

FORMAT FOR THE INTIMATION OF BOOK CLOSURE/RECORD DATE

Date: September 1, 2014

To,
 Singapore Exchange
 Singapore

Attn: Market Operations Department

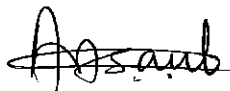
Sub: Intimation of Book Closure

Pursuant to Clause 16 of Listing Agreement entered into with the Indian Stock Exchanges, please find appended below information regarding Book Closure in the prescribed format.

Name of the Company: Mercator Limited

Security Code	Type of security	Book Closure From To		Record Date	Purpose
526235	Equity	17/09/2014	24/09/2014	-----	Annual Closure & for deciding the entitlement for payment of Dividend @10% i.e. Re. 0.10 per share on Equity shares of Re. 1 each for financial year ended on 31 st March, 2014, as recommended at the Board meeting held on May 29, 2014.

FOR MERCATOR LIMITED



**AMRUTA SANT
 COMPANY SECRETARY**

Date: September 1, 2014

To,
Singapore Exchange
2 Shenton Way,
#02-02 SGX Centre,
Singapore 068804

**RE: Company Code: USD 16,000,000 4.75% Convertible Bonds due 2019
("The Bonds").**

Dear Sir,

We wish to inform you that 30th Annual General Meeting of the members of the Company will be held on **Wednesday, 24th September, 2014 at 3:30 p.m.** at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400021 to transact the business as contained in the notice dated 13th August, 2014. The said notice together with explanatory statement is being dispatched to the members individually.

We enclose herewith a copy of the Annual Report for the year ended March 31, 2014, containing the aforesaid notice of Annual General Meeting of the Company.

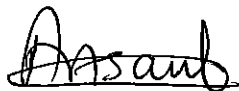
Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 17th September, 2014 to Wednesday, 24th September, 2014 (both days inclusive).**

Dividend Paid / Dispatch Date: September 30, 2014.

Please acknowledge.

Thanking you,

Yours faithfully,
FOR MERCATOR LIMITED



AMRUTA SANT
COMPANY SECRETARY

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Forward Looking Statement

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

Corporate Information

Board of Directors

Mr. H. K. Mittal
Executive Chairman

Mr. Atul J. Agarwal
Managing Director

Mr. Manohar Bidaye

Mr. K. R. Bharat

Mr. Kapil Garg
(upto May 29, 2014)

Mr. M. M. Agrawal

Mr. Gunender Kapur
(with effect from August 13, 2014)

Audit Committee

Mr. Manohar Bidaye
Chairman

Mr. K. R. Bharat
Member

Mr. Atul J. Agarwal
Member

Stakeholders' Relationship Committee

Mr. Manohar Bidaye
Chairman

Mr. K. R. Bharat
Member

Mr. Atul J. Agarwal
Member

Chief Financial Officer

Mr. Prasad Patwardhan

Company Secretary

Ms. Priya Vishwanathan
(upto November 18, 2013)

Ms. Amruta Sant
(with effect from December 12, 2013)

Auditors

M/s. CNK & Associates LLP
(Formerly M/s. Contractor, Nayak & Kishnadwala)

Bankers

State Bank of India

ICICI Bank

Axis Bank

HDFC Bank

Debenture and Security Trustees

Axis Trustee Services Limited

Corporate Identification Number (CIN)

L63090MH1983PLC031418

Registered Office

3rd Floor, Mittal Tower, B-Wing,
Nariman Point, Mumbai – 400021
Tel : + 91 – 22 – 66373333/40373333
Fax : + 91 – 22 – 66373344
Website : www.mercator.in
E-mail : mercator@mercator.in
investors@mercator.in

Registrar & Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup West,
Mumbai – 400078
Tel : 022 – 25963838
Fax : 022 - 25946969
E-mail : mt.helpdesk@linkintime.co.in

Chairman's Message

IN 2013-14, WE TAMED THE ODDS AND DELIVERED VALUE, DESPITE SUBDUED ECONOMIC PROSPECTS. OPERATING PROFITS (ON A CONSOLIDATED BASIS) TOUCHED ₹ 659 CRORES AGAINST ₹ 506 CRORES IN PREVIOUS YEAR ON ACCOUNT OF OUR INTEGRATED BUSINESS MODEL AND INVESTMENT DISCIPLINE.



H.K. Mittal

Dear Shareholders,

It is common knowledge that global economic recovery is still slow paced; far below the market expectations. However the silver lining is that global energy demand drivers seem to remain intact. The global energy landscape is geographically shifting towards Asian economies with greater emphasis on cleaner and greener energy, resulting in greater demand for natural and shale gas. Fossil fuels shall continue to remain in demand in short to medium term anyway.

Your Company has been striving to gain strength as an energy company rather than just a shipping company over past few years. This paradigm shift appears to be in line with the opportunities on the horizon; both in global and domestic markets. We are therefore not only laying greater emphasis on energy related verticals, but also committing investments in these areas.

The drilling operations of our subsidiary, Mercator Petroleum Ltd (MPL) involved in the E&P activities at two blocks awarded to us under New Exploration Licensing Policy (NELP VII), are progressing well and at an advanced stage. Let's hope for the outcome that all of us would like to hear!

WE REMAIN COMMITTED TO RISE ABOVE THE
CHALLENGES WITH GREATER FOCUS, FORESIGHT AND
TEAM EFFORT TO CREATE SUSTAINABLE VALUE FOR EACH
ONE OF OUR STAKEHOLDERS.

Further to our commitment to gain strength in E&P, it is a matter of great satisfaction that MPL was qualified as a consortium partner by Oil India Ltd. The consortium with Oil India Ltd and Oilmax Energy Pvt. Ltd., has been chosen by the Ministry of Energy, of the Republic of the Union of Myanmar, for two shallow water offshore oil blocks, in the Myanmar offshore block bidding round in 2013.

The offshore activities of your Company are showing signs of renewed strength, such as a contract for an FSO for a fresh term of another five years. This is third consecutive renewal, proving the quality of our deliverables. The FPU project operating in Nigeria has recently completed 1000 days of safe and efficient consistent operation.

The EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU) is progressing satisfactorily.

In the coal segment, your Company has been able to effectively control the mining costs and through improved utilisation of the mining equipment and other resources has improved the margins. Despite a fall in coal volumes and price volatility due to global economic factors, this segment remains promising.

As the Indian market sentiment appears bullish post formation of a new government in India for reasons of better stability, there is general expectation that a more robust policy and business environment may be available in our country. Besides several priorities, the new government lays a lot of emphasis on developing port infrastructure.

The port development and related infrastructural initiatives of the government should present a new set of opportunities for our dredging division. We have a very good order book in hand and have significant expansion plans in this space. Moreover, unlike shipping, dredging usually remains unaffected by cyclicity. It will help us bringing long-term stability and is expected to have positive impact on the Company's financials.

The shipping industry is still battling the storm. The industry has been struggling for almost half a decade now. While over capacity still remains a concern, we believe market conditions are at a trough; it may gain fresh impetus with signs of recovery in the Eurozone and international trade. With Wet and Dry bulk markets being range bound, gas carrier market appears promising. Your Company has therefore acquired a very large gas carrier (VLGC). Further, acquisition of a mid-range tanker that has been gainfully employed on long term charter of five years is another measure taken to strengthen this vertical. We shall continue to spot such niche opportunities in future.

In 2013-14, we tamed the odds and delivered value, despite subdued economic prospects. Operating profits (on a consolidated basis) touched ₹ 659 crores against ₹ 506 crores in previous year on account of our integrated business model and investment discipline. Our focus on risk management and operational excellence resulted in our winning repetitive contracts in the Energy segment as well as in Dredging.

As a responsible corporate citizen, we remain focused on social empowerment. We continue to support the Prem Punita Foundation that is dedicated towards helping meritorious students from the underprivileged sections of society with an objective to train and hone them for better and empowered future.

We remain committed to rise above the challenges with greater focus, foresight and team effort to create sustainable value for each one of our stakeholders.

I thank all our customers, stakeholders, regulators and various government agencies for their continual and consistent support.

Warm regards,

H.K. Mittal

Notice

(CIN : L63090MH1983PLC031418)

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of Mercator Limited will be held at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400021; on Wednesday, September 24, 2014, at 3:30 p.m., to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Share capital for the financial year ended March 31, 2014.
3. To appoint a Director in place of Mr. Atul Agarwal (DIN: 00007663), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration; and in this regard, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. M. M. Agrawal (DIN: 00681433), a Director of the Company, liable to retire by rotation and whose term expires at this Annual General Meeting, and who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the Act; and in respect of whom the Company has

received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a term of 5 (Five) consecutive years commencing from September 24, 2014.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. Gunender Kapur (DIN: 06646490), who was appointed as an Additional Director on August 13, 2014 pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting, and who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the Act; and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a term of 5 (Five) consecutive years commencing from September 24, 2014.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. Manohar Bidaye (DIN: 00010699), a Director of the Company, liable to retire by rotation, who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the Act; and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a term of 5 (Five) consecutive years commencing from September 24, 2014.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. K. R. Bharat (DIN: 00584367), a Director of the Company, liable to retire by rotation, who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the Act; and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold the office for a term of 5 (Five) consecutive years commencing from September 24, 2014.”

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

“RESOLVED THAT pursuant to the provisions of Sections 188 of the Companies Act, 2013 (“the Act”); Companies (Meetings of Board and its Powers) Rules, 2014, and other applicable statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendments, or re-enactment thereof for the time being in force), and subject to such approvals as may be required, approval of the members of the Company be and is hereby accorded for holding of office or place of profit /employment by Mr. Aayush Agarwal, son of Managing Director and one of the Promoters of the Company Mr. Atul Agarwal, in Mercator Energy Pte. Ltd., Singapore, a Subsidiary of the Company, with effect from October 1, 2014, on total remuneration exceeding ₹ 2,50,000/- per month; including but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc., as are more particularly specified in the relevant explanatory statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company, and/or Mercator Energy Pte. Ltd. be and are hereby severally authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Aayush Agarwal, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard.”

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

“RESOLVED THAT pursuant to the provisions of Sections 42 and 71 of the Companies Act, 2013 (“the Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Act and the Rules framed thereunder, and other applicable Guidelines and Regulations issued by the Securities and Exchange Board of India (“SEBI”), provisions of the Listing Agreement with the Stock Exchanges, or any other law for the time being in force (including any statutory modification(s) or amendment thereto or re-enactment thereof for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to authorise the Board of Directors of the Company (herein after referred to as “the Board” which term shall be deemed to include any committee thereof) to borrow from time to time, by way of issue, offer and allotment of securities, including but not limited to Secured/Unsecured redeemable Non-convertible Debentures (“NCDs”) and/or Commercial Paper (“CP”) as may be permissible to be issued under Private Placement basis, in one or more series/tranches, aggregating upto an amount not exceeding ₹ 500 crores (Rupees Five hundred crores only), issuable/redeemable at discount/par/premium, under one or more shelf disclosure documents, during a period of 1 (one) year from the date of this Annual General Meeting, on such terms and conditions, as the Board of the Company may, from time to time determine and consider proper and most beneficial to the Company including as to when the said NCDs and/or CP be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, and execute all such deeds, documents, instruments and writings, and take all such steps as it may in its sole and absolute discretion deem necessary, proper or expedient in relation thereto.”

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

“RESOLVED THAT pursuant to provisions of Section 197, 198 and all other applicable provisions of the Companies Act, 2013 (“the Act”), and other applicable statutory provisions, Rules, Regulations, and Guidelines, provisions of the Listing Agreement with Stock Exchanges (including any statutory modification(s), amendments thereto, or re-enactment

thereof, for the time being in force), consent of the members of the Company be and is hereby accorded for payment by the Company to its Non-Executive Directors (other than the Managing Director(s) and Whole-time Director(s) of the Company); in addition to the sitting fees for attending meetings of the Board and its Committees; such commission as the Board of Directors may from time to time determine in such manner that the overall commission shall not exceed 1% of the net profits of the Company in any financial year computed in the manner provided under Section 198 of the Act to be distributed amongst them in such proportion as may be determined by the Board of Directors / Nomination and Remuneration Committee from time to time and in default of such determination equally.

RESOLVED FURTHER THAT the Board of Directors of the Company including Nomination and Remuneration Committee be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“THE MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. A relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted at the Meeting is annexed hereto.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.

5. The Register of Members and Share Transfer Books will remain closed from Wednesday, September 17, 2014 to Wednesday, September 24, 2014 (both days inclusive), for determining the names of members eligible for dividend on Equity shares, if declared at the Annual General Meeting.
6. The Dividend for the financial year ended March 31, 2014, as recommended by the Board, if approved by the Members, will be paid / dispatched on September 30, 2014, to those Members whose names appear in the Register of Members of the Company as on the book closure dates.
7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid / unclaimed for a period of seven (7) years is to be compulsorily transferred to the “Investor Education and Protection Fund (IEPF)”, constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provisions. Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Share Transfer Agent of the Company or to the Company, for claiming their outstanding dividend for the Financial Year 2006-07 (which is due for transfer to IEPF in December, 2014) and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.

The details of unpaid and unclaimed dividend lying with the Company as on September 19, 2013 (date of last Annual General Meeting) has been uploaded on Company’s website www.mercator.in in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website www.mca.gov.in

8. Members are requested to notify immediately any changes in their address to the Company/ Registrar & Transfer Agents. In case their shares are held in dematerialised form, the information should be passed on to their respective Depository Participants without any delay.
9. Members, who hold shares in de-materialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
12. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.

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

Name of the Director	Mr. Atul Agarwal	Mr. M. M. Agrawal	Mr. Gunender Kapur	Mr. K. R. Bharat	Mr. Manohar Bidaye
Date of Birth	26/07/1958	04/08/1950	19/01/1961	23/06/1962	10/11/1963
Date of Appointment	01/08/1988	12/08/2011	13/08/2014	30/07/2007	26/05/1994
Qualifications	Fellow Member of Institute of Chartered Accountants of India	Bachelor of Engineering from Nagpur University	Bachelor in Mechanical Engineering & MBA	MBA from Indian Institute of Management	Master of Commerce (M.Com) from the University of Mumbai. Degree in Law (LLB - Gen.). He is also a Senior Member of The Institute of Company Secretaries of India.
Expertise in specific functional area	Finance, Accounts, Taxation & Administration	38 years of vast experience in Banking and Finance Industry.	Finance, Management & Administration	33 years vast experience in Capital Markets and various segments like Merchant Banking, Equities and Investment banking; Risk Management, research etc.	Corporate planning, strategy formulation, corporate laws and taxation, finance and other related areas
Directorship held in other Companies	1. Mercator Oil & Gas Limited 2. Mercator Petroleum Limited 3. Oorja Resources India Private Ltd. 4. Mercator FPSO Private Limited 5. AAAM Properties Private Ltd. 6. Indian Register of Shipping 7. Indian National Shipowners' Association 8. Mercator Lines (Singapore) Ltd. 9. Mercator Offshore (P) Pte. Limited 10. Ivorene Oil Services (Nigeria) Limited	1. Karuturi Global Limited 2. Jaguar Overseas Limited 3. Essar Power Limited 4. Bombay Rayon Fashions Limited 5. Bhoruka Cogen Power Private Limited 6. Paragon Asset Reconstruction Private Limited. 7. Srei Mutual Fund Asset Management Private Limited 8. NSL Renewable Power Private Limited 9. Hindustan Powerprojects Private Limited (Formerly Moser Baer Projects Private Limited)	TPG Wholesale Pvt. Ltd.	1. Advent Advisory Services Private Ltd. 2. BSR Advent Advisors Ltd. 3. Vaitarna Marine Infrastructure Ltd. (Formerly Vaitarna Marine Infrastructure Pvt. Ltd) 4. Advent Sports Management Private Limited 5. Advent Brand House India Private Limited 6. Shreyas Advisory Services Private Limited	1. Zicom Electronic Security Systems Ltd. 2. Progressive Equifin Private Ltd. 3. Success Equifin Private Ltd. 4. Baronet Properties & Investments Private Limited 5. Coronet Properties & Investments Private Limited 6. Chaitra Telenet Private Limited 7. Zicom Saas Private Limited 8. Chaitraban Farms Private Ltd.

Name of the Director	Mr. Atul Agarwal	Mr. M. M. Agrawal	Mr. Gunender Kapur	Mr. K. R. Bharat	Mr. Manohar Bidaye
Directorship held in other Companies	11. Vidya Varsha Inc. 12. Oorja Mozambique Minas Limitada 13. Broadtec Mozambique Minas Limitada 14. Oorja Indo KGS 15. Oorja Indo Petangis Three 16. Oorja Indo Petangis Four 17. Bima Gema Permata PT 18. Nuansa Sakti Kencana PT 19. PT Karya Putra Borneo 20. PT Indo Perkasa 21. North of England P&I Association Ltd. 22. Asmara Resources Private Ltd.	10. NSL Nagapatnam Power & Infratech Private Limited 11. Essar Power (Jharkhand) Limited 12. Vision Drilling Pte. Ltd.		8. Advent Capital Advisors Private Limited 9. Advent Business Advisory Services Private Limited	9. Unisafe Fire Protection Specialists India Private Limited 10. 2020 Imaging India Ltd. (formerly Zicom CNA Automation Limited) 11. Institute of Advanced Security Training and Management Private Limited 12. Unisafe Fire Protection Specialists LLC, Dubai. 13. Phoenix International WLL, Qatar 14. Unisafe Fire Protection Specialists Singapore Pte. Ltd. 15. Zicom Security Projects Ltd. Singapore
Membership/ Chairmanships of committees of other public companies (Includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Jaguar Overseas Limited – Audit Committee Essar Power Limited – Audit Committee Karuturi Global Limited – Audit Committee	Nil	Nil	Zicom Electronic Security Systems Limited - Chairman of Shareholders/ Investor Grievance Committee and Member of Audit Committee 2020 Imaging India Limited (formerly Zicom CNA Automation Ltd) - Chairman of Shareholders/ Investor Grievance Committee
No. of shares held in the Company	54,60,966	Nil	Nil	Nil	97,500

No Director of the Company, including those mentioned above, is related to other Directors of the Company.

14. In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to shareholders holding shares as on August 15, 2014 being the cut-off date ("Record date" for the purpose of Rule 20(3)(vii) of the said Rules) fixed for determining voting

rights of shareholders entitled to participate in the e-voting process through the e-voting platform provided by National Depository Services Limited (NSDL). The Company has appointed Mr. Sanjay Dholakia, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure for voting through electronic mode:

In case a Member receives an e-mail from NSDL:

- a) Open the e-mail and also open PDF file namely "Mercator e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- b) Launch Internet browsing by typing the following URL <https://www.evoting.nsdl.com>.
- c) Click on Shareholder — Login.
- d) Put User ID and password as initial password noted in step (a) above. Click login.
- e) Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or a combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of 'e-voting' opens. Click on 'e-voting'- Active Voting Cycles.
- g) Select "EVEN" of Mercator Limited.
- h) Now you are ready for e-voting as "Cast Vote" page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when, prompted.
- j) Upon confirmation the message "Vote cast successfully" will be displayed.
- k) Vote once cast cannot be modified.

- l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to sanjayrd65@yahoo.com, with a copy marked to evoting@nsdl.co.in.

In case of shareholders' receiving Physical Annual Report, initial password is provided at the bottom of the separate form attached. Please follow all steps from Sl. No (b) to Sl. No (l) above, to cast vote.

If shareholder is already registered with NSDL for E-voting, then shareholder can use his existing user id and password for casting vote.

The voting period commences on Friday September 19, 2014 at 9.00 a.m. and ends on the close of day of Sunday, September 21, 2014 at 6.00 p.m. The e-voting module will be disabled for voting thereafter by NSDL.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the "downloads" section of www.evoting.nsdl.com or call (022) 24994433.

The Scrutinizer within a period of not exceeding three (3) working days from the conclusion of the e-Voting period shall submit his Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The Results shall be declared on or after the 30th Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.mercator.in and website of NSDL www.nsdl.co.in within two (2) days of passing of the resolutions at the 30th Annual General Meeting of the Company and communicated to the Stock Exchanges.

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

**Amruta Sant
Company Secretary**

Regd. Office:

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

Dated: August 13, 2014

Statement Pursuant to Section 102(1) of the Companies Act, 2013 ("The Act")

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

Item Nos. 5, 6, 7 and 8

Pursuant to provisions of Section 149 of the Companies Act, 2013 ("the Act"), the Company should have at least one third of its total number of Directors as Independent Directors on its Board. During his tenure, an Independent Director shall not be liable to retire by rotation. Further, in terms of Clause 49 of the Listing Agreement, if a Chairman is a Promoter or an Executive Director, not less than one half of the Board of a Company shall comprise of Independent Directors.

Mr. M. M. Agrawal, Non-Executive Independent Director is the Director liable to retire by rotation at the ensuing meeting. He joined the Board of the Company in August 2011.

Mr. Manohar Bidaye and Mr. K.R. Bharat are Non-Executive Independent Directors of the Company since May 1994 and July 2007 respectively.

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Gunender Kapur as an Additional Director of the Company with effect from August 13, 2014, as an Independent Director. In terms of the provisions of Section 161(1) of the Act, Mr. Gunender Kapur would hold office up to the date of the ensuing Annual General Meeting.

In terms of Section 149 and other applicable provisions of the Act, Mr. M. M. Agrawal, Mr. Gunender Kapur, Mr. K.R. Bharat and Mr. Manohar Bidaye being eligible, are proposed to be appointed as an Independent Director, not liable to retire by rotation.

The Company has received notice in writing, from Members along with the deposit of ₹ 100,000/- each proposing the candidatures of Mr. M. M. Agrawal, Mr. Gunender Kapur, Mr. K.R. Bharat and Mr. Manohar Bidaye for the office of Independent Directors, to be appointed as such under the provisions of Section 149 of the Act. They will also be Independent Directors under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company has also received from each of the aforesaid Directors (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act; and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

The respective resolutions seeks approval of Members for the appointment of the aforesaid Directors as Independent Directors of the Company; as indicated therein; pursuant to Section 149 and other applicable provisions of the Act and the Rules made thereunder.

In the opinion of the Board of Directors, M. M. Agrawal, Mr. Gunender Kapur, Mr. K.R. Bharat and Mr. Manohar Bidaye fulfill the conditions for their appointment as Independent Directors, specified in the Act, Rules made thereunder and Clause 49 of the Listing Agreement; and each of them is independent of the Management.

A brief resume of each of Mr. M. M. Agrawal, Mr. Gunender Kapur, Mr. K.R. Bharat and Mr. Manohar Bidaye, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided elsewhere in the Notice.

A copy of the draft letter for the appointment of the aforesaid Directors as Independent Directors setting out the terms and conditions is available for inspection without any fee by the Members at the Company's Registered Office, on working days during the normal business hours, up to the date of the Meeting.

The Board considers that continued association of the aforesaid Directors would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

Mr. M. M. Agrawal, Mr. Gunender Kapur, Mr. K.R. Bharat and Mr. Manohar Bidaye are interested in the proposed resolution for their appointment as Independent Directors to the extent of the Fees, Commission, and other permitted payments and benefits which each of them may get in their capacity as an Independent Director of the Company. Except them, no other Director, Key Managerial Personnel or their relatives, are interested or concerned, financially or otherwise, in the resolutions set out at Item Nos. 5, 6, 7 & 8.

The Board recommends the resolutions set forth in Item Nos. 5, 6, 7 & 8 for approval of the Members.

Item No. 9

Mr. Aayush Agarwal was appointed as "Sr. Projects Engineer" in Mercator Energy Pte. Ltd., Singapore, a subsidiary of the Company (MEPL), with effect from July 2, 2014 on a total remuneration of SGD 5000/- equivalent of about ₹ 240,000/- as per prevailing exchange rate on that date. With his successful induction, now it is proposed to appoint him as "Dy. Project Manager" in MEPL with effect from October 1, 2014 on revised remuneration as detailed below, which would be in excess of ₹ 2,50,000/- per month. Further, his remuneration may be reviewed and revised from time to time by his employer as per its remuneration policy. Besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules of his employer.

