



MERCATOR

ANNUAL REPORT

2015-16

CONSOLIDATING
STRENGTHS
ENHANCING
FOCUS

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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. K. R. Bharat

Mr. M. M. Agrawal

Mr. Gunender Kapur

Mrs. Archana Mittal

Mr. Manohar Bidaye

(upto March 30, 2016)

Mr. Shalabh Mittal

(upto December 24, 2015)

Audit Committee (as at May 27, 2016)

Mr. M. M. Agrawal

Chairman

Mr. K. R. Bharat

Member

Mr. H. K. Mittal

Member

Mr. Gunender Kapur

Member

Stakeholders' Relationship Committee

(as at May 27, 2016)

Mr. K. R. Bharat

Chairman

Mr. Atul J. Agarwal

Member

Mrs. Archana Mittal

Member

Chief Executive Officer

Mr. Shalabh Mittal (w.e.f. May 27, 2016)

Group Chief Financial Officer

Mr. Kishor Shah (w.e.f. December 15, 2015)

Chief Financial Officer

Mr. Prasad Patwardhan

Company Secretary

Mr. Deepesh Joishar (w.e.f. May 4, 2015)

Auditors

M/s. CNK & Associates LLP

Bankers

State Bank of India

ICICI Bank

Axis Bank

HDFC Bank

YES Bank

Debenture and Security Trustees

Axis Trustee Services Limited

Corporate Identification Number (CIN)

L63090MH1983PLC031418

Registered Office

3rd Floor, Mittal Tower, B-Wing.

Nariman Point, Mumbai – 400 021.

Tel: + 91 – 22 – 66373333/40373333

Fax: + 91 – 22 – 66373344

Website: www.mercator.in

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

Registrar & Transfer Agents

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, L.B.S. Road,

Bhandup West, Mumbai – 400 078.

Tel : 022 – 25963838

Fax : 022 – 25946969

E-mail : rnt.helpdesk@linkintime.co.in

CHAIRMAN'S MESSAGE

The experience of running through last few years of unprecedented global volatility and uncertainty has surely made your Company much stronger and resilient.

Dear Shareholders,

In the backdrop of yet another year of global volatility across segments, the mood within your Company echoed strength. On a consolidated basis your Company registered ₹ 526 crores of adjusted EBITDA, excluding the Singapore based bulk shipping business while the debt reduced by about ₹ 1000 crores. Your Company strives to improve its operations which are reflected in the standalone operating margins improving nearly 400 basis points to about 34%.

The year saw the world markets go through some of the unprecedented lows in nearly all the businesses your Company is present in. **Though this is bound to impact Mercator, these times also bring along ample opportunities which can be capitalised upon.** The Baltic Dry Index sunk to an all-time low, commodity prices including coal, oil, metals etc. were at levels seen only during the financial crisis of past decade or earlier while the crude and product carriers were reaping benefits of high rates.

The past year saw decision making in the bulk shipping space in form of selling a step-down subsidiary which was suffering at the hands of unrelenting market pressures. Though it made business sense to make that decision, letting go of an operating entity is never easy. However, the decision is behind us and we move forward with an "Enhanced Focus" while the rest of the shipping division steadily continues its operations.

The past year also saw your Company adding two quality dredging assets to its fleet to encash increasing dredging potential; which were deployed against term contract with Kandla Port Trust, the biggest in division's history. Both assets have been performing well and besides revenues they have also supplemented a growing knowledge base of the division. Full impact of this enhanced capacity would be seen in the current financial year. With the central government's focus on the maritime sector, substantiated by organizing first ever "Maritime India Summit", the future of Dredging

and marine infrastructure business looks extremely positive as ports are increasing the drafts as to accommodate larger ships as well as some new ports are coming up. Government is very much focussing on river transportation which would result in huge dredging possibilities. The division seems to be achieving a critical mass and management is focused to capitalise on its leadership position in India.

Shipping business with its fleet of majority Tankers with fixed contracts continues to run well.

Your Company made two oil discoveries in the CB-9 block in Gujarat during the year. Both these discoveries flowed top quality light and sweet crude which is expected to fetch premium price in the market. Substantial additional work has thereafter been undertaken and the low oil prices proved to be a boon in disguise as the services associated for undertaking exploratory work were available at a discount to previous prices. Minimum work program required to get relevant approvals for production should finish in the FY17. Other assets in the Oil & Gas division are running satisfactorily.

Coal division, under the influence of falling global coal prices, had a lower revenue however the division was able to cut costs sharply in order to remain competitive in the current market. We also successfully commercialised the logistics infrastructure set-up at our mine in Indonesia by letting it out to nearby miners for a fee. This has helped your Company open up an altogether new stable source of revenues from coal handling Infrastructure.

The experience of running through last few years of unprecedented global volatility and uncertainty has surely made your Company much stronger and resilient. I sincerely believe that lessons learnt would surely help us plan a strong growth oriented yet sustainable future with new ideas and vigour.

The coming year will see a generational transformation with Shalabh taking over as CEO of your Company. His induction at the helm of the organisation injects youthfulness, zeal and a next-gen approach which will be complemented by board's experience propelling your Company to new heights.

I would also like to take this opportunity to thank all our stakeholders for partnering us through the ongoing journey. I would like to specially thank our employees, our biggest strength who continue to support us with great dedication and would like to acknowledge their enhanced focus during the challenging times. With the continuing support of all the employees and stakeholders, driven by its values and led by vision set forth by the board, your Company continues to consolidate on its strengths towards an exciting future.

Best Regards

H. K. Mittal
Chairman

「The year also saw
your Company adding
two quality dredging
assets to its fleet to
encash increasing
dredging potential.」



NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the members of Mercator Limited will be held on Saturday, July 30, 2016, at 3:00 p.m. at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a. the Audited Financial Statement of the Company for the financial year ended March 31, 2016, together with the reports of the Board of Directors and Auditors thereon.
 - b. the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2016 together with the report of Auditors thereon.
2. To declare dividend on Equity Share capital for the financial year ended March 31, 2016.
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 the following 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, on a remuneration (including terms of payment) to be fixed by the Board of Directors / Audit Committee of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V (as may be or amended from time to time) and all other applicable provisions if any, of the Companies Act, 2013, (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the relevant provisions of the Articles of Association of the Company, and in accordance with the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors granted in this regard, approval of the members of the Company be and is hereby accorded to the appointment of Mr. H K Mittal (DIN: 00007690) as “Executive Chairman” of the Company to be in wholetime employment for a period of three years with effect from August 1, 2016, i.e. up to July 31, 2019, liable to retire by rotation, on the terms and conditions (including remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) as set out in the draft agreement, a copy of which initialed by the Managing Director, Mr. Atul Agarwal for the purpose of identification, is now placed before this meeting for approval, and in

particular, on the remuneration and perquisites, benefits and amenities, as mentioned below, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall deem to include any Committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to determine, alter and vary the terms and conditions of the said appointment, including the remuneration, and designation, within the overall limits set out in this resolution:

- a) Basic Salary: ₹ 6,00,000/- p.m. in the grade of ₹ 6,00,000/- to ₹ 10,00,000/- per month.

There may be one or more increment(s) in a year, which will be granted on merits, at the absolute discretion of the Nomination and Remuneration Committee/Board of Directors, depending upon the performance of the Company and the Executive Chairman.

- b) Commission: As a percentage of Net Profits of the Company for any financial year, calculated pursuant to the provisions of the Act, subject to the overall ceiling on remuneration to managerial personnel as may be prescribed under the Act from time to time. Such remuneration by way of commission in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year during the tenure of this agreement, subject to the overall ceiling stipulated in section 197 read with Schedule V of the Companies Act, 2013. The specific amount payable to Mr. H. K. Mittal will be decided by the Board/ Nomination and Remuneration Committee of the Board and will be payable annually after the annual accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.
- c) Housing: Unfurnished accommodation, the expenditure on which to the company shall not exceed 60% of the basic salary, or allowance in lieu thereof @ 60% of the basic salary.
- d) Others Benefits and Perquisites: Use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, coverage under Key Managerial Personnel insurance policy or equivalent other insurance policy taken by the Company and personal accident insurance policy, leave and leave travel concession, leave encashment, club fees, education benefits, provident fund, superannuation fund, gratuity and Housing Loan, in accordance with the scheme(s) and rule(s) of the Company framed/ made for the Executive Directors/Senior Executives of the Company, or any modification(s) thereto from time to time. The perquisites and allowances, wherever applicable, shall be valued as per the Income Tax Rules, 1962. “Family” for the purpose above shall mean the spouse, dependent children and dependent parents of Mr. H. K. Mittal.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any Financial Year, subject to the provisions of Schedule V of the Act and such other approvals as may be required, Mr. H K. Mittal, be paid the same remuneration as mentioned above as minimum remuneration.

RESOLVED FURTHER THAT in order to give effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as the Board may in its absolute discretion consider, necessary, expedient or desirable”

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V (as may be or amended from time to time) and all other applicable provisions if any, of the Companies Act, 2013, (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the relevant provisions of the Articles of Association of the Company, and in accordance with the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors granted in this regard, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Atul Agarwal (DIN: 00007663) as “Executive Vice Chairman” of the Company to be in wholetime employment for a period of two years with effect from August 1, 2016, i.e. up to July 31, 2018, liable to retire by rotation, on the terms and conditions (including remuneration payable in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) as set out in the draft agreement, a copy of which initialed by the Executive Chairman, Mr. H. K. Mittal for the purpose of identification, is now placed before this meeting for approval, and in particular, on the remuneration and perquisites, benefits and amenities, as mentioned below, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall deem to include any Committee of the Board constituted to exercise its powers including the powers conferred by this resolution) to determine, alter and vary the terms and conditions of the said appointment, including the remuneration, and designation, within the overall limits set out in this resolution:

- a) Basic Salary: ₹ 6,00,000/- p.m. in the grade of ₹ 6,00,000/- to ₹ 10,00,000/- per month.

There may be one or more increment(s) in a year, which will be granted on merits, at the absolute discretion of the Nomination and Remuneration Committee/Board of Directors, depending upon the performance of the Company and the Executive Vice Chairman.

- b) Commission: As a percentage of Net Profits of the Company for any financial year, calculated pursuant to the provisions of the Act, subject to the overall ceiling on remuneration to managerial personnel as may be prescribed under the Act from time to time. Such remuneration by way of commission in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year during the tenure of this agreement, subject to the overall ceiling stipulated in section 197 read with Schedule V of the Companies Act, 2013. The specific amount payable to Mr. Atul Agarwal will be decided by the Board/ Nomination and Remuneration Committee of the Board and will be payable annually after the annual accounts of the Company have been approved by the Board of Directors and adopted by the shareholders.

- c) Housing: Unfurnished accommodation, the expenditure on which to the company shall not exceed 60% of the basic salary, or allowance in lieu thereof @ 60% of the basic salary.
- d) Others Benefits and Perquisites: Use of car and telephone at residence, or reimbursement of expenses in lieu thereof, medical reimbursement, coverage under Key Managerial Personnel insurance policy or equivalent other insurance policy taken by the Company and personal accident insurance policy, leave and leave travel concession, leave encashment, club fees, education benefits, provident fund, superannuation fund, gratuity and Housing Loan, in accordance with the scheme(s) and rule(s) of the Company framed/ made for the Executive Directors/Senior Executives of the Company, or any modification(s) thereto from time to time. The perquisites and allowances, wherever applicable, shall be valued as per the Income Tax Rules, 1962. “Family” for the purpose above shall mean the spouse, dependent children and dependent parents of Mr. Atul Agarwal.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any Financial Year, subject to the provisions of Schedule V of the Act and such other approvals as may be required, Mr. Atul Agarwal, be paid the same remuneration as mentioned above as minimum remuneration.

RESOLVED FURTHER THAT in order to give effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as the Board may in its absolute discretion, consider, necessary, expedient or desirable”

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

“RESOLVED THAT in accordance with and subject to the provisions of Section 23, 41, 42, 62, 71 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder to the extent notified and in effect, and applicable provisions, if any, of the Companies Act, 1956, (without reference to the provisions thereof that have ceased to have effect upon the notification of the 2013 Act), (collectively, the “Companies Act”), the provisions of Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force), and rules and regulations made thereunder, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management Act (Transfer or Issue of any Foreign Security) Regulations, 2004, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, the Depository Receipts Scheme, 2014, all as amended or restated from time to time (collectively, the “FEMA Regulations”); and in pursuance of the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (including the Regulations for Qualified Institutions Placement (“QIP”), i.e. Chapter VIII of the SEBI ICDR Regulations (“SEBI QIP Regulations”), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, and all other applicable Rules, Regulations, Notifications,

Circulars, Schemes, Mechanisms, Press Notes, and Guidelines if any, of the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Stock Exchanges where the securities of the Company are listed (including provisions of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 ("LODR") and other concerned and relevant authorities, and other applicable laws, if any, (including any amendments thereto or re-enactment thereof for the time being in force) in India / Overseas and the relevant provisions of the Memorandum and Articles of Association of the Company (all collectively "Applicable Statutory Provisions" or Applicable Laws"); and subject to such approvals, consents, permissions, or sanctions of the Government of India ("GOI"), RBI, SEBI, Stock Exchanges, and any other Domestic/Overseas appropriate authorities, institutions or bodies as may be necessary and subject to such terms, conditions, stipulations, alterations, amendments, modifications or variations as may be prescribed by any of them in granting any such approvals, consents, permissions, or sanctions, and which may be agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of Directors for the time being authorised by the Board of Directors to exercise the powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot on behalf of the Company, in one or more tranches (including with provision for reservation on firm and/or competitive basis) of public or private offerings in international / domestic markets, to any eligible person as permissible under applicable laws including Qualified Institutional Buyers Domestic/Foreign Investors/ Institutional Investors/Foreign Institutional Investors, Foreign Portfolio Investors, Foreign Venture Capital Investors, Foreign Venture Capital Funds, Members, Employees, any Non-Resident Entities, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Stabilizing Agents and/or other entities, Authorities Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, (collectively called the "Investors"), through Qualified Institutions Placement (QIP), Public Issue, Rights Issue, or any other form of permitted placement or issue, with or without an over-allotment option or Green Shoe Option, in the equity shares and/or equity shares through Global Depository Receipts ("GDRs") and/ or American Depository Receipts ("ADRs") and/or any other Depository Receipts (DRs), and/or Foreign Currency Convertible Bonds ("FCCBs") and/or any securities convertible into equity shares at the option of the Company and/or holder(s) of the securities and/or securities linked to equity shares and/or securities with warrants carrying right to subscribe to equity shares, including any instruments or securities representing either equity shares and/or Foreign Currency Convertible Bonds or Convertible Securities or securities linked to equity shares or securities with equity shares/non-convertible debentures or any securities (including debentures) other than warrants which are partly or fully, convertible (whether mandatory or optionally) or exchangeable with equity shares at a later date, or are attached with any other instrument carrying a right or option to subscribe to equity shares of the Company; by way of QIP to Qualified Institutional Buyers ("QIBs")

under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, or by any other mode as aforesaid or, in one or more combinations of the foregoing (hereinafter collectively referred to as the "Securities") whether secured by way of creating charge on the assets of the Company or unsecured, and whether fully paid or partly paid at any point of time as may be permissible; up to an aggregate amount not exceeding ₹ 2,000,000,000/- (Rupees Two Hundred Crores Only) or equivalent amount thereof in United States Dollar, or in any other foreign currency (inclusive of such premium as may be determined) and such offer, issue and allotment to be made at such time or times, in such currency, at such price or prices, at discount or premium to market price (subject to applicable restrictions on minimum offering/conversion price for equity shares or securities of the Company), in such form and manner and on such other terms and conditions, as may be decided and deemed appropriate by the Board at the time of such offer, issue and allotment.

RESOLVED FURTHER THAT in case of allotment of Securities being made by way of QIP as per the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

- I. The issue of securities/equity shares is made at such price being not less than the price determined in accordance with the pricing formula of the aforementioned SEBI QIP Regulations.
- II. The securities/Shares allotted shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized Stock Exchange, or except as may be permitted from time to time by the SEBI QIP Regulations;
- III. The total amount raised in such manner should not, together with the over-allotment option exceed five times the net worth of the Company as per the audited balance sheet of the previous financial year, or such other amount as may be permissible;
- IV. The Relevant Date for determination of applicable price and the pricing shall be as under:
 - (a) in the event that Equity Shares are issued to Qualified Institutional Buyers, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Equity Shares; and the price so determined as per Regulation 85 of the ICDR Regulations shall not be less than the price determined in accordance with the pricing formula provided therein.
 - (b) in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company (whether, immediately on or after a designated date and in any event within 60 (sixty) months from the date of allotment or such other permissible period, in accordance with the ICDR Regulations) are issued along with non-convertible debentures to Qualified Institutional Buyers the relevant date for the

purpose of pricing of such securities/ warrants, shall be either:

- (i) the date of the meeting in which the Board or the committee of directors duly authorised by the Board decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures; or
 - (ii) the date on which the holders of such convertible securities/ warrants become entitled to apply for the Equity Shares, as the Board may decide and specify in the placement document/s, and such price as determined in accordance with Regulation 85 of the ICDR Regulations shall not be less than the price determined as per the pricing formula provided therein.
- V. the Company shall ensure that the Securities are fully paid up (except that in case of allotment of non-convertible debt instruments along with warrants, the allottees may pay the full consideration or part thereof payable with respect to warrants at the time of allotment of such warrants. However, on allotment of equity shares of exercise of options attached to the warrants, such equity shares shall be fully paid up) and that the issue of Securities is made within 12 (twelve) months from the approval of this resolution by the members of the Company, or such other time as may be allowed under the SEBI QIP Regulations from time to time, or by SEBI/Stock Exchanges(s) or any other appropriate Authorities.
- VI. The tenure of the convertible or exchange eligible securities issued through QIP shall not exceed 60 months from the date of allotment, or such other permissible period.

RESOLVED FURTHER THAT in the event of issue of Securities by way of FCCBs and / or GDRs and / or ADRs, and/or other Depository Receipts or in any form, in international market, the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date of the meeting in which the Board decides to open the proposed issue of Securities.

RESOLVED FURTHER THAT the number and/or conversion price in relation to equity shares that may be issued and allotted directly or on conversion of Securities that may be issued pursuant to this resolution including by way of a QIP in accordance with the SEBI QIP Regulations as mentioned above shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, split and consolidation of share capital, reclassification of equity shares in to other security, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring;

RESOLVED FURTHER THAT pursuant to regulation 85(1) of SEBI QIP Regulations, the Board be and is hereby authorized, at its absolute discretion, to offer a discount of not more than 5% or such percentage as permissible under applicable laws on the price as may be determined pursuant to the provisions of SEBI QIP Regulations.

RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorised and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered, or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international/Domestic market.

RESOLVED FURTHER THAT the Company through its Board or any of its Committee and/or any agency or body authorised by the Company (through its Board/Committee), may issue receipts/certificates or other requisite documents representing the underlying Securities issued/to be issued by the Company with such features and attributes as are prevalent in Indian / international capital markets, for instruments of this nature and to provide for the tradability or free transferability thereof as per laws, rules, regulations and Regulations under the forms and practices prevalent in the Domestic / international Capital markets.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, offer, issue and allot, from time to time, such number of Equity Shares/Securities at such price (including premium) that may be decided by the Board in its absolute discretion, as may be necessary in accordance with the terms of the offering of any of the aforesaid Securities, including additional Equity Shares or Securities, to retain oversubscription upto such percentage and to dispose off such of these Securities / Shares as are not subscribed, in such a manner, as the Board may in its absolute discretion deem fit and as may be permitted by the appropriate authorities or under applicable statutes, rules, regulations and guidelines.

RESOLVED FURTHER THAT all such Shares/Securities to rank pari-passu in all respects, with the then existing respective fully paid-up Shares/Securities or proportionately paid up Shares/Securities, as the case may be, of the Company, but shall be subject to such lock-in requirements as may be prescribed by appropriate authorities under applicable laws, if any.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities or Instruments or Equity Shares or Securities representing the same, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose, including but without limitation, determining the type, form and manner of the issue/ securities, size of the issue and each tranche, the class of eligible investors to whom the securities are to be offered, issued and allotted in each tranche, issue price, face value, premium amount on issue/conversion of Securities/ exercise of warrants/redemption of securities, rate of interest, amount to be called on application, allotment, or on subsequent calls, conversion or redemption period, appointment of Managers, Lead Managers, Merchant Bankers, Guarantors, Advisors, Consultants, Depositories, Custodians, Registrars, Trustees, Bankers, and all other

agencies or intermediaries, whether in India or abroad, and to remunerate them by way of commission, brokerage, fees or the like, entering into or execution of all such agreements/arrangements / Memorandum of Understandings/ documents with any authorities/agencies or parties, listing of the Shares / Securities (including the resultant Equity Shares to be issued as per the terms of issue of the said Securities) on any Indian and/or Foreign Stock Exchange(s), as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Shares/ Securities as may be required, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares ranking pari passu and inter-se with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties, doubts or problems that may arise in regard to the offer, issue, or allotment of Securities (including resultant equity shares) and utilisation of the issue proceeds, fully or partly cancel the issue or amend any terms of it (subject to necessary statutory approvals) as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise, with the intent that the member shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT such of these Securities/ shares as are not subscribed, may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law.

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors, or Managing Directors, or any other Director(s) or other officer of the Company; or to any intermediary or agent, or advisor of the Company, or to such other person(s) as the Board may think fit and necessary at its absolute discretion."

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

**Deepesh Joishar
Company Secretary**

Regd. Office:

3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: June 28, 2016

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 Saturday, July 23, 2016 to Saturday, July 30, 2016 (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, 2016, as recommended by the Board, if approved by the Members, will be paid / dispatched on or after August 4, 2016 to those Members whose names appear in the Register of Members of the Company as of the close of business hours on Friday, July 22, 2016.
7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven (7) years is to be compulsorily transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provisions. Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Share Transfer Agent of the Company or to the Company, for claiming their outstanding unpaid / unclaimed dividend, if any for the Financial Year 2008-09 (which is due for transfer to IEPF in October, 2016) and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.

The details of unclaimed dividend lying with the Company as on August 21, 2015 (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 dematerialized form, the information should be passed on to their respective Depository Participants without any delay.
9. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
10. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the Registrar and Share Transfer Agent of the Company, unless any member has requested for a physical copy of the same.

Members who have not registered their email address so far are requested to register their email address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically. In case you wish to get a physical copy of the Annual Report, you may send your request to investors@mercator.in mentioning your Folio / DP ID & Client ID.

11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
12. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.
13. In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to shareholders holding shares as on July 23, 2016 being the cut-off date ("cut off date" for the purpose of Rule 20(4)(v)(f)(D) & 20(4)(vii) of the said Rules) fixed for determining voting rights of shareholders entitled to participate in the e-voting process through the e-voting platform provided by National Depository Services Limited (NSDL). The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Wednesday, July 27, 2016 and will end at 5.00 p.m. on Friday, July 29, 2016. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Haresh Jani of Haresh Jani & Associates, Practicing Company Secretaries (Membership No. FCS 4570), to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure for voting through electronic mode:

- I. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:
 - (a) In case a Member receives an e-mail from NSDL:
 - (i) Open the e-mail and also open PDF file namely "Mercator e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (ii) Launch Internet browsing by typing the following URL <https://www.evoting.nsdl.com>.
 - (iii) Click on Shareholder - Login.
 - (iv) Put User ID and password as initial password noted in step (a) above. Click login.
 - (v) Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits / characters or a combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of 'e-voting' opens. Click on 'e-voting'- Active Voting Cycles.
 - (vii) Select "EVEN" of Mercator Limited.
 - (viii) Now you are ready for e-voting as "Cast Vote" page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation the message "Vote cast successfully" will be displayed.
 - (xi) Vote once cast cannot be modified.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution / Authority letter etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to hmjani@gmail.com, with a copy marked to evoting@nsdl.co.in.
 - (b) In case of shareholders' receiving Physical Annual Report initial password is provided at the bottom of the separate form attached. Please follow all steps from Sl. No. a(ii) to Sl. No. a(xii) above, to cast vote.
- II. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the "downloads" section of www.evoting.nsdl.com or call 1800-222-990.
- IV. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may

obtain the user ID and Password by sending a request at evoting@nsdl.co.in or investors@mercator.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no. 1800-222-990.

