixed term lease contract whereby the Group had contracted to charter a vessel for periods up to 2020.

PAT (after extraordinary income/ (loss) but before Minority Interest)

For the year ended March 31, 2015, the Company on a consolidated basis incurred net loss of ₹ 7,068.96 Million over previous year's loss of ₹ 149.01 Million. Unfavourable conditions prevailing in dry bulk market and lower volume and price of coal impacted the consolidated performance. Loss incurred by MLS, the subsidiary company engaged in dry bulk business itself suffered a loss of ₹ 7,675.12 million.

Port Expenses

Our Port expenses for the year ended March 31, 2015 was ₹ 182.13 million, a decline of 28.39% over previous year's figure of ₹ 254.33 million. Port expenses have been reduced due to lesser number of vessels being deployed on voyage charter in Fiscal 2015.

Insurance

Our insurance expenses for the year ended March 31, 2015 was ₹ 439.78 million, an increase by 15.12% over previous year's figure of ₹ 382.03 million.

Commission

Our commission expenses for the year ended March 31, 2015 was ₹ 120.35 million, a decline of 57.58% over previous year's figure of ₹ 283.69 million.

Agency, Professional and service expenses

Our agency, professional and service expenses for the year ended March 31, 2015 was ₹ 251.44 million, an increase of 31.41% over previous year's figure of ₹ 191.34 million

Summary of Cash Flow

Below is the table of selected information from our Company's consolidated audited statement of cash flows for the Fiscals 2016, 2015 and 2014:

(₹ *in Million)*

Particulars	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Opening Cash and Cash equivalents at the beginning of the year	2,530.65	1,585.30	3,149.32
Net Cash from / (used) in Operating Activities	6,564.64	10,139.15	4,244.83
Net Cash from / (used) in Investing Activities	11,134.58	(7,462.91)	(4,092.51)
Net Cash from / (used) in Financing Activities	(19,381.30)	(1,728.78)	(1,718.04)
Net increase / (decrease) in cash and cash equivalents	(1,682.08)	947.46	(1,565.72)
Closing Balance of Cash and Cash Equivalents at the end of the year	848.85	2,530.65	1,585.30

Summary of reservations or qualifications or adverse remarks or EOMs in the Auditors' report in the last five Financial Years immediately preceding the year of filing this Placement Document.

Except the following, our Auditors have not made any reservations or qualifications or adverse remarks or EOMs in their reports in the last five Financial Years immediately preceding the year of filing this Placement Document.

Fiscal Year	**Summary of Qualification**	**Management Response**
2016	Recoverability of long overdue trade receivables by one step down subsidiary amounting to Rs. 921. 29 million (USD 13.89 million) for which no allowance for impairment has been made.	The Company is reasonably confident of the recoverability of trade receivables amounting to Rs. 921.29 million (USD 13.89 million)
	Recoverability of the deposits paid by two step down subsidiaries amounting to Rs. 210.39 million (USD 3.17 million) to acquire 70% equity interest in the companies which own concessions for coal mining.	The Company is reasonably confident of the recoverability of the advances amounting to Rs. 210.39 million (USD 3.17 million)
	The auditors of one step down subsidiary have stated in their report regarding the breach of certain banks' financial covenants by one step down subsidiary for which the bank may levy a penalty and have the right to review the account and stipulate additional conditions including pricing.	Our step down subsidiary owns a Very Large Crude Carrier (VLCC) which is partly funded by external debt. As per terms of the sanctioned loan, all financial covenants are to be tested annually. Upon breach of any financial covenant, the Bank can levy a penalty of 0.50% per annum and have the right to review the account and stipulate additional conditions including pricing. Owing to sluggish crude carrier market, our VLCC was time chartered at a lower charter hire rate. Further, VLCC had undergone dry docking in Fiscal 2016 leading to marginal loss of revenue in the dry docking period. Both the above factors lead to fall in income as a result of which financial covenant as stipulated by the Bank was not met by our step-down subsidiary for Fiscal 2016. Consequently, the Bank levied a penalty for breach of financial covenant.
	Attention is invited to Note 3.8 regarding Impairment of Investment by a wholly owned subsidiary in its subsidiary to the extent of ₹ 32,901 lakhs on account of cessation of control pursuant to it being placed under Judicial Management and that the financial statements of the said subsidiary have been consolidated up to 31st December 2015	Hitherto, our dry bulk business was carried on by our step-down subsidiary namely Mercator Lines (Singapore) Limited (MLS). Our wholly owned subsidiary in Singapore, namely Mercator International Pte Limited (MIL) had an investment of USD 49.60 Million in MLS. The dry bulk shipping market had been subdued since the financial crisis and has since seen a sharp deterioration. The fall in freight rates and dry bulk asset prices adversely impacted MLS's financial position and cash flows. Following an application to the Singapore Court by MLS's creditor, MLS was placed under judicial

Fiscal Year	Summary of Qualification	Management Response
		management in January 2016. Our Company decided to exit the dry bulk cargo business by divesting the entire 66% stake in MLS. Consequently, investment in MLS of USD 49.60 was written off completely by MIL. Post divestment, MLS has not been consolidated with our Company.
2015	We draw your attention to note 3.8 to the Consolidated financial statements regarding net loss suffered by a subsidiary, MLS and the preparation of financial statements of MLS on a going concern basis on the reasonable expectation that the company will have adequate cash flows which would allow them to continue operations in the foreseeable future.	The Company has sold MLS in March 2016 and is no longer consolidated with the Company.
2013	Management had considered unaudited financial statements of MLS and its 6 (six) subsidiaries for the purpose of consolidation of accounts with Mercator Limited.	The unaudited financial statements of MLS and its 6 (six) subsidiaries as approved by its management and considered for its reporting to the SGX were considered for the purpose of consolidated. The management was of the opinion that there would not be any material differences upon completion of their audits. The Company has divested the entire 66.17% stake in MLS in Fiscal 2016 and MLS is no longer being consolidated with the Company.

Liquidity and Capital Resources

As of March 31, 2016, we had cash and bank balances of ₹ 954.44 million on consolidated basis. Cash and bank balances consist of cash on hand and deposit accounts including fixed deposits. Our primary liquidity needs have been to finance our operations, working capital needs, debt service and capital expenditures. We have historically met our liquidity needs through a combination of borrowings, capital raising and internally generated cash flows.

We expect to meet our working capital requirements primarily from the cash flows from our business operations and working capital borrowings as may be required.

Our long-term liquidity requirements include acquisition of assets. Sources of funding our long-term liquidity requirements include new loans, equity or debt issues.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Forex risk

Our Company has business interests in various countries around the world and volatility in the global currencies could have an adverse impact on our Company's financials. We face foreign exchange risk in respect of currency translation for the purpose of import/ export of certain materials for the manufacture/ sale of our products. For details, see "*Risk Factors*" and on page 32.

Loss of Asset

The Company is into a capital intensive business and any loss of ship due to an accident could have a negative impact of the Company. For details, see “*Risk Factors*” on page 32.

Environmental Risk

Our Company has interests in mining which could have an adverse impact on environment. Also the possible spillage during transportation of crude or other chemicals could have an adverse impact on the environment.

Interest Coverage Ratio

The interest coverage ratio of our Company on a consolidated basis, which is the total of cash profit after tax plus interest paid divided by interest paid for the last 3 fiscals is as under:

	March 31, 2016	March 31, 2015	March 31, 2014
Interest Coverage Ratio	0.48	3.06	3.64

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

Unusual or infrequent events or transactions

There have been no events to the best of our knowledge, other than as described in this Placement Document, which may be called “unusual” or “infrequent”.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under the heading titled ‘*Factors Affecting Results of Our Operations*’ on page 66 in this chapter, “*Risk Factors*” and “*Regulations and Policies*” on page 32 and page 135, respectively, to the best knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Future changes in relationship between costs and income

Changes in revenues during the last three years are as explained in the part Fiscal 2016 compared to Fiscal 2015 and Fiscal 2015 compared to Fiscal 2014 in this chapter.

Status of any publicly announced new products or business segments

There are currently no publicly announced new products or business segments.

Seasonality of Business

Dredging business has to be temporarily discontinued during the onset of monsoon season. This might have an impact on revenues from dredging contracts which may be compensated from dredging in rest of the months.

In shipping business, vessels are required to mandatorily undergo dry docking. During dry docking, a ship is temporarily out of service which results in loss of revenue for that interim period in which the vessel is undergoing dry dock. Dry docking is a statutory requirement which is required to be done twice in a period of five years.

Any significant dependence on a single or few suppliers or customers

While we are not dependent on any single raw material supplier/ customer, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and any unanticipated variation in any of these factors could have a material adverse effect on our operations.

Competitive Conditions

We face competition from existing and potential competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in the chapter titled “*Our Business*” on page 125.

Transactions with related parties

For details in relation to the related party transactions entered by our Company during the last three Financial Years, as per the requirements under "*Accounting Standard 18 – Related Party Transactions*" specified under the Companies Act, 2013, see "*Financial Statements*" on page 206206.

Changes in accounting policies during last three years and their effect on the profits and reserves of our Company

There have been no changes in our Company's accounting policies during the last three financial years.

Recent Financial Performance

The following discussion of the Company's results of operations is based on the Unaudited Interim Financial Statements of the Company for the six months ended September 30, 2016. The standalone unaudited financial results for the six months ended September 30, 2016 are not necessarily indicative of results of operations that may be expected for the full year and do not reflect the financial results on a consolidated basis for the same period. References to "we" and "our" in this section are to our Company.

The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 providing a roadmap for the implementation of Ind-AS in a phased manner. The company has adopted Indian Accounting standards (Ind-AS) with transition date of April 1, 2015. Accordingly, the financial results for half year ended September 30, 2016 have been prepared in accordance with the recognition and measurement principles laid down in Ind-AS, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016. The SEBI circular dated August 10, 2016 bearing no. CIR/IMD/DF1/69/2016 has given a specific exemption to the extent that limited review of or audit of comparative financial results for corresponding half year (during the first half year adoption of Ind-AS) is not mandatory. Accordingly, while the Statutory Auditors have given a limited review report for the six months period ending September 30, 2016, they have not reviewed the results for period ending September 30, 2015 as per Ind-AS. Accounting principles under Ind-AS vary in many respects from accounting principles under Indian GAAP, and our Unaudited Standalone Financial Statements prepared and presented in accordance with Ind-AS are therefore not comparable to the Audited Financial Statements or any of our other historical financial statements prepared under Indian GAAP. The Unaudited Standalone Financial Results are also presented in a manner that is not comparable to the Audited Financial Results. For further information, see "Certain Conventions, Currency Presentation and Financial Data" on page 10.

Comparison of six months ended September 30, 2016 to September 30, 2015 Standalone cannot be done

Standalone	Six months ended September 30, 2016 (As per Ind AS)		Six months ended September 30, 2015 (As per Indian GAAP)	
	Amount (in INR in Million)	As % of Income from Operations (Net)	Amount (in INR in Million)	As % of Income from Operations (Net)
Income				
a. Revenue from Operations	2,599.18	101.83	3,027.99	101.93
b. Other Income	(46.66)	(1.83)	(57.47)	(1.93)
1. Total Revenue	2,552.52	100.00	2,970.52	100.00
EXPENSES				
Operating Expenses	1,488.67	58.32	1,756.29	59.12
Employee benefit expenses	73.50	2.88	108.71	3.66
Finance Cost	371.42	14.55	295.43	9.95
Depreciation and amortization expenses	729.48	28.5	576.27	19.40
Other expenses	102.94	4.03	82.66	2.78
2. Total Expenses	2,766.00	108.36	2,819.36	94.91
3. Profit / (Loss) before taxes & Exception Item	(213.48)	(8.36)	151.17	5.09

Standalone	Six months ended September 30, 2016 (As per Ind AS)		Six months ended September 30, 2015 (As per Indian GAAP)	
	Amount (in INR in Million)	As % of Income from Operations (Net)	Amount (in INR in Million)	As % of Income from Operations (Net)
4. Tax Expense				
a. Current Tax	(5.50)	(0.22)	(5.50)	(0.19)
(Short) / Excess Provision for tax for earlier years	-	0.00	-	0.00
Deferred Tax	-	0.00	-	0.00
Profit / (Loss) for the period	(218.98)	(8.58)	145.67	4.90
Earnings per share (Equity share of Re. 1/- each)				
Basic and Diluted (in Rupees)		(0.89)	(0.59)	

Significant Developments after March 31, 2016

To our knowledge and belief, except as disclosed in this Placement Document, no circumstances have arisen since the date of the last audited financial statements contained in this Placement Document which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months save and except what is stated as under:

Sale of FPU

Our Company through its subsidiary has entered into a letter of intent pursuant to which our Subsidiary is proposing to sell its FPU unit at EBOK Field, Nigeria to Oriental. The FPU contributed to 13.87% of our total consolidated revenues for the FY 2016 on a consolidated basis. While we cannot assure you that the proposed sale of FPU shall be completed in a timely manner, if the sale is concluded, there will be loss of revenue from this operation which may have an adverse impact on the business and operational results of our Company.

For details in relation to our unaudited standalone financial results for six month period ending September 30, 2016, please see "*Financial Statements*" on page 206.

INDUSTRY

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Global Economy

As per International Monetary Fund (IMF) October 2015 World Economic Outlook (WEO), global growth, estimated at 3.1% in 2015, is projected to grow at 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual especially in emerging market and developing economies.

In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. The projected pickup in growth in the next two years—despite the ongoing slowdown in China— primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be hit by new economic or political shocks.

On the other hand, the World Bank is revising its 2016 global economic growth forecast down to 2.4 percent from the 2.9 percent pace projected in January. The move is due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. Commodity-exporting emerging market and developing economies have struggled to adapt to lower prices for oil and other key commodities. Growth in these economies is projected to advance at a meagre 0.4 percent pace this year, whereas growth in commodity importers has been more resilient. In an environment of weak growth and eroding policy buffers, structural reforms have become even more urgent.

Emerging market and developing economies (EMDEs) are facing stronger headwinds, including weaker growth among advanced economies and low commodity prices. Significant divergences persist between commodity exporters struggling to adjust to depressed prices and commodity importers showing continued resilience. Global growth is projected to pick up to 3% by 2018, as stabilizing commodity prices provide support to commodity exporting EMDEs.

As of 2015, Brazil, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, the United Kingdom, the United States and the European Union, these countries or regions have reached an economy of at least the US$ 2 billion for GDP in nominal terms or PPP.

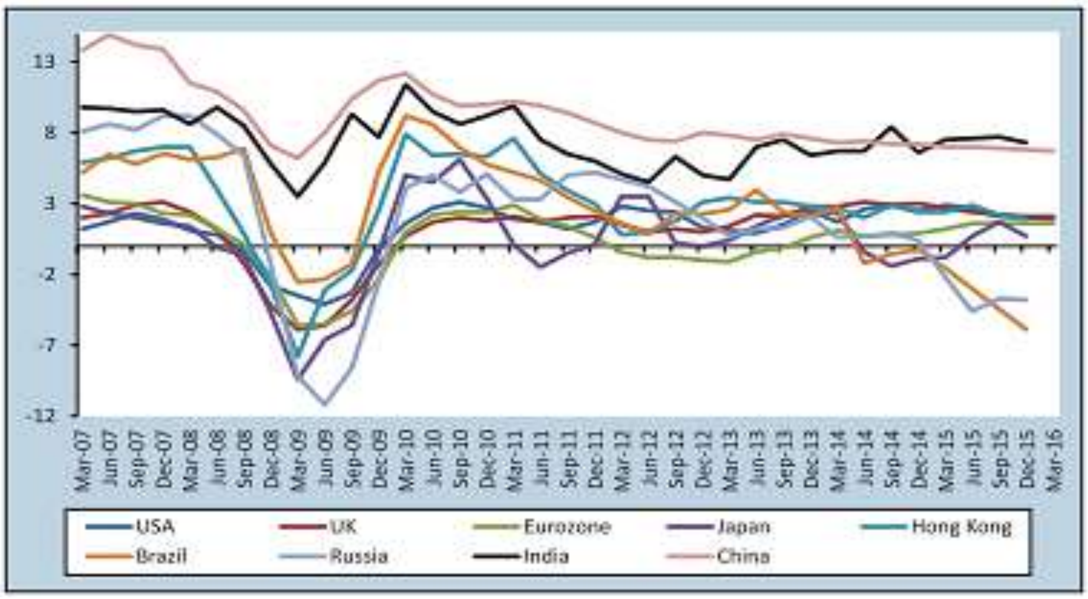
Globally investment remains soft amid weaker growth prospects and high political uncertainty, while export growth has slowed due to moderate external demand. Despite the expected momentum of lower energy prices, and the ongoing improvement of labor markets, growth is projected to level off in 2016 rather than accelerate.

Investment growth has also slowed substantially, especially in commodity exporters, reflecting in part the tightening of domestic policies and weak capital flows. In China, a gradual rebalancing is taking place at the national level, with strong growth in services and policy support measures that mitigate the slowdown in industrial activity. Brazil and the Russian Federation are still in recession. Global merchandise trade remains subdued, reflecting rebalancing in China and weaker demand from commodity exporters, which together contributed to an outright contraction in overall EMDE merchandise imports in 2015.

Real GDP Growth (%): Country groups	**2013**	**2014**	**2015e**	**2016f**	**2017f**	**2018f**
Aggregates						
Advanced economies	1.1	1.7	1.8	1.7	1.9	1.9
High-income economies	1.2	1.7	1.6	1.5	1.9	1.9
Developing economies	5.3	4.9	4.3	4.3	4.9	5.1
Low-income economies	6.5	6.1	4.5	5.3	6.3	6.6
BRICS	5.7	5.1	3.8	4.2	5.1	5.3
Emerging market and developing economies (EMDEs)	4.7	4.2	3.4	3.5	4.4	4.7
World	2.4	2.6	2.4	2.4	2.8	3
Regions/economies						
Europe and Central Asia*	2.3	1.8	-0.1	1.2	2.5	2.8
Latin America and the Caribbean*	2.9	1	-0.7	-1.3	1.2	2.1
Middle East and North Africa*	2	2.9	2.6	2.9	3.5	3.6
Sub-Saharan Africa*	4.8	4.5	3	2.5	3.9	4.4
East Asia and Pacific*	7.1	6.8	6.5	6.3	6.2	6.1
South Asia*	6.1	6.8	7	7.1	7.2	7.3

* Includes emerging market and developing economies (EMDE), e-estimates; f-forecast
(Source: World Bank, International Monetary Fund)

Year-on-Year Real GDP growth rates of major countries/ region (percent)



(Source: SEBI)

Indian Economy

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17.

The improvement in India’s economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

India’s Consumer Confidence score in the April-June 2016 quarter declined to 128 from the high of 134 in the January-March 2016 quarter. India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

Market Size:

According to the IMF World Economic Outlook Update (January 2016), India's economy is forecast to grow between 7 and 7.75 percent during FY 2016-17, despite the uncertainties in the world market. The Economic Survey of 2015 – 16 predicts that India's economy will grow more than seven percent for the third consecutive year 2016-17 and may begin to grow to eight percent or more over the next two years.

As per industry Inc., after the recent demonetization of certain currency notes by the GoI, GDP growth rate in FY'17 may dip a little compared to the last two years, but even then India is likely to outpace most other major economies .

Further, India's foreign exchange reserves stood at US$ 360 billion by end of March 2016, as compared with US$ 342 billion at same time last year, according to data from the Reserve Bank of India (RBI).

The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs.1,06,400,000 million (US$ 1.58 trillion), as against Rs.99,210,000 million (US$ 1.47 trillion) in 2013-14, registering a growth rate of 7.3 per cent. The economic activities which witnessed significant growth were ‘financing, insurance, real estate and business services’ at 11.5 per cent and ‘trade, hotels, transport, communication services’ at 10.7 per cent. According to some economists, India could grow at a potential 8 per cent on average during from fiscal 2016 to 2020 if powered by greater access to banking, technology adoption, urbanization and other structural reforms.

Recent Developments across various sectors:

India Industrial Production:

Industrial production in India went up 0.7 percent year-on-year in September of 2016, following two straight months of falls (-0.7 percent in August and -2.5 percent in July) and slightly above market expectations of a 0.5 percent gain. Manufacturing rose 0.9 percent (-0.2 percent in August), also the first gain in three months and the strongest since October last year. Electricity increased 2.4 percent (0.1 percent in August) while mining shrank 3.1 percent (-5.8 percent). From April to September, industrial production declined 0.1 percent. Industrial Production in India averaged 6.22 percent from 1994 until 2016, reaching an all-time high of 20.00 percent in November of 2006 and a record low of -7.20 percent in February of 2009.

India’s Gross Capital Formation:

Gross Fixed Capital Formation in India decreased to Rs.8,583,370/- million in the third quarter of 2016 from Rs.8,639,560 million in the second quarter of 2016. Gross Fixed Capital Formation in India averaged Rs.4,951,590 million from 2001 until 2016, reaching an all-time high of Rs.9,091,170 million in the third quarter of 2015 and a record low of Rs.2,021,900 million in the first quarter of 2002. *(Source: Trading Economics)*

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity in the country. India has emerged as one of the strongest performers in terms of deals related to mergers and acquisitions (M&A). The total M&A deals involving Indian companies grew by 82 per cent to US$ 27 billion during January to June 2016, which is the highest in the first six months in any year since 2011, led by a four and a half time increase of Indian acquisitions abroad at US$ 4.5 billion.

Under the new National Mineral Exploration Policy (NMEP), the Government of India plans to conduct e-auction of 62 mineral blocks of minerals such as iron ore, limestone and gold located across several states to further open up the mining sector and increase output of minerals in 2016-17.

Government Initiative:

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Government has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy. This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Government is looking at a number of reforms and resolution of pending tax disputes to attract investments. Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is trying to raise the weightage contribution of manufacturing sector and aims to take it up to 25 per cent of the GDP. The Government of India has also launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of Rs.4,80,000 Million (US$ 7.47 billion) and Rs.5,00,000 Million (US$ 7.34 billion) respectively. Smart cities are satellite towns of larger cities which will consist of modern infrastructure and will be digitally connected.

Road Ahead

The International Monetary Fund (IMF) and the Moody's Investors Service have forecasted that India will witness a GDP growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. Besides, according to the World Bank, the Indian economy will likely grow at 7.6 per cent in 2016-17, followed by further acceleration to 7.7 per cent in 2017-18 and 7.8 per cent in 2018-19.

According GoI, Indian economy would continue to grow at 7 to 9 per cent and would double in size to US$ 4–5 trillion in a decade, becoming the third largest economy in absolute terms.

(Source: Industry Source)

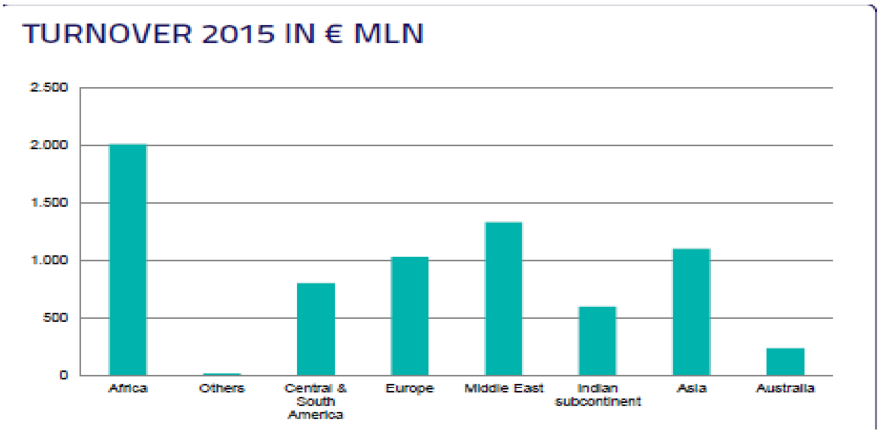
DREDGING SEGMENT

There are six drivers of the dredging industry:

- World trade;
- Population growth (demographics and urbanisation);
- Coastal protection;
- Growing demands for energy; and
- Water-related tourism and environment.

The total turnover of dredging contractors in the open markets was estimated at €7.115 billion for 2015. There was an increase of 11% compared to the €6.415 billion turnover for 2014. However, a major part of the 2015 turnover was realized on the Suez Canal project (€1.1 billion). This was an extraordinary project that was executed in an extremely short period and influenced the general picture of the industry. Without the Suez Canal Project the global turnover in the open markets would have been €6 billion, a decrease of 6% compared to 2014.

Dredging Turnover -2015



(Source: International Association of Dredging Companies)

According to the European Dredging association, European companies lead the world with 90% of market share in worldwide dredging open markets (2012). In year 2012, annual maritime turnover of the European dredging companies was euros 7.5 billion and total annual turnover for dredging was euros 11.3 billion. 1/3rd of dredging vessels are European flagged perform 2/3rd of the world's dredging work.

Sagarmala Project

The maritime policymakers in India seem to be waking up to some 'deep' realities, and this might be the reason, the Modi government's recent guidelines may bring some respite for indigenous dredging firms. Many of the big ticket dredging projects have been bagged by European firms as few Indian companies have been able to compete and bag projects for these require much technical expertise and successful execution of projects. It is said that there are no protectionist policies in place like those existing in several other countries. The new guidelines may reverse the market trend to a certain extent. Now all the 12 state-owned ports will opt for long-term maintenance dredging contract of as much as five years instead of the current practice of one year. Furthermore, these ports will continue to finalise capital and maintenance dredging contracts on the basis of open competitive bids, as has been the case since the last few years. Another important point is that among the major ports, "depth-based dredging contract" may be adopted in ports like Kolkata, Cochin and Kandla where sufficient data of previous years is available and dredging is required throughout the year, and the contract may be linked with incentive and disincentive mode of payment for guaranteeing the depth. When dredging is only seasonal, quantity based on in-situ quantity measurement or hopper volume measurement of specific densities may be adopted for payment. In exceptional circumstances where dredging is required to be done for very short period, day-hire charges of dredgers may also be adopted.

Capital dredging works on an unprecedented scale is on the cards as the Indian government pushes its ambitious 'Sagarmala' project that will see regional economic clusters centred on port development. Now, an ocean of opportunities waits for the sector due to Modi government's recent initiatives – the Sagarmala project and development of inland waterways. Sagarmala project is a strategic and customer-oriented initiative of the Government of India to modernize India's Ports so that port-led development can be augmented and coastlines can be developed to contribute in India's growth. Sagarmala project aims to invest Rs.7,00,000 Million in facilitating economic growth by enhancing coastal shipping of goods.

Such projects will create huge opportunities for the contractors. The government's maritime agenda for 2010-2020 has also envisaged that all major ports will have a minimum depth of 14 metres and all hub ports will have 17 metres to handle bigger ships. The state of affairs can be gauged by this simple fact – under the eleventh Five Year Plan, the target for capital dredging and maintenance dredging was set at 675.3 million cu. m. and 430 cu. m. respectively.

However, the achievement for capital and maintenance dredging was only 40.29 % and 67.82 % respectively. The shortfall in capital dredging in the case of major and non-major ports was 68 % and 53 % respectively. This was due to several factors such as delay or failure in implementing port projects, financial and environmental constraints and poor response from bidders.

Another major black spot is the high cost of dredging in India as compared to those in other countries. Currently, dredging costs about $3-4 per cu. m for maintenance and $5-7 per cu. m for capital dredging. The dredging costs are enormous. They have gone up by about 80 % in the last few years. They also have a rippling effect as the vessel-related charges levied by ports are pretty high in India, primarily because of high dredging costs, and port development projects also get badly affected.

Major international giants – Van Oord, Jan De Nul, Royal Boskalis and Dredging International, part of the big four club – are active in India by having an Indian subsidiary. Local companies including Dredging Corporation of India (DCI), give excellent competition to the international peers. The local companies also benefit from the government ROFR scheme. DCI is the biggest indian public sector player, is severely constrained to meet the huge demand due to several reasons. Mercator, Meka Dredging, Ocean Sparkle and Dharti Dredging are at present among the leading domestic private players. In India, Dredging information is not available, lack of scientific marine surveys with most of the ports and even if information is available it is not sufficiently shared. Another problem with private players is that lack of dredging fleet due to heavy investment. Another problem with import of dredger is that it takes 2-3 years for the delivery to take place and this leads to company escalation cost.

Under the government's 'Make in India' initiative, domestic yards will be encouraged to build the cutter suction dredgers needed for excavation of waterways. While noting that adequate dredgers and know-how are available for conventional, deepwater dredging, the Mumbai-based Institution of Naval Architects believes the scenario is somewhat complicated and challenging in the case of shallow-water capital and maintenance dredging in minor ports, riverways, and river ports.

To promote coastal shipping under its Sagarmala project, the government has approved Rs.2,340 Million dredging project for ferry services between Gogha and Dahej in Gulf of Cambay, Gujarat. As part of promoting coastal shipping in the country under Sagarmala programme. The ministry released Rs.585 Million as first installment of grant-in-aid to Gujarat Maritime Board (GMB). The total project cost is estimated to be Rs.2,340 Million and of which 50 per cent will be funded by the Centre under the Sagarmala programme, the release further said.

The project is first of its kinds in India as it will be executed in the area of world’s 2nd highest tidal range. The project would open up new avenues in coastal shipping and tourism and help in socioeconomic development of proximate areas. It would also help in utilisation of inland waterways through River Narmada for shipping goods from industries located upstream.

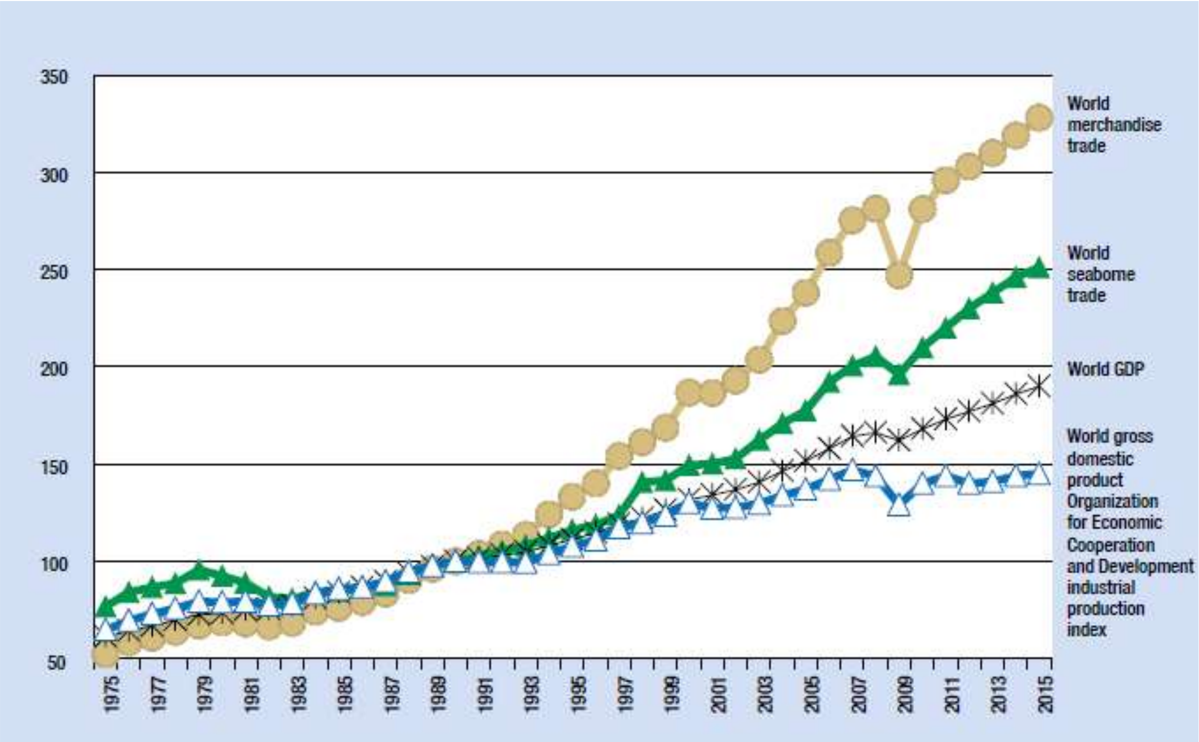
It is one of the flagship projects under Sagarmala which aims to increase share of waterways transportation in modal mix to 10 per cent from present level of 7 per cent by year 2025. *(Source: Industry Research)*

Trends in Seaborne trade

Growth in sea-borne trade is highly correlated to the developments of the world economy and international trade. Globalization of production processes has resulted in increase of merchandise trade which in effect has resulted in growth in trade of intermediate goods & components, extending the global supply chains across countries.

Falling short of expectations and below the pre financial crisis levels, growth in world GDP expanded by 2.5 per cent in 2015, the same rate as in 2014. Although the responsiveness of trade to GDP growth may have moderated over recent years, demand for maritime transport services and seaborne trade volumes continue to be shaped by global economic growth and the need to carry merchandise trade. Following figure highlights the association between economic growth and industrial activity, as measured in this particular case by the Organization for Economic Cooperation and Development (OECD) Industrial Production Index, merchandise trade and seaborne shipments.

The OECD Industrial Production Index and indices for world GDP, merchandise trade and seaborne shipments (1975–2014)



(Source: UNCTAD review of Maritime Transport- 2016)

In 2015 – for the first time in UNCTAD records – world seaborne trade volumes were estimated to have exceeded 10 billion tons. However, shipments expanded by 2.1 per cent, a pace notably slower than the historical average and below rates recorded over the last decade, when volumes were lifted by strong import demand from China.

In 2015, dry cargo shipments accounted for 70.7 per cent of total seaborne trade volumes, while the remaining share was made up of tanker trade, including crude oil, petroleum products and gas.

Detailed break up is provided below:

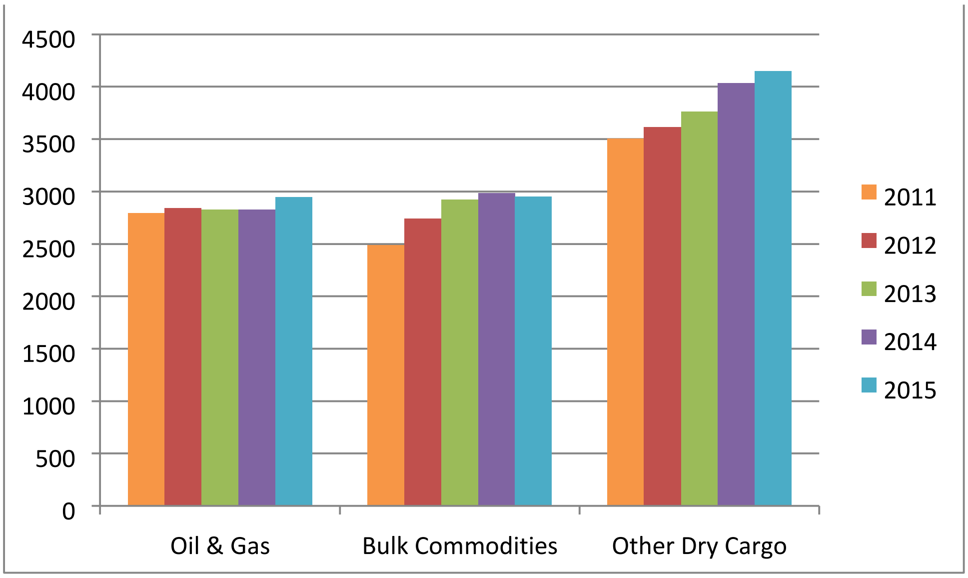
International Seaborne Trade (in million tons loaded)

Type of Cargo	2011		2012		2013		2014		2015	
	MT	% share	MT	% share	MT	% share	MT	% share	MT	% share
Oil & Gas	2794	31.80%	2841	30.89%	2829	29.74%	2825	28.70%	2947	29.33%
Bulk Commodities	2486	28.30%	2742	29.81%	2923	30.72%	2985	30.33%	2951	29.37%
Other Dry Cargo	3505	39.90%	3614	39.30%	3762	39.54%	4033	40.97%	4150	41.30%
Total Cargo	**8785**		**9197**		**9514**		**9843**		**10048**	

(Source: UNCTAD review of Maritime Transport- 2016, CARE)

Bulk commodities mentioned above includes iron ore, coal, grain, bauxite and alumina and phosphate rock. Other Dry Cargo indicates dry cargo other than those mentioned under bulk commodities.

Developments in International Seaborne trade for last five year (millions of tons loaded)



Korea, accounting for 91.4 per cent of gross tonnage constructed in 2015.

World Merchandise Trade:

Global merchandise trade by volume (that is, trade in value terms, adjusted to account for inflation and exchange rate movements) increased by 1.4 per cent in 2015, down from 2.3 per cent in 2014 (table 1.2). Trade in volumes held up relatively well, compared with trade in value, which recorded a decline of 13 per cent, due to fluctuations in commodity prices and exchange rates. Together, the slow recovery in Europe, weaker global investment and the slowdown in large developing economies have depressed global trade.

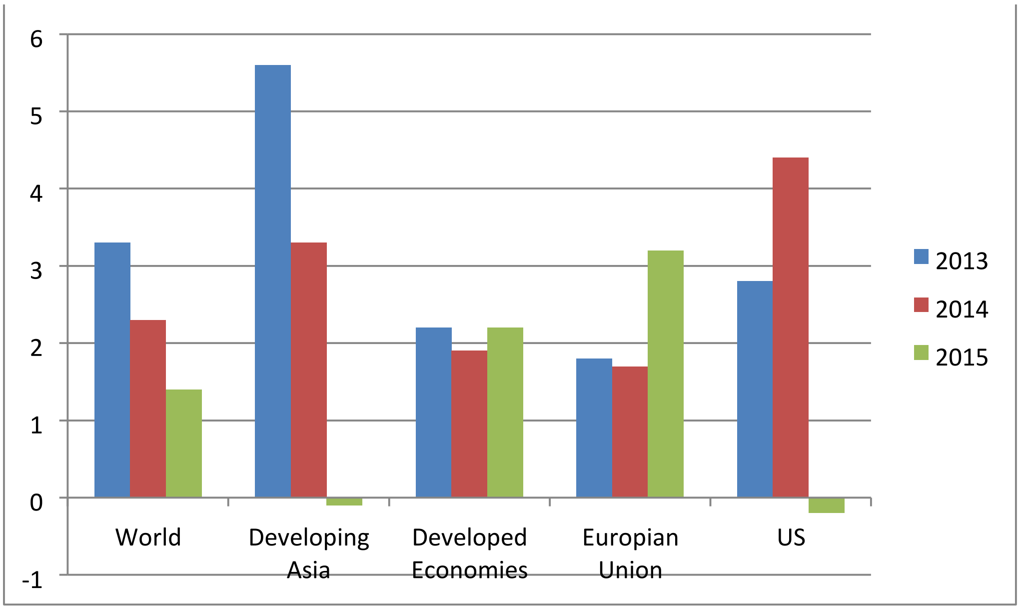
Developing country trade was particularly weak in 2015, with export and import volumes, respectively, expanding at the marginal rate of 0.4 per cent, a significant drop from growth in previous years. The contraction of both exports and imports in Eastern Asia had negative impacts on the trade of other developing economies, in particular manufacturing export-dependent economies in developing Asia. In Japan, modest growth, a weaker currency and a slowdown in key trading partners in Eastern Asia dampened both exports and imports.

A trend with potentially long-term implications for seaborne trade and shipping is the apparent weakening of the trade–GDP growth ratio. In recent years, world merchandise trade has been expanding at a relatively slower pace, either matching or below world GDP growth levels, while in earlier years, on average, international trade grew significantly faster than world GDP.

(Source: UNCTAD Maritime Report – 2016)

Region wise Export in Percent Terms:

With regard to global export growth, Europe contributed 44 % and Asia, 35 % (World Trade Organization, 2016). Other regions had limited contributions. Export growth in the oil-exporting regions of Africa and Western Asia and countries with economies in transition remained positive. For the second consecutive year, developed economies were more active in driving global trade, with exports rising slightly (2.2 per cent). United States exports declined marginally (-0.2 per cent).



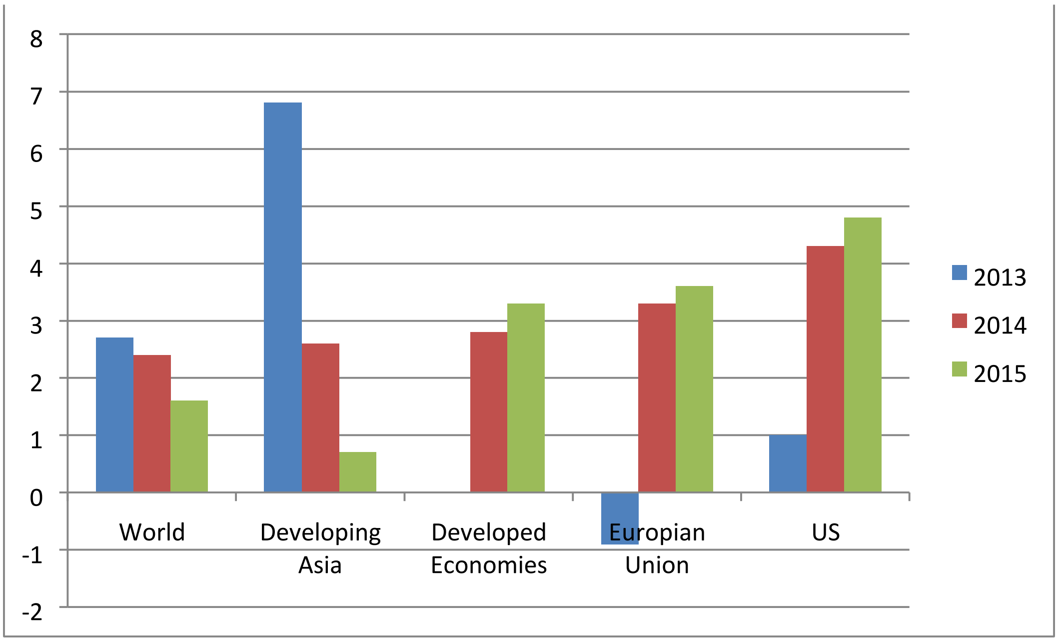
(Source: UNCTAD Maritime Report – 2016)

Region wise Import in Percent Terms:

The contribution to global import growth from Eastern Asia dropped significantly, from an average of 27 % in the previous decade to 8.4 % in 2015 (United Nations Department of Economic and Social Affairs, 2016). In comparison, Europe contributed 59 % to global import growth, in contrast to the negative contribution in 2012 and 2013.

China accounted for about 20 per cent of the slowdown in import growth of developing economies and countries with economies in transition in 2014–2015. With regard to imports, demand in commodity and oil export-dependent countries and regions such as Africa, Latin America and Western Asia and countries with economies in transition either weakened or declined due to erosion in their terms of trade and purchasing power. In contrast, India experienced a surge in its import demand (10.1 per cent).

Import demand in the United States and Europe held up relatively well (4.8 per cent and 3.6 per cent, respectively), owing to a stronger dollar and relatively solid economic growth in the Unites States and, arguably, due to recovery in intra-European Union trade.



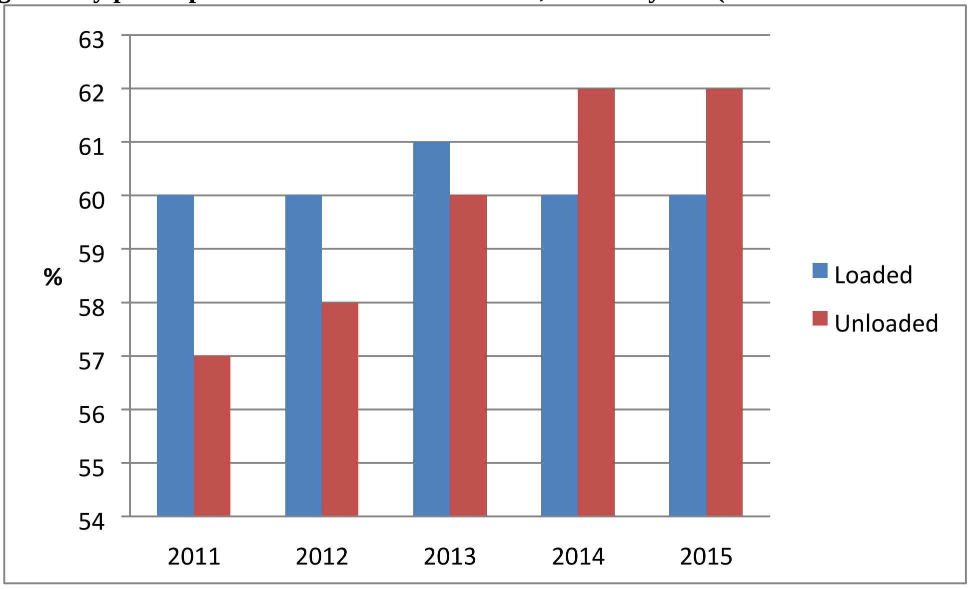
(Source: UNCTAD Maritime Report – 2016)

Global recovery continues but at a slower pace, with momentum created by China and other developing economies in Asia increasingly easing. Developments in the economy of China and related spillover effects on other large developing countries impact all countries, both developed and developing. Other factors – namely, lower commodity and oil price levels, eroding terms of trade in many commodity and oil-exporting countries, weaker global demand and investment, geopolitical tensions and political unrest – contribute to heightening uncertainty, increasing downside risks and challenging the outlook for merchandise and seaborne trade. A trend that was reinforced in 2015 and that has a bearing on the long-term outlook for seaborne trade and shipping is the evolving trade–GDP relationship.

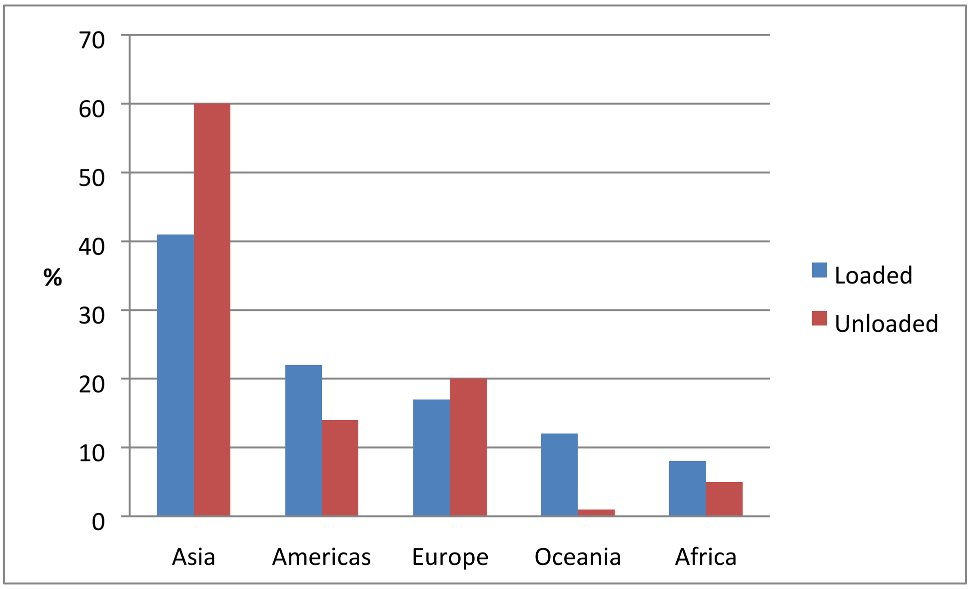
Developing Countries Sea Borne Trade Share:

Developing countries garner the highest share in the world sea-borne trade. In CY15, off the total maritime volumes traded, developing countries garnered a share of 60 % in total goods loaded and 62 % share in the goods unloaded. On a geographical basis, Asia dominates the global sea-borne trade. Additionally, China's domestic demand as well as increased intra-Asian trade, has provided a fresh imputes to international seaborne trade.

Developing country participation in world seaborne trade, selected years (% share of world tonnage):



World seaborne trade by region, 2015 (% share of world tonnage):



(Source: UNCTAD Maritime Report – 2016)

The outlook for seaborne trade remains uncertain and subject to downside risks, including weak global demand and investment, political uncertainties, such as the ongoing migration crisis, doubts about the future pace and direction of European integration and a further loss of momentum in developing economies. UNCTAD forecasts world GDP growth to dip below the 2.5 % recorded in 2014 and 2015 and grow by 2.3 % in 2016. According to World Trade Organization data, world merchandise trade volumes are projected to remain steady and expand at the same pace as in 2015.

Although many signals are negative, seaborne trade continues to grow, with volumes exceeding an estimated 10 billion tons in 2015. While a slowdown in China is bad news for shipping, developing countries other than China are increasingly entering the shipping scene and have the potential to drive further growth. The lifting of some sanctions on the Islamic Republic of Iran is expected to stimulate crude oil trade, as well as non-oil sectors. With the continued observed shift in the trade– GDP relationship, it is increasingly evident that projecting seaborne trade flows based on a linear extrapolation from GDP and merchandise trade growth may no longer be valid.

The international climate agenda can be expected to further shape the maritime transport operating landscape, as the sector faces the dual challenge of climate change mitigation and adaptation.

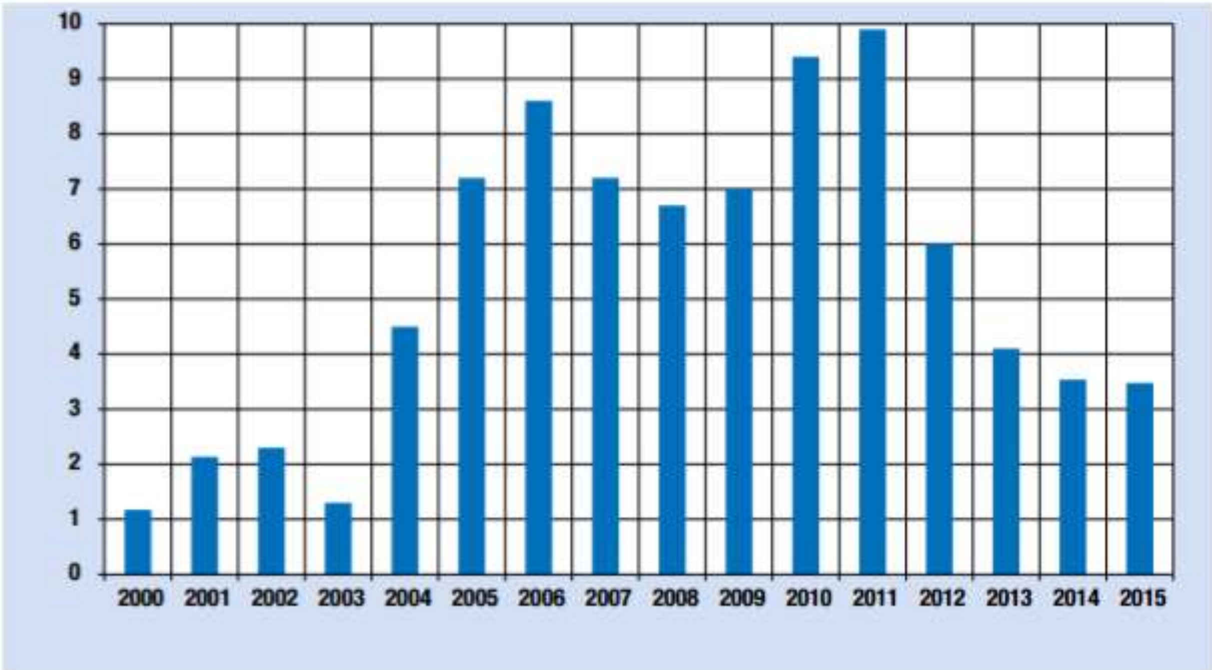
(Source: UNCTAD Maritime Report – 2016)

World fleet and cargo break-up

Owing to the shift in global trading patterns and the mix of products traded, world fleet composition has undergone significant changes since the last decade. With increasing preference for containerization as opposed to transportation in the form of break-bulk, the world fleet in terms of dwt grew by 3.5 per cent in the 12 months to 1 January 2016. This is the lowest growth rate since 2003, yet still higher than the 2.1 per cent growth in demand, leading to a continued situation of global overcapacity.

Globally, shipyards produced 1.68 million TEUs in 2015, an increase of 12.7 per cent over 2014 and 12.4 per cent over the previous peak number of deliveries in 2008. The average size of container ship new buildings has risen by 132 per cent over the last seven years.