Mr. Aayush Agarwal, aged 28 years is Mechanical Engineer from the prestigious BITS, Pilani-Dubai and Masters (M. Eng) in Mechanical Engineering from Cornell University, USA. On completing his studies, he joined Oilmax Energy Pvt. Ltd. in July 2010 and has been involved in reviewing and assessing viability of new projects, making proposals and bids and interacting with various stakeholders.

Mr. Aayush Agarwal is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹ 2,50,000/- requires prior approval by way of special resolution of the Company. Hence; approval of members is sought for his appointment in and payment of remuneration to him by the subsidiary company as proposed in the resolution under this item of business.

The information as required in accordance with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mr. Aayush Agarwal;
- (b) Name of the Director or Key Managerial Personnel who is related: Mr. Atul Agarwal, Managing Director;
- (c) Nature of relationship: Mr. Aayush Agarwal is Son of Mr. Atul Agarwal, Managing Director and one of the Promoters of the Company. Mr. Aayush Agarwal is himself holding 3,17,500 equity shares, and jointly with Mr. Atul Agarwal and other family members total 66,54,966 equity shares, constituting 2.72% of the paid-up equity share capital of the Company.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Mr. Aayush Agarwal, was appointed as "Senior Project Engineer" with MEPL at an initial basic consolidated remuneration of SGD 5,000 per month, which is equivalent to ₹ 2,40,000/- per month, at an exchange rate of 1 SGD = ₹ 48/- approx. as on date of his appointment, i.e. July 2, 2014. With effect from October 1, 2014 it is proposed to appoint him as "Deputy Project Manager", with the MEPL at an remuneration of SGD 125,000/- per annum. He will be also entitled for basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites,

amenities, and conveniences etc., as per rules of his employer. The terms of employment and remuneration of Mr. Aayush Agarwal may be varied from time to time by his employer MEPL based on the industry standards prevailing for similar position in Singapore, and based on his performance evaluation, and its own Remuneration Policy for similar position. The Board of Directors of the Company at its meeting held on August 13, 2014, has approved the aforesaid appointment and terms of Mr. Aayush Agarwal. The Audit Committee has also approved the same. No duration or period for his employment is fixed, however, termination and other terms shall be governed by his appointment letter and rules and HR policy of the employer viz. MEPL. Mr. Aayush Agarwal may be re-designated by his employer from time to time at its discretion.

- e) Any other information relevant or important for the members to take a decision on the proposed resolution: Please refer to his qualifications and experience as mentioned aforesaid under this item of business.

In respect of this resolution, Mr. Aayush Agarwal, who is beneficiary as the proposed appointee, being son of Mr. Atul Agarwal, both of them are related to each other. Since Mr. Atul Agarwal is one of the Promoter and also Managing Director of the Company, both of them are interested and concerned to the extent of the remuneration and benefits that Mr. Aayush Agarwal may get by holding the said office or place of profit/employment in the subsidiary Company upon appointment of Mr. Aayush Agarwal as proposed. Further, the Board of Directors of the Company in its meeting held on August 13, 2014 has approved issue of shares by MEPL to Mr. Atul Agarwal and/or any of his controlled entity upto 6% of its capital for a cash consideration.

Except the above, no other Director, Key Managerial Personnel or their relatives are anyway concerned or interested in the proposed special resolution.

The Board recommends the resolution set forth in Item No. 9 for approval of the Members.

Item No. 10

In order to augment long term resources inter alia, for financing capital expenditure and for general corporate purposes, the Company may offer or invite subscription for secured redeemable non-convertible debentures, or commercial papers in one or more series / tranches on private placement, issuable / redeemable at par.

Section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 inter alia deals with private placement of securities by a Company. Rule 14 (2) of the said Rule requires that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the Company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year, subject to the Company complying with other prescribed conditions.

Accordingly, consent of the members is sought for passing a Special Resolution as set out under this item of the Notice. This resolution enables the Board of Directors of the Company to offer or invite subscription for securities, including but not limited to non-convertible debentures and/or commercial paper, in one or more tranches as may be required by the Company, from time to time for a year from the conclusion of this Annual General Meeting, as

per the details specified in the said special resolution. The Board/its duly authorised Committee shall decide other terms and conditions for such fund raising.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed special resolution.

The Board recommends the resolution set forth in Item No. 10 for approval of the Members.

Item No. 11

It is proposed to pay remuneration by way of commission not exceeding 1% of the net profit of the Company commencing from FY 2014-15; to the Non-Executive (including Independent) Directors of the Company. The payment of commission shall be in addition to the sitting fees payable for attending the meetings of the Board of Directors/Committee, and reimbursement of expenses in relation thereto.

Section 197 of the Companies Act, 2013("the Act") permits payment of remuneration to the Non-Executive Directors who are neither in the Whole-time employment of the Company nor the Managing Director, by way of commission on the net profit of the Company for a financial year; computed in the manner referred to in Section 198 of the Act; after obtaining prior approval of shareholders. In case of a Company having a Managing Director or Whole-time Director, the commission amount shall not exceed 1% of the net profit of the Company.

Thus, approval of the members of the Company is being sought by way of special resolution proposed under this item. It is also proposed to authorise the Board of Directors to decide on the modality and quantum of distribution of the said commission amongst the eligible Non-Executive Directors based on their contribution to the Company and other terms and conditions in the matter.

All the Non-Whole-time Directors of the Company, who shall be entitled to share the commission, are interested in the proposed resolution. At present, Mr. Manohar Bidaye, Mr. K. R. Bharat, Mr. M. M. Agrawal and Mr. Gunender Kapur are the Non-Executive Independent Directors of the Company; and therefore they are concerned and interested in the proposed resolution to the extent they may get their share in the said commission. Save and except the Non-Whole-time Directors of the Company, none of the other Directors, Key Managerial Personnel of the Company, or their relatives are, in any way concerned or interested in the said resolution.

The Board recommends the Special Resolution set out at Item No. 11 of the Notice for approval of shareholders.

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

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400021.
Dated: August 13, 2014

**Amruta Sant
Company Secretary**

Directors' Report

To
The Members,
Mercator Limited

We take pleasure in presenting Thirtieth Annual Report of your Company for the year ended on March 31, 2014.

Financial Highlights

Particulars	(₹ in crores)			
	Consolidated		Standalone	
	Year ended		Year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Income from operations	3457.78	3733.35	497.04	551.49
Total Income	3486.20	3753.47	524.25	569.67
Operating Profit	659.09	505.96	151.31	92.70
Interest	205.14	239.45	73.08	125.56
Depreciation	440.87	447.48	67.52	109.16
Impairment	-	87.91	-	81.18
Profit/ (Loss) before Tax & Minority Interest	10.10	(479.30)	10.71	(215.94)
Minority Interest	47.08	120.39	N.A.	N.A
Taxes				
-Current Year	(25.45)	(18.60)	(1.25)	(1.50)
-Deferred Tax	0.70	5.42	-	-
-Short provision of earlier years	(0.25)	-	(0.25)	-
Net Profit/(Loss) After Tax	32.18	(372.09)	9.21	(217.44)

THE DIRECTORS ARE PLEASED TO REPORT THAT, MERCATOR PETROLEUM LIMITED; A SUBSIDIARY OF YOUR COMPANY IN CONSORTIUM WITH OIL INDIA LTD. AND OTHERS HAS BEEN CHOSEN AS SELECTED CANDIDATE FOR 2 OFFSHORE OIL BLOCKS BY THE MINISTRY OF ENERGY; REPUBLIC OF MYANMAR IN THE MYANMAR OFFSHORE BLOCK BIDDING ROUND – 2013.

During the year under review, the income from operations on a consolidated basis was ₹ 3,458 crores as against ₹ 3,733 crores in the previous year. The operating profit has increased by 30% to ₹ 659 crores against ₹ 506 crores in previous year. The profit after provision for tax and minority interest; was ₹ 32 crores as against net loss of ₹ 372 crores in the previous year.

On a standalone basis, the income from operations for the year under review was ₹ 497 crores (₹ 551crores in the previous year). The Company has earned net profit of ₹ 9 crores (Loss of ₹ 217 crores in the previous year) after provision of tax of ₹ 1.50 crores (₹ 1.50 crores in the previous year).

During the year, Debenture Redemption Reserve (₹ 27.50 crores) and Tonnage Tax Utilised Reserve (₹ 175.25 crores) being no more required were transferred to General Reserve. Further, balance in General Reserve amounting ₹ 345 crores was utilised to set off the deficit in the Profit & Loss A/c of ₹ 316.59 crores. An amount of ₹ 1.50 crores was transferred from Profit & Loss A/c to Tonnage Tax Reserve. After providing for Dividend and tax thereon amounting ₹ 2.87 crores; the surplus in P & L account of ₹ 33.25 crores was carried to Balance sheet as at year end.

Operations & Finance

The Directors are pleased to report that, Mercator Petroleum Limited; a subsidiary of your Company in consortium with Oil India Ltd. and others has been chosen as selected candidate for 2 offshore oil blocks by the Ministry of Energy; Republic of Myanmar in the Myanmar Offshore Block Bidding Round – 2013.

The Floating Production Unit (FPU) contract is running smoothly in Nigeria. During the year, Mercator Offshore (P) Pte. Ltd. received certificate of Excellence from the Charterers of FPU in recognition of its safety performance resulting in 1000 operating days without lost time and injury. The Sagar Samrat Conversion project is progressing well.

In Coal segment; Mercator was able to effectively control the mining costs and through improved utilisation of resources was able to improve upon the margins in spite of a fall in coal volumes and prices due to global economic factors.

In Shipping; during the year, your Company acquired a Medium Range (MR) Tanker, which has been deployed on a 5 years contract. Your Company has further diversified into the Gas Carrier Segment and acquired one Very Large Gas Carrier (VLGC) in March 2014. The total cubic capacity of the VLGC is 76,933 Cub.m. and DWT of 50,400. Both the acquisitions were part funded by foreign currency loans.

Your Company has been awarded a long term contract for hiring of a Storage Tanker for a period of 1720 days commencing from April 2015. This is the third consecutive contract received by your Company from this customer. The Company proposes to refurbish its tanker for this contract, which will entail incurring of capital expenditure. In order to part finance the same, the Company has tied up a long term foreign currency facility with a tenor of 7 years.

Your Company had obtained consent of the shareholders by way of special resolution through postal ballot for Issue and allotment of securities in the form of FCCB/ADR/GDR etc. up to ₹ 100 crores. Subsequent to the end of the financial year, in May, 2014, your Company has successfully concluded the FCCB issue and mobilised USD 16 million. The FCCB proceeds raised were utilised by the Company for capital expenditure.

With a view to expand its operations in the Oil and Gas space, subsequent to the end of the financial year, Mercator Energy Pte. Ltd., subsidiary company has entered into an agreement to avail a term loan facility of USD 55 million.

The Dredging division has performed well during the year. The Company has a healthy order book, including some repeat orders from existing customers.

Dividend

Your Directors are pleased to recommend a dividend of ₹ 0.10 per equity share of ₹ 1/- each, i.e. 10%, on 244,892,073 equity shares, payable to those shareholders whose names appear in the Register of Members as on the Book Closure Date.

The Equity Dividend outgo for the year inclusive of tax on distributed profits would absorb a sum of ₹ 2.87 crores. No dividend was paid for the previous financial year.

Directors

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. M. M. Agrawal (DIN: 00681433), is the Director liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Pursuant to Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014; it is proposed to re-appoint Mr. M. M. Agrawal, who has offered himself for appointment as an Independent Director not liable to retire by rotation.

In order to comply with the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 as well as the Listing Agreement; your Board has also approved appointments of Mr. Manohar Bidaye (DIN: 00010699) and Mr. K.R. Bharat (DIN: 00584367) being eligible, as an Independent Directors not liable to retire by rotation.

Subsequent to year end, on May 29, 2014, Mr. Kapil Garg (DIN: 01360843) resigned from the office of Director of the Company and on August 13, 2014, the Board of Director has appointed Mr. Gunender Kapur (DIN: 01927304) as an Independent Director of the Company from August 13, 2014. Mr. Gunender Kapur appointed as an Additional Director in accordance with Sec.161 (1) of the Companies Act, 2013 will hold office till the ensuing Annual General Meeting; and is eligible for re-appointment.

The Company has received requisite notices in writing from Members proposing the candidature of Mr. M. M. Agrawal, Mr. Manohar Bidaye, Mr. K. R. Bharat and Mr. Gunender Kapur at the ensuing Annual General Meeting, for the office of Independent Director.

The Company has also received declarations from all the aforesaid Directors confirming that they meet with the criteria of Independence as prescribed under provisions of the Companies Act, 2013, Rules thereunder and Clause 49 (existing as well as revised effective from October 1, 2014) of the Listing Agreement.

Mr. Atul Agarwal (DIN: 00007663) shall be a Director liable to retire by rotation at the ensuing Annual General Meeting in accordance

with the provisions of the Companies Act and Articles of Association of the Company; and being eligible has offered himself for reappointment.

The brief profile of all the above Directors seeking appointment/re-appointment are given in the Notice of the Annual General Meeting.

Your Directors recommend the above appointments for your approval.

Subsidiary Companies and Consolidated Financial Statements

As at March 31, 2014, your Company had 32 subsidiaries/step-down subsidiaries. Audited consolidated financial statements for the year ended on March 31, 2014; together with Auditors' Report thereon forming part of this Annual Report includes financial information of all the subsidiaries.

Pursuant to general exemption granted by the Ministry of Corporate Affairs, Government of India, the Board of Directors of your Company has granted its consent for dispensing with the requirement of attaching to its Annual Report, the annual audited accounts of your Company's subsidiaries. Accordingly, this Annual Report is presented without attaching annual accounts of the subsidiaries. A statement in respect of the said subsidiaries pursuant to Section 212 of the Companies Act, 1956, is enclosed herewith as required. The annual reports and accounts of these subsidiaries will be made available for inspection during working hours at the registered office of the Company and also of the subsidiary Companies concerned. The same, along with related detailed information will also be made available to the investors of the Company as well as of subsidiaries, on request. The brief financial details of the subsidiaries as prescribed under the said notification have been disclosed in the consolidated financial statements of the Company.

Auditors

The name of your Auditors M/s. Contractor, Nayak & Kishnadwala has been changed to M/s. CNK & Associates LLP pursuant to conversion of their firm in to LLP.

M/s. CNK & Associates LLP, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company and have given their consent for re-appointment. Pursuant to provisions of Section 139(2) of Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014, M/s. CNK & Associates LLP are eligible for appointment as Auditors. Your Company has received a written confirmation from M/s. CNK & Associates LLP, Chartered Accountants to the effect that their appointment, if made, would satisfy the criteria provided in Section 141 of the Companies Act, 2013 for their appointment. The Board recommends the re-appointment of M/s. CNK & Associates LLP, Chartered Accountants as the Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Cost Audit Compliance Report

For the year under review, specified operations of your Company were covered under the Companies (Cost Accounting Records) Rules, 2011 for maintenance of cost records. Accordingly, as prescribed under Rule 5 of the said Rules, your Company has obtained Compliance Certificate from a Cost Accountant, which does not contain any adverse remarks.

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, the requisite particulars of employees of the Company, who were in receipt of remuneration in excess of the limits specified under the said section are set out in the annexure forming part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, the report and the accounts are being sent to all members of the Company excluding this annexure of particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

No ESOPs were issued during the year.

Conservation of Energy, Technology Absorption, Export Market Development and Foreign Exchange Earnings and Outgo

The requirements of giving particulars of Conservation of Energy and Technology Absorption under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable to your Company. However, the Directors would like to assure you that every measure is taken to save and conserve energy at all the stages of operating the vessels, as well as, on shore activities.

Your Company has not imported any technology during the year. It has earned foreign exchange of ₹ 86.82 crores (previous year ₹ 98.80 crores) and spent ₹ 68.70 crores (previous year ₹ 195.08 crores) in foreign exchange, on account of acquisition of vessels, charter hire, other vessel expenses, and interests etc.; details of which are available in notes 3.7 and 3.8 of the Notes forming part to the Accounts for the year. Your Company endeavours to develop export markets by exploring more vessel deployment opportunities overseas.

Corporate Governance & Social Responsibilities

A separate report on Corporate Governance, along with certificate from the Auditors of the Company is annexed herewith forming a part of this Annual Report. Management Discussion and Analysis Report is also annexed herewith as part of this Report.

Your Company sincerely believes that a corporate must contribute to the growth and betterment of the environment, society and economy in which it operate; and it is fully aware about its responsibility in this regard. Your Company also values its employees and considers them as the key for its success. The Corporate Social

Responsibility (CSR) initiatives undertaken by your Company have been enumerated elsewhere in this Report, which are focused on education, skill development, and creating job opportunities in the Society.

In order to comply with the provisions of Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company, subsequent to end of the year under review, constituted a Corporate Social Responsibility Committee. This Committee shall be responsible for formulating a CSR policy, recommending the activities that can be undertaken under CSR, deciding the amount to be incurred on such activities and any other matters related to CSR, which it should consider.

Deposits, Loans and Advances

Your Company has not accepted any fixed deposits, and as such, no principal or interest amount was outstanding on the date of the Balance Sheet. The details of loans and advances, which are required to be disclosed in the Financial Statements of the Company pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, are furnished separately as note 5.4 of the Notes forming part to the Accounts for the year.

Insurance

All the assets of the Company are adequately insured.

Directors' Responsibility Statement

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) They have selected such accounting policies in consultation with Statutory Auditors and applied them consistently and

made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for the year under review;

- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

Acknowledgements

The Directors express their sincere thanks to all customers, suppliers, service providers, regulators, Governmental agencies and other statutory authorities for their continued whole hearted support to the Company during the year.

We also acknowledge the support lent and confidence bestowed upon us by our bankers, stakeholders and all Mercatorians.

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

**H.K.Mittal
Executive Chairman**

Regd. Office:

3rd Floor, Mittal Tower
B-Wing, Nariman Point,
Mumbai-400021

Dated: August 13, 2014

Report on Corporate Governance

(Forming part of Directors' report for the year ended on March 31, 2014)

Company's Philosophy

The Company strongly believes in ethical way of conducting business. The Company upholds its relationship with the society and its social responsibility for environmental safety and human welfare.

Corporate Governance to the Company is not just a compliance issue but central guiding principle for everything it does. It's a way of thinking, way of conducting business and a way to steer the organisation to take on challenges for now and for the future.

I. Board Of Directors

As at the year end March 31, 2014, the Board of Directors of the Company comprised of Six Directors; two Executive Directors and four Non-Executive Directors out of which three are Independent Directors. Among the two Executive Directors; one is the Executive Chairman and the other is Managing Director. The Company is in compliance with the requirement of at least half of the Board comprising of Independent Directors as the Chairman of the Board is an Executive Director and a Promoter.

Subsequent to the year end, on May 29, 2014, Mr. Kapil Garg (DIN: 01360843) resigned from the office of Director and on August 13, 2014, the Board of Directors appointed Mr. Gunender Kapur (DIN: 06646490) as an Additional Independent Director.

There is no Nominee Director on the Board of the Company.

No Director of the Company is either member in more than ten committees and/ or Chairman of more than five committees across all Companies in which he is Director; and necessary disclosures to this effect has been received by the Company from all the Directors.

During the year, in all Five Board meetings were held i.e. on May 18, 2013; August 14, 2013, October 29, 2013, December 30, 2013; and January 31, 2014. The time interval between any two meetings was not more than 4 months.

The details of Directors and their attendance record at Board Meetings held during the year, at last Annual General Meeting and number of other Directorships and Chairmanships / membership of Committees is given below:

Sr. No	Name of Director	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships in Indian Public Companies*	No. of committee membership in other Companies**	No. of committee Chairmanship in other Companies**
1	Mr. H. K. Mittal	Executive Chairman & Promoter	5	Yes	3	0	0
2	Mr. Atul J. Agarwal	Managing Director, Executive-Promoter	5	Yes	2	0	0
3	Mr. Manohar Bidaye	Non-Executive Independent	4	No	2	1	2
4	Mr. K. R. Bharat	Non-Executive Independent	5	Yes	2	0	0
5	Mr. M. M. Agrawal	Non-Executive Independent	4	Yes	5	4	1
6	Mr. Kapil Garg (up to May 29, 2014)	Non-Executive & Non Independent	4	No	2	0	0
7	Mr. Gunender Kapur (w.e.f. August 13, 2014)	Non-Executive Independent	N.A.	N.A.	N.A.	N.A.	N.A.

*Other directorships does not include Private Companies, Companies registered u/s 25 of the Companies Act, 1956, Alternate directorships and foreign Companies.

**In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees of all Public Limited Companies have been considered.

All the information required to be furnished to the Board as mentioned in Annexure IA to Clause 49 was placed before the Board.

The Board reviews periodical compliance reports of all laws applicable to the Company, presented by Chief Executive Officer / Managing Director at the meeting.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and Senior Management personnel of the Company, which has been posted on the website of the Company www.mercator.in

All Board members and Senior Management personnel have affirmed compliance with the code for the year ended on March 31, 2014. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2014 has been included elsewhere in this annual report.

II. Audit Committee

Composition

The Audit Committee meets prescribed requirements under the Companies Act and Clause 49 of Listing Agreement. As at March 31, 2014, the Committee comprised of two Independent Non-Executive Directors and one Executive Promoter Director. Mr. Manohar Bidaye, Senior member of Institute of Company Secretaries of India is the Chairman of the Committee; other members being Mr. K. R. Bharat, MBA from Indian Institute of Management; and Mr. Atul J. Agarwal, Fellow member of Institute of Chartered Accountants of India, Head of finance division and Managing Director of the Company, all having a sound accounting and financial background. Chief Financial Officer as well as General Manager (Finance & Accounts) along with the Internal Auditors and Statutory Auditors are invitees to the Audit Committee Meeting. All other Functional Heads/Managers are invited to attend the meeting, as and when necessary. The Committee is vested, inter alia, with following powers and terms of references.

Powers

- a) To investigate any activity within its terms of reference.
- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference

The Audit committee reviews the reports of the Internal Auditors and the Statutory Auditors periodically and discuss their findings and suggest the corrective measures. The role of the Audit Committee is as follows: -

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as, post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
20. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time.

The minutes of the Audit Committee meeting are presented to the Board, discussed and taken on record.

Meetings

During the year, in all four meetings of the Committee were held i.e. on May 18, 2013; August 14, 2013; October 29, 2013 and January 31, 2014. The time intervals between two meetings of the Committee were not more than four months. Due to some exigency, the Chairman of the Audit Committee, Mr. Manohar Bidaye, could not attend the last Annual General Meeting held on September 19, 2013. However, Mr. K. R. Bharat, Vice Chairman attended the meeting in the absence of Mr. Manohar Bidaye in his capacity as Chairman. Mr. Atul Agarwal, other Committee member replied to the queries of shareholders.

Attendance of each member at the audit Committee Meetings:

	No. of Meetings attended
Mr. Manohar Bidaye	4
Mr. Atul Agarwal	4
Mr. K. R. Bharat	4

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

Review of Information

The Audit committee was presented with and reviewed necessary information as required under Clause 49(II)(E) of the Listing Agreement.

There was no instance of management letter / letter of internal control weaknesses issued by the Statutory Auditors during the financial year 2013-14.

Nomination and Remuneration Committee

In order to comply with the requirements of the Companies Act, 2013, the Board of the Company renamed and re-constituted the Remuneration Committee comprising of three Non-Executive Independent Directors and one Executive Director. Mr. Manohar Bidaye is the Chairman of the Committee with Mr. H.K. Mittal, Mr. K.R. Bharat and Mr. M. M. Agrawal being other members of Nomination and Remuneration Committee.

The terms of reference and powers of the Nomination and Remuneration Committee is as under:

1. Formulation of criteria for determining qualifications, positive attributes and independence of a Director;
2. Identification of persons who are qualified to become Directors and who may be appointed in senior management; recommend to the Board their appointment and removal;
3. Formulation of criteria for evaluation of Independent Directors;
4. Formulation of Remuneration Policy and recommend the same to the Board, relating to the remuneration for the Directors, key managerial personnel and other employees ensuring the following:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a

balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

5. Devising a policy on Board diversity;
6. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time.

One meeting of the aforesaid Committee of Directors was held during the year on May 18, 2013 which was attended by all the members.