- V. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall

be placed on the website of the Company www.mercator.in and www.evoting.nsdl.com. The results shall simultaneously be communicated to the Stock Exchanges.

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

**Deepesh Joishar
Company Secretary**

Regd. Office:

3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: June 28, 2016

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, ANNEXED TO AND FORMING PART OF THE NOTICE.

ITEM NO. 5 & 6:

The existing tenure of Mr. H. K. Mittal as Executive Chairman and Mr. Atul Agarwal as Managing Director appointed for a period of three years with effect from August 1, 2013, are expiring on July 31, 2016. It is proposed to appoint Mr. Mittal as Executive Chairman for a period of 3 (Three) years and Mr. Agarwal as Executive Vice Chairman for a period of 2(Two) years with effect from August 1, 2016, on the terms and conditions as detailed in the special resolutions proposing their respective appointments. The said appointments and their terms (including the terms of remuneration) have been approved by the Board of Directors at its meeting held on May 27, 2016 and the Nomination and Remuneration Committee of the Directors has also approved their terms of remuneration at its meeting held on the same date. The proposed appointments would be in accordance with

the applicable provisions of the Companies Act, 2013, and Rules made thereunder.

The special resolutions under item nos. 5 & 6 together with this explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. H. K. Mittal and Mr. Atul Agarwal and the terms and conditions of their respective appointments are given in resolution at item no. 5 & 6 of the Notice of this Annual General Meeting.

The information required under the Sub-clause B of Section II, Part II, of the Schedule V to the Companies Act 2013 is given here below:

I. General Information:			
1	Nature of Industry	Coal, Oil & Gas, Shipping and Dredging	
2	Date or expected date of commencement of Commercial Production	Not applicable	
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
4	Financial performance based on given indicators	2014-15	2013-14
			₹ In Lakhs
i.	Total Income	65,860	50,841
ii.	Net Profit after Tax	49.55	9.21
5	Foreign investments or collaborators, if any (as at the yearend)		
	• Investments into Overseas Subsidiaries	33.37	33.37
II. Information about the appointee:			
		Mr. H. K. Mittal	Mr. Atul J. Agarwal
I	Brief Background	Mr. Mittal is M.Tech from the Indian Institute of Technology and Chief Promoter of the Company since he took over the company in 1988. Under his able guidance, the Company has grown from mere shipping company to an organization with well diversified business segments viz. Coal, Oil & Gas, Shipping and Dredging.	Mr. Agarwal is Fellow Member of Institute of Chartered Accountants of India and one of the promoters of the Company. He has been instrumental in successful implementation of many projects of the Company. He is associated with the Company since inception and is responsible for the financial and strategic planning and execution.
li	Details of Past Remuneration (including of all perquisites, benefits, amenities and commission given on annualized basis	₹ 89 lakhs	₹ 89 lakhs

iii	Recognition or Awards:	Mr. Mittal is the recipient of awards "Entrepreneur of the Year 2005" from Ernst & Young and "Entrepreneur of the Year 2005-06" from The Economic Times.	Mr. Agarwal has been accredited with memberships of various committees formed by the Government for shipping reforms. Presently, he is the Chairman of Indian National Shipowners Association (INSA) and on Board of Indian Register of Shipping.
iv.	Job profile and suitability :	Mr. Mittal is associated with the Company since 1988 when he took over the Company and has been holding the office of the Managing Director since 1992. He is designated as Executive Chairman of the Company and looks after overall management of the Company.	Mr. Agarwal has been holding the office of Whole-time Director of the Company since 1988. He looks after day-to-day management and financial and taxation matters of the company.
v.	Proposed Remuneration	As mentioned in Item No. 5 of the Notice	As mentioned in Item No. 6 of the Notice
vi.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:	The proposed remuneration of the Executive Chairman and Executive Vice Chairman are commensurate with the positions they occupies, size of the Company, and as per industry standards.	
vii.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :	Promoter	Promoter

III. Other Information:

i	Reasons of loss or inadequate profits: The Shipping industry is affected adversely due to overall economic subdued situations and further by mismatch in demand supply tonnage.
ii.	Steps taken or proposed to be taken for improvement: The Company has already taken steps to reduce its borrowings. Also, it is in the process of replacing appropriate type of vessels suitable in the prevailing market situation. Further, the Company is focusing more on profitable areas like dredging, Coal, etc.
iii.	Expected increase in productivity and Profits: In view of steps being taken as above, the Company is expecting improvement in its performance as the overall economic situations improves.

IV. Disclosures

Requisite disclosures have been made in the Section on Corporate Governance Report, attached to and forming part of the Directors' Report for the year under review.

The relevant details of Director(s) seeking appointment / re-appointment at the Annual General Meeting as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are as under:

Name of the Director	Mr. H. K. Mittal	Mr. Atul Agarwal
Date of Birth	19/02/1949	26/07/1958
Date of First Appointment on the Board	23/05/1988	01/08/1988
Qualifications	M. Tech. from IIT Roorkee	Fellow Member of Institute of Chartered Accountants of India
Expertise in specific functional area	Overall business strategies / management	Finance, Accounts, Taxation & Administration
Directorship in other Companies	AHM Investment Pvt. Ltd. Mercator Oil & Gas Ltd. Mercator Petroleum Ltd. Ankur Fertilizer Pvt. Ltd. Vaitarna Marine Infrastructure Ltd. Mercator FPSO Pvt. Ltd. Mac Maritime Training and Research Institute HK Sons Realtors Pvt. Ltd. Preputli Realtors Pvt. Ltd. Sisouli Realtors Pvt. Ltd. MHL Healthcare Ltd.	Mercator Oil & Gas Ltd. Mercator Petroleum Ltd. Oorja Resources India Pvt. Ltd. Mercator FPSO Pvt. Ltd. AAAM Properties Pvt. Ltd. Asmara Resources Pvt. Ltd. Indian Register of Shipping Indian National Shipowners Association

Membership/ Chairmanship of Committees in other Companies	Member of CSR Committee of Mercator Oil and Gas limited	Chairman of Audit Committee and Nomination & Remuneration Committee of Mercator Petroleum Limited and Mercator Oil and Gas Limited. Member of CSR Committee of Mercator Oil and Gas limited
No. of shares held in the Company	46,766,700	5,460,966
Number of Meetings of the Board Attended	8	9

Mr. H. K. Mittal and Mr. Atul Agarwal, who are interested in the respective resolutions of their appointments to the extent of the remuneration and benefits that they may derive, apart from them Mrs. Archana Mittal, the Director of the Company, being wife of Mr. H. K. Mittal, she is interested in the resolution no. 5 in respect of appointment of Mr. H. K. Mittal to the extent of remuneration and benefits that he may derive. Besides them, no other Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said resolutions.

Considering the manifold progress that the Company achieved in past under the able leadership of Mr. H. K. Mittal and Mr. Atul Agarwal, your Directors recommend the above Special resolutions at Item Nos. 5 and 6 of the Notice, for your approval.

ITEM NO. 7:

The Company proposes to raise funds at appropriate time for Corporate purposes, Investment in Subsidiaries including Overseas Subsidiaries and Step-down Subsidiaries, Issue expenses of the issue of shares/securities proposed under this item of special resolution, for any other purposes as permissible in accordance with applicable laws and invest the temporary surplus funds in treasury and / or other permissible purposes.

After carefully considering various alternative available means to enhance the needed financial resources, the Board of Directors of the Company has proposed to raise finance to the extent of ₹ 2,000,000,000/- (Rupees Two Hundred Crores Only) or equivalent amount thereof in any other foreign currency in the manner as set out in special resolution at item no. 7 of this notice. The Company is planning to raise the said funds in one or more tranches by issue of Securities either in International markets by way of Public/Private issue/offering of Foreign Currency Convertible Bonds (FCCBs), or Global Depository Receipts (GDRs) or any other kind of securities/instrument(s), or in Domestic market by way of Qualified Institutional Placement ("QIP") to Qualified Institutional Buyers ("QIB") by way of Equity Shares / Securities which are convertible in to or exchangeable with, or carrying a right / option to subscribe to Equity Shares of the Company, being securities other than warrants, or any other permissible securities or instruments, as has been referred to in the said special resolution.

Since the pricing and other detailed terms and conditions for such offerings can be determined only at a later stage, the said resolution is proposed as an enabling resolution, seeking approval of the members of the Company for proposed issue(s) of securities and is proposing to confer authority on the Board to do all acts and deeds which may be required to create, offer, issue and allot securities of appropriate nature at opportune time, including the size,

structure, price, timing and other terms and conditions of the offer/issue.

The detailed terms and conditions for such offerings including the pricing will be determined in consultation with the merchant bankers, lead managers, consultants, advisors, underwriters and/or such other intermediaries that may be appointed for the issue/offer. Wherever necessary and applicable, the pricing and other terms and conditions of the issue/offer will be finalised in accordance with applicable guidelines, directions, schemes, mechanisms, press notes, circulars, notifications, rules and regulations in force of the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, and other appropriate authorities; subject to the minimum price of the shares/securities to be issued and allotted being kept in accordance with such applicable guideline, as also applying the lock-in requirement/transferability/trading restrictions on such shares/securities.

Wherever, required, necessary approvals from the relevant and appropriate regulatory authorities, being the Securities and Exchange Board of India, the Stock Exchanges where the Shares/Securities of the Company are listed, the Reserve Bank of India, the Government of India (including Foreign Investment Promotion Board/Department of Economic Affairs under the Ministry of Finance), and/or any other ministry/department of the Government.

The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutional placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI (ICDR) Regulations, 2009. The Company may, in accordance with the said ICDR Regulations, and other applicable laws, offer a discount of not more than 5% or such percentage as permitted, on the price determined in pursuance to the said ICDR Regulations. The relevant date, in case of an issuance of equity shares, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue. In case of the issuance of the convertible securities, the relevant date shall be, either the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the issue of such convertible securities, or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be specified by the Board in the offer/placement document.

The proposed Special Resolution also seeks to empower the Board to issue securities in Indian or international market in various forms of shares and/securities whether convertible in to equity shares or carrying a right/an option to acquire equity shares in the Company, including

in the form of Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts (GDRs), or any other Depository Receipts (DRs) or permissible securities; subject to compliance with necessary rule, regulations, guidelines, schemes, mechanisms, press notes, circulars, notifications, as applicable at the relevant time; and also subject to the requisite approvals from the appropriate regulatory authorities. The conversion price and/or the issue price of the GDRs or other DRs, or FCCBs and other convertible securities and the relevant date for determining such price, shall be determined in accordance with the prevailing applicable laws.

The FCCBs, GDRs, DRs and such other securities shall be listed on international domestic market/bourses as may be required and/or permissible; and the resultant equity shares or the equity shares to be issued under Qualified Institutional Placement (QIP) or under any other permissible domestic issue shall be listed on the Stock exchange, Mumbai (BSE), and the National Stock exchange of India (NSE). The issue of FCCBs, GDRs, DRs, or such other securities, and issue of shares upon their conversion or upon exercise of the right of such security holders, who are non-residents or foreign entities, as well as issue of shares upon conversion off securities or exercise of right attached to securities under QIP or issue of shares under QIP to non-residents or foreign entities, shall be subject to necessary regulatory approvals from appropriate authorities and shall also be subject to applicable laws.

Section 42 read with Section 62 of the Companies Act, 2013 ("Act") inter-alia provides that whenever it is proposed to increase the subscribed capital of the Company by issue

of further shares, such shares shall first be offered to the existing shareholders of the Company in the manner laid down in the said Section; unless the shareholders decide otherwise by a special resolution. Accordingly, consent of the members of the Company is being sought by way of Special Resolution pursuant to the provisions of the Act and in terms of the provisions of the Listing Regulations and other applicable laws, rules, regulations, guidelines, and directions, authorising the Board to create, offer, issue and allot securities as stated in the said resolution, which would result in issuance of further securities of the Company to persons, who may be other than the existing members, in accordance with the terms and nature of the securities.

No Director or Key Management Personnel of the Company or their relatives is in any way concerned or interested in the said resolution, except to the extent of their respective shareholding in the Company.

The Board recommends the special resolution set forth in Item No. 7 for approval of the Members.

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

**Deepesh Joishar
Company Secretary**

Regd. Office:

3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: 28th June, 2016

Route Map to the Venue of 32nd Annual General Meeting



DIRECTORS' REPORT

To
The Members,
Mercator Limited

We take pleasure in presenting Thirty Second Annual Report of your Company for the year ended on March 31, 2016.

FINANCIAL HIGHLIGHTS:

Amount ₹ in cr

Particulars	Consolidated		Standalone	
	Year ended		Year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Income from operations	2,706.41	3,091.63	588.31	659.42
Total Income	2,668.48	3,086.47	578.67	658.60
Operating Profit	(55.64)	527.46	211.57	197.23
Interest	244.71	213.09	61.86	52.48
Depreciation	422.41	474.56	122.19	92.38
Impairment	348.83	409.01	-	-
Exceptional Items	-	115.96	-	-
Profit/(Loss) before Tax & Minority Interest	(1,089.53)	(690.32)	17.87	51.55
Minority Interest	209.61	257.37	N.A.	N.A.
Taxes				
-Current Year	(2.49)	(10.58)	(1.00)	(2.00)
-Deferred Tax	(7.71)	(6.00)	-	-
Net Profit/(Loss) After Tax	(890.13)	(449.53)	16.87	49.55
Balance brought forward from last year	253.29	719.34	66.26	33.25
Transfer to Tonnage Tax Reserve	(3.57)	(10.30)	(3.57)	(10.31)
Depreciation of previous year	-	(0.30)	-	(0.30)
Adjustment on account of subsidiary	847.20	-	-	-
Proposed Dividend	(2.45)	(4.90)	(2.45)	(4.90)
Tax on Dividend	(0.50)	(1.02)	(0.50)	(1.03)
Balance carried to Balance Sheet	203.84	253.29	76.61	66.26

During the year under review, the income from operations on a consolidated basis was ₹ 2,706 cr as against ₹ 3,092 cr in the previous year.

The challenging conditions in dry bulk market since the past few years affected the performance of the Company. Mercator Lines (Singapore) Limited (MLS), a step down subsidiary of the Company engaged in the business of dry bulk shipping was placed under Judicial Management in January 2016. MLS on standalone basis suffered a loss of ₹ 656 cr and impairment loss on account of its investment was ₹ 329 cr which forms part of consolidated results. The entire stake of MLS was sold in March 2016. Regulatory authorities have approved sale of shares of MLS. Going forward, financial performance of MLS will not form part of consolidated results.

In view of above, the consolidated performance resulted in a loss before tax of ₹ 1,090 cr (previous year loss of ₹ 690 cr). After providing loss for minority interest of ₹ 210 cr (previous year ₹ 257 cr), the loss after tax was ₹ 890 cr as against loss of ₹ 449 cr in the previous year.

On a standalone basis, the income from operations for the year under review was ₹ 588 cr (₹ 659 cr in the previous year

which included onetime mobilization fees of ₹ 50 cr under one of long term contract). While the dredging segment recorded a topline growth of about 31%; the shipping segment reported flat turnover. The Company had Coal handling operations under long term contract with Mumbai Port Trust at Haji Bunder. These operations were suspended by State Government during the year due to non-renewal of environmental license of Mumbai Port Trust. Consequently, revenue in this segment declined sharply by 67%.

The standalone operating profits were marginally higher at ₹ 212 cr (previous year ₹ 197 cr), however higher Depreciation by about 33% (₹ 122 crores against ₹ 92 cr in previous year) and Interest of about 17% (₹ 62 cr against ₹ 53 cr in previous year) led to lower standalone profit at ₹ 18 cr (previous year ₹ 52 cr). After provision of tax of ₹ 1 cr (previous year ₹ 2 cr) the standalone Profit after tax was ₹ 17 cr (previous year ₹ 50 cr).

OPERATIONS & FINANCE:

Oil and Gas

The Directors are pleased to report that during the year; Mercator Petroleum Limited (MPL), a subsidiary of the Company has carried out drilling & testing operations in the Cambay basin

block CB-9. Two wells Jyoti-1 & Jyoti-2 have had successful oil discoveries. The same have been notified to the Director General of Hydrocarbons (DGH) also. MPL has also been awarded two oil blocks in Myanmar in consortium with Oil India Ltd. & others. These blocks are in the study period prior to exploration. During this period, a study of existing technical data is being conducted to better understand the sub-surface characteristics.

During the year, the Sagar Samrat Conversion Project received a minor setback due to a fire incident at the yard delaying its completion. The corrective actions have thereafter been undertaken and the project is back on track. The final delivery of the project would now take place towards the end of current year.

There has been smooth and trouble free operation of the Floating Production Unit in Nigeria during the year under review.

Coal

Globally, all commodities including Coal witnessed a fall in prices, however, this free fall has stabilized towards the year end. Rationalization measures were undertaken across the coal business to overcome the difficult market scenario which have yielded fruitful results. During the year, coal logistics business was expanded which improved utilization of assets.

During the year, there was reduction in volume sold 4.81 MT (previous year 5.82 MT) mainly on account of closure of one mine in Indonesia. Further, there was impairment loss amounting ₹ 23 crores also on account of same.

Shipping

The tankers and gas carrier were gainfully deployed on long term charter during the year. Three tankers whose contract expired during the year, were re-deployed on slightly better medium term charter rates than the existing rates.

Dredging

During the year, Mercator acquired and commissioned two European built dredgers – one Trailer Suction Hopper Dredger & one Bucket Ladder Dredger, taking the total dredger fleet to nine. Both dredgers were deployed on multi-year contract and provided a growth impetus to the business segment.

Finance

The above acquisitions / other capital expenditure were part financed by debts and internal accruals.

The Board of Directors have sought consent from the shareholders for issue of securities for an amount not exceeding ₹ 200 crore to augment long term working capital requirements, replace high cost debt and other permissible end uses.

DIVIDEND:

The Board of Directors are pleased to recommend dividend of 10% i.e. ₹ 0.10 (previous year 20 % i.e. ₹ 0.20) per Equity Share on 24,48,92,073 shares for the financial year ended March 31, 2016. The said dividend shall be subject to the approval of the members at the ensuing Annual General Meeting.

The dividend, if approved by the shareholders at the Annual General Meeting, shall entail a payout of ₹ 2.95 cr including Dividend Distribution Tax (DDT) of ₹ 0.50 cr. (Previous Year ₹ 5.92 cr & ₹ 1.04 cr respectively).

CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board of Directors:

During the year under review, Mr. Shalabh Mittal (DIN 00007919) and Mr. Manohar Bidaye (DIN 00010699) resigned from office of Directors of the Company w.e.f. December 24, 2015 and March 31, 2016 respectively.

Mr. Atul Agarwal (DIN 00007663) shall be the Director liable to retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company; and being eligible, offers himself for re-appointment.

Further, it is also proposed to appoint Mr. H. K. Mittal as Executive Chairman and appoint Mr. Atul Agarwal as Executive Vice Chairman of the Company with effect from August 1, 2016 when their present terms are expiring. Their terms of appointment and remuneration have been approved by the Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on May 27, 2016. The same are detailed in the accompanying notice of Annual General Meeting.

Additional information on Directors recommended for appointment / reappointment, as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 (Listing Regulations), is provided in the notice convening 32nd Annual General meeting of the Company accompanying this report. The Company has received declarations from Mr. M. M. Agrawal, Mr. K. R. Bharat and Mr. Gunender Kapur confirming that they meet with the criteria of Independence as prescribed under provisions of the Companies Act, 2013, Rules thereunder and Listing Regulations.

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

Key Managerial Personnel

Mr. Kishor Shah has been appointed as the Group Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. December 15, 2015. Mr. Shalabh Mittal has been appointed as Chief Executive Officer and Key Managerial Personnel of the Company w.e.f. May 27, 2016.

BOARD EVALUATION PROCESS:

Pursuant to the provisions of the Companies Act, 2013 & the Listing Regulations, evaluation of every director's performance was done by the Nomination and Remuneration Committee. The performance evaluation of the Non Independent Directors and the Board as a Whole, committees thereof and the chairman of the Company was carried out by the Independent Directors. Evaluation of the Independent Directors was carried out by the Board. A structured questionnaire was prepared based on criteria approved by Nomination and Remuneration Committee and circulated to the Directors for evaluation process.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

As on March 31, 2016, your Company had total 36 subsidiaries / step-down subsidiaries. During the year, Mercator Global Pte. Ltd., Marvel Value International Ltd., Brio Resources Pte. Ltd. Fortune Offshore O&M Pte. Ltd. and RDPT Batavia Drill were formed / acquired as step-down subsidiaries. Mercator Lines (Singapore) Ltd. (MLS), as step-down subsidiary ceased to be

subsidiary of the Company and Consequently Chitra Prem Pte. Ltd. and Vidya Varsha INC, subsidiary of MLS also ceased to be subsidiary of the Company

As per Section 134 of the Companies Act, 2013, your Company has provided the Audited consolidated financial statements for the year ended on March 31, 2016; together with Auditors' Report thereon forming part of this Annual Report, which includes financial information of all the subsidiaries. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 read with relevant rules in the prescribed form AOC-1, showing financial highlights of the subsidiary companies is attached to the consolidated financial statements. Further, a detailed analysis of activities and business operations of major Subsidiary Companies and their business prospects have been dealt with at length separately in Section under Management Discussion and Analysis Report annexed hereto; and therefore not repeated here for the sake of brevity. The Annual Report of your Company though does not contain full financial statements of the subsidiary companies, the audited annual accounts and related information of subsidiary companies is placed on its website and will be made available, upon request by any shareholder of the Company.

AUDITORS:

M/s. CNK & Associates LLP, retires at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee has recommended the re-appointment of M/s. CNK & Associates LLP, at its meeting held on May 27, 2016 M/s. CNK & Associates LLP have furnished a certificate that their appointment, if made, will be within the limits prescribed under the Companies Act. The Directors recommend their re-appointment for approval of the members. Members are requested to approve their re-appointment as Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

AUDITORS' REPORT:

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

- i) In respect of the observation in Audit Report regarding recoverability of long overdue trade receivables by one step down subsidiary amounting to ₹ 9,212.85 lakhs (USD 13.89 Mn) for which no allowance for impairment has been made.

The Company is reasonably confident of the recoverability of the trade receivables amounting to ₹ 9,212.85 lakhs.

- ii) In respect of the observation in Audit Report regarding recoverability of the deposits paid by two step down subsidiaries amounting to ₹ 2,103.89 lakhs (USD 3.17 Mn) to acquire 70% equity interest in the companies which own concessions for coal mining.

The Company is reasonably confident of the recoverability of the advances amounting to ₹ 2,103.89 lakhs.