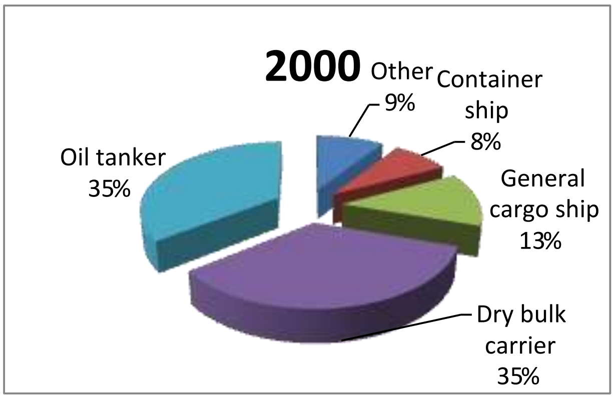
Annual growth of world fleet, 2000–2015 (% of dead-weight tonnage):

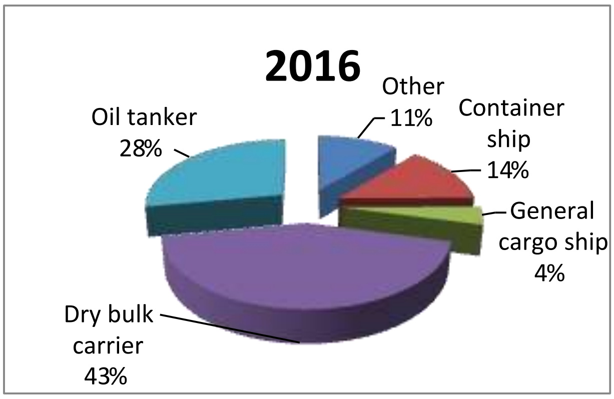


(Source: UNCTAD Maritime Report – 2016)

World fleet by principal vessel type, 2000 – 2016 (% share of dead-weight tonnage):

The oil & gas trade which once consumed 50% of world trade has gradually lost its share. However, dry bulk carrier has shown significant growth as 35% in CY 2000 to 43% in CY 2016.





(Source: UNCTAD Maritime Report -2016)

The total number of ships in service has seen a steady increase over the years. The share of dry-bulk vessels in the total world fleet size has increased from 34 percent in CY2000 to 43 percent at the beginning of CY 16 witnessing a major growth. On the other hand, share of general-cargo vessel(which is also known as break-bulk vessel) has declined from 13 percent in CY2000 to 4.2 percent in CY16 majorly owing to the cannibalization effect of containership (as goods transported by break bulk were shipped through containers).

Tonnage on Order:

In line with falling shipyard capacity and the stretched finances of owners and banks, the world order book continued to decline for most vessel types in 2015– 2016, with the exception of container ships. Compared with their peak values in 2008 and 2009, the order book for container ships declined by 46 per cent, for oil tankers by 51 per cent, for dry bulk carriers by 61 per cent and for general cargo vessels by 82 per cent (the largest decline recorded). To date in 2016, demolitions have increased and there has been a slowdown in new orders. However, this has not sufficed to reduce existing overcapacity. With low oil prices, there is less pressure for operators to apply slow steaming to save fuel, and if ships are faster, additional vessels are potentially released from service, increasing overcapacity. Another effect of low oil prices is that there is less incentive to scrap old, inefficient capacity.

World tonnage on order, 2011-2016 (Thousands of dead weight tons)

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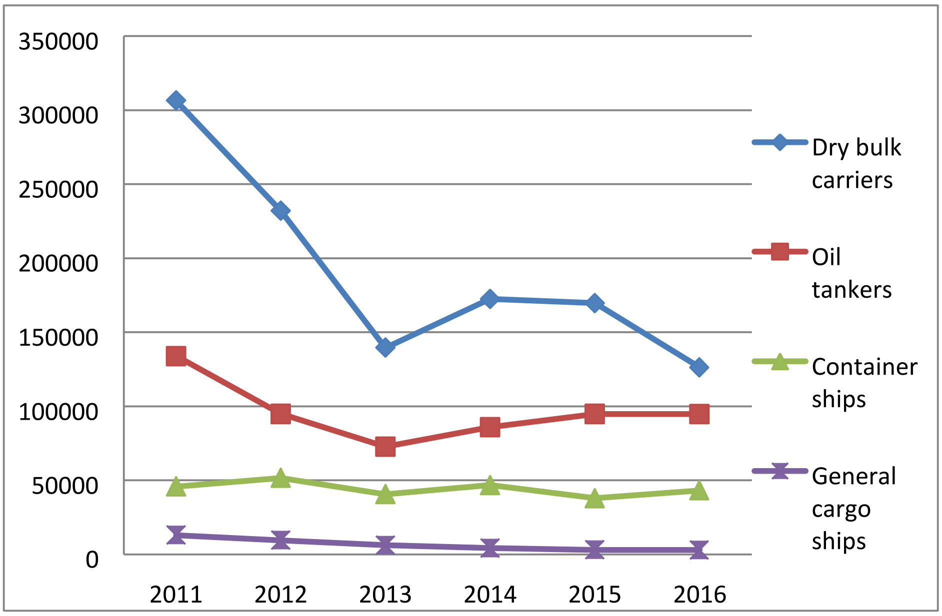


(Source: UNCTAD Maritime Report 2016)

Countries can specialize in different maritime subsectors, leading to a process of concentration of industries in a small number of countries. Each country participates in different sectors of the maritime sector, thus taking advantage of the opportunities to generate income and employment in certain maritime subsectors. In shipbuilding, the three main countries represent more than 90% of world production and, in the case of ship scraping; the four main countries have a combined market share of 95%.

In conclusion, it is no longer a policy choice to support the maritime sector "as a whole". The challenge is, instead, to identify and support selected maritime businesses. In order to identify opportunities for their countries in the port and shipping business, policymakers need to carefully assess the competitive environment for each of the maritime subsectors they wish to develop. New opportunities may arise in specific sectors, such as ship repair; as new mega-container ships have entered service, they will need to be dry-docked after 7.5 years. Policymakers need to consider the value added of a sector for a country's economy, including possible synergies and spillover effects to other sectors, whether maritime or not. Policymakers also need to consider that the port and shipping business is a key enabler of a country's foreign trade. Apart from opportunities to generate income and employment as a provider in the maritime sector, it is often even more important to ensure opportunities for a country's importers and exporters, as traders need access to fast, reliable and cost-effective port and shipping services, no matter who is the provider.
(Source: UNCTAD Maritime Report – 2016)

Container Freight Rates:

Container freight rates declined steadily, reaching record low prices as the market continued to struggle with weakening demand and the presence of increasingly large container ships that had entered the market in 2015. Global demand for container shipments declined in 2015. The segment recorded its slowest growth rate since 2010 – 2 %, compared with 5 % in 2014. At the same time, slow demand was challenged by an accelerated massive global expansion of container supply capacity estimated at 8% in 2015, its highest level since 2010. This represented a slight increase compared to 2014, when container supply capacity stood at 7%.

Growth of supply and demand in container shipping, 2001–2016 (Annual growth rates in %):

Main and non-main freight rates struggled to cope with volatility and strong downward pressure, reaching a record low in 2015. Average spot freight rates on all trade lanes dropped significantly, some more than others. For example, freight rates on the Far East and Northern European trade routes averaged $ 629 per TEU in 2015, 46% less than the 2014 average and 65% compared to the 2010 rates. In contrast, Far Eastern Mediterranean spot rates were down 41 %, to $ 739 per TEU, down 41 % from rates in 2014 and almost 58 % below rates in 2010. Far East freight rates- At $ 455 per TEU, a decrease of 59 % from 2014, less than 80 %, compared to prices in 2010. These low rates barely covered minimum operating costs.

Even those trade routes that had experienced stronger growth in demand were faced with low freight rates.

Container freight markets and rates, 2009–2015:

Freight markets	2009	2010	2011	2012	2013	2014	2015
Trans-Pacific				(Dollars per FEU)*			
Shanghai–United States West Coast	1 372	2 308	1 667	2 287	2 033	1 970	1 506
Percentage change		68.21	-27.77	37.19	-11.11	-3.10	-23.55
Shanghai– United States East Coast	2 367	3 499	3 008	3 416	3 290	3 720	3 182.41666666667
Percentage change		47.84	-14.03	13.56	-3.7	13.07	-14.45
Far East–Europe				(Dollars per TEU)			
Shanghai–Northern Europe	1 395	1 789	881	1 353	1 084	1 161	629
Percentage change		28.24	-50.75	53.58	-19.88	7.10	-45.82
Shanghai–Mediterranean	1 397	1 739	973	1 336	1 151	1 253	739
Percentage change		24.49	-44.05	37.31	-13.85	8.86	-41.02
North–South				(Dollars per TEU)			
Shanghai–South America (Santos)	2 429	2 236	1483	1 771	1 380	1 103	455
Percentage change		-7.95	-33.68	19.42	-22.08	-20.07	-58.75
Shanghai–Australia/New Zealand (Melbourne)	1 500	1 189	772	925	818	678	492
Percentage change		-20.73	-35.07	19.82	-11.57	-17.11	-27.43
Shanghai–West Africa (Lagos)	2 247	2 305	1 908	2 092	1 927	1 838	1 449
Percentage change		2.56	-17.22	9.64	-7.89	-4.62	-21.16
Shanghai–South Africa (Durban)	1 495	1 481	991	1 047	805	760	693
Percentage change		-0.96	-33.09	5.65	-23.11	-5.59	-8.82
Intra-Asian				(Dollars per TEU)			
Shanghai–South-East Asia (Singapore)	..	318	210	256	231	233	187
Percentage change			-33.96	21.84	-9.72	0.87	-19.74
Shanghai–East Japan	..	316	337	345	346	273	146
Percentage change			6.65	2.37	0.29	-21.10	-46.52
Shanghai–Republic of Korea	..	193	198	183	197	187	160
Percentage change			2.59	-7.58	7.65	-5.08	-14.44
Shanghai–Hong Kong (China)	..	116	155	131	85	65	56
Percentage change			33.62	-15.48	-35.11	-23.53	-13.85
Shanghai–Persian Gulf (Dubai)	639	922	838	981	771	820	525
Percentage change		44.33	-9.11	17.06	-21.41	6.36	-35.98

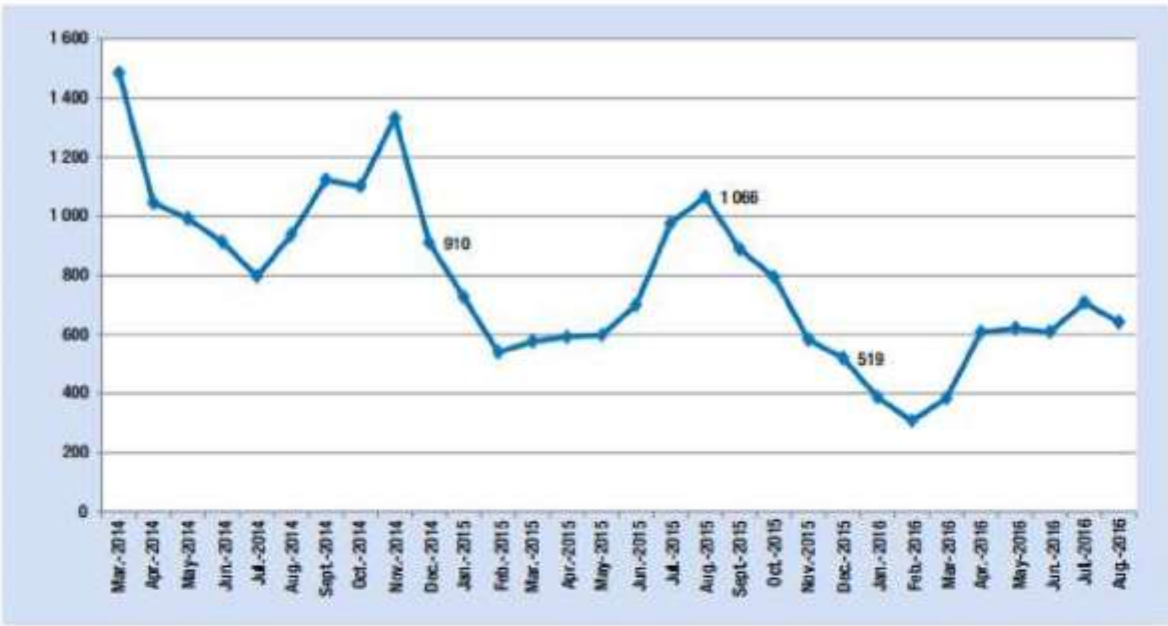
Dry Bulk Freight Rates:

In 2015, the dry bulk market witnessed one of its worst years since 2008. Dry bulk freight rates fell to a record low, as weak demand and strong supply created a high imbalance in fundamentals from the market. The dry cargo market was mainly affected by a significant deceleration of bulk dry sea trade, with volumes contracting by 0.2% as a result of limited growth in iron ore trade and the decline in volumes of coal. China, the biggest player in the market, saw demand for dry bulk tumble in 2015, the first time since the Great Recession.

Dry bulk carriers accounted for 73 % of gross tonnage demolished in 2015. The increase in cancellation and scrapping activities helped to limit overall fleet growth to its slowest pace in 15 years but it was not enough to bridge the gap between supply and demand and bring the sector back into balance. Idling of vessels was another measure taken to limit supply but on a smaller scale (about 5 million dwt lay idle).

Given these difficult market conditions, the Baltic Exchange Dry Index reached several low levels. The index fell to 519 points in December 2015, its lowest average in the year, decreasing by 43 % from its average in December 2014. The fall continued in early 2016 and the index recorded an average of 319 points in February.

Baltic Exchange Dry Index, 2014–2016 (1985 = 1,000 points):



In 2015, maritime freight rates in most of the maritime segments bore volatility and downward movements, which recorded record levels in the container and dry bulk markets, breaking well below operating costs. Weak demand and high fleet growth meant that fleet utilization continued to decline and increased the deflationary pressure on freight in most markets except for tankers.

This pattern of low rates may have benefited shippers by translating into lower freight costs. The net impact of lower freight costs on trade, especially in developing countries with higher transport costs, could be positive to some extent.

Low freight rates have led to increases in insolvencies and liquidations among shipping companies, as well as to wider consolidation and integration in the shipping industry, namely in the container and dry bulk segments, which in turn may squeeze out smaller carriers and result in an oligopolistic market structure.

In 2016, the shipping industry is likely to face yet another challenging year in most segments because of the persistent mismatch between supply capacity and demand. With an uncertain global outlook for seaborne trade, freight rates will therefore continue to be determined by the way supply capacity management is handled.

Global Natural Gas Fleet: An Overview

Global natural gas trade carried by sea in liquefied form, which accounted for nearly one third of world natural gas trade in 2015, expanded by 1.6 per cent, down from 2.5 per cent in 2014. As countries across the world have started to use natural gas to satisfy the gap in their domestic energy requirement, global sea-borne trading volumes have witnessed a recent spurt in demand. The total LNG trade reached 244.8 MT in 2015, up 4.7 MT from 2014. This marks the largest year ever for LNG trade, surpassing the previous high of 241.5 set in 2011. The startup of several new projects in Australia and Indonesia drove higher supply, ramping up significantly enough to offset outages in Yemen, Egypt and Angola. Although the Pacific Basin remains the largest source of demand, growth was driven by Europe and the Middle East; both regions saw new countries become importers in 2015.

The decline in oil prices and growing weakness in Pacific demand led all global LNG price markers to fall in 2015, from an average $15.60/MMBtu in 2014 to $9.77/MMBtu in 2015.

Transportation of petroleum products:

Petroleum transport is the transportation of petroleum and derivatives such as petrol (gasoline).Petroleum is transported via rail cars, trucks, tanker vessels, and through pipelines. Which method is used to move this oil depends on the amount that is being moved and where it is being moved to. The biggest problems with moving this oil are pollution and the chance that the oil can spill. Petroleum oil is very hard to clean up and is very toxic to living animals.

A petroleum product is normally transported by one of four options;

- Pipeline: The most commonly used form of oil transportation is through oil pipelines. Pipelines are typically used to move crude oil from the wellhead to gathering and processing facilities and from there to refineries and tanker loading facilities. Pipelines require significantly less energy to operate than trucks or rail and have a lower carbon footprint.
- Rail: Petroleum shipment by train has become a growing phenomenon as new reserves are identified across the globe. The relatively small capital costs and construction period make rail transport an ideal alternative to pipelines for long distance shipping. However speed, carbon emissions and accidents are some significant drawbacks to rail transport.
- Truck: The most limited oil transportation method in terms of storage capacity, trucks have the greatest flexibility in potential destinations. Trucks are often the last step in the transport process, delivering oil and refined petroleum products to their intended storage destinations.
- Ship: Transportation over land is not suitable; then petroleum products can be transported by ship. A typical 30,000-barrel tank barge can carry the equivalent of 45 rail tank cars at about one-third the cost. Compared to a pipeline, barges are cheaper by 20-35%, depending on the route. Tank barges traditionally carry petrochemicals and natural gas feed stocks to chemical plants. The drawbacks are typically speed and environmental concerns.

While there are various transportation options for petroleum products, the decision of which method to use usually comes down to cost and location. Trucks are less efficient than other methods, but their particular advantage is that they provide direct travel from the source to the destination. Direct transportation is also a benefit of pipelines and tankers. In contrast, railway cars must be detached and processed at stations. Moreover, they may require jumping through multiple routes, making the process more complex from an administrative standpoint.

In the near future, it can be expected that these transportation methods will continue to be used, unless a radically new method of transportation is found. Therefore, most of the technology development in oil transportation methods is aimed at reducing emissions, increasing efficiency, or preventing spills and leaks.

An important issue that oil transportation and storage methods face are spills and inadvertent emissions. Spills from tankers can pollute coastal environments, while spills from rail and pipelines can pollute wildlife habitats or populated areas depending on the location. Spills or gas leaks from storage tanks have the same harmful effects.

Pipelines have more recently drawn a great amount of public concern. Proposed pipeline projects, such as the Keystone XL, have been the focal point of environmentalists because of their potential environmental impacts and as a symbol of society’s continued investment in carbon-intensive energy infrastructure.

Every method of transporting this petroleum has the potential for a major oil spill. However, the amount of oil spilt while it is in transport is a surprisingly small percentage of the total oil spilled. Most oil is spilt during loading and unloading and industrial plants accidentally spilling the oil into the ground. Regulations are created to help prevent oil from spilling everywhere. Some of these regulations include forcing marine tankers to have double hulls, and making a minimum of two man crew on trains that are carrying crude oil. Even though the least amount of oil spills happens when the oil is in transit, regulations are still put in. if the oil was spilt while it is in a ship, tank truck, pipeline or rail car, it can result in fire, poising of plants, injuries and fatalities of the crew and citizens. There are also regulations put in place to prevent the spilling of oil and petroleum vapors while loading and unloading these fuels as well as processing the oil. The goal of these regulations is to make sure that all the oil is delivered or processed equals the amount of oil that was received. A simple example of this is the vapor guard on the nozzle of the gas pump at the gas stations. These regulations make sure that the companies watch to see that they do not have leaks in any pipes or equipment. When the oil is being processed is when it has a great potential of being leaked, so constant watch is required. These regulations are constantly changing as more discoveries on how to better control oil spills are being found.

Transportation of LPG:

Due to the on-going oversupply in the pressurised market, the LPG sector has seen a further slide in average rates for smaller and older vessels in the past twelve months as the rolling average dropped off about 15% from the end of Q1 2015 for the smaller vessels, whilst the larger vessels have held broadly stable, according to pressurized gas shipping company Epic Gas.

The market remained more or less stable during the first quarter of 2016, as 3,500cbm, 5,000cbm and 7,500cbm market rates averaged USD 5,562, USD 7,151 and USD 11,192 per day, respectively. Despite the recent drop in freight rates, gas carriers of all sizes are handling expanding trade flows and ethane is emerging as a new gas ship cargo. Although freight rates have fallen across every sector of the LPG shipping fleet so far this year, the industry's fundamentals are still basically sound and ship owners are confident of a sustained earnings rebound by the end of the year.

The fleet of very large gas carriers (VLGCs) of 75,000-85,000m3 has grown at an unprecedented rate in recent years. As of 1 July 2016 there were 234 of these fully refrigerated LPG carriers in service and 52 on order.

The VLGC fleet has expanded in response to the rising volume of US Gulf shipments, healthy Middle East exports and a strong demand for LPG, especially in Asia. VLGCs transport the vast majority of global seaborne trade in LPG, which, following 10 per cent growth in 2015 now stands at approximately 85 million tonnes per annum (mta).

The various smaller gas carrier segments have also suffered declines in spot market rates during 2016, although to nothing like the same extent as the VLGC fleet. None of the other fleet segments has been expanding as rapidly as the VLGC portfolio.

The July 2016 rates for 38,000m3 medium gas carriers (MGCs) were about 40 % down on those in January and those for handy size ships of 22,000m3 had dropped 33 %. The demand for semi pressurised/fully refrigerated (semi-ref) ethylene carrier tonnage has remained relatively strong and spot rates for 12,000m3 vessels of this type had sagged by less than 15 % over the first half of 2016.

Returns for fully pressurised LPG carriers providing European coastal distribution services are down by a similar margin but those on Asian coastal duty have suffered hardly any rate drops in 2016.

India's LPG imports are forecast to jump to 11.4 million-11.8 million mt in fiscal 2016-2017 (April March), up by around 1 million mt from projections for fiscal 2015-2016, as a 7.6% year-on-year rise in demand to 19.36 million mt in fiscal 2015-2016 outstripped domestic output.

To help meet growing import demand, Great Eastern Shipping, India's top private sector shipping firm, this week bought the 1996-built VLGC Gas Vision, due for delivery in the first-quarter of the current fiscal year. *(Source: Industry Research)*

SHIPPING INDUSTRY OVERVIEW

Wet Bulk segment

In 2015, oil remained the leading fuel, accounting for one third of global energy consumption. Global oil consumption was supported by demand among members of the Organization for Economic Cooperation and Development, in particular the United States and the European Union, and also partly sustained by China and India, where oil consumption expanded by 6.3 per cent and 8.1 per cent, respectively *(Source: British Petroleum, 2016).*

Trade in petroleum products and gas increased by 5.1 per cent in 2015, reaching a total volume of 1.17 billion tons. Estimates by Clarksons Research, indicate that trade increased in petroleum products by 6.2 per cent, to above 1 billion tons, and in gas by 3.5 per cent, to 328 million tons.

Global natural gas trade carried by sea in liquefied form, which accounted for nearly one third of world natural gas trade in 2015, expanded by 1.6 per cent, down from 2.5 per cent in 2014. Total volumes reached to 338.3 billion cubic metres *(Source: British Petroleum, 2016).*

Dry Bulk segment

In 2015, global dry bulk shipments contracted by 0.2 per cent, and their volume was estimated at 4.8 billion tons. In contrast to the average annual growth of 7 per cent in recent years, dry bulk trade contracted due to the 1.3 per cent decline in trade in the five major dry bulk commodities (iron ore, coal, grain, bauxite and alumina and phosphate rock).

The dry bulk segment can be further sub-divided into two categories:

i) Main Dry Bulk;
ii) Other Dry Bulk

Main Dry Bulk:

The main dry bulk segment consists of five commodities namely iron-ore, coal, bauxite, food-grain and rock phosphate.

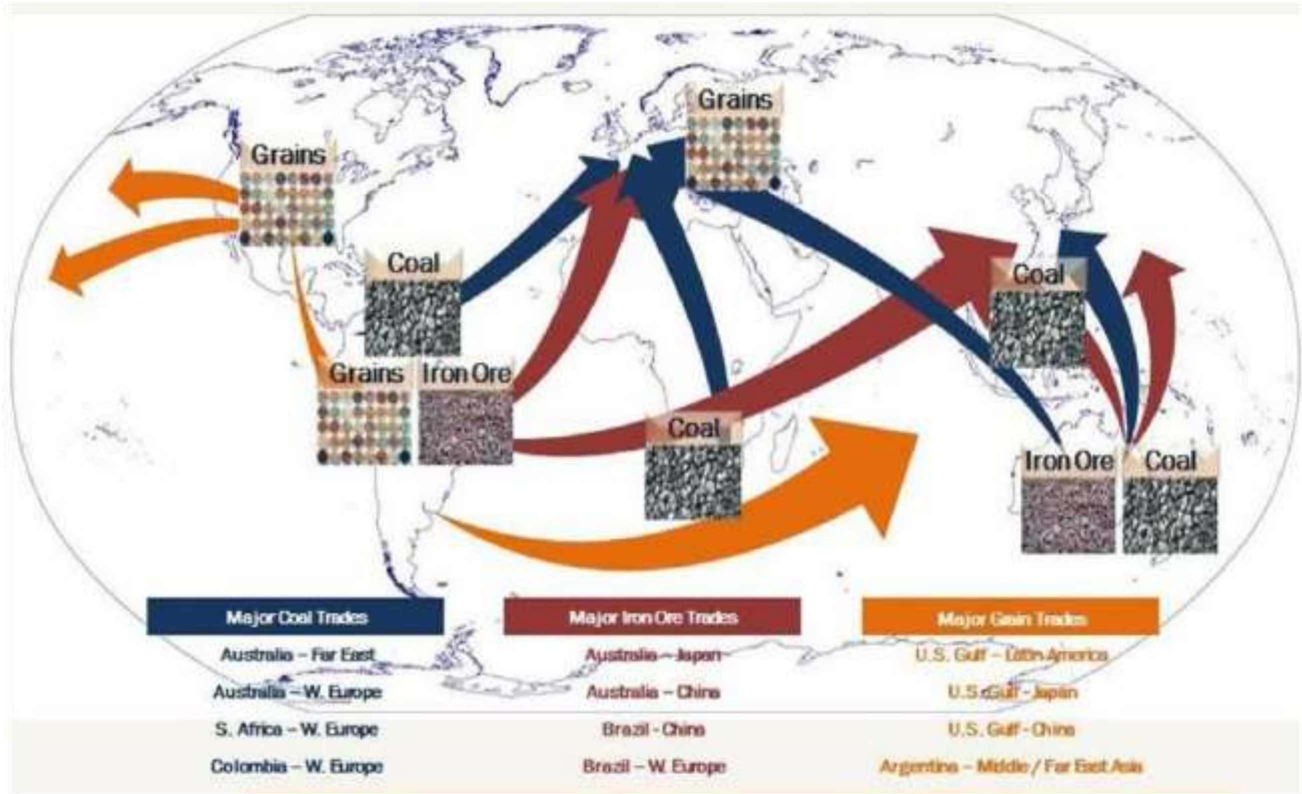
Iron-ore trade is estimated to have grown by 1.9% in 2015. Seaborne iron ore shipments totalled 1.36 billion tons, with import volumes into China – accounting for over two thirds of world iron ore imports – increasing by 2.8 per cent, a slower pace than the 15 per cent expansion in 2014. The slowdown was partly due to reduced steel production and to reliance on existing stocks. With regard to supply, in 2015, major iron ore exporters, namely, Australia and Brazil – accounting for over 80 per cent of the global iron ore market – continued production and increased their global shipments.

World seaborne coal (steam and coking) shipments fell, by 6.9 per cent, in 2015, and total volumes fell to 1.13 billion tons, with a division of 78 and 22 per cent, respectively, between steam and coking coal. This contraction was caused by the slowdown in China's economic growth, restrictions on low-quality coal imports and air pollution control measures introduced in China.

In 2015, global trade in grains (wheat, coarse grain and soybeans) increased by an estimated 4.9 per cent, reaching 453 million tons. Wheat and coarse grains, accounting for 71.5 per cent of the total, expanded by 2.9 per cent, while soybean shipments increased by 10.3 per cent.

Global bauxite and alumina trade volumes expanded by 18.1 per cent in 2015, in contrast to the negative performance in 2014 (-24.5 per cent). China's ability to secure sources of bauxite other than from Indonesia, and its growing alumina production capacity, contributed to the growth.

With regard to phosphate rock (used as fertiliser or industrial input), following an estimated growth of 1.0 per cent in 2015, global shipments are estimated at 29.8 million tons. Some projects are planned for 2019, including in Algeria, Australia, Brazil, China, Egypt, Jordan, Kazakhstan, Peru, the Russian Federation and Tunisia. Offshore mining projects are planned in Namibia for after 2019.



Other Dry Bulk:

In 2015, trade in minor bulk commodities increased at an estimated 0.4 per cent, with total volumes reaching at 1.74 billion tons. Manufactures (steel products and forest products) accounted for 43.0 per cent of the total, followed by metals and minerals (37.1 per cent) and agri bulks (19.9 per cent). While shipments of manufactures and agribulks increased, by 1.9 per cent and 2.9 per cent, respectively, shipments of metals and minerals declined, by 2.4 per cent. Growth in manufactures reflected the increase in steel production in China and exports to China, and the weakened domestic demand for steel.

Dry Bulk Segment Outlook:

After a slight stability in 2013–14, the dry bulk shipping industry began a deep downturn in 2015. Industry financial performance declined markedly from 2014, and compared with 2013, the drop in operating performance has been staggering. The unbalanced supply-and-demand equation means pricing won't rebound meaningfully while too many vessels keep chasing too few shiploads. The beginning of 2016 was equally rough: despite a modest bounce in pricing at the end of the first quarter, the outlook for the remainder of the year remains negative.

COAL INDUSTRY OVERVIEW

Global Coal Reserves and Resources

Coal reserves generally include what is considered as economically recoverable at any given time, taking into account available mining technology and costs. Coal resources, on the other hand, include all potential coal deposits. Coal resources are ~17 times larger than coal reserves and account for over two-thirds of all non-renewable energy sources, including conventional and nonconventional hydrocarbons, such as oil and gas. Coal is simply the world's most abundant non-renewable energy fuel.

There are two internationally recognized methods for assessing world coal reserves. The first is from the German Federal Institute for Geosciences and Natural Resources (BGR) and is used by the International Energy Agency (IEA) as the main source of information about coal reserves. The second one is from the World Energy Council (WEC) and is used by the BP Statistical Review of World Energy. According to BP Statistical Review report there were 8,91,531 million tonnes (MT) of proved coal reserves. Major Coal reserves are in the following few countries as detailed below:

Global coal proved reserves at end - 2015 (in million tonnes)					
Countries	**Anthracite & Bituminous**	**Sub-bituminous and Lignite**	**Total**	**Share of total**	**R/P ratio***
US	108501	128794	237295	26.60%	292
Russian Federation	49088	107922	157010	17.60%	422
China	62200	52300	114500	12.80%	31
Australia	37100	39300	76400	8.60%	158
India	56100	4500	60600	6.80%	89
Kazakhstan	21500	12100	33600	3.80%	316
Ukraine	15351	18522	33873	3.80%	>500
South Africa	30156	-	30156	3.40%	120
Indonesia	-	28017	28017	3.10%	71
Total World	403199	488332	891531	-	114
(Source: BP-Statistical Review- World Energy- June 2016)					

**R/P ratio i.e. Reserves-to-production ratio. If the reserves remaining at the end of any year are divided by the production in that year, the result is the length of time that those remaining reserves would last if production were to continue at that rate. Reserves-to-production (R/P) ratios are calculated excluding other solid fuels in reserves and production.*

Global Coal Consumption and Production

Consumption

World coal Consumption rose at 6.98% CAGR during CY 2011 to CY 2015. However, total consumption in 2015 decreased to 3839.90 MT from 3911.20 MT in 2014, which is primarily led by substantial decrease in coal consumption by US, Canada, European countries like Belarus, Denmark, Finland, Greece, Lithuania, UK etc. The said decrease was somewhat compensated by increase in consumption in Colombia, Portugal, Spain, Indonesia, Vietnam etc.

China was the highest consumer which accounts for around 50% of total world consumption followed by India having consumption of around 10.6%. Consumption pattern of top countries consuming about 76% of total consumptions and rest of the world during last five years are highlighted below:

Global coal consumption at end - 2015 (in million tonnes oil equivalents)										
Countries	2011		2012		2013		2014		2015	
	Cons.	% share	Cons.	% share	Cons.	% share	Cons.	% share	Cons.	% share
US	495.4	**13.0**	437.9	**11.4**	454.6	**11.7**	453.8	**11.6**	396.3	**10.3**
China	1,899.0	**50.0**	1,923.0	**50.1**	1,964.4	**50.5**	1,949.3	**49.8**	1,920.4	**50.0**
India	300.4	**7.9**	330.0	**8.6**	355.6	**9.1**	388.7	**9.9**	407.2	**10.6**
Indonesia	46.9	**1.2**	53.0	**1.4**	57.6	**1.5**	69.8	**1.8**	80.3	**2.1**
Japan	109.6	**2.9**	115.8	**3.0**	120.7	**3.1**	118.7	**3.0**	119.4	**3.1**
RoW	948.7	**25.0**	981.7	**25.6**	937.8	**24.1**	930.9	**23.8**	916.3	**23.9**
Total World	**3,800.0**		**3,841.4**		**3,890.7**		**3,911.2**		**3,839.9**	
(Source: BP-Statistical Review- World Energy- June 2016)										

Production

Global coal production is concentrated among five countries - China, United States, India and Australia and Indonesia which together accounts for around 80% of the total coal production. Share of these countries in production has remained at ~80% during last 5 years, as detailed below:

Global coal production at end - 2015 (in million tonnes oil equivalents)										
Countries	2011		2012		2013		2014		2015	
	Prod.	% share	Prod.	% share	Prod.	% share	Prod.	% share	Prod.	% share
US	556.1	**14.3**	517.8	**13.2**	500.9	**12.6**	508.0	**12.7**	455.2	**11.9**
China	1,851.7	**47.6**	1,873.5	**47.7**	1,894.6	**47.5**	1,864.2	**46.7**	1,827.0	**47.7**
India	250.8	**6.4**	255.0	**6.5**	255.7	**6.4**	271.0	**6.8**	283.9	**7.4**
Indonesia	217.3	**5.6**	237.3	**6.0**	276.2	**6.9**	281.7	**7.1**	241.1	**6.3**
Australia	233.4	**6.0**	250.4	**6.4**	268.2	**6.7**	287.3	**7.2**	275.0	**7.2**
RoW	782.1	**20.1**	796.2	**20.3**	790.4	**19.8**	776.7	**19.5**	747.9	**19.5**
Total World	**3,891.4**		**3,930.2**		**3,986.0**		**3,988.9**		**3,830.1**	
(Source: BP-Statistical Review- World Energy- June 2016)										

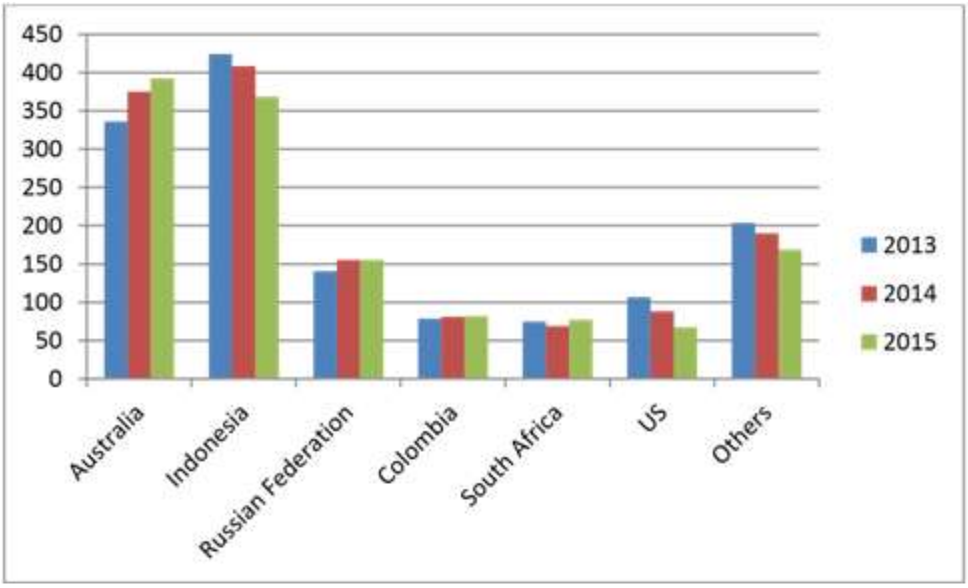
Major coal exporting countries

Australia and Indonesia remained the world's largest coal exporters in 2015, with 29.9% and 28.1% of exports on a tonnage basis. The combined export of the above two countries of 58.0% of trade was a record, despite Indonesia's exports declining by 9.8% in 2015, record exports from South Africa and near record exports from both Colombia and the Russian Federation.

Major countries exporting coal (MT)						
Country	**2013**	**% of total**	**2014**	**% of total**	**2015(p)**	**% of total**

Major countries exporting coal (MT)						
Australia*	336.2	24.64%	375	27.42%	392.3	29.92%
Indonesia	424.3	31.10%	408.2	29.85%	368.4	28.10%
Russian Federation	140.8	10.32%	155.5	11.37%	155.1	11.83%
Colombia	78.5	5.75%	81.2	5.94%	82	6.25%
South Africa	74.6	5.47%	69	5.05%	77.3	5.90%
US	106.7	7.82%	88.2	6.45%	67.1	5.12%
Others	203.4	14.91%	190.3	13.92%	168.9	12.88%
World Total	**1364.5**		**1367.4**		**1311.1**	
(Source: IEA, CARE Research)						

** Data for Australia are provided on a fiscal basis*



In 2015 due to increase in production and record exports from Australia and due to decrease in production and exports from Indonesia, Australia became the world's leading exporter. Further, for 2013 and onwards, Netherlands made a conscious decision to stop trying to account for coal in transit. As a consequence there was a very large increase in both their imports and exports, and potential inflation to trade totals as there now could be double counting. As such, despite having no indigenous production and coal consumption of less than 16 Mtoe in 2015, the Netherlands are the 7th largest coal exporter, and the world's 6th largest coal importer.

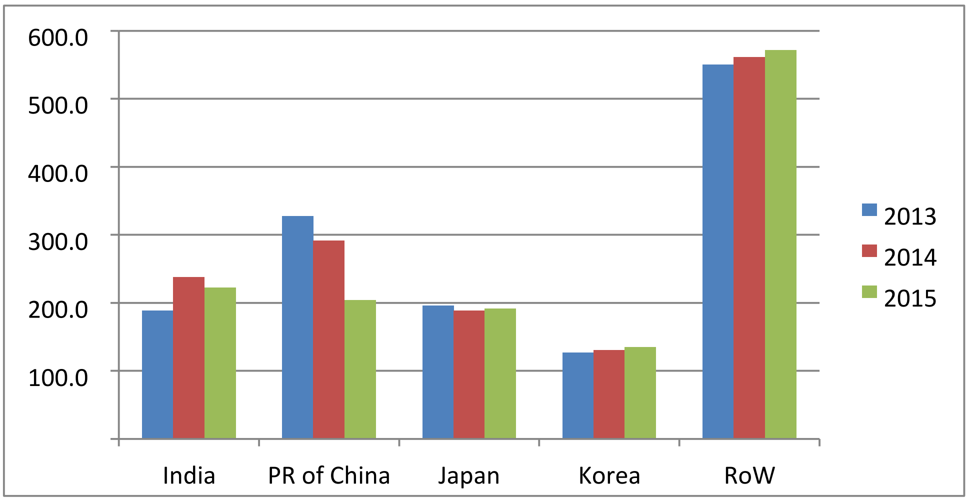
Major coal importing countries

Total world coal imports were 1323.8 Mt in 2015, ~6.0% decrease from 2014.

Major countries importing coal (MT)						
Country	**2013**	**% of total**	**2014**	**% of total**	**2015(p)**	**% of total**
India*	188.8	13.60%	237.6	16.86%	221.8	16.75%

Major countries importing coal (MT)						
PR of China	327.2	23.57%	291.6	20.70%	204.1	15.42%
Japan*	195.6	14.09%	188.1	13.35%	191.6	14.47%
Korea	126.5	9.11%	131.0	9.30%	135.1	10.21%
RoW	550.0	39.62%	560.7	39.79%	571.2	43.15%
World Total	**1,388.1**		**1,409.0**		**1,323.8**	
(Source: IEA, CARE Research)						

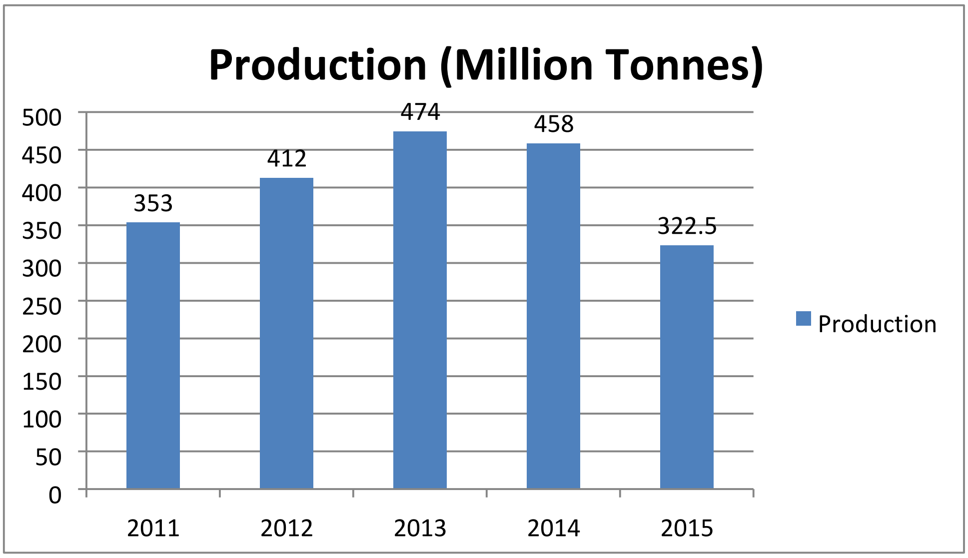
**Data for India and Japan are provided on a fiscal basis*



Of the total imports, share of OECD accounts has increased to ~48% in year 2015 compared to ~45% in the year 2014.

<u>Indonesian coal industry</u>

Indonesia has total coal reserves of around 28017 MT which accounts for 3.1% of total world coal reserves. All reserves pertain to sub-bituminous and Lignite. Indonesia produces ~6% to 7% of total world's coal production. Last five year's production by Indonesia is given below:

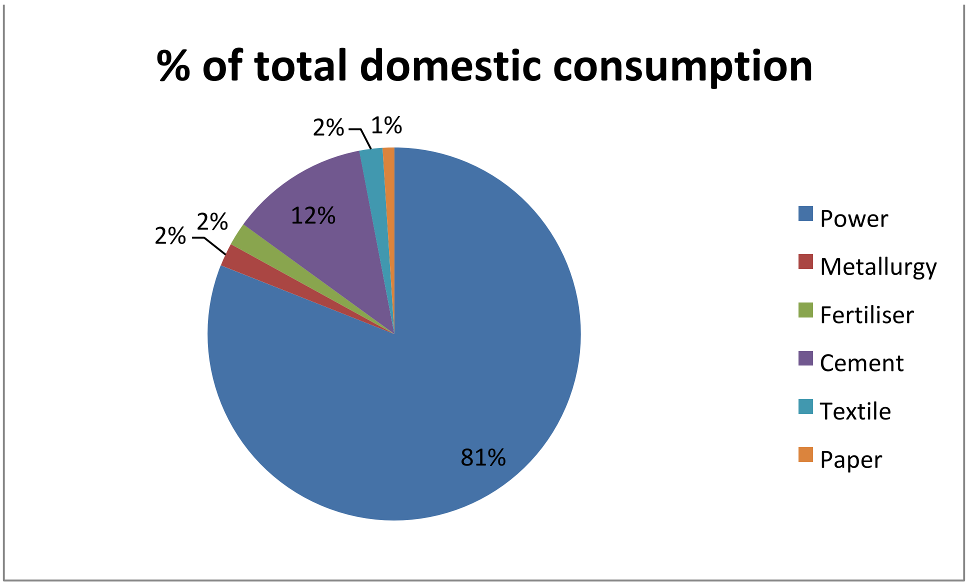


(Source: Indonesian Coal Mining Association (ICMA))

As can be seen from the above, production in Indonesia has reduced by ~29% in year 2015 compared to year 2014. This decline is attributed to a fall in global coal demand in preceding years, particularly in China, that caused financial troubles for local miners that therefore reduced - or completely shut down - their operations in 2015 and 2016.

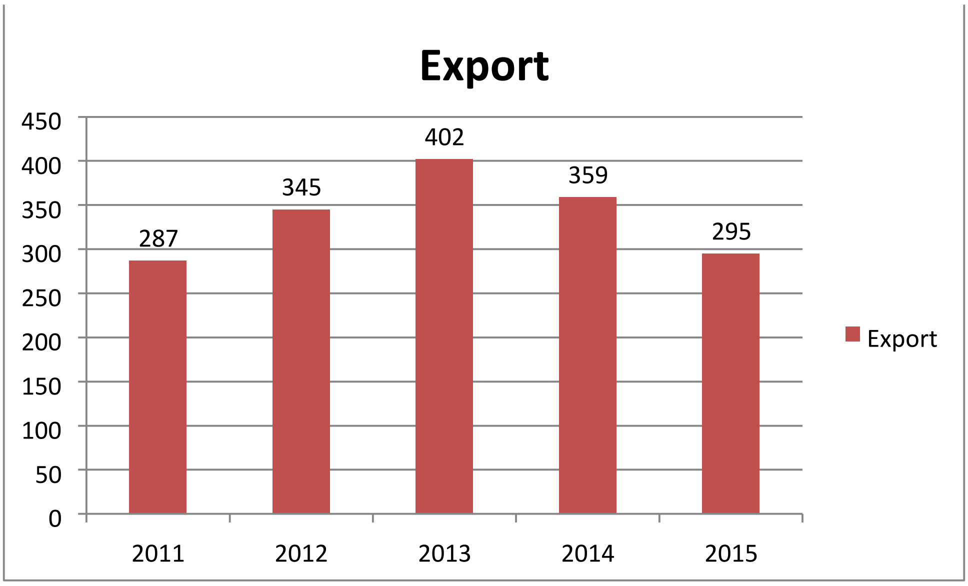
Indonesia's coal consumption rose 15 percent (y/y) to 80.3 Mtoe in 2015, from 69.8 Mtoe in the preceding year. Rising consumption is fuelled by the government's ambitious program to expand the nation's power capacity to 35,000 MW by 2019. The majority of new power plants are coal-fired, a logical option given that Indonesia has abundant coal supplies and prices are still low. Coal already is the biggest source for power generation. According to BP, coal contributes 41.4 percent to Indonesia's total energy consumption, followed by oil (37.6 percent of the total).

Indonesia’s domestic coal consumption was mainly for the power sector. Sector wise break up for consumption – 2016 is given below:



(Source: Indonesian Coal Mining Association (ICMA))

Indonesia accounts for only ~2% of total of total world consumption. Hence it's a coal surplus country and contributes exports of around 30% out of the total world's exports. Year wise export figures are provided below:



(Source: Indonesian Coal Mining Association (ICMA))

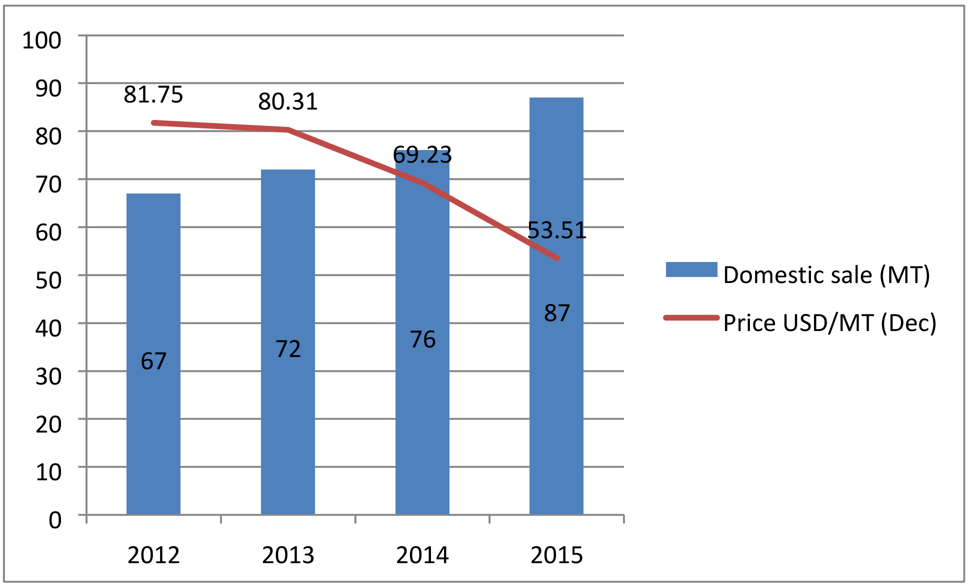
Coal pricing in Indonesia :

Indonesian Government's Benchmark Thermal Coal Price (HBA):

Month	2012	2013	2014	2015	2016
January	109.29	87.55	81.90	63.84	53.20
February	111.58	88.35	80.44	62.92	50.92
March	112.87	90.09	77.01	67.76	51.62
April	105.61	88.56	74.81	64.48	52.32
May	102.12	85.33	73.60	61.08	51.20
June	96.65	84.87	73.64	59.59	51.87
July	87.56	81.69	72.45	59.16	53.00
August	84.65	76.70	70.29	59.14	58.37
September	86.21	76.89	69.69	58.21	63.93
October	86.04	76.61	67.26	57.39	
November	81.44	78.13	65.70	54.43	
December	81.75	80.31	69.23	53.51	

in USD/ton

Source: Ministry of Energy and Mineral Resources



(Source; Indonesian Coal Mining Association (ICMA), CARE Research)

<u>Coal industry Outlook</u>

According to IEA, coal remains the second-largest energy source worldwide behind petroleum and other liquids—until 2030. From 2030 through 2040, it is the third-largest energy source, behind both liquid fuels and natural gas. World coal consumption increases from 2012 to 2040 at an average rate of 0.6%/year, from 153 quadrillion Btu in 2012 to 169 quadrillion Btu in 2020 and to 180 quadrillion Btu in 2040.

World coal production projection:

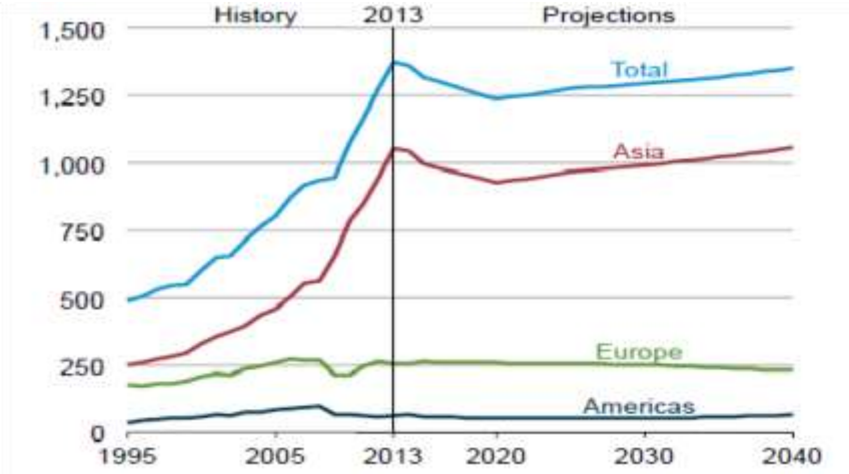
Region/Country	2012	2020	2025	2030	2035	2040	Average annual percent change, 2012-40
OECD	2,237	2,341	2,396	2,366	2,356	2,351	0.2
OECD with CPP	2,237	2,150	2,092	2,124	2,154	2,223	0.0
OECD Americas	1,107	1,125	1,143	1,122	1,122	1,096	0.0
OECD Americas with CPP	1,107	934	839	880	920	968	-0.5
United States	1,016	1,044	1,060	1,048	1,045	1,020	0.0
United States with CPP	1,016	853	756	806	843	892	-0.5
Canada	73	67	70	60	63	61	-0.6
Mexico/Chile	17	14	13	13	14	15	-0.5
OECD Europe	630	647	663	650	642	641	0.1
OECD Asia	501	569	591	594	593	614	0.7
Japan	0	0	0	0	0	0	0.0
South Korea	2	2	2	2	2	1	-2.2
Australia/New Zealand	498	567	589	592	591	613	0.7
Non-OECD	6,741	7,142	7,353	7,459	7,623	7,825	0.5
Non-OECD Europe and Eurasia	750	711	721	737	742	730	-0.1
Russia	392	435	444	459	465	452	0.5
Other	358	276	278	278	278	277	-0.9
Non-OECD Asia	5,584	5,986	6,164	6,242	6,379	6,552	0.6
China	4,256	4,621	4,706	4,670	4,598	4,494	0.2
India	666	841	921	1,014	1,185	1,408	2.7
Other	663	524	537	558	597	650	-0.1
Middle East	1	1	1	1	1	1	0.3
Africa	296	330	353	366	381	413	1.2
Non-OECD Americas	110	114	114	113	120	129	0.6
Brazil	7	6	6	7	7	8	0.1
Other	103	107	107	106	113	122	0.6
Total World	8,978	9,483	9,750	9,825	9,980	10,176	0.4
Total World with CPP	8,978	9,292	9,446	9,583	9,778	10,048	0.4

(Source: International Energy outlook 2016)

World Coal trade:

Imports:

International Energy outlook 2016 expects no major change in coal imports in year 2040 compared to year 2013. World coal imports by major importing regions as projected by IE (in million short tonnes) is given below:



Export

Based on the relatively flat outlook for world coal imports, both worldwide and in each of the three major coal-importing regions, exports from some regions are expected to increase while exports from other regions expected to decline. The lack of growth in total world coal imports represents a substantial change to the long-term historical trend of continuous annual growth, which led to substantial increases in coal exports for a number of regions.