ESOP Compensation Committee

The Company has ESOP Compensation Committee of Directors, reconstituted during the year presently comprising of two Non-Executive Independent Directors viz. Mr. K. R. Bharat and Mr. Manohar Bidaye and one Executive Director Mr. Atul J. Agarwal.

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

III. Subsidiary Companies

As at March 31, 2014 the Company had total 32 subsidiaries. The Indian Subsidiaries viz. Mercator Oil & Gas Limited, Mercator Petroleum Limited, Oorja Resources India Private Limited and Mercator FPSO Private Limited were neither listed nor material as at March 31, 2014.

The Audit Committee reviews the financial statements including investments, of all the subsidiary companies.

The Minutes / resolutions of the Board Meetings of all the subsidiary companies (including step down subsidiary Companies) are placed at the Board periodically.

The Board periodically reviews a statement of all significant transactions, if any, entered into by any of the subsidiary companies.

IV. Disclosures

(A) Basis of related party transactions

- i. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the audit committee.
- ii. Details of material individual transaction with related parties are placed before the audit committee.
- iii. During the year, there was no material individual transaction with related parties or others that was not in ordinary course of business or not on an arm's length basis.

(B) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on March 31, 2014; there was no treatment different from that prescribed in an Accounting Standard and applicable Laws and Regulations that had been followed.

(C) Board Disclosures - Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

(D) Proceeds from public issues, rights issues, preferential issues etc.

During the year, the Company did not raise any funds through public / rights / preferential issues.

Subsequent to year end, the Company raised USD 16 million by issue of FCCB. Proceeds of which were utilised for capital expenditure.

(E) Remuneration of Directors

The remuneration of Non-Executive Directors is decided by the Board / Shareholders.

Details of remuneration paid to Directors for the financial year ended March 31, 2014

Executive Directors

Name	₹ in lakhs		
	Salary	Perquisites	Total
Mr. H. K. Mittal Executive Chairman	34.96	13.04	48.00
Mr. A. J. Agarwal Managing Director	46.03	1.97	48.00

The remuneration to the Executive Directors is governed by the agreements executed with them as approved by the members of the Company in their General Meeting. As per the agreement, salary and perquisites are a fixed component and the commission is based on the performance of the Company, i.e. on the net profit of the year. However, the aggregate remuneration shall not exceed 5% of net profit calculated as per the provisions of the Companies Act, 1956; per Executive Director with payment of minimum remuneration to them in case of loss or inadequacy of profit in any financial year during the tenure, subject however, to the ceiling prescribed under Companies Act, 1956; and approval of the Central Government, if required. The present terms and conditions of appointment agreements of both Executive Directors expire on July 31, 2016.

The appointment can be terminated by either party by giving six months' notice in writing. There is no severance fees payable.

Non-Executive Directors

Remuneration by way of sitting fees for attending Board meetings and Audit Committee meetings are paid to Non-Executive Directors @ ₹ 20,000/- per such meeting attended by them. Details of sitting fees paid to Non-Executive Directors are as follows:

Attendance of each member at the audit Committee Meetings:

Name of the Director	₹ in lakhs
Mr. Manohar Bidaye	1.60
Mr. K.R. Bharat	1.80
Mr. Kapil Garg (up to May 29, 2014)	0.80
Mr. M. M Agrawal	0.80

At the ensuing Annual General Meeting of members of the Company, a Special Resolution is being proposed seeking members' approval for payment of Commission to Non-Executive Directors of the Company at a rate not exceeding 1% of the net profit of the Company in any financial year. Distribution of the same amongst eligible Non-Executive Directors will be determined by the Board based on contribution made by each of them.

All the Non-Executive Directors have disclosed their

shareholdings as at March 31, 2014 to the Company which is as under:

Name of the Director	No. of equity shares held
Mr. Manohar Bidaye	97,500
Mr. K.R. Bharat	NIL
Mr. Kapil Garg (up to May 29, 2014)	NIL
Mr. M. M Agrawal	NIL

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

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

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

(F) Management

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

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

G) Shareholders

(i) General Body Meetings

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2012-13 (AGM)	19/09/2013	3.30 P.M.	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	1. Payment of Minimum Remuneration to & re-appointment of Executive Chairman, Mr. H.K. Mittal and Managing Director, Mr. Atul Agarwal. 2. Re-appointment of Mr. Adip Mittal, relative of Director as Business Associate.
2011-12 (AGM)	29/08/2012	2.30 P.M.	M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Goda, Mumbai-400001	1. Issue of securities 2. Amendments to Articles of Association
2010-11 (AGM)	22/09/2011	4.00 P.M.	C. K. Nayudu Hall, The Cricket Club of India Limited, Brabourne Stadium, Churchgate, Mumbai-400020	1. Issue of securities 2. Change in Name of the Company to Mercator Limited
2010-11 (EGM)	28/10/2010	4.30 P.M.	C. K. Nayudu Hall, The Cricket Club of India Limited, Brabourne Stadium, Churchgate, Mumbai-400020	1. Issue of Warrants convertible into equity shares on Preferential Basis to Promoters/Directors/their entities 2. Issue of Employee Stock Options 3. Appointment of Mr. Adip Mittal, relative of Director as Business Associate.

During the year, Company had conducted the Postal Ballot process for seeking consent of shareholders by way of Special Resolution for the following matters:

Resolution 1: Authorising the Board to borrow upto a sum of ₹ 5,000/- crores, in accordance with the provisions of Section 180(1)(c) of the Companies Act, 2013;

Resolution 2: Authorising the Board to create mortgage/charge on undertaking/assets of the Company to secure its borrowings in accordance with the provisions of Section 180(1)(a) of the Companies Act, 2013; and

Resolution 3: Issue of Securities (in equity and/or in any other form) in India and/or abroad pursuant to Section 81 (1A) of the Companies Act, 1956.

The voting was conducted through physical mode as well as electronic mode. For conducting postal ballot in fair and transparent manner, Mr. Sanjay Dholakia, Practicing Company Secretary was appointed as Scrutinizer to the Postal Ballot process. All the above Special Resolutions have been passed with requisite majority.

Based on the Scrutinizer's Report, the result of the Postal Ballot was as under:

Particulars	Resolution No. 1	Resolution No. 2	Resolution No. 3
Total Valid Voting (No. of shares)	10,52,53,374	10,52,02,928	10,52,11,152
% of Assent	99.68	99.77	99.71
% of Dissent	0.32	0.23	0.29

Detailed results were posted on website of the Company www.mercator.in

At present, no special resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

(ii) Disclosures

During the year, there were no transactions of materially significant nature with the Promoters or Directors or the Management or their subsidiaries or relatives etc. that had potential conflict with the interest of the Company. However, the transactions entered into with the related parties are reported as per Accounting Standard 18 at Note No. 4.5 of Notes forming part of the Accounts for the year under review.

There were no instances of non-compliance and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the past three years.

Presently the Company does not have any Whistle Blower Policy. However, no person has been denied access to the Audit Committee on any matter.

(iii) Means of Communication

Quarterly/half-yearly/yearly results are normally published in an English daily newspaper circulating in substantially the whole of India and in a regional Marathi Daily newspaper within the prescribed time. The audited annual accounts are posted to every member of the Company. Quarterly shareholding distribution and quarterly/half-yearly/yearly results are submitted to the Stock Exchanges in accordance with requirements of Listing Agreements, and are also posted on the website of the Company www.mercator.in. The Company also displays official news releases on its website i.e. www.mercator.in. The Company has created an email id investors@mercator.in to facilitate redressal of investors'/ shareholders' grievances.

The presentations if any, made to institutional investors/ analysts through personal meetings are also displayed on website of the Company and submitted to the Stock Exchanges simultaneously. All price sensitive and material and relevant information from shareholders/ investors point of view are promptly informed to Stock Exchanges.

(iv) Annual General Meeting

Thirtieth Annual General Meeting is scheduled to be held on Wednesday, September 24, 2014 at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400021 at 3:30 p.m.

(v) Re-Appointment of Directors

As per the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company, at every Annual General Meeting (AGM) of the Company, out of the two-third of the total number of Directors (excluding Independent Directors), one-third of such Directors are liable to retire by rotation. Accordingly, Mr. M. M. Agrawal is liable for retiring by rotation at the forthcoming Annual General Meeting of the Company. It is proposed to re-appoint Mr. M. M. Agrawal (DIN: 00681433) as an Independent Director, not liable to retire by rotation, to hold office for a period of five years with effect from September 24, 2014.

Mr. Manohar Bidaye (DIN: 00010699) and Mr. K. R. Bharat (DIN: 00584367), are Non-Executive Independent Directors of the Company. They joined the Board since 1994 and 2007 respectively. In terms of

Section 149, 150 and any other applicable provisions of the Companies Act, 2013, Mr. Manohar Bidaye and Mr. K.R. Bharat being eligible, are proposed to be appointed as Independent Directors, not liable to retire by rotation for a period of five years respectively, with effect from September 24, 2014.

Further, on August 13, 2014, Mr. Gunender Kapur (DIN: 06646490) was appointed as an Additional Director on Board of the Company, under Section 161 of the Companies Act, 2013, to hold office till the date of the ensuing Annual General Meeting, and to act as an Independent Director under Clause 49 of the Listing Agreement. Mr. Gunender Kapur is proposed to be appointed as an Independent Director, not liable to retire by rotation, to hold office for a period of five years with effect from September 24, 2014.

The Company has received notices, in writing, from Members proposing the candidatures of Mr. M. M. Agrawal, Mr. Manohar Bidaye, Mr. K. R. Bharat and Mr. Gunender Kapur for the office of Independent Director. Subject to the approval of the Members at the ensuing Annual General Meeting, under Sections 149, 150 and other applicable provisions of the Companies Act, 2013, they shall be appointed as Independent Directors. Information as required under Clause 49 (iv)(G)(i)(ia) of Listing Agreement is included in the Notice.

(vi) Financial Calender for the year 2014-15

Particulars	
First Quarter Results (June, 30)	Mid of August 2014
Mailing of Annual Reports	By end of August, 2014
Annual General Meeting	September 24, 2014
Second Quarter Results (September, 30)	Mid of November, 2014
Third Quarter Results (December, 31)	Mid of February, 2015
Fourth Quarter/ Annual Results	May 2015

vii) Dates of Book-Closure

The Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, September 17, 2014 to Wednesday, September 24, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity shares if declared, at the ensuing Annual General Meeting.

(viii) Dividend

The Board of Directors has recommended dividend on Equity Shares of the Company at the rate of 10% i.e. ₹ 0.10 per share on 24,48,92,073 Equity Shares of ₹ 1/- each for the financial year ended on March 31, 2014 amounting ₹ 286.50 lakhs (inclusive of Corporate Tax & Surcharge thereon amounting ₹ 41.61 crores). The dividend if declared at the Annual General meeting; will be paid/dispatched on September 30, 2014.

(ix) Listing of Shares, Non-Convertible Debentures

The Equity Shares of the Company are listed on Bombay Stock Exchange (Scrip Code 526235); National Stock Exchange (Scrip Code MERCATOR) and the annual listing fees in respect of the year 2014-15 have been paid to these exchanges.

The monthly high-low quotations of the equity shares of the Company on Bombay Stock Exchange and National Stock Exchange during the financial year 2013-14 vis-à-vis Sensex performance of Bombay Stock Exchange is given below:

Month	BSE Share Price (₹)		NSE Share Price (₹)		SENSEX Performance	
	High	Low	High	Low	High	Low
April 2013	15.45	13.10	15.55	13.15	19662.68	18144.22
May 2013	15.75	12.60	15.75	12.65	20443.62	19451.26
June 2013	13.50	10.51	13.20	10.50	19860.19	18467.16
July 2013	14.20	9.60	14.30	9.55	20351.06	19126.82
August 2013	11.25	9.10	11.40	9.00	19569.20	17448.71
September 2013	15.30	10.25	15.30	10.25	20739.69	18166.17
October 2013	16.00	12.25	16.25	12.20	21205.44	19264.72
November 2013	16.05	12.20	15.95	12.10	21321.53	20137.67
December 2013	21.00	15.90	21.10	15.85	21483.74	20568.70
January 2014	21.00	17.65	20.95	17.65	21409.66	20343.78
February 2014	19.65	16.90	19.70	16.90	21140.51	19963.12
March 2014	25.65	16.90	25.70	16.90	22467.21	20920.98

As at March 31, 2014, the Company had following series of listed Redeemable Non-Convertible Debentures issued on private placement basis in dematerialised form:

Series No	No. of NCDs	Coupon rate	O/s. Face value As on 31/03/2014	Outstanding Amount	ISIN	Scrip Code
IX-A	1500	12.40%	₹ 10,00,000/- each	₹ 150.00 crores	INE934B07207	945945
X- C	1000	9.50%	₹ 10,00,000/- each	₹ 100.00 crores	INE934B07231	946412
X- C1	300	9.50%	₹ 10,00,000/- each	₹ 30.00 crores	INE934B07264	946413
XI	200	9.50%	₹ 10,00,000/- each	₹ 20.00 crores	INE934B07272	946373

Outstanding GDRs/ADRs/ Warrants Or Any Convertible Instruments, Conversion Date And Likely Impact On Equity:

As on March 31, 2014, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

Subsequent to year end, in May 2014, the Company issued and allotted 160, 4.75% Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each aggregating to US \$16,000,000 (US Dollar 16 million) with an initial conversion price of ₹ 38.30 per share (with a fixed rate of exchange on conversion of ₹ 58.5740 per USD 1.00). The said FCCBs are listed on Singapore Stock Exchange. Tenure of FCCBs is 5 years i.e. up to May, 2019. Assuming all FCCB holders exercise their option to convert the Bonds into Equity, there will be increase in the paid-up capital of the Company by 2,44,69,556 shares.

(x) Share Transfer

Stakeholders' Relationship Committee

In order to comply with the requirements of the Companies Act, 2013, the Board of the Company re-named and re-constituted the Shareholders'/Investors' Grievances Committee comprising of one Executive Director and two Non-Executive Directors. Mr. Manohar Bidaye, is the Chairman of the Committee with the other members being, Mr. Atul Agarwal and Mr. K. R. Bharat as Stakeholders' Relationship Committee. The Committee normally meets fortnightly. The terms of reference of the Committee are as under:

- To approve or deal with applications for transfer / transmission; dematerialisation / rematerialisation of shares, issue of duplicate / split / sub-division / consolidation of certificates and to deal with all related matters.
- To look into and redress shareholders / investors grievances relating to:
 - Transfer of shares;

- Non-receipt of declared dividends;
- Non-receipt of annual reports;
- All such complaints directly concerning the shareholders / investors as stakeholders of the Company; and
- Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

Twenty four meetings of the Committee were held during the year. All the members attended all the meetings.

During the year, Ms. Priya Vishwanathan, Company Secretary (up to November 18, 2013); Mrs. Amruta Sant (w.e.f. December 12, 2013) and Mr. Deepak Dalvi- Assistant General Manager – Secretarial were acting as Compliance Officers.

During the year, the Company received 10 complaints from the shareholders all of which were duly resolved. No complaint was pending as on March 31, 2014.

Further, during the year requests for transfer of 7,000 shares; remat of 1000 shares; Transmission of 2500 shares and demat of 50,300 shares were received and processed, 1 certificate of 1500 shares was replaced in lieu of old certificate.

Registrar and Transfer Agents and Share Transfer System Link Intime India Private Limited having their office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai - 400 078 (Tel No.91-22-25963838) are the Registrar and Transfer Agents (RTA) as also the registrar for electronic connectivity. Entire functions of Share Registry, both for physical transfer, as well as, dematerialisation/ rematerialisation of shares, issue of duplicate / split / consolidation of shares is being carried out by the RTA at their above address.

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

(xi) Distribution of Shareholding as on March 31, 2014

Shareholding of nominal value of	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Capital
UPTO 500	70,937	76.56	1,22,96,794	5.02
501-1000	9,708	10.48	81,00,950	3.31
1001-2000	5,232	5.65	81,47,255	3.33
2001-3000	2,558	2.76	65,91,871	2.69
3001-4000	816	0.88	29,65,691	1.21
4001-5000	968	1.04	46,57,416	1.90
5001-10000	1,269	1.37	95,67,518	3.91
10001 AND ABOVE	1,168	1.26	19,25,64,578	78.63
TOTAL	92,656	100.00	24,48,92,073	100.00

(xii) Shareholding Pattern as on March 31, 2014

Sr. No	Category	No. of Shares	% to Capital	No. of Holders
1	Promoters/Directors and their Relatives	9,84,84,066	40.22	10
2	Mutual Funds / UTI	77,849	0.03	2
3	Banks; FIs etc.	20,08,860	0.82	3
4	FIIIs	3,74,45,619	15.29	24
5	Private Corporate Bodies	1,63,17,523	6.67	1,051
6	Indian Public	8,47,34,643	34.60	89,889
7	NRIIs /OCBs	33,16,856	1.35	1,260
8	Non-promoter Independent Directors and their relatives	3,69,250	0.15	4
9	Clearing members	21,37,407	0.87	413
TOTAL		24,48,92,073	100.00	92,656

(Xiii) Dematerialisation of Securities

The equity shares of the Company are under compulsory trading in demat form. Out of total capital of 24,48,92,073 equity shares; 24,23,49,492 equity shares representing 98.96% were held in demat form and balance 25,42,581 equity shares representing 1.04% were in physical form as on March 31, 2014. The ISIN of the equity shares of the Company is INE934B01028.

The shares are actively traded on BSE and NSE and the turnover data during the financial year 2013-14; was as under:

Particulars	BSE	NSE	Total
No of shares	3,68,39,729	9,56,10,875	13,24,50,604
Value (₹ In lakhs)	6198.29	15423.83	21622.12

V) CEO/CFO Certification

The necessary certification from Chief Executive Officer, Mr. H. K. Mittal and Chief Financial Officer, Mr. Prasad. B. Patwardhan in respect of the financial year ended on March 31, 2014 has been annexed to this report.

VI) Compliance

The Company has complied with all the mandatory requirements of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges. The Company also endeavours to follow Non Mandatory requirements.

A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance is annexed to the Directors' Report.

VII) Plant Locations

The Company does not have any plant.

Address for correspondence:

Mercator Limited

3rd Floor, Mittal Tower, B-wing,

Nariman Point, Mumbai-400 021

Tel Nos: 91-22-66373333

Fax Nos: 91-22-66373344

E-mail: mercator@mercator.in / investors@mercator.in

Corporate Social Responsibilities (CSR)

The Company strongly believes in Corporate Social Responsibility as a philosophy and approach has helped bring together different sectors of the society and provide equal opportunities for development.

As a responsible Corporate; citizen the Company at all times endeavours to adopt responsible social business practices. The Company's governance systems do not allow its business practices to be abusive, unfair, corrupt or anti-competitive.

The Company has always been responsive towards all its stakeholders and is focused and committed towards the best interest of all its stakeholders, the society at large and environment. The following are the initiatives and activities under taken by Mercator during the year ended March 31, 2014:

Pursuant to the provisions of the Companies Act; 2013; Corporate Social Responsibility (CSR) Committee of Board of Directors has been formed on May 29, 2014 comprising one Executive Director and two Non-Executive Directors. Mr. H. K. Mittal is the Chairman and Mr. K. R. Bharat and Mr. M. M. Agrawal are Members of the Committee. CSR Committee is authorised to consider inter alia following matters:

- a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

CSR towards Society

The Company is associated with Prem Punita Foundation, a registered charitable Trust. Prem Punita Foundation; established in 2005; is a well-known name in philanthropy today and the Trust has participated in education, women and child welfare space. The Foundation, under the able guidance of the Chief Trustee Mr. H. K. Mittal and the board of eminent trustees, has efficiently implemented social development initiatives. With a slow and steady march through initiatives in education sector; the Foundation established 'Women and Child Welfare Wing' to foray in job-oriented skill development of eligible and interested candidates. The Foundation has also raised the geographical work area with presence in three new communities.

A) Academic Initiatives

Education is one of the key factors of overall development. With this belief, the Foundation has been supporting candidates

coming from financially challenged background by providing academic scholarships. Going beyond, the Foundation also makes effort to find suitable job opportunities for them. As on date 34 such eligible and deserving candidates have been supported by the Foundation. Guest lectures are also organised with partnered institutes to enrich candidates with recent updates in the industry.

B) Job –oriented Skill Development

The Company supported Prem Punita Foundation in the adoption of a fishermen's colony in south Mumbai. Household level survey and active interaction with key stakeholders in the community paved way for a series of social initiatives. A systematic approach has been adopted by the Trust to alleviate poverty and upgrade the skill sets of its inhabitants. With emphasis on the girl child, a computer centre has been opened in the adopted community and 95 girls have been imparted with basic computer knowledge so far. To fortify its efforts, the Company supported the Foundation to join hands with CSR cell of the Municipal Corporation of Greater Mumbai (MCGM) which has facilitated on the job training programme for selected candidates. In the first year of its association with MCGM, 17 under privileged girls were offered jobs.

With a view of holistic development of the girl child, special arrangements have been made through the Trust with YMCA to impart training in self-defense. Some of our sponsored children have attended courses on spoken English making them self-reliant in today's fast developing world. On request of the Foundation, YMCA gave a 50% concession to all the candidates enrolled. Going ahead the Foundation sponsored the girl candidates for maximum participation and minimum hold-back in terms of financial liability for the interested trainees.

CSR towards Environment and Energy Conservation

We ensure that our vessels comply with all the latest IMO (International Maritime Organisation) Regulations to safe guard together our environment against pollution, by oil, noxious liquids, harmful substances, sewage, garbage, and emissions. These are achieved by having in place a robust programme for training of seafarers and supply of latest equipments on board. We also store the used cooking oil on board for shore disposal.

We are also committed to energy conservation on all our vessels. we follow the Ship Energy Efficiency Management Plan (SEEMP). Scope of this plan is to provide guidance on shipboard procedures and practices aimed at improving the energy efficiency and conservation. While acquiring further vessels for our fleet; we also check the EEDI (Energy Efficiency Design Index) which is a non-prescriptive, performance-based mechanism that leaves

the choice of technologies to use in a specific ship design to the industry, as long as the required energy-efficiency level is attained. The EEDI estimates ship CO₂ emissions per ton-mile of goods transported relative to a reference average of similar ships. This helps us to lower carbon footprint.

CSR towards Investors

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

CSR towards Employees

Mercator always thrives towards care and betterment of its valuable Human Resources. Our human resource policies and practices are structured for the benefit and betterment of our employees, without any prejudice based on their religion, caste, race, marital status, gender, disability, sexual orientation, age,

ethnic origin, nationality, etc. With this as a foundation, Mercator has incorporated developmental HR systems, encourage talented and competent people through individual guidance, corporate training and well defined career paths. We have a well defined Code of Conduct for our associates in consistent with our values and ethics.

Mercator is committed to human rights of our employees and treat all employees with dignity and ensuring a work environment, which is free of any forms of harassment. Our employee policies as well as our practices reflect our strong ethical values and the respect and fairness to all employees. We strongly believe that our associates are our greatest assets and the key to the success of our organisation.

CSR Initiatives at Group Level

Our Singapore Stock Exchange (SGX) listed subsidiary Mercator Lines (Singapore) Limited (MLS) has designated CSR Committee and organises its own programmes as well as participates in other programmes in support of social causes. Every year MLS celebrates its foundation day as "Go Green Day". During FY 2013-14; MLS provided financial support to the less fortunate. MLS staff members raised money through in-house auction of festive gifts received by them. This fund alongwith an equivalent contribution from MLS was donated to Singapore Children's Society and CRY, India.

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

**H.K.Mittal
Executive Chairman**

Regd. Office:

3rd Floor, Mittal Tower
B-Wing, Nariman Point,
Mumbai-400021
Dated: August 13, 2014

CEO/CFO Certification

To,
The Board of Directors,
MERCATOR LIMITED
Mumbai

This is to certify that:

- (a) We have reviewed financial statements for the financial year ended on March 31, 2014 and the cash flow statement for the year (consolidated and standalone) and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control during the year, whenever applicable;
 - (ii) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- (e) We further declare that all Board members and Senior Management personnel have affirmed compliance with the Code of conduct for the current year.