SECRETARIAL AUDIT REPORT

As required under the provisions of Section 204 of the Companies Act, 2013, your Company has obtained a Secretarial Audit Report for the financial year ended on March 31, 2016 from M/s Anil Jani & Co., Company Secretaries which is appended as Annexure I and forms part of this report. The said report does

not contain any qualifications, reservations, or adverse remarks or disclaimers.

MEETINGS OF THE BOARD

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

COMMITTEES OF THE BOARD

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

PARTICULARS OF EMPLOYEES:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

(A) Conservation Of Energy:

- (i) The steps taken or impact on conservation of energy:
 - All Vessels are fully compliant to take shore power where ever available so that generators can be stopped. The generators when not required; are switched off to save fuel.
 - All electrical motors are checked regularly if they are drawing the correct current as per their ratings.
 - Entire machinery in engine room and on deck is kept well maintained and efficiently operated so energy conservation can be achieved.
 - The Master of the ship and his team make good passage planning on board for more use of ocean currents and winds during voyages, which helps to conserve fuel.
- (ii) The steps taken by the company for utilizing alternate sources of energy:

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

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

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

(B) Technology absorption:

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

(C) Foreign Exchange Earnings and Outgo:

Your Company has earned foreign exchange of ₹ 16.80 cr (previous year ₹ 182.38 cr) and spent ₹ 322.31 cr (previous year ₹ 324.78 cr) in foreign exchange, on account of import of stores & spares, capital goods, repairs / renovations of vessels, bunker, other vessel expenses, travelling and interests etc.

(D) Expenditure Incurred on Research & Development:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits for the year under review;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.
- (v) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORTS

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Since there was no average profit in the last three financial years; your Company was not required to spend statutorily on CSR activities during the year. However, your Company continues to support social initiatives through Prem Punita Foundation which it had appointed in the previous year as its Implementing Agency.

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

LOANS, GUARANTEES AND INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on quarterly basis.

The Company has framed a Related Party Transactions policy to ensure proper identification, approval process and reporting of transactions. The policy on Related Party Transactions as approved by the Board is available on the Company's website.

RISK MANAGEMENT POLICY

The Company has a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Directors' Report.

The Company has framed policy to identify, evaluate business risks and opportunities, and to mitigate the risk. The policy defines the risk management approach at various levels including documentation and reporting. The policy helps in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism and Whistle Blower Policy for Directors and employees to deal with instance of fraud and mismanagement. The policy facilitates reporting of genuine concern or grievances, unethical behavior, actual or suspected fraud, or violation of the Code of Conduct of the Company, or its ethics Policy. They provide adequate safeguards to Directors/

employees who avail of the mechanism. The same is overseen by the Audit Committee. The said Policy is posted on the website of the Company.

MATERIAL CHANGES AND COMMITMENTS

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on March 31, 2016 and the date of this report i.e. May 27, 2016.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the financial year ended on March 31, 2016 in Form MGT-9 is appended as Annexure III.

GENERAL

- During the financial year 2015-16, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 and rules made thereunder.
- The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is appended as Annexure IV.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

- The Company has in place policy as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no case was reported to the Committee constituted under the said Act.

ACKNOWLEDGEMENTS

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

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

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

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

Regd. Office:
3rd Floor, Mittal Tower, B-wing,
Nariman Point, Mumbai – 400021.
Dated: May 27, 2016

Annexure I

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
 [Pursuant to section 204(l) of the Companies Act, 2013 and rule No.9 of the Companies
 (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
 The Members,
 Mercator Limited
 (CIN No.: L63090MH1983PLC031418)
 3rd Floor, Mittal Tower, B - Wing
 Nariman Point, Mumbai - 400021.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mercator Limited (CIN No.: L63090MH1983PLC031418)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations & clarification given to me and the representation made by the management. I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 presently (Prohibition of Insider Trading) Regulations, 2015 effective May 15, 2015;

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

The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and (Share Based Employee Benefits) Regulations, 2014. **(Not applicable to the company during the Audit Period)**

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

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

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

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

- (vi) I further report that based on the information received, explanation given, records maintained and statutory compliance submitted to the Board on quarterly basis, there are adequate systems and processes in the Company to monitor and ensure compliance with the applicable laws. The Company has confirmed compliance with the following laws applicable to the Company:

Specific Laws.

- Merchant Shipping Act, 1958.
- Inland Vessels Act, 1917. (Subs. by Act 35 of 1977, Sec 4 for Inland Steam-vessels)
- The Seamen's Provident Fund Act, 1966.
- General Laws.
- The payment of Wages Act, 1936.
- The Minimum Wages Act, 1948.
- Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- Employees State Insurance Act, 1948.
- The Payment of Bonus Act, 1965.
- Indian Contract Act, 1872.
- Indian Stamp Act, 1899 and Bombay Stamp Act, 1958.
- Payment of Gratuity Act, 1972.
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings as applicable to the company effective 1st July, 2015.
- (ii) a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
b) The Listing Agreements entered into by the Company with Stock Exchanges and
c) Agreement with Stock Exchange of Singapore (SES)/ (SGX) for listing of FCCB securities.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year under review Mr. Shalabh Mittal as Non-Executive Director effective from 24th December, 2015 and Mr. Manohar Bidaye as Independent Director effective from 31st March, 2016 have resigned from the Board of Directors of the Company owing to their other pressing commitment.

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

Decisions at the Board Meetings and Committee Meetings were carried through on the basis of majority as recorded in the

minutes of the meetings. As represented by the Management, there were no dissenting views by any member of the Board of Directors or Committee of the Board as the case may be during the period under review. Resolutions Passed by circulations were approved in the subsequent Board Meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period,

- (i) As required under Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, the members of the Company has approved the divestment of entire stake of Mercator Lines (Singapore) Ltd., Singapore (MLS), a step-down and a material subsidiary of the company listed on Singapore Stock Exchange (SGX) (effective 12th November, 2015 the trading in its shares was suspended) held through a wholly owned subsidiary Mercator International Pte. Ltd. Singapore (MIPL) by selling the entire stake of 900,850,000 Shares at nominal aggregate price of SGD (Singapore Dollar) 3/- vide Resolution passed by Postal Ballot dated 18th March, 2016.
- (ii) There were no instances of
 - a) Public/Right/Preferential issue of shares / debentures/ sweat equity
 - b) Redemption / buy-back of securities
 - c) Merger / amalgamation / reconstruction etc.
 - d) Foreign technical collaborations.

For Anil Jani & Company
Company Secretaries

Anil Jani
Proprietor
FCS: 2506/C P No: 9154

Place: Mumbai
Date: 27th May, 2016

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

Annexure A

To,
The Members
Mercator Limited
(CIN No.: L63090MH1983PLC031418)
3rd Floor, Mittal Tower, B - Wing
Nariman Point, Mumbai - 400021.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Anil Jani & Company**
Company Secretaries

Anil Jani
Proprietor
FCS: 2506/C P No: 9154

Place: Mumbai
Date: 27th May, 2016

Annexure II

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

Sr. No.	Requirements	Disclosure	
		Name of Director	Ratio
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. H.K,Mittal	1:0.06
		Mr. Atul Agarwal	1:0.06
		Mr. M M Agrawal	--
		Mr. K R Bharat	--
		Mr. Gunender Kapur	--
		Mrs. Archana Mittal	--
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year.	No remuneration is paid to Independent Directors and Non – Executive Directors.	
		During the FY 2015-16, basic remuneration of Executive Directors was increased by 65%. However, they were eligible for commission for FY 2015-16 considering the same; therein decrease in remuneration by 70%.	
		The percentage increase in the remuneration of Mr. Prasad Patwardhan, CFO was 8%. There was no increase in remuneration of Company Secretary.	
3	The percentage increase in the median remuneration of employees in the financial year.	4%	
4	The number of permanent employees on the rolls of the Company.	108	
5	The explanation on the relationship between average increase in remuneration and Company performance.	The Profit Before Tax for the financial year ended March 31, 2016 decreased by 65% from the previous year's performance, the increase in the median remuneration was 4% which is in line with the performance of the Company	
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	The average remuneration of KMP decreased by 59% and Profit Before Tax of the Company decreased by 65%.	
7	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	Particular	31/03/2016
		Market Capitalisation	₹ 53,998.70 lakhs
		Price Earnings Ratio	31.96
			8.39
		The stock price as at March 31, 2016 for one share (face value ₹ 1) was ₹ 22.05 which increased by 1,002.5% over the last public offering, i.e. February 1, 1994 at the price of ₹ 20 (face value ₹ 10) exclude bonus and dividend adjustment.	
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	4%	

Sr. No.	Requirements	Disclosure								
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	During the FY 2015-16, basic remuneration of Executive Directors was increased by 65%. However, they were eligible for commission for FY 2015-16 considering the same; therein decrease in remuneration by 70%. Mr. Prasad Patwardhan, CFO remuneration increased by 8%. Whereas Profit Before Tax of the Company was decreased by 65%.								
10	The key parameters for any variable component of remuneration availed by the directors.	N.A.								
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	<table><tr><th>Name of Director</th><th>Ratio</th></tr><tr><td>Mr. Atul Malhotra</td><td>1:1.12</td></tr><tr><td>Capt. Kowshik Kuchroo</td><td>1:1.28</td></tr><tr><td>Mr. Prasad Patwardhan</td><td>1:1.03</td></tr></table>	Name of Director	Ratio	Mr. Atul Malhotra	1:1.12	Capt. Kowshik Kuchroo	1:1.28	Mr. Prasad Patwardhan	1:1.03
Name of Director	Ratio									
Mr. Atul Malhotra	1:1.12									
Capt. Kowshik Kuchroo	1:1.28									
Mr. Prasad Patwardhan	1:1.03									
12	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes								

Annexure - IIA

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

Name	Age	Qualification	Experience in years	Date of joining	Designation	Total Remuneration (₹ in lakhs)	Last employment held
Onshore Staff							
Mr. H. K. Mittal	66	M. Tech.	41	5/23/1988	Executive Chairman	89.00	Natraj Organics Limited
Mr. Atul Agarwal	58	FCA	32	4/15/1988	Managing Director	89.00	A. J. Agarwal & Co.
Capt. Kowshik Kuchroo #	51	HND (Nautical Science) MICS	33	4/1/2005	President - Shipping	113.59	Mundo Gas
Mr. Kishor Shah#*	52	Chartered Accountant	30	12/15/2015	Group Chief Financial Officer	49.13	Balrampur Chini Mills Ltd.
Mr. Prasad Patwardhan #	49	Chartered Accountant	26	2/10/2012	Chief Financial Officer	91.35	Welspun Projects Ltd.
Mr. Atul Malhotra #	43	Post Graduate	21	9/23/1996	President - Coal & Logistics	99.59	---
Mr. Romie D Umrigar #	56	Marine Engineer	32	1/15/2014	Head Technical - Dredging	71.57	Solitaire Marine and Offshore Pvt. Ltd.
Offshore Staff							
Mr. Maninder S. Khasria*	32	Marine Engineer	5	4/1/2015	2nd Engineer	7.78	Spar Shipping As
Mr. Prabhat Singh*	37	Marine Engineer	5	5/9/2015	2nd Engineer	42.17	Hanzevast
Siddiqui Mohammad S.*	30	Marine Engineer	4	10/11/2015	2nd Engineer	27.85	Alterna Capital Partners LLC
Mr. Joseph Ezhilan*	45	Marine Engineer	8	2/9/2016	Chief Engineer	13.39	Spar Shipping As
Mr. Madhavikuttyamma Sreekumar S.*	49	Marine Engineer	11	7/27/2015	Chief Engineer	23.30	Shipping Corporation of India
Mr. Poddar Sib Sankar*	42	Marine Engineer	7	1/13/2016	Chief Engineer	25.25	Spar Shipping As
Mr. Santosh Kumar*	41	Marine Engineer	6	4/10/2015	Chief Engineer	33.43	Transocean
Mr. Nediyaedath Sudarsanan R.*	48	Marine Engineer	6	10/3/2015	Chief Engineer	30.71	Mercator Limited
Mr. Kaushal K. Jha*	31	Navigation Officer	4	4/1/2015	Chief Officer	6.76	Mehdi Bros.Ship Mgmt.
Mr. Jayaswal Gajendra K.*	41	Navigation Officer	7	9/19/2015	Chief Officer	56.06	Shipping Corporation of India
Mr. Rohit D. Singh*	28	Navigation Officer	4	5/1/2015	Chief Officer	34.99	Seven Islands Shipping Ltd
Mr. Singh Vijay K.*	58	Master Mariner	8	10/20/2015	Master	24.00	Shipping Corporation of India
Mr. Gangurde Parag V.*	39	Master Mariner	8	7/7/2015	Master	54.13	Polembros Shipping, Greece
Mr. Ravi Kumar*	46	Master Mariner	11	4/1/2015	Master	35.89	Wallem Shipmanagement India Pvt Ltd

Name	Age	Qualification	Experience in years	Date of joining	Designation	Total Remuneration (₹ in lakhs)	Last employment held
Mr. Sharma Parmanand *	39	Master Mariner	7	12/25/2015	Master	14.91	Shipping Corporation of India
Mr. Haldar Kamal*	54	Marine Engineer	8	12/10/2015	2nd Engineer	30.74	Fukujin Kisen Co., Ltd.
Mr. Lazar Joel*	33	Marine Engineer	4	6/30/2015	2nd Engineer	41.36	Tata Nyk Shipping Pte Ltd.
Mr. Shailesh Kumar*	34	Marine Engineer	6	4/1/2015	2nd Engineer	20.99	Wallem Shipmanagement India Pvt Ltd
Mr. Nayanam Nishant*	40	Marine Engineer	9	6/2/2015	Chief Engineer	74.18	Doehle Danautic
Mr. Ajay K. Gautam*	40	Marine Engineer	8	4/1/2015	Chief Engineer	70.27	IMS
Mr. Nirbhavane Sumeet V.*	29	Navigation Officer	5	8/12/2015	Chief Officer	49.16	Shipping Corporation of India
Mr. Parashar Mayank*	29	Navigation Officer	5	2/10/2016	Chief Officer	10.92	Finaval Spa Shipping Company
Mr. Rajesh Rana*	44	Master Mariner	11	5/13/2015	Master	30.69	Bibby Offshore Ship Management, Singapore
Mr. Aditya K. Sharma*	48	Master Mariner	6	4/1/2015	Master	10.28	Aban Offshore
Mr. Kapoor Pankaj K.*	55	Master Mariner	10	10/13/2015	Master	44.58	Keishin Kaiun Co.,Ltd.
Mr. Naresh Singh*	40	Master Mariner	11	4/1/2015	Master	72.97	United Arab Shipping Company (Sag) / Uasc
Mr. Jagat P. Satyarthi*	43	Master Mariner	4	5/24/2015	Master	22.52	United Arab Shipping Company (Sag) / Uasc
Mr. Karan Bassi*	34	Marine Engineer	5	4/1/2015	2nd Engineer	8.37	Anglo Eastern Ship Management
Mr. Yadav Yogesh Kumar*	30	Marine Engineer	4	1/28/2016	2nd Engineer	13.53	Northern
Mr. Singh Kundal*	39	Marine Engineer	7	10/13/2015	2nd Engineer	19.97	Varun Shipping Company Ltd
Mr. Dharampal S. Jangra*	47	Marine Engineer	8	4/1/2015	Chief Engineer	69.66	Varun Shipping Company Ltd
Mr. Pradeep Gopinath*	40	Marine Engineer	6	5/10/2015	Chief Engineer	46.90	Selandia
Mr. Rathod Mukund S.*	41	Marine Engineer	7	8/18/2015	Chief Engineer	41.11	Varun Shipping Company Ltd
Mr. Kailas J. Giddi*	36	Navigation Officer	8	4/1/2015	Chief Officer	29.28	Varun Shipping
Mr. Gopinathan Arun*	32	Navigation Officer	7	7/28/2015	Chief Officer	38.40	White Palace Shipping S.A (Miyawa)
Mr. Sharma Narender*	34	Navigation Officer	4	1/19/2016	Chief Officer	19.26	Selandia Crew Management (India) Pvt. Ltd.
Mr. Oberoi Jagmohan B.*	43	Master Mariner	7	6/8/2015	Master	15.18	Exmar Shipmanagement Ltd
Mr. Mahlawat Vipin*	43	Master Mariner	12	1/25/2016	Master	26.13	Executive Ship Management Pte Ltd
Mr. Devarpalli Praveen*	40	Master Mariner	7	7/27/2015	Master	45.33	Fareast Ship Management - Hong Kong
Mr. Drislon F. Almeida*	35	Master Mariner	10	4/1/2015	Master	27.64	Varun Shipping Company Ltd
Mr. Ktanti Kumar Thakhalapally*	31	Marine Engineer	1.5	9/16/2015	2nd Engineer	14.46	Scerni De Navigazione
Mr. Brajesh Kumar*	39	Marine Engineer	3.5	11/22/2015	2nd Engineer	27.81	Seven Island Shipping Ltd
Mr. Jagat Singh*	60	Marine Engineer	10.5	4/17/2015	2nd Engineer	21.40	Gmz Ship Management Co Sa
Mr. Rajiv R. Rawale*	42	Marine Engineer	2	4/1/2015	Chief Engineer	40.58	Mercator Limited
Mr. Ved Prakash Sharma*	61	Marine Engineer	2.5	11/13/2015	Chief Engineer	43.03	Mercator Limited
Mr. Sanjay Kumar Singh*	42	Marine Engineer	2	4/13/2015	Chief Engineer	42.16	Mercator Limited
Mr. Pradip D. Nair*	41	Navigation Officer	2.5	10/25/2015	Chief Officer	22.22	Gulf Energy Maritime
Mr. Awadh Kishore Diwaker*	38	Navigation Officer	2.5	4/5/2015	Chief Officer	26.52	Mercator Limited
Mr. Bharat Bhushan Gaba*	43	Master Mariner	1.5	4/1/2015	Master	17.71	Mercator Limited
Mr. Satwinder Singh*	38	Master Mariner	0.5	4/7/2015	Master	59.81	Mercator Limited
Mr. Sheel Kumar Sharma*	33	Master Mariner	1	7/1/2015	Master	57.19	Fareast Ship Management
Mr. Arun Kumar Jha*	29	Marine Engineer	1	4/1/2015	2nd Engineer	16.51	Orient Express Ship Management
Mr. Panneer Selvam Parivallal*	34	Marine Engineer	1.5	9/28/2015	2nd Engineer	26.40	Mercator Limited
Mr. Puneet Mishra*	31	Marine Engineer	1	7/4/2015	2nd Engineer	10.91	Qatar Shipping Co Spc
Mr. Ratish Pundalik Naik*	43	Marine Engineer	2	5/9/2015	Chief Engineer	29.72	Berge Bulk Norways
Mr. Bhanudas Namdeo Mulay*	59	Marine Engineer	5	2/18/2016	Chief Engineer	13.41	Seven Islands Shipping Ltd
Mr. A.G.Vamsidher*	45	Marine Engineer	0.5	4/1/2015	Chief Engineer	10.29	Mercator Limited
Mr. Sanjeev Kumar Sinha*	40	Marine Engineer	1.5	8/15/2015	Chief Engineer	37.48	Shipping Corporation of India

Name	Age	Qualification	Experience in years	Date of joining	Designation	Total Remuneration (₹ in lakhs)	Last employment held
Mr. Saigopal.E.K*	29	Navigation Officer	1	5/25/2015	Chief Officer	20.78	Crowley Accord Marine
Mr. Vikram.S.Sharma*	42	Navigation Officer	2	4/1/2015	Chief Officer	42.46	Pratibha Shipping Co Ltd
Capt.Antony Augustine.T*	38	Master Mariner	1.5	4/1/2015	Master	35.03	Sanmar Shipping Ltd
Capt.Anil Kumar Singh*	42	Master Mariner	4	6/12/2015	Master	65.13	Kei-Rsos Maritime Ltd
Mr. Sanjay Beri*	58	Marine Engineer	3.5	4/1/2015	Chief Engineer	13.08	Apeejay Shipping Ltd
Mr. vJayaraman Manimaran*	48	Marine Engineer	3	6/25/2015	Chief Engineer	6.91	Asp Ship Management Pvt Ltd
Mr. Subhasis Chakraborty*	56	Marine Engineer	3	8/12/2015	Chief Engineer	12.35	Dearborn Shipping Co
Mr. Sanjeev Mehrotra*	56	Marine Engineer	5.5	10/13/2015	Chief Engineer	11.98	Msi Ship Management Pte Ltd
Mr. Phulvinder Pal Singh*	38	Marine Engineer	1	12/4/2015	Chief Engineer	10.15	Bermuda Schulte Ship Management Ltd
Mr. Mohan Kumar Thakur*	51	Navigation Officer	5	7/11/2015	Chief Officer	5.71	Sanmar Shipping Ltd
Mr. Ritesh Kaushal*	35	Navigation Officer	2.5	4/1/2015	Chief Officer	17.44	Nyk Bulk & Project Carriers
Mr. Gobinathan Renganathan Thirumoorthi*	36	Navigation Officer	1	12/29/2015	Chief Officer	16.12	West Asia Maritime Ltd
Mr. Rajareegam Dominic*	43	Master Mariner	3	4/1/2015	Master	14.30	Target Ship Management Pte Ltd
Capt Gaurav K Bawri*	36	Master Mariner	2	6/9/2015	Master	10.83	Dockendale Ship Management
Mr. Nachiket M. Warty*	32	Master Mariner	1	11/17/2015	Master	13.77	Target Ship Management Pte Ltd
Mr. Anil Jain*	57	Master Mariner	12	8/21/2015	Master	18.91	Target Ship Management Pte Ltd
Mr. Narendra Singh*	52	Marine Engineer	1.5	4/26/2015	2nd Engineer	42.18	Mercator Limited
Mr. Hemant Kumar Gupta*	35	Marine Engineer	1.5	7/9/2015	2nd Engineer	31.08	Target Ship Management Pte Ltd
Mr. Anand P. Patil*	42	Marine Engineer	0.3	6/4/2015	2nd Engineer	35.15	Mercator Limited
Mr. Prashad Jaishankar*	48	Marine Engineer	4	12/17/2015	Chief Engineer	37.18	Great Eastern Shipping Co Ltd
Mr. P.R.Nair*	62	Marine Engineer	5	6/30/2015	Chief Engineer	21.66	Univan Ship Management Ltd
Mr. Vikas Khare*	40	Marine Engineer	0.7	4/1/2015	Chief Engineer	21.94	Mercator Limited
Mr. S. Kumaravel*	33	Marine Engineer	3.5	9/8/2015	Chief Engineer	32.53	Ebony/Fleet Management Ltd
Mr. Norman Fernandes*	39	Navigation Officer	2.5	4/1/2015	Chief Officer	40.08	Mercator Limited
Mr. Manu Aggarwal*	31	Navigation Officer	0.6	4/17/2015	Chief Officer	22.66	Union Maritime Ltd
Mr. Johnny Justine*	33	Navigation Officer	2.2	7/25/2015	Chief Officer	30.32	Bw Fleet Management Pte Ltd
Mr. Sam Sundaram*	31	Navigation Officer	2.5	11/25/2015	Chief Officer	26.83	Dynacom Tankers Management Ltd
Mr. Aditya Kumar Nanda*	44	Master Mariner	1	4/1/2015	Master	38.69	Mercator Limited
Mr. Avdhesh Kumar Verma*	47	Master Mariner	2.5	4/17/2015	Master	22.29	Arya Voyagers Pvt Ltd
Mr. Yogesh Chandralal Shah*	44	Master Mariner	3.4	7/10/2015	Master	15.53	South Melody Shipping Inc
Mr. Singh Gyanendra B.*	44	Master Mariner	2.1	12/21/2015	Master	13.14	Great Eastern Shipping Co Ltd
Capt. Sakthiannadurai Ramanathan*	46	Master Mariner	4	2/14/2016	Master	8.73	Dredging Corp India Ltd