Major exporting country wise outlook is provided below:

(coal exports in million short tons)

Exporting Country	2013	2020	2040
Australia	394.3	428.1	479.8
US	117.7	71.4	58.5
South Africa	87.0	98.3	109.7
Eurasia	125.4	138.5	144.7
Poland	8.3	5.0	4.5
Canada	42.7	37.8	43.0
China	8.0	12.0	17.5
South America	83.4	100.7	110.1
Vietnam & North Korea	34.9	14.3	7.4
Indonesia	473.7	330.5	378.3

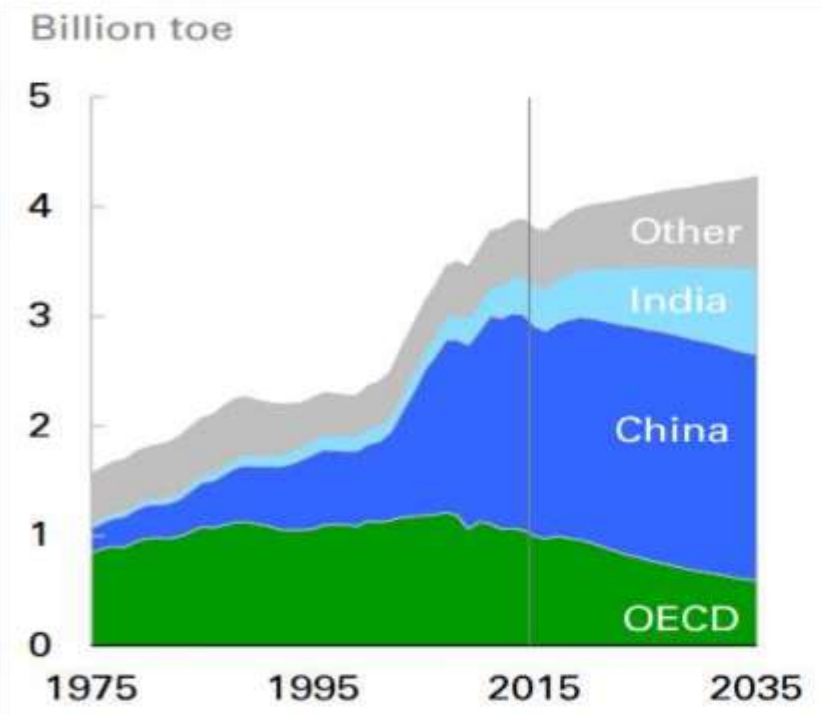
(Source: IEO 2016)

World Coal consumption:

According to BP Energy Outlook 2016, Growth in global coal demand is expected to slow sharply, growing by just 0.5% p.a. over the period till year 2035 compared with almost 3% p.a. over the past 20 years. This slowdown can be largely accounted for by the deceleration in China's coal consumption as its economy rebalances. China's demand for coal grows by just 0.2% p.a. over the period till 2035, down from over 8% p.a. during 2000-14, and from 2030 it is in decline.

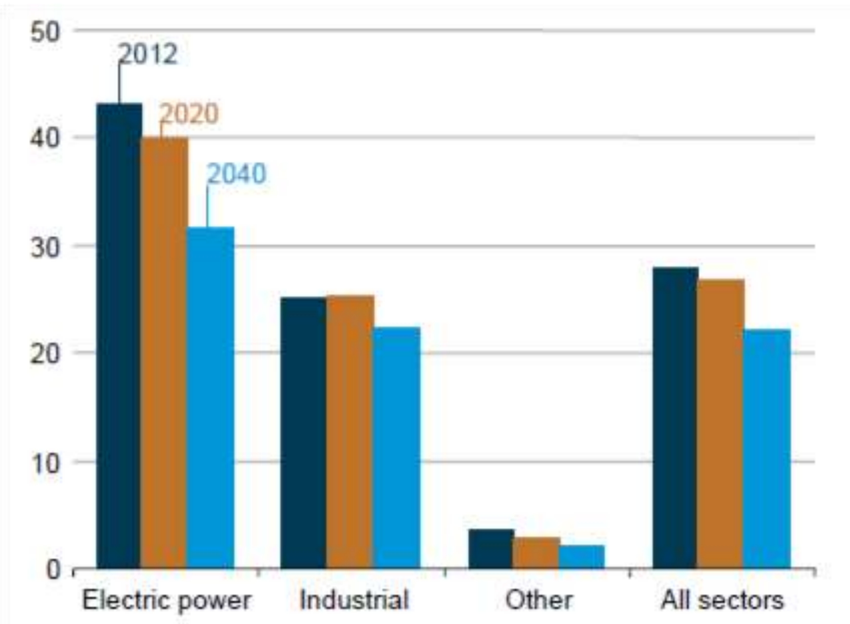
Coal demand is projected to fall by more than 50% in both the US and OECD Europe, driven by plentiful supplies of gas, the falling cost of renewables, and stronger environmental regulation.

Region wise coal consumption as projected by BP Energy outlook 2016 is as under:



(Source: BP Energy outlook 2016)

In similar line, IEO 2016 also projects consumption by China to decrease in terms of percentage of total world consumption. Sector wise projected consumption in terms of percentage of total coal consumption is as under:



Conclusion

Considering the Environmental issue, availability of petroleum products and shifting of the sources for power generation, coal demand is expected to grow only at moderate rate. Consumption by China is projected to reduce over the years. Overall coal consumption may not grow at substantial rate as compared to growth in past years.

OIL AND GAS INDUSTRY OVERVIEW

Global Crude oil industry

Crude oil is an unrefined petroleum product of natural origin composed of deposits of hydrocarbons and other organic materials. Crude oil can be refined to produce usable products such as gasoline, diesel and various forms of petrochemicals. It is a non-renewable resource, also known as a fossil fuel, meaning it cannot be naturally replaced at the rate we consume it and therefore is a limited resource.

The 19th century was a period of great change and rapid industrialization. The iron and steel industry spawned new construction materials, the railroads connected the country and the discovery of oil provided a new source of fuel. The discovery of the Spindle top geyser in 1901 drove huge growth in the oil industry. Within a year, more than 1,500 oil companies had been chartered, and oil became the dominant fuel of the 20th century.

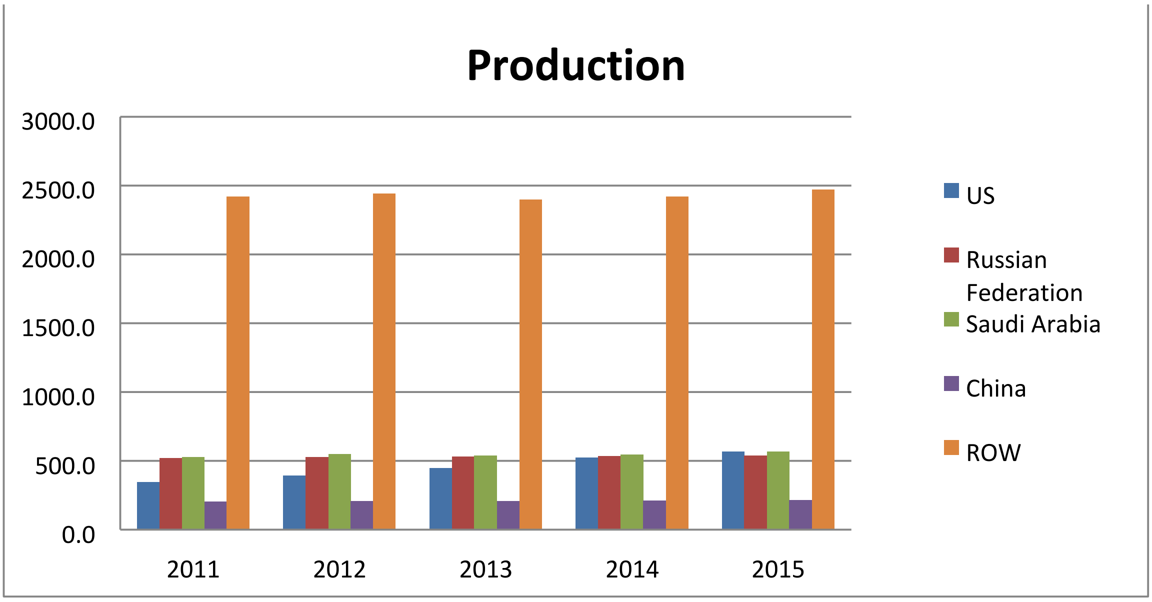
In 2015, oil remains the world's leading fuel, accounting for 32.9% of total global energy consumption. Although emerging economies continued to dominate the growth in global energy consumption, growth in these countries (+1.6%) was well below its ten-year average of 3.8%.

Several structural changes are underway in the oil industry, the emergence of non-OPEC supply, the trends in energy efficiency, the diminishing role of high-sulphur oil with the environmental pressures in the marine fuel industry and in the power generation sector, the emergence of unconventional oil (shale oil, heavy oil, tight oil and tar sands), and increased production both from mature and frontier fields. *(Source: Industry Source: History.com & BP Statistical Review 2016)*

Global Oil Consumption and Production

World Oil production rose at 1.68% CAGR during CY 2011 to CY 2015. The total production in 2015 was increased to 4361.90 MT from 4228.70 MT in 2014, which is primarily led by substantial increase in oil production by US, Russian Federation, Middle East countries like Saudi Arabia, UAE, Asian countries like China, India etc.

Production (In MT)	2011	2012	2013	2014	2015
US	345.0	393.7	448.0	522.8	567.2
Russian Federation	518.8	526.0	531.1	534.1	540.7
Saudi Arabia	525.9	549.8	538.4	543.4	568.5
China	202.9	207.5	210.0	211.4	214.6
ROW	2419.8	2442.2	2399.1	2417.0	2470.9
Total	4012.4	4119.2	4126.6	4228.7	4361.9



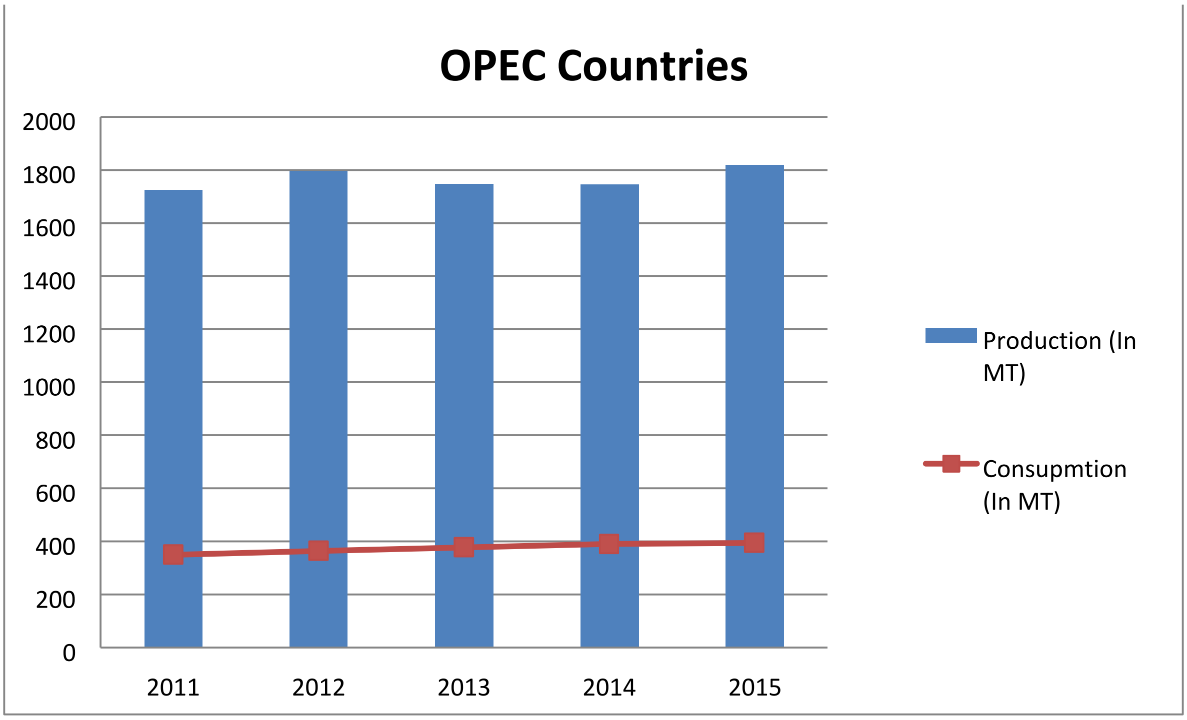
(Source: BP Statistical Review 2016)

OPEC Oil Production and Consumption:

According to current estimates, more than 80% of the world's proven crude oil reserves are located in OPEC Member Countries, with the bulk of OPEC oil reserves in the Middle East, amounting to 65% of the OPEC total.

OPEC Member Countries have made significant additions to their oil reserves in recent years, for example, by adopting best practices in the industry, realizing intensive explorations and enhanced recoveries. As a result, OPEC's proven oil reserves currently stand at 1,213.43 billion barrels.

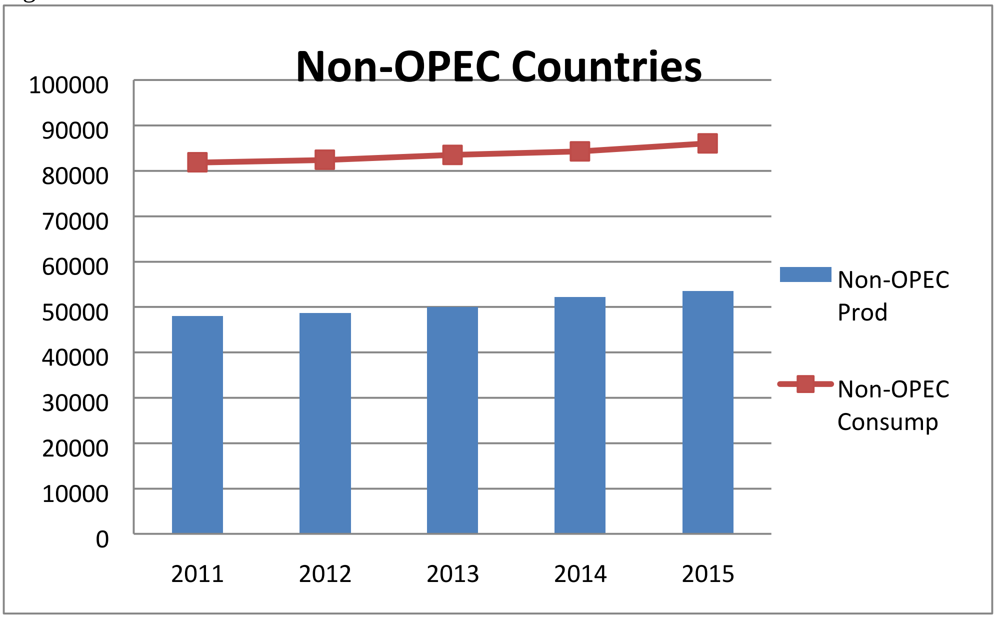
OPEC crude output rose by 230 kb/d to a record 33.83 mb/d in October 2016 after production recovered in Nigeria and Libya and flows from Iraq hit an all-time high. Output from the group's 14 members has climbed for five months running, led by Iraq and Saudi Arabia. In October, 2016 OPEC supply stood nearly 1.3 mb/d above a year ago.



(Source: BP Statistical Review 2016)

Non – OPEC Supply

Non-OPEC supply increased to 53.4 mnbpd in CY15 from 36.0 mnbpd in CY11. US is the largest producer, contributing around 13% of total non-OPEC output, followed by the Russia around 12.4% share. The US crude oil production has increased over the past few years, reversing a decline that began in 1986. The US crude oil production increased from 7.8 mnbpd in CY11 to 12.7 mnbpd in CY15 due to increase in production from shale and other tight oil formations.



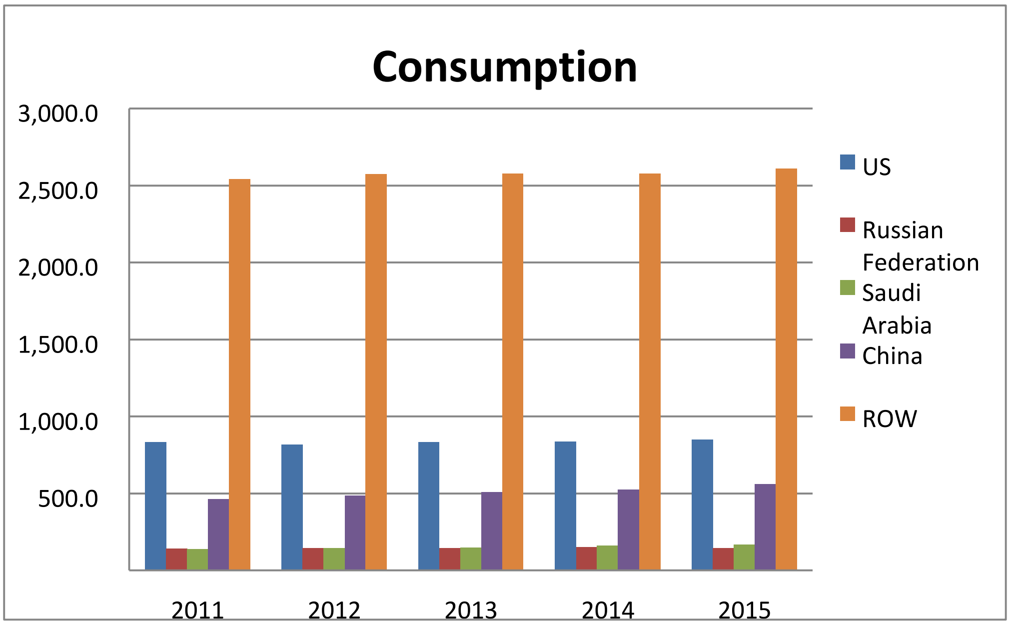
(Source: BP Statistical Review 2016)

Going ahead, the forecast for non-OPEC oil supply growth in 2017 has been revised up by 110 kb/d due to an improved outlook for Russian output. Russia is now forecast to grow by 190 kb/d in 2017, following gains of 230 kb/d in 2016. Other significant contributors to growth next year will be Brazil (+280 kb/d), Canada (+225 kb/d) and Kazakhstan (+160 kb/d). Non-OPEC production is still forecast to decline by 0.9 mb/d in 2016.

Non-OPEC oil supply rose by 485 kb/d in October 2016, to 57 mb/d, on a recovery in output from the North Sea and on higher Russian and Kazakh flows. A marginal increase is also forecast for US oil production, on lower outages in the Gulf of Mexico and as declines in tight oil output eased. Total non-OPEC supplies were 690 kb/d lower than what it was a year earlier in October 2016, with lower supplies in the US, the North Sea, China, Colombia and Mexico offset partly by gains in Kazakhstan, Brazil and Russia.

Global Oil Demand

World oil consumption increased from 89.7 mnbpd in CY 2011 to 95.0 mnbpd in CY 2015, recording a CAGR of 1.14%. The total consumption in 2015 increased to 4331.30 MT from 4251.60 MT in 2014, which is primarily led by substantial increase in coal consumption by US, China, Middle East countries like Israel, Qatar, UAE, Asian countries like China, India, Philippines, Pakistan, Vietnam etc. In CY 2015, Asia Pacific region is the largest oil consumer with total consumption of 32.4 mnbpd (34.7% of share in global consumption) followed by North America (23.9% of share in global consumption). Country wise, in CY 2015, US was the largest oil consumer with total consumption of 19.3 mnbpd (19.7% of share in global consumption) followed by China (12.9% of share in global consumption).

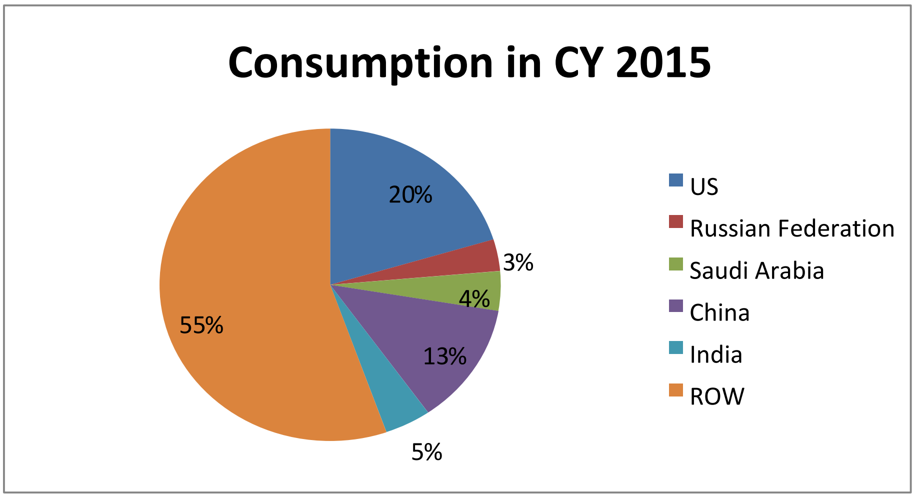


(Source: BP Statistical Review 2016)

Region Wise Share in Consumption (%):

Particulars	2011	2012	2013	2014	2015
North America	26.0%	25.5%	26.0%	26.1%	26.3%
S. & Cent. America	7.4%	7.6%	7.8%	8.0%	7.9%
Europe & Eurasia	21.2%	20.7%	20.5%	20.3%	20.5%
Middle East	9.4%	9.8%	10.0%	10.4%	10.7%
Africa	3.8%	4.0%	4.1%	4.2%	4.3%
Asia Pacific	32.2%	33.4%	34.1%	34.7%	36.1%

Major Oil Consuming Countries in CY 2015 (In million of barrels per day)



(Source: BP Statistical Review 2016)

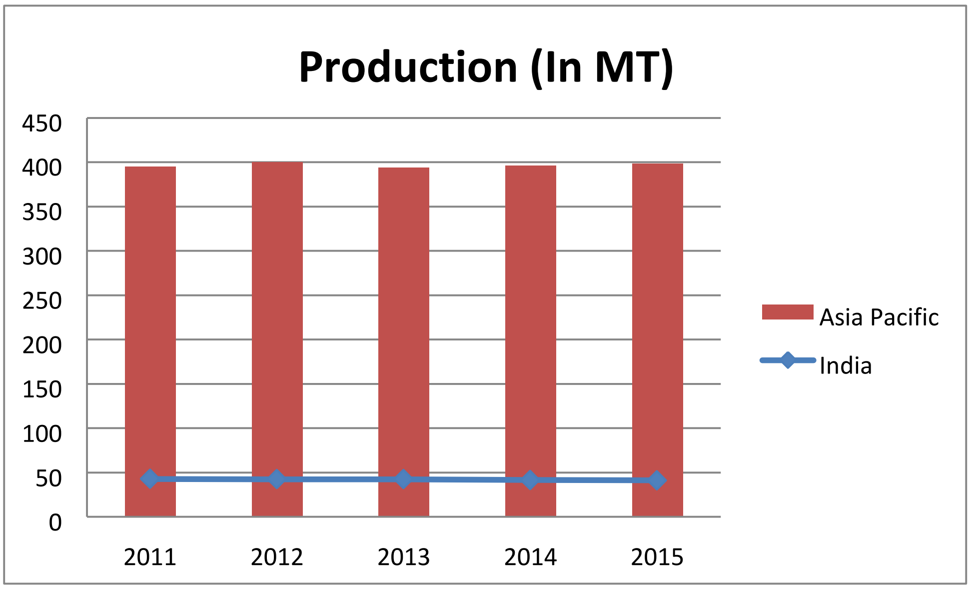
Indian Crude Oil Industry

Domestic crude oil production fell in 2014-15, even as oil consumption increased by around 8%, pushing up India's import dependence. A collapse in oil prices coupled with a rapid economic growth has helped push up oil consumption at home.

Inability to bring fresh big reserves into production lately has kept production stagnant in India. The bigger problem is that the exploration activity didn't pick up in the last decade, underlining the need to enhance exploration activity in the country to be able to accelerate output in the future. Without which, India's dependence on overseas oil will only grow in future. Indian government has set a target to bring down import of oil by 2020.

Production:

India’s oil production has reduced at -0.81% CAGR during CY 2011 to CY 2015. The total production in 2015 reduced to 41.2 MT (10.3% of share in Asia Pacific production) from 42.9 MT (10.9% of share in Asia Pacific production) in 2011, falling for the fourth straight year. India’s production has reduced from 8.76 mnbpd in CY 2015 to 9.16 mnbpd in CY 2011.



(Source: BP Statistical Review 2016)

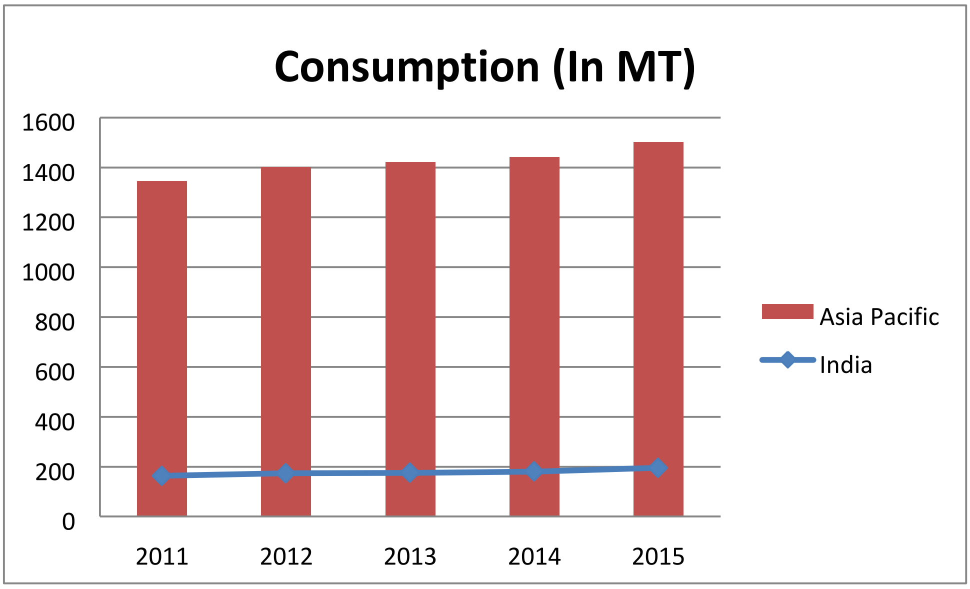
Details of some of the leading producers along with their productions for FY 2015-16 are given below:

Sr. no.	Company	Annual Production FY 16 (Mboe)	Annual Production FY 16 (kboed)
1.	E& P - Indian Oil company Ltd.	53820	147,452
2.	Crude oil – ONGC	190.07	521
3.	Crude Oil - Oil India Ltd	23.80	65
4.	Reliance Petroleum	1.50	4
5.	CAIRN India	334	915

(Source: Annual Reports of respective company for FY 2015-16)

Consumption:

India's oil consumption has increased at 3.70% CAGR during CY 2011 to CY 2015. The total consumption in 2015 has increased to 195.5 MT (13.0% of share in Asia Pacific production) from 163.0 MT (12.1% of share in Asia Pacific production) in 2011, which is primarily led by substantial increase in vehicle purchases, increased use of diesel for irrigation due to weak monsoon and rising air traffic. India's consumption has increased to 4.16 mnbpd in CY 2015 from 3.49 mnbpd in CY 2011.



(Source: BP Statistical Review 2016)

OUR BUSINESS

*Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled "**Forward-Looking Statements**" beginning on page 12 for a discussion of the risks and uncertainties related to those statements and also the chapter titled "**Risk Factors**" beginning on page 32 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve months period ended March 31 of that year.*

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OVERVIEW

Our Company is a diversified conglomerate with operations spread across various geographies both onshore and offshore. We commenced our business in 1983 with one mini-bulk carrier to operate on the Indian coast. The current Promoters took over our Company in 1988 pursuant to the acquisition of the entire share capital of the Company from the then existing shareholders. The Company came up with an Initial Public Offering in 1993. The shares of our Company are currently listed on the BSE and NSE. The Company had issued FCCBs in the year 2014 which are listed on the SGX.

Over the years, from being a traditional shipping company, we have diversified and forayed into different business segments, and today have a presence in shipping, dredging, oil & gas and coal. As of December 15, 2016, our operations consist of 9 vessels, 9 dredgers, 4 Oil & Gas Blocks, 4 coal mining licenses of which 1 is an operating coal mine & 1 FPU. The FPU is proposed to be sold w.e.f. January, 2017. Our customer base mainly comprises of various Public sector Undertakings (PSUs), ports and other multinational clients who are spread across the world with presence in the field of Shipping, Coal, Oil & Gas and Dredging. Our Company has diversified from being only a "Shipping Company" to an "Energy focussed conglomerate" over the last few decades. Our Company through its Subsidiaries is present in oil upstream sector with interests in oil & gas blocks in India and Myanmar. Additionally we own and operate a FPU which is a combination of a MOPU and a FSO and are in last stages of completing an EPCIC project involving conversion of a Mobile Offshore Drilling Unit (MODU) to a MOPU. We also have economic interests in coal mine in Indonesia and a coal mine area license in Mozambique. We also undertake coal trading and third party coal logistics. While pursuing diversification, we had ensured to maintain a steady expansion of our Shipping business owing to synergy of all other business segments of our Company. The main business interests of our Company are given below:

The table below represents segment wise revenue achieved by the Company for the FY 2016, FY 2015 and FY 2014:

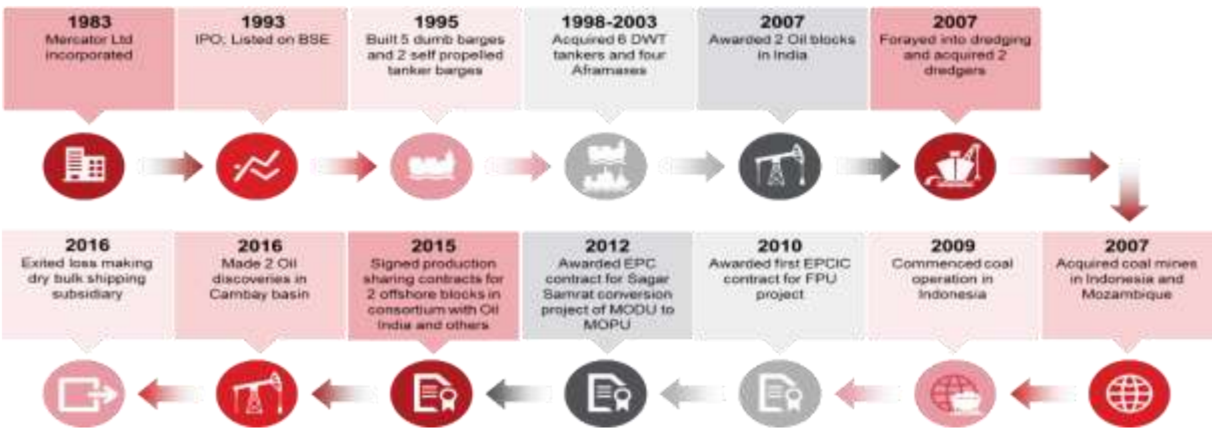
Segment	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue	₹ in million	As a % of Total Revenue
Oil & Gas	6,348.22	23%	5,439.50	18%	7,284.35	21%
Dredging	2,832.63	10%	2,161.30	7%	1,725.56	5%
Shipping	5,039.24	19%	7,968.51	26%	7,430.10	21%
Coal	12,844.09	47%	15,347.00	50%	18,337.84	53%
Total	**27,064.18**	**100%**	**30,916.31**	**100%**	**34,777.85**	**100%**

OUR STRENGTHS

We believe that the following are our principal competitive strengths which have contributed to our current position in the industry:

Diverse business offerings

We believe that having a large & diverse business portfolio has enabled our Company to enterprise the potential in the industry. We have not just expanded & diversified in the original business i.e. Shipping, but also diversified across businesses as well. This has enabled us to de-risk the overall revenue and profitability as each of the businesses have their own cycles. Our assets portfolio within each business segment we operate in is also diversified enough to capture and enterprise opportunities that come up from time to time. A brief representation capturing the diversification of our Company is as under:



Term contracts of ongoing nature ensuring revenue visibility

Our Company and our Subsidiaries have various medium to long term contracts which are ongoing in nature. We are also party to various contracts with various PSUs and / or port authorities which are driven by tender process. We believe that these contracts have helped ensure that the Company attains continuous growth which is also sustainable over a longer period. All our tankers are contracted to reputed Indian and International Companies. Also, our dredgers are gainfully deployed majorly with government ports in India. Our ability to service these contracts in a successful manner also helps us to ensure that we get repeat work from such existing customers. Besides, we also deploy our assets in short term / spot contracts some of which may also be repetitive in nature.

Focus on integration and synergy through sharing of resources amongst diverse verticals

We believe that our Company operates in diverse business segments which are inter connected to enable our Company to serve its customers in a holistic manner. Presence in each of Oil & Gas segment and the Shipping segments has enabled our Company to target National and Multinational Oil Companies whereby we have been able to provide them services at various points in their value chain. The operation in Coal and Shipping segments have enabled our Company to reap further profits arising from mining and delivery of coal to various ports in India and worldwide. Our expertise and association in the Shipping industry also helps us understand the port sector which in turn is useful for our dredging business. The coal mining business also compliments the coal infrastructure logistic business as well.

Ability to successfully foray into newer business segments

In pursuance of our aim to diversify from a shipping company to an 'Energy Based Conglomerate', we have strategically entered into certain business segments. We have successfully commenced mining in Indonesia on a Greenfield level without historically being in that business. We set up not just the mining but logistical infrastructure in a country where we did not have any prior presence. Again, with little to no experience in the Oil & Gas services space we completed the Engineering, Production, Construction, Installation & Commissioning (EPCIC) work for FPU again in previously unchartered country of Nigeria. During one of the bidding rounds, we also bid for and were awarded two oil blocks in the Cambay basin of India where we successfully drilled and discovered oil in the very first couple of wells.

Experienced leadership and management team with established track record

Our Company credits its growth to the extensive experience and expertise of our promoters and board of directors. Our operations are led by a team of experienced Key Management Personnel and senior management group who we believe have the professional individual expertise in diverse fields of finance, management, legal and secretarial functions which has enabled our Company to maintain diversified operations across various geographies. Our Company draws on this healthy blend of expertise to manage the challenges of growth effectively.

OUR STRATEGIES

Continue to explore expansion with focus on the Dredging Sector

The Dredging Sector in India opened up for private participation in the year 2004. Developing India's coastal shipping and inland waterways traffic is a top priority for Indian Government. We believe that dredging for development of inland waterways could open up an opportunity which we believe is largely untapped. Our Company is continuously exploring opportune Dredging contracts which are awarded by the Port authorities vide tender mechanism. We believe that an early mover advantage coupled with strong skill set can enable our Company to fully explore its potential in the Dredging sector.

Expanding our fleet of Tankers

We believe that the total Indian shipping fleet has not grown in tandem with the overall growth of the Indian seaborne trade thereby creating opportunities to meet the demand – supply gap, which is presently being fulfilled by foreign vessels. Our Company also benefits from its vessels registered under the Indian flag as there is a "right of first refusal" that Indian flagged ships receive over foreign flag competitors, if it meets the applicable criteria. We believe that we can capture additional market share in India and worldwide through additional investments in tankers.

Balance Sheet Deleveraging

In the recent past, our Company divested its interest in a loss-making step down subsidiary. The strategic disassociation of the loss-making step down subsidiary enabled our Company to reduce its consolidated debt. Further, our Company has also entered into binding term sheet for sale of the FPU which is proposed to be completed by January, 2017. This sale will further help our Company in reducing its consolidated debt. Our Company shall continue exploring such opportunities for deleveraging its balance sheet to ensure that the Company can sustain the steady growth targeted by the Company in the near future. We believe that prudent business strategies executed in a timely manner shall enable our Company to achieve the aforementioned. Our Company's total debt towards the FPU business on consolidated basis for FY 2016 was ₹4,225.41 million as against ₹5,335.87 million for FY 2015. Further, the debt of MLS for FY 2015 amounting to ₹10,327.30 million was no longer reflected for FY 2016.

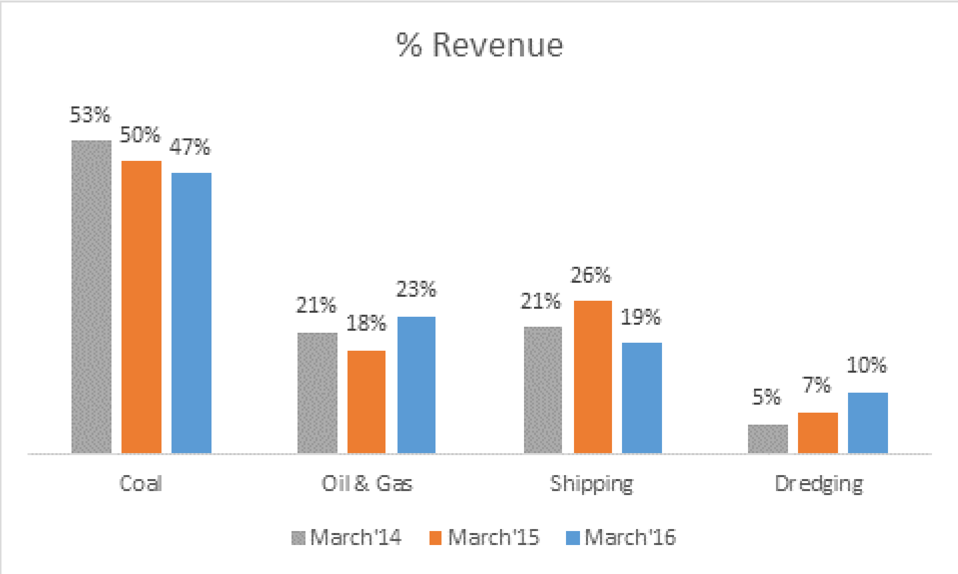
Exploit full potential of our Oil & Gas Blocks

As on December 15, 2016, all our Oil & Gas blocks are in the exploration stage. Two of these Oil & Gas Blocks in India are in the advance stage of exploration. We have already made two discoveries in 1 of these Oil & Gas Blocks in India. We intend to complete the minimum work program in the said block to commence production in these discoveries.

OUR BUSINESS SEGMENTS

Our Company operates in 4 different business segments organized by specific product and services offered by our Company and our Subsidiaries. Each of these divisions are managed by dedicated teams divided sector wise to ensure that they reap the benefits of focused and sustainable diversification. The 4 major business segments are:

- Dredging;
- Shipping;
- Coal; and
- Oil & Gas.



Dredging

Our Company forayed into the Dredging business in the year 2007 and currently operates 9 Dredgers which are currently deployed across India for various projects. Dredging is underwater excavation of soil & other debris, and is usually associated with cleaning and/or deepening of channels in ports; construction of new ports, reclamation of land, beach nourishment, sand mining, shore protection including maintaining the shipping channel depths etc. Dredging entails creation or maintenance of appropriate safe depth of water to enable navigation of ships and other vessels in water bodies.

We provide dredging services to various ports in the form of capital dredging and maintenance dredging. Capital Dredging is an infrequent process which entails removal of virgin material from the sea bed to enable creation or deepening of sea channel. Maintenance Dredging is a regular activity carried out periodically for removal of shoals or sediments from existing navigational channels to maintain the appropriate safe depth of water beds which was originally achieved through Capital Dredging.

As on December 15, 2016, we own and operate 9 dredgers. Below is tabulation of their major technical parameters

Sr.	Dredger name	Type	Hopper Capacity (m3)
1	Veera Prem	TSHD	11,300
2	Vakul Prem	BLD	N/A
3	Bhagvati Prem	TSHD	7,598
4	Darshani Prem	TSHD	7,450
5	Tridevi Prem	TSHD	5,433
6	Omkara Prem	TSHD	4,568.94

Sr.	Dredger name	Type	Hopper Capacity (m3)
7	Uma Prem	TSHD	2,577
8	Vivek Prem	SGH	870
9	Yukti Prem	CSD	N/A

Shipping

As on December 15, 2016, our Company owns and operates a fleet of a total of 9 Vessels which consists of tankers, a gas carrier and bulk carriers, including VLCC, Medium Range Product Carriers MRs, VLGC, and Panamaxes which are deployed across various countries with various Public sector Undertakings (PSUs) and other multinational clients. We provide transport services for cargo including coal, iron ore, crude oil, LPG, grains and others to our clients in India as also in international jurisdictions. Today, we are amongst the largest private sector shipping Company in India in terms of tonnage.

As on December 15, 2016, our total fleet profile in the Shipping Division is as under:

Serial No.	Name of Vessel	Vessel Type	DWT
A. Wet Bulk			
1.	Nerissa	VLCC	299,235
2.	Prem Pride	Aframax	109,610
3.	Hansa Prem	MR Tanker	36,032
4.	Prem Mala	MR Tanker	46,977
5.	Harsha Prem	MR Tanker	42,235
6.	Vedika Prem	MR Tanker	42,253
B. Bulk Carriers			
7.	Sri Prem Poorva	Panamax	69,286
8.	Vrinda	Panamax	69,221
C. Gas Carriers			
9.	Sisouli Prem	VLGC	50,400

In addition to the above, our Company, at times, hires outside vessels on a charter basis, to service its contractual obligations during maintenance, break downs, dry docking or otherwise. We maintain all our vessels in good working condition in order to satisfy the statutory flag state requirements as well as the international operating standards. We regularly offer our tankers for SIRE inspection held under the Oil Companies International Forum (OCIMF) umbrella. Similarly we also offer our bulk carriers for third party audits from reputed agencies. Our Dredgers are ISO 9000 compliant. Our offshore marine assets adhere to local, industry and client standards. We carry out regular maintenance of our fleet, including a mandatory annual survey of each of our vessels (which takes them out of service for two to three days on average) and a mandatory dry-docking twice in a period of 5 years (which takes two to three weeks on average). All of the vessels are dry-docked in reputed shipyards. Crew members are responsible for carrying out routine maintenance onboard the vessels and where necessary additional crew members are added to perform specific maintenance and upgrading tasks during voyages.

We offer our fleet as a mix of spot contracts and fixed-term charter contracts depending on the specific needs of our clients. Our Vessel fleet is divided into 3 (three) main categories described as under:

Wet Bulk

Our wet bulk services commenced in 1998, pursuant to the acquisition of our first wet bulk vessel M. T. Richa (9,750 DWT). In 2003, we also forayed into crude oil transportation. Presently, we provide transportation of wet bulk cargo, such as petroleum and crude oil which accounts for a significant percentage of seaborne trade globally.

Gas Carrier

Gas Carriers are Vessels which are specially designed to transporting all types of Liquefied Petroleum Gases ("**LPG**") in bulk from their point of extraction to their destination. Our Company owns 1 Very Large Gas Carrier ("VLGC") which is utilised for sea borne transportation of LPG, which consists of propane and butane mixture.

Dry Bulk

We currently transport coal, grain and iron ore amongst other dry bulk commodities to and from various countries such as China, India, Australia, Indonesia, America and South Africa. As on December 15, 2016, we own 2 vessels which operate in the Dry Bulk Segment.

Coal

Our Company has 3 coal mine licenses in Indonesia of which 1 is an operating coal mine and 1 mining license in Mozambique. The mining activities undertaken by our Company is supplemented by coal trading. Our Company also offers coal infrastructure comprising of an all-weather haul road, stockpile facility crushing unit and loading facility to other coal mines situated in proximity to our coal mines in Indonesia. We have expertise in providing complete logistics solutions for coal i.e. transportation of coal from the foreign load port until its final destination. The logistics service has added a new revenue stream to the business of our Company.

We have established ourselves as a coal procurement and logistics provider and are considered as a preferred and reliable coal supplier from Indonesia. Our customers include large coal end use consumers as well as coal stockiest intermediaries, based in India and other Asian markets like China, Pakistan, Thailand, Philippines and Sri Lanka. For our mining operations, to minimise the risk of accidents, injuries and illness to our employees by improving health and safety standards and we closely monitor our operations. We have a comprehensive safety management system for the safe operation of our mines, which includes safety management plans, rules, codes of practice, manuals and procedures with which our employees are required to comply. We also conduct internal safety checks on a regular basis to ensure compliance from our staff. We have safety officers stationed on-site at each of our mining sites to oversee the safety aspect of our coal production operations. We believe our emphasis on worker health and safety is demonstrated by the relatively low level of worker accidents at our mines.

Oil & Gas

As on December 15, 2016 our Company's Oil & Gas division operates in 3 divisions i.e. Oil & Gas Block, Offshore and EPC through our Subsidiaries. Each of these sub-divisions are discussed below:

Oil & Gas Blocks Division

Our Company through its subsidiary i.e. Mercator Petroleum Limited ("**MPL**") has entered into Production Sharing Contracts with the Government of India for exploration of petroleum in two blocks viz. CB-3 & CB-9 under the VII New Exploration Licensing Policy round. These 'S- Type' blocks are situated onshore in the prolific Cambay Basin in Gujarat, India and together cover an area of about 180 km^2. Our Asset Portfolio in the *Oil & Gas Blocks Division* as on December 15, 2016 is summarised as under:

Serial No.	Blocks	Type	Location	Participation Interest (%)
1	CB-3	Onshore	Cambay Basin	100
2	CB-9	Onshore	Cambay Basin	100
3	M-4	Offshore	Myanmar	25
4	YEB	Offshore	Myanmar	25

Block CB/ONN-2005/3

This onshore Block is in the Mehsana district near Ahmedabad in north Cambay Basin and covers an area of about 48 km^2. This is surrounded by various other known oil discoveries, many of which are already on production. In this block we have drilled 1 well named Dharti-1 to a depth of over 2200m.

Block CB/ONN-2005/9

Onshore Block located in Baruch – Jambushar tectonic block in south Cambay Basin and covers an area of about 132 km^2. This block in near the Narmada river basin and the nearest town in Palej towards the north. The large Gandhar oil field is situated in the nearby area to the block. One well Jyoti-1 was drilled in 2014 while it was tested in 2015 when the well successfully flowed oil to the surface in presence of the government representatives. During the same year, another well, Jyoti-2 was drilled to a depth of about 2800m where again the oil successfully flowed to the surface in the presence of the government representatives. Our Company has also obtained an independent certification for the in - place and recoverable volume of resources.

We have already submitted an appraisal programme for the discovered area and will be applying for relevant approvals in order to expedite the production of oil from the block. Further we have drilled more wells which are yet to be tested. We also plan to drill more wells as part of the minimum work program commitment.

Blocks M-4 & YEB

Our Company has through a consortium arrangement entered into Production Sharing Contracts with Ministry of Energy, Myanmar for two (2) shallow offshore blocks viz. M-4 and YEB. The two blocks have a combined area of over 12,000 square miles and have good commercial terms. Both the blocks are in the initial study period prior to the exploration stage post which our Company can take a decision on the indicative prospects in the block and choose to undertake further exploration program.

EPC

Our Company has an in-house EPC unit that provides support to business units and develops customised solutions for specific projects. We presently have the capability to execute turnkey projects engineering, designing, construction, conversion, installation and commissioning. Presently, our Company through its subsidiary is in the process of completing the Sagar Samrat project on EPC basis at a yard situated at Abu Dhabi, the scope of which includes surveying, designing, 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.

Offshore

As on December 15, 2016, our Company, through its subsidiary, owns a MOPU and a "**FSO** together known as FPU, which is presently deployed at Nigeria. The FPU continues to operate at nearly 100% uptime. Over the last 5 years, it has assisted in producing nearly 50 million barrels from the field. Our Company has successfully provided customized Engineering, Procurement, Construction, Installation and Commissioning ("**EPCIC**") services for this facility. However, on November 28, 2016, our Company through this subsidiary entered into a letter of intent pursuant to which our Company is proposing to sell its FPU. The FPU contributed to 14% of our total revenues for the FY 2016 on a consolidated basis. If the sale is concluded in a timely manner, this Offshore division of our Oil & Gas Business shall no longer be in operation.

OUR SUBSIDIARIES

Our Company has a total of 34 subsidiaries (including our step down subsidiaries) as on December 15, 2016. A summary of our Material Subsidiaries is as under:

Mercator Offshore (P) Pte. Ltd ("MOPPL")

MOPPL was originally incorporated on December 15, 2009 as "*Mercator Offshore (Nigeria) Pte. Limited"* as a private company limited by shares under the Companies Act (Cap 50) bearing number 200923384E *vide* certificate confirming incorporation of company dated December 17, 2009 issued by Assistant Registrar, Accounting and Corporate Regulatory Authority, Singapore. Subsequently, the name of MOPPL changed from "*Mercator Offshore (Nigeria) Pte. Limited"* to "*Mercator Offshore (P) Pte. Ltd*" with effect from June 6, 2011 *vide* certificate confirming incorporation of company under the new name on July 7, 2011. The registered office of MOPPL is situated at 60, Paya Lebar road, #11-05, Paya Lebar Square, Singapore - 409051. MOPPL is engaged in the business of petroleum, mining and prospecting services and service activities incidental to oil and gas extraction (excluding surveying).

MCS Holdings Pte. Ltd. ("MCS")

MCS Holding Pte. Ltd. was original incorporated as "*Quest Shipping Management Pte. Ltd.*" on March 16, 2007 under Companies Act (Cap 50) bearing number 200704423E *vide* certificate confirming incorporation of company dated March 16, 2007 issued by Assistant Registrar, Accounting and Corporate Regulatory Authority, Singapore. Subsequently, the name of MCS was changed from "*Quest Shipping Management Pte. Ltd*" to "*MCS Holding Pte. Ltd.*" with effect from April 4, 2008 *vide* certificate confirming incorporation of company dated April 9, 2008. The registered office of MCS is situated at 60, Paya Lebar road, #11-05, Paya Lebar Square, Singapore-409051. MCS is engaged in the business of commodity trading.

INSURANCE

We have availed Hull & Machinery, Protection & Indemnity and War insurance policies for each of our vessels. We have also obtained Directors Officers and Reimbursement policy which is applicable on a worldwide basis. Besides these, we have also availed Group Mediclaim policies, Group Personal Accident Policy and Office Umbrella Policy. We believe that our insurance coverage is commensurate to the size, nature and diversity of our business operations.

EMPLOYEES

We consider employees to be our strength and a critical factor for our consistent success. As on December 15, 2016, we had 96 full-time employees involved in management and administration functions. We do not have any part-time employees. We outsource our crewing and manning requirements from a fleet management company. We also outsource contractors for our mining activities. Apart from the above there are certain crew members on board of the vessels, work force for mining which are employed by the Company.

We do not maintain a pension policy. We provide for gratuity, bonus and leave payments, as applicable, outstanding at the end of every year, which are charged to the revenue account.

There is no trade union for the Company's full-time employees. However officers and crew working on board our various vessels are represented by trade unions.

ENVIRONMENT, HEALTH AND SAFETY

We share responsibility for Quality, Health, Safety, Security and Environment protection not only for ourselves but also for our colleagues and for society at large. Our fleet maintains good safety records, and our vessels operate in compliance with international pollution prevention protocols and with strict regard for national pollution prevention and response regulations. Our shipboard employees are well trained in all the requisite systems and procedures and are provided training over and above the mandatory requirements. We adhere to the IMO's aim of achieving safe shipping across cleaner oceans.