For Mercator Limited

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

Place: Mumbai
Dated: May 23, 2014

For Mercator Limited

Prasad Patwardhan
Chief Financial Officer

Auditors' Certificate on Corporate Governance

The Members,
Mercator Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Mercator Limited for the year ended on March 31, 2014, as stipulated in clause 49 of the listing agreement of the said company with the stock exchange.

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

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

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

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

Himanshu Kishnadwala
Partner
Membership No.: 037391
Place: Mumbai
Dated: August 13, 2014

Management Discussion & Analysis Report

(forming part of Directors' Report for the year ended March 31, 2014)

Mercator is spread across multiple verticals: Coal Mining; Procurement and Logistics | Oil & Gas | Shipping | Dredging

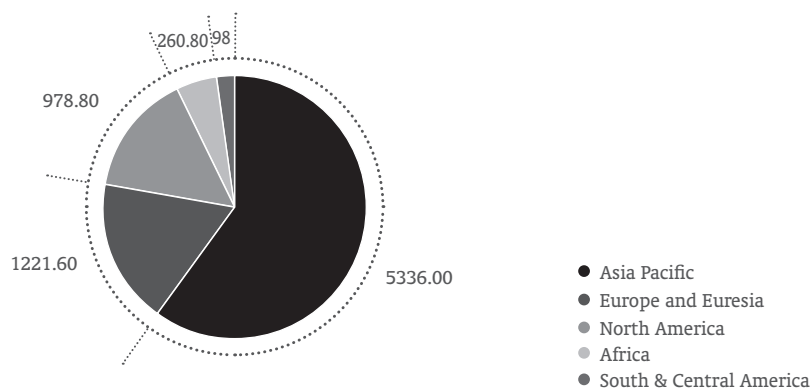
I. Coal

2013 was a difficult year for the global coal industry. Contrary to expectations, the downward trend in prices that began in mid-2011 continued during 2013. The reason for the price pressure of the past years was not weaker global demand and oversupply.

After the shale gas revolution shook up the US and resulted in increased coal exports from North America, the real reason for the price pressure was the excessively rapid growth in the global supply of coal. Supply growth exceeded demand growth and this resulted in pressure on prices around the globe. In many countries, coal producers could not cut production because of financial pressure and debt funding.

World's Coal Production Distribution 2013

(in MMT)



Ref: BP Statistical Review, 2013

MERCATOR HAS INTERESTS IN COAL MINING, TRADING AND LOGISTICS AND HAS ESTABLISHED ITS PRESENCE IN THE GLOBAL COAL MARKET AS ONE OF THE MAJOR EXPORTERS FROM INDONESIA. THE COMPANY HAS EXPORTED 30 MMT THERMAL COAL SINCE ITS INCEPTION.

Currently, we seem to have reached the trough in terms of prices. In the short term, we expect continued producer consolidation and have a cautiously optimistic outlook on prices with limited upside and downside risks. The reason for this cautious optimism for the long term is to be found in the unchanged global developments that will inevitably lead to significantly greater coal consumption and imports in the coming decades. The primary driver for this trend is the constantly rising electricity demand. India alone has recently announced that it will increase electricity production from about 10 GW to 25 GW within eight years.

The greatest increase in the demand for coal will be in India and China where, by 2017, power plants with approximately 210 GW will become operational. Neither of these

countries can fuel these facilities with domestic resources alone; therefore, global demand will inevitably rise.

In 2003, India imported 20 MMT of thermal coal, while China exported a net total of 63 MMT. In 2012, by comparison, India imported 133 MMT (nearly seven times as much as nine years before), while China imported 233 MMT. This trend is likely to continue, however import growth is expected to be slow in China. In the next four years alone, worldwide demand for coal will increase to over 9 billion tons from the current 7.7 billion tons in 2012.

The near-term increase reflects significant increases in coal consumption by China, India, and other non-OECD countries.

The current share of coal in global power generation is over 40%. While coal consumption in absolute terms is expected to grow, its share is expected to decrease due to a shift to alternative sources of energy. The reduction is more than offset by the large developing economies, primarily in Asia, which are powered by coal and have significant coal reserves.

One of the major challenges facing the world at present is that approximately 1.2 billion people live without any access to modern energy services. Access to energy is a fundamental pre-requisite for modern life and a key tool in eradicating extreme poverty across the globe. Coal plays an important role in delivering this energy access, because it is widely available, safe, reliable and relatively low cost.

India Coal Market Scenario

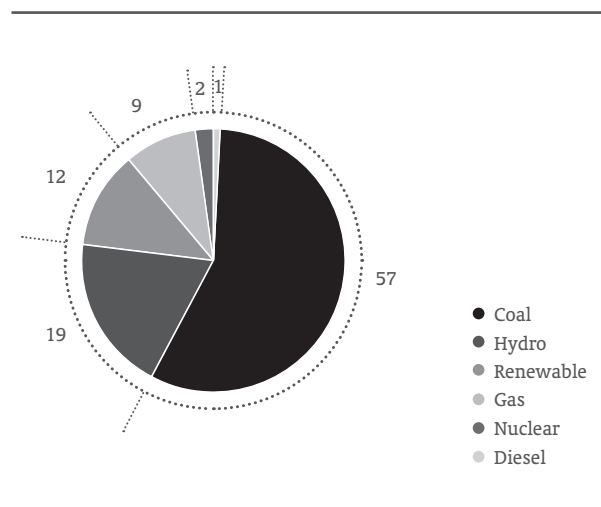
India's energy basket has a mix of all the resources available, including renewables. The dominance of coal in the energy mix is expected to continue in the foreseeable future. After rising 24 MMT (28% YOY) to 110 MMT in 2011, Indian thermal coal imports have surged again in 2013 to 168 MMT. The imports remained price sensitive, but despite a weakening rupee, landed prices in India are 16% lower than a year ago.

The consumption of coal during FY 13 was 739 MMT against the supply of 571 MMT domestic coal. The demand-supply gap has been met through a coal import of 168 MMT (a growth of about 16% YOY). A large part of the coal consumption in India was for power generation.

Though India's coal reserves have been assessed at 301.56 billion tons as on April 1, 2014, the output has been constrained due to difficulties in land acquisition, delays in environmental clearances and the lack of rail infrastructure for coal transportation.

At present India's coal dependence is borne out from the fact that 57% of the total installed electricity generation capacity is coal based and 67% of the capacity planned to be added during 12th Five Year Plan (2012-17) is coal based.

India: Installed Generation Capacity (as on 31-01-13) (%)

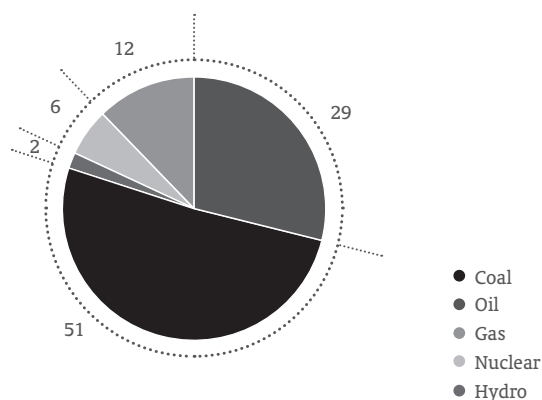


According to the Indian Working Group for coal and lignite in the 12th Five Year Plan, coal demand is expected to increase by 7% annually over the period 2012-17. However, recent coal shortages have increased imports, despite India having the fifth highest level of reserves in the world.

India's demand growth remains robust and is expected to rise from 142 MMT (5.9% p.a.) in 2005-15 to 159 MMT (3.0% p.a.) in 2025-35 as the country's industrialisation continues. By 2030, India is expected to replace China as the leading source of coal demand growth area. Coal is expected to continue to dominate India's energy mix as compared to other energy sources with a share of over 50% by 2030.

India's Energy Mix (2030)

(%)



During the 12th Five Year Plan (2012-2017), India plans to add 105,000 MW capacities. The present installed generation capacity in India is more than 216,000 MW and over 105,000 MW of new power capacity is under construction. The power generating companies are entering into long term supply agreements, especially for imported coal, for securing uninterrupted coal supply, hence the estimated domestic demand is likely to increase to 980 MMT by 2018 (an increase of 322 MMT). The projected coal production by CIL is 615 MMT by 2018 and projected demand –supply gap is about 365 MMT by 2018 (Source: CIL, India).

China Coal Market Scenario

China's energy demand is significant by global standards. So far, coal has been the primary fuel used to meet the country's escalating demand. Consequently, the coal mining around the world has shifted into high gear.

Chinese imports have risen from 15 MMT in 2008 to 233 MMT in 2013. The country is expected to increase coal usage in power plants to address continued growth in electricity demand. The extent remains to be seen as the policy action attempts to replace coal with lower carbon fuels, including natural gas and renewables. Nevertheless, China is by far the largest coal consumer, accounting for nearly half of the world's total and is likely to remain dominant over the long term.

Developments & Market Dynamics

Overall, the Chinese domestic coal market is more than three times that of the entire coal trade worldwide. In 2013 China became the largest coal importer in the world; however, China's coal imports make up just 5% of its total coal consumption. Therefore, any fluctuation in Chinese production and demand has the ability to have a large impact on the global coal trade.

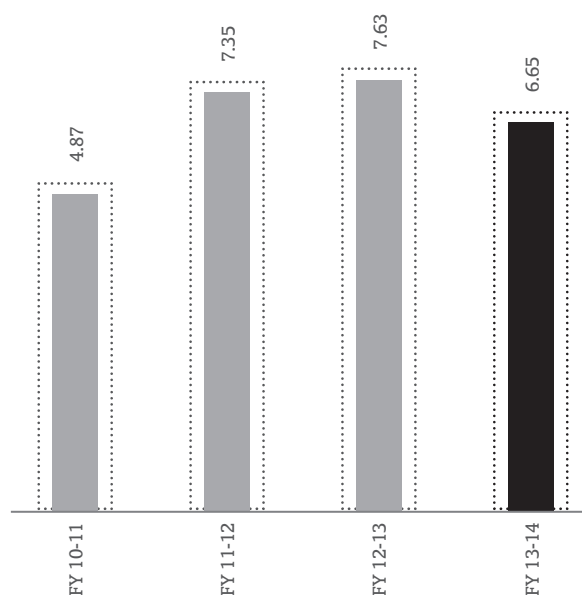
Indonesian Coal

Indonesia is the world's largest thermal coal exporter. Indonesian coal production has grown from 230 MMT in 2008-09 to 423 MMT in 2013. With its proximity to India and China, Indonesia will continue to remain the largest exporter of thermal coal (Source: Indonesian Chamber of Commerce).

Mercator - Coal Mining, Procurement and Logistics

Mercator has interests in coal mining, trading and logistics and has established its presence in the global coal market as one of the major exporters from Indonesia. The Company has exported 30 MMT thermal coal since its inception.

Mercator's thermal coal export during last 4 years (MMT)



Overall, Mercator sold 6.65 MMT (previous year 7.63 MMT) of coal. The Company was able to effectively control the mining costs and through improved utilisation of the mining equipment and other resources was able to improve upon the margins despite a fall in coal volumes and prices due to global economic factors.

II. Oil & Gas

The primary energy demand is expected to increase by 41% between 2012 and 2035, with growth averaging at 1.5% per annum (p.a.). There is a clear long-run shift in energy growth from the OECD to the non-OECD countries. Virtually all (95%) of the projected growth is in the non-OECD segment, with energy consumption growing at 2.3% p.a. 2012-35. OECD energy consumption, by contrast, grows at just 0.2% p.a. over the whole period and is actually falling from 2030 onwards.

China has emerged as the key growth contributor, but India's contribution grows, almost matching that of China by 2035 in the final decade of the forecast.

All fuels are expected to grow, with the fastest growth seen in renewables (6.4% p.a.). Nuclear (1.9% p.a.) and hydro-electric power (1.8% p.a.) both grow more rapidly than total energy. Among fossil fuels, gas is the fastest growing (1.9% p.a.) and the only one to grow more rapidly than total energy. Oil (0.8% p.a.) shows the slowest growth, with coal (1.1% p.a.) is only slightly ahead.

Oil is expected to be the slowest growing fuel. Global liquids demand (oil, biofuels, and other liquids) nonetheless is likely to rise by around 19 Mb/d, to reach 109 Mb/d by 2035.

Demand growth comes exclusively from rapidly growing non-OECD economies. China, India and the Middle East account for nearly all of the net global increase. OECD demand has peaked and consumption is expected to decline by 8 Mb/d.

Rising supply to meet demand growth will come primarily from non-OPEC supply, which is expected to increase by 10.8 Mb/d while OPEC production is expected to expand by 7.4 Mb/d.

Floating Production Units

Three primary factors are driving the sustained growth of the FPS sector:

- The trend of exploration and production (E&P) moving to deepwater resources
- The development of complementary production technologies
- Marginal field development and early production systems

As shallow-water opportunities become increasingly scarce, the development of deepwater reserves will accelerate rapidly. For a field in deep water, Floating Production System (FPS) is the development method of choice, since fixed platforms are often ruled out on technical or economic grounds.

As a result, floating production expenditure in deep water is expected to total USD 68 billion from 2014 to 2018, equating to 69% of the value of the global FPS market. The deepwater market distribution for the next five years shows the continued dominance of Latin America and Africa, with Latin America expected to increase its share of forecast Capex from 46% to 50%.

Versatility enables FPSs to be used for a variety of different applications, besides conventional life-of-field production, including extended well testing, early production systems, and rejuvenation projects.

FPSOs are also an attractive solution for marginal field developments, particularly in which an existing unit can be renovated, modified, and redeployed at a significantly lower

cost than a new-built. The FPS sector recovery continues steadily following the 2008–2009 downturn. A total of 54 units were ordered from 2011 to 2013 compared with the 23 units ordered during the downturn.

Marginal, deepwater, and remote fields will continue to be the areas of interest for the upstream E&P industry as the increasing global population and economies increase energy demand. The upstream E&P business is increasingly reliant on offshore reserves to achieve incremental production, as most of the easy-to-access reserves onshore have already been exploited.

There has been limited growth in the annual value of installed units over the past four years. This year, however, is expected to show a significant increase. An analysis of the order book shows 56 units in-build at present compared with 51 reported in last year's edition of the report.

III. Shipping

Wet Bulk Carriers

The Baltic Clean Tanker Index opened at 683 points in April 2013 and closed at 610 points on March 31, 2014 remaining range bound throughout the year with lowest being at 483 in November 2013. The Baltic Dirty Tanker opened at 682 points in April 2013 and reached a high of 1344 with some spikes in January 2014. It closed at 700 points on March 31, 2014 recording a low of 577 in June 2013.

It was the usual story in the beginning of year 2013 for the owners of VLCC tankers; pressured spot rates, which was attributed to the combination of tonnage overcapacity and relatively weak demand. The weak demand was further exacerbated by seasonal refinery maintenance, particularly in the US that kept freight rates under pressure.

The freight market remained steady for most part of year 2013. The freight rates in the VLCC segment exhibited a marked appreciation in the third quarter and achieved their peak in December 2013. The freight rates gradually softened in the fourth quarter and the year ended once again on a soft note. The activity in the tanker market during the second half of the current fiscal boosted the sentiment and the tanker owners recorded impressive gains. The average daily earnings for the large crude carriers on the Middle East-to-Asia voyage during the year averaged about USD 22000 per day.

There was good activity in the other crude oil tanker segments with rates showing an average marginal appreciation. This was as a result of the change in the trading pattern of large crude oil carriers. In the spot market the tanker freight rates remained steady to firm and reacted only to seasonal factors, and a shift in the trade pattern.

In 2013, 117 crude and product tankers were delivered that were above the DWT of 25000 MT. Consequently, the capacity of the tanker fleet grew by about 3.4% against the growth/demand forecast of about 2.1%.

The outlook for the shipping sector in the short term is likely to remain steady and is gradually expected to improve by end-2014. Tanker activity is likely to ease during the last quarter and the freight market is likely to give off some of its gains by the year end.

Dry Bulk Carriers

The Baltic Dry Bulk Index opened at 896 points in April 2013, and closed at 1362 points on March 31, 2014. It reached a high of 2337 in December 2013 and low at 801 in June 2013.

For the full year, dry bulk index rose from USD 9400 per day in 2012 to USD 12800 per day for 2013, a rise of 34%. The largest increase came in the cape size sector, where average earning rose from USD 9800 per day in 2012 to USD 16000 per day in 2013, a rise of 69%.

Panamax obtained USD 9500 per day against a meagre USD 8100 the year before, still a 17% rise. For Supramax tonnage, average earnings increased less than 10% from USD 9400 to 10300 per day. The improvement in the Handymax sector was even for moderate, with daily rate rise to USD 8200 for 2013 against USD 7600 in 2012.

Dry bulk freight rates improved in 2013 from the miserable levels in 2012. Estimated tonnage demand is likely to have increased by about 9%, driven by a new record in Chinese dry bulk imports and a recovery in global grain trade in the latter part of the year. The fleet size increased slightly less than 8%. Fleet utilisation thereby rose by around 1 percentage point, calculated on a yearly average basis

The dry bulk market followed a similar pattern as the tanker market witnessed a weak first half and recorded a rebound in the second. China reduced iron ore inventories in the first half, thus increasing the need to import more in the second half. In addition, a remarkable recovery in grain shipments from the US and the Black Sea created a significant contribution to tonnage demand for medium size tonnage.

New order represented 73 million DWT and almost quadrupled from 2012. New ships of 59 million DWT entered the operations, levelling the order book at 118 million DWT at the end of the year. This corresponds to 17% of the existing fleet. Chinese yards claimed 66% of the dry bulk orders, whereas 20% and 10% went to Japan and Korea respectively.

Delivery schedule in 2014 and 2015 is lower than the 2013 actual level.

The prevailing predictions for the world economy going forward suggest higher growth than in 2013. For dry bulk demand, China's economic growth rate will be of vital

importance as it accounts for more than 40% of the world deep sea trade in dry bulk commodities.

A crucial development would be the advent of arbitrage in iron ore and coal prices, as would be the extent to which Chinese authorities attempt to reduce local pollutions. Stricter regulations in domestic mining could be a stronger driver in Chinese iron ore and coal imports. A substantial build-up of Chinese inventories in bauxite and other high quality mineral ores in the final part of 2013 will more likely reduce the trade growth potential over the first part of 2014.

Seaborne dry bulk trade likely to increase in the region of 5-6% from over the next coming year. Sailing distance in grain, soyabean products are expected to rise further due to a stronger relative increase in South American exports to Asia, compared to other exporting countries. World logistical capacity is projected to expand by around 5 to 6% and port congestion is, therefore, expected to remain more or less unchanged.

IV. Dredging

India is a major maritime nation by virtue of its long coastline of around 7,517 kilometers on the western and eastern shelves of the mainland and also along the islands. It has 13 major ports and 176 non-major ones and private ports, strategically located on the global shipping routes. The country also has a rapidly globalising economy with a vast potential to expand its participation in trade and development.

A few ports are natural harbours with sufficient depth to handle cargo vessels. Most other ports require capital dredging to expand vessel size-handling capability and maintenance dredging of their existing/expanded capability to berth vessels of different shapes and sizes.

During the 12th Plan period, the capital dredging requirements at 12 major ports is estimated to be 221.11 MCM. The projection for maintenance dredging at major ports is 404.25 MCM, with the total requirement at 625.36 MCM. The non-major ports have projected a total requirement of 543.61 MCM, of which 418.03 MCM is for capital dredging and 128.58 MCM for maintenance dredging. If achieved, this will enable most major ports and non-major ports to handle the vessels with 14 meters draft at the end of the 12th Plan period.

While the consistent maintenance dredging requirements at major ports are expected to continue, increasing private sector participation in port development and related capital dredging activity is likely.

Meanwhile, the dynamics in the Indian market are rapidly changing. The key changes taking place include changes in customer profile for dredging companies from Government to private sector developers, changes in payment patterns for dredging work with stringent performance parameters, the

expansion of Indian port capacity and increasing participation of international companies in the Indian dredging market.

Other developments include deeper draught requirements of Indian ports, and tourism development and increasing need for beach nourishment.

Mercator has five TSHD and one cutter and has the required experience, equipment and other resources to participate in the upcoming opportunities in the Indian dredging sector.

Mitigating Potential Risks

The Mercator Group has diversified sources of revenue ranging from coal, oil & gas, shipping and dredging. Given the wide range of our operations and the geographical spread, we are exposed to different challenges and risks. Mercator's approach to identifying, assessing, and managing risks is formalised through in-depth market research, and collection of updated industry information and data.

Our operations may be affected by changes in existing and adoption of new government laws and regulations and/or the changes in interpretation of the government laws and regulations in the countries that we operate in. With our approach of identifying, assessing and managing risks; we hope to mitigate this risk with the right market strategy at the appropriate time.

Our earnings and businesses are subject to the credit risk of our customers and other counterparties. Mercator continuously endeavours to engage with strong counter parties to avoid any counter-party risk.

Sectoral Risk

Our business operations involve significant risks and occupational hazards that are inherent to shipping, dredging, oil and gas and mining activities. Hence, all our assets are adequately insured.

Competitive Risk

Our businesses are subject to intense competition. In our diversified business segments; we have consolidated our positions through our ability to provide customised solutions to our customers.

Forex Risk

A major portion of our revenue as well as expenditure is in foreign currency and hence we are naturally hedged against risks arising from exchange rate fluctuations.

Political Risks

We operate in different countries around the world and hence are exposed to political and other risks arising from our operations in these countries. The Company's successful track record, rich management experience, and diversified business segments, aids the Company in de-risking.

Environmental Risk

We are exposed to environmental risks like oil spillage during transportation, drilling and exploration, and the risk of pollution in

respect of coal mining and transportation. However, we adhere to globally-accepted environmental regulations.

Operational and Financial Performance

The Mercator Group has diversified operations with its own fleet of tankers, bulk carriers; dredgers and Floating Production Units (FPU). Mercator also has coal mine licences in Indonesia and a coal mining licence in Mozambique. The Group is in a production-sharing contract with the Government of India in respect of two oil blocks in the Cambay Basin in western India, awarded under NELP-VII. Mercator also has been selected as a candidate for offshore oil blocks in Myanmar. Mercator, in consortium, has been awarded a contract by ONGC for conversion of the Mobile Offshore Drilling Unit (MODU) into the Mobile Offshore Production Unit (MOPU).

The consolidated income from the operations was ₹ 3458 crores for the year under review as compared to ₹ 3733 crores in the previous year. The operating profits were ₹ 640 crores, as against ₹ 506 crores in the previous year. Profit after Tax (PAT) and minority interest was ₹ 32 crores (previous year loss of ₹ 372 crores).

Coal Mining, Procurement and Logistics

Mercator has economic interests in three coal mines in Indonesia and a mining licence in Mozambique and has further established itself as a coal procurement and logistics provider.

Overall, Mercator sold 6.65 MMT (previous year 7.63 MMT) of coal and achieved a total turnover of ₹ 1,829 crores (previous year ₹ 2007 crores). This contributed about 53% to the total operating income (previous year 54%). Lower volumes, coupled with pressure on coal prices during the year, affected sales.

Oil & Gas

Offshore Performance:

Mercator owns one Mobile Offshore Production Unit (MOPU) and one Floating Storage Offloading Unit (FSO), which are deployed at the EBOK field in Nigeria under a long-term contract. Both the MOPU and FSO, collectively called Floating Production Unit (FPU), are performing well. The MOPU has a processing capacity of 50,000 barrels of oil per day whereas FSO has a storage capacity of 1.2 million barrels.

The EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU) is progressing satisfactorily. The completion timeline has been extended due to changes in design and the scope of work.

In this segment, Mercator achieved a total turnover of ₹ 714 crores compared to ₹ 610 crores in the previous year. This has contributed about 21% of the total operating income (previous year 16%).

Oil Blocks:

Mercator has Production Sharing Contracts with the Government of India for exploration of Petroleum in two blocks under the Seventh New Exploration Licensing Policy round (NELP-VII). The 'S-Type'

blocks are situated onshore in the prolific Cambay Basin, Gujarat, India and cover 180.22 square kilometre. Subsequent to end of the year under review, we have commenced drilling operations.

Mercator Petroleum Limited, a subsidiary of the Company in consortium with Oil India Ltd. and others, has been chosen as a selected candidate for two offshore oil blocks by the Ministry of Energy; Republic of Myanmar, in the Myanmar Offshore Block Bidding Round – 2013.