Note :

- 1) * Employed for part of the year.
- 2) # Nature of employment is permanent for these employees and contractual for others.
- 3) Mr. H. K. Mittal, Exective Chairman of the Company is relative of Mrs. Archana Mittal, Director of the Company.
- 4) None of the other employees is related to any Director of the Company.
- 5) Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-Tax Act, 1961

Annexure III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L63090MH1983PLC031418
2.	Registration Date	24/11/1983
3.	Name of the Company	Mercator Limited
4.	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	3 rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai - 400 021. Tel Nos: 91-22-66373333 Fax Nos: 91-22-66373344 E-mail: mercator@mercator.in / investors@mercator.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai - 400 078 Tel No.91-22-25963838

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Sea and coastal freight water transport	5012	49.50
2	Renting and operational leasing of water-transport equipment without operator	77306	45.11
3	Cargo handling Services	5224	5.39

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mercator Oil & Gas Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U63033MH2005PLC154014	Subsidiary	100	2(87)(ii)
2	Mercator Petroleum Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U11102MH2007PLC170562	Subsidiary	87.75	2(87)(ii)
3	Mercator FPSO Pvt. Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U11100MH2011PTC223593	Subsidiary	100	2(87)(ii)
4	Oorja Resources India Pvt. Ltd.	3rd Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai – 400 021	U51109MH2009PTC195418	Subsidiary	100	2(87)(ii)
5	Mercator International Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988	NA	Subsidiary	100	2(87)(ii)

Sl. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
6	Mercator Global Pte Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988	NA	Subsidiary	100	2(87)(ii)
7	Mercator Offshore Holdings Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore – 038988	NA	Subsidiary	100	2(87)(ii)
8	Mercator Energy Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	75	2(87)(ii)
9	Oorja Holdings Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
10	Oorja 1 Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
11	Oorja 2 Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
12	Oorja 3 Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
13	Panther Resources Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
14	Oorja Mocambique Limitada	Av. Guerra Popular, 1028 2º Andar, Maputo, Mozambique	NA	Subsidiary	100	2(87)(ii)
15	Broadtec Mocambique Minas Limitada	Av. Guerra Popular, 1028 2º Andar, Maputo, Mozambique	NA	Subsidiary	85	2(87)(ii)
16	PT Oorja Indo Petangis Four	A9 Office Park Unit A3A, 2nd Floor, Jl. Mega Kuningan Raya, Jakarta 12950, Indonesia	NA	Subsidiary	100	2(87)(ii)
17	PT Oorja Indo Petangis Three	A9 Office Park Unit A3A, 2nd Floor, Jl. Mega Kuningan Raya, Jakarta, Indonesia -12950	NA	Subsidiary	100	2(87)(ii)
18	PT Oorja Indo KGS	A9 Office Park Unit A3A, 2nd Floor Jl. Mega Kuningan Raya, Jakarta, Indonesia -12950	NA	Subsidiary	100	2(87)(ii)
19	MCS Holdings Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
20	MCS Fuel Trading Sdn. Bhd.	Level 2, Tower 1, Avenue 5 Bangsar South city W.P. Kuala Lumpur - 59200	NA	Subsidiary	100	2(87)(ii)
21	PT Mincon Indo Resources	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
22	Mercator Offshore (P) Pte. Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	76.25	2(87)(ii)
23	Ivorene Oil Services Nigeria Ltd.	3b Tokunbo Omisore Crescent, Off Wole Olateju Street, Lagos, Nigeria	NA	Subsidiary	76.25	2(87)(ii)

Sl. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
24	Oorja (Batua) Pte. Ltd.	8 Temasek Boulevard, #07-02 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
25	Bima Gema Permata PT	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
26	Nuansa Sakti Kencana PT	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100	2(87)(ii)
27	PT Karya Putra Borneo	Menara Prima II, 20th floor Unit A&B Jl. Lingkar Mega Kuningan No. 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	50	2(87)(i)
28	PT Indo Perkasa	Bl-7-8, Citraland, Jl. D.I. Panjaitan Komp. Roko, Samarinda	NA	Subsidiary	25.5	2(87)(i)
29	Mercator Projects Pte. Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	75	2(87)(ii)
30	Mercator Offshore Assets Holding Pte. Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	75	2(87)(ii)
31	Mercator Okwok FPU Pte. Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	75	2(87)(ii)
32	Mercator Okoro FPU Pte. Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	75	2(87)(ii)
33	Fortune Offshore O & M Pte Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	76.25	2(87)(ii)
34	Brio Resources Pte Ltd.	8 Temasek Boulevard, #07-01 Suntec Tower Three, Singapore - 038988	NA	Subsidiary	100	2(87)(ii)
35	Marvel Value International Ltd.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Island.	NA	Subsidiary	100	2(87)(ii)
36	RDPT Batavia Drill	Chase Plaza Building, 12 floor, Jl. Jend Sudirman Kav 21, South Jakarta 12920.	NA	Subsidiary	91	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(I) Category-wise Share Holding**

Sr. No	Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	80,077,816	-	80,077,816	32.70	79,829,066	-	79,829,066	32.60	(0.10)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									-
	Bodies Corporate	18,406,250	-	18,406,250	7.52	18,406,250	-	18,406,250	7.52	-
	Sub Total (A)(1)	98,484,066	-	98,484,066	40.22	98,235,316	-	98,235,316	40.11	(0.10)
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	361,250	-	361,250	0.15	0.15
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									-
	Sub Total (A)(2)	-	-	-	-	361,250	-	361,250	0.15	0.15
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	98,484,066	-	98,484,066	40.22	98,596,566	-	98,596,566	40.26	0.05
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	2,213	75,000	77,213	0.03	2,140	75,000	77,140	0.03	(0.00)
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	39,338,582	-	39,338,582	16.06	34,381,710	5,000	34,386,710	14.04	(2.02)
(f)	Financial Institutions / Banks	3,438,681	-	3,438,681	1.40	1,670,576	-	1,670,576	0.68	(0.72)
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)									
	UTI	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	42,779,476	75,000	42,854,476	17.50	36,054,426	80,000	36,134,426	14.76	(2.74)
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	2,500	-	2,500	0.00	2,500	-	2,500	0.00	-
	Sub Total (B)(2)	2,500	-	2,500	0.00	2,500	-	2,500	0.00	-
[3]	Non-Institutions									
(a)	Individuals									

Sr. No	Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	67,522,847	2,239,081	69,761,928	28.49	64,035,500	2,202,687	66,238,187	27.05	(1.44)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12,854,273	37,500	12,891,773	5.26	10,247,383	-	10,247,383	4.18	(1.08)
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Trusts	5,536	-	5,536	0.00	4,525	-	4,525	0.00	(0.00)
	Foreign Nationals	-	-	-	-	350	-	350	0.00	0.00
	Hindu Undivided Family	-	-	-	-	3,993,724	-	3,993,724	1.63	1.63
	Non-Resident Indians (Non Repat)	534,875	-	534,875	0.22	580,758	-	580,758	0.24	0.02
	Non-Resident Indians (Repat)	2,460,399	96,500	2,556,899	1.04	2,509,148	96,500	2,605,648	1.06	0.02
	Office Bearers	283,600	-	283,600	0.12	197,350	-	197,350	0.08	(0.04)
	Clearing Member	3,132,827	-	3,132,827	1.28	4,109,745	-	4,109,745	1.68	0.40
	Bodies Corporate	14,354,093	29,500	14,383,593	5.87	22,151,411	29,500	22,180,911	9.06	3.18
	Sub Total (B)(3)	101,148,450	2,402,581	103,551,031	42.28	107,829,894	2,328,687	110,158,581	44.98	2.70
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	143,930,426	2,477,581	146,408,007	59.78	143,886,820	2,408,687	146,295,507	59.74	(0.05)
	Total (A)+(B)	242,414,492	2,477,581	244,892,073	100.00	242,483,386	2,408,687	244,892,073	100.00	-
(C)	Non-Promoter - Non Public									
[1]	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	242,414,492	2,477,581	244,892,073	100.00	242,483,386	2,408,687	244,892,073	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/2015)			Shareholding at the end of the year (31/03/2016)		% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Shares Pledged / encumbered to total shares	
1	Mr. H. K. Mittal	46,654,200	19.05	-	46,766,700	-	0.05
2	Mrs. Archana Mittal	26,327,400	10.75	-	26,327,400	-	-
3	AHM Investments Pvt Ltd	18,406,250	7.52	-	18,406,250	-	-
4	Mr. Atul Agarwal	5,460,966	2.23	-	5,460,966	-	-
5	Mrs. Manjuli Agarwal	559,000	0.23	-	559,000	-	-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/2015)			Shareholding at the end of the year (31/03/2016)		% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Shares Pledged / encumbered to total shares	
6	Mr. Shalabh Mittal	361,250	0.15	-	361,250	-	-
7	Mr. Aayush Atul Agarwal	317,500	0.13	-	317,500	-	-
8	Ms. Arooshi Atul Agarwal	317,500	0.13	-	317,500	-	-
9	Mr. Adip Mittal	80,000	0.03	-	80,000	-	-

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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. H. K. Mittal	46,654,200	19.05	01/04/15				
				28/03/16	112,500	Purchase	46,766,700	19.10
		46,766,700	19.10	31/03/16			46,766,700	19.10

Note: There was no change in Promoters Shareholding except change in shareholding of Mr. H. K. Mittal as mentioned above.

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

Sl No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Lotus Global Investments Ltd	14,229,669	5.81	01/04/15				
				28/08/15	(3,000,000)	Transfer	11,229,669	4.59
				04/09/15	(11,229,669)	Transfer	-	-
		-	-	31/03/16			-	-
2	Kotak Mahindra (International) Limited	8,159,363	3.33	01/04/15	0	NIL		
		8,159,363	3.33	31/03/16			8,159,363	3.33
3	Cresta Fund Ltd	5,650,000	2.31	01/04/15				
				21/08/15	(5,650,000)	Transfer	-	-
		-	-	31/03/16			-	-

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	Albula Investment Fund Ltd	5,175,644	2.11	01/04/15				
				04/09/15	8,293,585	Transfer	13,469,229	5.50
				27/11/15	(250,000)	Transfer	13,219,229	5.40
				18/12/15	(50,000)	Transfer	13,169,229	5.38
				31/12/15	(40,000)	Transfer	13,129,229	5.36
				08/01/16	(100,000)	Transfer	13,029,229	5.32
				15/01/16	(93,224)	Transfer	12,936,005	5.28
				29/01/16	(150,000)	Transfer	12,786,005	5.22
				05/02/16	(250,000)	Transfer	12,536,005	5.12
				12/02/16	(100,000)	Transfer	12,436,005	5.08
		12,436,005	5.08	31/03/16			12,436,005	5.08
5	AXIS Bank Ltd	3,303,590	1.35	01/04/15				
				03/04/15	(1,150)	Transfer	3,302,440	1.35
				10/04/15	(482,610)	Transfer	2,819,830	1.15
				17/04/15	(100,000)	Transfer	2,719,830	1.11
				01/05/15	200,000	Transfer	2,919,830	1.19
				08/05/15	(210)	Transfer	2,919,620	1.19
				15/05/15	(5,350)	Transfer	2,914,270	1.19
				22/05/15	(6,650)	Transfer	2,907,620	1.19
				29/05/15	(83,000)	Transfer	2,824,620	1.15
				05/06/15	(175,000)	Transfer	2,649,620	1.08
				19/06/15	160,000	Transfer	2,809,620	1.15
				26/06/15	(235,000)	Transfer	2,574,620	1.05
				03/07/15	(400,000)	Transfer	2,174,620	0.89
				24/07/15	(191,100)	Transfer	1,983,520	0.81
				31/07/15	(16,580)	Transfer	1,966,940	0.80
				07/08/15	(7,900)	Transfer	1,959,040	0.80
				14/08/15	(2,000)	Transfer	1,957,040	0.80
				21/08/15	(5,642)	Transfer	1,951,398	0.80
				28/08/15	(4,360)	Transfer	1,947,038	0.80
				30/10/15	6,000	Transfer	1,953,038	0.80
				06/11/15	(6,000)	Transfer	1,947,038	0.80
				27/11/15	3,405	Transfer	1,950,443	0.80
				04/12/15	(4,020)	Transfer	1,946,423	0.79
				18/12/15	(200,000)	Transfer	1,746,423	0.71
				25/12/15	11,339	Transfer	1,757,762	0.72
				31/12/15	13,215	Transfer	1,770,977	0.72
				08/01/16	(417,975)	Transfer	1,353,002	0.55
				15/01/16	82,000	Transfer	1,435,002	0.59
				22/01/16	(23,515)	Transfer	1,411,487	0.58
				05/02/16	(2,700)	Transfer	1,408,787	0.58
				12/02/16	824	Transfer	1,409,611	0.58
				19/02/16	(12,010)	Transfer	1,397,601	0.57
				26/02/16	9,932	Transfer	1,407,533	0.57
				25/03/16	8,103	Transfer	1,415,636	0.58
		1,349,912	0.55	31/03/16	(65,724)	Transfer	1,349,912	0.55
6	India Max Investment Fund Limited	2,350,000	0.96	01/04/15				
				30/06/15	(185,000)	Transfer	2,165,000	0.88
				03/07/15	(165,000)	Transfer	2,000,000	0.82
				24/07/15	(1,000,000)	Transfer	1,000,000	0.41
		1,000,000	0.41	31/03/16			1,000,000	0.41

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	Dimensional Emerging Markets Value Fund	1,796,935	0.73	01/04/15				
				10/04/15	(74,146)	Transfer	1,722,789	0.70
				15/05/15	(32,160)	Transfer	1,690,629	0.69
				29/05/15	(33,758)	Transfer	1,656,871	0.68
				05/06/15	(75,485)	Transfer	1,581,386	0.65
				12/06/15	(69,694)	Transfer	1,511,692	0.62
				26/06/15	(250,299)	Transfer	1,261,393	0.52
				30/06/15	(5,300)	Transfer	1,256,093	0.51
				10/07/15	(96,001)	Transfer	1,160,092	0.47
				17/07/15	(69,337)	Transfer	1,090,755	0.45
				24/07/15	(139,003)	Transfer	951,752	0.39
				31/07/15	(141,103)	Transfer	810,649	0.33
				07/08/15	(62,890)	Transfer	747,759	0.31
				14/08/15	(79,791)	Transfer	667,968	0.27
				04/09/15	(69,754)	Transfer	598,214	0.24
				11/09/15	(112,388)	Transfer	485,826	0.20
				18/09/15	(49,476)	Transfer	436,350	0.18
				25/09/15	(44,753)	Transfer	391,597	0.16
				30/09/15	(60,969)	Transfer	330,628	0.14
				09/10/15	(35,622)	Transfer	295,006	0.12
				16/10/15	(80,921)	Transfer	214,085	0.09
				23/10/15	(57,376)	Transfer	156,709	0.06
				30/10/15	(70,494)	Transfer	86,215	0.04
		-	-	06/11/15	(86,215)	Transfer	-	-
8	LKP Securities Ltd.	1,671,000	0.68	01/04/15				
				17/04/15	230,000	Transfer	1,901,000	0.78
				28/08/15	1,000,000	Transfer	2,901,000	1.18
				04/09/15	15,000	Transfer	2,916,000	1.19
				11/09/15	2,000	Transfer	2,918,000	1.19
				25/09/15	8,000	Transfer	2,926,000	1.19
				30/09/15	(2,000)	Transfer	2,924,000	1.19
				09/10/15	17,000	Transfer	2,941,000	1.20
				16/10/15	10,000	Transfer	2,951,000	1.21
				20/11/15	790,000	Transfer	3,741,000	1.53
				27/11/15	(13,000)	Transfer	3,728,000	1.52
				04/12/15	(12,000)	Transfer	3,716,000	1.52
				11/12/15	(4,000)	Transfer	3,712,000	1.52
				18/12/15	(6,000)	Transfer	3,706,000	1.51
				25/12/15	(5,000)	Transfer	3,701,000	1.51
				31/12/15	(1,500)	Transfer	3,699,500	1.51
				08/01/16	(21,200)	Transfer	3,678,300	1.50
				15/01/16	18,200	Transfer	3,696,500	1.51
				22/01/16	(24,000)	Transfer	3,672,500	1.50
				29/01/16	11,000	Transfer	3,683,500	1.50
				05/02/16	3,000	Transfer	3,686,500	1.51
				19/02/16	(6,500)	Transfer	3,680,000	1.50
				26/02/16	1,000	Transfer	3,681,000	1.50
				04/03/16	9,000	Transfer	3,690,000	1.51
				11/03/16	11,000	Transfer	3,701,000	1.51
		3,701,000	1.51	31/03/16			3,701,000	1.51

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
9	Lata Bansali	1,551,216	0.63	01/04/15				
				05/06/15	(4,874)	Transfer	1,546,342	0.63
				03/07/15	(200,000)	Transfer	1,346,342	0.55
				10/07/15	(100,000)	Transfer	1,246,342	0.51
				25/09/15	1,246,342	Transfer	2,492,684	1.02
				30/09/15	(1,246,342)	Transfer	1,246,342	0.51
		1,246,342	0.51	31/03/16			1,246,342	0.51
10	LKP Finance Limited	1,171,742	0.48	01/04/15				
				10/04/15	1,550	Transfer	1,173,292	0.48
				17/04/15	(1,650)	Transfer	1,171,642	0.48
				24/04/15	50	Transfer	1,171,692	0.48
				01/05/15	3,026	Transfer	1,174,718	0.48
				15/05/15	(100)	Transfer	1,174,618	0.48
				22/05/15	400	Transfer	1,175,018	0.48
				29/05/15	650	Transfer	1,175,668	0.48
				05/06/15	(1,150)	Transfer	1,174,518	0.48
				12/06/15	474	Transfer	1,174,992	0.48
				19/06/15	7,126	Transfer	1,182,118	0.48
				26/06/15	(5,000)	Transfer	1,177,118	0.48
				30/06/15	(500)	Transfer	1,176,618	0.48
				10/07/15	1,027	Transfer	1,177,645	0.48
				17/07/15	12,423	Transfer	1,190,068	0.49
				24/07/15	990,950	Transfer	2,181,018	0.89
				31/07/15	28,558	Transfer	2,209,576	0.90
				07/08/15	(26,000)	Transfer	2,183,576	0.89
				14/08/15	2,500	Transfer	2,186,076	0.89
				21/08/15	19,835	Transfer	2,205,911	0.90
				28/08/15	(1,003,643)	Transfer	1,202,268	0.49
				04/09/15	521	Transfer	1,202,789	0.49
				11/09/15	(8,695)	Transfer	1,194,094	0.49
				18/06/15	(5,418)	Transfer	1,188,676	0.49
				25/09/15	9,668	Transfer	1,198,344	0.49
				30/09/15	(12,150)	Transfer	1,186,194	0.48
				09/10/15	8,600	Transfer	1,194,794	0.49
				16/10/15	(9,930)	Transfer	1,184,864	0.48
				23/10/15	23,550	Transfer	1,208,414	0.49
				30/10/15	(4,383)	Transfer	1,204,031	0.49
				06/11/15	520,000	Transfer	1,724,031	0.70
				13/11/15	10,782	Transfer	1,734,813	0.71
				20/11/15	(1,799)	Transfer	1,733,014	0.71
				27/11/15	(12,603)	Transfer	1,720,411	0.70
				04/12/15	(5,436)	Transfer	1,714,975	0.70
				11/12/15	(3,458)	Transfer	1,711,517	0.70
				18/12/15	(26,688)	Transfer	1,684,829	0.69

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				25/12/15	4,210	Transfer	1,689,039	0.69
				31/12/15	3,079	Transfer	1,692,118	0.69
				01/01/16	(1,249)	Transfer	1,690,869	0.69
				08/01/16	(1,323)	Transfer	1,689,546	0.69
				15/01/16	(6,074)	Transfer	1,683,472	0.69
				22/01/16	27,888	Transfer	1,711,360	0.70
				29/01/16	(22,369)	Transfer	1,688,991	0.69
				05/02/16	97,115	Transfer	1,786,106	0.73
				12/02/16	3,692	Transfer	1,789,798	0.73
				19/02/16	(514)	Transfer	1,789,284	0.73
				26/02/16	(2,691)	Transfer	1,786,593	0.73
				04/03/16	3,802	Transfer	1,790,395	0.73
				11/03/16	(5,501)	Transfer	1,784,894	0.73
				18/03/16	(2,925)	Transfer	1,781,969	0.73
				25/03/16	(2,050)	Transfer	1,779,919	0.73
		1,783,444	0.73	31/03/16	3,525	Transfer	1,783,444	0.73

(v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. H. K. Mittal	46,654,200	19.05	01/04/15				
				28/03/16	112,500	Purchase	46,766,700	19.10
		46,766,700	19.10	31/03/16			46,766,700	19.10
2	Mr. Atul Agarwal	5,460,966	2.23	01/04/15	0	NA		
		5,460,966	2.23	31/03/16			5,460,966	2.23
3	Mr. Shalabh Mittal (upto 24.12.2015)	361,250	0.15	01/04/15	0	NA		
		361,250	0.15	31/03/16			361,250	0.15
4	Mrs. Archana Mittal	26,327,400	10.75	01/04/15	0	NA		
		26,327,400	10.75	31/03/16			26,327,400	10.75
5	Mr. Manohar Bidaye (upto 30.03.2016)	97,500	0.04	01/04/15	0	NA		
		97,500	0.04	31/03/16			97,500	0.04
6	Mr. K. R. Bharat	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0

SI No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	Mr. M. M. Agrawal	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0
8	Mr. Gunender Kapur	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0
9	Mr. Kishor Shah (w.e.f 15.12.2015)	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0
10	Mr. Prasad Patwardhan	200	0.00	01/04/15	0	NA		
		200	0.00	31/03/16			200	0.00
11	Mrs. Amruta Sant (upto 10.04.2015)	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0
12	Mr. Deepesh Joishar(w.e.f 04.05.2015)	0	0	01/04/15	0	NA		
		0	0	31/03/16			0	0

V. INDEBTEDNESS

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

Amount ₹ in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	79,365.21	10,014.53	-	89,379.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	922.74	457.81	-	1,380.55
Total (i+ii+iii)	80,287.95	10,472.34	-	90,760.29
Change in Indebtedness during the financial year				
* Addition	29,526.30	598.74	-	30,125.04
* Reduction	21,854.99	-	-	21,854.99
Net Change	7,671.31	598.74	-	8,270.05
Indebtedness at the end of the financial year				
i) Principal Amount	87,036.52	10,613.26	-	97,649.78
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	943.27	483.32	-	1,426.59
Total (i+ii+iii)	87,979.79	11,096.58	-	99,076.37

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Amount ₹ in lakhs

SI No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. H. K. Mittal	Mr. Atul Agarwal	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52.94	62.76	115.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13.06	3.24	16.30
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as percentage of profit	23.00	23.00	46.00
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	89.00	89.00	178.00
	Ceiling as per the Act	₹ 183.80 lacs (being 10 % of Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013).		

B Remuneration to other directors

Amount ₹ in lakhs

SI No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Manohar Bidaye	Mr. K. R. Bharat	Mr. M. M. Agrawal	Mr. Gunender Kapur	Mr. Shalabh Mittal	Mrs. Archana Mittal	
1	Independent Directors							
	Fee for attending board committee meetings	9.50	9.50	7.00	3.50	-	-	29.50
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	9.50	9.50	7.00	3.50	-	-	29.50
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	-	-	-	-	1.50	4.00	5.50
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	1.50	4.00	5.50
	Total (B)=(1+2)	9.50	9.50	7.00	3.50	1.50	4.00	35.00
	Total Managerial Remuneration	NIL						
	Overall Ceiling as per the Act	₹ 18.38 lacs (being 1 % of Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013).						