For our offshore services, we have developed and implemented HSSE and Asset Integrity Management systems to document our policies and best business practices to satisfy the requirements and expectations of our customers. We have prepared emergency plans to mitigate residual risks and conduct regular drills to ensure readiness at all times.

It is mandatory for us to comply with various environmental measures prescribed by various regulatory authorities. We follow a Health Safety and Environment Policy which has the approval of our major customers. Our technical managers have an approved manual which lists procedures whereby compliance to various regulations are ensured in addition to enhancing our commitment to safety of life, ship, cargo and the environment. All vessels have mandatory and approved pollution prevention manual on board. We have implemented a Planned Maintenance System ("PMS") onboard our vessels whereby all equipment is routinely checked and maintained as prescribed by manufacturers and good industry practices. Further a requisite amount of spares of critical machinery are kept on board at all times. We endeavour to practice sound environmental management of the mines which we operate, and we have formulated comprehensive post-mining reclamation and rehabilitation plans to manage the environment in which we carry out our mining operations. Our strategies take into account the geological characteristics of our mining sites in order to better manage the environment, and mitigate risks attached thereto. Our land reclamation activities require the deposit of the overburden onto mined out areas. Our rehabilitation activities require the spreading of topsoil over the surface of the overburden deposited and the planting of native plants. All our vessels (save and except Yukti Prem which is a DumbBarge) currently maintain the following statutory permits which are applicable for carrying on its operations in Indian as well as international waters:

Sr. No.	Particulars
A.	**Directorate General of Shipping**
1.	Certificate of Registry issued under Section 34 of the Merchant Shipping Act, 1958.
2.	Certificate of Insurance or other Financial Security in respect of Civil Liability for Oil Pollution Damage issued under Rule 4 of Merchant Shipping (Form of Certificate of Insurance for Civil Liability for Oil Pollution Damage), 1985.
B.	**International Safety Management Code**
3.	Document of Compliance issued under Rule 5(1) of the Merchant Shipping (Management for Safety of Operation of Ships) Rules, 2000 in compliance with the requirements of the International Safety Management Code.
4.	Safety Management Certificate issued under Rule 5(8) of the Merchant Shipping (Management for Safety of Operation of Ships) Rules, 2000 in compliance with the requirement of the International Safety Management Code.
5.	Interim Document of Compliance and Safety Management Certificate issued under Rule 6(1) and 6(2) respectively of the Merchant Shipping (Management for Safety of Operation of Ships) Rules, 2000 in compliance with the requirement of the International Safety Management Code.
C.	**MARPOL Convention**
6.	International Air Pollution Prevention Certificate
7.	International Oil Pollution Prevention Certificate
8.	International Ship Security Certificate
9.	International Sewage Pollution Prevention Certificate
D.	**Safety of Life at Sea, 1974**
10.	Safety Equipment Certificate under Section 302 of the Merchant Shipping Act, 1958 according to Convention for the Safety of Life at Sea signed on June 10, 1949.
11.	Safety Radio telegraphy Certificate under Section 301 of the Merchant Shipping Act, 1958 according to Convention for the Safety of Life at Sea signed on June 10, 1949
12.	Cargo Ship Safety Construction Certificate
13.	Cargo Ship Safety Equipment Certificate
14.	Cargo Ship Safety Radio Certificate
E.	**Load Line Convention**
15.	International Load Line Certificate under Section 316 of the Merchant Shipping Act, 1958 according to Load Line Convention signed on July 5, 1930
F.	**International Convention on Tonnage Measurement of Ships, 1969**
16.	International Tonnage Certificate under Article 7of International Convention on Tonnage Measurement of Ships, 1969.
G.	**International Convention on Control of Harmful Anti-Fouling System on Ships**
17.	International Anti-Fouling System Certificate issued under Rule 6 of Merchant Shipping (Control of Anti-fouling System) Rules, 2016 according to International Convention on Control of Harmful Anti-Fouling System on Ships
H.	**Maritime Labour Convention**
18.	Maritime Labour Certificate or Interim Maritime Labour Certificate and Declaration of Maritime Labour Compliance Part I and Part II issued under Rule 24 of Merchant Shipping (Maritime Labour) Rules, 2016 in accordance with Maritime Labour Convention

Information Technology

Our Company has in place various off the shelf IT systems relating in particular to communications. Neither the purchase nor the maintenance of these systems involves any significant cost to our Company.

Property

Our registered office situated at 3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021 has been availed on leave and license basis for a term of 3 years ending on November 30, 2018. Other than our fleet and our Mumbai office premises, land in Ahmedabad, land in Indonesia for mining and residential property in Jakarta, we own no other significant property. We have also taken certain premises on lease for office, residential and guest house purposes.

Intellectual Property Rights

Our logo MERCATOR has been registered with the Trade Marks Registry of India and is valid until 2020. As on December 15, 2016, our Company has a total of 25 trademarks and logos registered in its name under various classes. Further, our Company also applied for copyright for the " OORJA " which has been published in 3 different countries outside India. For risk relating to our intellectual property, please refer to section titled "*Risk Factors*" beginning on page 32 and "*Legal Proceedings*" beginning on page 196 of this Placement Document.

Corporate Social Responsibility ("**CSR**")

The Companies Act, 2013 introduced provisions relating to CSR, pursuant to which our Company is required to spend, in each financial year, at least 2% of its average net profits during the three immediately preceding financial years towards one of the specified CSR activities. Since there was no average profits in the last 3 financial years, our Company was not required to spend statutorily on CSR activities during the FY 2016. However, our Company has through the Prem Punita Foundation, as an Implementing Agency, undertaken various CSR activities as under:

- Project Prem Sukhada for establishing and operating dispensaries, cancer detection and awareness sessions, personal hygiene camps for children, wamen hygiene and handling adolescence amongst girls;
- Project Prem Pravan for sponsoring therapy to children with hearing impediment, supporting NGOs working on eye care, disabled;
- Project Prem Kshamata for encouraging arts and crafts, learning with fun and adult literacy
- Project Prem Sagar for providing basic computer education and sewing and design to girls.

REGULATIONS AND POLICIES

The following description is a summary of relevant regulations and policies applicable to our Company. This description is based on the current provisions of Indian law, which are subject to change or modification or interpretation by subsequent legislative, regulatory, administrative or judicial decisions. The laws set out herein below and their description are not exhaustive, and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for professional legal advice.

Maritime and Shipping Laws

The following laws pertaining to the shipping industry apply to our Company during the course of its operations:

Merchant Shipping Act, 1958 and Merchant Shipping (Registration of Indian Ships) Rules, 1960

The Merchant Shipping Act, 1958 ("**MSA, 1958**") came into force to foster the development and ensure the efficient maintenance of the Indian mercantile and marine industry in a manner best suited to serve the national interests of India and consolidate all the laws related to merchant shipping in India. The MSA,1958 deals with specific aspects of merchant shipping, such as, registration of ships, sailing vessels and fishing vessels, establishment of the National Shipping Board, manning of ships, engagement, discharge and repatriation of seamen and apprentices, safety of passenger and cargo ships, control of Indian ships and ships engaged in coasting trade, collisions, prevention and control of pollution of the sea by oil from ships, limitation of shipowners' liability, civil liability for oil pollution damage, etc.

The Inland Vessels Act, 1917

The Inland Vessels Act, 1917 (hereinafter referred to as "**IVA, 1997**") governs the registration of mechanically propelled vessels that ordinarily ply on inland water (but does not include fishing vessels and ships registered under the Merchant Shipping Act, 1958) with the respective State Government. Under the IVA, 1997, the owner of every mechanically propelled vessel is required to obtain a certificate of survey from the State Government which shall provide for the particulars of the hull, boilers, engines and other machinery and equipment, capacity of the vessel, etc.

The Indian Carriage of Goods by Sea Act, 1925

This Act governs the carriage of goods by sea in ships from any port in India to any other port whether in or outside India. Carriage of goods covers the period from the time where goods are loaded on the ship to the time when they are discharges from the ship. It further lays down the responsibilities, liabilities, rights and immunities of the carrier and the ship and rules relating to the bill of lading and like documents of title regulating the relations between a carrier and a holder of the same.

The Coasting Vessels Act, 1838

The Coasting Vessels Act, 1838 ("**TCVA, 1838**") provides for registration of vessels, fishing vessels and harbour crafts belonging to any citizen of India and employed on the coasts of any state or trading coastwise. Every owner of such vessel, fishing-vessel or harbour craft is required obtain a certificate of registry in the form specified under the TCVA, 1838 and every such vessel employed as aforesaid, fishing-vessel and harbour-craft shall be marked or branded with the name of the place to which she belongs, and also with a number assigned for the same by the officer authorised under the TCVA, 1838.

The Multi-Modal Transportation of Goods Act, 1993 and the Registration of Multimodal Transport Operators Rules, 1992

The Multi-Modal Transportation of Goods Act, 1993 provides for the regulation of the multimodal transportation of goods, that is, carriage of goods by at least two different modes of transport, from the place of acceptance of goods in India to any place of delivery of goods outside India. Such transport shall be governed by a contract under which a multimodal transport operator undertakes to perform or procure the performance of multimodal transportation against payment of freight.

The Inland Waterways Authority of India Act, 1985

The Inland Waterways Authority of India Act, 1985 provides for constitution and powers of the Inland Waterways Authority of India for the regulation and development of inland waterways for shipping and navigation in India.

Seaman's Provident Fund Act, 1966 and the Seaman's Provident Fund Scheme 1966

The Seaman's Provident Fund Act, 1966 ("**SPFA, 1966**") provides for institution of a scheme under the name of 'The Seamen's Provident Fund Scheme' for constitution of a provident fund for the benefit of seamen. Under the SPFA, 1966, an owner of a ship, his agent or the master of a ship is responsible for contributing on behalf of himself and the seaman to the aforesaid provident fund. The SPFA, 1966 further provides for constitution of a Board of Trustees vested with powers to administer of the fund and ensure smooth functioning of the fund.

International Conventions

International Convention for the Prevention of Pollution from Ships, 1973 modified by the Protocol of 1978

International Convention for the Prevention of Pollution from Ships, 1973 modified by the Protocol of 1978 (hereinafter referred to as the "**MARPOL 73/78 Convention**") was adopted on November 2, 1973 and was formally released for acceptance by individual states in the year 1978 taking into account the original 1973 version and the 1983 amendments. Hence, the treaty is commonly referred to as MARPOL 73/78 and it came into force on October 2, 1983. MARPOL 73/78 Convention is the most important international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. This convention was not just designed to safeguard against accidental pollution by ships but also day-to-day pollution caused by ships in transit, called operational pollution. Over 161 states have signed the MARPOL 73/78 Convention including India. In terms of oil discharge, the MARPOL 73/78 Convention allows only a small amount, that is, a rate not exceeding 60 liters per miles travelled by the ship and in any event, never within 50 miles of the nearest land. With respect to ship sewage, dumping is prohibited unless the ship has an approved sewage treatment plant or is dumping comminuted and disinfected sewage using an approved system at distance of more than three (3) nautical miles from the nearest land. It further provides for a total ban imposed on dumping of any forms of plastic into the sea.

Safety of Life at Sea (SOLAS) Convention

The International Convention for the Safety of Life at Sea (hereinafter referred to as "**SOLAS Convention**") is an international maritime treaty which requires the signatory flag states to ensure that ships flagged by them comply with the minimum safety standards in construction, equipment and operation prescribed therein. The first version of the SOLAS Convention was passed in 1914 in response to the sinking of the RMS TITANIC. It prescribed for the numbers of lifeboats and other emergency equipments along with safety procedures, continuous radio watches, etc. The SOLAS Convention came into force on May 25, 1980 and since then, it has been amended from time to time. It has about 162 contracting states, which consist of about 99% of merchant ships around the world in terms of gross tonnage.

The main objective of the SOLAS Convention is to specify minimum standards for the construction, equipment and operation of ships, compatible with their safety. Flag states are responsible for ensuring that ships under their flag comply with the requirements stated under the Convention and a number of certificates are prescribed therein to act as proof of such compliance. The Convention has further provided for control provisions which allow contracting governments to inspect ships of other contracting states in the event that they have clear grounds for believing that the ship and its equipments do not substantially comply with the requirements of this Convention.

International Safety Management Code

The International Safety Management Code (hereinafter referred to as "**ISM Code**") was adopted in 1994 under Chapter IX of Safety of Life at Sea ("**SOLAS**") Convention, 1974 which provides for safe operation of ships and prevention of pollution. In the global maritime industry, the ISM Code introduced the concept of self-regulation in 1998. It is a management system model designed to encourage safety and pollution prevention and requires safeguards to be established against the safety and pollution risks involved in shipboards operations. The following are the objectives of the ISM Code:

- Ensure safety at sea;
- Prevent human injury or loss of life; and
- Avoid damage to the environment with focus on the marine environment and on property.

The ISM Code further provides for the following safety management objectives to be established by every company involved in the maritime and shipping industry:

- Provide safe practices in ship operation and working environment;
- Establish safeguards against all identified risks; and
- Continuously improve safety management skills of personnel ashore and onboard ships. These skills include the preparation for emergencies related to safety and environmental protection.

The ISM Code requires every company to develop, implement and maintain a safety management system which must include policies related to safety and environment protection, instructions and procedures to ensure safe operation of ships and protection of the environment. It further requires the safety management system to be in compliance with the respective international and flag related state legislations. It also provides for preparation and response to emergency situations and also including the various multiple procedures for reporting accidents and non-conformities with the provisions of the ISM Code

Oil and Gas

Some of our Indian Subsidiaries are involved in operations relating to the oil, gas and petroleum industry. The following laws are applicable to companies operating in this industry in India:

- Oilfields (Regulation and Development) Act, 1948
- Oil Industry (Development) Act, 1974
- Petroleum and Natural Gas Rules, 1959
- The Petroleum Act, 1934
- Petroleum and Natural Gas Regulatory Board Act, 2006

Insurance Laws

Marine Insurance Act, 1963

The Marine Insurance Act, 1963 ("**MI Act**") provides that the insurer shall undertake to indemnify the assured against the losses incidental to marine adventures. The MI Act provides for various types of insurance, such as voyage and time policy, valued or unvalued policy, floating policy, etc. The MI Act further provides for

Environment Laws

As part of our operations, we are required to comply with all applicable laws, rules and regulations in relation to the environment such as the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, Forest (Conservation) Act, 1980 etc. Further, the Hazardous Waste (Management and Handling) Rules, 1989 imposes an obligation on every occupier to ensure collection, safe handling, generation, processing, treatment, package, storage, transportation, use, reprocessing and disposal of hazardous waste.

Tax laws

Income Tax Act, 1961

The Income Tax Act, 1961 ("**Income Tax Act**") consolidates all the provisions in relation to income tax and is applicable to every domestic / foreign company whose income is taxable under the Income Tax Act depending upon its "residential status" and "kind of income" earned by the company. Further, every company is required to file a return for the income earned in the previous year with the authorities under the Income Tax Act by 31st October of the assessment year. The Income Tax Act inter alia provides for tax deduction at source, fringe benefit tax, advance tax and minimum alternative tax and the like which is required to be complied with by every Company.

Finance Act, 1994

The Finance Act, 1994 ("**Finance Act**") provides for the valuation and levy of service tax wherein every service provider is liable to pay service tax and furnish a return with the Superintendent of Central Excise in accordance with the provisions of the Finance Act. It further provides for penalty in case of failure on part of the service provider to pay of service tax and power to the Central Government to grant an exemption in payment of service tax.

Intellectual Property Rights

Intellectual property rights in India enjoy protection under both statutory and under common law. The key legislations governing intellectual property in India are the Copyright Act, 1957 and the Trade Marks Act, 1999. India is also a party to several international agreements for the protection of intellectual property rights.

Trade Marks Act, 1999

The Trade Marks Act, 1999 provides for the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. An application for registration of a trade mark may be made by any person claiming to be the proprietor of a trade mark used or proposed to be used by him. Once granted, trade mark registration is valid for ten years unless cancelled. If not renewed after ten years, the Registrar of Trademarks may remove the trade mark from the register unless an application for renewal has been submitted in the prescribed manner and the prescribed fee is paid within six months from the expiry of the last registration of the trade mark.

Indian Copyright Act, 1957

Indian Copyright Act, 1957 ("**Copyright Act**") consolidates all the laws relating to protection of copyrights in India. The Copyright Act recognises and protects rights of authors of original literary, dramatic, musical and artistic works and cinematograph films and sound recordings from unauthorized use or duplication of the same. Further, the Copyright Act, inter alia, provides for registration, licensing, assignment, transmission, relinquishment and enforcement of copyrights.

Labour Laws

As part of our operations, we are required to comply from time to time with the laws, rules and regulations in relation to the hiring and employment of labour. The following are the labour legislations that are applicable to our Company and our workmen:

- The Dock Workers (Regulation of Employment) Act, 1948
- Minimum Wages Act, 1948
- Contract Labour (Regulation and Abolition) Act, 1970
- Payment of Bonus Act, 1945
- Payment of Gratuity Act, 1972
- Employee State Insurance Act, 1948
- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Workmen's Compensation Act, 1923
- Industrial Disputes Act, 1947
- Industrial Employment (Standing Orders) Act, 1946
- Maternity Benefit Act, 1961
- State specific Shops and Commercial Establishments Acts as applicable
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Overview

Our Board currently consists of 4 (four) Directors. Our senior management team is under the overall supervision and control of our Board, and is responsible for our day-to-day operations. Our Articles of Association provide that the number of directors shall not be less than three or more than fifteen excluding Alternate Directors. Further, our Articles of Association provides that one-third of the strength of the Board of Directors shall be liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office at every AGM. A retiring Director shall be eligible for re-appointment.

The Companies Act, 2013, provides that not less than two-thirds of the total number of directors, excluding the independent directors, shall be liable to retire by rotation. One-third of the directors shall automatically retire every year at the annual general meeting and shall be eligible for re-appointment. The directors to retire by rotation shall be decided based on those who have been longest in office since their last election, and as between persons appointed on the same day, the same shall be determined by lot. The independent directors may be appointed for a maximum of two terms of up to five consecutive years; however, such directors are eligible for re-appointment after the expiry of three years of ceasing to be an independent director (whether or not each term is for a period of five years) provided that such directors are not, during the three year period, appointed in or associated with our Company in any other capacity, either directly or indirectly. Any reappointment of independent directors, inter alia, shall be on the basis of performance evaluation report and requires the approval of the shareholders by way of a special resolution. None of the Directors on the Board of Directors of our Company are members of more than ten committees or chairman of more than five committees across all the public companies in which they are directors.

Our Board of Directors

The following table sets forth details regarding the Board* as on the date of this Placement Document:

Sr. No.	Name, Designation, Address, Occupation, DIN, Term and Nationality	Age (in years)	Designation
1.	**Mr. H. K. Mittal** Address: 214, 21st Floor, NCPA Apartments, Nariman Point, Mumbai - 400021 Occupation: Business DIN: 00007690 Term: 3 years from August 1, 2016 Nationality: Indian	66	Executive Chairman & Promoter
2.	**Mr. M. M. Agrawal** Address: 1204/1205, "C" Wing, Tower 1, 12th floor, Ashoka Garden, Sewree, Mumbai - 400015 Occupation: Professional DIN: 00681433 Term: 5 years from September 24, 2014 Nationality: Indian	66	Non- Executive Independent Director

Sr. No.	Name, Designation, Address, Occupation, DIN, Term and Nationality	Age (in years)	Designation
3.	**Mr. Gunender Kapur** Address: 29, CCI Chambers, Dinshaw Vachha Road, Mumbai - 400020 Occupation: Professional DIN: 01927304 Term: 5 years from September 24, 2014 Nationality: Indian	55	Non- Executive Independent Director
4.	**Mrs. Archana Mittal** Address: 214, 21st Floor, NCPA Apartments, Nariman Point, Mumbai - 400021 Occupation: Business DIN: 00007972 Term: Effective as on August 21, 2015 Nationality: Indian	62	Promoter and Non- Executive Non-Independent Director

** Mr. Prem Rajani was appointed as an Additional Director with effect from December 1, 2016 and resigned from the Board of Directors with effect from January 10, 2017.*

Brief Profile of the Directors of our Company

Mr. H. K. Mittal, 66 years of age, is the Executive Chairman and Promoter of our Company. He acquired our Company in 1988. He has obtained his Bachelor's degree in Science from Meerut University in 1970 and a Master's degree in Technology from Indian Institute of Technology-Roorkee in 1973. He has been awarded the Distinguished Aluminous Award in the year 2010 from Indian Institute of Technology-Roorkee. He has also been awarded the 'Entrepreneur of the Year' award by Ernst & Young in the year 2005 and the Economic Times award for Corporate Excellence in the year 2006. He is also the Chairman of the Board of Directors of our Subsidiaries, namely, Mercator Oil and Gas Limited, Mercator FPSO Private Limited and Mercator Petroleum Limited.

Mr. M. M. Agrawal, 66 years of age, is the Non- Executive Independent Director of our Company. He has obtained his Bachelors' degree in Engineering from Nagpur University in the year 1971. He has about 35 years of vast experience in the Banking and Finance industry. He is one the board of several companies such as Essar Power Hazira Limited, Essar Power Transmission Company Limited, Jaguar Overseas Limited, Bombay Rayon Fashions Limited, Bhoruka Cogen Power Private Limited, Karuturi Global Limited, Srei Mutual Fund Asset Management Private Limited, NSL Renewable Power Private Limited and Hindustan Powerprojects Private Limited. He has been associated with our Company since 2011.

Mr. Gunender Kapur, 55 years of age, is the Non- Executive Independent Director of our Company. He is a Mechanical Engineer from BITS – Pilani and holds a Masters' degree in Business Administration from FMS Delhi University. At present, he is working as Managing Director of TPG Wholesale Private Limited. He has been associated with our Company since August 2014. He has also been co-opted as a member of the Audit Committee of the Board of Directors of our Company.

Mrs. Archana Mittal, 62 years of age, is the Promoter and the Non-Executive Non- Independent Director of our Company. She has been associated with our Company since 1988. She is also one of the promoters of our Company and was on the Board of our Company during the period May 1988 to June 1992. She is also a director of MHL Healthcare Limited. She is actively involved in philanthropy and social work through the Family Trust Prem Punita Foundation.

Relationship with other Directors

Mr. H. K. Mittal and Mrs. Archana Mittal are husband and wife. Except as disclosed herein, none of our Directors are related to each other.

Borrowing powers of the Board of Directors

In terms of the Articles of Association, the Board may, subject to the provisions of Sections 179 and 180 of the Companies Act, 2013, from time to time at its discretion, by a resolution passed at a meeting of the Board, generally raise or borrow or secure the payment of any sum or sums of money for our Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the bankers of our Company in the ordinary course of business) exceed the aggregate of the paid-up capital of our Company and its free reserves, not being reserves set apart for any specific purpose, the Board shall not borrow such moneys without the consent of shareholders in a general meeting. Our Board of Directors are, *vide* special resolution passed by the shareholders of Our Company through postal ballot, the results of which were announced on February 4, 2014, authorised to borrow and raise money, together with moneys already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up share capital of the Company and its free reserves, so that the total amount up to which the moneys already borrowed by the Company and outstanding at any time shall not exceed a sum of ₹ 50,000 million only.

Interest of our Directors

All our Executive Directors may be deemed to be interested to the extent of the remuneration, annual bonus and perquisites paid to them for their services rendered to our Company. Our Non – Executive Directors may be deemed to be interested to the extent of annual commission and sitting fee paid to them for attending each meeting of the Board or committees thereof..

Except for H.K. Mittal and Archana Mittal, who are the promoters of the Company, none of the Directors are interested in the promotion of our Company. Our Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. Our Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners.

Except as otherwise stated in this Placement Document, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements or arrangements which are proposed to be made with them.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. Further, our Company has not availed any loans from the Directors which are currently outstanding.

For further details, see the chapter titled "***Financial Statements – Related Party Transactions***" beginning on page 206.

Shareholding of Directors

The following table sets forth the equity shareholding of the Directors of the Company as on December 15, 2016:

Name of the Director	Number of Equity shares	Percentage shareholding in our Company (%)
Mr. H. K. Mittal	46,766,700	19.10
Mrs. Archana Mittal	27,027,400	11.04
Mr. M. M. Agrawal	Nil	Nil
Mr. Gunender Kapur	Nil	Nil

Terms of appointment of our Executive and Whole Time Director

Mr. H. K. Mittal – Executive Chairman and Promoter

Mr. H. K. Mittal has been appointed as the Executive Chairman of the Company for a period of 3 (three) years from August 1, 2016 to July 31, 2019 pursuant to the shareholder's resolution dated July 30, 2016. Below are the terms of his appointment including details of the remuneration being paid to him in accordance with the special resolution passed by the shareholders at the AGM held on July 30, 2016:

Category	Particulars
Basic Salary	₹ 600,000/- in the grade of ₹ 600,000/- to ₹ 1,000,000/- per month. There may be one or more increment(s) in a year which will be granted on merits at the absolute discretion of the Nomination and Remuneration Committee/ Board of Directors, depending on the performance of the Company and the Executive Chairman
Commission	A percentage of the net profits of the Company for the financial year, subject to the overall ceiling of managerial personnel under the Companies Act, 2013.
Housing	Unfurnished accommodation, not exceeding 60% of the basic salary or allowance in lieu thereof at 60% of the basic salary.
Other Perquisites	Use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, coverage under Key Managerial Personnel insurance policy or equivalent other insurance policy taken by our Company and personal accident insurance policy, leave and leave travel concession, leave encashment, club fees, education benefits, provident fund, superannuation fund, gratuity and housing loan, in accordance with the scheme(s) and rule(s) of the Company framed for the Executive Directors and Senior Executives of the Company.

Below are the details of the remuneration paid to him in the Fiscal 2016, Fiscal 2015 and Fiscal 2014:

(₹ in million)

Name of the Director	From April 1, 2016 to December 31, 2016*	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Mr. H. K. Mittal	4.50	8.9	28.43	4.8

***** *The remuneration for the period from April 1, 2016 to December 31, 2016 is only the fixed component of his remuneration and does not include commission for the said period as the same is subject to the Company attaining profit on a standalone basis at the end of every financial year.*

Independent Directors' Commission and Sitting Fees

Our non-executive Directors are paid remuneration by way of sitting fees of ₹ 50,000/- for attending each meeting of our Board, Audit Committee and other committees such as the Stakeholder Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

The following table sets forth details of commission and sitting fees paid by our Company to the current Non-Executive Directors for the current Fiscal 2016, Fiscal 2015 and Fiscal 2014:

(₹ in million)

Name of the Director	From April 1, 2016 to December 15, 2016	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Mr. M. M. Agrawal	0.45	0.7	0.60	0.08
Mr. Gunender Kapur	0.35	0.35	0.250*	Not Applicable
Mrs. Archana Mittal	0.25	0.40	Nil**	Not Applicable

**Appointed as a Director of our Company with effect from August 13, 2014*

*******Appointed as a Director of our Company with effect from March 25, 2015*

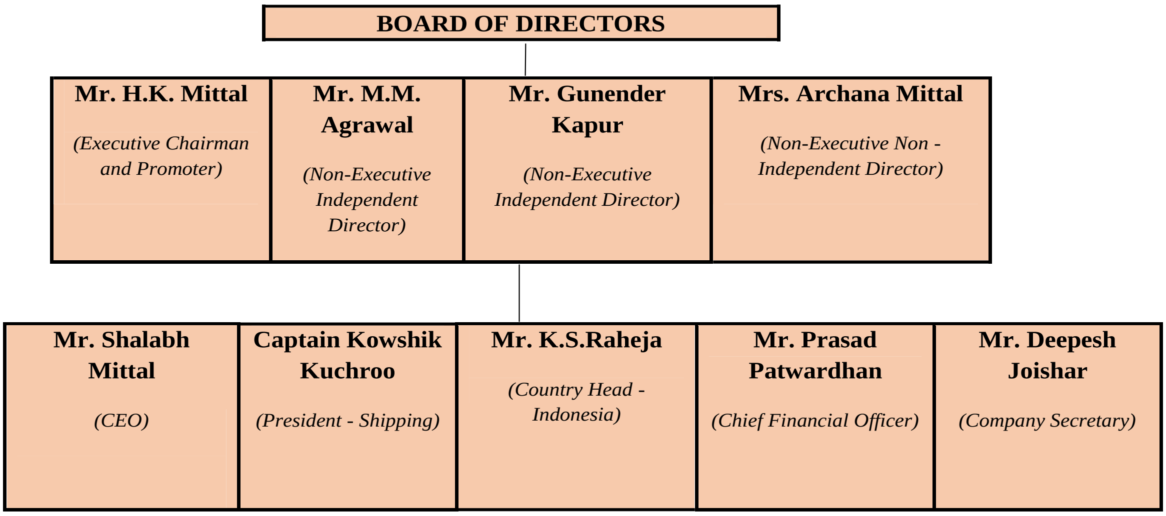
Corporate Governance

Our Company is required to comply with applicable corporate governance requirements, including the SEBI Listing Regulations with the Stock Exchanges and the SEBI ICDR Regulations in respect of the constitution of the Board and committees thereof. The corporate governance framework of our Company is based on an effective, independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and proper constitution of the committees of the Board of Directors, as required by law.

The Board of Directors function either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors with detailed reports on the performance of our Company periodically.

The Board of Directors presently consists of four (4) Directors with one Executive Chairman, one Non – Executive Non – Independent Director and two Non-Executive Independent Directors.

Organisation Structure



Committee of the Board of Directors

Our Board of Directors presently has five committees which have been constituted in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations: (i) Audit Committee, (ii) Nomination and Remuneration Committee, (iii) Stakeholders Relationship Committee, (iv) Corporate Social Responsibility Committee and (v) Risk Management Committee.

The following table sets forth the details of the members of the aforesaid committees:

Committee	Members
Audit Committee	Mr. M. M. Agrawal (Chairman) Mr. H. K. Mittal Mr. Gunender Kapur
Nomination and Remuneration Committee	Mr. Gunender Kapur (Chairman) Mr. H. K. Mittal Mr. M. M. Agrawal Mrs. Archana Mittal
Stakeholders Relationship Committee	Mr. M. M. Agrawal (Chairman) Mrs. Archana Mittal Mr. H. K. Mittal
Corporate Social Responsibility Committee	Mr. H. K. Mittal (Chairman) Mr. M. M. Agrawal Mr. Gunender Kapur
Risk Management Committee	Mr. Gunender Kapur (Chairman)

Committee	Members
	Mr. Shalabh Mittal Mr. M. M. Agrawal Capt. Kowshik Kuchroo
QIP Committee	Mr. M. M. Agrawal Mr. H.K. Mittal Mrs. Archana Mittal

Key Managerial Personnel

Under the provisions of the Companies Act, 2013, the management of the whole of the affairs of a company is entrusted to a managing director who exercises his powers subject to the superintendence, control and direction of the board of directors.

The table below sets out the names of our key managerial personnel and their current responsibilities:

Name	Designation	Date of appointment
Mr. Shalabh Mittal	Chief Executive Officer	May 27, 2016
Captain Kowshik Kuchroo	President, Shipping	April 1, 2005
Mr. K. S. Raheja	Country Head-Indonesia	January 2, 2007
Mr. Prasad Patwardhan	Chief Financial Officer	February 13, 2012
Mr. Deepesh Joishar	Company Secretary	May 4, 2015

Brief Profiles of the Key Managerial Personnel

Mr. Shalabh Mittal

Mr. Shalabh Mittal, 37 years of age, is the Chief Executive Officer of the Company with effect from May 27, 2016. He holds a Master's degree in Commerce from Sydenham College, University of Mumbai in May, 2001 and a Post-Graduation Diploma in Business Administration from the S. P. Jain Institute of Management and Research, Mumbai in June, 2001. He is also alumnus of Harvard Business School, Boston, USA. His primary role is to manage and supervise business operations of the Company effectively in accordance with the overall strategies and policies of the Company.

Captain Kowshik Kuchroo

Captain Kowshik Kuchroo is a Master Mariner and holds a Higher National Diploma from the United Kingdom. He is also a qualified Ship Broker. He has around 30 years of experience in Marine Industry (shore/ ashore) as well as infrastructure projects in the Oil & Gas space. He joined our Company in the year 2005. Currently, he is responsible for overall Shipping & Dredging division for Chartering, Expansion and Industry interaction.

Mr. K. S. Raheja

Mr. K.S. Raheja has obtained a Bachelor's in Technology (Honours) degree in Mining Engineering from the Indian Institute of Technology, Kharagpur in the year 1992 and a Business Management degree from XLRI Jamshedpur in the year 1999. He has around 20 years of experience in the field of Mining, Logistics, Shipping, Trading and Strategy Formulation. His expertise lies in the areas of Coal Mining, Coal Trading and Development of New Mining and Port Related Projects. He joined our Company in the year 2007 and is responsible for mining existing coal blocks, developing new coal concession, trading and logistics consolidation in Indonesia and development of coal mining project in Mozambique.

Mr. Prasad Patwardhan

Mr. Prasad Patwardhan, 50 years of age, is the Chief Financial Officer of the Company. He holds a Bachelor's degree in Commerce from the University of Mumbai and is a Member of The Institute of Chartered Accountants of India since January 1990. He has over 23 years of experience in resource mobilization, accounting and taxation. He joined our Company in the year 2012. As the Chief Financial Officer, he is in charge of the financial reporting financial strategy, compliance, taxation and co-ordination of statutory and management reporting.

Mr. Deepesh Joishar

Mr. Deepesh Joishar, 32 years of age, is the Company Secretary of the Company designated as Manager – Secretarial of the Company with effect from May 4, 2015. He obtained his Bachelor's degree in Commerce and his Bachelor of Laws (LL.B.) degree from the University of Mumbai in the year 2006 and 2009 respectively. He is also a Member of the Institute of Company Secretaries of India since June, 2010 and has been associated with our Company since 2015.

Relationship between Key Managerial Personal and Directors

Except for Mr. Shalabh Mittal who is the son of Mr. H.K. Mittal and Mrs. Archana Mittal, None of our Key Managerial Personnel are related to the Directors or to each other.

Interests of Key Managerial Personnel

Our key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and to the extent of the Equity Shares held by them or their dependents in our Company, if any.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the key managerial personnel are interested. The perquisites and allowances that may be payable to the key managerial personnel of our Company are in accordance with our Company's human resources policies. Except as disclosed above, our key managerial personnel are not entitled to any other non-salary related amount or benefit.

Shareholding of Key Managerial Personnel

The following table sets out the equity shareholding of the Key Managerial Personnel of our Company as on December 15, 2016:

Name of the Key Managerial Personnel	Number of Equity shares	Percentage shareholding in our Company (%)
Mr. Shalabh Mittal	361,250	0.15
Captain Kowshik Kuchroo	15,000	0.01
Mr. K. S. Raheja	Nil	Nil
Mr. Prasad Patwardhan	200	Negligible
Mr. Deepesh Joishar	Nil	Nil

Related Party Transactions

During the last three financial years, our Company has not entered into any materially significant related party transaction which would 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.

Related party transactions entered by our Company during the last three Financial Years are determined in accordance with Accounting Standard 18 issued by the ICAI. For further details, see the chapter titled "*Financial Statements – Related Party Transactions*" beginning on page 206.

Loans to Directors and Key Managerial Personnel

As on the date of this Placement Document, there are no amounts which are due to our Company, from any of its Directors or key managerial personnel in the nature of loans and advances. Our Company has not given any guarantees in favour of any Director or any key managerial personnel.

Policy on disclosure and internal procedure for prevention of insider trading

Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations.

Other Confirmations

Except as stated above in "***Interest of our Directors***" and "***Interests of Key Managerial Personnel***", none of our Directors or any key managerial personnel of our Company has any financial or other material interest in this Issue.

PRINCIPAL SHAREHOLDERS

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the Listing Regulations, as on September 30, 2016:

Summary statement holding of Equity Shares

Category of shareholder	Nos. of Share-holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No. (a)	**As a % of total Shares held (b)**	
(A) Promoter and Promoter Group	9	9,92,96,566	9,92,96,566	40.55	36.86	3,65,67,000	36.83	9,92,96,566
(B)Public	77,197	14,55,95,507	14,55,95,507	59.45	63.14		0.00	14,31,99,320
(C1)Shares underlying DRs				0.00	0.00		0.00	
(C2)Shares held by Employee Trust				0.00	0.00		0.00	
(C) Non Promoter-Non Public				0.00	0.00		0.00	
Grand Total	77,206	24,48,92,073	24,48,92,073	100.00	100.00	3,65,67,000	14.93	24,24,95,886

Note: C=C1+C2
Grand Total = A+B+C

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of Share-holders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No. (a)	As a % of total Shares held (b)	
A1)Indian								
Individuals/Hindu undivided Family	7	8,05,29,066	8,05,29,066	32.88	29.90	3,65,67,000	45.41	8,05,29,066
Adip Mittal	1	80,000	80,000	0.03	0.03		0.00	80,000
Arooshi Atul Agarwal	1	3,17,500	3,17,500	0.13	0.12		0.00	3,17,500
Aayush Atul Agarwal	1	3,17,500	3,17,500	0.13	0.12		0.00	3,17,500
Manjuli Agarwal	1	5,59,000	5,59,000	0.23	0.21		0.00	5,59,000
Atul J Agarwal	1	54,60,966	54,60,966	2.23	2.03		0.00	54,60,966
Archana Mittal	1	2,70,27,400	2,70,27,400	11.04	10.03		0.00	2,70,27,400
Harishkumar Mittal	1	4,67,66,700	4,67,66,700	19.10	17.36	3,65,67,000	78.19	4,67,66,700
Any Other (Specify)	1	1,84,06,250	1,84,06,250	7.52	6.83		0.00	1,84,06,250
AHM Investments Private Limited	1	1,84,06,250	1,84,06,250	7.52	6.83		0.00	1,84,06,250
Sub Total A1	8	9,89,35,316	9,89,35,316	40.40	36.73	3,65,67,000	36.96	9,89,35,316
A2)Foreign								
Individuals (NonResident individuals/Foreign individuals)	1	3,61,250	3,61,250	0.15	0.13		0.00	3,61,250
Shalabh Mittal	1	3,61,250	3,61,250	0.15	0.13		0.00	3,61,250
Sub Total A2	1	3,61,250	3,61,250	0.15	0.13		0.00	3,61,250
A=A1+A2	9	9,92,96,566	9,92,96,566	40.55	36.86	3,65,67,000	36.83	9,92,96,566

Statement showing shareholding pattern of the Public shareholder

Category and Name of the shareholders	No. of Share holder	No. of fully paid up equity shares held	Total No. shares held	Share holding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting Right	No of shares Underlying Outstanding convertible securities (including warrants)	Total shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital	Number of equity shares held in dematerialized form (Not Applicable)
B1) Institution									
Foreign Portfolio Investors	25	3,62,68,996	3,62,68,996	14.81	3,62,68,996	14.81	2,44,69,556	22.55	3,62,63,996
Financial Institutions/Banks	5	7,97,538	7,97,538	0.33	7,97,538	0.33		0.30	7,97,538
Any Other (Specify)	1	75,000	75,000	0.03	75,000	0.03		0.03	
Sub Total B1	31	3,71,41,534	3,71,41,534	15.17	3,71,41,534	15.17	2,44,69,556	22.83	3,70,61,534
B2)Central Government/State Government(s)/President of India	0	0		0.00		0.00		0.00	
Central Government / State Government(s)/President of India	3	3,400	3,400	0.00	3,400	0.00		0.00	3,400
Sub Total B2	3	3,400	3,400	0.00	3,400	0.00			3,400
B3)Non-institutions									
Individual share capital upto ₹ 2 lacs	72,924	5,91,52,694	5,91,52,694	24.15	5,91,52,694	24.15	0	21.96	5,69,62,507
Individual share capital in excess of ₹ 2 lacs	20	94,64,071	94,64,071	3.86	94,64,071	3.86	0	3.51	94,64,071
Any Other (Specify)	4,219	3,98,33,808	3,98,33,808	16.27	3,98,33,808	16.27	0	14.79	3,97,07,808
Bodies Corporate	843	2,80,36,778	2,80,36,778	11.45	2,80,36,778	11.45	0	10.41	2,80,07,278
Clearing Members	462	49, 53,848	49, 53,848	2.02	49, 53,848	2.02	0	1.84	49,53,848
Employees	5	84,100	84,100	0.03	84,100	0.03	0	0.03	84,100
NRI- -Repat	771	26,20,374	26,20,374	1.07	26,20,374	1.07	0	0.97	25,23,874
NRI-Non - Repat	279	5,83,188	5,83,188	0.24	5,83,188	0.24	0	0.21	5,83,188
HUF	1,857	35,53,995	35,53,995	1.45	35,53,995	1.45	0	1.32	35,53,995
Trusts	2	1,525	1,525	0.00	1,525	0.00	0	0.00	1,525
Sub Total B3	77,163	10,84,50,573	10,84,50,573	44.29	10,84,50,573	44.29	0	40.26	10,61,34,386
B=B1+B2+B3	77,197	14,55,95,507	14,55,95,507	59.45	14,55,95,507	59.45	2,44,69,556	63.14	14,31,99,320

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note

1) *W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.*

Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category and Name of the Shareholders(I)	No. of Shareholder(III)	No. of fully paid up equity shares held (IV)	Total No. shares held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VII)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)(XI)	Number of equity shares held in dematerialized form (XIV)(Not Applicable)
C1) Custodian/DR Holder	0	0		0.00		
C2)Employee Benefit Trust	0	0		0.00		

Note

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1) *W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.*

Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of the company.

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
	NIL	NIL	NIL	NIL	NIL

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, bidding, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the BRLM. Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, advisors, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the BRLM and their respective directors, officers, agents, advisors, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares. Investor is advised to inform themselves of any restrictions or limitations that may be applicable to them. See the chapters titled **"Distribution and Solicitation Restrictions"** and **"Transfer Restrictions"** beginning on pages 163 and 169, respectively.*

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations and section 42 of the Companies Act, 2013 and the rules thereunder. The Issue has been approved by our members in the AGM dated July 30, 2016 and has been approved by our Board on May 27, 2016.

Our Company has received the in-principle approvals dated January 11, 2017 and January 11, 2017 from the NSE and the BSE, respectively, under Regulation 28 (1) of the SEBI Listing Regulations. Our Company has also filed a copy of this Placement Document with the Stock Exchanges.

After the Allotment of Equity Shares, our Company shall make applications to the Stock Exchanges for the listing approvals. Subsequently, after the credit of Equity Shares to the beneficiary accounts with the Depository Participant, our Company shall make applications to the Stock Exchanges for the final listing and trading approvals.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Distribution and Solicitation Restrictions*" and "*Transfer Restrictions*" on pages 163 and 169, respectively.

Qualified Institutions Placement

The Issue is being made only to QIBs in reliance upon Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and, through the mechanism of a QIP. Under Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company may issue equity shares to QIBs subject to certain conditions including:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same financial year does not exceed five times the net worth (as defined in the ICDR Regulations) of the issuer as per the audited balance sheet of the previous financial year;

- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;

- the issuer shall have completed allotments with respect to any prior offer or invitation made by the issuer or shall have withdrawn or abandoned any prior invitation or offer made by the issuer;

- the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;

- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs;

- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited

At least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class of the Equity Shares of the Issuer quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the ICDR Regulations.

The "Relevant Date" referred to above, for Floor Price, will be the date of the meeting in which the Board of Directors or any committee duly authorised by the Board of Directors decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of this Placement Document to the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorized by (i) the Board pursuant to a resolution passed on May 27, 2016, and (ii) the shareholders, pursuant to a resolution passed at the AGM held on July 30, 2016.

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, please see the section "*Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares*" beginning on page 65.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations and the requirements prescribed under Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of Allottees for the Issue shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500 million; and
- five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50 % of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", please see the section "*Issue Procedure—Application Process—Application Form*" beginning on page 156.

Securities allotted to a QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in reliance on Regulation S. For a description of certain restrictions on transfer of the Equity Shares, please see "*Transfer Restrictions*".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and BRLM shall circulate serially numbered copies of this Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the stipulated time period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

2. The list of QIBs to whom the Bid-cum-Application Form is delivered shall be determined by our Company in consultation with the BRLM. UNLESS A SERIALLY NUMBERED PLACEMENT DOCUMENT ALONG WITH THE SERIALLY NUMBERED APPLICATION FORM IS ADDRESSED TO A PARTICULAR QIB, NO INVITATION TO SUBSCRIBE SHALL BE DEEMED TO HAVE BEEN MADE TO SUCH QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

3. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the BRLM.

4. Bidders will be required to indicate the following in the Application Form:

- name of the QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the BRLM at or above the Floor Price or the Floor Price net of such discount as approved in accordance with ICDR Regulations;
- details of the depository account to which the Equity Shares should be credited; and
- a representation that it is outside the United States, and it has agreed to certain other representations set forth in the Application Form;

- SEBI registration number, if applicable.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate SEBI FII/ sub-account registration number in the Application Form.

5. Once a duly completed Application Form (including the revision of bids) is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

6. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI. Upon receipt of the Application Form, after the Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the BRLM. Upon determination of the final terms of the Equity Shares, the BRLM will send the serially numbered CAN to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. PLEASE NOTE THAT THE ALLOCATION WILL BE AT THE ABSOLUTE DISCRETION OF OUR COMPANY.

7. Pursuant to receiving a CAN, each successful Bidder shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's designated bank account by the Pay-In Date as specified in the CAN sent to the respective successful Bidder. No payment shall be made by successful Bidder in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

8. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the successful Bidder.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for final listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the successful Bidder.

10. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

11. Our Company will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

13. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations are eligible to invest. Currently, under Regulation 2(1)(zd) of the ICDR Regulations, a QIB means:

- alternate investment funds registered with SEBI
- Eligible FPIs;
- foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Fund;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporation;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
- venture capital funds registered with SEBI;

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA 20 respectively, in this Issue. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. FPI's investing in this Issue should ensure that they are eligible under the applicable law or regulation to apply in this Issue.

Allotments to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Under Regulation 86(1) (b) of the ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the BRLM are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code, and the QIB shall be solely responsible for compliance with the provisions of the Takeover Code, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion (or part thereof not so taken up) may be allotted to other QIBs.

Note: Affiliates or associates of the BRLM who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections *"Notice to Investors", "Representations by Investors"*, *"Distribution and Solicitation Restrictions"* and *"Transfer Restrictions"* beginning on pages 1, 3, 163, and 169, respectively:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the ICDR Regulations and is not excluded under Regulation 86 of the ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in the Issue;

2. The QIB confirms that it is not a Promoters and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters as defined in the ICDR Regulations;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters as defined in the ICDR Regulations;

4. The QIB acknowledges that it has no right to withdraw its Application after the Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief, the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50 % of the Issue Size. For the purposes of this representation:

- The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

- 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

9. The QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

10. The Bidder represents that it is outside the United States and is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S, meeting the requirements of Rule 903 or 904 of Regulation S and it shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India. The Bidder confirms that it has agreed to certain other representations set forth in the Bid Cum Application Form. It also confirms all other applicable representations and warranties included under "*Representations by Investors*", "*Notice to Investors*", "*Distribution and Solicitation Restrictions*" and "*Transfer Restrictions*" beginning on pages 3, 1, 163 and 169 respectively.

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PERMANENT ACCOUNT NUMBER, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE BRLM, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFIL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by our Company in favour of the QIB.

Bids by Mutual Funds

The bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme/fund of a mutual fund registered with SEBI, will have to submit separate Application Form.

Each mutual fund will have to submit separate Application Forms for each of its participating schemes. Such applications will not be treated as multiple bids provided that the bids clearly indicate the scheme for which the bid has been made. However, for the purpose of calculating the number of allotters/applicants, various schemes of the same mutual fund will be considered as a single allottee/applicant.

The above information is given for the benefit of the Bidders. We and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Placement Document. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under the applicable laws and regulations.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the BRLM either through electronic form or through physical delivery at the following address:

Name	Address	Contact Person	Contact Details
Elara Capital (India) Private Limited	21st Floor, Tower 3 Indiabulls Finance Centre Senapati Bapat Marg Elphinstone Road (West) Mumbai – 400 013	Mr. Abhijit Das	**Tel** : +91-22-6164 8599 **Fax**: + 91 -22- 6164 8589 **Email:** abhijit.das@elaracapital.com

The BRLM shall not be required to provide any written acknowledgement of receipt of the Application Form.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the Book

The QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the BRLM. Such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the BRLM.

Price Discovery and Allocation

Our Company, in consultation with the BRLM, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than five (5) % on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

After finalization of the Issue Price, our Company shall update this Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VIII of the ICDR Regulations. Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand.

The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be decided by us in consultation with the BRLM on a discretionary basis. Allocation to Mutual Funds for up to a minimum of 10 % of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BRLM ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the BRLM, in their sole and absolute discretion, shall decide the successful Bidder to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such successful Bidder. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective successful Bidder's account.

The successful Bidders would also be sent the serially numbered CAN. The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by Company and the BRLM and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened an escrow bank account; the *"Mercator Limited– QIP Escrow Account"* with ICICI Bank Limited in terms of the arrangement among our Company, the BRLM and ICICI Bank Limited as Escrow Bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favoring *"Mercator Limited– QIP Escrow Account"* within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in *"Mercator Limited– QIP Escrow Account "* only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the QIBs, our Company, the BRLM has the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful QIBs pay the amount payable as mentioned in the CAN issued to them to the *"Mercator Limited– QIP Escrow Account"* as stated above. The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. Post the Allotment, the successful Bidders/Allottee would also be sent a serially numbered Placement Document either in electronic form or by physical delivery.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever. Post the Allotment and credit of Equity Shares into the QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Bank shall release the monies lying to the credit of the Escrow Cash Account to our Company after Allotment of Equity Shares to QIBs.

In accordance with the Companies Act, 2013, in the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or there is a cancellation of the Issue within 60 days from the date of receipt of application money from a successful Bidder, our Company shall repay the application money within 15 days from expiry of 60 day period, failing which our Company shall repay that money to such successful Bidders with interest at the rate of 12 % per annum from expiry of the 60th day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the QIBs.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the BRLM, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the BRLM in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode). A QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL. The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLM will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the QIBs.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the *"Mercator Limited– QIP Escrow Account "* till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the Listing approval of the Stock Exchanges for the Equity Shares offered in the Issue.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. The Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The BSE and the NSE have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares issued pursuant to the Issue would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

5. Our Company and the BRLM will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on the part of the QIBs.

6. For details of our Company Secretary and Compliance Officer, see the section titled "*General Information*" on page 204

PLACEMENT

Placement Agreement

The BRLM has entered into a placement agreement dated January 10, 2017 with our Company, pursuant to which the BRLM has agreed to procure, on a reasonable efforts basis, QIBs to subscribe for Equity Shares to be issued pursuant to the Issue, pursuant to Chapter VIII of the SEBI ICDR Regulations and applicable provisions of the Companies Act and Rules made thereunder.

The Placement Agreement contains customary representations and warranties as well as indemnities from us and is subject to certain conditions and termination provisions contained therein.

Applications will be made to list the Equity Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or to any class of investors other than QIBs.

In connection with the Issue, the BRLM (or their affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLM may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the BRLM may purchase Equity Shares and be allocated Equity Shares.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the BRLM (which such consent shall not be unreasonably withheld), for the period commencing from the date of the Placement Agreement and ending 90 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, pledge (save and except in cases where such pledge is given as an additional security and not primary security), sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise. Provided however that the foregoing restrictions will not be applicable to and / or restrict the conversion of the FCCBs, which have already been issued by the Company and are outstanding as on the date of the Issue.

Our Promoters have agreed that without the prior written consent of the BRLM (which such consent shall not be unreasonably withheld), they will not, during the period commencing from the date of the Placement Agreement and ending 90 days after the date of allotment of the Issue Shares, directly or indirectly: (a) sell, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, pledge (save and except in cases where such pledge is given as an additional security and not primary security) or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; provided however that the foregoing restrictions will (i) not be applicable to any pledge or mortgage of the Equity Shares already existing on the date of the Placement Agreement or transfer of such existing pledge or mortgage; and (ii) not restrict the existing shareholders of our Company from acquiring or purchasing any Equity Shares in our Company, directly or indirectly, in accordance with and subject to applicable laws.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document or any other offering material relating to the Equity Shares are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

GENERAL

No action has been or will be taken in any jurisdiction by the Company or the Book Running Lead Manager, that would permit a public offering of the Equity Shares to occur in any jurisdiction or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares in the Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the offering of Equity Shares issued pursuant to the Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Company or the Book Running Lead Manager. The Issue will be made in compliance with the SEBI Regulations. Each subscriber of the Equity Shares in the Issue will be required to make, or will be deemed to have made, as applicable, the acknowledgments and agreements as described under "*Transfer Restrictions*" on page 169.