Tanker (Wet Bulk) Performance

Mercator's tanker fleet consists of a Very Large Crude Carrier (VLCC), Aframax and product tankers. The Company forayed into the gas carrier segment with the acquisition of VLGC during the year.

At the beginning of the year; Mercator had six own tankers of aggregate capacity of 630,966 DWT and one in-chartered chemical tanker of 19,996 DWT. During the year one product tanker of 36,032 DWT and a Very Large Gas Carrier of 50,400 DWT were acquired; one Aframax tanker of 90,607 DWT was sold and one in-chartered chemical tanker was redelivered to its owners. At the end of the year, Mercator owned six tankers and a gas carrier aggregating to 626,791 DWT.

The tanker business achieved a turnover of ₹ 243 crores as compared to ₹ 333 crores in the previous year. The number of operating days was reduced by about 10% to 2,243 days (previous year 2479 days). The time charter equivalent (TCE) at USD 16,166 was marginally higher by 2% as compared to USD 15,898 in the previous year. Overall contribution from the tanker division was 7% (previous year 9%) of the total operating income.

Dry Bulk Performance

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

Mercator achieved a turnover of ₹ 496 crores (₹ 627 crores previous year). Vessel operating days decreased by about 12% over last year to 5,331 days (previous year 6,044 days). Reduction in the number of operating days was primarily because of re-delivery of three in-chartered vessels and sale of VLOC during previous year. TCE at USD 11,312 declined by about 18% against previous year's USD 13,719. This segment contributed about 14% to the total operating income (previous year 17%).

Dredging Performance

At the beginning of the year, Mercator had five dredgers with an aggregate capacity of 26,100 cubic meter and one Cutter Suction Dredger. There was no change in the composition of the dredging fleet during the year. With 1,401 operating days, Mercator achieved a turnover of ₹ 175 crores (previous year ₹ 156 crores). This segment contributed about 5% to the total operating income (compared to previous year's 4%).

Review of Operations of Subsidiaries

Mercator International Pte. Ltd. (MIPL)

MIPL incorporated in Singapore is a wholly-owned subsidiary and an apex Company for all overseas subsidiaries. It has further subsidiary companies - namely Mercator Lines (Singapore) Ltd., Mercator Offshore Holding Pte. Ltd., Oorja Holdings Pte. Ltd, and Mercator Energy Pte Limited. These subsidiaries have further step-down subsidiaries.

MIPL had one in-chartered chemical tanker of 19,926 DWT that was re-delivered to its owners during the year under review. On a standalone basis it achieved a turnover of about ₹ 12.90 crores, an equivalent of USD 2.116 million (as against ₹ 65 crores, equivalent of USD 11.93 million in the previous year) and earned a dividend income of ₹ 61.42 crores, equivalent of USD 10.08 million (as against ₹ 76 crores equivalent of USD 14.03 million in the previous year) with a net profit of ₹ 53 crores, equivalent of USD 8.62 million (previous year net profit of ₹ 68 crores, equivalent of USD 12.50 million).

Oorja Holdings Pte. Ltd. (OHPL) and its Subsidiaries:

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

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

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

OHPL has established itself in the coal mining and procurement business and is a reliable coal supplier from Indonesia. It exported 6.65 MMT in FY 2014 (7.63 MMT in previous year). It exports coal to India, China, Thailand, Sri Lanka, Philippines and other Asian countries.

During the year; OHPL achieved a consolidated turnover of ₹ 1767.26 crores, equivalent of USD 290.02 million (previous year ₹ 1959 crores equivalent of USD 359 million) and earned a profit of ₹ 71.72 crores, equivalent of USD 11.77 million (previous year profit of ₹ 40 crores equivalent of USD 7.40 million). During the year, OHPL and MCS, a coal-trading subsidiary of OHPL, each paid a dividend of USD 4 million and USD 5 million respectively (previous year USD 5 million and USD 3.2 million respectively).

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

This subsidiary based in Singapore has a contract for chartering of Floating Production Unit (FPU) comprising a Mobile Offshore Production Unit (MOPU) and a Floating Storage Offshore Unit (FSO) in their EBOK oilfield in Nigeria for a period of nine years.

MOPPL had done entire Engineering, Procurement; Construction, Installation and Commissioning of the FPU in Nigeria, which is operating well. MOPPL has now completed three successful years of continuous and stable operations. MOPPL has a subsidiary in

Nigeria, IVORENE Oil Services Ltd, which provides local support in Nigeria.

MOPPL achieved a turnover of ₹ 312 crores, equivalent of USD 51 million and earned a profit of ₹ 47.72 crores equivalent of USD 7.83 million (previous year turnover of ₹ 269 crores equivalent of USD 49 million and profit of ₹ 41 crores equivalent of USD 7.45 million). MOPPL has paid a dividend of ₹ 39 crores, equivalent of USD 6.40 million (previous year ₹ 35 crores equivalent of USD 6.40 million).

Mercator Oil & Gas Ltd. (MOGL)

This is an Indian unlisted subsidiary.

MOGL, in consortium with MOPPL and an Abu Dhabi-based shipyard, has been awarded a contract by ONGC for conversion of its Mobile Offshore Drilling Unit (MODU) into a Mobile Offshore Production Unit (MOPU). The execution of the project is progressing well. MOGL achieved a turnover of ₹ 401 crores (₹ 341 crores in previous year) and earned a profit of ₹ 10.37 crores (₹ 8 crores in previous year).

Mercator Petroleum Ltd. (MPL)

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

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

Mercator Petroleum Limited, a subsidiary of the Company in consortium with Oil India Ltd. and others, has been chosen as a selected candidate for two offshore oil blocks by the Ministry of Energy, the Republic of Myanmar, in the Myanmar Offshore Block Bidding Round – 2013.

Subsequent to year end, MPL issued further 1,49,00,000 shares of ₹ 10/- for cash at par on a fair value basis, that were subscribed by the Company and its other stepdown subsidiary - Mercator Energy Pte Ltd., Singapore, resulting into shareholdings of MPL as 51% by the Company and 49% by MEPL.

Mercator Offshore Holdings Pte. Ltd. (MOHPL)

In November 2013, MOHPL acquired a VLCC from Company and commenced its operations. For the period ended March 2014, MOHPL achieved a turnover of ₹ 26.33 crores (equivalent of USD 4.32 million) and recorded a profit of ₹ 1.34 crores (equivalent of USD 0.22 million). In FY 2013, the Company had availed a facility of USD 54 million for the acquisition of the VLCC and the proceeds were utilised to prepay high cost INR debt.

Mercator Lines (Singapore) Ltd. (MLS)

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

The consolidated fleet, as at the beginning of the year, comprised 13 own vessels of aggregate capacity of 992,202 DWT and one

in-chartered vessel with a capacity of 91,800 DWT. There was no change in the composition of the fleet during the year.

MLS achieved a consolidated turnover of ₹ 459 crores, equivalent of USD 75 million (as against ₹ 593 crores equivalent of USD 109 million in the previous year). MLS suffered a loss of ₹ 140 crores, equivalent of USD 23 million against a loss of ₹ 424 crores, equivalent to USD 77 million in the previous year.

The proactive measures taken by MLS during the previous year viz. termination/rearrangement of the contracts relating to three chartered in vessels and the sale of VLOC and utilisation of the sale proceeds to retire debt, resulted in a better performance during the year under review.

Mercator Energy Pte. Limited (MEPL)

MIPL formed MEPL in February 2014 as its wholly-owned subsidiary in Singapore with the object of carrying business activities of petroleum, mining and prospecting services and activities incidental to oil and gas extraction. MEPL further has a subsidiary/step down subsidiaries in Singapore. Subsequent to the year end; through its subsidiary, MEPL acquired one second hand rig on behalf of the customer. MEPL entered into an agreement to avail a term loan facility of USD 55 million. Another subsidiary of MEPL viz. Mercator Offshore Assets Holdings Pte. Ltd, acquired the entire shareholding of MOPPL from MIPL for cash consideration at a fair value.

MEPL proposes to issue further shares from its capital to professionals including Mr. Atul Agarwal, the Managing Director and one of the Promoters of the Company. Consequent to this issue, the Company's holding in the said subsidiary will remain at 78% and that of Mr. Atul Agarwal will be 6%.

(For the purpose of financial performances conversion rate of per dollar has been taken as ₹ 60.094 for the Profit and Loss account (previous year ₹ 54.53); and ₹ 60.10 for Balance Sheet items (previous year ₹ 54.39).

Quality, Safety and Environment

Health, Safety, Security and Environment (HSSE), is very robust at Mercator. It is a key element for our business success in operational excellence and meeting client expectations.

This is achieved by a clear communication to our employees, controlling various risks, flexibility, and having a system of audits and internal assessments. We monitor our systems at various stages ashore and on board so that early corrective and preventive action can be taken.

Lessons learnt are shared with the entire fleet. Our HSSE system is reviewed at regular intervals by the top management so that a continuous progress can be achieved, leading to better success.

We comply with national and international rules so that our environment is protected for the future generations. All our team

leaders lead through example and execution, and support all initiatives for reducing HSSE Risks.

We believe HSSE is our core business.

Internal Control System and their Adequacy

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

Human Resources Policy

At Mercator we provide a stimulating, challenging and innovative work environment. Our teams are driven by energetic and forward-thinking individuals. We are an equal opportunities employer and are committed to providing a workplace where everyone feels respected and valued.

We believe our people should be aligned to our core values, with a culture of achieving the performance goals. We set clear expectations that encourage continuous performance improvement, innovation and a strong commitment towards the organisation.

Mercator's focus this year has been to encourage and develop a knowledge-sharing platform within the group. We have conducted two leadership offsites to this effect. The prime focus of these

meetings is to draw common synergies with people working in different divisions and across multiple geographies, as this in turn fosters team work and cooperation.

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

As on March 31, 2014 there were 101 employees with Mercator Ltd. in India. Globally, the Mercator group had 478 employees as on March 31, 2014.

Cautionary Statement

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

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

**H.K.Mittal
Executive Chairman**

Regd. Office:
3rd Floor, Mittal Tower
B-Wing, Nariman Point,
Mumbai-400021
Dated: August 13, 2014

Independent Auditor's Report

**To the Members of
MERCATOR LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of MERCATOR LIMITED ('the company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the Financial position, financial performance and cash flows of the Company in accordance with the Accounting 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 September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For and on behalf of
CNK & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961W

Himanshu Kishnadwala

Partner

Membership No.: 037391

Place: Mumbai

Dated: May 29, 2014

Annexure to the Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.]

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- (b) The management carries out physical verification of the fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, having regard to the nature and location of the inventory, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the above mentioned inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As per the information and explanations given to us, the Company has granted unsecured loans to companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 380.85 lakhs.
- (b) As per information and explanations given to us, rate of interest and other terms and conditions of the unsecured loan given by the company are not prima facie prejudicial to the interests of the company.
- (c) The aforesaid loan given to the party covered in the register maintained under section 301 was receivable on demand and the same has been received during the year.
- (d) In case of the aforesaid loan, since no overdue amount is outstanding, the question of taking reasonable steps for the recovery of the principal amount does not arise.
- (e) During the year the company has not taken unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. Hence, provisions of clauses 3(f) and 3(g) are not applicable to the company.
- (iv) In our opinion and as explained to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system and there is no continuing failure for the same.
- (v) (a) As per information and explanations given by the management and based on the audit procedures applied by us, during the year the company has not entered into any contracts or arrangements referred to in section 301 of the Act. Hence, clauses 5(a) and 5(b) are not applicable to the company.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) 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 section 209(1)(d) of the Act and applicable to the company in respect of coal handling activity have been made and maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duty, cess and other statutory dues and there are no undisputed statutory dues outstanding as at March 31, 2014, for a period of more than six months from the date they became payable

- (b) According to the information and explanations given to us, the disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (₹ in lakhs)	Year/s to which the amount relates	Forum where dispute is pending
Service Tax under Finance Act, 1994	Service Tax	8,177.22	2006-07 to 2012-13	Commissioner of Service tax
Income Tax	Income Tax	237.11	2009-10	Commissioner of Income tax(Appeals)
		7,594.19	2008-09	
		8.70	2002-03	
		1,840.32	2007-08	Income Tax Appellate Tribunal
		588.97	2006-07	

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

- (x) The company does not have any accumulated losses as on March 31, 2014 and has not incurred any cash losses during the financial year but has incurred cash losses in the immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions, banks or debenture holders.
- (xii) Based on our examination of the records and as explained to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund, nidhi/mutual benefit fund/society. The provisions of clause 4(xiii) are therefore not applicable to the company.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by subsidiaries from banks and financial institutions are, considering the long term involvement of the company in these entities, not prejudicial to the interests of the company.
- (xvi) According to the information and explanation given to us, foreign currency term loan raised during the year was applied for the purpose for which the loan was obtained.
- (xvii) As explained to us and on an overall examination of the balance sheet of the Company, in our opinion there are no funds raised on short-term basis which have been used for long-term investment by the Company.
- (xviii) The company has not made any preferential allotment of shares to any parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period covered by our audit, the company has not issued any secured debentures.
- (xx) The Company has not raised any money by public issues during the period covered by our report.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

Himanshu Kishnadwala
 Partner
 Membership No.: 037391
 Place: Mumbai
 Dated: May 29, 2014

Balance Sheet

as at March 31, 2014

		(₹ in lakhs)	
Particulars	Note	As at March 31, 2014	As at March 31, 2013
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	63,958.93	64,543.09
		66,407.85	66,992.01
2 Non - current liabilities			
(a) Long-term borrowings	2.3	56,944.67	68,176.35
(b) Other long term liabilities	2.4	1,116.48	735.53
(c) Long-term provisions	2.5	220.91	228.81
		58,282.06	69,140.69
3 Current liabilities			
(a) Short-term borrowings	2.6	4,581.01	2,809.81
(b) Trade payables	2.7	10,603.63	7,906.55
(c) Other current liabilities	2.8	29,041.58	59,318.50
(d) Short-term provisions	2.9	322.56	42.78
		44,548.78	70,077.64
Total		1,69,238.69	2,06,210.34
B Assets			
1 Non- current assets			
(a) Fixed assets			
(i) Tangible assets	2.10	92,342.86	69,886.68
(ii) Assets held for disposal		-	53,462.45
(b) Non-current investments	2.11	263.64	355.48
(c) Long-term loans and advances	2.12	32,584.24	29,117.97
(d) Other non-current assets	2.13	1,327.33	38.52
		1,26,518.07	1,52,861.10
2 Current assets			
(a) Current investments	2.11	50.00	50.00
(b) Inventories	2.14	1,421.91	955.73
(c) Trade receivables	2.15	18,638.97	20,866.07
(d) Cash and bank balances	2.16	5,024.35	15,513.32
(e) Short-term loans and advances	2.17	17,503.14	15,954.17
(f) Other current assets	2.18	82.25	9.95
		42,720.62	53,349.24
Total		1,69,238.69	2,06,210.34
Significant Accounting Policies	1		
Notes forming part of the financial statements	2 to 7		

As per our report of even date

For CNK & Associates LLP
 Chartered Accountants

Himanshu Kishnadwala
 Partner

For and on behalf of the Board

H. K. Mittal
 Executive Chairman

K. R. Bharat
 Director

A. J. Agarwal
 Managing Director

M. M. Agrawal
 Director

Prasad Patwardhan
 Chief Financial Officer

Manohar Bidaye
 Director

Kapil Garg
 Director

Amruta Sant
 Company Secretary

Dated: May 29, 2014
 Place: Mumbai

Dated: May 29, 2014
 Place: Mumbai

Statement of Profit and Loss

for the year ended March 31, 2014

		(₹ in lakhs)	
Particulars	Note	Year Ended March 31, 2014	Year Ended March 31, 2013
Income			
(a) Revenue from operations	2.19	49,704.36	55,149.42
(b) Other income	2.20	2,720.84	2,531.88
1 Total Revenue		52,425.20	57,681.30
Expenses			
(a) Operating expenses	2.21	33,689.81	40,396.74
(b) Employee benefit expenses	2.22	1,325.49	1,312.33
(c) Finance cost	2.23	7,308.22	13,269.09
(d) Depreciation and amortisation expenses		6,751.73	10,915.55
(e) Impairment of assets		-	8,118.00
(f) Other expenses	2.24	2,278.70	5,263.97
2 Total Expenses		51,353.95	79,275.68
3 Profit/(Loss) before taxes (1 - 2)		1,071.25	(21,594.38)
4 Tax expense:			
(a) Current tax		(125.00)	(150.00)
(b) Short/Excess Provision for tax for earlier years		(25.12)	-
Profit/(Loss) for the period (3 - 4)		921.13	(21,744.38)
Earnings per share (Equity share of ₹ 1/- Each)			
Basic and Diluted (In ₹)	4.7	0.38	(8.88)
Significant Accounting Policies	1		
Notes forming part of the financial statements	2 to 7		

As per our report of even date

For CNK & Associates LLP

Chartered Accountants

Himanshu Kishnadwala

Partner

For and on behalf of the Board

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

Dated: May 29, 2014

Place: Mumbai

Cash Flow Statement

for the year ended March 31, 2014

Particulars	(₹ in lakhs)	
	March 31, 2014	March 31, 2013
A Cash Flow from Operating Activities		
Net Profit / (Loss) before taxes	1,071.25	(21,594.39)
Adjustment for:		
Depreciation	6,751.73	10,915.55
Impairment of assets	-	8,118.00
Provision for doubtful debts/advances	-	2,086.54
Loss on derivative transaction	63.96	19.80
Interest paid	7,308.22	13,269.09
(Profit)/Loss on fixed assets sold (net)	(1.31)	1,093.28
(Profit)/Loss on sale of investments (net)	(13.81)	(44.90)
Interest income	(1,584.71)	(713.49)
Dividend income	(690.22)	(258.98)
Bad Debts and other amounts written off/(back)	877.47	450.33
Adjustments for exchange fluctuation	(887.07)	(1,332.39)
Operating profit before working capital changes	12,895.51	12,008.44
Adjustment for:		
Decrease/(Increase) in Long-term loans and advances	92.83	(7.82)
Decrease/(Increase) in Inventories	(466.17)	785.16
Decrease/(Increase) in Short-term loans and advances	(2,014.47)	(1,247.92)
Decrease/(Increase) in Other current assets	-	1,194.38
Decrease/(Increase) in Trade receivables	1,502.78	(1,758.36)
(Decrease)/Increase in Long term provisions	(7.90)	(57.07)
(Decrease)/Increase in Trade payables	2,577.42	(994.71)
(Decrease)/Increase in Other current liabilities	(563.85)	554.90
(Decrease)/Increase in Short term provisions	(6.73)	(3.10)
Net Cash from Operating Activities	14,009.42	10,473.90
Direct taxes paid	(818.71)	(3,374.39)
Total cash from / (used in) operating activities	13,190.71	7,099.51

Cash Flow Statement

for the year ended March 31, 2014

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013
B. Cash Flow from Investing Activities		
Acquisition of fixed assets including capital work in progress	(28,829.84)	(18.27)
Sale of Fixed Assets	4,439.62	18,273.22
Advance received on Sale of Fixed asset	-	49,029.01
(Increase) / Decrease in Short-term loans and advances	479.34	(1,166.67)
(Increase) / Decrease in Long-term loans and advances	(630.17)	3,620.63
(Increase) / Decrease in Capital Advances	(933.54)	-
(Increase) / Decrease in Current Intercompany deposits	(36.40)	(3,841.76)
(Purchase) / sale of Investments	105.65	114.91
Investment in fixed deposits	(3,874.57)	(3.30)
Interest Income	1,480.30	713.41
Dividend Income	690.22	258.98
Net Cash from Investing Activities	(27,109.39)	66,980.16
C. Cash Flow from Financing Activities		
Proceeds from Long term borrowings	6,610.36	(47,369.26)
Proceeds from Short term borrowings	1,771.21	(1,487.13)
Interest paid	(7,521.22)	(13,808.45)
Loss on derivative transactions	(63.96)	(19.80)
Net Cash from Financing Activities	796.39	(62,684.64)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(13,122.29)	11,395.03
Cash and Cash Equivalents as at beginning of the year (Refer Note 2.16)	15,177.47	3,756.39
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	15.46	26.06
Cash and Cash Equivalents as at end of the year (Refer Note 2.16)	2,070.64	15,177.47
Cash and Cash Equivalents comprise of:		
Cash and Bank Balances (Refer Note 2.16)	2,070.64	15,177.47

Notes:

- Figures in bracket represent outflows.
- Cash and cash equivalents include Unclaimed dividend accounts of ₹ 45.38 lakhs (P.Y. ₹ 51.24 lakhs) which are not available for use by the company.
- Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For CNK & Associates LLP

Chartered Accountants

Himanshu Kishnadwala

Partner

For and on behalf of the Board

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

Dated: May 29, 2014

Place: Mumbai

Notes

forming part of the financial statements

Significant Accounting Policies and Notes Forming Part of the Financial Statements for year Ended March 31, 2014

Corporate Information

Mercator Limited was incorporated on November 24, 1983 as private limited company with name as Mercator Lines Private Limited. It was converted into limited company vide ROC approval dated April 12, 1984. The name was changed to Mercator Limited vide ROC approval dated November 22, 2011. The Company has directly and/or through its subsidiaries 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 have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict with any other accounting standard referred to above, other pronouncements of Institute of Chartered Accountants of India and other relevant provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

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 recognised prospectively in the current and future periods.

1.3 Tangible Fixed Assets and Depreciation

- a) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction including attributable borrowing cost, duties and other incidental expenses related to the acquisition of the asset.

- b) Individual fixed assets costing up to ₹ 25,000 are not capitalised but fully written off to the statement of profit and loss in the year of purchase.
- c) Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are, following option given by notification of Ministry of Corporate Affairs (MCA) dated March 31, 2009/December 29, 2011, adjusted to carrying cost of the respective fixed assets.
- d) Depreciation on vessels is provided on Straight Line Method so as to write off the original cost as reduced by the estimated scrap value over the balance useful life of the vessels or the rates as prescribed under the Schedule XIV of the Companies Act, 1956, whichever are higher. The rate of depreciation ranges from 5% to 11%.
- e) 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.
- f) Depreciation on additions/disposals during the year is provided on pro-rata basis.
- g) Depreciation on furniture, fixtures and electrical fittings installed at office premises taken on lease is provided over the initial period of lease.
- h) Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

1.4 Impairment of Assets

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

1.5 Capital Work in Progress

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

Notes

forming part of the financial statements

1.6 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 also carried forward to the next 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 recognised 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.

1.7 Incomplete Voyages

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

1.8 Foreign Exchange Transactions and Balances

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

- d) Differences in translation of other monetary items and realised gains and losses on foreign currency transactions are recognised in the statement of profit and loss.
- e) Exchange differences arising on translation of long term foreign currency loans given to entities classified as non integral foreign operations is accumulated in Foreign Currency Fluctuation Reserve. On disposal of investment, the balance in the said reserve is transferred to the statement of profit and loss.

1.9 Derivative Financial Instruments and Hedging

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

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

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

1.10 Employee Benefits

a) Short – Term Employee Benefits

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

b) Post – Employment Benefits

- i. Defined Contribution Plans
Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.
- ii. Defined Benefit Plans
The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Notes

forming part of the financial statements

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 it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the statement of profit and loss.

1.11 Operating Lease

- 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 by the Company 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 by the Company as a lessor, the initial direct costs are recognised as expenses in the year in which they are incurred.

1.12 Inventories

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

1.13 Investments

- a) Investments are classified into long-term and current investments.
- b) Investments which are readily realisable 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 March 31, 2014, whichever is less and the resultant decline, if any, is charged to revenue.

1.14 Borrowing Costs

Borrowing costs include interest, ancillary costs, incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to

the acquisition/construction of the qualifying assets are capitalised as part of the cost of the asset, up to the date of acquisition/completion of construction. All other borrowing costs are expenses in the period they occur.

1.15 Provision for Taxation

Tax Expense comprises both Current and Deferred Tax.