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

Amount ₹ in lakhs

SI No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Group CFO Mr. Kishor Shah (w.e.f 15/12/15)	CFO Mr. Prasad Patwardhan	CS		
				Mrs. Amruta Sant (upto 10/04/15)	Mr. Deepesh Joishar (w.e.f 04/05/15)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.14	91.35	0.35	7.14	147.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as percentage of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	49.14	91.35	0.35	7.14	147.98

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure IV

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

Policy

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

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

The Context

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

Size of the ML Board

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

Conflicts of Interest

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

Diversity

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

Criteria for determining qualifications and attributes of a Director:

Age:

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

Education:

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

Qualifications:

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

Experience:

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

Individual Characteristics:

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

A Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interests and concerns of all the company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

Availability:

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

Other requirements:

The Candidate is expected to have:

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

Responsibilities/Functions:

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

Tenure:

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

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

- a. He/she shall not be of unsound mind nor stand so declared by a competent court.
- b. He/she shall not be an undercharged insolvent.
- c. He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
- d. He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- e. He/she has not been issued an order by a court or Tribunal disqualifying him/her for appointment as a director and the order is in force;
- f. He/she has not paid any calls in respect of any shares of the company held by him/her whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. He/she has not been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;

Resignation and Removal:

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

Vacation of office:

The office of a director shall become vacant in case:

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

- c. he/she acts in contravention of the provisions of section 184 of the act relating to entering into contracts or arrangements in which he/she is directly or indirectly interested;
- d. he/she fails to disclose his/her interest in any contract or arrangement in which he/she is directly or indirectly interested, in contravention of the provisions of section 184;
- e. he/she becomes disqualified by an order of a court or the Tribunal;
- f. he/she has been issued an appeal or convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months;
- g. he/she is removed in pursuance of the provisions of this Act;
- h. he/she, having been appointed a director by virtue of his/her holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

Letter of appointment

Upon appointment, a Director would be issued letter of appointment in format as specified in “**Annexure A**”.

Process of Performance evaluation of directors:

Need for Evaluation Process

The recent failures of corporate throughout the world have led the investors, regulators and the general public at large to question the effective functioning of the board of any company. The investors have started questioning the collective decision making competency in terms of quality, skills and even the individual capabilities and capacities of individual directors who hold the position in any company.

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

Evaluation Mechanism

The assessment carried on the basis of following criteria

- Valuable Input Provided;
- Dedication and Commitment;
- Industry Knowledge;
- Overall contribution; and
- Compliances under Companies Act

Report on Corporate Governance

(Forming part of Directors' report for the year ended on March 31, 2016)

COMPANY'S PHILOSOPHY:

The Company strongly believes in ethical way of conducting business and in maintaining the highest standards of corporate governance. Corporate Governance as practiced at all levels of the Company is not restricted only to the Board of Directors. The Company upholds its relationship with the society and its social responsibility for environmental safety and human welfare.

Corporate governance to the company is not just a compliance issue but central guiding principle for everything it does. It's a way of thinking, way of conducting business and a way to steer the organization to take on challenges for now and for the future. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

I. BOARD OF DIRECTORS:

As at the year end March 31, 2016, 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 and One is Women Director. Among the Two Executive Directors; One is the Executive Chairman and the other is Managing Director. The Company is in compliance with the requirement of at least half of the Board comprising of Independent Directors as the Chairman of the Board is an

Executive Director and a Promoter. There is no Nominee Director on the Board of the Company. The Company has issued letter of appointment to all the Independent Directors as per Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on its website.

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

Changes in Board composition during the year

During the year, Mr. Shalabh Mittal and Mr. Manohar Bidaye resigned from the office of Directors 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/she is Director; and necessary disclosures to this effect has been received by the Company from all the Directors.

During the year, in all Nine Board Meetings were held i.e. on April 10, 2015, May 29, 2015, August 5, 2015, September 23, 2015, November 7, 2015, December 14, 2015, January 18, 2016, February 11, 2016 and March 29, 2016. The time interval between any two consecutive meetings was not more than 120 days.

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

Sr. No	Name of Director & DIN	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships in Indian Public Companies*	No. of committee membership in other Companies**	No. of committee Chairmanship in other Companies**
1	Mr. H. K. Mittal (00007690)	Executive Chairman & Promoter	8	Yes	4	0	0
2	Mr. A. J. Agarwal (00007663)	Managing Director, Executive-Promoter	9	Yes	2	2	2
3	Mr. Manohar Bidaye (00010699) (upto 30.03.2016)	Non-Executive Independent	9	Yes	2	3	2
4	Mr. K. R. Bharat (00584367)	Non-Executive Independent	8	Yes	1	0	0
6	Mr. M. M. Agrawal (00681433)	Non-Executive Independent	9	Yes	6	5	0
7	Mr. Gunender Kapur (01927304)	Non-Executive Independent	6	Yes	0	0	0
8	Mr. Shalabh Mittal (00007919) (upto 24.12.2015)	Non-Executive Non Independent	3	No	0	0	0
9	Mrs. Archana Mittal (00007972)	Non-Executive Non Independent	8	Yes	2	0	0

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

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

All the information required to be furnished to the Board as mentioned under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) was placed before the Board.

Your Company's Board plays an important role in ensuring good governance and functioning of the Company. The Board consists of professionals from diverse fields who have vast experience in their respective areas. The Board's role, functions, responsibility are clearly defined. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board reviews periodical compliance reports of all laws applicable to the Company, presented by Chief Executive Officer or Managing Director at the meeting.

Independent Directors' Meeting:

During the year, a separate meeting of the Independent Directors was held on March 29, 2016, without the attendance of non-independent Directors and members of the management. All Independent Directors were present at the meeting.

Familiarisation Programme:

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

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

Code of Conduct:

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

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

All Board Members and Senior Management Personnel have affirmed compliance with the code for the year ended on March 31, 2016. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2016 has been included elsewhere in this annual report.

II. AUDIT COMMITTEE:

Composition:

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with relevant rules and the Listing Regulations, the Company has a qualified and Independent Audit Committee. Upto March 30, 2016; the Audit Committee members comprised of Mr. Manohar Bidaye (Chairman) Mr. K.R. Bharat (Member); and Mr. H.K. Mittal (Member). Subsequent upon resignation by Mr. Manohar Bidaye with effect from March 31, 2016 the Board of Directors reconstituted the Audit Committee by appointing Mr. M. M. Agrawal as member/Chairman of the Committee. As at March 31, 2016, the Committee comprised of two Independent Non-Executive Directors and one Executive Promoter Director. Mr. M. M. Agrawal, Bachelor of Engineering having vast experience in Banking and Finance Industry is the Chairman of the Committee; other members being Mr. K. R. Bharat, MBA from Indian Institute of Management; and Mr. H. K. Mittal, Master from Indian Institute of Technology-Roorkee, Executive Chairman of the Company, all having a sound accounting knowledge. Subsequent to the year end; on May 12, 2016, Mr. Gunender Kapur, Mechanical Engineer (BITS-Pilani) and an MBA from FMS Delhi University; has been co-opted on the Audit Committee. Group Chief Financial Officer; Chief Financial Officer as well as General Manager (Finance & Accounts) along with the Internal Auditors and Statutory Auditors are invitees to the Audit Committee Meetings. All other Functional Heads/Managers are invited to attend the meeting, as and when necessary. The Committee is vested, inter alia, with following powers and terms of references as prescribed under relevant provisions of the Companies Act, including the rules made there under, and Listing Regulations.

Mr. Manohar Bidaye, then Chairman of the Committee was present at the 31st Annual General Meeting to reply to the queries of the Shareholders.

The Audit committee is vested with following Powers:

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

b) To seek information from any employee.

c) To obtain outside legal or other professional advice.

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

Terms of Reference:

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

The role of the Audit Committee is as follows: -

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

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

The minutes of the Audit Committee meeting are always presented to the Board for its discussion and taking on record.

Meetings:

During the year, in all 6 meetings of the Audit Committee were held i.e. on April 10 2015, May 29, 2015, August 5, 2015, November 7, 2015, December 14, 2015 and February 11, 2016. The time intervals between two meetings of the Committee were not more than 120 days.

Attendance of each member at the Audit Committee Meetings:

Name of Director	No. of Meetings attended out of Six held
Mr. Manohar Bidaye (upto 30.03.2016)	6
Mr. K. R. Bharat	6
Mr. H. K. Mittal	6
Mr. M. M. Agrawal (w.e.f. 31.03.2016)	N.A.

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

Review of Information:

The Audit Committee was presented with necessary information from time to time for its review as required under the Listing

Regulations and section 177 of the Companies Act, 2013.

There was no instance of management letter/letter of internal control weaknesses issued by the Statutory Auditors during the financial year 2015-16.

III. NOMINATION AND REMUNERATION COMMITTEE:-

Composition:

Upto March 30, 2016; the Nomination and Remuneration Committee members comprised of Mr. Manohar Bidaye (Chairman) Mr. M. M. Agrawal (Member); Mr. K. R. Bharat (Member) and Mr. H. K. Mittal (Member). Subsequent upon resignation by Mr. Manohar Bidaye with effect from March 31, 2016; the Board of Directors reconstituted the Nomination and Remuneration Committee by appointing Mrs. Archana Mittal as Member; and Mr. K. R. Bharat as Chairman of the Committee. As at March 31, 2016, the Committee comprised of two Non-Executive Independent Director, one Non-Executive Director and one Executive Director. Mr. K. R. Bharat is the Chairman of the Committee with Mr. M. M. Agrawal, Mr. H. K. Mittal and Mrs. Archana Mittal being other members. Subsequent to the year end; on May 25, 2016, Mr. Gunender Kapur, Mechanical Engineer (BITS-Pilani) and an MBA from FMS Delhi University; has been co-opted on the Committee.

Mr. Manohar Bidaye, then Chairman of the Committee was present at the 31st Annual General Meeting to reply to the queries of the Shareholders.

The Company has framed necessary mandate and working procedures of the committee as required under Section 178 of Companies Act, 2013 and Listing Regulations defining thereunder the Role, Membership, Meeting Procedures etc.

Terms of Reference:

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

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

6. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time.

Remuneration Policy:

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

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

Performance Evaluation:

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

1. Valuable Input Provided;
2. Dedication and Commitment;
3. Industry Knowledge;
4. Overall contribution; and
5. Compliances under Companies Act

Meetings:

During the year, in all 3 meetings of the Nomination and Remuneration Committee were held i.e. on May 29, 2015, December 14, 2015 and March 29, 2016 and necessary quorum was present at the meeting.

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

Name of Director	No. of Meetings attended out of Three held
Mr. Manohar Bidaye (upto 30.03.2016)	3
Mr. M.M. Agrawal	3
Mr. K. R. Bharat	3
Mr. H. K. Mittal	2
Mrs. Archana Mittal (w.e.f. 31.03.2016)	N.A.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE:

Upto March 30, 2016; the Stakeholders Relationship Committee members comprised of Mr. Manohar Bidaye (Chairman); Mr. K. R. Bharat (Member) and Mr. Atul Agarwal (Member). Subsequent upon resignation by Mr. Manohar Bidaye with effect from March 31, 2016; the Board of Directors reconstituted the Stakeholders Relationship Committee by appointing Mrs. Archana Mittal as Member; and Mr. K R Bharat as Chairman of the Committee. As at March 31, 2016, the Committee comprises of one Executive Director and two Non-executive Directors to look after share transfer and other related matters, including the shareholders' grievances. Mr. K R Bharat, is the Chairman of the Committee

with the other members being, Mr. Atul .J. Agarwal and Mrs. Archana Mittal. The Committee normally meets fortnightly. The terms of reference of the Committee are as under:

1. To approve or deal with applications for transfer/ transmission; dematerialisation/rematerialisation of shares, issue of duplicate / split / sub-division / consolidation of certificates and to deal with all related matters.
2. To look into and redress shareholders / investors grievances relating to:
 - (a) Transfer of shares;
 - (b) Non-receipt of declared dividends;
 - (c) Non-receipt of annual reports;
 - (d) All such complaints directly concerning the shareholders / investors as stakeholders of the Company; and
 - (e) Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

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

Mr. Deepesh Joishar (w.e.f. May 4, 2015) and Mr. Deepak Dalvi- Assistant General Manager – Secretarial acted as Compliance Officers.

During the year, the Company received 25 complaints from the shareholders all of which were duly resolved. No complaint was pending as on March 31, 2016.

Further, during the year requests for Transfer of 7,500 shares; Transmission of 17,500 shares and Demat of 74,000 shares were received.

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee of the Company comprising of three Directors. Mr. H. K. Mittal is the Chairman of the Committee with Mr. K. R. Bharat and Mr. M. M. Agrawal being other members.

The Company has framed the CSR Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Committee is authorized to plan, approve the operational procedures and supervise / monitor implementation of CSR policy. During the year, the Committee met on March 29, 2016, except Mr. H. K. Mittal all other members of the Committee attended the meeting.

VI. RISK MANAGEMENT COMMITTEE:

As at March 31, 2016, the Risk Management Committee comprises of Mr. Atul. J. Agarwal, Managing Director, who is the Chairman of the Committee and other members being Mr. M. M. Agrawal, Mr. K. R. Bharat, the Independent Directors, Capt. Kowshik Kuchroo, President Shipping and Mr. Kishor Shah, Group Chief Financial Officer of the Company. The Company has laid down the procedure to inform Board members about risk assessment and minimization procedures. The Board periodically monitors the risk management plan.

VII. ESOP COMPENSATION COMMITTEE:

During the year, the Board of Directors dissolved the ESOP Compensation Committee of Directors.

VIII. SUBSIDIARY COMPANIES:

As at March 31, 2016; the Company had total 36 subsidiaries. The Indian Subsidiaries viz. Mercator Oil and Gas Limited, Mercator Petroleum Limited, Oorja Resources India Private Limited and Mercator FPSO Private Limited were neither listed nor material as at March 31, 2016.

MCS Holdings Pte. Ltd. and Oorja Indo KGS PT are material non-listed foreign subsidiaries of the Company.

During the year, the Company has not disposed any shares that reduces shareholding to less than 50% or ceases the exercise of control over any of these subsidiaries other than that of step down subsidiary Mercator Lines (Singapore) Ltd. (MLS) as approved by the shareholders vide special resolution passed by postal ballot on March 18, 2016. Further the Company has not sold, disposed or lease the assets amounting to more than twenty percent of the assets of these subsidiaries.

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

The Minutes / resolutions of the Board Meetings of all the subsidiary companies (including step down subsidiary companies) are placed before the Board periodically for noting and taking on record.

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

The Company has formulated a policy for determining "Material Subsidiaries", and the same is available on the website of the Company.

D. Remuneration of Directors:

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

Details of remuneration paid to Directors for the financial year ended March 31, 2016:**Executive Directors:**

Amount ₹ in lakhs

Name	Salary	Bonus	Stock options	Perquisites	Commission	Total
Mr. H. K. Mittal - Executive Chairman	52.94	--	--	13.06	23.00	89.00
Mr. A. J. Agarwal - Managing Director	62.76	--	--	3.24	23.00	89.00

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 held on September 19, 2013. As per the agreement, salary and perquisites are a fixed component and the commission is based on the performance of the Company, i.e. on the net profit of the year. However, the aggregate remuneration shall not exceed 5% of net profit calculated as per the provisions of the Companies Act, 2013; per Executive Director with payment of minimum remuneration to them in case of loss or inadequacy of profit in any financial year during the tenure, subject however, to the ceiling prescribed under Companies Act, 2013; and approval of the Central Government, if required. The present terms and conditions of appointment agreements of both Executive Directors will expire on July 31, 2016.

The tenure of office of the Executive Chairman and Managing Director is for three years from their respective dates of appointments, and can be terminated by either party by giving 6 months' notice in writing. Before the expiration of the tenure of office of Executive Chairman and Managing Director are entitled by way of compensation for the loss of office, the amount equivalent to the remuneration which they would have earned if they have been in the office for the unexpired residue of their term or for three years whichever is shorter, calculated on the basis of average remuneration actually earned by them during the period of three years immediately preceding the date on which they ceased to hold office or where they held the office for a lesser period than three years, during such period.

No stock options were issued to any of the Executive Directors during the year

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

IX. DISCLOSURES:**A. Basis of related party transactions:**

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- At the beginning of every financial year, proposal for omnibus approval is placed before the Audit Committee for related party transactions with necessary details in compliance with relevant provisions of the Listing Regulations. All related party transactions were within prescribed limit and as per the Related Party Transaction Policy of the Company.
- Details of material individual transaction with related parties are placed before the Audit Committee, whenever applicable.
- 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, 2016; there was no treatment different from that prescribed in an Accounting Standard and applicable Laws and Regulations that had been followed.

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

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

Non-executive Directors:

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

Remuneration by way of sitting fees for attending Board meetings, Audit Committee and other committee meetings are paid to Non-executive Directors ₹ 50,000/- per such meeting attended by them.

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

Name of the Director	₹ in lakhs
Mr. Manohar Bidaye (upto 30/03/2016)	9.50
Mr. K.R. Bharat	9.50
Mr. M. M Agrawal	7.00
Mr. Gunender Kapur	3.50
Mr. Shalabh Mittal (upto. 24/12/2015)	1.50
Mrs. Archana Mittal	4.00

All the Non-Executive Directors have disclosed their shareholdings as at March 31, 2016 to the Company which is as under:

F. Shareholders:

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

i. General Body Meetings:

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2014-15 (AGM)	21/08/2015	3.00 P.M.	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	NIL
2013-14 (AGM)	24/09/2014	3.30 P.M.	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	- Appointment of Mr. Aayush Agarwal (Son of Mr. Atul Agarwal, Managing Director) to hold office or place of profit in Mercator Energy Pte Ltd. a subsidiary of the Company - Authority to Board of Directors to issue of Non-convertible Debentures (NCDs) / Commercial paper (CPs) on private placement basis aggregating up to an amount not exceeding ₹ 500 crores. - Approval for payment of Commission to Non-executive Directors up to 1% of annual Net profits of the Company.
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	- Payment of Minimum Remuneration to & Re-Appointment of Executive Chairman, Mr. H. K. Mittal and Managing Director, Mr. Atul Agarwal - Re-appointment of Mr. Adip Mittal, Relative of Director as Business Associate.

POSTAL BALLOT

During the year ended March 31, 2016 the Company completed process of one Postal Ballot as per provisions of Section 110 of the Companies Act, 2013, for approval of sale, transfer or dispose off of the entire investment in shares in Mercator Lines (Singapore) Ltd held through a wholly owned subsidiary company Mercator International Pte. Ltd.

Name of the Director	No. of equity shares held	% of total share capital
Mr. K.R.Bharat	NIL	NIL
Mr. M. M Agrawal	NIL	NIL
Mr. Gunender Kapur	NIL	NIL
Mrs. Archana Mittal	2,63,27,400	10.75

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

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

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

E. Management:

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

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

The voting was conducted through physical mode as well as electronic mode. For conducting postal ballot in fair and transparent manner, Mr. Haresh Jani, Practicing Company Secretary was appointed as Scrutinizer to the Postal Ballot process. The said Special Resolution was passed with requisite majority.

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

Mode of Voting	No. of shares held	No. of votes polled	No. of Votes – in favour	% of Votes in favour on votes polled	No. of Votes – against	% of Votes against on votes polled
E-Voting	244892073	130444057	130365528	99.94	78529	0.06
Postal Ballot		621913	605267	97.32	16646	2.68
Total	244892073	131065970	130970795	99.93	95175	0.07

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

ii. Disclosures:

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

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

- 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.
- The Company has formulated a Vigil Mechanism / Whistle Blower Policy and the same is available on the website of the Company.
<http://mercator.in/investors/index.aspx?id=7055>
- Every employee and Director has access to the Audit Committee on any matter and is free to report any unethical behavior, improper practice and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. No person has been denied the access to the Audit Committee.
- During the year the Company has not entered into Commodity Hedging activities. For Commodity Price Risk refer to Management Discussion and Analysis Report.

iii. Means of Communication:

Quarterly/yearly results are normally published in Hindu Business Line and Mumbai Lakshadweep. The audited annual accounts are posted/e-mailed to every member of the Company. Quarterly shareholding pattern and quarterly/yearly results submitted to

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

iv. Annual General Meeting:

Thirty Second Annual General Meeting is scheduled to be held on Saturday, July 30, 2016 at 3:00 pm at Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021.

v. Re-Appointment of Directors:

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. Atul Agarwal (DIN 00007663) is liable for retiring by Rotation at the forthcoming Annual General Meeting (AGM) of the Company.

Further, it is also proposed to appoint Mr. H.K. Mittal as Executive Chairman for a period of three years wef August 1, 2016.; and appoint Mr. Atul Agarwal as Executive Vice Chairman for a period of two years wef from August 1, 2016, respectively, when their present terms are expiring. Their terms of appointment and remuneration have been approved by the Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on May 27, 2016

Mr. H. K. Mittal and Mrs. Archana Mittal are related to each other and hence are interested in the proposed appointment of Mr. H. K. Mittal as Executive Chairman, to the extent of permitted payments and benefits which each of them may get in their capacity as Director of the Company.

Brief resume of Mr. H. K. Mittal and Mr. Atul Agarwal, whose appointment is to be considered at the ensuing Annual General Meeting alongwith their expertise in specific functional areas and names of the Companies in which they hold Directorship, Chairmanship and

membership of committees of the Board, are provided in the Notice of the ensuing Annual General Meeting scheduled to be held on July 30, 2016.

vi. Financial Calendar For The Year 2016-17 (tentative and subject to change):

First Quarter Results (June, 30)	Mid of August 2016
Mailing of Annual Reports	End of June, 2016
Annual General Meeting	July 30, 2016
Second Quarter Results (September, 30)	Mid of November, 2016
Third Quarter Results (December, 31)	Mid of February, 2017
Fourth Quarter/ Annual Results	May 2017.

vii. Dates of Book-Closure:

The Equity Shares of the Company are listed on Bombay Stock Exchange (Scrip Code 526235); National Stock Exchange (Scrip Code MERCATOR) and the annual listing fees in respect of the year 2015-2016 have been paid to these exchanges.

The monthly high-low quotations of the equity shares of the Company on Bombay Stock Exchange and National Stock Exchange during the financial year 2015-16 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, 2015	20.25	16.45	20.25	16.25	29,094.61	26,897.54
May, 2015	18.30	16.00	18.25	16.05	28,071.16	26,423.99
June, 2015	19.90	14.55	19.85	15.70	27,968.75	26,307.07
July, 2015	24.35	18.05	24.30	17.20	28,578.33	27,416.39
August, 2015	25.40	17.80	25.40	17.60	28,417.59	25,298.42
September, 2015	24.30	19.95	24.30	17.10	26,471.82	24,833.54
October, 2015	25.70	22.00	25.75	22.05	27,618.14	26,168.71
November, 2015	29.45	22.50	29.40	22.50	26,824.30	25,451.42
December, 2015	31.45	24.45	31.40	24.50	26,256.42	24,867.73
January, 2016	30.45	19.75	30.35	19.70	26,197.27	23,839.76
February, 2016	23.70	15.90	23.60	16.00	25,002.32	22,494.61
March, 2016	22.90	19.50	22.90	19.60	25,479.62	23,133.18

The Redeemable Non-Convertible Debentures of the Company are listed on Bombay Stock Exchange (Scrip Code: 945945); and the annual listing fees in respect of the year 2016-2017 have been paid to the said exchange. As at March 31, 2016; the Company has following series of listed Redeemable Non-Convertible Debentures issued on private placement basis in dematerialized form:

Series No	No. of NCDs	Coupon rate	O/s. Face value As on 31/03/2016	Outstanding Amount	ISIN	Scrip Code
IX-A	1500	12.40%	₹ 10,00,000/- each	₹ 150.00 crores	INE934B07207	945945

Annual Custody fee for the year 2016-17 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

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

As on March 31, 2016; the Company has 160, 4.75% Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each aggregating to US \$16,000,000 (US Dollar Sixteen Million) outstanding with an initial conversion price of ₹ 38.30 per share (with a fixed rate of exchange on conversion of ₹ 58.5740 per USD 1.00). The said FCCBs are listed on Singapore Stock Exchange. Tenure of FCCBs is 5 years i.e. up to May, 2019. Assuming all FCCB holders exercise their option to convert the Bonds into Equity, there would be increase in the paid-up capital of the Company by 2,44,69,556 shares.