India

This Placement Document is for information purposes only and does not constitute an offer or invitation for any investment or subscription for the Equity Shares in India. Accordingly, this Placement Document may not be distributed or made available (in whole or in part) directly or indirectly in India in connection with any offer or invitation for any investment or subscription of the Equity Shares or to residents of India and any Equity Shares may not be offered, sold, transferred or delivered directly or indirectly in India to, or for the account or benefit of any resident of India, except in compliance with the private placement exemptions under the applicable laws and regulations in India. No action has been or will be taken that would allow an offering of the Equity Shares to the public in India and this Placement Document has not been and will not be registered as a prospectus or a statement in lieu of prospectus with any regulator in India, including the Securities and Exchange Board of India for further review and approval. This Placement Document is strictly personal to the recipient and neither this Placement Document and nor the offering of the Equity Shares is calculated to result, directly or indirectly, in the Shares becoming available for subscription or purchase by any person other than to whom the offer is made.

Australia

This Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (the "**Australian Corporations Act**"), and has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their issue or transfer to the offeree under this Placement Document.

Cayman Islands

No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with

Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a "fund" or a "collective investment scheme" within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

European Economic Area (including Liechtenstein, Iceland and Norway)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), an offer may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last Financial Year, (ii) a total balance sheet of more than €50,000,000, as show in its last annual consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or
- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The offering of the Equity Shares has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**Financial Instruments and Exchange Law**"). No Equity Shares have been offered or sold, and will not be offered or sold, directly or in directly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial ordinances of Japan.

Korea

The Equity Shares have not been registered under the Korean Securities and Exchange Law, and the Equity Shares acquired in connection with the distribution contemplated hereby may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except as otherwise permitted by applicable Korean laws and regulations, including, without limitation, the Korean Securities and Exchange Law and the Foreign Exchange Transaction Laws.

Kuwait

The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

Mauritius

Our shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius securities law. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

Oman

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**":) or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the Book Running Lead Manager or any placement agent acting on its behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute interests in the Equity Shares within Oman.

No marketing, offering, selling or distribution of any interests in the Equity Shares has been or will be made from within Oman and no subscription for any interests in the Equity Shares may or will be consummated within Oman. Neither the Book Running Lead Manager nor any placement agent acting on its behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Book Running Lead Manager nor any placement agent acting on its behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

Nothing contained in this Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

People's Republic of China

This Placement Document, may not be circulated or distributed in the People's Republic of China and the Equity Shares may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the People's Republic of China except pursuant to applicable laws and regulations of the People's Republic of China. The Book Running Lead Manager has represented and agreed that neither it nor any of its affiliates have offered or sold or will offer or sell any of the Equity Shares in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the Issue. We do not represent that this Placement Document may be lawfully distributed, or that any Equity Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the People's Republic of China, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any Equity Shares or distribution of this document in the People's Republic of China. Accordingly, the Equity Shares are not being offered or sold within the People's Republic of China by means of this Placement Document or any other document. Neither this Placement Document nor any advertisement or other offering material may be distributed or published in the People's Republic of China, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Singapore

The Book Running Lead Manager has acknowledged that this Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Manager has represented and agreed that it has not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation to the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

- to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law; or
- as specified in Section 276(7) of the SFA.

Switzerland

This Placement Document does not constitute an issue prospectus pursuant to Art. 652a of the Swiss Code of Obligations. The Equity Shares will not be listed on the SWX Swiss Exchange, and therefore, this Placement Document does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Shares with a view to distribution to the public. The investors will be individually approached by the Book Running Lead Manager. This Placement Document is personal to each offeree and does not constitute an offer to any other person. This Placement Document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of our Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates

This Placement Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. the Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Placement Document, the person or entity to whom this Placement Document has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom

The Book Running Lead Manager has represented and agreed that it:

- is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;

- has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

- has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the Securities Act, or the laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in off-shore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur.

TRANSFER RESTRICTIONS

The Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Due to the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the Stock Exchanges. Subject to the foregoing, by accepting this Placement Document and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the BRLM as follows:

- you have received a copy of the Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this document or any part of it or the Book Running Lead Manager will have any liability for any such other information or representation;

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transactions complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S;

- you are a sophisticated investor and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions;

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the Book Running Lead Manager or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- you have been provided access to this Placement Document which you have read in its entirety;

- you agree to indemnify and hold the Company and the Book Running Lead Manager and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the Book Running Lead Manager and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares;

- where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account;

- the Company, the Book Running Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Manager on their own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognised by the Company.

INDIAN SECURITIES MARKET

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLM or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities and Exchange Board of India Act, 1992, as amended (the "**SEBI Act**"), the Securities Contracts (Regulation) Act, 1956, as amended (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the securities markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, foreign portfolio investors, credit rating agencies and other securities market participants have been notified by the SEBI.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their customers, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI and the SEBI Listing Regulations of the respective stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in the securities of a listed company for a breach of or non-compliance with, any of the conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment dated June 4, 2010 to the SCRR, all listed companies (except public sector companies) are required to maintain a minimum public shareholding of at least 25 %. Any listed company which had public shareholding of less than 25% at the time of commencement of the amendment dated June 4, 2010 to the SCRR was required to increase its public shareholding to at least 25 % within a period of three years from the date of such commencement. The SCRR also provides that if the public shareholding in a listed company falls below 25 % at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall in the manner prescribed by the SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the minimum public shareholding requirement. Our Company is in compliance with this minimum public shareholding requirement.

Disclosures under the Companies Act, 2013 and SEBI Listing Regulations

Public limited companies are required under the Companies Act and the SEBI Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered bymovement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier. With effect from October 1, 2013, the Stock Exchanges, shall on a daily basis translate the 10 %, 15 % and 20 % circuit breaker limits of market wide index variation based on the previous days' closing level of the index.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20 % movements either up or down for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be maintained by the stockbrokers.

BSE

BSE was established in 1875 and is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated and is now a company under the Companies Act.

NSE

NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide online satellite-linked screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

Stock Market Indices

There are several indices of stock prices on NSE, which include the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX100. S&P CNX Nifty is a diversified 50 stock index accounting for various sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. S&P CNX Nifty is owned and managed by India Index Services and Products Limited (IISL), which is a joint venture between the NSE and CRISIL.

The two indices which are generally used in tracking the aggregate price movements on BSE are the Sensex and the BSE 100 Index. The BSE Sensitive Index, or the Sensex, consists of listed shares of 30 large market capitalization companies. The companies are selected on the basis of market capitalization, liquidity and industry representation. The Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979. The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies, including the 30 in the Sensex, with 1983-1984 as the base year.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE Online Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (NEAT), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route customer orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Code**”), which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of our Company’s shares/voting rights/control. The Takeover Code prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**SEBI Prohibition of Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The definition of "insider" includes any person who is a connected person or in possession of or having access to unpublished price sensitive information. As per SEBI Prohibition of Insider Trading Regulations, a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.

The SEBI Prohibition of Insider Trading Regulations are primarily aimed at preventing abuse by trading when in possession of unpublished price sensitive information and therefore, what matters is whether the person who takes trading decisions is in possession of such information rather than whether the person who has title to the trades is in such possession. Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter. Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of 1 million rupees or such other value as may be specified. Further, every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information. The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information. The board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act 1996 (the "**Depositories Act**") which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. The SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants and the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of the Memorandum and Articles of Association, the Companies Act and certain related laws of India.

General

Our authorized capital is ₹ 2,350 million divided into 350 million Equity Shares of ₹ 1 each and 20 million preference shares of ₹ 100 each. As of the date of this Placement Document, 244.89 million Equity Shares of ₹ 1 each were issued; paid up and outstanding.

Dividend

Under the Companies Act, 2013, unless the board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified in the Companies Act, 2013, no dividend can be declared or paid by a company for any financial year except out of the profits of our Company for that year determined in accordance with the provisions of the Companies Act, 2013 or out of the undistributed profits of previous Fiscal Years or out of both, arrived at in accordance with the provisions of the Companies Act, 2013, or out of money provided by the Central Government or a state Government for payment of dividend by our Company in pursuance of a guarantee given by that government. Pursuant to Regulation 43 of the SEBI Listing Regulations, listed companies are required to declare and disclose their dividends on per share basis only. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their equity shares as at the record date for which such dividend is payable. In addition, the board may declare and pay interim dividends. Under the Companies Act, 2013, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the “record date” or “book closure date”. No shareholder is entitled to a dividend while unpaid calls on any of his equity shares are outstanding. Dividends must be paid within 30 days from the date of the declaration and any dividend that remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money that remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by our Company to the Investor Education and Protection Fund established by the Government and thereafter any claim with respect thereto will lapse.

Our Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of our Company. The Companies Act, 2013 and the Companies (Declaration of Dividend) Rules, 2014, provide that if the profit for a year is insufficient, the dividend for that year may be declared out of free reserves, subject to certain conditions prescribed under those legislations.

Capitalization of Reserves

As provided in the Articles of Association of our Company, our Company in a general meeting (on recommendation of the Board) may resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of our Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution; and that such sum be accordingly set free for distribution in the specified manner amongst the shareholders who would have been entitled thereto and distributed by way as such dividend and in the same proportion.

Any issue of bonus shares by a listed company would be subject to the guidelines issued by the SEBI. The relevant SEBI guidelines prescribe that no company shall, pending conversion of compulsorily convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such compulsorily convertible securities, through a proportionate reservation of shares. Further, in order to issue bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption thereof and should have sufficient reason to believe that it has not defaulted in respect of any statutory dues of the employees. The declaration of bonus shares in lieu of a dividend cannot be made. A bonus issue may be made out of free reserves built out of genuine profits or share premium collected in cash and not from reserves created by revaluation of fixed assets.

The issue of bonus shares must take place within fifteen days from the date of approval by the board, if the Articles of Association of a company do not require such company to seek shareholders’ approval for capitalization of profits or reserves for making bonus issues. If a company is required to seek shareholders’ approval for capitalization of profits or reserves for making bonus issues, then the bonus issue should be implemented within two months from the date of the board meeting wherein the decision to issue bonus shares was taken subject to shareholders' approval.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company can increase its share capital by issuing new equity shares. Such new equity shares must be offered to existing shareholders registered on the record date in proportion to the amount paid-up on those equity shares at that date. The offer shall be made by notice specifying the number of equity shares offered and the date (being not less than fifteen days and not exceeding thirty days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the equity shares offered in respect of which no acceptance has been received, in such manner as they think is not disadvantageous to the shareholders and our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares in favor of any other person provided that the person in whose favor such shares have been renounced is approved by the Board in their absolute discretion.

However, under the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons, whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by the shareholders of our Company in a general meeting. The issue of the Equity Shares pursuant to the Issue has been approved by a special resolution of our Company's shareholders and such shareholders have waived their pre-emptive rights with respect to such Equity Shares.

Our Company's issued share capital may, among other things, be increased by the exercise of warrants attached to any of our Company's securities entitling the holder to subscribe for shares. The Articles of Association provide that our Company may consolidate or sub-divide our Company's share capital or cancel equity shares which have not been taken up by any person and diminish the amount of its share capital by the amount of the Shares so cancelled. Our Company can also alter its share capital by way of a reduction of capital, in accordance with the Companies Act, 2013.

General Meetings of Shareholders

Our Company must hold its annual general meeting each year within 15 months of the previous annual general meeting and within six months after the end of each accounting year. The RoC may extend this period in special circumstances at our Company's request. The Board may convene an extraordinary general meeting of shareholders when necessary and shall convene such a meeting at the request of a shareholder or shareholders holding in the aggregate not less than 10% of our Company's issued paid-up capital.

Written notices convening a meeting setting out the date and place of the meeting and its agenda must be given to members at least 21 days prior to the date of the proposed meeting and where any special business is to be transacted at the meeting an explanatory statement shall be annexed to the notice as required under the Companies Act, 2013. A general meeting may be called after giving shorter notice if consent is received, in writing or by electronic mode, from shareholders holding not less than 95% of our Company's paid-up capital.

A listed company intending to pass a resolution relating to matters such as, but not limited to, an amendment in the objects clause of the memorandum of association, a buy-back of shares under the Companies Act, 2013, the giving of loans or extending a guarantee in excess of limits prescribed under the Companies Act, 2013 is required to pass the resolution by means of a postal ballot instead of transacting the business in the general meeting of our Company. A notice to all the shareholders must be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of thirty days from the date of such notice. Shareholders may exercise their right to vote at general meetings or through postal ballot by voting through e-voting facilities in accordance with the circular dated April 17, 2014 issued by the SEBI and the Companies Act, 2013. Under the Companies Act, 2013, unless, the Articles of Association provide for a larger number: (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each Shareholder entitled to vote and present in person or by proxy is in the same proportion to such Shareholder's share of the paid-up equity capital of our Company.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favor of the resolution must be at least three times the votes cast against the resolution. The Companies Act, 2013 provides that to amend the Articles of Association of a company, a special resolution is required to be passed in a general meeting.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with us not later than 48 hours before the time of the meeting, or in case of a poll, not less than 24 hours before the time appointed for taking the poll. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorized representative who can vote in all respects as if a member both on a show of hands and a poll.

The Companies Act, 2013 allows our Company to issue shares with differential rights as to dividend, voting or otherwise, subject to certain conditions. In this regard, the law requires that for a company to issue shares with differential voting rights, the company must have, *inter alia*, had distributable profits in terms of the Companies Act, 2013 for the last three financial years and it must not have defaulted in filing annual accounts and annual returns for the immediately preceding three financial years.

Register of Shareholders and Record Dates

Our Company is obliged to maintain a register and index of shareholders in terms of the Companies Act, 2013. our Company shall be entitled to keep in any State or country outside India a branch register of shareholders resident in that State or country. Our Company recognizes as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In the case of shares held in physical form, transfers of shares are registered on the register of shareholders upon lodgment of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our Company's records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board may deem expedient in accordance with the provisions of the Companies Act, 2013. Under Regulation 42 of the SEBI Listing Regulations, our Company may, upon at least seven working days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Under the Companies Act, 2013, our Company is also required to maintain a register of debenture holders and a register of any other security holders.

Annual Report and Financial Results

The annual report must be presented at the annual general meeting. The report includes financial information, a corporate governance section and management's discussion and analysis and is sent to our Company's shareholders.

Under the Companies Act, 2013, our Company must file its balance sheet and profit and loss account with the Registrar of Companies within thirty days from the date of the annual general meeting. The Companies Act, 2013 also requires listed companies to place their financial statements, including consolidated financial statements, if any, and all other documents required to be attached thereto, on their website. As required under the SEBI Listing Regulations, copies are required to be simultaneously sent to the Stock Exchanges on which the shares are listed. Our Company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a daily newspaper published in the language of the region of the Registered Office (*i.e.* Marathi).

Transfer of Equity Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with applicable SEBI ICDR Regulations. These regulations provide the regime for the functioning of the depositories and their participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depository are exempt from stamp duty.

The SEBI requires that for trading and settlement purposes shares should be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

The securities of our Company are freely transferable, subject to the provisions of the Companies Act, 2013. If a public company without sufficient cause refuses to register a transfer of shares within thirty days from the date on which the instrument of transfer or intimation of transmission, as the case may be, is delivered to our Company, the transferee may appeal to the National Company Law Tribunal seeking to register the transfer.

Pursuant to Regulation 40 of the SEBI Listing Regulations, in the event that a transfer of shares is not effected within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, our Company is required to compensate the aggrieved party for the opportunity loss caused by the delay.

A transfer may also be by transmission. Subject to the provisions of the Articles of Association, any person becoming entitled to shares in consequence of the death or insolvency of any member may, upon producing such evidence as may from time to time properly be required by the Board, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer contained in the Articles of Association, transfer such shares. The Articles of Association provide that our Company shall charge no fee for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or other similar document. No shares shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Acquisition by us of our own Equity Shares

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders, voting on it in accordance with the Companies Act, 2013 and sanctioned by the High Court of competent jurisdiction (or the National Company Law Tribunal once it is notified). Subject to certain conditions, a company is prohibited from giving, whether directly or indirectly and whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any shares in our Company or its holding company. However, pursuant to the Companies Act, 2013, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any fresh issue of shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back should be authorized by the Articles of Association of our Company;
- a special resolution has been passed in a general meeting authorizing the buy-back (in the case of listed companies, by means of a postal ballot);
- the buy-back is limited to 25% of the total paid-up capital and free reserves;
- the debt owed by our Company is not more than twice the capital and free reserves after such buy-back; and
- the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities)

Regulations 1998, as amended.

A board resolution will constitute sufficient corporate authorization for a buy-back that is for less than 10% of the total paid-up equity capital and free reserves of our Company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back or to issue the same kind of shares or specified securities for six months subject to certain limited exceptions.

A company is also prohibited from purchasing its own shares or specified securities through any Subsidiaries company including its own Subsidiaries companies or through any investment company. Further, a company is prohibited from purchasing its own shares or specified securities, if our Company is in default in the repayment of deposit or interest, in the redemption of debentures or preference shares, in payment of dividend to a shareholder, in repayment of any term loan or interest payable thereon to any financial institution or bank or in the event of non-compliance with certain other provisions of the Companies Act, 2013.

Liquidation Rights

Subject to the rights of creditors, of employees and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of winding up of our Company, the holders of the Equity Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such shares. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of the Equity Shares in proportion to the amount paid-up or credited as paid-up on such shares, respectively at the commencement of the winding-up.

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares under the current tax laws presently in force in India. Several of these benefits are dependent on us or our shareholders fulfilling conditions prescribed under relevant tax laws. We may not choose to fulfill such conditions. This information is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares. Investors should note that a draft of the Direct Tax Code Bill has been placed before the Indian Parliament. If that law comes into effect, there could be an impact on the tax provisions mentioned below.

To,
The Board of Directors,
Mercator Limited
B-Wing 3rd Floor, Mittal Towers
Nariman Point
Mumbai 400 021

Dear Sir(s),

Ref: Statement of possible tax benefits available and implications to Mercator Limited and its shareholders in relation to the equity shares

We refer to the proposed issue of the equity shares of Mercator Limited (the "**Company**"). In this regard, we enclose herewith a statement showing the current position of possible tax benefits available and implications to the Company and its shareholders as per the provisions of the Income-tax Act, 1961 ('**the Act**') for inclusion in the Placement Document and Placement Document for the proposed issue of shares. Several of these benefits are dependent on the Company or its shareholders/ investors fulfilling the conditions prescribed under the relevant provisions of the statute and they being eligible to invest in the proposed issue under any and all applicable regulations. Hence, the ability of the Company or its shareholders / investors to derive these direct tax benefits is dependent upon their fulfilling such conditions stipulated in the Act and other applicable laws, if any including the Foreign Exchange Management Act, 1999, the rules framed thereunder and any directions of the Reserve Bank of India or any other regulator.

The benefits and implications discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information, explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax benefits and implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money in the proposed issue, based on this statement.

We do not express an opinion or provide any assurance as to whether:

- the Company or its shareholders / investors will obtain or continue to obtain these benefits in future;
- the Company has availed of any of these benefits in the past
- the Company has fulfilled the requisite conditions in the past to obtain these benefits
- the conditions prescribed for availing the benefits have been / would be met in future
- the revenue authorities / tribunals/ courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the possible tax benefits and implications available to the Company and to its shareholders/ investors in the Placement Document and Placement Document for the proposed issue which the Company intends to submit to the Securities and Exchange Board of India. This letter is to be treated as an integral part of the enclosed statement of the possible tax benefits and implications.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391
Place: Mumbai
Date: December----, 2016

Enclosed: NOTE ON POSSIBLE TAX BENEFITS AVAILABLE AND IMPLICATIONS TO MERCATOR LIMITED

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION

UNDER THE INCOME TAX ACT, 1961 ('the Act')

Mercator Limited ("**the Company**") is an Indian Company, subject to tax in India. The Company is taxed on its profits. Profits are computed after allowing all permissible business expenditure, including depreciation.

Considering the activities and the business of the Company, the following benefits and implications may be applicable.

The following is based on the provisions of the current Act, which is generally amended every fiscal year.

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

The company currently enjoys certain tax benefits in India under the Tonnage Taxation System which is governed by the Chapter XII-G of the Act, under which income from the operation of all qualifying ships is taxed based on the Aggregate of the Tonnage Income of all the Qualifying Ships in accordance with the Provisions of subsection (2) and (3) of section 115VG of the Act. The Company's ability to avail of tonnage tax benefits in India is subject to compliance of certain conditions, including:

- Minimum training of trainee officers on board of vessels in accordance with the guidelines of the Directorate General of Shipping;
- Compliance with the limit for Charter in of Tonnage
- The annual transfer of a minimum amount of profit to the tonnage tax reserve account; and
- Utilisation of tonnage tax reserve fund only for specific purposes as specified in the Income Tax Act;

Failure to comply with any of the aforementioned conditions may adversely affect the availability of the benefits under tonnage tax system. In addition, each tonnage tax certificate is granted for a period of 10 years and the Company is required to renew its tonnage tax certificates to continue to enjoy the benefits of the scheme. Currently the Company has renewed the Tonnage Tax Certificate for opting for the Tonnage Tax Scheme and is valid till A.Y 2024-25.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE INVESTORS

- There are no special tax benefits available to the shareholders.

C. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Dividend Income

As per the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after April 01, 2003) received from another domestic company is exempt from income-tax. Such dividend is to be reduced while arriving at the book profits for the purposes of computing Minimum Alternative Tax (MAT) liability. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible

- As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

    a) Income received in respect of the units of a Mutual Fund specified under section 10(23D) of the Act; or

b) Income received in respect of units from the Administrator of the specified undertaking; or
c) Income received in respect of units from the specified company.

However, this exemption shall not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) and (ii) "Specified Company" means a Company as referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002).

This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible

- However, in view of the provisions of section 14A of the Act, no deduction shall be allowed in respect of any expenditure incurred in relation to earning such dividend / exempt income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any securities or units within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfers (i) such securities within a period of three months after such date or (ii) such units within a period of nine months after such date, the losses arising from the purchase and sale of such securities or units, to the extent such loss does not exceed the amount of dividend or income received or receivable on such securities or units, shall be ignored for the purposes of computing its income chargeable to tax.

2. Income from house property

- As per section 24(a) of the Act, the Company is eligible for a deduction of thirty percent of the annual value of any property of which it is the owner as defined in section 27 of the same act. The term 'annual value' is defined in section 23 of the Act.

- Further, section 24(b) of the Act provides that where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property, subject to the conditions / limits specified therein. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in 5 equal installments beginning with the year of acquisition or construction.

3. Income from business

- Income other than income from business of Operating Qualifying Ships is chargeable to Tax as per the Normal Provisions of the Income Tax Act, 1961.

- Subject to compliance of certain conditions laid down in section 32 of the Act, the Company will be entitled to a deduction for depreciation in respect of tangible assets such as building, machinery, plant or furniture and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962. Unabsorbed depreciation, if any, shall be carried forward for set off in the subsequent years indefinitely. Apart from this, the Company is also eligible to additional depreciation under the provisions of section 32 on new machinery or plant acquired and installed after March 31, 2005.

- As per section 71 of the Act, business loss suffered by the Company during the year is allowed to be set-off against income from any other head in the same year (other than income under the head salaries).

- As per section 72 of the Act, the Company is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were incurred, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. However, only such losses which have been determined in pursuance of a return filed in accordance with section 139(1) of the Act shall be carried forward and set off under section 72 of the Act.

4. Minimum Alternate Tax ('MAT')

- Section 115JB of the Act provides that in case the income tax payable under the normal provisions of the Act is less than 18.5% of the book profits (as defined in the said section) of the Company, then such book profit would be deemed to be the total income of the Company for that year and minimum alternate tax (MAT) payable on such total income would be at the rate of 18.5% plus applicable surcharge and education cess.

- While computing the Book Profit/Loss, the income from Operation of Qualifying ships is excluded from the provisions of Minimum Alternate Tax.

- As per section 115JAA(1A) of the Act, where any tax is paid under MAT, provisions for any assessment year commencing on the 1st day of April 2006, credit in respect of tax so paid shall be allowed to the Company in accordance with the provisions of the Act. Tax credit eligible to be carried forward will be the difference between the MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit shall not be allowed beyond the tenth assessment year immediately succeeding the assessment year in which the tax credit becomes allowable under subsection (1A).

5. Dividend Distribution Tax ('DDT')

Section 115-O of the Act provides for payment of DDT by a domestic company @15% (grossed up in the manner specified) plus applicable surcharge and education cess on the dividends declared, distributed or paid reduced by any dividends received from its subsidiary provided that :-

a) where such subsidiary is a domestic company and has paid DDT on the dividends declared/distributed/paid by it or
b) Where such subsidiary is a foreign company, the domestic company has paid taxes under section 115BBD of the Act at the applicable rates on such dividend income.

For the said purpose, a company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the former mentioned company.

6. Capital Gains

- As per section 2(42A) of the Act, a security (other than a unit) listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond which is held for twelve months or less is considered as short term capital asset. If the period of holding of such securities is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the Act.

- In case of shares of a company (not being a share listed in the recognized stock exchange in India), the determinative period of holding is 24 months.

- In respect of other assets, the determinative period of holding is thirty six months as against the period mentioned above.

- Further, gains / losses arising from the transfer of short term capital asset and long term capital asset are regarded as short term capital gains / loss and long term capital gains / loss respectively.

- As per section 10(38) of the Act, long term capital gains arising to the Company on transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax.

- For this purpose, "Equity Oriented Fund" means a fund –

  a) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

  b) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

- Long term capital gains (LTCG) exempt under section 10(38) of the Act would be liable to MAT under section 115JB of the Act.

- Second proviso to section 48 of the Act provides that LTCG (in cases not covered under section 10(38) of the Act) of the Company arising on transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after applying the relevant indexation on the cost of acquisition and cost of improvement. The resulting long term capital gains would be charged to tax @ 20% as per section 112 of the Act plus applicable cess.

- In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -

  a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or

  b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" (as defined below) within a period of 6 months from the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assesse transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

"Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;
b. by the Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to ₹ 50 lacs, whether invested during the financial year in which the asset is transferred or subsequent year.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gains arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹ 50 lacs.

For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- As per section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:

    a. where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.

    b. where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains / (losses) and taxed accordingly.

- Section 111A of the Act provides that short term capital gains arising to the Company from the sale of a short term capital asset being an equity share or a unit of an equity oriented fund or a unit of a business trust will be taxable at the rate of 15% (plus applicable surcharge and education cess) where such transaction is chargeable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in a company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

  For this purpose, 'equity oriented fund' would have the same meaning as specified in section 10(38) of the Act above.

- Short-term capital loss suffered by the Company during the year is allowed to be set-off against short term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term / short term capital gains.

- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.

7. Income from buy back of shares

- As per the provisions of section 10(34A) of the Act, any income arising to the Company being a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

8. Transfer Pricing

- All the transactions of the Company with associated enterprises (being international transactions and specified domestic transactions) are required to be carried out at arm's length price and comply with the Indian Transfer Pricing Regulations.

9. Other deductions

- A deduction amounting to 100% (applies only to specified eligible donation) or 50%, as applicable, of sums paid as donations to various specified eligible entities is allowable from the gross total income as per section 80G of the Act. This is subject to the limits specified in sub section 4 to section 80G, wherever applicable.

- A deduction amounting to 100% of any sum contributed to any political party or an electoral trust is allowable from the gross total income under section 80GGB of the Act

D. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO RESIDENT INVESTORS

- As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on shares of any Indian company is exempt from tax. As per the Finance Act 2016, income by way of dividends from domestic companies in aggregate exceeds Rs.10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm, resident in India, at the rate of 10% plus applicable surcharge and cess, in terms of section 115BBDA.

- However, in view of the provisions of section 14A of the Act, no deduction will be allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- In terms of section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- As per the provisions of section 10(38) of the Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where such transaction has suffered securities transaction tax.

- Second proviso to section 48 of the Act provides that the long term capital gains (in cases not covered under section 10(38) of the Act) of the shareholder arising on transfer of shares in the Company will be computed after applying the relevant indexation on the cost of acquisition. The resulting long term capital gains would be charged to tax @ 20% as per section 112 of the Act plus applicable cess.

- In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -

  a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or

  b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" (as defined below) within a period of 6 months from the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assesse transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

  "Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

  a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;

  b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

  The total deduction with respect to investment in the long term specified assets is restricted to ₹ 50 lacs, whether invested during the financial year in which the asset is transferred or subsequent year.

The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gain arises from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹ 50 lacs.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- As per the provisions of section 54F of the Act and subject to the conditions specified therein particularly in the proviso to the sub section (1), long term capital gains (which are not exempt under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer. The benefits granted are subject to certain conditions regarding ownership and acquisition of other residential houses, and may be withdrawn in the circumstances specified in sub sections (2) to (4) to the said section

- As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains.

- Long term capital loss suffered during the year (other than those to which section 10(38) of the Act is applicable) is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the speculative transactions in those years.

- In terms of section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'.

- Section 111A of the Act provides that short term capital gains arising to the shareholder from the sale of a short term capital asset being an equity share will be taxable at the rate of 15% (plus applicable surcharge and education cess) where such transaction is chargeable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

E. SPECIAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO NON-RESIDENTS INVESTORS (OTHER THAN NON-RESIDENT INDIANS, MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

- As per the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from a domestic company is exempt from income tax in the hands of shareholder.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend / exempt income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- As per the provisions of section 10(38) of the Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where such transaction has suffered securities transaction tax.

- Section 111A of the Act provides that short-term capital gains arising from the sale of an equity share in a Company, being a short term capital asset, would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction is liable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

- As per Finance Act, 2015, as per clauses (iid) and (fb) of explanation 1 to section 115JB of the Act, the amount of income accruing or arising to an assessee, being a foreign company, from capital gains arising on transactions in securities shall be excluded from the chargeability of MAT (excluding a scenario where the non-resident investor has a permanent establishment in India), if such income is credited to the profit and loss account and the income-tax payable thereon in accordance with the provisions of the Act, other than the provisions of chapter XII-B, is at a rate less than the rate specified in sub-section (1) to section 115JB.

- In terms of the first proviso to section 48 of the Act, in case of a non-resident, while computing the capital gains (in cases not covered under section 10(38) of the Act and not subject to section 111A of the Act) arising from transfer of shares in the Company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

  a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

  b. Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the long term specified asset made by the Shareholder on or after April 1, 2007 during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹ 50 lacs.

  The cost of long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- Finance Act, 2016 has inserted a new section 54EE, where capital gain arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹ 50 lacs.

For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.

- In terms of section 36(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession', subject to section 43B of the Act.

F. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO NON-RESIDENT INDIAN INVESTORS

- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

- Section 10(34) of the Act provides that any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on investment in the shares of the Company is exempt from tax and is not subject to any deduction of tax at source. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfers such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- Section 10(38) of the Act provides that long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax, provided such transaction is chargeable to securities transaction tax.

- As per section 111A of the Act, short-term capital gains arising from the sale of an equity share, being a short term capital asset in the Company, would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction is liable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in the Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

- In terms of the first proviso to section 48 of the Act, in case of a non-resident, while computing the capital gains (in cases not covered under section 10(38) of the Act and not subject to section 111A of the Act) arising from transfer of shares in the Company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" (as defined below) within a period of 6 months from the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assesse transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

  "Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

  a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;

  b. by the Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

  The total deduction with respect to investment in the long term specified assets is restricted to ₹ 50 lacs whether invested during the financial year in which the asset is transferred or subsequent year.

  Cost of long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gains arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹ 50 lacs.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (which are not exempt under section 10(38) of the Act) arising to an individual on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.

- Special provisions relating to taxation of Income from Investment and long term capital gains (other than those exempt under section 10(38) of the Act):

  a. A non-resident Indian, has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special provisions relating to certain incomes of non-residents".

  b. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

c. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company (in cases not covered under section 10(38) of the Act) which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months from the date of such transfer, in any specified asset (as defined in section 115C(f)) or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

d. Section 115G of the Act provides that non-resident Indians are not obliged to file a return of income, if their only source of income is income from specified investments or long term capital gains or both arising out of specified investments acquired, purchased or subscribed in convertible foreign exchange, provided tax has been deducted there from as per the provisions of Chapter XVII-B of the Act.

e. As per section 115H of the Act, where a non-resident becomes assessable as resident in India, he may furnish to the Assessing Officer a declaration in writing along with his return of income under section 139 for that assessment year, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any specified investments for that year and any subsequent assessment years until such investments are transferred or converted into money.

f. Section 115I of the Act provides that a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year. In such a case, the tax on Investment income and long term capital gains shall be computed in accordance with the normal provisions of the Act.

- In terms of section 36(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head ‘Profit and gains of business or profession’.

G. GENERAL TAX BENEFITS AVAILABLE TO MUTUAL FUNDS

As per section 10(23D) of the Act, subject to the provisions of chapter XII-E of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

H. GENERAL TAX BENEFITS AVAILABLE TO PROVIDENT FUND TO WHICH THE PROVIDENT FUND ACT, 1925 APPLIES

As per section 10(25) of the Act, any income by way of any capital gains arising from the sale, exchange or transfer of any shares which are held by, or are property of any provident fund to which the Provident Fund Act, 1925 applies

I. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO FOREIGN INSTITUTIONAL INVESTORS (‘FIIs’)

- As per the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after April 01, 2003) received from a domestic Company is exempt from income-tax. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- Section 10(38) of the Act provides that long term capital gains arising on transfer of equity shares of the Company would be exempt from tax, where the sale transaction is liable to securities transaction tax.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

  a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

  b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the shareholder on or after April 1, 2007 during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed 50 lakhs rupees.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gain arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed 50 lakhs rupees.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- Under section 115AD (1) (ii) of the Act, income by way of STCG arising to a foreign institutional investor (FII) (as defined in the explanation to section 115AD) on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

- Under section 115 AD (1) (iii) of the Act, income by way of LTCG arising to a FII (as defined in the explanation to section 115AD) from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs. As per provisions of section 196D (2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Act, payable to a FII.

- As per clauses (iid) and (fb) of explanation 1 to section 115JB of the Act, capital gains arising on transactions in securities arising to a foreign company, shall be excluded from the computation of book profits liable to MAT, if the income tax payable thereon in accordance with the provisions of the Act other than the provisions of chapter XII-B of the Act is at a rate less than the rate specified in section 115JB(1) and the book profits shall be increased by the amount of expenditure corresponding to such capital gains.

- As per section 2(14) of the Act, any securities held by a FII (as defined in explanation 2(a) to section 2(14) read with clause (a) of the explanation to section 115AD) which has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FII would be treated in the nature of capital gains.

J. GENERAL ANTI AVOIDANCE RULES – Chapter X A (across all categories of tax payers)

- Notwithstanding anything contained in the Act, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement (as defined in section 96(1) read with section 97) and the consequence in relation to tax arising therefrom may be determined subject to the provisions of Chapter XA, which shall apply in respect of any assessment year beginning on or after the 1st day of April, 2018. Further the provisions of chapter XA may be applied to any step in, or a part of, the arrangement as they are applicable to the arrangement. The consequences of an impermissible avoidance arrangement has been spelt out in section 98

- In terms of section of section 98, if an arrangement is declared to be an impermissible avoidance arrangement, then, the consequences, in relation to tax, of the arrangement, including denial of tax benefit or a benefit under a tax treaty, shall be determined, in such manner as is deemed appropriate, in the circumstances of the case, including by way of but not limited to the following, namely:—

  a. Disregarding, combining or re-characterizing any step in, or a part or whole of, the impermissible avoidance arrangement;

  b. Treating the impermissible avoidance arrangement as if it had not been entered into or carried out;

  c. Disregarding any accommodating party or treating any accommodating party and any other party as one and the same person;

  d. Deeming persons who are connected persons in relation to each other to be one and the same person for the purposes of determining tax treatment of any amount;

  e. Reallocating amongst the parties to the arrangement—

     (i) Any accrual, or receipt, of a capital nature or revenue nature; or
     (ii) Any expenditure, deduction, relief or rebate;

  f. Treating—
     (i) The place of residence of any party to the arrangement; or
     (ii) The situs of an asset or of a transaction,

  at a place other than the place of residence, location of the asset or location of the transaction as provided under the arrangement; or

  g. Considering or looking through any arrangement by disregarding any corporate structure.

  Further,

     (i) Any equity may be treated as debt or vice versa;
     (ii) Any accrual, or receipt, of a capital nature may be treated as of revenue nature or vice versa; or
     (iii) Any expenditure, deduction, relief or rebate may be re-characterized.

K. **INCOME COMPUTATION AND DISCLOSURE STANDARDS (ICDS)**

The Central Board of Direct Taxes has issued a notification on September 29, 2016, notifying revised ICDS and stating that ICDS shall be applicable from April 1, 2016 and accordingly applies from the relevant assessment year 2017-18 and onwards for computation of income under the heads "Profits and Gains of Business or Profession" and "Income from Other Sources".

L. THE WEALTH TAX ACT, 1957

Wealth Tax Act, 1957 has been abolished with effect from assessment year 2016-17.

NOTES:

1. The statement of tax benefits and implications enumerated above is as per the Act including amendments as set out in the Finance Act, 2016.

2. As per the Finance Act, 2015, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income exceeds ₹ 10 million. As per the Finance Act, 2016, surcharge on income tax has been increased from 12% to 15% on tax if income exceeds ₹ 10 million on persons other than companies, firms and co-operative societies.

3. Surcharge is levied on domestic companies at the rate of 7% where the income exceeds ₹ 10 million but does not exceed ₹ 100 million and at the rate of 12% where the income exceeds ₹ 100 million.

4. Surcharge is levied on every company other than domestic company at the rate of 2% where the income exceeds ₹ 10 million but does not exceed ₹ 100 million and at the rate of 5% where the income exceeds ₹ 100 million.

5. A 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers.

6. There are obligations to file a return of income under section 139 of the Act (a) by every company /firm or (b) any other person if his total income exceeds the maximum amount which is not chargeable to tax.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his residence in any country outside India, is obtained by him from the government of that country or any specified territory.

As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as has been notified.

Notwithstanding anything contained in section 90(2) above, the provisions of chapter X-A of the Act, shall apply to the non-resident investors, even if such provisions are not beneficial to him.

Availability of tax credit for the appropriate share of dividend distribution tax paid by the domestic company on dividends declared in the hands of the non-resident investor in his country of residence will depend on the laws of his/its country.

8. There is an obligation to deduct tax at source on every person responsible for paying to a non-resident any sums chargeable under the provisions of the Act, in terms of section 195 of the Act, either at the time of credit of such income to the credit of the non-resident or at the time of payment, whichever is earlier, at the rates in force. Such tax shall be paid to the Central Government within the time prescribed. There are also obligations to file returns of tax deducted at source on the payer.

9. The Organization for Economic Cooperation and Development (OECD) have released final reports on the Base Erosion and Profit Shifting (BEPS) Action Plan. This OECD initiative is endorsed by the G20 countries to usher in standardization in global tax rules. As a member of the G20 and an active participant of the BEPS project, Indian legislature has been keen on effective implementation of BEPS Action Plan. It is likely that various recommendations in the BEPS Action Plans may be implemented through amendments to the Indian domestic tax law or India tax treaties. Introduction of equalization levy is one such measure. The BEPS Action Plan being at the initial stages of implementation, it is difficult to fathom or outline the impact of BEPS Action Plans on Indian taxation.

10. The above statement of possible direct tax benefits and implications sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

11. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

12. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

Above are the possible tax benefits available and implications to the Company and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The benefits and obligations discussed above are not exhaustive. This statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor/shareholder/the Company is advised to consult his, her or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that our interpretation of the provisions will not have a direct binding legal precedent or may have a different interpretation on the benefits and implications

LEGAL PROCEEDINGS

Our Company, our Subsidiaries and our Promoters are subject to various legal proceedings from time to time mostly arising in the ordinary course of their business. Except as described below, we are not involved in any material legal proceedings and our Company is not aware of any proceedings that are threatened, which if determined adversely, may have, or have had, a material adverse effect on our business, properties, financial condition or results or operations of our Company. We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

Other than as disclosed below, our Company has no outstanding default in relation to statutory dues payable, dues payable to holders of any debentures and interest thereon, and in respect of deposits and interest thereon, defaults in repayment of loans from any bank or financial institution. Other than as disclosed below, there has been no other instances of compounding of offences, prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the Issue.

Further, except as disclosed below, we are not subject to any other outstanding litigations which may or may not impact our future revenues which have monetary value of more than 1 % of our net worth, for the last completed financial year on a standalone basis.

A. *LITIGATION INVOLVING THE COMPANY*

1 ***Consumer Complaint No. 75 of 2013 filed before the National Consumer Disputes Redressal Commission by our Company against New India Assurance Co. Limited (Head Office) and New India Assurance Co. Limited (Divisional Office)("Respondent")***

The Respondent had issued to our Company a Hull Machinery Insurance Policy insuring our vessel for a period commencing from July 1, 2011 to June 30, 2012 for a total value of ₹ 2,142,820,000/- ("**Insured Value**") in addition to sue and labour expenses. On December 29, 2011, an explosion took place on the vessel as a result of which our Company suffered extensive losses and therefore, lodged a claim of ₹ 2,252,859,675/- with the Respondent comprising of the total Insured Value under the policy plus the sue and labour expenses which amounted to ₹ 83,039,675/-. However, our Company was made to sign the discharge voucher and accept a claim amount of ₹ 1,477,245,077/- which was unilaterally and arbitrarily decided by the Respondent in full and final settlement of the claim made by our Company. A consumer complaint has therefore been filed by our Company before the National Consumer Disputes Redressal Commission for deficiency in service on part of the Respondent and for recovery of the balance claim amount of ₹ 542,455,000/- along with interest at the rate of 18% per annum, damages to the extent of ₹ 50,000,000/- and legal and other costs of ₹ 1,500,000/- from the Respondent.

The matter is pending before the National Consumers Disputes Redressal Tribunal for final hearing.

2 ***Arbitration of 2012 filed by our Company against the Board of Trustees of Cochin Port Trust ("Respondent") before the Hon'ble Arbitral Tribunal comprising of (Retired) Justice K. John Mathew (Presiding Arbitrator), Captain Vinod K. Gupta (Arbitrator) and Mr. A.G. Averachen (Arbitrator)***

Our Company has entered into a dredging contract ("**Dredging Contract**") with the Respondent for capital dredging at Cochin Port Trust. Under the terms of the Dredging Contract, our Company has furnished a performance bank guarantee for a sum of ₹ 60,800,000/- in favour of the Respondent. During the subsistence of the Dredging Contract, the Respondent issued a show cause notice calling upon our Company to justify as to why the Dredging Contract should not be terminated. Without waiting for our response, the Respondent wrongfully terminated the Dredging Contract and invoked the bank guarantee furnished by our Company. Our Company has therefore, initiated this arbitration to recover from the Respondent a total sum of ₹ 1,416,577,973/- for wrongful and unlawful termination of the Dredging Contract, illegal invocation of bank guarantee and non-payment of bills and retentions monies along with interest at the rate of 18% per annum.

At present, the matter is reserved before the Arbitral Tribunal for passing an award.

3 ***Writ petition number 29686 of 2012 filed by our Company before the High Court of Kerala at Ernakulam against the Board of Trustees of Cochin Port Trust ("Respondent No. 1"), the Chief Engineer ("Respondent No. 2") and the Union of India represented by its Secretary, Ministry of Shipping ("Respondent No. 3") (the Respondent No. 1, Respondent No. 2 and Respondent No. 3 shall hereinafter collectively be referred to as the "Respondents")***

We refer to the facts stated elaborated in (2) above. While the arbitration is pending before the learned Arbitral Tribunal, Respondent No. 2 has informed our Company *vide* letter dated September 11, 2012 that our Company has been debarred from participating in future contracts of the Cochin Port Trust for a period of five years with effect from August 16, 2012 on the basis of the gravity of the alleged breach and default committed by our Company in the present matter. However, this decision was unilateral and arbitrarily taken by the Respondents without giving our Company an opportunity to be heard and any prior notice of the same. Hence, the present writ petition was filed against the Respondents by our Company. An interim order dated December 12, 2012 has been passed by the Hon'ble High Court allowing our Company to participate in tenders issued by any institutions other than the Cochin Port Trust.

The matter is now pending before the High Court of Kerala for listing.

4 ***Arbitration in the matter of Charterparty dated August 23, 2007 filed by our Company against Dredging Corporation of India Limited ("Respondent") before the Arbitral Tribunal consisting of (Retired) Justice S. B. Sinha (Presiding Arbitrator), (Retired) Justice A. P. Shah (Arbitrator) and Mr. E. S. Sasrty (Arbitrator)***

Our Company had entered into a Charterparty dated August 23, 2007 ("**Agreement**") to charter its dredger to the Respondent. During the subsistence of this Agreement, our Company had carried out dredging as per the instructions of the Respondent and had raised various invoices for hire on the Respondent. However, the Respondent has terminated the Agreement and failed to make full and timely payment of hire invoices raised by our Company aggregating to a total outstanding of ₹ 563,339,179.79/-. Our Company has therefore initiated the present arbitration in order to claim the said outstanding dues from the Respondent along with an interest at the rate of 6% per annum till realisation of the said amount.

The matter is pending before the panel of arbitrators appointed for the matter for final arguments.

5 ***Arbitration filed by the Company in the matter of Charterparty dated April 24, 2008 against the Dredging Corporation of India Limited ("Respondent") before the Arbitral Tribunal consisting of (Retired) Justice S.B. Sinha (Presiding Arbitrator), (Retired) Justice A. P. Shah (Arbitrator) and Mr. E. S. Sasrty (Arbitrator).***

Our Company has entered into a Charterparty dated April 24, 2008 ("**Agreement**") for hire of its vessel by the Respondent. Our Company has performed all its obligations under the Agreement by carrying out dredging in the designated areas as per the instructions of the Respondent under the Agreement. Our Company had legitimately raised invoices upon the Respondent, who in breach of its obligations under the Agreement failed to make full and timely payments for charter hire invoices and wrongfully and arbitrarily deducted sums from the invoices without providing a cogent or valid explanation for the same. Our Company has therefore invoked the arbitration clause under the Agreement and initiated this arbitration to claim a total sum of ₹ 131,461,311/- along with interest at the rate of 6% per annum along with costs incurred by our Company in relation to the same.

The matter is pending before the panel of arbitrators appointed for the matter for final arguments.

6 ***Arbitration filed by the Company in the matter of Charterparty dated October 12, 2007 against the Dredging Corporation of India Limited ("Respondent") before the Arbitral Tribunal consisting of (Retired) Justice S.B. Sinha (Presiding Arbitrator) and (Retired) Justice A. P. Shah (Arbitrator) and Mr. E. S. Sasrty (Arbitrator).***

Our Company had entered into a Charterparty dated October 12, 2007 ("**Agreement**") for hire of its vessel by the Respondent. Our Company has performed its obligations by carrying out dredging as per the instructions of the Respondent and has raised its invoices for hire on the Respondent. The Respondent, in breach of its obligations under the Agreement, has wrongfully deducted arbitrary sums from the said invoices without providing a cogent or valid explanation for the same and has failed to make full and timely payment of the hire invoices raised by the Respondent. Further, the Respondent has *vide* letter dated May 2, 2009 wrongfully and unlawfully terminated the Agreement. Our Company has therefore, initiated this arbitration to claim a total sum of ₹ 716,064,971/- along with interest at the rate of 6% per annum along with costs incurred by our Company in relation to the same.

The matter is pending before the panel of arbitrators appointed for the matter for final arguments.

7 ***Arbitration filed by our Company before the learned Arbitral Tribunal (Retired) Justice Mr. P.L.N. Sharma (Presiding Arbitrator), Captain V K Gupta (Arbitrator) and Mr. M N Kumar (Arbitrator) against the Dredging Corporation of India Limited ("Respondent")***

Our Company had entered into definitive agreements (hereinafter referred to as "**Dredging Contract**") with the Respondent for capital dredging at the Paradip Port and had issued a performance bank guarantee in favour of the Respondent. The present arbitration has been initiated by our Company against the Respondent on the grounds that the Respondent had wrongfully terminated the Dredging Contracts, invoked the bank guarantee and imposed liquidation damages on our Company. Our Company has therefore claimed for a total outstanding of ₹ 379,553,815/- along with interest at the rate of 18% till realisation and a declaration that imposition of the liquidated damages, invocation of the performance security and termination of the contract by the Respondent is wrongful, null and void and non est in law.

The matter is now pending before the Arbitral tribunal appointed in the matter for cross examination of the expert witness of our Company.

8 ***Writ petition No. 26927 of 2015 filed by our Company before the High Court of Andhra Pradesh at Hyderabad against the Dredging Corporation of India Limited ("Respondent")***

We refer to the facts elucidated in (7) above. While this arbitration is pending before the learned arbitral tribunal, the Respondent had issued a show cause notice calling upon our Company to show cause as to why it should not be blacklisted for the alleged breach of the contract entered into with the Respondent. All the charges raised by the Respondent in the show cause notice form the subject matter of the arbitration in relation to the Paradip Port Trust filed before the learned Arbitral Tribunal. Our Company has therefore, filed a writ petition before the High Court of Andhra Pradesh against such action of the Respondent. At the time of hearing, the Respondent submitted before the Hon'ble High Court that it had issued an order blacklisting our Company from participating in any tender invited by it for a period of five years. Our Company has filed the present writ petition to quash or set aside this order of the Respondent. The Hon'ble High Court has granted interim relief to our Company by suspending the order until final disposal of the matter.

The matter to be listed before the High Court of Andhra Pradesh for final disposal in due course.

B. *LITIGATIONS INVOLVING OUR PROMOTER*

As on December 15, 2016, there is no litigation or legal action pending or taken by any ministry or department of the Government or statutory authority against our Corporate Promoter during the last three years immediately preceding the year of the circulation of this Placement Document and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action save and except as under:

1. The Notice issued by SEBI has issued a notice calling upon one of our Promoter, Mr. H.K. Mittal to submit information in relation to investigation in the matter of trading of shares of Kitara PIIN (group company of Kitara Capital Private Limited). Mr. H.K. Mittal has furnished the required information to SEBI and sufficiently replied to each of the subsequent notices issued by SEBI from time to time. As on December 15, 2016, Mr. H.K. Mittal has not received any response to the last reply sent by Mr. H.K. Mittal.

C. *PROCEEDINGS UNDER THE COMPANIES ACT*

There has been no inquiry, inspection or investigations initiated or conducted against the Company under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of this Placement Document against either our Company or our Subsidiaries. Further, there have not been any prosecutions filed (whether pending or not), fines imposed, compounding of offences under the Companies Act, 2013 or any previous company law, in the last three years immediately preceding the year of circulation of this Placement Document with respect to the Company or its Subsidiaries.

D. ***MATERIAL FRAUDS COMMITTED AGAINST OUR COMPANY IN THE LAST THREE YEARS***

There have been no material frauds committed against our Company in the last three years.

E. ***POTENTIAL LITIGATION AGAINST OUR COMPANY***

1. Our Company had received a winding up notice from one of customer / creditor under Section 433 and 434 of the Companies Act, 1956 to which our Company has sent its detailed response within the prescribed statutory period of 21 days. The Company has not yet received any response to the reply sent by our Company.

2. Our Company has also received a show cause notice from the Deputy Director and Inspector under Section 4(h) of the Dock Workers (Safety, Health & Welfare) Act, 1986 in relation to the fatal accident of Shri Pradeep Vikram Yadav, a contract labourer employed by the Sub-contractor of our Company during the coal handling. The said worker was an employee of a sub-contractor and not of our Company on the basis of which our Company has filed an appropriate response with the applicable authority.

3. Our Company has received a notice from an entity exercising its put option pursuant to a charterparty agreement signed by our foreign subsidiaries with this entity.

4. A First Information Report has been filed by the Central Bureau of Investigation, Vishakapatnam for investigation of the tender awarded to our Company by Dredging Corporation of India, Vishakapatnam for the Paradip Port Sub-Contract.

5. An arbitration has been initiated by the Indian Oil Corporation Limited against our Company for alleged contamination of the cargo transported in one of our Vessels.

6. The Central Bureau of Investigation, Mumbai had issued a notice directing our Company to produce documents in relation to certain loans availed by our Company. Our Company has sufficiently replied to this notice and produced the required documents before the investigating authority. Presently, our Company has not received any response to the reply sent by our Company.