- a) Provision for current income tax is made on the basis of the assessable income under the Income tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company under section 115VG(3) of Chapter XII-G of the Income Tax Act, 1961.
- b) Deferred income tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.
- c) Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.16 Earning Per Share

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

1.17 Provisions and Contingent Liabilities

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

1.18 Premium on Redemption of Bonds / Debentures

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

1.19 Cash and Cash Equivalents

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

Notes

forming part of the financial statements

2.1 Share Capital

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Authorised		
35,00,00,000 Equity shares of ₹ 1/- par value.	3,500.00	3,500.00
2,00,00,000 Preference shares of ₹ 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 ₹ 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 ₹ 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 of the year	24,48,92,073	24,48,92,073
Add: Shares issued during the year	-	-
Number of shares at the end of the year	24,48,92,073	24,48,92,073

Terms/Rights attached to Equity shares

The company has two classes of shares referred to as equity shares having a par value of ₹ 1/- and preference shares having a par value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

Notes

forming part of the financial statements

Details of shareholders holding more than five percent equity shares in the Company:

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No of shares	% of holding	No of shares	% of holding
Equity shares of ₹ 1 each fully paid				
H. K. Mittal	4,66,54,200	19.05	4,66,54,200	19.05
Archana Mittal	2,63,27,400	10.75	2,63,27,400	10.75
AHM Investments Private Limited	1,84,06,250	7.52	1,84,06,250	7.52
Lotus Global Investments Limited	1,42,29,669	5.81	1,42,29,669	5.81

2.2 Reserves and Surplus

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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 Redemption Reserve		
As per last Financial Statements	4,000.00	4,000.00
	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,374.92	36,374.92
	36,374.92	36,374.92
Tonnage Tax Reserve		
As per last Financial Statements	-	-
Add/(Less): Transferred from Surplus	150.00	-
	150.00	-
Tonnage Tax Reserve (Utilised)		
As per last Financial Statements	17,524.83	17,524.83
Less: Transferred to General Reserve	(17,524.83)	-
	-	17,524.83
Debenture Redemption Reserve		
As per last Financial Statements	10,250.00	25,562.50
Less: Transferred to General Reserve	(2,750.00)	(15,312.50)
	7,500.00	10,250.00

Notes

forming part of the financial statements

2.2 Reserves and Surplus (Contd.)

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
General Reserve		
As per last Financial Statements	24,476.83	9,164.33
Add: Transferred from Debenture Redemption Reserve	2,750.00	15,312.50
Add: Transferred from Tonnage Tax Reserve (Utilised)	17,524.83	-
Less: Transferred to Surplus	(34,500.00)	-
	10,251.66	24,476.83
Foreign Exchange Fluctuation Reserve		
As per last Financial Statements	(27.49)	1,004.51
Add: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)	1,364.13	342.55
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 4.1)		
As per last Financial Statements	103.88	-
Add/(Less): For the year (net)	(1,724.59)	103.88
	(1,620.71)	103.88
Hedging Reserve (Refer Note 1.9)		
As per last Financial Statements	(790.04)	(498.35)
Add/(Less): Increase/(Decrease) during the year (net)	(466.00)	(291.69)
	(1,256.04)	(790.04)
Surplus		
As per last Financial Statements	(31,659.33)	(9,914.94)
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	921.13	(21,744.39)
Less: Transfer to Tonnage Tax Reserve	(150.00)	-
Add: Transferred from General Reserve	34,500.00	-
Less: Provision for Dividend	(244.89)	-
Less: Tax on Dividend	(41.61)	-
	3,325.30	(31,659.33)
Closing	63,958.93	64,543.09

Notes

forming part of the financial statements

2.3 Long-term Borrowings

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Secured		
(A) Debentures	15,000.00	40,000.00
(B) External Commercial Borrowings	6,160.23	8,294.37
(C) Term loans from banks	35,784.44	19,881.98
	56,944.67	68,176.35

Notes:

(i) Security details

- 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.
- External Commercial Borrowings referred in (B) above are secured by exclusive charge on specified vessels of the company of which ₹ 2,704.49 lakhs (P.Y. ₹ 2,651.48 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels.
- Term Loans referred in (C) above are secured by first charge on specified vessels, on pari passu basis with other lenders and includes ₹ 12,150.00 lakhs (P.Y. ₹ 13,050.45 lakhs) additionally secured by charge on loan extended to subsidiary as well as charge on cash flows of specified vessels.
- Foreign Currency loans included in Term loans from banks in (C) are secured by first charge ₹ 29,213.06 lakhs and by second charge ₹ 3,004.99 lakhs on specified vessels of the company on pari passu basis with other lenders.

(ii) Terms of repayment and interest are as follows:

Description	ROI*	Balance installments as on 31.03.2014	Year of 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 Borrowing	Libor+3.00%	4	2016	6,460.73	8,294.37
External Commercial Borrowing	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	-
				83,533.27	75,304.16
Less: Shown in current maturities of long term debt				26,588.60	7,127.81
Balance shown as above				56,944.67	68,176.35

* Applicable Rate of Interest as on March 31, 2014

Notes

forming part of the financial statements

2.4 Other Long-term Liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Other Liabilities		
Liability towards cash flow hedges (Refer note 4.8)	1,116.48	735.53
	1,116.48	735.53

2.5 Long-term Provisions

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity	169.13	193.70
Compensated absences	51.78	35.11
	220.91	228.81

2.6 Short-term Borrowings

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Secured		
Loans repayable on demand		
Working capital facilities from scheduled banks	2,607.01	848.61
Unsecured		
Working capital facilities from scheduled banks	1,974.00	1,961.20
	4,581.01	2,809.81

Note:

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

2.7 Trade Payables

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Trade payables		
Due to Micro, Small & Medium Enterprises (Refer note 5.1)	-	-
Other Trade payables*	10,603.63	7,906.55
	10,603.63	7,906.55

*Includes payable to subsidiary companies

Notes

forming part of the financial statements

2.8 Other Current Liabilities

(₹ in lakhs)		
Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debt		
1) Debentures (Refer Note 2.3 (i) (a))	15,000.00	1,000.00
2) External commercial borrowings (Refer Note 2.3 (i)(b))	3,004.99	2,651.48
3) Term loans from banks (Refer Note 2.3 (i) (c) and (d))	8,583.61	3,476.33
Interest accrued but not due on borrowings	1,512.07	1,682.00
Interest accrued and due on borrowings	28.51	87.12
Unpaid dividend*	45.38	51.24
For Other liabilities		
Salaries & wages payable	99.72	125.25
Statutory dues payables	597.33	641.34
Liability towards cash flow hedges (Refer Note 4.8)	139.56	54.51
Advance from customers	2.97	261.10
Advance for sale of vessel	-	49,029.01
Other payables**	27.44	259.12
	29,041.58	59,318.50

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

** Other payables of previous year include incomplete voyages (net of income) accrued but not due

2.9 Short-term Provisions

(₹ in lakhs)		
Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity	18.79	21.52
Compensated absences	17.27	21.26
Others		
Provision for dividend	244.89	-
Tax on dividend	41.61	-
	322.56	42.78

2.10 Fixed Assets

(₹ in lakhs)												
Particulars	Original Cost					Depreciation/Amortization					Net Book Value	Net Book Value
	As at April 1, 2013	Addition for the year	Other Adjustments	Deductions for the year	As at March 31, 2014	Upto March 31, 2013	Depreciation For the Year	Impairment For the Year	Adjustment in respect of Assets Sold/Discarded / held for disposal	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets												
Land	11.31	-	-	-	11.31	-	-	-	-	-	11.31	11.31
Office Premises (Refer Note 1, 2)	344.28	-	-	-	344.28	147.73	9.83	-	-	157.56	186.72	196.55
Vessels (Refer Note 3)	1,07,355.99	28,725.58	384.32	-	1,36,465.89	37,835.61	6,703.38	-	-	44,538.99	91,926.89	69,520.37
Furniture and Fixtures	314.57	0.84	-	-	315.41	278.09	4.73	-	-	282.82	32.59	36.48
Vehicles	231.78	94.04	-	33.38	292.44	171.37	18.66	-	27.13	162.90	129.54	60.41
Office Equipments	105.30	1.22	-	-	106.52	67.25	5.39	-	-	72.64	33.88	38.05
Computer Equipments	138.09	8.16	-	-	146.25	114.58	9.74	-	-	124.32	21.93	23.51
Total	1,08,501.32	28,829.84	384.32	33.38	1,37,682.10	38,614.63	6,751.73	-	27.13	45,339.23	92,342.86	69,886.68
Previous Year	2,18,839.64	18.27	1,404.72	1,11,761.31	1,08,501.32	55,356.72	10,915.55	8,118.00	35,775.64	38,614.63	69,886.68	1,63,482.93

Notes

1) Includes cost of 10 shares of ₹ 50/- each fully paid in Mittal Tower Premises Co-op. Society Ltd.

2) Office premises having gross value ₹ 343.16 lakhs (P.Y. ₹ 343.16 lakhs) and accumulated depreciation ₹ 157.06 lakhs (P.Y. ₹ 147.27 /- lakhs) are given on operating Lease.

3) Other adjustments include exchange fluctuation loss on Long term foreign currency loans ₹ 384.32 lakhs (P.Y. ₹ 1,404.72 lakhs)

Notes

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2.11 Investments

(₹ in lakhs)				
Particulars	Nos	As at March 31, 2014	Nos	As at March 31, 2013
Non Current Investments - At cost				
Trade investments (Unquoted)				
Investment in Equity Shares of Subsidiaries				
Mercator Oil and Gas Limited	1,50,000	15.00	1,50,000	15.00
Mercator International Pte Limited	1,00,000	28.80	1,00,000	28.80
Mercator Offshore Holdings Pte. Limited **	2	-	2	-
Mercator Petroleum Limited	1,00,000	10.00	1,00,000	10.00
Mercator Offshore (P) Pte Limited	13,992	4.57	13,992	4.57
Oorja Resources India Private Limited	25,000	2.50	25,000	2.50
Mercator FPSO Private Limited	10,000	1.00	10,000	1.00
Others				
Investment in Equity Shares				
Marg Swarnabhoomi Port Private Limited	1,250	0.13	1,250	0.13
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		263.64		355.48
Current Investments - at the lower of cost and fair value				
Quoted				
Investments in Mutual Funds				
Axis Equity Fund	5,00,000	50.00	5,00,000	50.00
(Market value of current investments on March 31, 2014 ₹ 60.25 lakhs (P.Y. ₹ 54.65 lakhs))				
Aggregate amount of Quoted investments		50.00		50.00

** Cost ₹ 51/-

Note: The Company has agreed to maintain its beneficial stake of 100% in its subsidiary viz. Mercator International Pte. Ltd. and upto 51% (directly/indirectly) in subsidiary/step down subsidiary viz. Mercator Offshore (P) Pte. Ltd. and Mercator Lines (Singapore) Ltd. to the respective lenders under their financial assistance.

Notes

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2.12 Long-term Loans and Advances

(₹ in lakhs)		
Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured		
Considered good		
Loans and advances to related parties*	17,014.26	15,019.95
Capital Advances	1,873.54	940.00
Capital Advances to related parties**	4,199.96	4,199.96
Deposits		
Deposits with government and semi government bodies	3.04	2.74
Other deposits	354.00	447.13
Other deposits to related parties***	500.00	500.00
Other loans and advances		
Advance payment of tax (net of provisions)	7,412.75	6,634.16
Unamortized finance charges	141.69	179.03
MAT credit available	1,085.00	1,195.00
	32,584.24	29,117.97
* Loans and advances to related parties		
Mercator FPSO Private Limited	199.48	198.48
Mercator International Pte Limited	13,467.60	12,237.59
Mercator Petroleum Limited	3,345.27	2,465.85
Oorja Resources India Private Limited	1.91	118.03
	17,014.26	15,019.95
** Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited (Formerly known as Vaitarna Marine Infrastructure Private 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

2.13 Other Non-current Assets

(₹ in lakhs)		
Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, Considered Good		
Fixed Deposits with bank with maturity more than 12 months	1,293.97	37.26
Accrued interest on fixed deposit with banks	33.36	1.26
	1,327.33	38.52

2.14 Inventories

(₹ in lakhs)		
Particulars	As at March 31, 2014	As at March 31, 2013
At Cost (Valued at lower of cost and net realisable value)		
Bunker and lubes	1,421.91	955.73
	1,421.91	955.73

Notes

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2.15 Trade Receivables

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts ₹ 400 lacs)	10,986.40	11,939.47
Other debts		
Considered good	7,652.57	8,926.60
	18,638.97	20,866.07

2.16 Cash and Bank Balances

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Cash in hand	1.23	11.63
Balances with banks	2,069.41	15,165.84
	2,070.64	15,177.47
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	2,953.71	335.85
	5,024.35	15,513.32
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

2.17 Short-term Loans and Advances

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Unsecured		
Considered good		
Loans and advances to related parties*	968.63	1,492.21
Others		
Advance to employees	88.89	104.37
Advance to suppliers	3,975.80	2,148.12
Inter corporate deposits to related parties**	5,552.00	5,575.00
Inter corporate deposits to others	1,038.70	979.30
Insurance claim receivable	5,428.05	5,424.55
Service tax receivable	222.94	24.79
Unamortised finance charges	117.49	95.67

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2.17 Short-term Loans and Advances (Contd.)

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Prepaid expenses	110.64	110.16
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)
	-	-
	17,503.14	15,954.17
*Loans and advances to related parties		
MLL Logistics Private Limited	345.13	336.13
Mercator Offshore (P) Pte Limited	436.84	353.42
Mercator Oil & Gas Limited	15.35	631.42
MCS Holdings Pte Limited	171.32	171.24
	968.64	1,492.21
** Inter corporate deposits to related parties		
MLL Logistics Private Limited	5,552.00	5,575.00
	5,552.00	5,575.00

2.18 Other Current Assets

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Accrued interest on fixed deposit with banks	82.25	9.95
	82.25	9.95

2.19 Revenue from Operations

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Freight	21,322.92	32,477.81
Charter hire	21,597.97	17,226.90
Dispatch and demurrage	103.47	384.61
Cargo handling services	6,680.00	5,060.10
	49,704.36	55,149.42

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2.20 Other Income

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Dividend received on current investments	479.41	85.81
Dividend received from subsidiary company	210.81	173.16
Rent received	31.92	12.56
Net gain on foreign currency transactions/translation	214.92	1,328.46
Interest income		
- Fixed Deposits and Inter corporate deposits	972.58	427.72
- others	612.14	285.77
Gain on sale of current investments	-	28.18
Gain on sale of non-current investments	13.81	16.72
Gain on sale of assets (net)	1.31	-
Other income	180.04	170.20
Miscellaneous income	3.90	3.30
	2,720.84	2,531.88

2.21 Operating Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Bunker consumed	7,573.04	10,500.16
Vessel /Equipment hire expenses	3,740.53	8,214.56
Technical & Ship management services	7,175.26	7,763.55
Agency, Professional and service expenses	467.35	506.14
Communication expenses	131.48	106.21
Miscellaneous expenses	412.37	478.89
Commission	6.70	80.27
Insurance	1,118.48	1,152.35
Port expenses	1,083.56	2,089.77
Repairs and maintenance	8,430.09	7,349.31
Stevedoring, transport and freight	3,550.95	2,155.53
	33,689.81	40,396.74

2.22 Employee Benefit Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Salaries, wages, bonus, etc.	1,226.13	1,202.22
Contribution to provident and other funds	61.24	64.39
Employee welfare expenses	38.12	45.72
	1,325.49	1,312.33

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2.23 Finance Cost

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest expense	6,918.27	11,935.36
Other borrowing costs	389.95	1,333.73
	7,308.22	13,269.09

2.24 Other Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Rent	435.51	434.47
Payment to auditors		
As auditors	22.50	20.00
For other services (certification and other matters)	16.75	18.55
Repairs and maintenance (office premises and premises acquired on lease)	95.49	165.27
Insurance	17.02	23.94
Legal, Professional and consultancy expenses	236.68	267.61
Donation	0.80	0.46
Communication expenses	38.93	43.92
Conveyance, car hire and travelling	157.06	139.44
Advertisement	8.01	9.70
Loss on sale of assets (net)	-	1,093.28
Loss on derivative transactions	63.96	19.80
Bad Debts and other amounts written off/back (net)	877.47	450.33
Provision for doubtful debts/advances	-	2,086.54
Miscellaneous expenses	308.52	490.66
	2,278.70	5,263.97

3. Other Disclosures

3.1 Contingent Liabilities not provided for

	(₹ in lakhs)	
	Current Year	Previous Year
Counter guarantees issued by the Company for guarantees obtained from 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 by the Company on behalf of subsidiaries.	1,05,813.95	99,487.87
Total	1,13,543.31	104,305.49

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3.2 Letters of Comfort Issued

	(₹ in lakhs)	
	Current Year	Previous Year
Letters of comfort issued by the Company on behalf of wholly owned / step down subsidiaries.	5,108.48	5,139.79

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

- The Company received the Show Cause cum Demand notices from the Commissioner of service tax aggregating to ₹ 8,177.22 lakhs for FY 2006-07 to FY 2012-13. The Company has filed its reply against the said notices. There is no further communication for the same from the authorities. The Company is advised that the said demand is legally unsustainable and hence the Company does not expect any liability in the matter.
- No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 10,269.30 lakhs (₹ 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 ₹ 2,644.38 lakhs (₹ 1,841.77 lakhs).

3.4 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2014 ₹ NIL (₹ NIL).

3.5 CIF Value of Imports

	(₹ in lakhs)	
	Current Year	Previous Year
On CIF basis during the accounting year in respect of:		
Stores & Spares	1,285.48	1,539.15
Capital Goods (including CWIP)	6,917.40	Nil

3.6 Value of Imported & Indigenous Stores & Spare Parts consumed

	Current Year		Previous Year	
	(₹ in lakhs)	%	(₹ in lakhs)	%
Imported Stores & Spares	1,285.48	35%	1,539.15	42%
Indigenous Stores & Spares	2,402.30	65%	2,112.70	58%

3.7 Expenditure in foreign currency

	(₹ in lakhs)	
	Current Year	Previous Year
On Repairs/Renovations and expenses of Vessels	837.07	2,014.07
On Bunker	1,440.54	4,269.24
On Freight	417.80	3,855.19
On Vessel Expenses	3,460.51	3,919.05
On Travelling	5.31	13.07
On Interest	708.99	1,785.44

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3.8 Earnings in foreign currency on account of

	(₹ in lakhs)	
	Current Year	Previous Year
Shipping Income	7,817.12	9,355.78
Interest Income	522.88	179.95
Dividend Income	210.81	173.16
Other Income	131.00	170.80

3.9 Remittance in foreign currencies for dividends

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

4. Disclosures as per Notified Accounting Standards

- 4.1** The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with the notification of Ministry of Corporate Affairs (MCA) dated March 31, 2009/December 29, 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 ₹ 384.32 lakhs (PY ₹ 1404.72 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 ₹ 1,234.43 lakhs (PY Gain (net) ₹ 190.04 lakhs). The balance debit amount outstanding in FCMITD as on March 31, 2014 is ₹ 1,620.71 lakhs (PY credit amount outstanding ₹ 103.88 lakhs).

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

- 4.3** Disclosures in accordance with Revised Accounting Standard (AS) -15 on "Employee Benefits":

Disclosure as required by AS-15 is as under:

(A) Defined Contribution Plans:

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

		(₹ in lakhs)	
Sr. No.	Particulars	Current Year	Previous Year
i	Contribution to Employees' Provident Fund (Includes Contribution to Seamen's Provident Fund)	63.42	66.37
ii	Contribution to Employees' Family Pension Fund	NIL	NIL
iii	Contribution to Employees' Superannuation Fund	NIL	NIL
	Total	63.42	66.37

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

General Description of Significant Defined Benefit Plans:

Gratuity Plan:

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

Leave encashment:

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

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(i) Changes in the Present Value of Obligation

(₹ in lakhs)

Sr. No.	Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
a.	Present Value of Obligation as at April 1, 2013 (Opening)	215.22	56.37	247.06	84.71
b.	Interest Cost	17.22	4.51	19.76	6.78
c.	Past Service Cost	NIL	NIL	NIL	NIL
d.	Current Service Cost	24.12	16.12	26.42	13.61
e.	Curtailment Cost/ (Credit)	NIL	NIL	NIL	NIL
f.	Settlement Cost/(Credit)	NIL	NIL	NIL	NIL
g.	Benefits paid	NIL	16.45	0.68	12.01
h.	Actuarial (Gain)/Loss	(68.63)	8.54	(77.34)	(36.72)
i.	Present Value of Obligation as at March 31, 2014	187.92	69.09	215.22	56.37

(ii) Expenses recognised in the Statement of Profit and Loss

(₹ in lakhs)

Sr. No.	Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
a.	Current Service Cost	24.12	16.12	26.42	13.61
b.	Past Service Cost	NIL	NIL	NIL	NIL
c.	Interest cost	17.22	4.51	19.76	6.78
d.	Curtailment Cost/ (Credit)	NIL	NIL	NIL	NIL
e.	Settlement Cost/ (Credit)	NIL	NIL	NIL	NIL
f.	Net Actuarial (Gain)/ Loss	(68.63)	8.54	(77.34)	(36.72)
g.	Employees' Contribution	NIL	NIL	NIL	NIL
h.	Total Expenses recognised in Statement of Profit and Loss	(27.30)	29.17	(31.15)	(16.33)

(iii) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

(₹ in lakhs)

Sr. No.	Particulars	FY 2013-14 Gratuity and Leave Encashment	FY 2012-13 Gratuity and Leave Encashment
a.	Discount Rate	8.00%	8.00%
b.	Salary Escalation Rate	8.00%	12.00%
c.	Staff Turnover Rate	10% to 2% p.a. age related on graduated scale	10% to 2% p.a. age related on graduated scale
d.	Mortality Table	Indian Assurance Lives mortality (2006-08) Ultimate	LIC (1994-96) Ultimate

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

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(iv) Experience adjustments

	(₹ in lakhs)				
Experiences	2010	2011	2012	2013	2014
Defined Benefit Obligation at the end of the period	87.28	131.88	247.06	215.22	188.00
Plan Assets	N A	N A	N A	N A	N A
Surplus / (Deficit)	N A	N A	N A	N A	N A
Experience adjustments of Obligation [Gain/ (Loss)]	37.86	1.24	(63.18)	77.34	59.78
Experience adjustments on Plan Assets	N A	N A	N A	N A	N A

4.4 Segment Reporting

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

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

A List of Related Parties

I Subsidiaries - Fellow/ Step down subsidiaries

- 1 Mercator International Pte Limited (MIPL) (Singapore)
- 2 Mercator Oil and Gas Limited (MOGL) (India)
- 3 Mercator Petroleum Limited (India)
- 4 Oorja Resources India Private Limited (India)
- 5 Mercator FPSO Private Limited (India)
- 6 Mercator Offshore Holdings Pte Limited (MOHPL) (Singapore)
- 7 Mercator Offshore (P) Pte Limited (Singapore)
- 8 Oorja Holdings Pte.Limited (OHL) (Singapore)
- 9 Mercator Lines (Singapore) Limited (MLS) (Singapore)
- 10 Mercator Offshore Limited (Singapore) - Liquidated during the year with effect from April 1, 2013
- 11 Ivorene Oil Services Nigeria Limited (Singapore)
- 12 Mercator Lines (Panama) Inc
- 13 Chitra Prem Pte. Limited (Singapore)
- 14 Oorja 1 Pte Limited (Singapore)
- 15 Oorja 2 Pte Limited (Singapore)
- 16 Oorja 3 Pte Limited (Singapore)
- 17 Oorja Mozambique Limitada (Mozambique)
- 18 MCS Holdings Pte Limited (Singapore)
- 19 Oorja (Batua) Pte Limited (Singapore)
- 20 PT Karya Putra Borneo (Indonesia)
- 21 PT Indo Perkasa (IPK) (Indonesia)
- 22 Oorja Indo Petangis Four (Indonesia)