The Share Transfer Books and Register of Members of the Company will remain closed from Saturday, July 23, 2016 to Saturday, July 30, 2016 (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, 2016 amounting ₹ 2.95 cr (inclusive of Dividend Distribution Tax thereon amounting ₹ 0.50 cr). The Dividend if declared at the Annual General meeting; will be paid/dispached on or after August 4, 2016.

ix. Listing Of Shares, Non-Convertible Debentures:

x. Registrar and Transfer Agents and Share Transfer System:

Link Intime India Private Limited having their office at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai - 400 078 (Tel No.91-22-25963838) are the Registrar and Transfer Agents (RTA) as also the Registrar for Electronic Connectivity. Entire functions of Share Registry, both for physical transfer and in de-mat form; as well as dematerialisation/rematerialisation of shares, issue of duplicate / split / consolidation of Certificates along with registry function of Debentures is being carried out by the RTA at their 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, 2016:

Shareholding of nominal value of	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Capital
UPTO 500	63041	74.772	11175008	4.5632
501 - 1000	9480	11.2441	8014319	3.2726
1001 - 2000	5041	5.9791	7902436	3.2269
2001 - 3000	2502	2.9676	6457898	2.6370
3001 - 4000	817	0.969	2982208	1.2178
4001 - 5000	976	1.1576	4690994	1.9155
5001 - 10000	1279	1.517	9779596	3.9934
10001 AND ABOVE	1175	1.3936	193889614	79.1735
TOTAL	84,311	100.0000	24,48,92,073	100.0000

xii. Shareholding Pattern as on March 31, 2016:

Sr. No	Category	No. of Shares	% to Capital	No. of Holders
1	Promoters/Directors and their Relatives	9,85,96,566	40.26	10
2	Mutual Funds / UTI	77140	0.03	2
3	Banks; FIs etc.	1670576	0.68	6
4	FII/FPIs	34386710	14.04	11
5	Private Corporate Bodies	22185436	9.06	852
6	Central Government/State Government	2500	0.00	2
7	Indian Public	80622143	32.92	81964
8	NRI / OCBs	3186756	1.30	1157
9	Non-promoter Independent Directors and their relatives	54501	0.02	2
10	Clearing members	4109745	1.68	307
	Total	24,48,92,073	100.00	84,313

xiii. Dematerialisation of Shares & Liquidity:

The equity shares of the Company are under compulsory trading in demat form. Out of total capital of 24,48,92,073 equity shares; 24,24,83,386 equity shares representing 99.02% were held in demat form and balance 24,08,687 equity shares representing 0.98% were in physical form as on March 31, 2016. 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 2015-16; was as under:

Particulars	BSE	NSE	Total
No of shares	10,66,10,412	34,55,51,181	45,21,61,593
Value (₹ In lacs)	25,082.01	81,358.25	1,06,440.26

X. CEO/CFO CERTIFICATION:

The necessary certification from Chief Executive Officer/Chairman, Mr. H. K. Mittal and Group Chief Financial Officer, Mr. Kishor Shah in respect of the financial year ended on March 31, 2016 has been annexed to this report.

XI. COMPLIANCE:

The Company has complied with the provisions of the erstwhile Listing Agreement. Information, certificates and returns as required under erstwhile Listing Agreement are sent to the stock exchanges within the prescribed time.

The Company has complied with all the mandatory requirements of Corporate Governance of the Listing Regulations. The Company also endeavors to follow Non Mandatory requirements.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

XII. PLANT LOCATIONS:

The Company does not have any plant.

Address for correspondence:**Mercator Limited**

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

Tel Nos: 91-22-66373333

Fax Nos: 91-22-66373344

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

Website : www.mercator.in

Corporate Social Responsibilities (CSR)

CSR towards Society

The Company in association with its Implementing Agency Prem Punita Foundation, Mumbai undertook following CSR activities.

PROJECT PREM SUKHDA

• General Health Centers

The foundations runs two health Centres, each headed by professional medicos. The two dispensaries situated at different centres cater a populace of approximately 10,000 inhabitants.

• Awareness Sessions

Sessions on 'Hepatitis' are conducted in which ladies/girls from adopted communities participate. The attendees are appealed to use simple preventive measures to safeguard themselves and share their learning with others in the Community.

Cancer Awareness and Detection camps for women launched at adopted communities. The objective is to make people aware of cancer causes, symptoms and treatment and also to detect symptoms of cancer amongst women.

• Personal Hygiene Camps for children

Personal Hygiene Programme initiated for children in adopted communities. The core programme includes awareness talk on handwashing habits, food habits, and toilet cleanliness followed by hand washing demonstration. Around 250 Children attended the program and this programme is delivered in a story telling manner to make it more attractive and meaningful. Children get fruits and a Hygiene kit (Toothpaste, Toothbrush, Bathing soap) free of cost.

• Women Hygiene and Handling Adolescence amongst Girls

An Awareness Programme on the Women Hygiene and Handling Adolescence is being organized for the adolescent girls. This Programme is useful in moulding the children and in an aid to develop communication skill, leadership qualities and emotional balance.

PROJECT PREM PRAVAH

• Sponsoring Therapy to children with hearing impairment

Prem Punita Foundation helps other philanthropic organisations which are engaged in Child Welfare. Recently one such organisation which helps children with hearing impairment, requested us to sponsor annual therapy of children registered with them. The Foundation decided to help some children and agreed to sponsor annual therapy costs on their behalf.

• Support NGOs working on eye care

The Foundation recently supported one of the leading NGOs working on eye care in Mumbai with Diagnostic equipment for Advance Eye care. The beneficiaries, economically poor patients suffering from eye diseases, will get quality treatment/surgery at free or subsidized rate.

• Support NGOs working with Disabled

Foundation donated Maruti EECO van to NGOs working with spastic children and as well as blind children. The vehicle will be used for escorting the disabled students from one centre to another for training purposes and help providing employment to the beneficiaries.

- Foundation also donated bed sheets to needy people in the community.

PROJECT PREM KSHAMATA

• Art and craft

The Foundation organises hobby classes for the young energised children from financially deprived families. A professional painter from outside Mumbai shares his valuable time and skills with the children for our project. Young artists aged 7 years to 14 years try their skills in the drawing workshop.

• Learn with Fun

Driven by the urge to initiate a project pertaining to children in the age group of 6-15 the Foundation has started a 'Learn with fun' centre in one of its adopted communities. The children are in the age group of 6-15 going to Municipal schools.

• Adult Literacy

An Adult Literacy Course initiated for illiterate women who never had any schooling before. Objective is to make everyone educated in basic reading and writing, signatures and basic maths.

PROJECT PREM SAGAR

• Computer education

Our pet project, Prem Sagar is presently engaged in providing basic Computer education to girls who are school going children from 5th to 9th standard students and also students passed 10th class examination.

• Sewing and Design course

Prem Punita Foundation under Project Prem Sagar has recently started Sewing and Design course in collaboration with Usha International.

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 Regulations. We also issue news releases giving briefs on performance and recent development. We also respond to teleconference calls/ one on one meetings as requested by analysts on financial results. We practice prompt and timely disclosure of any price sensitive developments in the Company. To facilitate better accessibility for investor queries; we have dedicated e-mail ID and also provided our contact details on our website, annual reports etc. We continuously work towards strengthening our investor relations framework to improve our services towards the investor community.

CSR towards Employees

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

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

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

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

and conducted awareness program on “Prevention of Sexual Harassment” for employees.

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

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

Regd. Office:
3rd Floor, Mittal Tower,
B-Wing, Nariman Point,
Mumbai – 400 021
Place: Mumbai
Dated: 27th May, 2016

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, 2016 and the cash flow statement for the year (consolidated and standalone) and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control during over financial reporting the year, whenever applicable;
 - (ii) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- (e) We further declare that all Board members and Senior Management personnel have affirmed compliance with the Code of conduct for the current year.

For Mercator Limited

For Mercator Limited

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

Kishor Shah
Group Chief Financial Officer

Place: Mumbai
Dated: 20th May, 2016

Auditor's Certificate on Corporate Governance

To,
The Members,
Mercator Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Mercator Limited ("the Company"), as stipulated under clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the Stock Exchanges of India as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures 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 of opinion on the financial statements 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/ Listing Regulations as applicable.

We further 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. 37391

Place: Mumbai
Date: 27th May, 2016

Management Discussion & Analysis Report

(Forming part of Directors' report for the year ended March 31, 2016)

Mercator is a diversified conglomerate with operations spread across various geographies both onshore and offshore. The Company's operations are spread across Shipping, Coal, Oil & Gas and Dredging.

ECONOMIC OVERVIEW

Global Economy

IMF's world economic update 2016 estimates a global GDP revival for two consecutive years. As expected, the emerging & developing economies will make up for the bulk of this growth rate.

Exhibit 1: Global GDP Growth, %

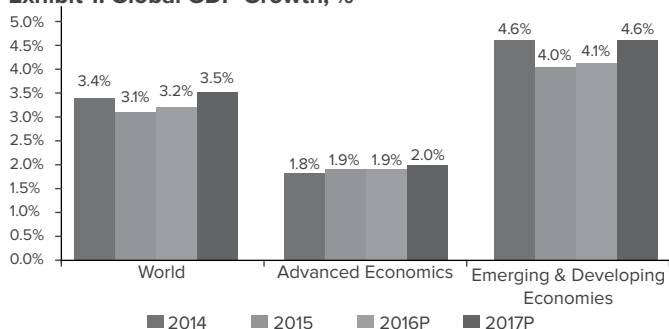
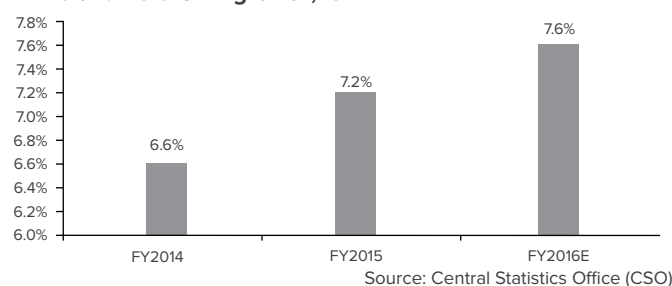
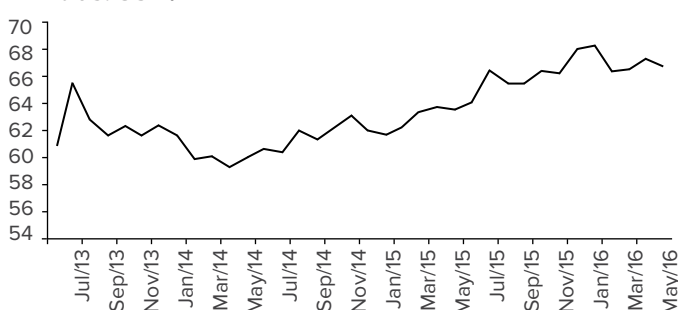


Exhibit 2: India GDP growth, %



With the signs of Chinese economy slowing, the world is looking at Indian economy to fill in the void being left by China. And the Indian economy looks to be supporting that with CSO estimating a stronger growth rate in FY 16. The macro-economic parameters have broadly been under control despite some devaluation.

Exhibit 3: USD / INR



Source: investing.com

As per Ministry of Commerce & Industry India's exports fell nearly 16% to about USD 261 billion mainly due to the rupee weakness, declining commodity receipts and weak global demand, while imports contracted by about 15% to almost USD 380 billion. As per RBI estimates, India's merchandise exports and imports are expected to grow 1.7% and 4.4%, respectively, in current financial year.

INDUSTRY OVERVIEW

COAL

Coal is one of the key energy resources in the world. It has become an integral part of the global energy source due to its easy extraction, abundant availability and wide distribution. Currently coal commands approximately 30% share in the global energy mix and holds approximately 40% share in the global power generation fuel mix. With growing population and rapid urbanization the demand for energy is expected to grow steadily. This would in turn create a need for more resources. As per Global Coal Plant Tracker's based report, globally close to 338 GW of new coal based power plants are under construction and close to 1,086 GW are at various stages of planning.

However, coal has come under a lot of criticism as a dirty fuel and increasing carbon emission norms are being proposed to curb the coal usage. This trend is expected to take more traction over the years specially in the advanced economies.

On the other hand, as per World Coal Association, globally many people currently don't have access to electricity. This shortfall is largely concentrated in the developing countries and is very acute in sub-Saharan Africa and developing Asia, which together account for 95% of people in energy poverty.

Exhibit 4: World Coal Reserve Share, %

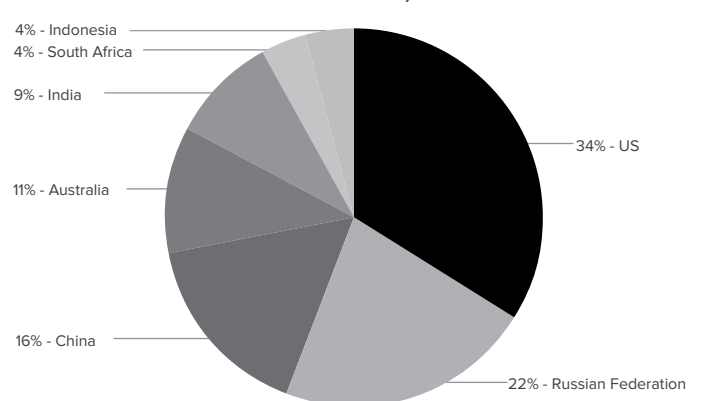
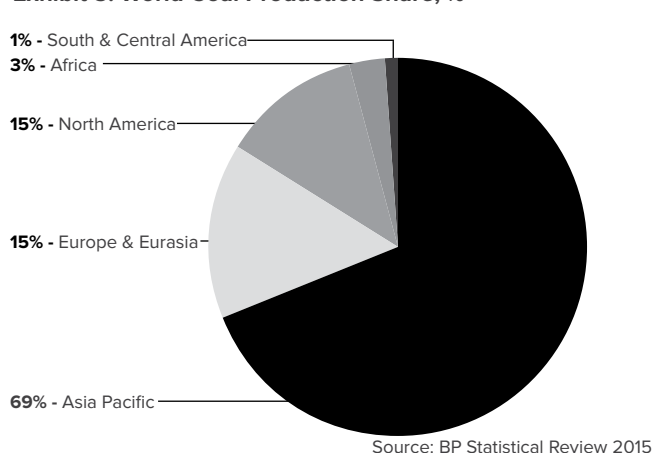


Exhibit 5: World Coal Production Share, %

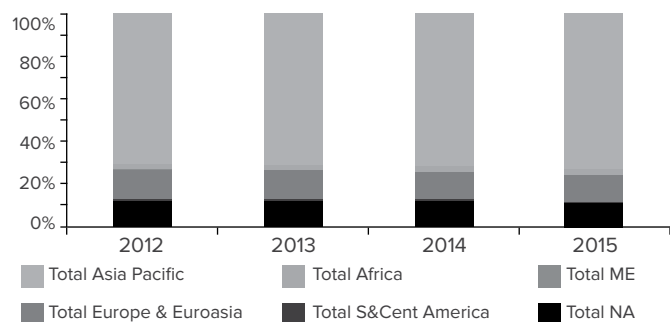


Over the last few years Asia has become the largest consumer of coal. Since 2010, close to 473 GW of power plants have come on stream globally, of which around 90% are in Asia, largely in China and India. The Chinese government in 2014 took a conscious decision of rebalancing its domestic economy from an investment driven economy to a more consumption

driven one. This resulted in lower capital investments, and had repercussions on the global commodity prices. Coal prices have also been significantly impacted though they are now largely stabilized. Due to lower price realization, mining has been stopped in many inefficient mines. Many coal miners have also reduced their future investment plans. This will lead to change in the global demand supply scenario in the future.

There has been an increased impetus, globally, on the use of renewable energy. However, the unstable supply patterns may create a constant demand-supply mismatch. This will have a bearing on the efficient working of industries. Hence, coal will continue to be a key energy resource.

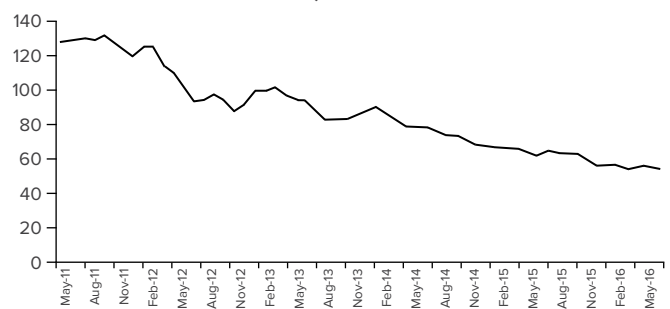
Exhibit 6: World Coal Consumption share



India

As per BP's statistical review 2016, India has overtaken US to become the world's second largest coal consumer in 2015. The growing demand for coal in India is largely from the power sector. As per Central Electricity Authority of the total power generation capacity of over 300 GW in India, 61% is coal based. India currently has 300 million people without access to electricity.

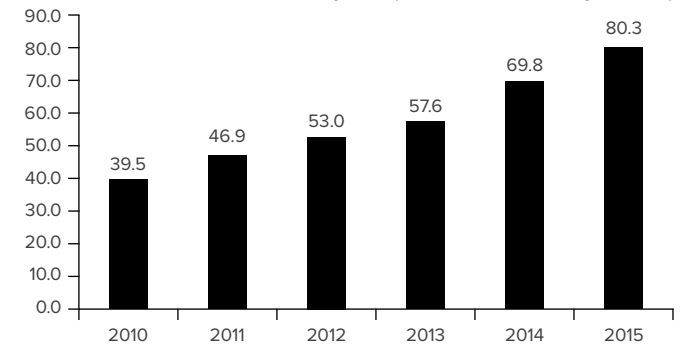
Exhibit 7: Global Coal Prices, USD/ton



Indonesia

The total coal reserves in Indonesia are estimated by Ministry of Energy and Mineral Resources of Indonesia at 32.3 billion tons. Indonesia has emerged as a one of the biggest thermal coal exporters in the world. The major export market for Indonesia has been South East Asia. During the year 2015, as per Adaro due to lower demand for exports, coal production fell by 14.4% to 392 Million tons from 458 Million tons in 2014. However, domestic consumption remained upbeat with consumption increasing by 8.0 Million tons to 87 Million tons. The increase in domestic demand was largely due to many coal fired power plants coming on stream during the year.

Exhibit 8: Indonesia Coal Consumption, (Million tonnes oil equivalent)



Source: BP Statistical Review 2016

OIL & GAS

Crude oil has the largest share as an energy source of all globally consumed primary energy sources. Natural Gas currently is the third largest source of primary energy in the world. Over the years consumption of natural gas is steadily growing due to increase in exploration and better transportation.

Globally, the demand for crude oil has been growing steadily but production has surpassed demand, leading to a supply glut. On the demand side, as per IEA, global crude oil consumption is estimated to have increased by 1.1 million barrel per day in 2015. Also, investment in new refining capacities has been stable. The major increase is expected from complex refining capacity in China and topping/condensate splitting capacities in the U.S. and Qatar.

The global crude oil production as per the US Energy Information Administration (EIA) was up by 2.46 million barrels per day and reached 95.77 million barrels per day in 2015. Due to this oversupply there has been an adverse impact on prices which came down by more than 20% in March 2016 as compared to March 2015. However, after hitting a low of nearly USD 28 per barrel in Jan-Feb 2016 there has been a steady revival in crude oil prices.

Exhibit 9: World Crude Oil Production 2015, %

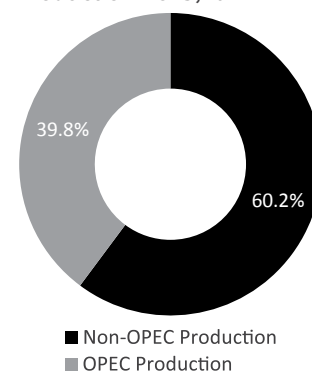
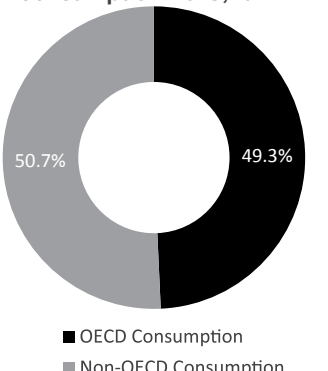
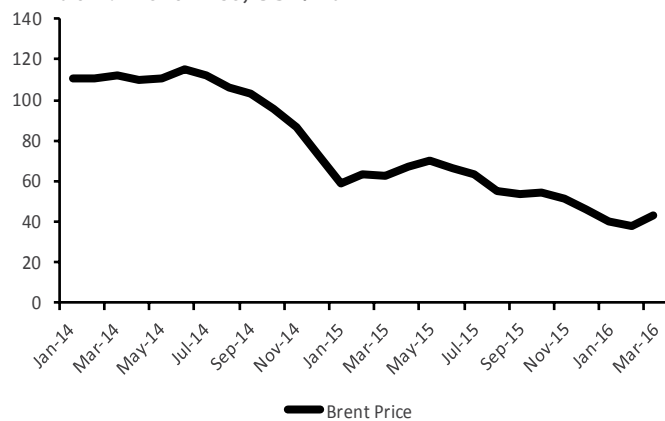


Exhibit 10: World Crude Oil Consumption 2015, %



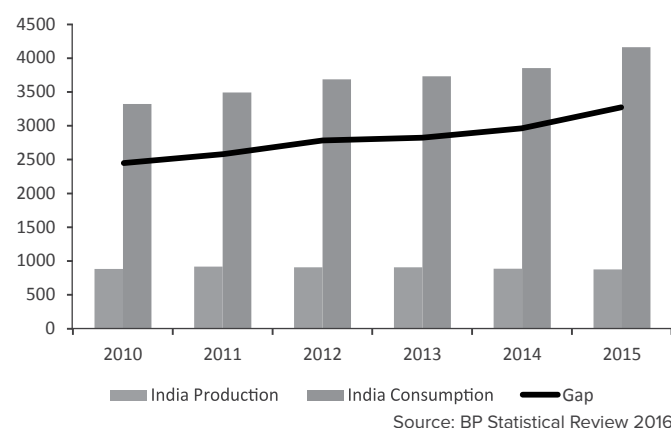
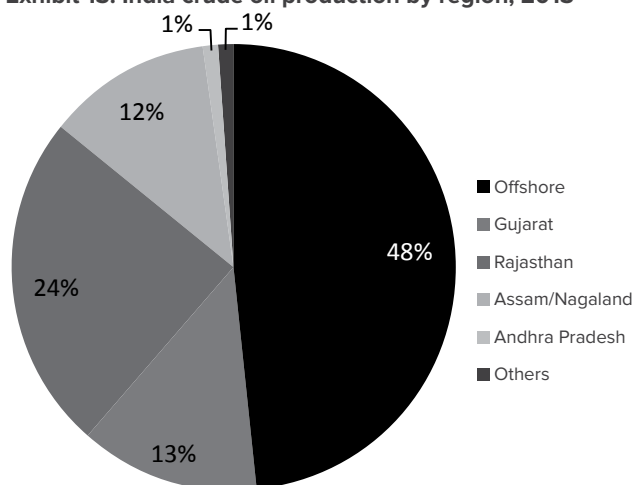
IEA short-term energy outlook May 2016

With significantly low crude prices, the exploration industry in the short term is witnessing a slowdown in investments. The United States has been one of the major nations witnessing a fall in energy related investments. The US active rig count has fell from 1,600 oil rigs in November 2015 to below 350 rigs in March 2015 – about 80% fall in the total rig count.