7. The Registrar of Companies, Mumbai ("**RoC**") has *vide* notice raised queries with respect to the balance sheet as at March 31, 2011 filed by our Company with the RoC to which we have sufficiently replied from time to time. Presently, our Company has not received any response to the last reply sent by our Company.

8. SEBI has issued a notice calling upon our Company to submit information with respect to the financial results of our Company for the period ended December 31, 2011. Our Company has furnished the required information to SEBI and sufficiently replied to each of the subsequent notices issued by SEBI from time to time. Presently, our Company has not received any response to the last reply sent by our Company.

9. The Directorate of Enforcement, Ministry of Finance has *vide* several notices directed our Company to furnish certain information regarding, *inter alia*, the Foreign Currency Convertible Bonds (FCCBs) issued by our Company, the External Commercial Borrowings raised by our Company along with copies of various permissions/ approvals availed by the Company from Reserve Bank of India from time to time. We have sufficiently replied to each of these notices and at present, no response has been received by the Company till date.

10. The Directorate of Revenue Intelligence, Ministry of Finance has issued a notice dated December 28, 2016 under Section 108 of the Customs Act, 1962 initiating an inquiry on matters in connection with import of coal from one of our Subsidiaries namely MCS Holdings Pte. Ltd. in India. Our Company is in the process of suitably responding to the notice.

F. *LITIGATIONS INVOLVING OUR SUBSIDIARIES*

1 Litigations by our Subsidiaries

a. ***Suit no.390/Pdt.G/2014/PN.Jkt Tim filed by K.S. Raheja (hereinafter referred to as "Plaintiff"), the Director of PT Indo Perkasa (hereinafter referred to as "PT Perkasa") against Taufik Surya Darma ("Defendant No. 1"), Handoko Soeseno ("Defendant No. 2") and Herumanto Zaini ("Defendant No. 3") (Defendant No. 1, Defendant No. 2 and Defendant No. 3 shall hereinafter collectively be referred to as "Defendants")***

The Plaintiff had filed a civil suit before the East Jakarta District Court (hereinafter referred to as the "**District Court**") against Defendants (who hold the position of the President Director, the Director and the Commissioner in PT Perkasa) for unilaterally stopping the operations of PT Perkasa at Bakungan village in East Kalimantan for a period of 28 days without the consent of the Plaintiff and without the approval of the Board of Commissioners and shareholders of PT Perkasa. The Plaintiff has claimed a total loss amounting to USD 3,445,530 as a result of the actions of the Defendants. The District Court has *vide* order dated September 14, 2015 declared that the present case cannot be accepted since there was no audit report and ratification from the shareholders of PT Indo Perkasa in a general meeting. The DKI Jakarta High Court has further ratified the decision of the District Court.

Presently, an appeal has been filed by the Plaintiff against the decision of the DKI Jakarta High Court before the Indonesia Supreme Court and no further orders have been passed in the present matter till date.

b. ***Suit No.7/Pdt.G/2014/PN.Tgr filed by PT Karya Putra Borneo ("Plaintiff") against PT Niungriam Gemilang ("Defendant") before the Indonesian Supreme Court***

The Plaintiff and the Defendant had entered into an agreement dated August 13, 2012 (hereinafter referred to as "**Agreement**") under which the Plaintiff was required to pay a consultant fee of USD 0.20/- per metric tonne to the Defendant without any obligation to be carried out on part of the Defendant against such payment. Under the terms of this Agreement, the Plaintiff has already paid to the Defendant consultancy fees amounting to USD 193,100.85/-. In order to prevent any further losses, the Plaintiff had therefore filed a civil suit before the Tenggarong District Court to declare the Agreement as cancelled. The Tenggarong District Court has *vide* dated October 21, 2014 accepted the claim of the Plaintiff in part, declared the Agreement as cancelled and penalised the Defendant to pay a sum of USD 193,100.85/- . This decision of the Tenggarong District Court has further been ratified by the East Borneo High Court.

Presently, an appeal has been filed by the Plaintiff before the Indonesia Supreme Court against the decision of the East Borneo High Court and no orders have been passed in the present matter till date.

c. ***Suit No. 8/Pdt.G/2014/PN.Tgr filed by PT Karya Putra Borneo ("Plaintiff") against PT Karya Indah Perdana ("Defendant") before the Indonesian Supreme Court***

The Plaintiff and the Defendant had entered into an agreement dated August 13, 2012 (hereinafter referred to as "**Agreement**") under which the Plaintiff was required to pay a consultant fee of USD 0.30/- per metric tonne to the Defendant without any obligation to be carried out on part of the Defendant against such payment. Under the terms of this Agreement, the Plaintiff has already paid to the Defendant consultancy fees amounting to USD 289,651.27/-. In order to prevent any further losses, the Plaintiff had therefore filed a civil suit before the Tenggarong District Court to declare the Agreement as cancelled. The Tenggarong District Court has *vide* dated October 21, 2014 accepted the claim of the Plaintiff in part, declared the Agreement as cancelled and penalised the Defendant to pay a sum of IDR 906,000/-. This decision of the Tenggarong District Court has further been ratified by the East Borneo High Court.

Presently, an appeal has been filed by the Plaintiff before the Indonesia Supreme Court against the decision of the East Borneo High Court and no orders have been passed in the present matter till date.

2 *Litigations against our Subsidiaries*

a. Arbitration initiated by Hindustan Zinc Limited ("HZL") against MCS Holdings Pte. Ltd ("MCS") before the Arbitral Tribunal comprising of Justice Jas Raj Chopra, Presiding Arbitrator, Shri. S. Venkiteswaran, Co-Arbitrator and Shri S. L. Mehta, Co-Arbitrator

MCS was awarded a contract of supply of 2,00,000 MT of coal to HZL *vide* four equal shipments of 50,000 MT each between October, 2009 to December, 2009. HZL has alleged that MCS did not fulfil its commitment towards supply of the fourth consignment under the terms of the contract and has therefore, initiated this arbitration in order to recover, inter alia, the additional costs to the tune of ₹ 5,04 ,34,757/- incurred by it in lieu of such alleged dishonour by MCS. MCS has in turn, filed a counter claim against HZL for recovery of the outstanding amounts under the invoices raised by it for USD 448,517/- equivalent to ₹ 2, 0833,658/- only USD 620,000/- equivalent to ₹2,95,43,000/- along with interest at the rate of 18% from the date of each of the invoices till the date of realisation of the same.

At present, the matter is reserved before the Arbitral Tribunal for passing of an award.

b. Arbitration initiated by D/S Norden A/S ("Norden") against MCS Holdings Pte. Ltd ("MCS") before the Arbitral Tribunal comprising of Mr. Christofides and Mr. Mark Hamsher at London (LMAA)

Norden had chartered its vessel MV Aenaos ("**Vessel**") to MCS for carrying 70,000 MT of coal from Indonesia to India by Charterparty dated October 2, 2013. En route, the Vessel began to experience heavy weather as a result of which a coal barge collided into the Vessel and it suffered hull damage. Norden had to incur costs and expenses to the tune of USD 782,946.66/- for repair of the Vessel and has therefore initiated this arbitration for recovery of the same. Pursuant to arrest of a vessel by Norden, MCS had deposited USD 1,725,010.20/- in an escrow account for securing the claim of Norden and for release of the Vessel.

At present, the matter is pending before the Arbitral Tribunal and the parties are simultaneously exploring the option of mediation in order to settle the dispute.

c. Suit -Claim no.CL-2016-000645 filed by Augustea Atlantic Spa ("Plaintiff") against Mercator International Pte Ltd ("Respondent No.1") and our Company ("Respondent No.2") before the High Court of Justice, Queen's Bench Division, Commercial Court, London

MLS and the Plaintiff had entered into a Charterparty dated December 21, 2007 ("**Charterparty**") to charter its vessel for a period of 10 years. The Charterparty was prematurely terminated vide Early Termination and Settlement Deed dated March 15, 2013 ("**Termination Deed**") whereby the Plaintiff was granted 4,51,40,124 new ordinary shares of MLS ("**Compensation Shares**") and a right to exercise put option ("**Put Option**") under which Mercator International Pte. Ltd. ("**MIL**") was required to purchase the Compensation Shares at an agreed price. Subsequently, a Letter of Comfort dated May 3, 2013 was executed by our Company in favour of the Plaintiff under which our Company had agreed to meet any shortfall in the resources of MIL with respect to the Put Option under the Termination Deed. Since MLS is placed under judicial management by the order of the High Court of Republic of Singapore, the Plaintiff *vide* notice dated November 19, 2015 exercised the Put Option and has also sent a legal notice dated March 30, 2016 and April 6, 2016 claiming from our Company a total sum of 1,938,953.10 Singapore Dollars.

Presently, a suit has been filed by the Plaintiff before the Commercial Court, High Court of Justice at London, a copy of which has been served to Respondent No.1 and Respondent No. 1 is in the process of filing pleadings.

d. ***Suit No. 30/Pdt.G/2014/PN.Smda filed by H. Syahrani ("Plaintiff") against PT Karya Putra Borneo ("Defendant No. 1") and Ardiansyah Muchsin ("Defendant No. 2") (Defendant No.1 and Defendant No. 2 have been jointly referred to as "Defendants")***

The Defendant No. 1 and PT United Coal Indonesia ("**PT United**") had entered into an agreement dated July 10, 2009 ("**Co-operation Agreement**") under which PT United had agreed to pay to Defendant No. 1 a fee of USD 2 per metric tonne for the coal produced and shipped by the Defendant No. 1 and the Plaintiff was appointed as a co-ordinator to pay the requisite fees to Defendant No. 1. Subsequently, Defendant No. 1 entered into separate agreements ("**Revenue Sharing Agreements**") with Defendant No. 2 whereby the fees to be paid to Defendant No. 1 would be shared with Defendant No. 2 to the extent of USD 0.5 per metric tonne. However, these Revenue Sharing Agreements were entered into without the consent and the knowledge of the Plaintiff. The Plaintiff has therefore, filed a civil suit before the Samarinda Court against the Defendants in order to cancel the Revenue Sharing Agreements and recover material losses to the tune of USD 500,000 and immaterial losses to the extent of IDR. 1,000,000,000/-. The District Court of Samarinda had vide order dated November 12, 2014 accepted the claim of the Plaintiff in part, declared the Co-operation Agreement as valid and penalised the Defendants to pay the court fees of IDR 566,000/-. The East Borneo High Court had ratified the decision of the Samarinda District Court.

Presently, an appeal has been filed by Defendant No. 2 before the Indonesia Supreme Court against the decision of the East Borneo High Court and no orders have been passed in the present matter till date.

e. ***Suit No.50 of 2014 filed by Lisbon Sijabat ("Plaintiff") against PT Karya Putra Borneo ("Defendant No.1") and Taufik Suryadarma ("Defendant No. 2") before the Indonesian Supreme Court***

The Plaintiff had filed a civil suit before the Samarinda District Court ("**District Court**") for recovery of a sum of IDR 2,232,132,000/- from the Defendant No. 1 for alleged breach of the agreement entered into between the Plaintiff and Defendant No.1 for supply of coal shipped and produced by Defendant No. 1. The District Court had not accepted the claim of the Plaintiff and asked the Plaintiff to pay court costs incurred in filing the case amounting to IDR. 466,000/-. The East Borneo High Court has further ratified the decision of the District Court.

Presently, an appeal has been filed by the Plaintiff against the decision of the DKI Jakarta High Court before the Indonesia Supreme Court and no orders have been passed in the present matter till date.

G. *TAX RELATED PROCEEDINGS*

1 Income Tax

a. There are 9 (nine) income tax matters amounting to ₹ 941.94 million approximately, involving our Company and its Subsidiaries pending at various levels of adjudication.

b. Search and seizure operations under section 132 of the Income Tax Act were carried out by the Income Tax Department from January 4, 2017 to January 7, 2017 against one of our Subsidiaries namely Oorja Resources India Private Limited at its registered office. During the course of the search and seizure operations, the income tax authorities seized the books of accounts, documents and a hard disk. While the search and seizure operations were finally concluded on January 7, 2017, the subsidiary namely Oorja Resources India Private Limited has not received any further communication and / or notice from the Income tax authorities in relation to the said search and seizure proceedings as on the date of this Placement Document.

2 Central Excise and Service Tax

There are 2 (two) central excise and service tax matters amounting to ₹ 639.67 million approximately, involving our Company and its Subsidiaries pending at various levels of adjudication.

3 Sales Tax and Value Added Tax

There are no sales tax and value added tax matters.

INDEPENDENT ACCOUNTANTS

Our Company's current statutory auditors, M/s. CNK & Associates LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act and in accordance with the guidelines issued by the Institute of Chartered Accountants of India, who have performed limited review in accordance with Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" with respect to our unaudited reviewed financial results as of and for the six months period ended September 30, 2016, whose report is included in this Placement Document. Further, M/s. CNK & Associates LLP, Chartered Accountants, have audited financial statements as of and for the Fiscal Year ended March 31, 2014, March 31, 2015 and March 31, 2016, whose reports are included in this Placement Document. Please see the chapter titled "***Financial Statements***" beginning on page 206.

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GENERAL INFORMATION

1. Our Company was originally incorporated as 'Mercator Lines Private Limited' a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated November 24, 1983 bearing registration number 031418 issued by the Registrar of Companies, Mumbai. Our Company was subsequently converted into a public limited company and the name of our Company was changed to 'Mercator Lines Limited' pursuant to a fresh certificate of incorporation dated April 12, 1984 issued by the Registrar of Companies, Bombay upon change of name of our Company on conversion to public limited company. Thereafter, the name of our Company was changed to its present name 'Mercator Limited' pursuant to a fresh certificate of incorporation dated November 22, 2011 consequent upon change of name issued by the Registrar of Companies, Mumbai. Our corporate identification number is L63090MH1983PLC031418.

2. As of the date of this Placement Document, our authorized capital is ₹ 2,350,000,000 (Rupees two billion and three hundred fifty million only) divided into 350,000,000 (three hundred and fifty million) Equity Shares of Re. 1 (Rupee one) each aggregating to ₹ 350,000,000 (Rupees three hundred and fifty million) and 20,000,000 (twenty million) preference shares of ₹ 100 (Rupees hundred each) aggregating to a total of ₹ 2,000,000,000 (Rupees two billion only). As of the date of this Placement Document, 244,892,073 Equity Shares of ₹1 each have been issued, subscribed and paid up.

3. Our Registered Office is located at 3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021.

4. Under our Memorandum of Association, our principal objects are to carry out the business described in the chapter titled "***Our Business***" beginning on page 125. The objects are set out in Clause III of our Memorandum of Association.

5. The Issue was authorized and approved by our Board of Directors by resolutions dated May 27, 2016 and approved by our shareholders *vide* a special resolution passed on July 30, 2016.

6. Our Company has applied for and received in-principle approvals under Clause 28 of the SEBI Listing Regulations for the issue of the Equity Shares from the BSE and the NSE. We will apply for final approvals to list our Equity Shares to be issued in the Issue on the BSE and the NSE.

7. Copies of our Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) during the offering period at our Registered Office.

8. Other than as set forth in this Placement Document, there has been no significant change in our financial results since March 31, 2016, the date of our last audited financial statements.

9. Except as disclosed in this Placement Document, we are not involved in any material legal proceedings and we are not aware of any threatened legal proceedings, which, if determined adversely, could result in a material adverse effect on our business, financial condition or results of operations.

10. Our Company has obtained necessary consents, approvals and authorisations required in connection with the Issue.

11. M/s. CNK & Associates LLP, Chartered Accountants have audited our financial statements as of and for the twelve months period ended on March 31, 2016, March 31, 2015 and March 31, 2014. M/s. CNK & Associates LLP, Chartered Accountants have reviewed the unaudited standalone financial statements and notes thereto for the six months period ended September 30, 2016 and have provided their consent for inclusion of their reports in relation thereto in this Placement Document.

12. We confirm that we are in compliance with minimum public shareholding requirements under the terms of the SEBI Listing Regulations.

13. Our Company and the BRLM accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website www.mercator.in, would be doing so at his or her own risk.

14. The Floor Price for the Issue is ₹ 42.80 per Equity Share calculated in accordance with Regulation 85 of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

FINANCIAL STATEMENTS

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CNK & Associates LLP
Chartered Accountants

Narain Chambers, 5th Floor, M.G. Road, Vile Parle (E), Mumbai - 400 057.
Tel. : +91-22-6457 7600 • Fax : +91-22-2612 8580

Jash Chambers, 3rd floor, 7-A, Sir P. M. Road, Fort, Mumbai - 400 001.
Tel. : +91-22-6623 0600 / 22661819 • Fax : +91-22-2261 5814

Independent Auditors' Report on Consolidated Financial Statements

To the Board of Directors of Mercator Limited,

We have audited the attached consolidated balance sheet of Mercator Limited ('the Company') and its subsidiaries (together referred to as 'the Group') as at March 31, 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date, annexed thereto, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information of the subsidiary companies 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on financial statements, the 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:

a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2014;

b. in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date; and

c. in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of twenty nine subsidiaries, whose financial statements, prepared under generally accepted accounting principles ('GAAPs') accepted in the respective countries, reflect in relation to the amounts considered in the consolidated financial statements, total assets (net) of Rs. 2,15,773.10 lakhs as at 31st March, 2014, total revenues of Rs. 2,53,784.17 lakhs and net profit Rs.1,257.73 of lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders / Board of Directors of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the aforementioned GAAPs in respective countries and conversion undertaken by the management and examined by us on a test basis.

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

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
Membership No.: 37391
Place: Mumbai
Dated: 29th May, 2014

Consolidated Balance Sheet as at March 31, 2014

	Particulars	Note	As at 31. March 2014 Amount Rs. in Lacs	As at 31. March 2013 Amount Rs. in Lacs
A	**EQUITY AND LIABILITIES**			
1	**Shareholder's funds**			
	(a) Share capital	2.1	2,448.92	2,448.92
	(b) Reserves and surplus	2.2	231,876.77	217,175.99
			234,325.69	219,624.91
	Minority interest		49,552.89	42,908.77
			283,878.58	262,533.68
2	**Non - current liabilities**			
	(a) Long-term borrowings	2.3	256,388.36	258,477.35
	(b) Other long term liabilities	2.4	1,591.35	784.08
	(c) Long-term provisions	2.5	480.41	428.89
			258,460.12	259,690.32
3	**Current liabilities**			
	(a) Short-term borrowings	2.6	60,533.70	45,497.23
	(b) Trade payables		47,716.46	50,283.88
	(c) Other current liabilities	2.7	73,373.40	64,578.84
	(d) Short-term provisions	2.8	3,915.19	3,832.46
			185,538.75	164,192.41
	Total		727,877.45	686,416.42
B	**ASSETS**			
1	**Non- current assets**			
	(a) Fixed assets			
	(i) Tangible assets	2.9	542,169.47	448,147.65
	(ii) Assets held for disposal		-	53,462.45
	(iii) Capital work in progress		257.99	3,587.96
			542,427.46	505,198.06
	Goodwill on consolidation		1,782.70	1,613.32
	(b) Non-current investments	2.10	3,146.66	2,958.68
	(c) Deferred tax asset		987.60	1,029.04
	(d) Long-term loans and advances	2.11	30,276.34	21,070.23
	(e) Other non-current assets	2.12	4,542.67	2,760.22
			583,163.43	534,629.55
2	**Current assets**			
	(a) Current investments	2.10	420.14	545.84
	(b) Inventories	2.13	5,702.23	3,514.06
	(c) Trade receivables	2.14	63,220.25	65,711.66
	(d) Cash and bank balances	2.15	19,454.22	34,106.53
	(e) Short-term loans and advances	2.16	28,658.30	28,771.91
	(f) Other current assets	2.17	27,258.88	19,136.88
			144,714.02	151,786.88
	Total		727,877.45	686,416.42
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 6		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
Dated: 29th May 2014
Place: Mumbai

For and on behalf of the Board

H. K. Mittal — *Executive Chairman*
A. J. Agarwal — *Managing Director*
Manohar Bidaye — *Director*
K. R. Bharat — *Director*
M. M. Agrawal — *Director*
Kapil Garg — *Director*
Prasad Patwardhan — *Chief Financial Officer*
Amruta Sant — *Company Secretary*

Dated: 29th May 2014
Place: Mumbai

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

	Particulars	Note	Year Ended 31. March 2014 Amount Rs. in Lacs	Year Ended 31. March 2013 Amount Rs. in Lacs
	INCOME			
	(a) Revenue from operations	2.18	345,778.04	373,335.38
	(b) Other income	2.19	2,841.82	2,570.85
1	**Total Revenue**		348,619.86	375,906.23
	EXPENSES:			
	(a) Operating expenses	2.20	268,878.00	307,221.64
	(b) Employee benefit expenses	2.21	5,615.96	5,764.97
	(c) Finance cost	2.22	20,513.80	24,503.81
	(d) Depreciation and amortisation expenses		44,087.02	44,748.22
	(e) Impairment of assets		1,218.72	8,791.15
	(f) Other expenses	2.23	6,998.55	17,166.50
2	**Total Expenses**		347,312.05	408,196.29
3	**Profit/(Loss) before exceptional items and taxes (1 - 2)**		1,307.81	(32,290.06)
4	**Less: Exceptional items**		298.09	15,639.59
5	**Profit/(Loss) before taxes (3 - 4)**		1,009.72	(47,929.65)
6	**Tax expense:**			
	(a) Current tax		(2,544.60)	(1,860.02)
	(b) Short provision of tax for earlier years		(25.16)	0.01
	(c) Deferred Tax		69.97	542.22
	Profit/(Loss) for the year before adjustment for Minority Interest		(1,490.07)	(49,247.44)
	Less: share of profit / loss transferred to Minority Interest		4,707.88	12,038.78
	Profit/(Loss) for the period		3,217.81	(37,208.66)
	Earnings per share (Equity share of Re. 1/- Each)			
	Basic and Diluted (In Rupees)	4.6	1.31	(15.19)
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 6		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
Dated: 29th May 2014
Place: Mumbai

For and on behalf of the Board

H. K. Mittal — *Executive Chairman*
A. J. Agarwal — *Managing Director*
Manohar Bidaye — *Director*
K. R. Bharat — *Director*
M. M. Agrawal — *Director*
Kapil Garg — *Director*
Prasad Patwardhan — *Chief Financial Officer*
Amruta Sant — *Company Secretary*

Dated: 29th May 2014
Place: Mumbai

Consolidated Cash Flow Statement for the year ended March 31, 2014

	Particulars	Current Year Amount Rs. Lacs	Previous Year Amount Rs. Lacs
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) Before Tax	1,009.72	(47,929.65)
	Adjustment for:		
	Depreciation	44,087.02	44,748.22
	Impairment of assets	1,218.72	8,791.15
	Provision for doubtful debts/advances	167.13	3,137.69
	Loss/Gain on derivative transactions	329.20	(239.63)
	Interest paid	20,513.80	24,503.81
	(Profit)/Loss on fixed assets sold (net)	(5.54)	7,413.61
	(Profit)/Loss on sale of investments (net)	(13.42)	(68.59)
	Interest income	(1,157.75)	(559.21)
	Dividend income	(479.44)	(87.40)
	Bad Debts and other amounts written off/(back)	561.50	450.33
	Adjustment for foreign exchange currency translation	(4,328.25)	(11,108.06)
	Adjustments for exchange fluctuation	306.46	(555.57)
	Operating profit before working capital changes	62,209.15	28,496.70
	Adjustment for:		
	Decrease/(Increase) in Long-term loans and advances	(3,684.56)	(2,353.52)
	Decrease/(Increase) in Other non current assets	-	233.81
	Decrease/(Increase) in Inventories	(2,188.17)	5,808.72
	Decrease/(Increase) in Short-term loans and advances	856.19	1,179.37
	Decrease/(Increase) in Other current assets	(8,059.03)	(16,903.91)
	Decrease/(Increase) in Trade Receivables	1,597.89	(16,555.85)
	(Decrease)/Increase in Other long term liabilities	426.32	(287.91)
	(Decrease)/Increase in Long term provisions	51.52	30.30
	(Decrease)/Increase in Trade Payables	(2,244.20)	23,926.63
	(Decrease)/Increase in Other current liabilities	(3,024.49)	(1,144.24)
	(Decrease)/Increase in Short term provisions	(203.78)	3,786.57
	Net Cash from Operating Activities	45,736.84	26,216.68
	Direct taxes paid	(3,288.54)	(6,383.04)
	Total cash from / (used in) operating activites	42,448.30	19,833.64
B	**Cash Flow from Investing Activities**		
	Acqusition of Fixed Assets including Capital Work in Progress	(39,370.07)	(7,453.53)
	Sale of Fixed Assets	4,455.04	48,679.35
	(Increase) / Decrease in Short-term loans and advances	(9.00)	(13.00)
	(Increase) / Decrease in Capital advances	(4,731.63)	(399.21)
	(Increase) / Decrease in Current Intercorporate deposits	(24.45)	(3,955.52)
	(Purchase)/sale of Investment	(48.86)	635.87
	Investment in fixed deposits	(2,740.49)	563.48
	Interest Income	1,064.91	497.06
	Dividend Income	479.44	87.40
	Net Cash from Investing Activities	(40,925.11)	38,641.90
C	**Cash Flow from Financing Activities**		
	Proceeds from Long term Borrowings	(12,997.85)	(38,899.44)
	Proceeds from Short term Borrowings	15,036.47	11,073.18
	Proceeds from issue of shares to minority shareholders	2,532.98	3,586.90
	Interest paid	(21,422.81)	(25,104.87)
	Gain on derivative transaction	(329.20)	239.63
	Net Cash from Financing Activities	(17,180.41)	(49,104.61)
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**(15,657.22)**	**9,370.93**
	Cash and Cash Equivalents as at beginning of the year (Refer Note 2.15)	31,493.24	22,111.96
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	17.00	10.35
	Cash and Cash Equivalents as at end of the year (Refer Note 2.15)	15,853.02	31,493.24
	Cash and Cash Equivalents comprise of:		
	Cash and Bank Balances (Refer Note 2.15)	15,853.02	31,493.24

CNK & Associates LLP Chartered Accountants

Notes:
1) Figures in bracket represent outflows.
2) Cash and cash equivalents include Unclaimed dividend accounts of Rs. 45.38 lakhs (P.Y. Rs. 51.24 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 CNK & Associates LLP	
Chartered Accountants	

Himanshu Kishnadwala
Partner
Dated: 29th May 2014
Place: Mumbai

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

H. K. Mittal	***A. J. Agarwal***
Executive Chairman	*Managing Director*
Manohar Bidaye	***K. R. Bharat***
Director	*Director*
M. M. Agrawal	***Kapil Garg***
Director	*Director*
Prasad Patwardhan	***Amruta Sant***
Chief Financial Officer	*Company Secretary*

Dated: 29th May 2014
Place: Mumbai

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2014

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

1. 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 31st March, 2014.

2. 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 (Accounting Standards) Rules, 2006.

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.

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

Name of the Subsidiary Company	Country of incorporation	% of holding either directly or through subsidiary as at March 31, 2014	% of holding either directly or through subsidiary as at March 31, 2013
Mercator International Pte. Ltd.	Singapore	100	100
Mercator Oil & Gas Ltd	India	100	100
Mercator Petroleum Ltd.	India	100	100
Mercator FPSO Pvt. Ltd.	India	100	100
Oorja Resources India Pvt. Ltd.	India	100	100
Mercator Offshore Holdings Pte. Ltd.	Singapore	100	100

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Mercator Offshore (P) Pte Ltd	Singapore	100	100
Oorja Holdings Pte. Ltd	Singapore	100	100
Mercator Lines (Singapore) Ltd	Singapore	66.17	68.44
Mercator Lines (Panama) Inc	Panama	100	100
Oorja 1 Pte. Ltd.	Singapore	100	100
Oorja 2 Pte. Ltd.	Singapore	100	100
Oorja 3 Pte. Ltd.	Singapore	100	100
Oorja Mozambique Minas, Limitada	Mozambique	100	100
MCS Holdings Pte. Ltd.	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. Ltd	Singapore	100	100
Vidya Varsha Inc.	Panama	100	100
Bima Gema Permata PT	Jakarta	100	100
Nuansa Sakti Kenca PT	Jakarta	100	100
Ivorene Oil Services Nigeria Ltd	Singapore	100	100
Oorja (Batua) Pte Ltd	Singapore	100	100
P.T. Karya Putra Borneo	Indonesia	50	50
P.T. Indo Perkasa	Indonesia	51	51
Mercator Energy Pte. Ltd	Singapore	100	-
Mercator Offshore Ltd	Singapore	-	100
Mercator Offshore Assets Holding Pte. Ltd.	Singapore	100	-
Mercator Okwok FPU Pte. Ltd	Singapore	100	-
Mercator Okoro FPU Pte. Ltd.	Singapore	100	-

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 cost 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.

CNK & Associates LLP Chartered Accountants

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) dated31st 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 based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

d) Depreciation on all assets other than vessels is computed on the Written down Value method in the manner and at the rates prescribed under schedule XIV of the Companies Act, 1956.

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.

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 2.5 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 profit or 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.

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

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- Exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration asset is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the exploration asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.
Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the exploration asset attributable to that area of interest are first tested for impairment and then reclassified to mining property within property, plant and equipment.

1.9 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
The Successful Efforts method is followed for accounting for oil and gas as per the Guidance Note issued by the Institute of Chartered Accountants of India on "Accounting for Oil and Gas producing activities".

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 long-term and current investments.
b) Investments which are readily realizable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long term 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 2014, 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

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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) Income on account of freight is recognised in all cases where loading of the cargo is completed before the close of the year. All corresponding direct expenses are also provided.
b) Where loading of the cargo is not completed before the close of the year, revenue is not recognised and the corresponding expenses are carried forward to the next accounting year.
c) Income from charter hire and demurrage earnings is recognised on accrual basis as per the terms of agreement.
d) Income from services is accounted on accrual basis as per the terms of the relevant agreement.
e) Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.
f) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
g) Claims including insurance claims are accounted when there is a reasonable certainty of the realisability of the claim amount.
h) 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.
i) 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.

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 dated31st 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 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

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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

i. 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 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.

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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 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 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.

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Notes forming part of the consolidated financial statements

2.1 Share Capital

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Authorised		
35,00,00,000 Equity shares of Re 1/- par value.	3,500.00	3,500.00
200,00,000 Preference shares of Rs 100/- par value.	20,000.00	20,000.00
	23,500.00	23,500.00
Issued Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up	2,448.92	2,448.92
	2,448.92	2,448.92
Subscribed and Fully Paid Up Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up.	2,448.92	2,448.92
	2,448.92	2,448.92

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

Particulars	**As at March 31,2014**	**As at March 31,2013**
Number of shares at the beginning	244,892,073	244,892,073
Add: Shares issued during the year	-	-
Number of shares at the end	244,892,073	244,892,073

Terms/Rights attached to Equity shares
The company has two class of shares referred to as equity shares having a par value of Re.1/- and preference shares having a par value of Rs.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 preferetial 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.

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

Name of the shareholder	As at March 31,2014		As at March 31,2013	
Equity shares of Re. 1 each fully paid	No of shares	% of holding	No of shares	% of holding
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

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Notes forming part of the consolidated financial statements

2.2 Reserves and Surplus

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Capital Reserve		
As per last Financial Statements	4,289.49	1,693.49
Add: Transfer from Share Warrant Application money on forfeiture of Warrants during the year	-	2,596.00
	4,289.49	4,289.49
Capital Redempetion Reserve		
As per last Financial Statements	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,374.92	36,374.92
Less: Premium on redemption of Unsecured debentures	-	-
	36,374.92	36,374.92
Tonnage Tax Reserve		
As per last Financial Statements	-	-
Add/(Less):Transferred from Statement of Profit and Loss	150.00	-
	150.00	-
Tonnage Tax Reserve (Utilised)		
As per last Financial Statements	17,524.83	17,524.83
Add/(Less):Transferred to/from General Reserve	(17,524.83)	-
	-	17,524.83
Debenture Redemption Reserve		
As per last Financial Statements	10,250.00	25,562.50
Add/(Less):Transferred to/from General Reserve	(2,750.00)	(15,312.50)
	7,500.00	10,250.00
General Reserve		
As per last Financial Statements	24,476.83	9,164.33
Add/(Less) : Transferred from/to Debenture Redemption Reserve	2,750.00	15,312.50
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)	-
	10,251.66	24,476.83
Capital Reserve on Consolidation	71,478.80	68,532.65
Foreign Exchange Currency Translation Reserve	27,829.97	17,787.86
Foreign Exchange Fluctuation Reserve		
As per last Financial Statements	(27.49)	1,004.51
Add/Less: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)	1,364.13	342.55
Add/Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations	(392.33)	(1,374.55)
	944.31	(27.49)
Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.3)	103.88	-
As per last Financial Statements	(1,724.59)	103.88
Add/Less: For the year	(1,620.71)	103.88
Hedging Reserve		
As per last Financial Statements	(790.04)	(498.35)
Add/Less: For the year	(466.00)	(291.69)
	(1,256.04)	(790.04)
Surplus		
As per last Financial Statements	34,653.06	71,861.72
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	3,217.81	(37,208.66)
Less: Transfer to Tonnage Tax Reserve	(150.00)	-
Add/(Less):Transferred from General Reserve	34,500.00	-
Less: Provision for Dividend	(244.89)	-
Less: Tax on Dividend	(41.61)	-
	71,934.37	34,653.06
	231,876.77	217,175.99

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Notes forming part of the consolidated financial statements

2.3 Long term borrowings

Particulars	As at 31. March 2014 Rs	As at 31. March 2013 Rs
Secured		
(A) Debentures	15,000.00	40,000.00
(B) Foreign Currency Loans	205,603.92	198,595.37
(C) Term loans from banks	35,784.44	19,881.98
	256,388.36	258,477.35

Notes:
Security details
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) and Term loans referred in (C) above are secured by, wherever applicable
(i) By way of exclusive charge on specified vessels
(ii) By way of pari-passu charge on specified vessels
(iii) By way of exlusive charge on specified mining assets
(iv) Corporate guarantees
(v) Personal guarantees
(vi) Charge on loan provided to subsidiary
(vii) Assigment of contract(s); earnings; insurance
(viii) Charge on shares; deposits & accounts.

2.4 Other long term liabilities

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Trade payable	474.87	48.55
Others		
Liability towards cash flow hedges	1,116.48	735.53
	1,591.35	784.08

2.5 Long term provisions

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Provision for employee benefits		
Gratuity	413.73	387.79
Compensated absences	66.68	41.10
	480.41	428.89

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Terms of repayment and interest are as follows:

Description	ROI*	Balance installments as on 31.03.2014	maturity F.Y. ending	Amount outstanding 31.03.2014	Amount outstanding 31.03.2013
Debentures	9.50%	1	2015	13,000.00	16,000.00
Debentures	9.50%	1	2015	2,000.00	10,000.00
Debentures	12.40%	3	2019	15,000.00	15,000.00
Term Loan	12.90%	8	2018	7,200.00	7,733.60
Term Loan	13.10%	8	2018	4,950.00	5,316.85
Term Loan	3.60%	6	2017	8,543.79	10,307.86
External Commercial Borrowin;	Libor+3.00%	4	2016	6,460.73	8,294.37
External Commercial Borrowin;	Libor+5.00%	10	2019	2,704.49	2,651.48
Term Loan	Libor+5.00%	30	2022	15,024.95	-
Term Loan	Libor+6.60%	1	2015	3,004.99	-
Term Loan	Libor+2.60%	9	2017	4,597.63	-
Term Loan	Libor+5.00%	17	2020	1,046.69	-
Foreign Currency Loan	Libor +4.25%	1	2015	2,780.01	7,591.69
Foreign Currency Loan	Libor +6.0%	1	2018	9,014.97	7,914.44
Foreign Currency Loan	Libor +3.80%	36	2023	31,268.02	28,755.62
Foreign Currency Loan	Libor +4.30%	11	2017	10,517.47	10,605.91
Foreign Currency Loan	Libor +6.0%	20	2019	11,530.37	10,155.60
Foreign Currency Loan	Libor +3.75%	16	2018	52,286.83	57,176.75
Foreign Currency Loan	Libor +4.75%	9	2019	10,998.26	10,388.36
Foreign Currency Loan	Libor +1.5%	10	2018	40,062.45	36,113.39
Foreign Currency Loan	Libor +2.50%	19	2020	20,254.30	21,438.78
Foreign Currency Loan	Libor +1.5%	1	2015	5,108.48	5,138.70
Foreign Currency Loan	Libor +2.25%	8	2016	2,596.05	3,244.61
Foreign Currency Loan	Libor +2.35%	13	2019	9,493.00	9,789.75
Foreign Currency Loan	Libor +2.25%	82	2021	16,079.69	15,797.70
Foreign Currency Loan	Libor+5.25%	1	2015	5,408.98	1,631.68
				310,932.15	**301,047.13**
Less: Shown in current maturities of long term debt				54,543.79	42,569.78
Balance shown as above				**256,388.36**	**258,477.35**

* Applicable Rate of Interest as on 31.03.2014

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Notes forming part of the consolidated financial statements

2.6 Short term borrowings

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Secured		
Loans repayable on demand		
Working capital facilities from banks*	50,746.73	43,536.03
Foreign Currency Demand Loan from Bank*	4,807.98	-
Unsecured		
Working capital facilities from banks	4,978.99	1,961.20
	60,533.70	45,497.23

Note:
* Working capital facilities from Banks are secured by 1st charge on all 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.

2.7 Other current liabilities

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Current maturities of long-term debt		
1) Debentures (Refer Note 2.3 (a))	15,000.00	1,000.00
2) Foreign Currency Loan (Refer Note 2.3 (b))	30,960.18	38,093.45
3) Term loans from banks (Refer Note 2.3 (b))	8,583.61	3,476.33
Interest accrued but not due on borrowings	1,927.25	2,132.76
Interest accrued and due on borrowings	52.62	87.12
Income received in advance	11,515.09	12,966.38
Unpaid dividend*	45.38	51.24
For Other liabilities		
Salaries & wages payable	121.22	152.54
Statutory dues payables	828.61	898.96
Liability towards cash flow hedges	139.56	54.51
Advance from customer	2.97	166.60
Other payables**	4,196.91	5,498.95
	73,373.40	64,578.84

* There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.
** Other payables include incomplete voyages (net of income) accrued but not due.

2.8 Short term provisions

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Provision for employee benefits		
Gratuity	21.21	23.26
Compensated absences	22.24	23.25
Others		
Provision for dividend	244.89	-
Tax on dividend	41.61	-
Provision for onerous contracts	3,585.24	3,785.95
	3,915.19	3,832.46

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Notes forming part of the consolidated financial statements

2.9 Fixed Assets

Amount Rs.in Lacs

	Original Cost					Depreciation/Amortization						Net Book Value	Net Book Value
Particulars	**As at April 1, 2013**	**Translation / Adjustment**	**Addition for the year**	**Deduction for the year**	**As at March 31, 2014**	**Upto March 31, 2013**	**Translation / Adjustment**	**Depreciation For the year**	**Impairment For the year**	**Adjustment in respect of Assets Sold / Discarded / held for disposal**	**Upto March 31, 2014**	**As at March 31, 2014**	**As at March 31, 2013**
Tangible Assets													
Land	3,718.86	5,913.42	699.58	-	10,331.87	89.45	7.74	120.60	-	-	217.78	10,114.09	3,629.42
Road and Bridges	382.94	40.21	-	-	423.15	238.76	22.84	161.55	-	-	423.15	-	144.18
Office Premises (Refer Note 1 , 2)	763.25	43.99	-	-	807.24	355.23	21.37	40.07	-	-	416.68	390.56	408.01
Vessels (Refer Note 3)	572,797.65	58,157.27	85,586.52	0.44	716,541.00	139,498.68	17,831.75	42,927.35	-	-	200,257.77	516,283.22	433,298.97
Furniture and Fixtures (Refer Note 4	700.50	40.52	90.93	18.24	813.71	417.91	13.65	79.77	-	15.15	496.17	317.54	282.59
Vehicles (Refer Note 5)	955.77	75.25	231.75	54.05	1,208.73	604.00	43.42	162.97	-	45.04	765.35	443.38	351.77
Office Equipments	383.92	29.20	53.75	-	466.87	296.63	23.35	58.54	-	-	378.52	88.34	87.29
Computer Equipments	183.79	4.14	15.77	-	203.70	143.85	2.91	14.73	-	-	161.49	42.21	39.93
Mines	5,997.51	629.70	-	-	6,627.21	492.05	34.81	-	1,218.72	-	1,745.58	4,881.63	5,505.45
Mining Equipments	5,855.39	743.41	5,047.21	-	11,646.01	1,455.36	60.72	521.44	-	-	2,037.51	9,608.50	4,400.03
Grand Total	**591,739.58**	**65,677.12**	**91,725.51**	**72.72**	**749,069.48**	**143,591.92**	**18,062.55**	**44,087.02**	**1,218.72**	**60.19**	**206,900.01**	**542,169.47**	**448,147.65**
Previous Year Grand Total	**706,528.95**	**38,433.22**	**6,994.73**	**160,217.33**	**591,739.58**	**136,566.32**	**991.43**	**44,748.22**	**8,791.15**	**47,505.20**	**143,591.92**	**448,147.65**	**569,962.64**

Note

1) Includes cost of 10 shares of Rs. 50/- each fully paid in Mittal Tower Premises Co-op. Society Ltd.
2) Office premises having gross value Rs. 343.16 lakhs (P.Y. Rs. 343.16 lakhs) and accumulated depreciation Rs. 157.06 lakhs (P.Y. Rs.147.27 /- lakhs) are given on operating Lease.
3) Other adjustments include exchange fluctation loss on Long term foreign currency loans Rs. 384.32 lakhs (P.Y. Rs.1,404.72 lakhs)
4) Vehicles having net book value of Rs. 98.64 lakhs (P.Y. Rs. 103.69 lakhs) are on finance lease.

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Notes forming part of the consolidated financial statements

2.10 Investments

Amount Rs.in Lacs

Particulars	Nos	As at 31. March 2014	Nos	As at 31. March 2013
Non Current Investments - At cost				
Trade investments (Unquoted)				
Investment in Equity Shares				
Marg Swarnabhoomi Port Private Limited	1,250	0.13	1,250	0.13
Others	-	2,944.89	-	2,665.08
Non trade investments (Unquoted)				
Investment in Others				
Units of Indian Real Opportunity Venture Capital Fund	20,164	201.64	29,348	293.48
Aggregate amount of Unquoted investments		3,146.66		2,958.68
Current Investments - at the lower of cost and fair value				
Quoted				
Investments in Mutual Funds				
Axis Equity Fund	500,000	50.00	500,000	50.00
Axis Infra Bond	-	364.43	-	490.67
(Market value of current investments on 31.3.14 Rs. 424.68 lakhs (P.Y. Rs. 545.32 lakhs)				
Aggregate amount of Quoted investments		414.43		540.67
Unquoted				
Investment in Shares	-	5.72	-	5.18
Aggregate amount of Unquoted investments		5.72		5.18
Aggregate amount of Current investments		420.14		545.84

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Notes forming part of the consolidated financial statements

2.11 Long term loans and advances

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
<u>Unsecured</u>		
Considered good		
Capital Advances	6,267.30	1,535.67
Capital Advances to related parties*	4,199.96	4,199.96
Deposits		
Deposits with government and semi government bodies	4.24	3.49
Other deposits	537.98	658.11
Other deposits to related parties**	500.00	500.00
Exploration and development expenses recoverable	3,293.74	2,423.61
Deffered exploration and development of mine	3,346.08	3,164.28
Other loans and advances		
Advances Recoverable	846.55	1,459.91
Advance payment of tax (net of provisions)	6,672.35	5,732.16
Unamortized finance charges	157.77	198.04
Derivative financial instruments	351.57	-
Prepaid expenses	3,013.80	-
MAT credit available	1,085.00	1,195.00
	30,276.34	21,070.23

* Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	4,199.96	4,199.96
(Formerly known as Vaitarna Marine Infrastructure Private Limited)		
	4,199.96	4,199.96
** Other deposits to related parties		
MLL Logistics Private Limited	500.00	500.00
	500.00	500.00

2.12 Other non current assets

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Fixed Deposits with bank with maturity more than 12 months	4,509.31	2,756.73
Accrued interest on fixed deposit with banks	33.36	3.49
	4,542.67	2,760.22

2.13 Inventories

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
At Cost (Valued at lower of cost and net realisable value)		
Coal	3,535.83	1,209.03
Bunker and lubes	2,166.40	2,305.03
	5,702.23	3,514.06

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Notes forming part of the consolidated financial statements

2.14 Trade receivables

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts Rs 400 lacs)	16,151.19	19,918.56
Others debts		
Considered good	47,069.06	45,793.10
	63,220.25	65,711.66

2.15 Cash and bank balances

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Cash and cash equivalents		
Cash in hand	19.15	37.97
Balances with banks	15,629.63	31,455.27
Deposits with banks with 3 months maturity	204.24	-
	15,853.02	31,493.24
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	3,601.20	2,613.29
	19,454.22	34,106.53
Balances with banks in unpaid dividend accounts	45.38	51.25
Balances with banks includes amount in escrow account	109.47	4.88
Balances with banks held as margin money deposits against guarantees	413.43	296.92

2.16 Short term loans and advances

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Unsecured, Considered Good		
Loans and advances to related parties*	345.13	336.13
Deposits	626.92	542.25
Others		
Advance to employees	214.56	169.06
Advance to suppliers	6,398.97	8,467.18
Advances recoverable	2,658.08	4,309.35
Inter corporate deposits to related parties**	5,552.00	5,575.00
Inter corporate deposits to others	1,140.51	1,093.06
Indirect Tax receivable	791.71	298.65
Insurance receivable	6,212.39	6,181.43
Unamortized finance charges	886.13	176.86
Prepaid expenses	3,831.90	1,622.94
Considered doubtful		
Inter corporate deposits to others	971.97	971.97
Advance to suppliers	714.56	714.56
	1,686.53	1,686.53
Less: Provision for doubtful advances	(1,686.53)	(1,686.53)
	-	-
	28,658.30	28,771.91

***Loans and advances to related parties**

MLL Logistics Private Limited	345.13	336.13
	345.13	336.13

**** Inter corporate deposits to related parties**

MLL Logistics Private Limited	5,552.00	5,575.00
	5,552.00	5,575.00

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Notes forming part of the consolidated financial statements

2.17 Other current assets

Amount Rs.in Lacs

Particulars	As at 31. March 2014	As at 31. March 2013
Accrued interest on fixed deposit with banks	147.84	32.97
Interest accrued and due	-	51.90
Contract work in progress	27,111.04	19,052.01
	27,258.88	19,136.88

2.18 Revenue from operations

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Freight	35,124.13	62,469.38
Charter hire	84,778.80	73,206.60
Dispatch and demurrage	2,249.32	2,518.97
Ship management fees	-	318.23
Sale of Coal	176,698.45	196,268.28
Cargo handling services	6,680.00	4,422.42
Income from project related activities	40,247.34	34,131.50
	345,778.04	373,335.38

2.19 Other income

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Dividend received on current investments	479.44	87.40
Rent received	31.92	12.56
Net gain on foreign currency transactions/transalation	575.39	1,579.39
Net gain on derivatives transactions	-	239.63
Interest income	1,157.75	559.21
Gain on sale of current investments (net)	-	51.87
Gain on sale of non-current investments	13.81	16.72
Gain on sale of assets (net)	5.54	-
Other Income*	577.97	24.07
	2,841.82	2,570.85

* Includes prior period income of Rs. 559.55 Lakhs

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Notes forming part of the consolidated financial statements

2.20 Operating expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Purchase of Coal	102,216.89	129,264.17
Coal Mining and Logistics expenses	55,504.34	53,639.42
Designing and other technical charges	12,580.26	12,057.21
Procurement of equipments for project related activities	22,533.09	15,443.02
Bunker consumed	15,542.76	21,787.25
Vessel /Equipment hire expenses	9,454.41	24,044.68
Technical services	22,863.14	20,913.16
Agency, Professional and service expenses	1,913.37	2,262.40
Communication expenses	206.56	167.91
Miscellaneous expenses	2,021.19	2,188.17
Commission	2,836.93	1,661.16
Insurance	3,820.30	4,027.29
Port expenses	2,543.32	4,127.45
Repairs and maintenance	11,290.49	12,856.86
Stevedoring, transport and freight	3,550.95	2,781.49
	268,878.00	307,221.64

2.21 Employee benefits expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Salaries, wages, bonus, etc.	5,298.27	5,430.65
Contribution to provident and other funds	180.26	179.36
Employee welfare expenses	137.43	154.96
	5,615.96	5,764.97

2.22 Finance cost

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Interest expense	18,368.16	22,289.75
Other borrowing costs	2,145.64	2,214.06
	20,513.80	24,503.81

2.23 Other expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2014	Year Ended 31. March 2013
Rent	856.01	688.72
Payment to auditors		
As auditors	237.50	153.14
For other services	18.88	20.70
Repairs and maintenance (office premises and premises acquired on lease)	144.72	194.51
Insurance	80.59	70.28
Legal, Professional and consultancy expenses	2,115.32	2,342.77
Donation	28.74	18.18
Communication expenses	104.29	94.63
Conveyance, car hire and travelling	1,162.86	1,000.29
Advertisement	8.01	12.60
Loss on sale of assets (net)	-	7,413.61
Loss on sale of current investments (net)	0.39	-
Net Loss on derivatives transactions	329.20	-
Bad Debts and other amounts written off/back	561.50	450.33
Provision for doubtful debts/advances	167.13	3,137.69
Miscellaneous expenses	1,183.41	1,569.05
	6,998.55	17,166.50

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3. ADDITIONAL DISCLOSURES AS PER REVISED SCHEDULE VI

3.1 Contingent Liabilities not provided for

	Current Year (Rs in Lakhs.)	Previous Year (Rs in Lakhs)
Counter guarantees issued by the Company for guarantees obtained from the bank (net of margin).	7,292.86	4,191.12
Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries	436.50	626.50
Corporate guarantees issued for performance by the company	21,595.18	21,607.93
TOTAL	**29,324.54**	**26,425.55**

3.2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2014 Rs. 12,383.56 Lakhs (Rs. 13,265.55 Lakhs).

3.3 Estimated amount of commitments outstanding towards contributions to funds are Rs. 1,051.15 Lakhs (Rs 960.52 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 90 days after the 4th anniversary of the date on which the shares were transferred. If the put option is exercised, the resultant outflow in the 4th year would be Rs. 3,420.79

3.5 No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of Rs. 10,269.3 Lakhs (Rs. 5,725.26 Lakhs), since the company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the company has already paid Rs. 2,644.38 Lakhs (Rs. 1,841.77 Lakhs).

4. DISCLOSURES AS PER ACCOUNTING STANDARDS NOTIFIED BY THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006.

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

(Rs. In Lakhs)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Contract revenue recognised during the year	40,134.37	34,131.50
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	38,941.62	33,112
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)	27,116.90	22,014.34
Gross amount due to customers for contract work (liability)	Nil	Nil

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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 Ministry of Corporate Affairs (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 Rs. 384.32 lakhs (P.Y Rs. 1,404.72 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 Rs 1,234.43 Lakhs (PY Gain (net) Rs 190.04 Lakhs). The balance debit amount outstanding in FCMITD as on 31st March, 2014 is Rs 1,620.71 lakhs (PY credit amount outstanding Rs.103.88 Lakhs).

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, Trading and Logistics.

Secondary Segment:
The shipping activities are managed from India and Singapore. The Off Shore activities are managed from Singapore. The Coal Mining, Coal Trading 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.