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- 23 Oorja Indo Petangis Three (Indonesia)
- 24 Oorja Indo KGS (Indonesia)
- 25 Broadtec Mozambique Minas Limitada (Mozambique)
- 26 PT Mincon Indo Resources (Indonesia)
- 27 Bima Gema Permata PT (Jakarta)
- 28 Nuansa Sakti Kencana PT (Jakarta)
- 29 Varsha Vidya Inc (Panama)
- 30 Mercator Energy Pte Limited (Singapore)
- 31 Mercator Offshore Assets Holding Pte Limited (Singapore)
- 32 Mercator Okwok FPU Pte Limited (Singapore)
- 33 Mercator Okoro FPU Pte Limited (Singapore)
- II Key Management Personnel
 - 1 H.K Mittal
 - 2 A.J. Agarwal
- III Enterprises over which Key Management Personnel exercise significant control
 - 1 AAAM Properties Private Limited
 - 2 Ankur Fertilizers Private Limited
 - 3 AHM Investments Private Limited
 - 4 MHL Healthcare Limited - Formerly known as Mercator Healthcare Limited
(Name changed with effect from January 1, 2014)
- IV Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.
 - 1 MLL Logistics Private Limited
 - 2 Zicom Electronic Security Systems Limited
 - 3 Vaitarna Marine Infrastructure Limited -Formerly known as Vaitarna Marine Infrastructure Private Limited
(Name changed with effect from May 21, 2013)
 - 4 Rishi Holding Private Limited
 - 5 Baronet Properties & Investments Private Limited
 - 6 Coronet Properties & Investments Private Limited
- V Relative of Key Management Personnel
 - 1 Adip Mittal

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B Details of Transactions with above parties

Name of the Transaction	(₹ in lakhs)							
	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Services Rendered	749.65	1,671.48	-	-	-	-	749.65	1,671.48
Interest Income	535.45	284.16	-	-	622.39	342.10	1,157.84	626.25
Interest Expense	0.60	-	-	-	-	4.15	0.60	4.15
Services Received	-	3,955.60	-	-	681.96	475.52	681.96	4,431.13
Purchase of capital Asset	7,352.67	-	-	-	-	-	7,352.67	-
Reimbursements of Expenses Paid	1.14	14.40	1.43	4.26	0.66	-	3.23	18.66
Reimbursements of Expenses Received	1,306.30	565.92	-	3.32	1.40	-	1,307.70	569.24
Finance Provided								
Loans								
Loans Given during the Year	6,568.95	29,322.65	20.00	-	-	-	6,588.95	29,322.65
Loans Repaid During the Year	6,345.15	21,962.89	10.00	-	-	-	6,355.15	21,962.89
Loans taken during the Year by Company	1,840.00	-	-	-	-	-	1,840.00	-
Loans Repaid During the Year by Company	1,840.00	-	-	-	-	-	1,840.00	-
Inter Corporate Deposits								
Inter Corporate Deposits given during the year	-	-	-	-	1,252.00	3,725.00	1,252.00	3,725.00
Inter Corporate Deposits received during the year	-	-	-	-	-	350.00	-	350.00
Inter Corporate Deposits repaid during the year	-	-	-	-	1,275.00	350.00	1,275.00	350.00
Advances								
Advances Given During the Year	-	-	-	-	9.00	13.00	9.00	13.00
Guarantees and Comfort Letters								
Guarantees Given	36,783.91	436.50	-	-	-	-	36,783.91	436.50
Outstanding as on 31.03.2014								
Comfort Letter	5,679.43	5,139.79	-	-	-	-	5,679.43	5,139.79
Guarantees	105,813.95	100,304.37	-	-	-	-	105,813.95	100,304.37
Outstanding balances as on 31.03.2014								
Loans, Advances and Receivables								
Loans Advances and Receivables								
Loans	15,898.99	16,004.80	-	-	-	-	15,898.99	16,004.80
Advances	-	171.24	-	-	345.13	336.13	345.13	507.37
Capital Advances	-	-	-	-	4,199.96	4,199.96	4,199.96	4,199.96
Receivables	-	45.05	-	-	-	-	-	45.05
Outstanding Balances of Receivables and Payables as on 31.03.2014								
Trade & Other Receivables	1,781.84	22.13	-	-	1,998.02	1,260.67	3,779.86	1,282.80
Trade & Other Payables	1,857.88	1,644.99	-	-	3.64	17.59	1,861.52	1,662.58
Advance Received From Customers	-	94.50	-	-	-	-	-	94.50
Advance received for sale of vessel	-	49,029.01	-	-	-	-	-	49,029.01
Inter Corporate Deposit								
Balance as on 31.03.2014	-	-	-	-	5,552.00	5,575.00	5,552.00	5,575.00
Deposit								
Balance as on 31.03.2014	-	-	-	-	515.00	515.00	515.00	515.00
Remuneration paid to Key Management Personnel	96.00	96.00						
Remuneration paid to Relative of Key Management Personnel	14.50	16.82						

Notes

forming part of the financial statements

Partywise details of material transactions

Name of the Transaction	(₹ in lakhs)							
	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Services Rendered								
Mercator Lines (Singapore) Limited	-	637.68	-	-	-	-	-	637.68
MCS Holdings Pte Limited	745.74	1,030.10	-	-	-	-	745.74	1,030.10
Total	745.74	1,667.78	-	-	-	-	745.74	1,667.78
Interest Income								
Mercator International Pte Limited	510.70	177.03	-	-	-	-	510.70	177.03
Oorja Resources India Private Limited	-	86.46	-	-	-	-	-	86.46
MLL Logistics Private Limited	-	-	-	-	620.26	342.10	620.26	342.10
Total	510.70	263.49	-	-	620.26	342.10	1,130.96	605.59
Interest Expense								
Oorja Resources India Private Limited	0.60	-	-	-	-	-	0.60	-
Zicom Electronic Security Systems Limited	-	-	-	-	-	4.15	-	4.15
Total	0.60	-	-	-	-	4.15	0.60	4.15
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	668.76	462.53	668.76	462.53
Mercator International Pte Limited	-	3,955.60	-	-	-	-	-	3,955.60
Total	-	3,955.60	-	-	668.76	462.53	668.76	4,418.14
Purchase of Capital Asset								
Mercator International Pte Limited	7,352.67	-	-	-	-	-	7,352.67	-
Total	7,352.67	-	-	-	-	-	7,352.67	-
Reimbursements of Expenses Paid								
Ankur Fertilizers Private Limited	-	-	1.41	4.26	-	-	1.41	4.26
Mercator Lines (Singapore) Limited	1.14	13.91	-	-	-	-	1.14	13.91
Vaitarna Marine Infrastructure Limited	-	-	-	-	0.66	-	0.66	-
Total	1.14	13.91	1.41	4.26	0.66	-	3.21	18.17
Reimbursements of Expenses Received								
Mercator Lines (Singapore) Limited	-	72.56	-	-	-	-	-	72.56
Ankur Fertilizers Private Limited	-	-	-	3.32	-	-	-	3.32
Mercator Offshore Holdings Pte. Limited (Net)	959.04	-	-	-	-	-	959.04	-
MCS Holdings Pte Limited	307.55	287.22	-	-	-	-	307.55	287.22
Mercator Oil & Gas Limited	-	115.30	-	-	-	-	-	115.30
Mercator Offshore (P) Pte. Limited.	-	75.74	-	-	-	-	-	75.74
Vaitarna Marine Infrastructure Limited	-	-	-	-	1.40	-	1.40	-
Total	1,266.59	550.82	-	3.32	1.40	-	1,267.99	554.15
Finance Provided								
Loans								
Loans Given during the Year								
Mercator International Pte Limited	4,809.10	22,329.24	-	-	-	-	4,809.10	22,329.24
Mercator Petroleum Limited	875.00	-	-	-	-	-	875.00	-
Mercator Oil & Gas Limited	800.00	5,640.00	-	-	-	-	800.00	5,640.00
Mercator FPSO Pvt Limited	-	-	10.00	-	-	-	10.00	-
MHL Healthcare Limited	-	-	10.00	-	-	-	10.00	-
Total	6,484.10	27,969.24	20.00	-	-	-	6,504.10	27,969.24
Loans Repaid During the Year								
Mercator Oil & Gas Limited	1,300.00	5,140.00	-	-	-	-	1,300.00	5,140.00
Mercator International Pte Limited	4,986.77	15,157.43	-	-	-	-	4,986.77	15,157.43
MHL Healthcare Limited	-	-	10.00	-	-	-	10.00	-
Total	6,286.77	20,297.43	10.00	-	-	-	6,296.77	20,297.43

Notes

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Partywise details of material transactions (Contd.)

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Loans taken during the Year by Company								
Mercator Oil & Gas Limited	1,640.00	-	-	-	-	-	1,640.00	-
Oorja Resources India Private Limited	200.00	-	-	-	-	-	200.00	-
Total	1,840.00	-	-	-	-	-	1,840.00	-
Loans Repaid During the Year by Company								
Mercator Oil & Gas Limited	1,640.00	-	-	-	-	-	1,640.00	-
Oorja Resources India Private Limited	200.00	-	-	-	-	-	200.00	-
Total	1,840.00	-	-	-	-	-	1,840.00	-
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	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
Inter Corporate Deposits received during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	-	350.00	-	350.00
Total	-	-	-	-	-	350.00	-	350.00
Inter Corporate Deposits repaid during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	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								
MLL Logistics Pvt Limited	-	-	-	-	9.00	13.00	9.00	13.00
Total	-	-	-	-	9.00	13.00	9.00	13.00
Advance received against Sale of Fixed Asset								
Mercator Offshore Holdings Pte Limited	-	49,029.01	-	-	-	-	-	49,029.01
Total	-	49,029.01	-	-	-	-	-	49,029.01
Guarantees and Comfort Letters								
Guarantees Given								
Mercator International Pte Limited	26,443.91	-	-	-	-	-	26,443.91	-
Mercator Oil and Gas Limited	10,340.00	-	-	-	-	-	10,340.00	-
Mercator Petroleum Limited	-	436.50	-	-	-	-	-	436.50
Total	36,783.91	436.50	-	-	-	-	36,783.91	436.50
Outstanding as on 31.03.2014								
Comfort Letter								
Mercator Lines (Singapore) Limited	5,679.43	5,139.79	-	-	-	-	5,679.43	5,139.79
Total	5,679.43	5,139.79	-	-	-	-	5,679.43	5,139.79
Guarantees								
Mercator International Pte Limited	13,582.55	-	-	-	-	-	13,582.55	-
Mercator Offshore (P) Pte Limited.	63,285.09	67,565.11	-	-	-	-	63,285.09	67,565.11
Mercator Petroleum Limited	12,384.00	13,702.05	-	-	-	-	12,384.00	13,702.05
Mercator Oil and Gas Limited	16,562.30	12,211.72	-	-	-	-	16,562.30	12,211.72
Total	105,813.95	93,478.87	-	-	-	-	105,813.95	93,478.87
Outstanding balances as on 31.03.2014								
Loans, Advances and Receivables								
Loans								
Mercator International Pte Limited	12,059.93	12,237.59	-	-	-	-	12,059.93	12,237.59
Mercator Petroleum Limited	3,337.18	2,465.85	-	-	-	-	3,337.18	2,465.85
Total	15,397.10	14,703.44	-	-	-	-	15,397.10	14,703.44

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Partywise details of material transactions (Contd.)

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Advances								
MLL Logistics Private Limited	-	-	-	-	345.13	336.13	345.13	336.13
MCS Holdings Pte Limited	-	171.24	-	-	-	-	-	171.24
Total	-	171.24	-	-	345.13	336.13	345.13	507.37
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
Receivables								
Mercator Lines (Singapore) Limited	-	45.05	-	-	-	-	-	45.05
Total	-	45.05	-	-	-	-	-	45.05
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
Mercator Lines (Singapore) Limited	-	22.13	-	-	-	-	-	22.13
Mercator International Pte Limited	1,407.68	-	-	-	-	-	1,407.68	-
Total	1,407.68	22.13	-	-	1,841.21	1,260.67	3,248.89	1,282.80
Trade and Other Payables								
Mercator Lines (Singapore) Limited	898.85	1,022.71	-	-	-	-	898.85	1,022.71
Zicom Electronic Security Systems Limited	-	-	-	-	2.02	4.15	2.02	4.15
Mercator International Pte Limited	-	622.28	-	-	-	-	-	622.28
Vaitarna Marine Infrastructure Limited	-	-	-	-	-	13.44	-	13.44
Rishi Holdings Private Limited	-	-	-	-	1.62	-	1.62	-
Mercator Offshore Holdings Pte Limited	959.04	-	-	-	-	-	959.04	-
Total	1,857.88	1,644.99	-	-	3.64	17.59	1,861.52	1,662.58
Advance Received From Customers								
Mercator Lines (Singapore) Limited	-	94.50	-	-	-	-	-	94.50
Total	-	94.50	-	-	-	-	-	94.50
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	96.00	96.00						
Remuneration paid to Relative of Key Management Personnel	14.50	16.82						

Notes

forming part of the financial statements

4.6 Disclosure in respect of Leases as per AS 19:

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

	(₹ in lakhs)	
	Year Ended March 31, 2014	Year ended March 31, 2013
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office premises taken on lease		
(i) Lease payments recognised in the Statement of Profit and Loss	410.47	407.20
(ii) Significant leasing arrangements		
The Company has given refundable interest free security deposits under the agreements.		
The lease agreements are upto 11 to 60 months.		
These agreements also provide for periodical increase in rent.		
During the year one of the lease agreements was renewed for 12 months		
(iii) Future minimum lease payments under non-cancellable agreements		
Not later than one year	NIL	165.88
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

(B) In respect of Operating Leases (as Lessor):

	(₹ in lakhs)	
	Year Ended March 31, 2014	Year ended March 31, 2013
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office premises given on lease		
(i) Lease payments recognised 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 payments under non-cancellable agreements		
- Not later than one year	NIL	NIL
- Later than one year and not later than five years	NIL	NIL
- Later than five years	NIL	NIL

General Description of leasing arrangement

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

Notes

forming part of the financial statements

4.7 Earning Per Share as per AS 20

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Net Profit after Tax		
-Basic and Diluted	921.13	(21,744.38)
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 ₹ 1/-)		
-Basic and Diluted (in ₹)	0.38	(8.88)

4.8 Derivative Instruments

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

(B) Details of outstanding Hedging Contracts

Derivative contracts	(₹ in lakhs)			
	March 31, 2014 Amount in foreign currency	March 31, 2014 Equivalent Indian rupee	March 31, 2013 Amount in foreign currency	March 31, 2013 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

(C) Foreign Currency Exposures

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

	March 31, 2014		March 31, 2013	
	₹ lakhs	Fx.Million	₹ lakhs	Fx.Million
Trade Receivables	2,086.12	USD 3.47	2,764.34	USD 5.08
Balances with bank	440.55	USD 0.73	617.40	USD 1.14
Loan & Advances	14,075.76	USD 23.42	12,762.25	USD 23.60
Advance from Customers	2.97	USD 0.01	94.50	USD 0.67 SGD 0.63
Accounts Payable/Acceptances	2,097.71	USD 3.44 EUR 0.01 JPY 1.37 SGD 0.03 DKK 0.04	1,964.02	USD 3.61 AED 0.01 JPY 1.82 SGD 0.12
Borrowings	41,383.27	USD 68.86	21,253.71	USD 39.08

Notes

forming part of the financial statements

5. Other Disclosures and Notes

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

5.2 Tonnage Tax Reserve

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

5.3 The Company had in the FY 2012-13 transferred its vessel M.T. Kamakshi Prem to a subsidiary Mercator Offshore Holdings Pte. Ltd. (MOHPL). However, since the vessel was not registered in the name of MOHPL till November 22, 2013, the incomes / expenses for operating the same were carried out in the name of the parent company on behalf of MOHPL. The same have been subsequently transferred to MOHPL.

5.4 Disclosure as required under clause 32 of the Listing agreement

	(₹ in lakhs)	
Loans and Advances in nature of Loans given to subsidiaries	Current Year	Previous Year
Mercator International (Pte) Ltd.		
Balance outstanding at year end	13,467.60	12,237.59
Maximum amount Outstanding during the year.	21,183.20	14,576.62
Mercator Oil & Gas Limited		
Balance outstanding at year end	15.35	631.42
Maximum amount Outstanding during the year.	818.71	5,613.70
Mercator Petroleum Limited		
Balance outstanding at year end	3,345.27	2,465.85
Maximum amount Outstanding during the year.	3,345.27	2,465.85
Mercator FPSO Private Limited		
Balance outstanding at year end	199.48	198.48
Maximum amount Outstanding during the year.	199.48	198.48
MCS Holdings Pte Limited		
Balance outstanding at year end	171.32	171.24
Maximum amount Outstanding during the year.	707.99	601.84
Mercator Offshore Holding Pte. Ltd.		
Balance outstanding at year end	NIL	NIL
Maximum amount outstanding during the year	NIL	54.54
Mercator Offshore (P) Pte. Ltd.		
Balance outstanding at year end	436.84	353.42
Maximum amount outstanding during the year	436.84	455.73
Oorja Resources India Private Limited		
Balance outstanding at year end	1.91	118.03
Maximum amount outstanding during the year	118.03	1,585.93

Notes

forming part of the financial statements

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary Information relating to the subsidiaries has been included in the Consolidated Financial Statements.

6. 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 realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current – noncurrent classification of assets and liabilities.

7. 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

For and on behalf of the Board

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

Dated: May 29, 2014

Place: Mumbai

Notes

forming part of the financial statements

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies for the Year Ended March 31, 2014

Sr. No.	Name of Company	Financial Year Ended	Capital	Reserves	Total Assets	Total Liability	Investment (except Investment in subsidiaries)	Turnover	Profit/(Loss) before Tax	Provision for Taxation	Profit After Tax	Proposed Dividend
(Amount ₹ in lakhs)												
1	Mercator Lines (Singapore) Ltd.	31-Mar-14	1,28,429.85	51,455.69	2,67,101.31	87,215.77	355.56	34,179.06	(13,800.33)	0.51	(13,799.83)	-
2	Mercator Line (Panama) Inc.	31-Mar-14	6.01	(7.50)	(1.49)	-	-	-	-	-	-	-
3	Mercator International Pte. Ltd.	31-Mar-14	36.06	25,905.32	62,911.76	36,970.38	2,959.48	1,289.77	5,351.96	(96.55)	5,255.41	-
4	Mercator Offshore Ltd.	31-Mar-14	-	-	-	-	-	-	-	-	-	-
5	Mercator Oil & Gas Ltd.	31-Mar-14	15.00	1,705.26	29,358.44	27,638.18	-	40,134.37	1,601.50	(564.11)	1,037.39	-
6	Oorja Holdings Pre Ltd	31-Mar-14	0.00	431.08	47,489.98	47,058.90	-	-	2,611.79	1.54	2,613.33	*2,437.44
7	Oorja 1 Pte. Ltd	31-Mar-14	0.00	(1,034.30)	3,733.04	4,767.33	-	-	(673.87)	-	(673.87)	-
8	Oorja 2 Pte. Ltd	31-Mar-14	0.00	(1,372.40)	4,743.31	6,115.71	-	-	(746.39)	-	(746.39)	-
9	Oorja 3 Pte. Ltd	31-Mar-14	0.00	(1,148.40)	145.63	1,294.03	-	-	(31.61)	-	(31.61)	-
10	Oorja Indo KGS PT	31-Mar-14	150.25	1,850.91	12,913.11	10,911.95	-	1,23,094.08	660.49	(258.34)	402.15	-
11	Oorja Mozambique Minas Limitada	31-Mar-14	0.48	-	118.26	117.78	-	-	-	-	-	-
12	Broadtech Mozambique Minas Limitada	31-Mar-14	0.48	-	86.37	87.90	-	-	-	-	-	-
13	Oorja Indo Petangis Three PT	31-Mar-14	330.55	(801.46)	605.17	1,076.08	-	70.06	(149.27)	47.73	(101.54)	-
14	Oorja Indo Petangis Four PT	31-Mar-14	330.55	(1,438.95)	479.66	1,588.06	-	188.29	(80.29)	12.18	(68.11)	-
15	MCS Holdings Pre Ltd.	31-Mar-14	601.00	24,899.65	72,853.75	47,353.11	-	1,69,022.90	10,582.62	(1,086.59)	9,496.03	*3,046.80
16	Mercator Petroleum Ltd.	31-Mar-14	10.00	(45.73)	3,397.64	3,433.37	-	-	0.14	(0.04)	(0.10)	-
17	Mercator Offshore Holdings Pre. Ltd.	31-Mar-14	1,803.09	6,679.81	55,802.69	47,319.80	-	2,632.93	134.62	-	134.62	-
18	PT Mincon Indo Resources	31-Mar-14	150.25	(885.96)	925.42	1,661.13	-	1,133.91	(27.12)	(1.63)	(28.75)	-
19	Mercator Offshore (P) Pre. Ltd.	31-Mar-14	120.20	4,712.53	91,184.34	86,351.61	-	31,155.20	4,760.03	-	4,760.03	*3,899.90
20	Ivorene Oil Services (Nigeria) Pre. Ltd.	31-Mar-14	38.77	58.06	1,533.41	1,436.58	-	58.71	35.39	(23.81)	11.58	-
21	Oorja (Batua) Pre. Ltd.	31-Mar-14	0.00	(908.02)	20,925.76	21,833.78	-	-	93.45	-	93.45	-
22	Bima Gema Permata PT.	31-Mar-14	344.24	(1,533.69)	2,382.01	3,571.47	-	6,150.26	310.44	(110.27)	200.17	-
23	Nuansa Sakti Kencana PT.	31-Mar-14	344.24	(1,070.60)	1,129.73	1,856.09	-	7,971.81	(1,048.18)	2.14	(1,046.04)	-
24	Chitra Prem Pre. Ltd.	31-Mar-14	-	2,261.63	27,427.63	25,166.00	-	4,570.45	815.18	(0.01)	815.17	-
25	Oorja Resources India Pvt Ltd.	31-Mar-14	2.50	38.09	312.88	272.29	-	2,182.62	2.64	(1.19)	1.46	-
26	Mercator FPSO Pvt Ltd.	31-Mar-14	1.00	(2.59)	197.95	199.53	-	-	(0.30)	-	(0.30)	-
27	Vidya Varsha Inc.	31-Mar-14	-	349.45	57,701.11	57,351.67	-	7,135.35	(882.53)	-	(882.53)	-
28	PT Karya Putra Borneo	31-Mar-14	331.38	(1,467.90)	23,451.67	24,588.18	-	18,604.57	376.23	(220.41)	155.82	-
29	PT Indo Perkasa	31-Mar-14	3,336.37	233.80	15,737.14	12,166.97	-	1,518.19	(61.54)	(28.69)	(90.22)	-

* Interim dividend

For and on behalf of Board

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

Notes

forming part of the financial statements

Statement pursuant to Section 212(3) of the Companies Act, 1956 relating to Subsidiary Companies

Sr. No.	Name of Company	Financial Year Ended	Extent of interest of the Holding Company in the capital of subsidiary	No. of Shares held by Company directly or through its subsidiary	(Amount ₹ in lakhs)		
					Net aggregate of the profit or losses of the subsidiary for the current period so far as it concerns the members of the holding company.	Net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company.	Net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company.
					dealt with or provided for in the accounts of the holding company	not dealt with or provided for in the accounts of the holding company	dealt with or provided for in the accounts of the holding company
1	Mercator Lines (Singapore) Ltd.	31-Mar-14	66.17%	90,08,50,000	Loss (13,799.83)	NIL (40,993.52)	NIL
2	Mercator Line (Panama) Inc.	31-Mar-14	100%	10,000	NIL	NIL	NIL
3	Mercator International Pte. Ltd.	31-Mar-14	100%	1,00,000	Profit 5,255.41	Profit 6,829.18	NIL
4	Mercator Offshore Ltd.	31-Mar-14	-	-	NIL	NIL	NIL
5	Mercator Oil & Gas Ltd.	31-Mar-14	100%	1,50,000	Profit 1,037.39	Profit 790.74	NIL
6	Oorja Holdings Pte Ltd	31-Mar-14	100%	2	Profit 2,613.33	Profit 2,509.89	NIL
7	Oorja 1 Pte. Ltd	31-Mar-14	100%	2	Loss (673.87)	Loss (57.75)	NIL
8	Oorja 2 Pte. Ltd	31-Mar-14	100%	2	Loss (746.39)	Loss (121.76)	NIL
9	Oorja 3 Pte. Ltd	31-Mar-14	100%	2	Loss (31.61)	Loss (520.27)	NIL
10	Oorja Indo KGS PT	31-Mar-14	100%	1000	Profit 402.15	Profit 63.18	NIL
11	Oorja Mozambique Minas Limitada	31-Mar-14	100%	25,000	NIL	NIL	NIL
12	Broadtech Mozambique Minas Limitada	31-Mar-14	85%	21,250	NIL	NIL	NIL
13	Oorja Indo Petangis Three PT	31-Mar-14	100%	2,200	Loss (101.54)	Profit 35.42	NIL
14	Oorja Indo Petangis Four PT	31-Mar-14	100%	2,200	Loss (68.11)	Profit 15.31	NIL
15	MCS Holdings Pte Ltd.	31-Mar-14	100%	12,56,560	Profit 9,496.03	Profit 9,222.75	NIL
16	Mercator Petroleum Ltd.	31-Mar-14	100%	1,00,000	Loss (0.10)	Loss (5.72)	NIL
17	Mercator Offshore Holdings Pte Ltd.	31-Mar-14	100%	37,35,200	Profit 134.62	Profit 131.86	NIL

Notes

forming part of the financial statements

Sr. No.	Name of Company	Financial Year Ended	Extent of interest of the Holding Company in the capital of the subsidiary	No. of Shares held by Company directly or through its subsidiary	(Amount ₹ in lakhs)			
					Net aggregate of the profit or losses of the subsidiary for the current period so far as it concerns the members of the holding company	Net aggregate of the profit or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company	Net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company	Net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company
					not dealt with or provided for in the accounts of the holding company	dealt with or provided for in the account of the holding company	not dealt with or provided for in the accounts of the holding company	dealt with or provided for in the account of the holding company
18	PT Mincon Indo Resources	31-Mar-14	100%	2,50,000	Loss (28.75)	NIL	Profit 30.65	NIL
19	Mercator Offshore (P) Pte. Ltd.	31-Mar-14	100%	2,79,840	Profit 4,760.03	NIL	Profit 4,060.07	NIL
20	Ivoren Oil Services (Nigeria) Pte. Ltd.	31-Mar-14	100%	1,00,00,000	Profit 11.58	NIL	Profit 16.57	NIL
21	Oorja (Batua) Pte. Ltd.	31-Mar-14	100%	2	Profit 93.45	NIL	Loss (913.67)	NIL
22	Bima Gema Permata PT.	31-Mar-14	100%	5,100	Profit 200.17	NIL	Loss (1,722.88)	NIL
23	Nuansa Sakti Kencana PT.	31-Mar-14	100%	5,100	Loss (1,046.04)	NIL	Loss (124.29)	NIL
24	Chitra Prem Pte. Ltd.	31-Mar-14	100%	2	Profit 815.17	NIL	Profit 1,997.40	NIL
25	Oorja Resources India Pvt Ltd.	31-Mar-14	100%	25,000	Profit 1.46	NIL	Profit 2.07	NIL
26	Mercator FPSO Pvt Ltd.	31-Mar-14	100%	10,000	Loss (0.30)	NIL	Loss (1.86)	NIL
27	Vidya Varsha Inc. (Panama)	31-Mar-14	100%	2	Loss (882.53)	NIL	Profit 88.57	NIL
28	PT Karya Putra Borneo	31-Mar-14	50%	2,500	Profit 155.82	NIL	Loss (896.50)	NIL
29	PT Indo Perkasa	31-Mar-14	51%	2,550	Loss (90.22)	NIL	Profit 457.42	NIL

For and on behalf of Board

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

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 September 13, 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.