Exhibit 11: Brent Price, USD/Bbl

India

As per BP Statistical Review 2016, India has overtaken Japan to become the world's third largest crude oil consumer. The consumption in India is steadily growing, driven by increased auto sales. Crude oil demand in India as per OPEC was an average 4.1 million barrels per day in 2015, an increase of 7.0% over 2014.

Exhibit 12: India Production & Consumption, Thousand Barrels per Day**Exhibit 13: India crude oil production by region, 2013**

Domestic production has not been able to cope up with the demand. As a result, there has been an increase in the import

of crude oil in India. Imports currently cater to 80% of its total crude oil demand. India has 5.7 billion barrels of proven crude oil reserves, with 44% onshore and 56% offshore. Most of these reserves are in the western part of India i.e. Rajasthan and Gujarat. The Assam-Arakan basin is also an important oil reserve holding close to 23% of the total reserves. However, the total domestic production of crude oil has been only 1 million barrel per day.

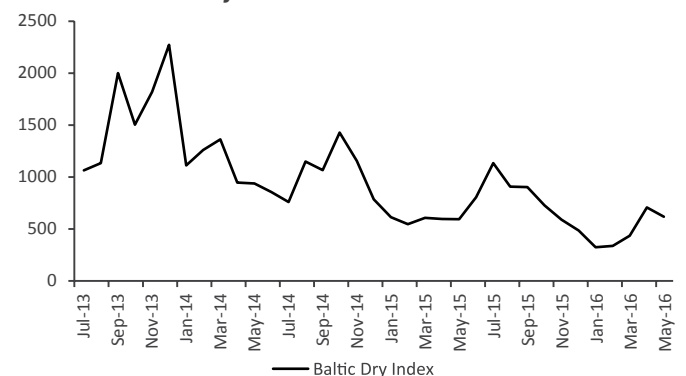
SHIPPING

Amidst the prevailing slow economic recovery globally, the world merchandise trade during 2015 grew by 2.8%, in volume terms as per WTO. This was the fourth consecutive year of below 3.0% global volume trade growth. In USD terms, the global merchandise trade fell by 13% in 2015 to USD 16.5 trillion from USD 19 trillion in 2014.

According to Clarksons Research the order for new vessels has dropped by 40% globally in 2015, due to the low demand. It is expected therefore that the addition of new fleet would decrease significantly over the coming years for dry bulk and containers. The demolition rate for unwanted vessels increased by around 15% and the average age of ships reaching demolition-age has come down to 21 years from the earlier standard of 25 years.

Dry Bulk

The Baltic dry index, which is a measure for charter rates for dry bulk carriers, hit an all-time low of 290 in February 2016. However, since then it has more than doubled and in May 2016 touched 600. BIMCO has projected that in 2016, the supply of new carriers would come down to 2.0% from 2.6% in 2015. The global demand for dry bulk would continue to remain under pressure largely due to the slowdown in China.

Exhibit 14: Baltic Dry Index

Tankers

Since the 2008 crisis, the year 2015 has been one of the best for the crude oil tankers as well as the product tankers. The daily rate for a Very Large Crude Carrier (VLCC) traveling to Asia surpassed USD 100,000 per day in October, the highest level in five years.

Over the last few years there has been an increased crude oil demand from the non-OECD countries where demand growth has surpassed the OECD countries. This has led to increase in average voyage distance for crude oil tankers, further adding to utilization levels.

Gas Carriers

The global LPG market as per a report by Radiant Insights is estimated at 261.6 million tons. Asia Pacific continues to dominate the global LPG market with 35.64% share of the total market volume in 2013.

As per the report the global LPG market is expected to grow at a CAGR of 4.1% over 2014 to 2020 to be 356.98 million tons by 2020. The growing population, increased reach of LPG as fuel and supportive regulation from various governments are expected to be key drivers for the market over 2014 to 2020.

This augurs well for the global Gas carrier industry. The steady growth in LPG demand would further drive the demand for Very Large Gas Carriers (VLGCs).

DREDGING

Ports play a very key role in India's overseas trade with 90% of the volume traded through ports. The port sector in India over the last few years have witnessed a robust growth majorly supported by increased container terminals. Over the last decade cargo traffic at Indian ports has doubled to 1.0 billion tons per annum and is expected to reach 1.7 billion tons per annum by 2022. As per Maritime India Summit 2016 (MIS 2016), Ports and Shipping sector has attracted investments of USD 2.6 billion during 2011 and 2014.

The central government with its "Make in India" project has planned to make India a global hub for manufacturing and exports to global market. This will significantly increase the overseas trade. However, not all ports in India currently have deeper drafts in line with global peers. Hence accommodating large size ships is a major hurdle at key ports in India. Being cognizant of this fact the ministry of shipping in January 2016, has considered the recommendations of B. K. Chaturvedi Committee which emphasizes on the need to increase draught of Major Ports. The committee has recommended that where it is technically feasible and economically efficient, the draught should be increased to 17 meters. Dredging work is being carried out to increase the draft by 18 meters in order to cater to capsize vessels in two Major Ports namely Mormugao and Kamarajar.

To significantly increase the port capacity, the government has planned massive investment in India's port sector. The Indian government plans to develop 10 coastal economic regions as part of plans to revive the country's "Sagarmala" project. During the year the government has allotted projects worth ₹ 72,818 crore for ports modernization as well as new port/terminal development. This significantly increases the demand for the dredging industry in India.

During the year Lok Sabha has passed the National Waterways Bill 2015, aimed at developing 101 cost effective and eco-friendly inland waterways in India. The rivers would be used for shipping and navigation for commercial, tourism, transportation of cargo and passengers and other purposes. This initiative would give a significant fillip to the dredging industry in India.

REVIEW OF OPERATIONS

Mercator is a diversified group with operations spread across Coal mining & trade, Oil & Gas Exploration & Production, Shipping and Dredging. Besides owning and operating a fleet of tankers,

bulk carriers and a gas carrier serving Indian & International waters, its other operations & projects span across India, Indonesia, Myanmar, Middle-east and Nigeria though dredgers operating on Indian ports; coal mines in Indonesia and a mining license in Mozambique; oil blocks in India and Myanmar; an EPC project in Abu Dhabi and a Floating Production Unit (FPU) in Nigerian waters.

The consolidated income from the operations was ₹ 2,706 crores for the year under review as compared to ₹ 3,092 crores in the previous year. The operating losses were ₹ 56 crores, as against operating profit of ₹ 528 crores in the previous year. Loss after interest (₹ 262 crores); Depreciation (₹ 422 crores); Impairment of assets (₹ 349 crores); Tax (₹ 10 crores) and minority interest (₹ 210 crores); was ₹ 890.12 crores against ₹ 450 crores in the previous year.

COAL

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

In the year under review, coal infrastructure comprising of an all-weather haul road, stockpile facility, crushing unit and loading facility were offered to nearby coal miners to evacuate their coal. This logistics service has added a new revenue stream to the business. Over 1.4 MMT of coal was evacuated utilizing these services and supplemented the existing mining & trading operations.

Separately, the total coal sales through mining & trading during the year FY16 stood at 4.8 MMT as against 5.8 MMT in FY15 a decrease of ~17%. The reduction in volumes is attributable to the volatile market conditions in the past financial year. There was a continuous decrease in the prices of coal which impacted both the topline and the margins of coal.

The net sales for the segment stood at ₹ 1283 crores as against ₹ 1,535 crores in FY15 which effectively is a 16% decrease in revenue per MT despite the coal prices being down by over 20%.

OIL & GAS

Offshore

Mercator owns a Mobile Offshore Production Unit (MOPU) and a Floating Storage Offloading Unit (FSO), together known as a Floating Production Unit (FPU) which is deployed at the EBOK field in Nigeria. The FPU continues to operate at nearly 100% uptime. Over the past nearly 5 years it has assisted in producing nearly 50 million barrels from the field. Mercator had successfully provided customized Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) services for this facility.

EPC

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 nearing completion. The scope of work for this project includes Surveys, Design, Engineering, Procurement, Fabrication, Transportation, Jack up, Hook-up, Testing, Certification / Inspection, Pre-commissioning,

Start-up and Commissioning of entire facilities including demolition of existing Drilling equipment for final conversion. During the year, the project received a setback due to a fire incident at the yard. Immediate actions were taken to minimize the cost and time impact on the project.

In this segment, Mercator achieved a total income of ₹ 382 crores compared to ₹ 546 crores in the previous year. This has contributed about 14% of the total operating income (previous year 18%).

Oil & Gas Blocks

Mercator Petroleum Limited, a subsidiary of the Company (MPL) has Production Sharing Contracts with the Government of India for exploration of Petroleum in two blocks viz. CB-3 & CB-9, under the Seventh New Exploration Licensing Policy round (NELP-VII). These 'S-Type' blocks are situated onshore in the prolific Cambay Basin in Gujarat, India and together cover an area of 180.22 km². During the year, two (2) oil discoveries were made in the block CB-9. Both discoveries had light sweet crude with good reservoir parameters. Exploration activities continue in the block. The block CB-3 is also under exploration period.

MPL in consortium with Oil India Ltd. and others, had entered into Production Sharing Contract with Ministry of Energy, Myanmar for two (2) shallow offshore oil blocks viz. M-4 and YEB. Both the blocks are in the initial study period prior to the exploration stage.

SHIPPING

Tankers

Mercator's tanker fleet consists of a Very Large Gas Carrier (VLGC), a Very Large Crude Carrier (VLCC), a Floating Storage & Operating (FSO) vessel and four product tankers (MRs) with an aggregate capacity of 626,791 DWT. There was no change in the tonnage during the year.

All tankers were gainfully employed in the year. Three product tankers' contracts expired during the year so were re-tendered and subsequently re-deployed against tenders won.

The tanker business achieved a turnover of ₹ 293 crores as compared to ₹ 243 crores in the previous year. Overall contribution from the tanker division was 11% (previous year 14%) of the total operating income.

Dry Bulk

Mercator's bulk carrier fleet comprises of two Panamax vessels. At the beginning of the year, there were 14 own bulk carriers with aggregate tonnage of 1,061,488 DWT and one chartered-in bulk carrier of 91,800 DWT with an aggregate capacity of 1,532,288 DWT. Out of these, Mercator Lines (Singapore) Ltd. (MLS); a step down subsidiary of the Company was owning 12 bulk carriers as well operating the chartered-in bulk carrier. During the year, MLS was placed under judicial Management and later the entire stake has been divested which has been approved by Singapore Stock Exchange and other regulatory authorities.

Mercator achieved a turnover of ₹ 213 crores (₹ 375 crores previous year). This segment contributed about 8% to the total operating income (previous year 12%)

DREDGING

Dredging is the youngest of the Company's businesses started in the year 2007. In the previous year, the Company expanded further and acquired two European built dredgers. With the addition of these, the Company now has a fleet of nine (9) dredgers comprising of six (6) Trailer Suction Hopper Dredgers, one (1) Cutter Suction Dredger, one (1) Grab dredger and one (1) Bucket ladder dredger. Over the years several repeat contracts have been won for various major ports competing with DCI and other International companies. The utilization of all the dredgers remains high.

Mercator achieved a turnover of ₹ 283 crores (Previous year ₹ 216 crores). This segment contributed about 10% to the total operating income (previous year 7%).

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 Offshore Holding Pte. Ltd., Oorja Holdings Pte. Ltd. and Mercator Energy Pte Limited. These subsidiaries have further step-down subsidiaries. A SGX listed subsidiary Mercator Lines (Singapore) Ltd. was sold during the year.

On a standalone basis there was no revenue in MIPL (previous year ₹ 27.92 crores equivalent of USD 4.56 million by way of dividend). There was net loss of ₹ 432.08 crores, equivalent of USD 65.77 million for the year mainly in view of losses suffered by its subsidiary MLS (previous year net profit of ₹ 144.85 crores, equivalent to USD 23.66 million including profit on sale of investment amounting ₹ 126.17 crores equivalent of USD 20.71 million).

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

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

OHPL, through its subsidiaries in Singapore and Indonesia, owns and operates three mines in Indonesia and also has a mining license in Mozambique. During the year, 2 coal mines in Indonesia were closed

Through its subsidiary, it also holds a Coal Trader Licence, and procures coal from various miners in various regions of Indonesia.

OHPL has established itself in the coal mining and procurement business and is a reliable coal supplier from Indonesia. It exported 4.81 million MT in FY 15 (5.82 million MT in previous year). It exports coal to India, China, Thailand, Sri Lanka, Philippines and other Asian countries.

During the year; OHPL achieved a consolidated turnover of ₹ 1,230.10 crores, equivalent of USD 87.24 million (previous year ₹ 1,443.74 crores equivalent of USD 235.82 million) and suffered a loss of ₹ 37.29 crores, equivalent of USD 5.68 million (previous year profit of ₹ 8.04 crores equivalent of USD 1.31 million).

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

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

MOPPL had done entire Engineering, Procurement; Construction, Installation and Commissioning of the FPU in Nigeria, which is operating well. MOPPL has now completed nearly five successive 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 ₹ 375 crores, equivalent of USD 57.125 million and earned a profit of ₹ 82 crores equivalent of USD 12.42 million (previous year turnover of ₹ 328.08 crores equivalent of USD 53 million and profit of ₹ 70.41 crores equivalent of USD 11.50 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 as per schedule.

During the year; the Sagar Samrat conversion project received a minor setback due to a fire incident at the yard. The corrective actions thereafter have been undertaken as the project is back on track.

MOGL achieved a turnover of ₹ 252 crores (₹ 222 crores in previous year) and suffered a loss of ₹ 5 crores (₹ 0.22 crores profit 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 oil blocks allotted to it under the Seventh New Exploration Licensing Policy round (NELP-VII). Two wells Jyoti-1 & Jyoti-2 within one of these blocks (CB-9) have had successful light, sweet crude oil discoveries.

MPL in consortium with Oil India Ltd. and others, have entered into Production Sharing Contract (PSC) with the Myanmar Ministry, the Republic of Myanmar, for two offshore oil blocks by it in the Myanmar Offshore Block Bidding Round - 2013. Currently, a study of existing technical data is being conducted to better understand the sub-surface characteristics of these blocks.

During the year; MPL issued 6% Optionally Convertible Unsecured Debentures for an aggregate amount of ₹ 8.03 crores for cash at par Right basis to part finance its drilling activities. Subsequent to the year end; further 6% Optionally Convertible Unsecured Debentures for an aggregate amount of ₹ 5 crores for cash at par Right basis were issued by MPL.

Mercator Offshore Holdings Pte. Ltd. (MOHPL)

MOHPL owns and operates one VLCC. For the year ended March 2016, MOHPL achieved a turnover of ₹ 55 crores (equivalent of USD 8.340 million) (₹ 57.73 crores (equivalent of USD 9.42 million) in the previous year and recorded a loss of ₹ 25 crores (equivalent of USD 3.85 million) (₹ 20.66 crores (equivalent of USD 3.38 million) in Previous Year.

Mercator Lines (Singapore) Ltd. (MLS)

This was a Singapore Stock Exchange-listed subsidiary wherein MIPL held 66.17 % stake. As a strategic decision; the Company divested its entire stake held through MIPL during the last quarter of the year. Consequently, MLS ceased to be subsidiary of the Company during the year.

MLS was placed under Judicial Management in January 2016. As per the Management certified accounts available for the period ended on December 31, 2015; MLS achieved a consolidated turnover of ₹ 370 crores, equivalent of USD 56.346 million (as against ₹ 344.96 crores equivalent of USD 56.30 million in the previous full year). MLS suffered a loss of ₹ 776 crores, equivalent of USD 118.19 million during this period against a loss of ₹ 767.50 crores, equivalent of USD 125.4 million in the previous full year.

Mercator Energy Pte. Limited (MEPL)

MEPL is subsidiary of MIPL in Singapore with the object of carrying business activities of petroleum, mining and prospecting services and activities incidental to oil and gas extraction. MEPL further has a subsidiary/step down subsidiaries in Singapore. During the year through its subsidiary, MEPL acquired one second hand rig on behalf of the customer. During the year; MEPL issued and allotted further 25,641 shares. Out of this 20,000 shares were issued for cash to professionals in recognition of their invaluable contribution and performance during their tenure with MEPL/Mercator Group. Further, additional 5,641 shares were issued to Mr. Kapil Garg (3,590); Mr. Atul Agarwal (1,538); and Mr. Pushpak Shah (513); through their respective Companies for consideration other than cash (allotment of free shares pursuant to Anti-dilution clause in the Shareholders' Agreement entered by the Company with existing shareholders. With this; paid up capital of MEPL increased to 666,669 with the Company's indirect shareholding reducing from 78% to 75%.

(For the purpose of financial performances conversion rate of per dollar has been taken as ₹ 65.6947 for the Profit and Loss account (previous year ₹ 61.2209); and ₹ 66.3329 for Balance Sheet items (previous year ₹ 62.5908).

RISK REVIEW

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

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

Economic Risk:

Risk: With wide spread businesses having multi-country operation the change in global economic scenario may have an adverse impact of the Company.

Mitigation Measure: With a diversified base the Company's business model is such that to large extent it is able to mitigate any major adverse impact. However, it would have some bearing impact due to the slowdown in the global economy.

Forex risk

Risk: The Company's business is global and has exposure to many countries. The volatility in the global currencies could have an adverse impact on the Company's financials.

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

Loss of Asset:

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

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

Environmental Risk:

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

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

QUALITY, SAFETY AND ENVIRONMENT

We at Mercator follow a policy of "Zero Accidents and Zero Spills" and are committed to the Health, Safety and Security of everyone associated with our work and the environment we work in. It is a key element for our business success in operational excellence and meeting client expectations.

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

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

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

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company's internal control systems are adequate and commensurate with the scale and size of the operations. An external firm of auditors evaluates the efficacy and adequacy of

the internal controls, systems and adherence to management policies and provides their suggestions. The Audit Committee constituted by the Board of Directors reviews the performance of the Company, with inputs from internal and statutory auditors. The Company also has a Vigil Mechanism under Whistle Blower Policy.

HUMAN RESOURCES POLICY

Mercator is an equal opportunity provider. Empowering and Motivating people form part of the "Core Values" of the group. In fact, the first mission of the organization is to retain, attract and nurture talent.

The Company strives to provide a congenial environment to all its employees across geographies for them to perform to the best of their abilities. The teams are lead by energetic and forward-thinking professional who besides taking decisions invest their time in nurturing talent across levels.

The Company has clear and set out people policies which are reviewed periodically. The Company also encourages responsibility with accountability and continuous performance improvement. This fosters a culture of a strong commitment towards the organisation.

Mercator's focus this year has been to cultivate a cross business platform to have better understanding and learning opportunities. Various knowledge sessions were conducted where participation from across the business divisions was ensured. The forum is also used to discuss various practices in the respective business along with opportunities to co-participate in cross-functional projects.

As on March 31, 2016 there were 108 permanent employees with Mercator Ltd. in India. Globally, the Mercator group had 580 employees as on March 31, 2016.

CAUTIONARY STATEMENT

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

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

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

Regd. Office:
3rd Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400021.
Place: Mumbai
Dated: 27th May, 2016

「
STANDALONE
FINANCIALS
」

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCATOR LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of MERCATOR LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being

appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.3 to the financial statements;

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Dated: 27th May, 2016.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on other Legal and Regulatory requirements" in the Independent Auditor's Report of even date to the members of Mercator Limited ("the Company") on the standalone financial statements for the year ended March 31, 2016.)