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Segment Revenue	Shipping		Offshore		Coal Mining, Trading and Logistics		Others		Unallocated		Total	Total
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue	91,556.60	111,653.35	31,268.20	26,859.83	183,378.40	200,690.70	41,575.30	36,143.15	-	-	**347,778.50**	**375,347.04**
Results												
Profit / (Loss) before tax and interest	(3,215.00)	(43,208.66)	8,002.00	7,558.70	12,290.00	8,330.22	3,289.00	3,338.08	-	-	**20,366.00**	**(23,985.05)**
Less :Interest											**(19,356.05)**	**(23,944.60)**
Total Profit Before Tax											**1,009.95**	**(47,929.65)**
Provision for Taxation												
Current Tax											**(2,569.76)**	**(1,860.01)**
Deferred Tax											**69.97**	**542.22**
Minimum Alternate Tax											**-**	**-**
Net Profit											**(1,489.84)**	**(49,247.44)**
Other Information												
Assets	511,528.44	483,073.53	91,317.45	92,724.62	88,536.73	73,396.89	36,494.83	37,221.39	-	-	**727,877.45**	**686,416.42**
Liabilities	27,210.86	29,966.97	13,893.36	14,196.69	11,104.81	7,082.13	20,323.99	26,092.60	371,465.85	346,544.35	**443,998.87**	**423,882.73**
Capital Expenditure	85,702.22	3,641.53	34.22	41.78	7,919.83	2,998.88	19.46	6.78			**93,675.74**	**6,688.96**
Depreciation	30,029.72	32,494.67	12,996.89	11,696.18	1,055.56	556.02	4.85	1.35			**44,087.02**	**44,748.22**
Impairment		8,118.00	-	-	1,218.72	673.15	-	-			**1,218.72**	**8,791.15**

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Mercator Limited

Financial Year 2013-14

4.4 Related Party Disclosures as per Accounting Standard 18 on "Related Party Disclosures"

A List of Related Parties

I Key Management Personnel

1 H.K Mittal

2 A.J. Agarwal

3 Shalabh Mittal

4 K.S.Raheja

5 Shruti Mittal

6 Handoko Soeseno

7 Taufik Surya Darma

II Enterprises over which Key Management Personnel exercise significant control

1 AAAM Properties Pvt Ltd

2 Ankur Fertilizers Private Limited

3 AHM Investments Private Limited.

4 MHL Healthcare Limited - Formerly known as Mercator Healthcare Limited
(Name changed with effect from 01st January 2014)

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 Ltd

3 Vaitarna Marine Infrastructure Limited -Formerly known as Vaitarna Marine Infrastructure Private Limited
(Name changed with effect from 21st May 2013)

4 Rishi Holding Private Limited

5 Oilmax Energy Pvt Ltd

6 PT United Coal Indonesia

7 Baronet Properties & Investments Pvt. Ltd.

8 Coronet Properties & Investments Pvt. Ltd.

IV Relative of Key Management Personnel

1 Adip Mittal

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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
<u>Interest Income</u>	-	-	-	-	622.39	342.10	622.39	342.
<u>Interest Expense</u>	-	-	-	-	-	4.15	-	4.
<u>Services Received</u>	-	-	-	-	1,681.96	1,616.12	1,681.96	1,616.1
<u>Reimbursments of Expenses Paid</u>	-	-	1.43	4.26	33.47	26.23	34.90	30.4
<u>Reimbursments of Expenses Received</u>	-	-	-	3.32	1.40	-	1.40	3.3
<u>Finance Provided</u>								
Loans								
Loans Given during the Year	-	-	20.00	-	-	-	20.00	-
Loans Repaid During the Year	-	-	10.00	-	-	-	10.00	-
Inter Corporate Deposits								
Inter Corporate Deposits given during the year	-	-	-	-	1,252.00	3,725.00	1,252.00	3,725.0
Inter Corporate Deposits received during the year	-	-	-	-	-	350.00	-	350.0
Inter Corporate Deposits repaid during the year	-	-	-	-	1,275.00	350.00	1,275.00	350.0
<u>Advances</u>								
Advances Given During the Year	-	128.41	-	-	9.00	13.00	9.00	141.4
<u>Outstanding balances as on 31.03.2014</u>								
<u>Loans ,Advances and Receivables</u>								
Advances		-	-	-	345.13	336.13	345.13	336.1
Capital Advances			-	-	4,199.96	4,199.96	4,199.96	4,199.9
<u>Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2014</u>								
Trade & Other Receivables	-		-	-	1,998.02	1,260.67	1,998.02	1,260.6
Trade & Other Payables			-	-	61.05	460.24	61.05	460.2
Inter Corporate Deposit								
Balance as on 31.03.2014			-	-	5,552.00	5,575.00	5,552.00	5,575.0
<u>Deposit</u>							-	-
Balance as on 31.03.2014			-	-	565.00	565.00	565.00	565.0
Remuneration paid to Key Management Personnel	522.85	465.14						
Remuneration paid to Relative of Key Management Personnel	14.50	16.82						

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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 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
Interest Income								
MLL Logistics Private Limited			-	-	620.26	342.10	620.26	342.10
Total	-	-	-	-	**620.26**	**342.10**	**620.26**	**342.10**
Interest Expense								
Zicom Electronic Security Systems Ltd			-	-	-	4.15	-	4.15
Total	-	-	-	-	-	**4.15**	-	**4.15**
Services Received								
Vaitarna Marine Infrastructure Ltd					668.76	466.05	668.76	466.05
Oilmax Energy Private Limited					1,000.00	1,137.08	1,000.00	1,137.08
Total	-	-	-	-	**1,668.76**	**1,603.13**	**1,668.76**	**1,603.13**
Reimbursments of Expenses Paid								
Oilmax Energy Private Limited					32.81	26.23	32.81	26.23
Ankur Fertilizers Private Limited			1.41	4.26	-	-	1.41	4.26
Total	-	-	**1.41**	**4.26**	**32.81**	**26.23**	**34.22**	**30.49**
Reimbursments of Expenses Received								
Ankur Fertilizers Private Limited			-	3.32	-	-	-	3.32
Vaitarna Marine Infrastructure Ltd			-	-	1.40	-	1.40	-
Total	-	-	-	**3.32**	**1.40**	-	**1.40**	**3.32**
Finance Provided								
Loans								
Loans Given during the Year								
Mercator FPSO Pvt Ltd			10.00	-	-	-	10.00	-
MHL Healthcare Limited			10.00	-	-	-	10.00	-
Total	-	-	**20.00**	-	-	-	**20.00**	-
Loans Repaid During the Year								
MHL Healthcare Limited			10.00	-	-	-	10.00	-
Total	-	-	**10.00**	-	-	-	**10.00**	-
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
Zicom Electronic Security Systems Ltd			-	-	165.00	-	165.00	-
MLL Logistics Private Limited			-	-	877.00	3,725.00	877.00	3,725.00
Total	-	-	-	-	**1,042.00**	**3,725.00**	**1,042.00**	**3,725.00**

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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 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
Inter Corporate Deposits received during the year								
Zicom Electronic Security Systems Ltd					-	350.00	-	350.00
Total	-	-	-	-	-	**350.00**	-	**350.00**
Inter Corporate Deposits repaid during the year								
Zicom Electronic Security Systems Ltd			-	-	165.00	350.00	165.00	350.00
MLL Logistics Private Limited			-	-	900.00	-	900.00	-
Total	-	-	-	-	**1,065.00**	**350.00**	**1,065.00**	**350.00**
Advances								
Advances Given During the Year								
Handoko Soeseno	-	128.41					-	128.41
MLL Logistics Pvt Limited			-	-	9.00	13.00	9.00	13.00
Total	-	**128.41**	-	-	**9.00**	**13.00**	**9.00**	**141.41**
Advances								
Handoko Soeseno	662.06	837.39					662.06	837.39
MLL Logistics Pvt Limited			-	-	345.13	336.13	345.13	336.13
Total	**662.06**	**837.39**	-	-	**345.13**	**336.13**	**1,007.19**	**1,173.52**
Capital Advances							-	
Vaitarna Marine Infrastructure Pvt Limited			-	-	4,199.96	4,199.96	4,199.96	4,199.96
Total	-	-	-	-	**4,199.96**	**4,199.96**	**4,199.96**	**4,199.96**
Outstanding Balances of Trade and Other Receivables & Payables as on 31.03.2014								
Trade and Other Receivables								
MLL Logistics Private Limited			-	-	1,841.21	1,260.67	1,841.21	1,260.67
Total	-	-	-	-	**1,841.21**	**1,260.67**	**1,841.21**	**1,260.67**
Trade and Other Payables								
Oilmax Energy Private Limited					57.41	442.66	57.41	442.66
Total			-	-	**57.41**	**442.66**	**57.41**	**442.66**
Inter Corporate Deposit								
Balance as on 31.03.2014								
MLL Logistics Private Limited			-	-	5,552.00	5,575.00	5,552.00	5,575.00
Total	-	-	-	-	**5,552.00**	**5,575.00**	**5,552.00**	**5,575.00**
Deposit								
Balance as on 31.03.2014								
MLL Logistics Private Limited			-	-	500.00	500.00	500.00	500.00
Total	-	-	-	-	**500.00**	**500.00**	**500.00**	**500.00**
Remuneration paid to Key Management Personnel	522.85	465.14						
Remuneration paid to Relative of Key Management Personnel	14.50	16.82						

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4.5 Disclosure in respect of Leases as per AS 19:

(A) Disclosure in respect of operating lease (as Lessee):

			Year Ended 31st March, 2014	Year ended 31st March, 2013
			Rs (In Lakhs)	Rs. (In Lakhs)
(a)	Operating Leases			
	Disclosures in respect of cancelable agreements for office premises taken on lease			
	(i)	Lease payments recognized in the Statement of Profit and Loss	576.23	540.25
	(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	179.10	315.99
		Later than one year and not later than five years	109.98	267.60
		Later than five years	NIL	NIL

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

			Year Ended 31st March, 2014	Year ended 31st March, 2013
			Rs (In Lakhs)	Rs. (In Lakhs)
(a)	Operating Leases			
	Disclosures in respect of cancellable agreements for office given on lease			
	(i)	Lease receipt recognized in the Statement of Profit and Loss	31.92	12.56
	(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.

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4.6 Earning Per Share as per AS 20

Particulars	Year Ended 31/03/2014 Rs. Amount in Lakhs	Year Ended 31/3/2013 Rs. Amount in Lakhs
Net Profit after Tax, Minority interest - Basic and Diluted	3,217.81	(37,208.66)
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 Rs.)	1.31	(15.19)

4.7 Derivative Instruments

(A) Details of outstanding Hedging Contracts

Rs. In Lakhs

	31st March, 2014	31st March, 2014	31st March, 2013	31st March, 2013
Derivative contracts	Amount in foreign currency	Equivalent Indian rupee	Amount in foreign currency	Equivalent Indian rupee
USD/INR	35.54	1800.00	38.18	1933.40
USD/INR	19.93	900.00	21.41	966.70
USD/INR	19.97	900.00	21.45	966.70

(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:

	2013-14		2012-13	
	Rs. Lakhs	**Fx.Million**	**Rs. Lakhs**	**Fx.Million**
Account Receivable	2,048.92	USD 3.41	5,727.76	USD 10.53
Balance in Bank	1,920.92	USD 1.81 IDR 15,349.04 SGD 0.05	7,019.07	USD 11.17 IDR 16,568.77 0.03 SGD
Fixed Deposit with foreign Bank	20.55	IDR 389.89	NIL	NIL
Loan & Advances	1,204.82	USD 0.01 IDR 22,804.87	15,435.73	USD 24.03 AED 0.02 EURO 2.47 IDR 12,768.90

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Advance from Customers	2.97	USD 0 .005	94.50	USD 0.67 SGD 0.63
Accounts Payable/Acceptance (including capital commitments made but not provided for)	4,807.13	USD 0.83 SGD 0.06 JPY 1.37 EURO 3.24 DKK 0.04 IDR 28,681.82	6,592.71	USD 7.73 SGD 0.90 JPY 1.82 AED 0.01 IDR 33,313.01
Borrowings	46,191.25	USD 76.86	21,253.71	USD 39.08

5 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 VI to the Companies Act, 1956. 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.

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 CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner

Dated: 29th May 2014
Place: Mumbai

For and on behalf of the Board

H. K. Mittal
Executive Chairman

A. J. Agarwal
Managing Director

Manohar Bidaye
Director

K. R. Bharat
Director

M. M. Agrawal
Director

Kapil Garg
Director

Prasad Patwardhan
Chief Financial Officer

Amruta Sant
Company Secretary

Dated: 29th May 2014
Place: Mumbai

CNK & Associates LLP
Chartered Accountants

Narain Chambers, 5th Floor, M. G. Road, Vile Parle (E), Mumbai - 400 057.
Tel.: +91-22-64577600 • Fax : +91-22-2612 8580

Mistry Bhavan, 3rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020.
Tel.: +91-22-6623 0600

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCATOR LIMITED

Report on the Consolidated Financial Statements

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.

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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-

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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 Section143 (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:

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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

Place: Mumbai
Date: 29th May 2015

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.

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Chartered Accountants
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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

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Chartered Accountants
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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

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Place: Mumbai
Date: 29th May 2015

Consolidated Balance Sheet as at March 31, 2015.

	Particulars	Note	As at 31. March 2015 Amount Rs. in Lakhs	As at 31. March 2014 Amount Rs. in Lakhs
A	**EQUITY AND LIABILITIES**			
1	**Shareholder's funds**			
	(a) Share capital	2.1	2,448.92	2,448.92
	(b) Reserves and surplus	2.2	195,442.85	231,876.77
			197,891.77	234,325.69
	Minority interest		25,368.02	49,552.89
			223,259.79	283,878.58
2	**Non - current liabilities**			
	(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
			265,954.08	258,460.12
3	**Current liabilities**			
	(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
			276,600.30	185,538.75
	Total		765,814.17	727,877.45
B	**ASSETS**			
1	**Non- current assets**			
	(a) Fixed assets			
	(i) Tangible assets	2.9	498,323.76	542,169.47
	(ii) Intangible assets	2.9	40.08	-
	(ii) Capital work in progress		62,033.12	257.99
			560,396.96	542,427.46
	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
			598,099.99	583,163.43
2	**Current assets**			
	(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
			167,714.18	144,714.02
	Total		765,814.17	727,877.45
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 6		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
Dated: 29th May 2015
Place: Mumbai

For and on behalf of the Board

(00007690) *H. K. Mittal* — *Executive Chairman*
A. J. Agarwal (00007663) — *Managing Director*
(00007971) *Archana Mittal* — *Director*
Manohar Bidaye (00010699) — *Director*
(00584667) *K. R. Bharat* — *Director*
M. M. Agrawal (00 68(4133) — *Director*
(01972780) *Gunender Kapur* — *Director*
Prasad Patwardhan — *Chief Financial Officer*
Deepesh Joishar — *Company Secretary*

Mercator Limited

Dated: 29th May 2015
Place: Mumbai

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

	Particulars	Note	Year Ended 31. March 2015 Amount Rs. in Lakhs	Year Ended 31. March 2014 Amount Rs. in Lakhs
	INCOME			
	(a) Revenue from operations	2.18	309,163.22	345,778.04
	(b) Other income	2.19	1,528.55	2,841.82
1	**Total Revenue**		310,691.77	348,619.86
	EXPENSES:			
	(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
2	**Total Expenses**		368,127.47	347,312.05
3	**Profit/(Loss) before exceptional items and taxes (1 - 2)**		(57,435.70)	1,307.81
4	**Less: Exceptional items (Refer note 3.7)**		11,595.90	298.09
5	**Profit/(Loss) before taxes (3 - 4)**		(69,031.60)	1,009.72
6	**Tax expense:**			
	(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
	Profit/(Loss) for the period		(44,952.54)	3,217.81
	Earnings per share (Equity share of Re. 1/- Each)			
	Basic and Diluted (In Rupees)	4.6	(18.36)	1.31
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 6		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner
Dated: 29th May 2015
Place: Mumbai

For and on behalf of the Board

(00007690) *H. K. Mittal*
Executive Chairman

A. J. Agarwal (00007663)
Managing Director

(00007972) *Archana Mittal*
Director

Manohar Bidaye (00010699)
Director

(00581367) *K. R. Bharat*
Director

M. M. Agrawal (00651433)
Director

(00927504) *Gunender Kapur*
Director

Prasad Patwardhan
Chief Financial Officer

Deepesh Joishar
Company Secretary

Dated: 29th May 2015
Place: Mumbai

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

	Particulars	Current Year Amount Rs. Lakhs	Previous Year Amount Rs. Lakhs
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) Before Tax	(69,031.60)	1,009.72
	Adjustment for:		
	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
	Operating profit before working capital changes	50,260.26	62,209.15
	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)
	Net Cash from Operating Activities	104,999.49	45,736.84
	Direct taxes paid	(3,608.02)	(3,288.54)
	Total cash from / (used in) operating activites	101,391.47	42,448.30
B	**Cash Flow from Investing Activities**		
	Acqusition 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 Intercorporate 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
	Net Cash from Investing Activities	(74,629.05)	(40,925.11)
C	**Cash Flow from Financing Activities**		
	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)
	Net Cash from Financing Activities	(17,287.80)	(17,180.41)
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	9,474.62	(15,657.22)
	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

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	Cash and Cash Equivalents comprise of: Cash and Bank Balances (Refer Note 2.15)	25,306.53	15,853.02

Notes:

1) Figures in bracket represent outflows.
2) Cash and cash equivalents include Unclaimed dividend accounts of Rs. 34.48 lakhs (P.Y. Rs. 45.38 lakhs) which are not available for use by the
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 CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner
Dated: 29th May 2015
Place: Mumbai

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For and on behalf of the Board

(00007690) *H. K. Mittal* — *Executive Chairman*
(00007662) *A. J. Agarwal* — *Managing Director*
(00007972) *Archana Mittal* — *Director*
(00010699) *Manohar Bidaye* — *Director*
(00584367) *K. R. Bharat* — *Director*
(00681453) *M. M. Agrawal* — *Director*
Gunender Kapur — *Director*
Prasad Patwardhan — *Chief Financial Officer*

Mercator Limited

Deepesh Joishar
Company Secretary

Dated: 29th May 2015
Place: Mumbai

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 31st March, 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.

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

Name of the Subsidiary Company	Country of incorporation	% of holding either directly or through subsidiary as at March 31, 2015	% of holding either directly or through subsidiary as at March 31, 2014
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	-

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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.

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.

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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 recognized in prior accounting periods 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.

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 the 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) <u>Freight Income</u>

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) <u>Cargo Handling</u>

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) <u>Charter Hire Income</u>

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

d) <u>Dividend Income</u>

Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.

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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 dated31st 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 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

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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

i. 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 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.

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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 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

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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.

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Notes forming part of the consolidated financial statements

2.1 Share Capital

Amount Rs.in Lakhs

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

R[illegible]nciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

Particulars	**As at March 31,2015**	**As at March 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	244,892,073	244,892,073

Terms/Rights attached to Equity shares

The company has two class of shares referred to as equity shares having a par value of Re.1/- and preference shares having a par value of Rs.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 preferetial 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.
(i[illegible] bonus shares were issued.
(iii) No shares were bought back.

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	
Equity shares of Re. 1 each fully paid	No of shares	% of holding	No of shares	% of holding
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

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Notes forming part of the consolidated financial statements

2.2 Reserves and Surplus

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 2014
Capital Reserve		
As per last Financial Statements	4,289.49	4,289.49
Add: Transfer from Share Warrant Application money on forfeiture of Warrants during the year	-	-
	4,289.49	4,289.49
Capital Redempetion Reserve		
As per last Financial Statements	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,374.92	36,374.92
Less: Utilisation of Reserve for issuance of Securities	(193.29)	-
	36,181.63	36,374.92
Tonnage Tax Reserve		
As per last Financial Statements	150.00	-
Add/(Less):Transferred from Statement of Profit and Loss	1,029.69	150.00
	1,179.69	150.00
Tonnage Tax Reserve (Utilised)		
As per last Financial Statements	-	17,524.83
Add/(Less):Transferred to/from General Reserve	-	(17,524.83)
	-	-
Debenture Redemption Reserve		
As per last Financial Statements	7,500.00	10,250.00
Add/(Less):Transferred to/from General Reserve	(3,750.00)	(2,750.00)
	3,750.00	7,500.00
General Reserve		
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)
	14,001.66	10,251.66
Capital Reserve on Consolidation	74,441.44	71,478.80
Foreign Exchange Currency Translation Reserve	34,649.32	27,829.97
Foreign Exchange Fluctuation Reserve		
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)
	(26.09)	944.31
Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.2)		
As per last Financial Statements	(1,620.71)	103.88
Add/Less: For the year	419.97	(1,724.59)
	(1,200.74)	(1,620.71)
Hedging Reserve		
As per last Financial Statements	(1,256.04)	(790.04)
Add/Less: For the year	103.04	(466.00)
	(1,153.00)	(1,256.04)
Surplus		
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)
	25,329.44	71,934.37
	195,442.85	231,876.77

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

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2.3 Long term borrowings

Particulars	As at 31. March 2015 Rs	As at 31. March 2014 Rs
(i) Secured		
(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
(ii) Unsecured		
(D) Foreign Currency Convertible Bonds (FCCB)	10,014.53	-
	250,667.41	256,388.36

Notes:

Security details

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 exlusive charge on specified mining assets

(iv) Corporate guarantee(s)

(v) Personal guarantee

(vi) Charge on loan provided to subsidiary

(vii) Assigment 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 Rs. 2,503.63 lakhs (P.Y. Rs 2,704.49 lakhs) additonally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels.

c) (i)Term Loans refered in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, and includes Rs. 10,800.00 lakhs (P.Y. Rs. 12,150.00 lakhs) additonally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels. It includes an amount of Rs 5,933.61 Lakhs additionally secured by pari passu charge on specified immovable property

c) (ii) Term Loan refered in (C) above includes Bonds of Rs 12,518.16 Lakhs secured by third preferred Mortage of MOPU & FSO ; subordinated charge over future acquisitions.

(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 Rs 38.30 Per Share (at a fixed rate of exchange on conversion of Rs 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019

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Terms of repayment and interest are as follows:

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	-
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	-
				318,625.12	**310,932.15**
Less: Shown in current maturities of long term debt				67,957.71	54,543.79
Balance shown as above				**250,667.41**	**256,388.36**

* Applicable Rate of Interest as on 31.03.2015

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2.4 Other long term liabilities

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 2014
Trade payable	146.05	474.87
Others		
Provision for onerous contracts	13,741.91	-
Liability towards cash flow hedges	864.75	1,116.48
	14,752.71	1,591.35

2.5 Long term provisions

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 2014
Provision for employee benefits		
Gratuity	458.10	413.73
Compensated absences	75.86	66.68
	533.96	480.41

2.6 Short term borrowings

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 2014
Secured		
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
Unsecured		
Working capital facilities from banks	3,429.59	4,978.99
	69,981.26	60,533.70

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.

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2.7 Other current liabilities

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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 customers	0.83	2.97
Other payables	5,180.07	4,196.91
	85,367.65	73,373.40

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

2.8 Short term provisions

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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	-
	1,850.40	3,915.19

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Notes forming part of the consolidated finan..al statements

2.9 Fixed Assets

Amount Rs.in Lakhs

Particulars	Original Cost					Depreciation/Amortization						Net Book Value	Net Book Value
	As at April 1, 2014	Translation / Adjustment	Addition for the year	Deduction for the year	As at March 31, 2015	Upto March 31, 2014	Translation / Adjustment	Depreciation For the year	Impairment For the year	Adjustment in respect of Assets Sold / Discarded / held for disposal	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets													
Land	10,331.87	427.76	1,042.39	-	11,802.02	217.78	17.36	372.47	-	-	607.61	11,194.41	10,114.09
Road and Bridges	423.15	17.55	-	-	440.70	423.15	17.55	-	-	-	440.70	-	-
Office Premises (Refer Note 1 , 2)	807.24	82.73	8.19	-	898.16	416.68	25.80	61.48	-	-	503.96	394.20	390.56
Vessels (Refer Note 3)	716,541.00	27,945.37	24,970.25	10,188.37	759,268.25	200,257.77	8,956.70	46,349.69	39,337.24	-	294,901.40	464,366.85	516,283.22
Furniture and Fixtures	813.71	(86.16)	669.86	1.48	1,395.93	496.17	6.46	133.38	-	(0.07)	636.08	759.85	317.54
Vehicles (Refer Note 4)	1,208.73	28.74	88.74	-	1,326.21	765.35	27.83	176.29	-	(1.58)	971.05	355.16	443.38
Office Equipments	466.87	(56.38)	98.39	0.92	507.96	378.52	(15.20)	104.91	-	(25.70)	493.93	14.03	88.34
Computer Equipments	203.70	6.29	14.94	-	224.93	161.49	5.71	26.19	-	(1.42)	194.81	30.12	42.21
Mines	9,756.75	274.67	1,251.82	-	11,283.24	1,745.58	182.24	-	1,563.58	-	3,491.40	7,791.84	8,011.17
Mining Equipments	11,646.01	4,530.93	667.95	-	16,844.89	2,037.51	1,161.76	228.32	-	-	3,427.59	13,417.30	9,608.50
Intangible Assets													
Computer Software	-	-	43.15	-	43.15	-	-	3.07	-	-	3.07	40.08	-
Grand Total	752,199.03	33,171.51	28,855.68	10,190.77	804,035.44	206,900.00	10,386.21	47,455.80	40,900.82	(28.77)	305,671.60	498,363.84	545,299.01
Previous Year Grand Total	591,739.58	65,677.12	91,725.51	72.72	749,069.48	143,591.92	18,062.55	44,087.02	1,218.72	60.19	206,900.00	542,169.47	448,147.65

Note

1) Includes cost of 10 shares of Rs. 50/- each fully paid in Mittal Tower Premises Co-op. Society Ltd.

2) Office premises having gross value Rs. 343.16 lakhs (P.Y. Rs. 343.16 lakhs) and accumulated depreciation Rs. 180.05 lakhs (P.Y. Rs.157.06 /- lakhs) are given on Operating Lease.

3) Other adjustments include exchange fluctation loss on Long term foreign currency loans Rs. 1101.51 lakhs (P.Y. Rs.384.32 lakhs)

4) Vehicles having net book value of Rs. 97.54 lakhs (P.Y. Rs. 98.64 lakhs) are on finance lease.

5) Adjustments represents depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013 and charged to reserves of Rs 30.43 Lakhs

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Notes forming part of the consolidated financial statements

2.10 Investments

Amount Rs.in Lakhs

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

Notes forming part of the consolidated financial statements

2.11 Long term loans and advances

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 2014
Unsecured		
Considered good		
Capital Advances	9,135.58	6,267.30
Capital Advances to related parties*	4,199.96	4,199.96
Deposits		
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
Other loans and advances		
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
	36,855.05	30,276.34

* Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	4,199.96	4,199.96
	4,199.96	4,199.96
** Other deposits to related parties		
MLL Logistics Private Limited	500.00	500.00
	500.00	500.00

2.12 Other non current assets

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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
	297.59	4,542.67

2.13 Inventories

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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
	3,413.67	5,702.23

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2.14 Trade receivables

Amount Rs.in Lakhs

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

2.15 Cash and bank balances

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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
	25,306.53	15,853.02
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	2,133.96	3,601.20
	27,440.49	19,454.22
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 Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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
Considered doubtful		
Inter corporate deposits to others	935.77	971.97
Advance to suppliers	714.56	714.56
	1,650.33	1,686.53
Less: Provision for doubtful advances	(1,650.33)	(1,686.53)
	-	-
	30,134.90	28,658.30

***Loans and advances to related parties**		
MLL Logistics Private Limited	-	345.13
	-	345.13
**** Inter corporate deposits to related parties**		
MLL Logistics Private Limited	5,739.13	5,552.00
	5,739.13	5,552.00

2.17 Other current assets

Amount Rs.in Lakhs

Particulars	As at 31. March 2015	As at 31. March 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
	24,816.55	27,258.88

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2.18 Revenue from operations

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 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
	309,163.22	345,778.04

2.19 Other income

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 2014
Dividend received on current investments	-	479.44
Rent received	17.30	31.92
Net gain on foreign currency transactions/transalation	-	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
	1,528.55	2,841.82

2.20 Operating expenses

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 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
	229,880.05	268,878.00

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2.21 Employee benefits expenses

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 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
	7,248.53	5,615.96

*Employee costs pertaining to a subsidiary amounting to Rs. 219.35 lakhs (P.Y 0.02 lakhs) being directly attributable to the Exploration and Development costs are included therein

2.22 Finance cost

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 2014
Interest expense	21,098.30	18,368.16
Other borrowing costs	1,431.65	2,145.64
	22,529.95	20,513.80

2.23 Other expenses

Amount Rs.in Lakhs

Particulars	Year Ended 31. March 2015	Year Ended 31. March 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
	20,112.32	6,998.55

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3. OTHER DISCLOSURES

3.1 Contingent Liabilities not provided for

	Current Year (Rs in Lakhs.)	Previous Year (Rs in Lakhs)
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
Total	**27,533.01**	**29,324.54**

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 Rs. 9,942.55 Lakhs (Previous Year Rs. 12,383.56 Lakhs).

3.3 Estimated amount of commitments outstanding towards contributions to funds are Rs. Nil Lakhs (Previous year Rs 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 Rs 3,562.58 Lakhs.

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

Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
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 Rs. 3,986.59 Lakhs (P.Y. 2,644.38 Lakhs)

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

	Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	Amount (Rs. In Lakhs)	As % of consolidated profit or loss	Amount (Rs. In Lakhs)
	Parent				
	Mercator Limited	31.16%	69,572.26	(5.83%)	4,122.30
	Subsidiaries				
	In India				
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)
	Outside India				
5	Mercator International Pte. Ltd.	12.55%	28,029.75	1.97%	(1,389.88)
6	Mercator Offshore Holdings Pte. Ltd.	3.01%	6,721.93	2.91%	(2,053.63)
7	Mercator Lines (Singapore) Ltd.	36.97%	82,536.78	46.31%	(32,736.91)
8	Chitra Prem, Pte. Ltd.	(1.16%)	(2,591.26)	6.84%	(4,838.29)
9	Vidya Varsha INC	(5.51%)	(12,293.46)	17.52%	(12,386.21)
10	Oorja Holdings Pte. Ltd.	(0.11%)	(240.40)	0.95%	(674.27)
11	Oorja 1 Pte. Ltd.	(0.57%)	(1,265.24)	0.26%	(183.96)
12	Oorja 2 Pte. Ltd.	(1.28%)	(2,866.03)	1.99%	(1,405.30)
13	Oorja 3 Pte. Ltd.	(0.55%)	(1,228.08)	0.04%	(31.38)
14	Oorja Mocambique Limitada	0.00%	0.06	0.00%	-
15	Broadtec Mocambique Minas Limitada	0.00%	0.01	0.00%	-
16	PT Oorja Indo Petangis Four	(0.68%)	(1,525.56)	0.04%	(25.52)
17	PT Oorja Indo Petangis Three	(0.39%)	(868.23)	0.05%	(32.82)
18	PT Oorja Indo KGS	0.56%	1,251.99	0.93%	(660.85)
19	MCS Holdings Pte. Ltd.	12.57%	28,064.27	(2.95%)	2,086.73
20	PT Mincon Indo Resources	(0.52%)	(1,154.99)	0.32%	(227.23)

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21	PT Karya Putra Borneo	0.18%	408.58	(0.03%)	20.68
22	PT Indo Perkasa	0.89%	1,994.35	0.04%	(26.46)
23	Oorja (Batua) Pte. Ltd.	(0.37%)	(829.77)	(0.16%)	113.35
24	Bima Gema Permata PT	(0.18%)	(392.63)	(1.67%)	1,178.26
25	Nuansa Sakti Kencana PT	(0.14%)	(320.47)	(1.10%)	777.11
26	Panther Resources Pte. Ltd	(0.05%)	(106.64)	0.15%	(104.31)
27	Mercator Offshore (P) Pte. Ltd.	3.07%	6,852.56	(9.96%)	7,041.78
28	Ivorene Oil Services Nigeria Ltd.	0.01%	29.75	0.02%	(16.74)
29	Mercator Energy Pte. Ltd.	(1.60%)	(3,567.42)	4.93%	(3,483.22)
30	Mercator Offshore Assets Holding Pte. Ltd.	(0.01%)	(30.84)	0.04%	(30.16)
31	Mercator Projects Pte Ltd.	0.00%	(6.12)	0.01%	(5.99)
32	Mercator Okwok FPU Pte. Ltd.	(0.01%)	(22.03)	0.03%	(21.55)
33	Mercator Okoro FPU Pte. Ltd.	0.00	77.18	(0.00)	75.49
34	Minority Interest of All Subsidiaries	0.11	25,368.02	0.36	(25,737.07)
		100.00%	223,259.79	100.00%	(70,689.61)

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.

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4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

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

(Rs. In Lakhs)

Particulars	For the year March 31, 2015	For the year ended March 31, 2014
Contract revenue recognised during the year	22,273.73	40,134.37
Aggregate of contract costs incurred and recognised profits (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 Rs. 1,101.51 lakhs (Previous Year Rs. 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 Rs 522.65 Lakhs (Previous Year Loss (net) Rs 1,234.43 Lakhs). The balance debit amount outstanding in FCMITD as on 31st March, 2015 is Rs 1200.74 lakhs (Previous Year debit amount outstanding Rs. 1,620.71 Lakhs).

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/Trading and Logistics.

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Secondary Segment:

The shipping activities are managed from India and Singapore. The Off Shore activities are managed from Singapore. The Coal Mining, Coal Procurement/Trading 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	85,409.68	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**

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Mercator Limited

Financial Year 2014-15

4.4 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 -Compoany 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)- Chartiable 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)

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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

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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
Interest Income	-	-	-	-	580.61	622.39	580.61	622.39
Services Received	-	-	185.02	1,000.00	1,109.59	681.96	1,295.41	1,681.96
Reimbursments of Expenses Paid	-	-	79.30	34.25	-	0.66	79.30	34.90
Reimbursments of Expenses Received	-	-	-	-	0.27	1.40	0.27	1.40
Contribution made for Corporate social responsibility.	-	-	18.00	-	-	-	18.00	-
Finance Provided								
Loans								
Loans Given during the Year	-	-	-	10.00	-	-	-	10.00
Loans Repaid During the Year	-	-	-	10.00	-	-	-	10.00
Inter Corporate Deposits								
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	220.00	1,275.00
Advances								
Advances Given During the Year	9.47	-	-	-	-	9.00	9.47	9.00
Balances Written Back	-	-	-	-	2.02	-	2.02	-
Outstanding balances as on 31.03.2015								
Loans ,Advances and Receivables								
Loans Advances and Receivables								
Advances	579.05	662.06	-	-	-	345.13	579.85	1,007.19
Capital Advances	-	-	-	-	4,199.96	4,199.96	4,199.96	4,199.96
Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2015								
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
Inter Corporate Deposit								
Balance as on 31.03.2015	-	-	-	-	5,739.13	5,552.00	5,739.13	5,552.00
Deposit								
Balance as on 31.03.2015	-	-	50.00	50.00	-	515.00	50.00	565.00
Remuneration paid to Key Management Personnel	1,696.55	522.85	-	-	-	-	1,696.55	522.85
Remuneration paid to Relative of Key Management Personnel	182.78	14.50	-	-	-	-	182.78	14.50

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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 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
Interest Income								
MLL Logistics Private Limited	-	-	-	-	580.61	620.26	580.61	620.26
Total	-	-	-	-	580.61	620.26	580.61	620.26
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	1,103.59	668.76	1,103.59	668.76
Oil Max Energy Private Limited	-	-	185.82	1,000.00	-	-	185.82	1,000.00
Total	-	-	185.82	1,000.00	1,103.59	668.76	1,289.41	1,668.76
Reimbursments of Expenses Paid								
Oil Max Energy Private Limited	-	-	79.30	32.81	-	-	79.30	32.81
Vaitarna Marine Infrastructure Limited	-	-	-	-	-	0.66	-	0.66
Total	-	-	79.30	32.81	-	0.66	79.30	33.47
Reimbursments of Expenses Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	0.27	1.40	0.27	1.40
Total	-	-	-	-	0.27	1.40	0.27	1.40
Contribution made for Corporate social responsibility.								
Prem Punita Foundation	-	-	18.00	-	-	-	18.00	-
Total	-	-	18.00	-	-	-	18.00	-
Finance Provided								
Loans								
Loans Given during the Year								
MHL Healthcare Limited	-	-	-	10.00	-	-	-	10.00
Total	-	-	-	10.00	-	-	-	10.00
Loans Repaid During the Year								
MHL Healthcare Limited	-	-	-	10.00	-	-	-	10.00
Total	-	-	-	10.00	-	-	-	10.00
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	-	165.00	-	165.00
MLL Logistics Private Limited	-	-	-	-	415.13	877.00	415.13	877.00
Total	-	-	-	-	415.13	1,042.00	415.13	1,042.00
Corporate Deposits repaid during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	-	165.00	-	165.00
MLL Logistics Private Limited	-	-	-	-	228.00	900.00	228.00	900.00
Total	-	-	-	-	228.00	1,065.00	228.00	1,065.00
Advances								
Advances Given During the Year								
Mr. Handoko Soeseno	9.47	-	-	-	-	-	9.47	-
MLL Logistics Private Limited	-	-	-	-	-	9.00	-	9.00
Total	-	-	-	-	-	9.00	9.47	9.00
Balances Written Back								
Zicom Electronic Security Systems Ltd.	-	-	-	-	2.02	-	2.02	-
Total	-	-	-	-	2.02	-	2.02	-
Outstanding as on 31.03.2016								
Advances								
MLL Logistics Private Limited	-	-	-	-	-	345.13	-	345.13
Mr. Handoko Soeseno	579.85	662.06	-	-	-	-	579.85	662.06
Total	579.85	662.06	-	-	-	345.13	579.85	1,007.19
Capital Advances								
Vaitarna Marine Infrastructure Limited	-	-	-	-	4,199.96	4,199.96	4,199.96	4,199.96
Total	-	-	-	-	4,199.96	4,199.96	4,199.96	4,199.96
Outstanding Balances of Trade and Other Receivables & Payables as on 31.03.2016								
Trade and Other Receivables								
MLL Logistics Private Limited	-	-	-	-	2,354.39	1,841.21	2,354.39	1,841.21
Oil Max Energy Private Limited	-	-	1.00	-	-	-	1.00	-
Total	-	-	1.00	-	2,354.39	1,841.21	2,355.39	1,841.21
Trade and Other Payables								
Zicom Electronic Security Systems Limited	-	-	-	-	-	2.02	-	2.02
Vaitarna Marine Infrastructure Limited	-	-	-	-	123.93	-	123.93	-
Holding Private Limited	-	-	-	-	-	1.62	-	1.62
ax Energy Private Limited	-	-	-	57.41	-	-	-	57.41
Total	-	-	-	57.41	123.93	3.64	123.93	61.05
Inter Corporate Deposit								
Balance as on 31.03.2016								
MLL Logistics Private Limited	-	-	-	-	5,739.13	5,552.00	5,739.13	5,552.00
Total	-	-	-	-	5,739.13	5,552.00	5,739.13	5,552.00
Deposit								
Balance as on 31.03.2016								
Oil Max Energy Private Limited	-	-	50.00	50.00	-	-	50.00	50.00
MLL Logistics Private Limited	-	-	-	-	-	500.00	-	500.00
Total	-	-	50.00	50.00	-	500.00	50.00	550.00
Remuneration paid to Key Management Personnel	1,696.55	522.85	-	-	-	-	1,696.55	522.85
Remuneration paid to Relative of Key Management Personnel	182.78	14.50	-	-	-	-	182.78	14.50

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4.5 Disclosure in respect of Leases as per AS 19:

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

(Rs. In Lakhs)

Particulars			For the year ended March 31, 2015	For the year ended March 31, 2014
(a)	Operating Leases			
	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

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

(Rs. In Lakhs)

Particulars			For the year ended March 31, 2015	For the year ended March 31, 2014
(a)	Operating Leases			
	Disclosures in respect of cancellable agreements for office given on lease			
	(i)	Lease receipt recognized in the Statement of Profit and Loss	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.

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4.6 Earning Per Share as per AS 20

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit after Tax, Minority interest - Basic and Diluted	(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 Rs.)	(18.36)	1.31

4.7 Derivative Instruments

(A) Details of outstanding Hedging Contracts

Rs. In Lakhs

	March 31, 2015		March 31, 2014	
Derivative contracts	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

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Mercator Limited

(B) Foreign Currency Exposures

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

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

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.

<u>In one of the Subsidiary</u>

a) Gross amount required to be spent by the company during the year Rs. 12.08 Lakhs.
b) Amount spent during the year on:

Rs. 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

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Mercator Limited

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 CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Himanshu Kishnadwala
Partner

Dated: 29th May 2015
Place: Mumbai

For and on behalf of the Board

H. K. Mittal
Executive Chairman
(00007690)

A. J. Agarwal (00007663)
Managing Director

(00007992) ***Archana Mittal***
Director

Manohar Bidaye
Director
(00010699)

K. R. Bharat
Director
(00584367)

M. M. Agrawal
Director
(00681433)

Mercator Limited

Gunender Kapur
Director
(01927304)

Prasad Patwardhan
Chief Financial Officer

Deepesh Joishar
Company Secretary

Dated: 29th May 2015
Place: Mumbai

Narain Chambers, 5th Floor, M. G. Road, Vile Parle (E), Mumbai - 400 057.
Tel.: +91-22-64577600 •
Mistry Bhavan, 3rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020.
Tel.: +91-22-6623 0600 / 2202 8843

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCATOR LIMITED

Report on the Consolidated Financial Statements

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, 2016, 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.

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Chartered Accountants
MUMBAI

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 controls 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. 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 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.

Basis of Qualified Opinion

The auditors of two step down subsidiaries have qualified their reports regarding the recoverability of the deposits paid amounting to Rs.2103.89 lakhs (USD3.17 Mn.) to acquire 70% equity interest in the companies which own concessions for coal mining. They are unable to obtain sufficient appropriate audit evidence that the company can recover the investment money, and as such, whether any adjustment to this amount is necessary.

The Auditors of one step down subsidiary have qualified their report regarding the recoverability of long overdue trade receivables by one step down subsidiary amounting to Rs. 9212.85 lakhs (USD 13.89 Mn) for which no allowance for impairment has been made. They are unable to satisfy themselves of the recoverability of the debts for which no allowance for impairment have been made in the financial statements.

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Chartered Accountants
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Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

The auditors of one step down subsidiary have stated in their report regarding the breach of certain banks' financial covenants by one step down subsidiary for which the bank may levy a penalty and have the right to review the account and stipulate additional conditions including pricing.

Other Matters

Attention is invited to Note 3.8 regarding Impairment of Investment by a wholly owned subsidiary in its subsidiary to the extent of Rs. 32,901 lakhs on account of cessation of control pursuant to it being placed under Judicial Management and that the financial statements of the said subsidiary have been consolidated up to 31st December 2015.

We did not audit the financial statements of 30 subsidiaries included in the statement, whose financial statements reflect total assets of Rs. 2,58,338.95 lakhs and total revenue of Rs.1,68,792.78 lakhs for the year ended March 31, 2016, 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.

The consolidated financial statements include unaudited figures in respect of 4 subsidiaries which are as approved by their management, whose financial statement reflect total assets (net) of Rs. 7,929.67 lakhs and total revenue of Rs. 15,419.99 lakhs for the year ended March 31, 2016.

The consolidated financial statements does not include financial statements of 2 subsidiaries which are newly formed and as per information and explanations given to us by

Chartered Accountants

MUMBAI

the management, do not have any transactions that are material to the consolidated financial statements.

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 Section143 (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) The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may not have an adverse effect of the functioning of the company.

(f) On the basis of the written representations received from the directors of the Holding company as on 31st March, 2016 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries incorporated in India , the operating effectiveness of such controls, refer to our separate report in **'Annexure A'**; and

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(h) 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

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Date: 27th May, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mercator Limited** ("the Holding Company") and its subsidiaries incorporated in India ("covered entities") as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

Chartered Accountants
MUMBAI

understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the holding company's and covered entities' internal financial control systems over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Opinion

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

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

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

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Dated: 27th May 2016

Consolidated Balance Sheet as at March 31, 2016.

	Particulars	Note	As at 31. March 2016 Amount Rs. in Lacs	As at 31. March 2015 Amount Rs. in Lacs
A	**EQUITY AND LIABILITIES**			
1	**Shareholder's funds**			
	(a) Share capital	2.1	2,448.92	2,448.92
	(b) Reserves and surplus	2.2	82,698.74	195,442.85
			85,147.66	197,891.77
	Minority interest		2,951.57	25,368.02
			88,099.23	223,259.79
2	**Non - current liabilities**			
	(a) Long-term borrowings	2.3	160,913.36	250,667.41
	(b) Other long term liabilities	2.4	5,343.21	14,752.71
	(c) Long-term provisions	2.5	398.50	533.96
			166,655.07	265,954.08
3	**Current liabilities**			
	(a) Short-term borrowings	2.6	49,247.59	69,981.26
	(b) Trade payables	2.7	82,187.68	119,400.99
	(c) Other current liabilities	2.8	94,935.41	85,367.65
	(d) Short-term provisions	2.9	679.69	1,850.40
			227,050.37	276,600.30
	Total		481,804.67	765,814.17
B	**ASSETS**			
1	**Non- current assets**			
	(a) Fixed assets			
	(i) Tangible assets	2.10	265,341.58	498,323.76
	(ii) Intangible assets		32.36	40.08
	(iii) Capital work in progress		68,780.01	62,033.12
			334,153.95	560,396.96
	(b) Non-current investments	2.11	71.08	137.60
	(c) Deferred tax asset		(321.03)	412.79
	(d) Long-term loans and advances	2.12	29,097.85	36,855.05
	(e) Other non-current assets	2.13	601.02	297.59
			363,602.87	598,099.99
2	**Current assets**			
	(a) Current investments	2.11	-	398.89
	(b) Inventories	2.14	1,921.41	3,413.67
	(c) Trade receivables	2.15	57,870.11	81,509.68
	(d) Cash and bank balances	2.16	9,544.38	27,440.49
	(e) Short-term loans and advances	2.17	22,826.39	30,134.90
	(f) Other current assets	2.18	26,039.51	24,816.55
			118,201.80	167,714.18
	Total		481,804.67	765,814.17
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 5		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

Himanshu Kishnadwala
Partner
M. No. 37391

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

MERCATOR LIMITED MUMBAI

Deepesh Joishar
Company Secretary

Dated: 27th May 2016
Place: Mumbai

Dated: 27th May 2016
Place: Mumbai

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

	Particulars	Note	Year Ended 31. March 2016 Amount Rs. in Lacs	Year Ended 31. March 2015 Amount Rs. in Lacs
	INCOME			
	(a) Revenue from operations	2.19	270,641.76	309,163.22
	(b) Other income	2.20	1,885.69	1,528.55
1	**Total Revenue**		272,527.45	310,691.77
	EXPENSES:			
	(a) Operating expenses	2.21	207,296.46	229,880.05
	(b) Employee benefit expenses	2.22	6,424.13	7,248.53
	(c) Finance cost	2.23	26,218.34	22,529.95
	(d) Depreciation and amortisation expenses		42,240.77	47,455.80
	(e) Impairment of assets		34,882.81	40,900.82
	(f) Other expenses	2.24	64,418.22	20,112.32
2	**Total Expenses**		381,480.73	368,127.47
3	**Profit/(Loss) before exceptional items and taxes (1 - 2)**		(108,953.28)	(57,435.70)
4	**Less: Exceptional items (Refer Note 3.7)**		-	11,595.90
5	**Profit/(Loss) before taxes (3 - 4)**		(108,953.28)	(69,031.60)
6	**Tax expense:**			
	(a) Current tax		(282.18)	(1,058.21)
	(b) Short provision of tax for earlier years		33.45	0.05
	(c) Deferred Tax		(771.36)	(599.85)
	Profit/(Loss) for the year before adjustment for Minority Interest		(109,973.37)	(70,689.61)
	Less: share of profit / (loss) transferred to Minority Interest		20,960.72	25,737.07
	Profit/(Loss) for the period		(89,012.65)	(44,952.54)
	Earnings per share (Equity share of Re. 1/- Each)			
	Basic and Diluted (In Rupees)	4.7	(36.35)	(18.36)
	Significant Accounting Policies	1		
	Notes forming part of the financial statements	2 to 5		

As per our report of even date
For CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner
M. No. 37391

Dated: 27th May 2016
Place: Mumbai

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Deepesh Joishar
Company Secretary

Dated: 27th May 2016
Place: Mumbai

Consolidated Cash Flow Statement for the year ended March 31, 2016

	Particulars	Current Year Amount Rs. Lakhs	Previous Year Amount Rs. Lakhs
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) Before Tax	(108,953.28)	(69,031.60)
	Adjustment for:		
	Depreciation	42,240.77	47,455.80
	Impairment of assets	34,882.81	40,900.82
	Provision for doubtful debts/advances	12,905.95	11,097.88
	Interest paid	26,218.34	22,529.95
	(Profit)/Loss on fixed assets sold (net)	44,844.74	-
	(Profit)/Loss on sale of investments (net)	(1.63)	(61.12)
	Interest income	(1,747.01)	(1,221.17)
	Bad Debts and other amounts written off/(back)	270.75	35.94
	Adjustment for foreign exchange currency translation/Adjustment	11,182.28	(1,299.94)
	Adjustments for exchange fluctuation	1,155.00	(146.30)
	Operating profit before working capital changes	62,998.72	50,260.25
	Adjustment for:		
	Decrease/(Increase) in Long-term loans and advances	12,563.29	(1,602.76)
	Decrease/(Increase) in Inventories	1,492.26	2,288.56
	Decrease/(Increase) in Short-term loans and advances	7,676.46	(350.86)
	Decrease/(Increase) in Other current assets	(1,418.80)	2,523.51
	Decrease/(Increase) in Trade Receivables	10,482.09	(29,406.33)
	(Decrease)/Increase in Other long term liabilities	(9,054.19)	13,413.09
	(Decrease)/Increase in Long term provisions	(135.46)	53.55
	(Decrease)/Increase in Trade Payables	(37,229.36)	71,687.16
	(Decrease)/Increase in Other current liabilities	21,377.71	(1,496.13)
	(Decrease)/Increase in Short term provisions	(873.19)	(2,370.56)
	Net Cash from Operating Activities	67,879.53	104,999.49
	Direct taxes paid	(2,233.13)	(3,608.02)
	Total cash from / (used in) operating activites	65,646.40	101,391.47
B	**Cash Flow from Investing Activities**		
	Acqusition of Fixed Assets including Capital Work in Progress (net)	107,506.83	(81,714.65)
	(Increase) / Decrease in Short-term loans and advances	-	345.13
	(Increase) / Decrease in Capital advances	(2,104.23)	(2,868.28)
	(Increase) / Decrease in Current Intercorporate deposits	2,758.65	(334.99)
	(Purchase)/sale of Investment	467.04	3,091.43
	Investment in fixed deposits	808.95	5,683.75
	Interest Income	1,908.55	1,168.56
	Net Cash from Investing Activities	111,345.79	(74,629.05)
C	**Cash Flow from Financing Activities**		
	Proceeds from Long term Borrowings	(113,041.21)	(2,434.56)
	Proceeds from Short term Borrowings	(20,733.67)	9,447.56
	Proceeds from issue of shares to minority shareholders	(2,972.41)	(501.66)
	Expenses incurred for FCCB	-	(193.29)
	Increase/(Decrease) in Reserves	(25,935.10)	(0.00)
	Dividend Paid (Including Dividend Distribution tax)	(592.28)	(283.97)
	Interest paid	(30,538.31)	(23,321.88)
	Net Cash from Financing Activities	(193,812.98)	(17,287.80)
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(16,820.79)	9,474.62
	Cash and Cash Equivalents as at beginning of the year (Refer Note 2.16)	25,306.53	15,853.02
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	2.76	(21.11)
	Cash and Cash Equivalents as at end of the year (Refer Note 2.16)	8,488.50	25,306.53
	Cash and Cash Equivalents comprise of:		
	Cash and Bank Balances (Refer Note 2.16)	8,488.50	25,306.53

Notes:
1) Figures in bracket represent outflows.
2) Cash and cash equivalents include Unclaimed dividend accounts of Rs. 22.44 lakhs (P.Y. Rs. 34.48 lakhs) which are not available for use by the
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 CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner

Dated: 27th May 2016
Place: Mumbai

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007668)

Archana Mittal
Director
(DIN:00007972)

M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Deepesh Joishar
Company Secretary

Dated: 27th May 2016
Place: Mumbai

Notes forming part of the consolidated financial statements

2.1 Share Capital

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Authorised		
35,00,00,000 Equity shares of Re 1/- par value each	3,500.00	3,500.00
200,00,000 Preference shares of Rs 100/- par value each	20,000.00	20,000.00
	23,500.00	23,500.00
Issued Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up	2,448.92	2,448.92
	2,448.92	2,448.92
Subscribed and Fully Paid Up Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up.	2,448.92	2,448.92
	2,448.92	2,448.92

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

Particulars	**As at March 31,2016**	**As at March 31,2015**
Number of shares at the beginning	244,892,073	244,892,073
Add: Shares issued during the year	-	-
Number of shares at the end	244,892,073	244,892,073

Terms/Rights attached to Equity shares

The company has two class of shares referred to as Equity Shares having a par value of Re.1/- and Preference Shares having a par value of Rs.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 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 preferetial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During 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.