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:

- in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2014;
- 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
- 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 ₹ 2,15,773.10 lakhs as at March 31, 2014, total revenues of ₹ 2,53,784.17 lakhs and net profit ₹ 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, in so far 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

Himanshu Kishnadwala
 Partner
 Membership No.: 37391

Place: Mumbai
 Dated: May 29, 2014

Consolidated Balance Sheet

as at March 31, 2014

		(₹ in lakhs)	
Particulars	Note	As at March 31, 2014	As at March 31, 2013
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	2,31,876.77	2,17,175.99
		2,34,325.69	2,19,624.91
Minority interest		49,552.89	42,908.77
		2,83,878.58	2,62,533.68
2 Non - current liabilities			
(a) Long-term borrowings	2.3	2,56,388.36	2,58,477.35
(b) Other long term liabilities	2.4	1,591.35	784.08
(c) Long-term provisions	2.5	480.41	428.89
		2,58,460.12	2,59,690.32
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
		1,85,538.75	1,64,192.41
Total		7,27,877.45	6,86,416.42
B Assets			
1 Non- current assets			
(a) Fixed assets			
(i) Tangible assets	2.9	5,42,169.47	4,48,147.65
(ii) Assets held for disposal		-	53,462.45
(iii) Capital work in progress		257.99	3,587.96
		5,42,427.46	5,05,198.06
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
		5,83,163.43	5,34,629.55
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
		1,44,714.02	1,51,786.88
Total		7,27,877.45	6,86,416.42
Significant Accounting Policies	1		
Notes forming part of the financial statements	2 to 6		

As per our report of even date

For and on behalf of the Board

For CNK & Associates LLP

Chartered Accountants

Himanshu Kishnadwala

Partner

H. K. Mittal

Executive Chairman

K. R. Bharat

Director

A. J. Agarwal

Managing Director

M. M. Agrawal

Director

Prasad Patwardhan

Chief Financial Officer

Manohar Bidaye

Director

Kapil Garg

Director

Amruta Sant

Company Secretary

Dated: May 29, 2014

Place: Mumbai

Dated: May 29, 2014

Place: Mumbai

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

		(₹ in lakhs)	
Particulars	Note	Year Ended March 31, 2014	Year Ended March 31, 2013
Income			
(a) Revenue from operations	2.18	3,45,778.04	3,73,335.38
(b) Other income	2.19	2,841.82	2,570.85
1 Total Revenue		3,48,619.86	3,75,906.23
Expenses			
(a) Operating expenses	2.20	2,68,878.00	3,07,221.64
(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		3,47,312.05	4,08,196.29
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 ₹ 1/- Each)			
Basic and Diluted (In ₹)	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

Himanshu Kishnadwala
Partner

For and on behalf of the Board

H. K. Mittal
Executive Chairman

K. R. Bharat
Director

A. J. Agarwal
Managing Director

M. M. Agrawal
Director

Prasad Patwardhan
Chief Financial Officer

Manohar Bidaye
Director

Kapil Garg
Director

Amruta Sant
Company Secretary

Dated: May 29, 2014
Place: Mumbai

Dated: May 29, 2014
Place: Mumbai

Consolidated Cash Flow Statement

for the year ended March 31, 2014

Particulars	(₹ in lakhs)	
	March 31, 2014	March 31, 2013
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 activities	42,448.30	19,833.64

Consolidated Cash Flow Statement

for the year ended March 31, 2014

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013
B Cash Flow from Investing Activities		
Acquisition 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 Intercompany 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

Notes:

- Figures in bracket represent outflows.
- Cash and cash equivalents include Unclaimed dividend accounts of ₹ 45.38 lakhs (P.Y. ₹ 51.24 lakhs) which are not available for use by the company.
- Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For CNK & Associates LLP
Chartered Accountants

Himanshu Kishnadwala
Partner

For and on behalf of the Board

H. K. Mittal
Executive Chairman

K. R. Bharat
Director

A. J. Agarwal
Managing Director

M. M. Agrawal
Director

Prasad Patwardhan
Chief Financial Officer

Manohar Bidaye
Director

Kapil Garg
Director

Amruta Sant
Company Secretary

Dated: May 29, 2014
Place: Mumbai

Dated: May 29, 2014
Place: Mumbai

Notes

forming part of the consolidated financial statements

Significant Accounting Policies and Notes Forming Part of the Consolidated Financial Statements for Year Ended March 31, 2014

Corporate Information

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

The Consolidated Financial Statements relate to Mercator Limited (the Company) and its subsidiary companies. The Company and its subsidiaries constitute the Group. The group has diversified business verticals viz. Shipping (tankers and dry bulkers), Dredging, Oil and Gas (EPCIC and E & P), Coal (Mining, Procurement and Logistics).

1. Significant Accounting Policies

1.1 Basis of Preparation

- The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2014.
- 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 recognised 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
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

Notes

forming part of 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
PT Oorja Indo Petangis Three	Indonesia	100	100
PT Oorja Indo KGS	Indonesia	100	100
Broadtec Mozambique Minas, Limitada	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
PT Karya Putra Borneo	Indonesia	50	50
PT 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 recognised 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 March 31, 2009/December 29, 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.

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- 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 recognised 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
- 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 realisable value. Cost is determined based on the weighted average cost incurred during the period and includes an appropriate portion of fixed and variable overheads. Net realisable 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

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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 realisable 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 March 31, 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 attributable to the acquisition/construction of the qualifying assets are capitalised 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 recognised 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 recognised 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 dated March 31, 2009/ December 29, 2011, treated in the following manner:
 - In respect of borrowings relating to or utilised 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 amortised over the balance period of such assets / liabilities or March 31, 2020, whichever is earlier.
- d) Differences in translation of other monetary items and realised gains and losses on foreign currency

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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

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 recognised 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 recognised 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 recognised in the accounts in respect of present probable obligations, the amount of which can be reliably

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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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2.1 Share Capital

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Authorised		
35,00,00,000 Equity shares of ₹ 1/- par value.	3,500.00	3,500.00
2,00,00,000 Preference shares of ₹ 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 ₹ 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 ₹ 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	24,48,92,073	24,48,92,073
Add: Shares issued during the year	-	-
Number of shares at the end	24,48,92,073	24,48,92,073

Terms/Rights attached to Equity shares

The company has two class of shares referred to as equity shares having a par value of ₹ 1/- and preference shares having a par value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No of shares	% of holding	No of shares	% of holding
Equity shares of ₹ 1 each fully paid				
H. K. Mittal	4,66,54,200	19.05	4,66,54,200	19.05
Archana Mittal	2,63,27,400	10.75	2,63,27,400	10.75
AHM Investments Private Limited	1,84,06,250	7.52	1,84,06,250	7.52
Lotus Global Investments Limited	1,42,29,669	5.81	1,42,29,669	5.81

2.2 Reserves and Surplus

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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 Redemption Reserve		
As per last Financial Statements	4,000.00	4,000.00
	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

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2.2 Reserves and Surplus (Contd.)

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
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 4.2)		
As per last Financial Statements	103.88	-
Add/Less: For the year	(1,724.59)	103.88
	(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
	2,31,876.77	2,17,175.99

2.3 Long-term Borrowings

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Secured		
(A) Debentures	15,000.00	40,000.00
(B) Foreign Currency Loans	2,05,603.92	1,98,595.37
(C) Term loans from banks	35,784.44	19,881.98
	2,56,388.36	2,58,477.35

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Notes:

(i) 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 exclusive charge on specified mining assets
 - (iv) Corporate guarantees
 - (v) Personal guarantees
 - (vi) Charge on loan provided to subsidiary
 - (vii) Assignment of contract(s); earnings; insurance
 - (viii) Charge on shares; deposits & accounts.

(ii) Terms of repayment and interest are as follows:

Description	ROI*	Balance installments as on 31.03.2014	Year of 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 Borrowing	Libor+3.00%	4	2016	6,460.73	8,294.37
External Commercial Borrowing	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
				3,10,932.15	3,01,047.13
Less: Shown in current maturities of long term debt				54,543.79	42,569.78
Balance shown as above				2,56,388.36	2,58,477.35

* Applicable Rate of Interest as on March 31, 2014

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2.4 Other Long-term Liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Trade payable		
Others	474.87	48.55
Liability towards cash flow hedges	1,116.48	735.53
	1,591.35	784.08

2.5 Long-term Provisions

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity	413.73	387.79
Compensated absences	66.68	41.10
	480.41	428.89

2.6 Short-term Borrowings

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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.

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2.7 Other Current Liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

Notes

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2.9 Fixed Assets

(₹ in lakhs)

Particulars	Original Cost					Depreciation/Amortization						Net Book Value	Net Book Value
	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)	5,72,797.65	58,157.27	85,586.52	0.44	7,16,541.00	1,39,498.68	17,831.75	42,927.35	-	-	2,00,257.77	5,16,283.22	4,33,298.97
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	5,91,739.58	65,677.12	91,725.51	72.72	7,49,069.48	1,43,591.92	18,062.55	44,087.02	1,218.72	60.19	2,06,900.01	5,42,169.47	4,48,147.65
Previous Year Grand Total	7,06,528.95	38,433.22	6,994.73	1,60,217.33	5,91,739.58	1,36,566.32	991.43	44,748.22	8,791.15	47,505.20	1,43,591.92	4,48,147.65	5,69,962.64

Note

- Includes cost of 10 shares of ₹ 50/- each fully paid in Mittal Tower Premises Co-op. Society Ltd.
- Office premises having gross value ₹ 343.16 lakhs (P.Y. ₹ 343.16 lakhs) and accumulated depreciation ₹ 157.06 lakhs (P.Y. ₹ 147.27 /- lakhs) are given on operating Lease.
- Other adjustments include exchange fluctuation loss on Long term foreign currency loans ₹ 384.32 lakhs (P.Y. ₹ 1,404.72 lakhs)
- Vehicles having net book value of ₹ 98.64 lakhs (P.Y. ₹ 103.69 lakhs) are on finance lease.

2.10 Investments

(₹ in lakhs)

Particulars	Nos	As at March 31, 2014	Nos	As at March 31, 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	5,00,000	50.00	5,00,000	50.00
Axis Infra Bond	-	364.43	-	490.67
(Market value of current investments on March 31, 2014 ₹ 424.68 lakhs (P.Y. ₹ 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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2.11 Long-term Loans and Advances

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Unsecured		
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 (Formerly known as Vaitarna Marine Infrastructure Private 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

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

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2.13 Inventories

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

2.14 Trade Receivables

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts ₹ 400 lacs)	16,151.19	19,918.56
Other debts		
Considered good	47,069.06	45,793.10
	63,220.25	65,711.66

2.15 Cash and Bank Balances

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

Notes

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2.16 Short-term Loans and Advances

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

2.17 Other Current Assets

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 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

Notes

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2.18 Revenue from Operations

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 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	1,76,698.45	1,96,268.28
Cargo handling services	6,680.00	4,422.42
Income from project related activities	40,247.34	34,131.50
	3,45,778.04	3,73,335.38

2.19 Other Income

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 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 ₹ 559.55 lakhs

Notes

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2.20 Operating Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Purchase of Coal	1,02,216.89	1,29,264.17
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
	2,68,878.00	3,07,221.64

2.21 Employee Benefits Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 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

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Interest expense	18,368.16	22,289.75
Other borrowing costs	2,145.64	2,214.06
	20,513.80	24,503.81

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2.23 Other Expenses

Particulars	(₹ in lakhs)	
	Year Ended March 31, 2014	Year Ended March 31, 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

3. Additional Disclosures as per Revised Schedule VI

3.1 Contingent Liabilities not provided for

	(₹ in lakhs)	
	Current Year	Previous Year
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 ₹ 12,383.56 lakhs (₹ 13,265.55 lakhs).

3.3 Estimated amount of commitments outstanding towards contributions to funds are ₹ 1,051.15 Lakhs (₹ 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 ₹ 3,420.79

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3.5 No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 10,269.30 lakhs (₹ 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 ₹ 2,644.38 lakhs (₹ 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

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2014	For the year ended March 31, 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	33,112.00
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

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 March 31, 2009/ December 29, 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 ₹ 384.32 lakhs (PY ₹ 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 ₹ 1,234.43 lakhs (PY Gain (net) ₹ 190.04 lakhs). The balance debit amount outstanding in FCMITD as on March 31, 2014 is ₹ 1,620.71 lakhs (PY credit amount outstanding ₹ 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

- Shipping
- Offshore
- Coal Mining, Trading and Logistics.

Secondary Segment:

The shipping activities are managed from India and Singapore. The Offshore 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.

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There are no Inter Segment transfers.

Segment Revenue	(₹ in lakhs)											
	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	1,11,653.35	31,268.20	26,859.83	1,83,378.40	2,00,690.70	41,575.30	36,143.15	-	-	3,47,778.50	3,75,347.04
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	5,11,528.44	4,83,073.53	91,317.45	92,724.62	88,536.73	73,396.89	36,494.83	37,221.39	-	-	7,27,877.45	6,86,416.42
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	3,71,465.85	3,46,544.35	4,43,998.87	4,23,882.73
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

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 January 1, 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 May 21, 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

Notes

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Details of Transactions with above parties

(₹ 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	-	-	-	-	622.39	342.10	622.39	342.10
Interest Expense	-	-	-	-	-	4.15	-	4.15
Services Received	-	-	-	-	1,681.96	1,616.12	1,681.96	1,616.12
Reimbursements of Expenses Paid	-	-	1.43	4.26	33.47	26.23	34.90	30.49
Reimbursements of Expenses Received	-	-	-	3.32	1.40	-	1.40	3.32
Finance Provided								
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	3,725.00
Inter Corporate Deposits received during the year	-	-	-	-	-	350.00	-	350.00
Inter Corporate Deposits repaid during the year	-	-	-	-	1,275.00	350.00	1,275.00	350.00
Advances								
Advances Given During the Year	-	128.41	-	-	9.00	13.00	9.00	141.41
Outstanding balances as on 31.03.2014								
Loans, Advances and Receivables								
Advances	-	-	-	-	345.13	336.13	345.13	336.13
Capital Advances	-	-	-	-	4,199.96	4,199.96	4,199.96	4,199.96
Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2014								
Trade & Other Receivables	-	-	-	-	1,998.02	1,260.67	1,998.02	1,260.67
Trade & Other Payables	-	-	-	-	61.05	460.24	61.05	460.24
Inter Corporate Deposit								
Balance as on 31.03.2014	-	-	-	-	5,552.00	5,575.00	5,552.00	5,575.00
Deposit								
Balance as on 31.03.2014	-	-	-	-	565.00	565.00	565.00	565.00
Remuneration paid to Key Management Personnel	522.85	465.14						
Remuneration paid to Relative of Key Management Personnel	14.50	16.82						

Notes

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Partywise details of material transactions

Name of the Transaction	(₹ in lakhs)							
	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
Reimbursements 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
Reimbursements 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
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

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(₹ 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
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 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						

4.5 Disclosure in respect of Leases as per AS 19:

(A) Disclosure in respect of operating lease (as Lessee):

		(₹ in lakhs)	
		Year Ended March 31, 2014	Year ended March 31, 2013
(a)	Operating Leases		
	Disclosures in respect of cancelable agreements for office premises taken on lease		
(i)	Lease payments recognised 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

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

	(₹ in lakhs)	
	Year Ended March 31, 2014	Year ended March 31, 2013
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office given on lease		
(i) Lease receipt recognised 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.		

4.6 Earning Per Share as per AS 20

	(₹ in lakhs)	
Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
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 ₹ 1/-)		
- Basic and Diluted (in ₹)	1.31	(15.19)

4.7 Derivative Instruments

(A) Details of outstanding Hedging Contracts

	(₹ in lakhs)			
	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 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

Notes

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(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	
	₹ lakhs	Fx.Million	₹ 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	7,019.07	USD 11.17
		IDR 15,349.04		IDR 16,568.77
		SGD 0.05		0.03 SGD
Fixed Deposit with foreign Bank	20.55	IDR 389.89	NIL	NIL
Loan & Advances	1,204.82	USD 0.01	15,435.73	USD 24.03
		IDR 22,804.87		AED 0.02
				EURO 2.47
				IDR 12,768.90
Advance from Customers	2.97	USD 0 .005	94.50	USD 0.67
				SGD 0.63
Accounts Payable/Acceptance	4,807.13	USD 0.83	6,592.71	USD 7.73
(including capital commitments made but not provided for)		SGD 0.06		SGD 0.90
		JPY 1.37		JPY 1.82
		EURO 3.24		AED 0.01
		DKK 0.04		IDR 33,313.01
		IDR 28,681.82		
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 realisation 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

Himanshu Kishnadwala
Partner

For and on behalf of the Board

H. K. Mittal
Executive Chairman
K. R. Bharat
Director

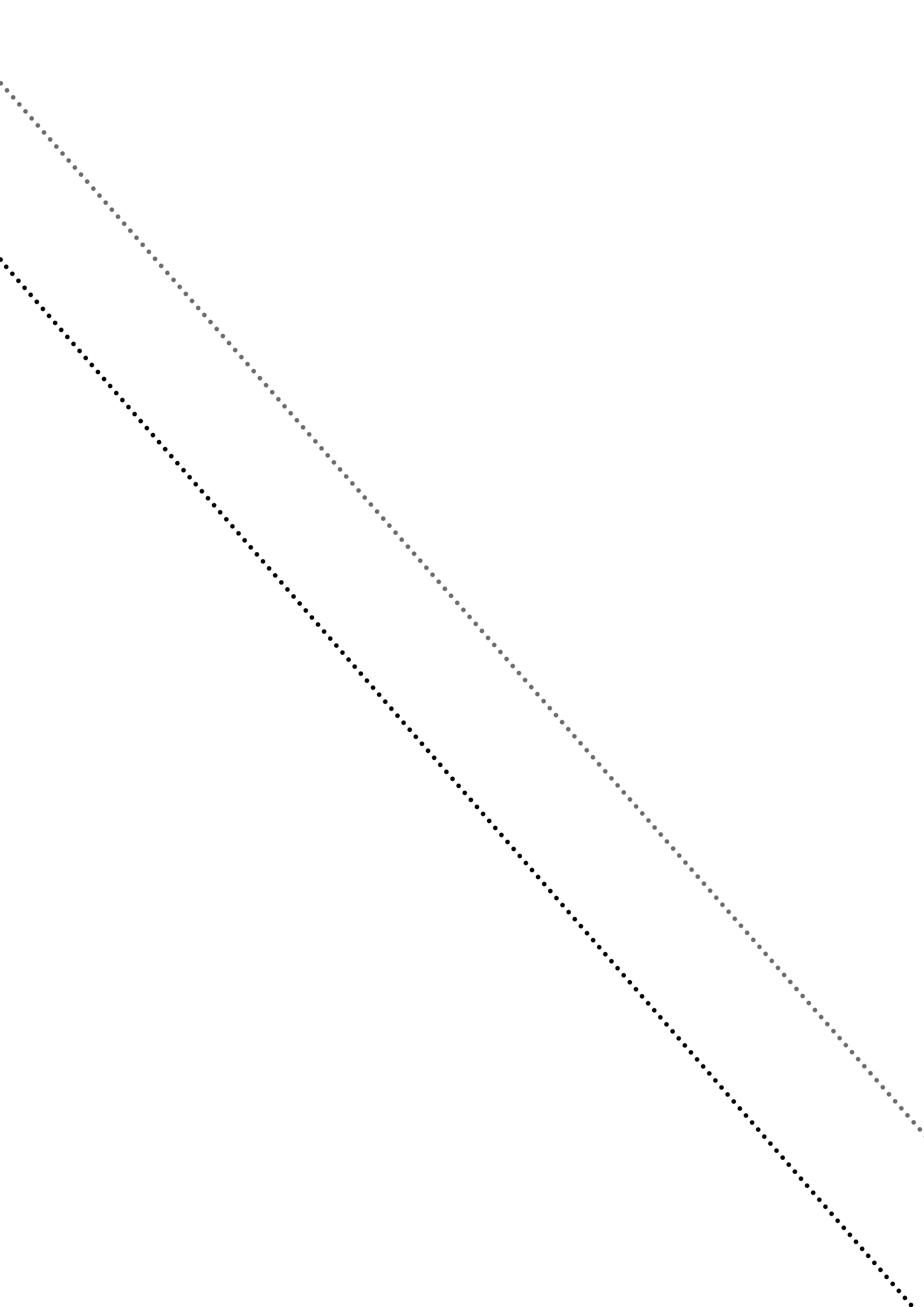
A. J. Agarwal
Managing Director
M. M. Agrawal
Director
Prasad Patwardhan
Chief Financial Officer

Manohar Bidaye
Director
Kapil Garg
Director
Amruta Sant
Company Secretary

Dated: May 29, 2014
Place: Mumbai

Dated: May 29, 2014
Place: Mumbai

Notes





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