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

Name of the shareholder	As at March 31,2016		As at March 31,2015	
Equity shares of Re. 1 each fully paid	No of shares	% of holding	No of shares	% of holding
H. K. Mittal	46,766,700	19.10	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
Albula Investment Fund Ltd	12,436,005	5.08	-	-
Lotus Global Investments Limited	-	-	14,229,669	5.81

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Notes forming part of the consolidated financial statements

2.2 Reserves and Surplus

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Capital Reserve		
As per last Financial Statements	4,289.49	4,289.49
	4,289.49	4,289.49
Capital Redempetion Reserve		
As per last Financial Statements	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,181.63	36,374.92
Less: Utilisation of Reserve for issuance of Securities	-	(193.29)
	36,181.63	36,181.63
Tonnage Tax Reserve		
As per last Financial Statements	1,179.69	150.00
Add/(Less):Transferred from Statement of Profit and Loss	357.40	1,029.69
	1,537.09	1,179.69
Debenture Redemption Reserve		
As per last Financial Statements	3,750.00	7,500.00
Add/(Less):Transferred to/from General Reserve	-	(3,750.00)
	3,750.00	3,750.00
General Reserve		
As per last Financial Statements	14,001.66	10,251.66
Add/(Less) : Transferred from/to Debenture Redemption Reserve	-	3,750.00
	14,001.66	14,001.66
Capital Reserve on Consolidation	-	74,441.44
Other Reserve	2,297.98	-
Foreign Exchange Currency Translation Reserve	(1,564.20)	34,649.32
Foreign Exchange Fluctuation Reserve		
As per last Financial Statements	(26.09)	944.31
Add/Less: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)	514.87	300.42
Add/Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations	(486.21)	(1,270.82)
	2.57	(26.09)
Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.2)		
As per last Financial Statements	(1,200.74)	(1,620.71)
Add/Less: For the year	37.65	419.97
	(1,163.09)	(1,200.74)
Hedging Reserve		
As per last Financial Statements	(1,153.00)	(1,256.04)
Add/Less: For the year	134.11	103.04
	(1,018.89)	(1,153.00)
Surplus		
As per last Financial Statements	25,329.44	71,934.37
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(89,012.69)	(44,952.54)
Less: Transfer to Tonnage Tax Reserve	(357.40)	(1,029.69)
Less: Depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013		(30.43)
Add/(Less):Adjsustment on account of subsidiary (Refer Note 3.8)	84,719.89	-
Less: Provision for Dividend*	(244.89)	(489.78)
Less: Tax on Dividend	(49.85)	(102.49)
	20,384.50	25,329.44
	82,698.74	195,442.85

*The Company has made a provision for Dividend @ Rs0.10 per share (P.Y. Rs 0.20 per share) as proposed by Board of Directors and is subject to approval at the ensuing Annual General Meeting of Shareholers.

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Notes forming part of the consolidated financial statements

2.3 Long term borrowings

Particulars	As at 31. March 2016 Rs	As at 31. March 2015 Rs
Secured		
(A) Debentures	10,000.00	15,000.00
(B) Foreign Currency Loans	105,776.03	193,271.41
(C) Term loans from banks	34,524.07	32,381.47
Unsecured		
(D) FCCB	10,613.26	10,014.53
	160,913.36	250,667.41

Notes:
Security details

a) Debentures referred in (A) above are secured by first mortgage on specified vessels of the company on pari- passu basis and first pari-passu charge on the specified immovable property with other lenders

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 exlusive charge on specified mining assets
(iv) Corporate guarantee(s)
(v) Personal guarantee
(vi) Charge on loan provided to subsidiary
(vii) Assigment of contract(s); Earnings; Insurance
(viii) Charge on shares; Deposits & Accounts

c) (i)Term Loans refered in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, and charge on cash flows of specified vessels. It includes an amount of Rs 3,146.83 Lakhs additionally secured by pari passu charge on specified immovable property wherever applicable

c) (ii) Term Loan refered in (B) above includes Bonds of Rs 13,000.03 Lakhs secured by third preferred Mortage of MOPU & FSO ; subordinated charge over future acquisitions, & Letter of Support from immediate holding company

(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 Rs 38.30 Per Share (at a fixed rate of exchange on conversion of Rs 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019

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Notes forming part of the consolidated financial statements

Terms of repayment and interest are as follows:

Description	ROI*	Balance installments as on 31.03.2016	maturity F.Y. ending	Amount outstanding 31.03.2016	Amount outstanding 31.03.2015
Debentures	12.40%	3	2019	15,000.00	15,000.00
Term Loan	12.25%	4	2018	4,800.00	6,400.00
Term Loan	12.45%	4	2018	3,300.00	4,400.00
Term Loan	9.49%	34	2019	15.80	-
Term Loan	Libor+3.25%	2	2017	3,146.83	5,933.61
External Commercial Borrowin	Libor+3.00%	0	2016	-	3,911.93
External Commercial Borrowin	Libor+5.00%	6	2019	2,404.57	2,503.63
External Commercial Borrowin	Libor+3.40%	21	2022	11,939.92	11,266.34
External Commercial Borrowin	Libor+3.40%	24	2022	6,944.74	
Term Loan	Libor+5.00%	16	2020	3,979.97	1,251.82
Term Loan	Libor+5.60%	24	2022	14,593.24	15,334.75
Term Loan	Libor+2.60%	1	2017	2,686.48	3,661.56
Term Loan	Libor+4.50%	14	2020	3,979.97	9,701.57
Term Loan	Libor+4.50%	14	2020	3,979.97	-
Term Loan	Libor+4.50%	24	2022	4,626.72	-
Term Loan	Libor+5.50%	17	2021	5,638.30	-
FCCB	4.75%	1	2020	10,613.26	10,014.53
Foreign Currency Loan	Libor +5.0%	20	2021	13,266.58	-
Foreign Currency Loan	Libor +6.0%	1	2018	9,949.95	9,388.62
Foreign Currency Loan	Libor +3.80%	28	2023	30,735.93	31,411.71
Foreign Currency Loan	Libor +4.30%	2	2017	1,691.49	8,762.71
Foreign Currency Loan	Libor +6.0%	10	2019	8,730.49	10,532.57
Foreign Currency Loan	Libor +3.75%	8	2018	31,176.46	42,405.27
Foreign Currency Loan	Libor +4.75%	5	2019	11,077.59	10,953.39
Foreign Currency Loan	Libor +1.5%	0	2018	-	39,614.73
Foreign Currency Loan	Libor +2.50%	0	2020	-	21,134.64
Foreign Currency Loan	Libor +3.0%	0	2018	-	4,991.70
Foreign Currency Loan	Libor +2.25%	0	2016	-	1,668.58
Foreign Currency Loan	Libor +2.35%	0	2019	-	9,910.90
Foreign Currency Loan	Libor +2.25%	0	2021	-	15,311.91
Foreign Currency Loan	Libor+5.25%	0	2016	-	5,007.26
Foreign Currency Loan	Libor+6.0%	0	2016	-	5,633.23
Bond	5.00%	1	2021	13,000.04	12,518.16
				217,278.33	**318,625.12**
Less: Shown in current maturities of long term debt				56,364.94	67,957.71
Balance shown as above				**160,913.36**	**250,667.41**

* Applicable Rate of Interest as on 31.03.2016

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Notes forming part of the consolidated financial statements

2.4 Other long term liabilities

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Trade payable		146.05
Others		
Provision for onerous contracts		
Others		
Liability towards cash flow hedges	509.44	864.75
Provision for onerous contracts	-	13,741.91
Security Deposit	18.00	-
Others	4,815.77	-
	5,343.21	14,752.71

2.5 Long term provisions

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Provision for employee benefits		
Gratuity	310.83	458.10
Compensated absences	87.67	75.86
	398.50	533.96

2.6 Short term borrowings

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Secured		
Loans repayable on demand		
Working capital facilities from banks*	41,969.14	61,544.41
Foreign Currency Demand Loan from Bank**	5,306.63	5,007.26
Unsecured		
Working capital facilities from banks	1,971.82	3,429.59
	49,247.59	69,981.26

Note:

* Working capital facilities from Banks are secured by first charge on respective receivables on pari-passu basis and second charge on specified vessels; and further by way of Corporate Guarantees, wherever applicable.

**Foreign Currency Demand Loan is provided as a sublimit of the existing Overdraft limit for a tenure of one year, with a roll over to be undertake after 6 months. Rate of Interest: 6 months LIBOR plus 5.5 % p.a. payable monthly

Notes forming part of the consolidated financial statements

2.7 Trade payables

Particulars	As at 31. March 2016	As at 31. March 2015
Trade Payables	82,187.68	119,400.99
	82,187.68	119,400.99

2.8 Other current liabilities

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Current maturities of long-term debt		
1) Debentures (Refer Note 2.3 (a))	5,000.00	-
2) Foreign Currency Loan (Refer Note 2.3 (b))	35,141.71	53,655.88
3) Term loans from banks (Refer Note 2.3 (c))	16,223.23	14,301.83
Interest accrued but not due on borrowings	1,466.73	1,859.93
Interest accrued and due on borrowings	-	45.17
Income received in advance	6,500.59	9,063.11
Unpaid dividend*	22.44	34.48
For Other liabilities		
Salaries & wages payable	135.19	18.29
Statutory dues payables	1,056.71	919.81
Liability towards cash flow hedges	509.44	288.25
Advance from customer	9,636.25	0.83
Other payables	19,243.12	5,180.07
	94,935.41	85,367.65

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

2.9 Short term provisions

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Provision for employee benefits		
Gratuity	16.03	23.69
Compensated absences	25.86	25.29
Others		
Provision for dividend	244.89	489.78
Tax on dividend	49.85	102.49
Provision for onerous contracts	-	1,199.18
Provision for tax	343.06	-
Others	-	9.97
	679.69	1,850.40

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Notes forming part of the consolidated financial statements

2.10 Fixed Assets

Amount Rs.in Lakhs

Particulars	Original Cost					Depreciation/Amortization						Net Book Value	Net Book Value
	As at April 1, 2015	Translation / Adjustment	Addition for the year	Deduction for the year	As at March 31, 2016	Upto March 31, 2015	Translation / Adjustment	Depreciation For the year	Impairment For the year	Adjustment in respect of Assets Sold / Discarded / held for disposal	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets													
Land	11,802.02	781.09		325.77	12,257.34	607.61	38.67	391.89		151.11	887.05	11,370.28	11,194.41
Road and Bridges	440.70	26.35		467.04	-	440.70	21.85			462.55	-	-	-
Office Premises (Refer Note 1 , 2)	898.16	45.14	11.77	314.06	641.01	503.96	16.77	63.25		306.32	277.67	363.34	394.20
Vessels (Refer Note 3)	759,268.25	36,424.98	31,216.51	450,702.46	376,207.29	294,901.40	13,098.08	41,719.94		207,924.05	141,795.38	234,411.92	464,366.85
Furniture and Fixtures	1,395.93	90.74	16.67	286.21	1,217.13	636.08	20.97	245.70		198.75	704.00	513.13	759.85
Vehicles (Refer Note 4)	1,326.21	152.36	83.34	759.75	802.15	971.05	37.61	138.62		684.65	462.63	339.52	355.16
Office Equipments	507.96	23.92	0.65	223.57	308.97	493.93	22.56	108.42		205.09	419.81	(110.84)	14.03
Computer Equipments	224.93	3.29	24.96	60.83	192.35	194.81	2.27	19.33		49.14	167.27	25.08	30.12
Mines	11,283.24	(3,448.80)	1,676.53	376.44	9,134.53	3,491.40	231.06		2,298.22		6,020.68	3,113.84	7,791.84
Mining Equipments	16,844.89	1,385.19	2,162.08	2,123.44	18,268.72	3,427.59	199.68	1,185.06		1,858.79	2,953.54	15,315.18	13,417.30
Intangible Assets													
Computer Software	43.15		2.13		45.28	3.07		9.85			12.92	32.36	40.08
Grand Total	**804,035.43**	**35,484.27**	**35,194.65**	**455,639.57**	**419,074.78**	**305,671.60**	**13,689.54**	**43,882.07**	**2,298.22**	**211,840.46**	**153,700.96**	**265,373.81**	**498,363.84**
Previous Year Grand Total	**752,199.03**	**33,171.51**	**28,855.68**	**10,190.77**	**804,035.44**	**206,900.00**	**10,386.21**	**47,455.80**	**40,900.82**	**(28.77)**	**305,671.60**	**498,363.84**	**545,299.01**

Note
1) Includes cost of 10 shares of Rs. 50/- each fully paid in Mittal Tower Premises Co-op. Society Ltd.
2) Office premises having gross value Rs. 343.16 lakhs (P.Y. Rs. 343.16 lakhs) and accumulated depreciation Rs. 200.20lakhs (P.Y. Rs.180.05 /- lakhs) are given on Operating Lease.
3) Other adjustments include exchange fluctation loss on Long term foreign currency loans Rs. 3,121.14 lakhs (P.Y. Rs.1101.51 lakhs)
4) Vehicles having net book value of Rs. 77.53 lakhs (P.Y. Rs. 97.54 lakhs) are on finance lease.
5) Depreciation amounting to Rs 1,641.30 Lakhs attributable assets used for mining activities has been included in cost of goods sold in financials of respective subsidiaries.
6) 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, was Rs. 28.26 Lakhs

Notes forming part of the consolidated financial statements

2.11 Investments

Amount Rs.in Lakhs

Particulars	Nos	As at 31. March 2016	Nos	As at 31. March 2015
Non Current Investments - At cost				
Investment in Equity Shares				
Marg Swarnabhoomi Port Private Limited	1,250	0.12	1,250	0.13
Non trade investments (Unquoted)				
Investment in Others				
Units of Indian Real Opportunity Venture Capital Fund	5,968	59.68	7,380	73.80
Axis Infra Bond		-		63.67
Others		11.28		-
Aggregate amount of Unquoted investments		71.08		137.60
Current Investments - at the lower of cost and fair value				
Quoted				
Investments in Mutual Funds				
Axis Infra Bond (Market value of current investments on 31.3.16 Nil (P.Y. Rs. 442.28 lakhs)	-	-	-	392.93
Aggregate amount of Quoted investments	-	-		392.93
Unquoted				
Investment in Shares			-	5.96
Aggregate amount of Unquoted investments	-	-	-	5.96
Aggregate amount of Current investments		71.08		536.49

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Notes forming part of the consolidated financial statements

2.12 Long term loans and advances

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured		
Considered good		
Capital Advances	11,509.81	9,135.58
Capital Advances to related parties*	3,929.96	4,199.96
Deposits		
Deposits with government and semi government bodies	7.54	4.24
Other deposits	712.53	3,107.65
Other deposits to related parties**	76.00	500.00
Exploration and development expenses recoverable	-	8,163.67
Deffered exploration and development of mine	-	107.85
Other loans and advances		
Advances Recoverable	137.36	770.88
Advance payment of tax	11,254.04	8,638.29
Unamortized finance charges	495.61	409.50
Derivative financial instruments	-	842.43
Prepaid expenses	-	-
MAT credit available	975.00	975.00
	29,097.85	36,855.05

* Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	4,199.96	4,199.96
Less: Provision	(270.00)	-
	3,929.96	4,199.96
** Other deposits to related parties		
MLL Logistics Private Limited	-	500.00
	-	500.00

2.13 Other non current assets

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Fixed Deposits with bank with maturity more than 12 months	561.93	292.80
Accrued interest on fixed deposit with banks	39.09	4.79
	601.02	297.59

2.14 Inventories

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
At Cost (Valued at lower of cost and net realisable value)		
Coal	1,044.83	1,775.12
Bunker and lubes	876.58	1,638.55
	1,921.41	3,413.67

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Notes forming part of the consolidated financial statements

2.15 Trade receivables

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts Rs 1,935.01 Lakhs(P.Y. Rs 2,351.63 lacs)	24,370.15	17,527.25
Others debts		
Considered good	33,499.96	63,982.43
	57,870.11	81,509.68

2.16 Cash and bank balances

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Cash and cash equivalents		
Cash in hand	44.62	52.40
Balances with banks	3,466.29	21,425.21
Deposits with banks with 3 months maturity	4,977.59	3,828.92
	8,488.50	25,306.53
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	1,055.88	2,133.96
	9,544.38	27,440.49
Balances with banks in unpaid dividend accounts	22.44	34.48
Balances with banks includes amount in escrow account	11.00	431.59
Balances with banks held as margin money deposits against guarantees	2,018.72	1,078.37

2.17 Short term loans and advances

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured, Considered Good		
Loans and advances to related parties*		
Deposits	533.10	688.24
Others		
Advance to employees	46.56	136.38
Advance to suppliers	3,589.42	7,020.92
Advances recoverable	1,866.60	5,877.51
Inter corporate deposits to related parties**	2,180.13	5,739.13
Inter corporate deposits to others	1,374.16	1,288.37
Advance payment of tax (net of provisions)	-	668.89
Indirect Tax receivable	839.20	212.87
Insurance receivable	5,428.05	5,428.05
Unamortized finance charges	5,147.05	1,351.56
Prepaid expenses	1,778.58	1,722.98
Others	43.54	-
Considered doubtful		
Inter corporate deposits to others	935.77	935.77
Advance to suppliers	-	714.56
	935.77	**1,650.33**
Less: Provision for doubtful advances	(935.77)	(1,650.33)
	-	-
	22,826.39	30,134.90

**** Inter corporate deposits to related parties**		
MLL Logistics Private Limited	2,180.13	5,739.13
	2,180.13	5,739.13

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2.18 Other current assets

Amount Rs.in Lacs

Particulars	As at 31. March 2016	As at 31. March 2015
Accrued interest on fixed deposit with banks	28.07	197.26
Interest accrued and due	5.11	31.76
Contract work in progress	26,006.33	24,587.53
	26,039.51	24,816.55

2.19 Revenue from operations

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Freight	30,865.49	34,039.40
Charter hire	83,605.78	93,812.26
Dispatch and demurrage	239.28	1,383.83
Net gain on Derivatives translation	2,307.81	4,183.77
Sale of Coal	125,426.16	144,374.32
Cargo handling services	3,014.77	9,095.91
Income from project related activities	25,182.47	22,273.73
	270,641.76	309,163.22

2.20 Other income

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Rent received	16.76	17.30
Interest income	1,747.01	1,221.17
Gain on sale of current investments (net)	-	22.20
Gain on sale of non-current investments	1.63	38.92
Other Income	120.29	228.96
	1,885.69	1,528.55

2.21 Operating expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Purchase of Coal	119,391.59	95,557.88
Coal Mining and Logistics expenses	156.21	35,658.18
Designing and other technical charges	17,301.30	13,075.70
Procurement of equipments for project related activities	4,347.21	-
Bunker consumed	10,667.70	14,748.47
Vessel /Equipment hire expenses	4,955.40	10,774.87
Crew Expenses	15,681.91	20,444.94
Agency, Professional and service expenses	1,571.24	2,514.42
Communication expenses	142.47	215.48
Miscellaneous expenses	762.12	1,280.27
Commission	587.91	1,203.52
Insurance	4,581.14	4,397.78
Port expenses	717.30	1,821.34
Repairs and maintenance	24,776.90	23,583.08
Stevedoring, transport and freight	1,656.06	4,604.12
	207,296.46	229,880.05

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Notes forming part of the consolidated financial statements

2.22 Employee benefits expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Salaries, wages, bonus, etc.	6,022.70	6,900.91
Contribution to provident and other funds	154.37	197.70
Employee welfare expenses	247.06	149.92
	6,424.13	7,248.53

*Employee costs pertaining to a subsidiary amounting to Rs. 425.40 Lakhs (P.Y 219.35 Lakhs) being directly attributable to the Exploration and Development costs are included therein

2.23 Finance cost

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Interest expense	22,962.98	21,098.30
Other borrowing costs	3,255.36	1,431.65
	26,218.34	22,529.95

2.24 Other expenses

Amount Rs.in Lacs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Rent	839.40	1,031.98
Payment to auditors		
As auditors	121.07	116.80
For other services	24.99	18.43
Repairs and maintenance (office premises and premises acquired on lease)	200.49	396.83
Insurance	37.10	33.72
Net loss on foreign currency transaction/transalation	1,932.63	823.40
Legal, Professional and consultancy expenses	1,414.80	2,889.38
Donation	19.91	22.59
Communication expenses	93.06	98.18
Conveyance, car hire and travelling	696.90	1,311.04
Advertisement	5.85	5.27
Loss on sale of assets (net)	44,844.74	-
Bad Debts and other amounts written off/back	270.75	35.94
Provision for doubtful debts/advances	12,905.95	11,097.88
Miscellaneous expenses	1,010.58	2,230.88
	64,418.22	20,112.32

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2016

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 31st March, 2016.

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.

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

Sr.no	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2016	% of holding either directly or through subsidiary as at March 31, 2015
1	Mercator Oil and Gas Limited.	India	100.00%	100.00%
2	Mercator Petroleum Limited.	India	87.75%	87.75%
3	Oorja Resources India Private Limited.	India	100.00%	100.00%
4	Mercator FPSO Private Limited.	India	100.00%	100.00%
5	Mercator Global Pte Limited.	Singapore	0.00%	0.00%
6	Mercator International Pte. Limited	Singapore	100.00%	100.00%
7	Mercator Offshore Holdings Pte. Limited.	Singapore	100.00%	100.00%
8	Brio Resources Pte Ltd- Singapore.	Singapore	0.00%	0.00%
9	Oorja Holdings Pte. Limited.	Singapore	100.00%	100.00%
10	Mercator Energy Pte Limited.	Singapore	75.00%	78.00%
11	Mercator Projects Pte. Ltd.	Singapore	75.00%	78.00%
12	Mercator Offshore Assets Holding Pte Limited	Singapore	75.00%	78.00%
13	Mercator Okwok FPU Pte Limited.	Singapore	75.00%	78.00%
14	Mercator Okoro FPU Pte Limited.	Singapore	75.00%	78.00%
15	Mercator Offshore (P) Pte Limited.	Singapore	76.25%	79.10%
16	Ivorene Oil Services Nigeria Limited.	Singapore	76.25%	79.10%
17	Fortune Offshore O&M Pte Limited.	Singapore	76.25%	0.00%
18	Panther Resources Pte Limited.	Singapore	100.00%	100.00%
19	RDPT Batavia Drill	Indonesia	91.00%	81.00%
20	Oorja (Batua) Pte. Limited.	Singapore	100.00%	100.00%
21	Oorja 1 Pte. Limited.	Singapore	100.00%	100.00%
22	Oorja 2 Pte. Limited.	Singapore	100.00%	100.00%
23	Oorja 3 Pte. Limited.	Singapore	100.00%	100.00%
24	Oorja Mozambique Lda	Mozambique	100.00%	100.00%
25	MCS Holdings Pte. Ltd.	Singapore	100.00%	100.00%
26	PT Karya Putra Borneo	Indonesia	50.00%	50.00%
27	PT Indo Perkasa	Indonesia	25.50%	25.50%
28	Oorja IndoPetangis Four	Indonesia	100.00%	100.00%
29	Oorja IndoPetangis Three	Indonesia	100.00%	100.00%
30	PT Mincon Indo Resources	Jakarta	100.00%	100.00%
31	Bima Gema Permata, PT	Jakarta	100.00%	100.00%
32	Nuansa Sakti Kenkana	Jakarta	100.00%	100.00%
33	Oorja Indo KGS	Indonesia	100.00%	100.00%
34	Broadtec Mozambique Minas Lda	Mozambique	85.00%	85.00%
35	MCS Fuel Trading Sdn, Bhd	Malaysia	100.00%	100.00%
36	Mercator Lines Singapore Limited. (Refer Note 3.10)	Singapore	66.17%	66.17%
37	Vidya Varsha Inc (Refer Note 3.10)	Panama	66.17%	66.17%
38	Chitra Prem Pte Limited(Refer Note 3.10)	Singapore	66.17%	66.17%
39	Marvel Value International Limited	British Virgin Islands	100.00%	0.00%

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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)/Unit of Production/Double declining method 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.

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.

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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 recognized in prior accounting periods 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.

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 previous year F.Y 2014-15, the company had 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 the 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 2016, 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 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.

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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 dated31st 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 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

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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

i. 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 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 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

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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.

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3. OTHER DISCLOSURES

3.1 Contingent Liabilities not provided for

	Current Year (Rs in Lakhs.)	Previous Year (Rs in Lakhs)
Counter guarantees issued by the Company for guarantees obtained from the bank (net of margin).	11,482.27	7,847.82
Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries	1,560.34	152.60
Corporate/Performance guarantees issued by the company on behalf of subsidiaries	19,303.29	19,532.59
Total	**32,345.90**	**27,533.01**

3.2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2016 Rs. 8,302.48Lakhs (Previous Year Rs. 9,942.55Lakhs).

3.3 Estimated amount of commitments outstanding towards contributions to funds are Rs. Nil (Previous year Nil).

3.4 In respect of the compensation share given to the owners of the chartered in vessels on entering into early termination agreements in 2012 & 2013, put options have been granted by the company. The put option require the company to purchase the shares at a price equivalent to 50% of the closing price for the Mercator Lines Singapore (MLS) shares on SGX-ST on the market day immediately preceding the date on which the shares are transferred to the owners. The option may be exercised within 90 days after the earlier of:

- The fourth anniversary of the date on which the compensations shares are transferred to the owners and
- The date on which any corporate action, legal proceedings or other procedure or step is taken in relation to the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar office in respect of (MLS).

If the put option is exercised, the resultant outflow would be INR 3,775.57 Lakhs.

Consequent upon the Judicial Manager being appointed for MLS vide the order of the High Court of Singapore dated January 18, 2016, the put option has been exercised by the owners. The company is negotiating with the owners for the settlement of their claim.

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

Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
In respect of Income Tax matters*	11,730.59	11,348.79
In respect of Service Tax matters	6,396.73	8,296.46
Others	3,788.43	5002.10

* Against the above, the company has already paid Rs. 3,918.46 Lakhs (P.Y. 3,986.59 Lakhs)

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

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 or loss	Amount
Parent				
Mercator Limited	80.60%	71,008.77	1.05%	1,149.95
Subsidiaries				
Indian				
Mercator Oil & Gas Ltd.	1.40%	1,229.08	(0.45%)	(499.09)
Mercator Petroleum Ltd.	(0.21%)	(187.18)	(0.08%)	(87.87)
Mercator FPSO Pvt. Ltd.	(0.01%)	(4.79)	0.00%	(0.99)
Oorja Resources India Pvt. Ltd.	(0.02%)	18.76	(0.02%)	(17.66)
Foreign				
Mercator International Pte. Ltd.	(16.03%)	(14,118.73)	(39.73%)	(43,695.02)
Mercator Offshore Holdings Pte. Ltd.	2.94%	2,591.43	(2.29%)	(2,517.83)
Mercator Lines (Singapore) Ltd.		-	(39.45%)	(43,386.76)
Oorja Holdings Pte. Ltd.	(0.57%)	(500.93)	(0.45%)	(494.30)
Oorja 1 Pte. Ltd.	(3.33%)	(2,935.09)	(1.43%)	(1,573.95)
Oorja 2 Pte. Ltd.	(5.02%)	(4,425.49)	(0.83%)	(914.89)
Oorja 3 Pte. Ltd.	(1.51%)	(1,333.64)	(0.03%)	(31.82)
PT Oorja Indo Petangis Four	(1.94%)	(1,705.41)	(0.08%)	(88.71)

PT Oorja Indo Petangis Three	(1.15%)	(1,017.03)	(0.09%)	(95.95)
PT Oorja Indo KGS	(0.08%)	(73.90)	(1.26%)	(1,387.26)
MCS Holdings Pte. Ltd.	34.44%	30,345.04	0.50%	546.03
PT Mincon Indo Resources	(0.92%)	(807.98)	0.37%	412.06
PT Karya Putra Borneo	(0.86%)	(759.52)	0.34%	371.11
PT Indo Perkasa	0.37%	324.02	0.19%	211.35
Oorja (Batua) Pte. Ltd.	(2.32%)	(2,040.29)	0.00%	1.24
Bima Gema Permata PT	(1.27%)	(1,116.14)	(0.63%)	(693.29)
Nuansa Sakti Kencana PT	(0.50%)	(436.42)	(0.09%)	(95.86)
Panther Resources Pte. Ltd	(0.01%)	(5.45)	0.10%	106.54
MCS Fuel Trading Sdn.Bhd	0.00%	(1.00)	0.00%	(0.99)
Mercator Offshore (P) Pte. Ltd.	17.80%	15,680.55	7.25%	7,972.92
Ivorene Oil Services Nigeria Ltd.	0.31%	276.77	0.00%	(4.38)
Mercator Energy Pte. Ltd.	(5.26%)	(4,636.90)	(3.60%)	(3,963.33)
Mercator Offshore Assets Holding Pte. Ltd.	(0.02%)	(21.02)	0.00%	4.79
Mercator Projects Pte Ltd.	(0.24%)	(215.12)	(0.19%)	(207.97)
Mercator Okwok FPU Pte. Ltd.	(0.03%)	(23.70)	0.00%	(5.19)
Mercator Okoro FPU Pte. Ltd.	0.06%	48.60	(0.01%)	(15.94)
Fortune Offshore O&M Pte. Ltd.	(0.01%)	(9.65)	(0.01%)	(9.55)
Minority interest of all subsidiaries	3.35%	2,951.57	(19.06%)	(20,960.72)

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.

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MERCATOR LIMITED MUMBAI

3.8 Due to the continuous depressed market conditions in the dry bulk business, the board of Directors took a decision on January, 18 2016 to exit the dry bulk business being carried on by our Singapore listed step-down subsidiary Mercator Lines (Singapore) Ltd ("MLS"), which was placed under Judicial Management by the High Court of the Republic of Singapore.

On February, 9 2016, Mercator International Pte Limited (MIPL), wholly owned subsidiary of the company, which holds the shares in MLS, entered into Sale & Purchase Agreements with various entities to dispose off its entire shareholding (i.e. 66.12%) in MLS. Subsequently, on receipt of the approvals from SGX and and other regulatory authorities, MIPL has divested its entire stake in MLS. Accordingly, Company has consolidated MLS financials for the first nine months of FY2016 i.e. April 2015 to December 2015.

The consolidated Loss before minority interest for the year includes Rs.978.32 crores comprising of losses of Rs.649.31 Crores suffered by MLS upto Dec 2015 and Rs.329.01 crores towards impairment loss pertaining to the investment in MLS.

4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

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

(Rs. In Lakhs)

Particulars	For the year March 31, 2016	For the year ended March 31, 2015
Contract revenue recognised during the year	25,182.47	22,273.73
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	1,19,194.65	94,027.37
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)	26,647.88	25,415.53
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 Rs. 1,101.51 lakhs (Previous Year Rs. 1,101.51 Lakhs).

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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/Trading and Logistics.

Secondary Segment:
The shipping activities are managed from India and Singapore. The Off Shore activities are managed from Singapore. The Coal Mining, Coal Procurement/Trading 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.

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Rs in Lakhs

Segment Revenue	Shipping		Offshore		Coal Mining, Trading and Logistics		Others		Unallocated		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue	78,718.64	101,298.14	38,299.70	32,121.10	128,440.93	153,470.22	25,182.49	22,273.76		-	**270,641.76**	**309,163.22**
Results												
Profit / (Loss) before tax and interest	(96,991.30)	(64,375.36)	10,091.03	9,176.46	1,463.29	6,638.15	955.00	2,059.10		-	**(84,481.98)**	**(46,501.65)**
Less :Interest											**(24,471.33)**	**(22,529.95)**
Total Profit Before Tax											**(108,953.31)**	**(69,031.60)**
Provision for Taxation												
Current Tax											**(248.73)**	**(1,058.16)**
Deferred Tax											**(771.36)**	**(599.85)**
Net Profit											**(109,973.40)**	**(70,689.61)**
Other Information												
Assets	203,227.37	459,339.06	143,733.46	165,146.87	87,779.13	103,571.04	47,064.71	37,757.20		-	**481,804.67**	**765,814.17**
Liabilities	17,774.12	43,546.29	72,186.31	86,409.68	24,372.77	13,495.12	12,846.35	10,496.92	266,525.89	388,606.29	**393,705.44**	**542,554.29**
Capital Expenditure	31,247.97	25,046.91	0.52	62,377.68	3,920.84	3,230.45	16,711.62	44.26			**51,880.95**	**90,699.29**
Depreciation	27,718.45	33,353.99	14,303.73	13,234.39	194.09	854.91	24.50	12.52			**42,240.77**	**47,455.80**
Impairment	32,584.59	39,337.24	-	-	2,298.22	1,563.58	-	-			**34,882.81**	**40,900.82**

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Mercator Limited

Financial Year 2015-16

4.4 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 Mr. Adip 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. Kishore Shah- Group Chief Financial Officer

11 Mr. Prasad Patwardhan- Chief Financial Officer

12 Ms. Amruta Sant -Company Secretary (till 10.04.2015)

13 Mr. Deepesh Joishar -Company Secretary (from 04/05/2015)

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

7 Prem Punita Foundation (India)- Chartiable Trust

8 Oilmax Energy Private Limited

9 Bright Gold Petroleum Private Limited

10 Energia Consultancy LLP

11 Professional Knowledge Management Solutions Private Limited

12 Oilmax Energy International Pte. Ltd (Singapore)

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13 HK Sons Realtors Private Limited

14 Premputti Realtors Private Limited

15 Sisouli Realtors Private Limited

16 Whosejewellery Marketplace Portal LLP

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 Vaitarna Marine Infrastructure Limited

3 Rishi Holding Private Limited

4 PT United Coal Indonesia

IV Relative of Key Management Personnel

1 Mr. Aayush Agarwal

2 Mrs. Ritu Garg

Partywise details of material transactions
2015-16

Rs 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	Current Yr	Previous Yr
Interest Income							-	-
MLL Logistics Private Limited	-	-	-	-	461.70	580.61	461.70	580.61
Total	-	-	-	-	461.70	580.61	461.70	580.61
Services Received								
Oil Max Energy Private Limited	-	-	-	185.62	-	-	-	185.82
Vaitarna Marine Infrastructure Limited	-	-	-	-	2,421.03	1,103.59	2,421.03	1,103.59
Kapil Garg	66.47	-	-	-	-	-	66.47	-
Total	66.47	-	-	185.62	2,421.03	1,103.59	2,487.50	1,289.41
Reimbursments of Expenses Paid								
Oil Max Energy Private Limited	-	-	11.27	79.30	-	-	11.27	79.30
Total	-	-	11.27	79.30	-	-	11.27	79.30
Contribution made for Corporate social responsibility.								
Prem Punita Foundation	-	-	19.00	18.00	-	-	19.00	18.00
Total	-	-	19.00	18.00	-	-	19.00	18.00
Reimbursments of Expenses Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	1.51	0.27	1.51	0.27
Total	-	-	-	-	1.51	0.27	1.51	0.27
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
Zicom Electronic Security Systems Limited					-	-	-	-
MLL Logistics Private Limited	-	-	-	-	-	415.13	-	415.13
Total	-	-	-	-	-	415.13	-	415.13
Inter Corporate Deposits repaid during the year								
MLL Logistics Private Limited	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Total	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Advances								
Advances Given During the Year								
Mr. Handoko Soeseno	-	9.47	-	-	-	-	-	9.47
Total	-	9.47	-	-	-	-	-	9.47
Advances								
Advances received During the Year								
Mr. Handoko Soeseno	642.92	-	-	-	-	-	642.92	-
Total	642.92	-	-	-	-	-	642.92	-
Balances Written Back								
Zicom Electronic Security Systems Ltd.	-	-	-	-	-	2.02	-	2.02
Total			-	-		2.02	-	2.02
Advances								
Mr. Handoko Soeseno	-	579.85	-	-	-	-	-	579.85
Total	-	579.85	-	-	-	-	-	579.85
Capital Advances								
Vaitarna Marine Infrastructure Limited					3,929.96	4,199.96	3,929.96	4,199.96
Total			-	-	3,929.96	4,199.96	3,929.96	4,199.96
Outstanding Balances of Trade and Other Receivables & Payables as on 31.03.2016								
Trade and Other Receivables								
MLL Logistics Private Limited	-	-	-	-	2,714.25	2,354.39	2,714.25	2,354.39
Oil Max Energy Private Limited	-	-	-	1.00			-	1.00
Total	-	-	-	1.00	2,714.25	2,354.39	2,714.25	2,355.39
Trade and Other Payables								
Vaitarna Marine Infrastructure Limited	-	-	-	-	-	123.93	-	123.93
Rishi Holding Private Limited	-	-	-	-	6.48	-	6.48	-
Total			-	-	6.48	123.93	6.48	123.93
Inter Corporate Deposit								
Balance as on 31.03.2016								
MLL Logistics Private Limited	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Total			-	-	2,180.13	5,739.13	2,180.13	5,739.13
Deposit							-	
Balance as on 31.03.2016								
Oil Max Energy Private Limited	-	-	50.00	50.00	-	-	50.00	50.00
Total	-		50.00	50.00			50.00	50.00
Remuneration paid to Key Management Personnel	1,566.89	1,696.55	-	-	-	-	1,566.89	1,696.55
Remuneration paid to Relative of Key Management Personnel	-	7.38	-	-	-	-	-	7.38

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B Details of Transactions with above parties

Rs 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	Current Yr	Previous Yr
Interest Income	-	-	-	-	461.70	580.61	461.70	580.61
Services Received	66.47	-	-	185.82	2,495.78	1,109.59	2,562.24	1,295.41
Reimbursments of Expenses Paid	-	-	11.27	79.30	-	-	11.27	79.30
Reimbursments of Expenses Received	-	-	-	-	1.51	0.27	1.51	0.27
Contribution made for CSR	-	-	19.00	18.00	-	-	19.00	18.00
Inter Corporate Deposits								
Inter Corporate Deposits given during the year	-	-	-	-	-	415.13	-	415.13
Inter Corporate Deposits repaid during the year	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Advances								
Advances Given During the Year	-	9.47	-	-	-	-	-	9.47
Advances Received During the Year	642.92	-					642.92	-
Balances Written Back	-	-	-	-	-	2.02	-	2.02
Outstanding balances as on 31.03.2016 Loans ,Advances and Receivables								
Loans Advances and Receivables Advances	-	579.85	-	-	-	-	-	579.85
Capital Advances	-	-	-	-	3,929.96	4,199.96	3,929.96	4,199.96
Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2016								
Trade & Other Receivables	-	-	-	1.00	2,784.99	2,354.39	2,784.99	2,355.39
Trade & Other Payables	-	-	-	-	6.48	123.93	6.48	123.93
Inter Corporate Deposit Balance as on 31.03.2016	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Deposit Balance as on 31.03.2016	-	-	50.00	50.00	-	-	50.00	50.00
Remuneration paid to Key Management Personnel	1,566.89	1,696.55	-	-	-	-	1,566.89	1,696.55
Remuneration paid to Relative of Key Management Personnel	-	182.78	-	-	-	-	-	182.78

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

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

(Rs. In Lakhs)

Particulars			**For the year ended March 31, 2016**	**For the year ended March 31, 2015**
(a)	Operating Leases			
	Disclosures in respect of cancelable agreements for office premises taken on lease			
	(i)	Lease payments recognized in the Statement of Profit and Loss	622.08	733.63
	(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	263.63	441.33
		Later than one year and not later than five years	131.81	661.68
		Later than five years	Nil	Nil

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

(Rs. In Lakhs)

Particulars			**For the year ended March 31, 2016**	**For the year ended March 31, 2015**
(a)	Operating Leases			
	Disclosures in respect of cancellable agreements for office given on lease			
	(i)	Lease receipt recognized in the Statement of Profit and Loss	16.76	17.30
	(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	60.00	NIL
	-	Later than one year and not later than five years	120.00	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.

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4.6 Earning Per Share as per AS 20

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit after Tax, Minority interest - Basic and Diluted	(89012.69)	(44,952.54)
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 Rs.)	(36.35)	(18.36)

4.7 Derivative Instruments

(A) Details of outstanding Hedging Contracts

Rs. In Lakhs

	March 31, 2016		March 31, 2015	
Derivative contracts	Amount in foreign currency	Equivalent Indian rupee	Amount in foreign currency	Equivalent Indian rupee
USD/INR	23.69	1200.00	31.59	1600.00
USD/INR	13.29	600.00	17.71	800.00
USD/INR	13.32	600.00	17.75	800.00

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(B) Foreign Currency Exposures

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

Particulars	2015-16		2014-15	
	Rs. Lakhs	**Fx.Million**	**Rs. Lakhs**	**Fx.Million**
Account Receivable	1,858.22	2.80 USD	1,251.71	USD 2.00
Balance in Bank	34.54	0.05 USD	2,769.56	USD 3.47 Rp 12,441.47
Fixed Deposit with foreign Bank				
Loan & Advances	14,616.31	22.03 USD	6,444.41	USD 9.39 Rp 11,763.96
Advance from Customers	67.59	0.09 EURO		
Accounts Payable/Acceptance (including capital commitments made but not provided for)	4060.32	6.81 USD 0.21 SGD 18.83 JPY 0.01 DKK 0.02 Rp 0.01 AED	5,952.59	USD 7.41 SGD 0.13 JPY 4.42 DKK 0.04 Rp 25,396.85 AED 0.01 GBP 0.01
Borrowings	80,836.29	129.78 USD	71,790.81	USD 114.70

5 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 CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner

Membership No 37391

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Deepesh Joishar
Company Secretary

Dated: 27th May 2016
Place: Mumbai

Dated: 27th May 2016
Place: Mumbai

Mercator Limited

Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

PART I - Statement Of Unaudited Financial Results For The Quarter/ Half Year Ended September 30, 2016

(Rs. in Lakhs)

		Standalone				
		Quarter ended			Half-year ended	
Sr. No.	Particulars	30-Sep-16	30-Jun-16	30-Sep-15	30-Sep-16	30-Sep-15
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	**Income from operations :**					
	(a) Shipping Income	13,327.76	12,664.06	16,572.19	25,991.82	30,279.91
	Total Income from operations (net)	**13,327.76**	**12,664.06**	**16,572.19**	**25,991.82**	**30,279.91**
2	**Expenses**					
	(a) Employee benefits expense	306.86	428.14	711.51	735.00	1,087.12
	(b) Operating expenses	5,621.04	3,465.99	5,547.87	9,087.03	10,626.21
	(c) Bunker cost	3,075.08	1,374.26	2,254.82	4,449.34	3,891.62
	(d) Vessel Hire charges	214.53	1,135.77	1,502.73	1,350.30	2,387.53
	(e) Other expenses	674.79	354.64	501.27	1,029.43	846.55
	(f) Depreciation and amortisation expense	4,079.99	3,214.79	2,949.86	7,294.78	5,760.71
	Total expenses	13,972.29	9,973.59	13,468.06	23,945.88	24,599.74
3	**Profit /(Loss) from operations before other income ,finance costs, exceptional items and tax**	**(644.53)**	**2,690.47**	**3,104.13**	**2,045.94**	**5,680.17**
4	Other Income	(90.06)	(376.51)	197.51	(466.57)	(255.99)
	(a) Gain on foreign currency transactions (net)	(48.06)	(391.51)	(4.08)	(439.57)	(457.58)
	(b) Profit/(loss) on sale of investments	(57.50)	-	1.63	(57.50)	1.63
	(c) Other income	15.50	15.00	199.96	30.50	199.96
5	**Profit/(Loss) from ordinary activities before finance costs, exceptional items and tax (3 + 4)**	**(734.59)**	**2,313.96**	**3,301.64**	**1,579.37**	**5,424.18**
6	Finance costs (net)	1,943.51	1,770.64	1,812.61	3,714.15	3,559.19
7	**Profit/(Loss) from ordinary activities before ,exceptional items and tax (5 - 6)**	**(2,678.10)**	**543.32**	**1,489.03**	**(2,134.78)**	**1,864.99**
8	Exceptional Items	-	-	-	-	-
9	**Profit/(Loss) from ordinary activities before tax (7 - 8)**	**(2,678.10)**	**543.32**	**1,489.03**	**(2,134.78)**	**1,864.99**
10	Tax expense					
	Current	27.00	28.00	30.00	55.00	55.00
	Deferred					-
11	**Net Profit /(Loss) from ordinary activities after tax (9 - 10)**	**(2,705.10)**	**515.32**	**1,459.03**	**(2,189.78)**	**1,809.99**
12	Extraordinary items					
13	**Net Profit /(Loss) for the period (11 + 12)**	(2,705.10)	515.32	1,459.03	(2,189.78)	1,809.99
14	**Other Comprehensive Income/(Expenses) Net of Tax**	-	-	-	-	-
15	**Total Comprehensive Income (13+14)**	(2,705.10)	515.32	1,459.03	(2,189.78)	1,809.99
16	Paid -up equity share capital (Face Value Re. 1/- each)	2,448.92	2,448.92	2,448.92	2,448.92	2,448.92
17	Debt Service Coverage Ratio				0.86	
18	Interest Service Coverage Ratio				2.37	
19	Debt Equity Ratio				1.44	
20.i	**Earnings per share (before extraordinary items) (of Re.1/- each) (not annualised):**					
	(a) Basic (Rs.)	(1.10)	0.21	0.60	(0.89)	0.01
	(b) Diluted (Rs.)	(1.10)	0.21	0.60	(0.89)	0.01
20.ii	**Earnings per share (after extraordinary items) (of Re.1 /- each) (not annualised):**					
	(a)Basic (Rs.)	(1.10)	0.21	0.60	(0.89)	0.01
	(b) Diluted (Rs.)	(1.10)	0.21	0.60	(0.89)	0.01

CNK & ASSOCIATES LLP
Chartered Accountants
MUMBAI

MERCATOR
www.mercator.in

Mercator Limited
Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Standalone Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	STANDALONE As at 30/09/2016 Unaudited
A. ASSETS :	
I. Non-current assets :	
(a) Property Plant & Equipment	112,007.04
(b) Investment Property	132.92
(c) Financial Assets	
(i) Investments	4,644.99
(ii) Loans & Advances	35,896.99
(d) Other non-current assets	394.69
Total-Non-current assets	153,076.63
II. Current assets :	
(a) Inventories	1,056.35
(b) Financial Assets	
(i) Trade Receivables	15,448.30
(ii) Cash & Cash equivalents	1,340.50
(iii) Bank Balance other than (ii) above	2,400.94
(iv) Others	19,909.49
(c)Other current assets	107.84
Total-Current assets	40,263.42
TOTAL ASSETS	193,340.05
B. EQUITY AND LIABILITIES :	
I . EQUITY :	
(a) Equity Share capital	2,448.92
(b) Other Equity	69,611.84
Total Equity	72,060.76
II . LIABILITIES :	
1. Non -current liabilities	
(a) Financial Liabilities	
(i) Borrowings	73,756.64
(ii) Other Financial Liabilities	273.62
(b) Provisions	179.96
Total-Non-current liabilities	74,210.22
2. Current Liabilities	
(a) Financial Liabilities	
(i) Borrowings	4,924.06
(ii) Trade Payables	13,258.61
(iii) Other Financial Liabilities	28,607.04
(b) Provisions	279.36
Total Current liabilities	47,069.07
TOTAL-EQUITY AND LIABILITIES	193,340.05

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

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

Notes:

1 These results reviewed by the Audit Committee were taken on record by the Board of Directors at its meeting held on December 9, 2016.

2 The Statutory Auditors have performed a Limited Review of Standalone financial results for the quarter/half year ended on September 30, 2016.

3 The Company has adopted Indian Accounting Standards (Ind-AS) with the transition date of April 1, 2015. Accordingly, the financial results for the quarter/half year ended September 30, 2015 and September 30, 2016 have been prepared in accordance with the recognition and measurement principles laid down in Ind-AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016. The reconciliation of net profit for the quarter/half year ended September 30, 2015 under IndAS and previous Indian GAAP is as follows:

Particulars	Amount (Rs. in Lacs)	
	Quarter ended 30/09/2015	Half Year ended 30/09/2015
Net Profit after tax as per previous GAAP	**1,095.04**	**1,456.66**
Effect of Dry Dock expenses as per IND-AS 16 - Property Plant and Equipment	398.94	659.52
Effect of Interest as per IND-AS 109 - Financial	(177.67)	(624.90)
Effect of Foreign Exchange as per IND-AS 21 - Effect of Changes in Foreign Exchange	142.72	318.71
Net Profit after tax as per IND-AS before other Comprehensive income	**1,459.03**	**1,809.99**
Other Comprehensive income	-	-
Total Comprehensive income after tax	**1,459.03**	**1,809.99**

4 The Company has only one operating segment which is Shipping (includes tanker, bulker and dredger). Accordingly, separate segment information is not required to be disclosed.

5 Results for the quarter and year ended March 31, 2016 under Ind-AS have not been given as the Company has availed the exemption provided by SEBI Circular dated July 5, 2016.

6 The Ind-AS financial results and financial information for the quarter/half year ended September 30, 2015 have been compiled by the management after making necessary adjustments to give a true and fair view of the results in accordance with Ind-AS. This information has not been subject to limited review or audit.

7 The figures of the previous period/ year have been rearranged / regrouped wherever necessary.

8 The Standalone financial results are available on The website of Company, www.mercator.in and websites of The Exchanges, www.bseindia.com and www.nseindia.com

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

For Mercator Limited

H. K. Mittal
Executive Chairman
09-Dec-16
Mumbai

Mercator Limited

CNK & Associates LLP
Chartered Accountants

Narain Chambers, 5th Floor, M. G. Road, Vile Parle (E), Mumbai - 400 057.
Tel.: +91-22-64577600

Mistry Bhavan, 3rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020.
Tel.: +91-22-6623 0600 / 2202 8843

Limited Review Report

To the Board of Directors of Mercator Limited

1. We have reviewed the accompanying unaudited Standalone financial results of Mercator Limited ("the Company") for the quarter/half year ended September 30, 2016 which are included in the accompanying 'Statement of Standalone unaudited financial results for the quarter/half year ended September 30, 2016' together with the notes thereon ("the Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), which has been initialed by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance sheet as at April 01, 2015 (transition date) prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to Note 3 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 01, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.

Our conclusion is not qualified in respect of this matter.

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

CNK & ASSOCIATES LLP Chartered Accountants MUMBAI

H.V. Kishnadwala
Partner
Membership No. 37391
Mumbai
Date: 9th December, 2016

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by

Sd/-

Mr. H.K. Mittal
Executive Chairman and Promoter

Date: January 11, 2017
Place: Mumbai

DECLARATION IN ACCORDANCE WITH FORM PAS - 4

We the Board of Directors of our Company certify that:

(a) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(b) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(c) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS - 4).

Signed by

Sd/-

Mr. H.K. Mittal
Executive Chairman and Promoter

I am authorized by the QIP Committee, a committee of the Board of Directors of our Company, *vide* resolution number two dated January 11, 2017 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by

Sd/-

Mr. H.K. Mittal
Executive Chairman and Promoter

Date: January 11, 2017
Place: **Mumbai**

MERCATOR LIMITED

Registered Office of the Issuer
3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021
Tel: +91-22-4037 3333; Fax: +91– 22 6637 4444
Website: www.mercator.in CIN: L63090MH1983PLC031418
Contact Person: Mr. Deepesh Joishar

Address of the Compliance Officer
Mr. Deepesh Joishar
3rd Floor, Mittal Tower, B – Wing, Nariman Point, Mumbai – 400 021
Tel: +91-22-4037 3333; Fax: +91– 22 6637 4444
Email id: deepesh.joishar@mercator.in

BOOK RUNNING LEAD MANAGER

Elara Capital (India) Private Limited
21st Floor, Tower 3, Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013

DOMESTIC LEGAL ADVISORS TO THE ISSUE

M/s. Crawford Bayley & Co.
State Bank Buildings, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India

INTERNATIONAL LEGAL ADVISOR FOR SELLING RESTRICTIONS
(with respect to International Selling and Transfer Restrictions)

Squire Patton Boggs Singapore LLP
10 Collyer Quay, #03-01/03
Ocean Financial Centre
Singapore 049315

STATUTORY AUDITORS

M/s. CNK & Associates LLP, Chartered Accountants
Chartered Accountants
Mistry Bhavan,3rd Floor,
Dinshaw Vachha Road, Churchgate,
Mumbai 400 020