- i.
 - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
 - c) On the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company;
- ii. As explained to us, the inventory has been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- iii. The Company has granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act');
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
 - (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.
 - (c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act.
- iv. On the basis of records produced before us and verified by us, and on the basis of information and explanation provided to us, the loans granted by the company are in compliance with the provisions of sections 185 and 186 of the Companies Act, 2013;
- v. The company has not accepted any deposits during the year to which the directives of RBI or the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder are applicable;
- vi. As informed to us, the Central Government has not prescribed the maintenance of Cost records by the company under section 148 (1) of the Act.;
- vii. (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax,

duty of customs, duty of excise, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding as at 31st March 2016, for a period of more than six months from the date they become payable;

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

Name of the Statute	Nature of the dues	Amount (₹ in lakhs)	Year/s to which the amount relates	Forum where dispute is pending
Service Tax under Finance Act, 1994	Service Tax	6,396.73	2006-07 to 2014-15	Commissioner of Service tax, Mumbai
Income Tax	Income Tax	1,357.15	2010-11	Commissioner of Income tax (Appeals)
		170.69	2009-10	
		72.46	2002-03	
		545.83	2006-07	Income Tax Appellate Tribunal
		2,077.35	2007-08	
		7,426.10	2008-09	

- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders;
- ix. Based on our audit procedures and according to information and explanations given to us, the company has not raised money by way of initial public offer, or further public offer including debt instruments during the year. In our opinion and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained;
- x. During the course of our examination of the books of account and records of the company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the company noticed or reported during the year, nor have we been informed of any such case by the management;
- xi. The managerial remuneration paid by the company is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013;
- xii. The company is not a Nidhi Company and hence clause (xii) is not applicable;

- xiii. Based on our audit procedures and as per the information and explanations given by the management, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards;
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year under review;
- xv. Based on our audit procedures and as per the information and explanations given by the management, the company has not entered into any non-cash transactions with the directors or persons connected with him;
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Dated: 27th May 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mercator Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

For CNK & Associates LLP

Chartered Accountants

Firm's Registration No.: 101961W

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Dated: 27th May 2016

Balance Sheet as at March 31, 2016

Particulars		Note	As at 31-Mar-2016 Amount ₹ in Lakhs	As at 31-Mar-2015 Amount ₹ in Lakhs
A	EQUITY AND LIABILITIES			
1	Shareholder's funds			
	(a) Share capital	2.1	2,448.92	2,448.92
	(b) Reserves and surplus	2.2	69,242.83	67,650.13
			71,691.75	70,099.05
2	Non - current liabilities			
	(a) Long-term borrowings	2.3	73,449.46	70,931.26
	(b) Other long term liabilities	2.4	527.44	864.75
	(c) Long-term provisions	2.5	185.06	258.15
			74,161.96	72,054.16
3	Current liabilities			
	(a) Short-term borrowings	2.6	5,008.21	3,823.32
	(b) Trade payables	2.7	10,137.47	12,798.07
	(c) Other current liabilities	2.8	27,380.04	20,896.52
	(d) Short-term provisions	2.9	329.21	634.38
			42,854.93	38,152.29
	Total		188,708.64	180,305.50
B	ASSETS			
1	Non- current assets			
	(a) Fixed assets			
	(i) Tangible assets	2.10	114,746.24	97,210.74
	(b) Non-current investments	2.11	3,444.67	1,655.79
	(c) Long-term loans and advances	2.12	34,282.65	25,731.82
	(d) Other non-current assets	2.13	601.02	297.59
			153,074.58	124,895.94
2	Current assets			
	(a) Inventories	2.14	876.58	690.88
	(c) Trade receivables	2.15	16,754.13	23,977.80
	(d) Cash and bank balances	2.16	1,331.04	6,162.81
	(e) Short-term loans and advances	2.17	16,647.40	24,407.76
	(f) Other current assets	2.18	24.91	170.31
			35,634.06	55,409.56
	Total		188,708.64	180,305.50
	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

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

Himanshu Kishnadwala
Partner
M. No. 37391

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	Year Ended 31-Mar-2016 Amount ₹ in Lakhs	Year Ended 31-Mar-2015 Amount ₹ in Lakhs
INCOME			
(a) Revenue from operations	2.19	58,830.73	65,941.78
(b) Other income	2.20	2,262.78	2,152.22
1 Total Revenue		61,093.51	68,094.00
EXPENSES:			
(a) Operating expenses	2.21	33,802.45	40,008.42
(b) Employee benefit expenses	2.22	1,944.81	2,167.96
(c) Finance cost	2.23	8,160.07	7,088.66
(d) Depreciation and amortisation expenses	2.10	12,219.34	9,238.00
(e) Other expenses	2.24	3,179.82	4,436.39
2 Total Expenses		59,306.49	62,939.43
3 Profit /(Loss) before taxes (1 - 2)		1,787.02	5,154.57
4 Tax expense:			
(a) Current tax		(100.00)	(200.00)
(b) (Short)/Excess Provision for tax for earlier years		-	-
Profit /(Loss) for the period (3 - 4)		1,687.02	4,954.57
Earnings per share (Equity share of ₹ 1/- Each)			
Basic and Diluted (In Rupees)	4.7	0.69	2.02
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

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
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M. No. 37391

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

Cash Flow Statement for the year ended March 31, 2016

Particulars	Current Year Amount ₹ Lakhs	Previous Year Amount ₹ Lakhs
A Cash Flow from Operating Activities		
Net Profit / (Loss) before taxes	1,787.02	5,154.57
Adjustment for:		
Depreciation	12,219.34	9,238.00
Provision for doubtful debts/advances	270.00	1,915.43
Interest paid	8,160.07	7,088.66
(Profit)/Loss on fixed assets sold (net)	0.40	86.54
(Profit)/Loss on sale of investments (net)	(1.63)	(61.12)
Interest income	(1,973.93)	(1,840.90)
Dividend income	(150.49)	-
Bad Debts and other amounts written off/(back)	43.16	29.28
Adjustments for exchange fluctuation	790.94	(341.79)
Operating profit before working capital changes	21,144.88	21,268.67
Adjustment for:		
Decrease/(Increase) in Long-term loans and advances	269.43	(21.65)
Decrease/(Increase) in Inventories	(185.70)	731.03
Decrease/(Increase) in Short-term loans and advances	2,749.08	103.97
Decrease/(Increase) in Trade receivables	6,933.39	(7,272.91)
(Decrease)/Increase in Long term provisions	(73.09)	37.24
(Decrease)/Increase in Trade payables	(2,717.80)	2,173.75
(Decrease)/Increase in Other current liabilities	468.44	(15.85)
(Decrease)/Increase in Short term provisions	(7.64)	6.05
(Decrease)/Increase in Other long term liabilities	18.00	-
Net Cash from Operating Activities	28,598.99	17,010.30
Direct taxes paid	(1,567.38)	(1,465.88)
Total cash from / (used in) operating activities	27,031.61	15,544.42
B Cash Flow from Investing Activities		
Acquisition of fixed assets including capital work in progress	(26,634.42)	(23,223.16)
Sale of Fixed Assets	0.31	10,101.83
(Increase) / Decrease in Short-term loans and advances	1,903.47	(6,173.61)
(Increase) / Decrease in Long-term loans and advances	(8,202.30)	8,738.09
(Increase) / Decrease in Capital Advances	1,277.27	(66.46)
(Increase) / Decrease in Current Intercompany deposits	2,783.65	(336.80)
(Purchase)/sale of Investments	(1,787.25)	(1,281.04)
Investment in fixed deposits	(413.57)	3,327.32
Interest Income	2,085.03	1,781.41
Dividend Income	150.49	-
Net Cash from Investing Activities	(28,837.32)	(7,132.42)

Cash Flow Statement for the year ended March 31, 2016

Particulars	Current Year Amount ₹ Lakhs	Previous Year Amount ₹ Lakhs
C Cash Flow from Financing Activities		
Proceeds from Long term borrowings	4,054.28	4,333.56
Proceeds/(Repayments) from/of Short term borrowings	1,184.89	(757.70)
Expenses incurred for issue of FCCBs	-	(193.29)
Interest paid	(7,824.80)	(8,024.88)
Dividend Paid (Including Dividend Distribution tax)	(587.63)	(283.97)
Net Cash from Financing Activities	(3,173.26)	(4,926.28)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(4,978.97)	3,485.72
Cash and Cash Equivalents as at beginning of the year (Refer Note 2.16)	5,535.25	2,070.64
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	2.76	(21.11)
Cash and Cash Equivalents as at end of the year (Refer Note 2.16)	559.04	5,535.25
Cash and Cash Equivalents comprise of:		
Cash and Bank Balances (Refer Note 2.16)	559.04	5,535.25

Notes:

- Figures in bracket represent outflows.
- Cash and cash equivalents include Unclaimed dividend accounts of ₹ 22.44 lakhs (P.Y. ₹ 34.48 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

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
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Partner
M. No. 37391

M. M. Agrawal
Director
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Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

Notes forming part of the financial statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2016

CORPORATE INFORMATION

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

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

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

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

1.2 Use of Estimates

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

1.3 Tangible fixed assets and depreciation

- a) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost

includes cost of acquisition or construction including attributable borrowing cost, duties and other incidental expenses related to the acquisition of the asset.

- b) Individual fixed assets costing up to ₹ 25,000 are not capitalized but fully written off to the statement of profit and loss in the year of purchase.
- c) Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are, following option given by notification of Ministry of Corporate Affairs (MCA) dated 31st March 2009 / 29th December 2011, adjusted to carrying cost of the respective fixed assets.
- d) Depreciation on fixed assets is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of Vessels, where depreciation is provided on Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of Vessels, where useful life is considered as under based on technical evaluation:

Tankers, Dry Bulk carriers, Cutters,	
Dredgers	- 25 years
Gas Carriers	- 30 years
- e) Depreciation on additions/disposals during the year is provided on pro-rata basis.
- f) Depreciation on furniture, fixtures and electrical fittings installed at office premises taken on lease is provided over the initial period of lease.
- g) Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

1.4 Impairment of assets

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

The Impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.5 Capital Work in Progress

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

Notes forming part of the financial statements

1.6 Revenue Recognition

a) Freight Income

Income on account of freight is recognized in all cases where loading of the cargo is completed before the close of the year. All corresponding direct expenses are also provided.

b) Cargo Handling

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

c) Charter Hire Income

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

d) Dividend Income

Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.

e) Interest Income

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

f) Insurance Claims

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

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

1.7 Incomplete Voyages

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

1.8 Foreign exchange transactions and balances

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

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

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

i. In respect of borrowings relating to or utilized for acquisition of depreciable capital assets, the same is adjusted to the cost of the relevant capital asset and depreciated over the balance life of the said capital asset.

ii. In other cases, the same is accumulated in a 'Foreign Currency Monetary Item Translation

Difference Account'. The amount so accumulated in this account is amortized over the balance period of such assets / liabilities or 31st March 2020, whichever is earlier.

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

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

1.9 Derivative financial instruments and Hedging

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

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

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

1.10 Employee Benefits

a) Short – term employee benefits

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

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

Other Long – term employee benefit viz. leave encashment is recognised as an expense in the Statement of Profit and Loss as it accrues. The company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the Statement of Profit and Loss.

1.11 Operating lease

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

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

1.12 Inventories

Bunker and 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 non-current and current investments.
- b) Investments which are readily realizable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as non-current investments.
- c) Non-current investments are stated at cost of acquisition and related expenses. Provision for diminution, if any, in the value of such investments is made to recognise a decline, other than of a temporary nature.
- d) Current investments are stated at cost of acquisition including incidental / related expenses or at fair value as at 31st March 2016, whichever is less and the resultant decline, if any, is charged to revenue.

1.14 Borrowing Costs

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

1.15 Provision for Taxation

Tax expense comprises both current and deferred tax.

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

1.16 Earning per share

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

1.17 Provisions and Contingent Liabilities

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

1.18 Premium on redemption of Bonds / Debentures

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

1.19 Cash and Cash equivalents

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

1.20 Cash Flow Statement

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

Notes forming part of the financial statements

2.1 Share Capital

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Authorised		
35,00,00,000 Equity shares of ₹ 1/- par value each	3,500.00	3,500.00
200,00,000 Preference shares of ₹ 100/- par value each	20,000.00	20,000.00
	23,500.00	23,500.00
Issued Capital		
24,48,92,073 (24,48,92,073) Equity shares of ₹ 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

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Number of shares at the beginning of the year	244,892,073	244,892,073
Add: Shares issued during the year	-	-
Number of shares at the end of the year	244,892,073	244,892,073

Terms/Rights attached to Equity shares

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

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

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

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

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

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

Amount ₹ in Lakhs

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
Equity shares of ₹ 1 each fully paid	No of shares	% of holding	No of shares	% of holding
H. K. Mittal	46,766,700	19.10	46,654,200	19.05
Archana Mittal	26,327,400	10.75	26,327,400	10.75
AHM Investments Private Limited	18,406,250	7.52	18,406,250	7.52
Albula Investment Fund Ltd	12,436,005	5.08	-	-
Lotus Global Investments Limited	-	-	14,229,669	5.81

Notes forming part of the financial statements

2.2 Reserves and Surplus

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Capital Reserve		
As per last Financial Statements	4,289.49	4,289.49
Capital Redemption Reserve		
As per last Financial Statements	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,181.63	36,374.92
Less: Utilisation of Reserve for issuance of Securities	-	(193.29)
	36,181.63	36,181.63
Tonnage Tax Reserve		
As per last Financial Statements	1,180.91	150.00
Add/(Less): Transferred from Surplus	357.40	1,030.91
	1,538.31	1,180.91
Debenture Redemption Reserve		
As per last Financial Statements	3,750.00	7,500.00
Less: Transferred to General Reserve	-	(3,750.00)
	3,750.00	3,750.00
General Reserve		
As per last Financial Statements	14,001.66	10,251.66
Add: Transferred from Debenture Redemption Reserve	-	3,750.00
	14,001.66	14,001.66
Foreign Exchange Fluctuation Reserve		
As per last Financial Statements	(26.09)	944.31
Add: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)	514.89	300.42
Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations	(486.21)	(1,270.82)
	2.59	(26.09)
Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.1)		
As per last Financial Statements	(1,200.73)	(1,620.71)
Add/(Less): For the year (net)	37.63	419.98
	(1,163.10)	(1,200.73)
Hedging Reserve (Refer Note 1.9)		
As per last Financial Statements	(1,153.00)	(1,256.04)
Add/(Less): Increase/(Decrease) during the year (net)	134.11	103.04
	(1,018.89)	(1,153.00)

Notes forming part of the financial statements

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Surplus		
As per last Financial Statements	6,626.26	3,325.30
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	1,687.02	4,954.57
Less: Transfer to Tonnage Tax Reserve	(357.40)	(1,030.91)
Less: Depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013 (Refer Note 2.10.4)	-	(30.43)
Less: Provision for Dividend*	(244.89)	(489.78)
Less: Tax on Dividend	(49.85)	(102.49)
	7,661.14	6,626.26
Closing	69,242.83	67,650.13

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

2.3 Long term borrowings

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Secured		
(A) Debentures	10,000.00	15,000.00
(B) External commercial borrowings	18,312.13	13,535.26
(C) Term loans from banks	34,524.07	32,381.47
Unsecured		
(D) Foreign Currency Convertible Bonds (FCCB)	10,613.26	10,014.53
	73,449.46	70,931.26

Notes:

Security Details

(i) Secured

- Debentures referred in (A) above are secured by first pari passu charge on specified vessels and first pari passu charge on the specified immovable property of the company.
- External Commercial Borrowings referred in (B) above are secured by exclusive/first pari passu charge on specified vessels of the company as well as charge on cash flows of specified vessels.
- Term Loans referred in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, as charge on cash flows of specified vessels. It includes an amount of ₹ 3,146.83 Lakhs additionally secured by pari passu charge on specified immovable property

(ii) Unsecured

FCCB referred in (D) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 with initial conversion price of ₹ 38.30 Per Share (at a fixed rate of exchange on conversion of ₹ 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019

Notes forming part of the financial statements

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

Amount ₹ in Lakhs

Description	ROI*	Balance installments as on 31.03.2016	Year of maturity F.Y. ending	Amount outstanding 31.03.2016	Amount outstanding 31.03.2015
Debentures	12.40%	3	2019	15,000.00	15,000.00
Term Loan	12.25%	4	2018	4,800.00	6,400.00
Term Loan	12.45%	4	2018	3,300.00	4,400.00
Term Loan	9.49%	34	2019	15.80	-
Term Loan	Libor+3.25%	2	2017	3,146.83	5,933.61
External Commercial Borrowing	Libor+3.00%	0	2016	-	3,911.93
External Commercial Borrowing	Libor+5.00%	6	2019	2,404.57	2,503.63
External Commercial Borrowing	Libor+3.40%	21	2022	11,939.92	11,266.34
External Commercial Borrowing	Libor+3.40%	24	2022	6,944.74	-
Term Loan	Libor+5.00%	16	2020	3,979.97	1,251.82
Term Loan	Libor+5.60%	24	2022	14,593.24	15,334.75
Term Loan	Libor+2.60%	1	2017	2,686.48	3,661.56
Term Loan	Libor+4.50%	14	2020	3,979.97	9,701.57
Term Loan	Libor+4.50%	14	2020	3,979.97	-
Term Loan	Libor+4.50%	24	2022	4,626.72	-
Term Loan	Libor+5.50%	17	2021	5,638.30	-
FCCB	4.75%	1	2020	10,613.26	10,014.53
				97,649.79	89,379.73
Less: Shown in current maturities of long term debt				24,200.33	18,448.47
Balance shown as above				73,449.46	70,931.26

* Applicable Rate of Interest p.a as on 31.03.2016

2.4 Other long term liabilities

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Other Liabilities		
Liability towards cash flow hedges (Refer note 4.8)	509.44	864.75
Security Deposit	18.00	-
	527.44	864.75

2.5 Long term provisions

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Provision for employee benefits		
Gratuity	122.49	197.75
Compensated absences	62.57	60.40
	185.06	258.15

Notes forming part of the financial statements

2.6 Short term borrowings

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Secured		
Loans repayable on demand		
Working capital facilities from scheduled banks	3,036.38	1,958.50
Unsecured		
Working capital facilities from scheduled banks	1,971.83	1,864.82
	5,008.21	3,823.32

Note:

Working capital facilities from Scheduled Banks are secured by first charge on all receivables on pari-passu basis and second charge on specified vessels.

2.7 Trade payables

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Total Outstanding of		
- Micro and small enterprises (refer Note 5.1)	-	-
- Other than micro and small enterprises*	10,137.47	12,798.07
	10,137.47	12,798.07
*Includes payable to subsidiary companies	-	559.62
	-	559.62

2.8 Other current liabilities

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Current maturities of long-term debt		
1) Debentures (Refer Note 2.3 (i) (a))	5,000.00	-
2) External commercial borrowings (Refer Note 2.3 (i)(b))	2,977.10	4,146.64
3) Term loans from banks (Refer Note 2.3 (i) (c))	16,223.23	14,301.83
Interest accrued but not due on borrowings	1,426.58	1,380.55
Interest accrued and due on borrowings	11.08	19.72
Unpaid dividend*	22.44	34.48
For Other liabilities		
Salaries & wages payable	123.47	14.96
Statutory dues payables	801.05	702.99
Liability towards cash flow hedges (Refer Note 4.8)	509.44	288.25
Advance from customers**	90.15	0.83
Other payables***	195.50	6.27
	27,380.04	20,896.52

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

** Includes payable to subsidiary companies

*** Includes payable to subsidiary companies

Notes forming part of the financial statements

2.9 Short term provisions

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Provision for employee benefits		
Gratuity	13.61	21.98
Compensated absences	20.86	20.13
Others		
Proposed dividend	244.89	489.78
Tax on dividend	49.85	102.49
	329.21	634.38

Notes forming part of the financial statements

2.10 Fixed Assets

Particulars	Original Cost				Depreciation/Amortization				Net Book Value		
	As at April 1, 2015	Additions	Other Adjustments	Deductions	As at March 31, 2016	Upto March 31, 2015	For the Year	Adjustments	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets											
Land	11.31	-	-	-	11.31	-	-	-	-	11.31	11.31
Office Premises (Refer Note 1, 2)	344.28	-	(111)	-	343.17	180.62	20.22	(0.64)	201.48	141.69	163.66
Vessels (Refer Note 3)	150,589.14	26,602.96	3,122.25	-	180,314.35	53,687.33	12,155.61	0.64	65,842.30	114,472.05	96,901.81
Furniture and Fixtures	315.41	-	-	-	315.41	292.16	4.74	-	296.90	18.51	23.25
Vehicles	292.44	20.51	-	-	312.95	205.63	26.67	-	232.30	80.65	86.81
Office Equipments	107.54	-	-	3.12	104.42	100.62	0.85	2.95	98.52	5.90	6.92
Computer Equipments	158.28	10.95	-	11.42	157.81	141.30	11.25	10.87	141.68	16.13	16.98
Total	151,818.40	26,634.42	3,121.14	14.54	181,559.42	54,607.66	12,219.34	13.82	66,813.18	114,746.24	97,210.74
Previous Year	137,682.10	23,223.16	1,101.51	10,188.37	151,818.40	45,339.23	9,238.00	30.43	54,607.66	97,210.74	92,342.86

Notes

- 1) Includes cost of 10 shares of ₹ 50/- each fully paid in Mittal Tower Premises Co-operative Society Ltd.
- 2) Office premises having gross value ₹ 343.16 lakhs (P.Y. ₹ 343.16 lakhs) and accumulated depreciation ₹ 200.20 lakhs (P.Y. ₹ 180.05 /- lakhs) are given on Operating Lease.
- 3) Other adjustments include exchange fluctuation gain on Long term foreign currency loans ₹ 3121.14 lakhs (P.Y. Loss ₹ 1101.51 lakhs)
- 4) Consequent to Schedule II of the Companies Act, 2013, becoming applicable with effect from April 01, 2014, additional charge of Depreciation to statement of profit and loss for the year ended March 31, 2015, was ₹ 28.26 Lakhs

Notes forming part of the financial statements

2.11 Investments

Amount ₹ in Lakhs

Particulars	Nos	As at 31-Mar-2016	Nos	As at 31-Mar-2015
Non Current Investments - At cost				
Trade investments (Unquoted)				
Investment in Equity Shares of Subsidiaries				
Mercator Oil and Gas Limited	150,000	15.00	150,000	15.00
Mercator International Pte Limited	100,000	28.80	100,000	28.80
Mercator Offshore Holdings Pte. Limited **	2	-	2	-
Mercator Petroleum Limited	15,300,000	1,530.00	15,300,000	1,530.00
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	0.12	1,250	0.12
Non trade investments (Unquoted)				
Investment in Others				
Units of Indian Real Opportunity Venture Capital Fund	5,968	59.68	7,380	73.80
6% Optionally Convertible Unsecured Debentures in Mercator Petroleum Limited	18,030,000	1,803.00	-	-
Aggregate amount of Unquoted investments		3,444.67		1,655.79

** Cost ₹ 51/-

2.12 Long term loans and advances

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Unsecured		
Considered good		
Loans and advances to related parties*	17,085.08	8,540.29
Capital Advances	940.00	1,947.27
Capital Advances to related parties**	3,929.96	4,199.96
Deposits		
Deposits with government and semi government bodies	6.34	3.04
Other deposits	602.92	375.65
Other deposits to related parties***	-	500.00
Other loans and advances		
Advance payment of tax (net of provisions)	10,256.01	8,788.63
Unamortized finance charges	487.35	401.98
MAT credit available	975.00	975.00
	34,282.65	25,731.82
* Loans and advances to related parties		
Mercator FPSO Private Limited	201.25	201.24
Mercator International Pte Limited	12,640.82	4,568.17

Notes forming part of the financial statements

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Mercator Petroleum Limited	4,227.32	3,770.88
Oorja Resources India Private Limited	15.69	-
	17,085.08	8,540.29
** Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	4,199.96	4,199.96
Less: Provision made during the year	(270.00)	-
	3,929.96	4,199.96
*** Other deposits to related parties		
MLL Logistics Private Limited	-	500.00
	-	500.00

2.13 Other non current assets

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Unsecured, Considered Good		
Fixed Deposits with bank with maturity more than 12 months	561.93	292.80
Accrued interest on fixed deposit with banks	39.09	4.79
	601.02	297.59

2.14 Inventories

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
At Cost (Valued at lower of cost and net realisable value)		
Bunker and lubes	876.58	690.88
	876.58	690.88

2.15 Trade receivables

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts ₹ 1,935.01 lacs)	12,589.03	10,618.72
Others debts		
Considered good	4,165.10	13,359.08
	16,754.13	23,977.80

Notes forming part of the financial statements

2.16 Cash and bank balances

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Cash and cash equivalents		
Cash in hand	5.97	2.22
Balances with banks	553.07	5,533.03
	559.04	5,535.25
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	772.00	627.56
	1,331.04	6,162.81
Balances with banks in unpaid dividend accounts	22.44	34.48
Balances with banks includes amount in escrow account	11.00	431.59
Balances with banks held as margin money deposits against guarantees	1,355.39	1,078.37

2.17 Short term loans and advances

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Unsecured		
Considered good		
Loans and advances to related parties*	5,253.75	7,098.39
Others		
Advance to employees	39.06	74.87
Advance to suppliers	1,869.51	3,705.31
Inter corporate deposits to related parties**	2,180.13	5,739.13
Inter corporate deposits to others	1,249.16	1,188.37
Insurance claim receivable	5,428.05	5,428.05
Service tax receivable	203.93	193.34
Unamortized finance charges	271.91	655.16
Prepaid expenses	148.84	322.33
Other Receivables from related party***	3.06	2.81
Considered doubtful		
Inter corporate deposits to others	935.77	935.77
Advance to suppliers	-	714.56
	935.77	1,650.33
Less: Provision for doubtful advances	(935.77)	(1,650.33)
	-	-
	16,647.40	24,407.76
*Loans and advances to related parties		
Mercator Offshore (P) Pte Limited	505.96	477.38
Mercator Oil & Gas Limited	3,281.33	5,794.61
MCS Holdings Pte Limited	548.41	606.28
Mercator Projects Pte Ltd	18.54	16.19
Mercator Offshore Holdings Pte Ltd	899.51	203.93
	5,253.75	7,098.39

Notes forming part of the financial statements

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
** Inter corporate deposits to related parties		
MLL Logistics Private Limited	2,180.13	5,739.13
	2,180.13	5,739.13
***Other Receivables		
Mercator Okoro FPU Pte Ltd	3.06	2.81
	3.06	2.81

2.18 Other current assets

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Accrued interest on fixed deposit with banks	24.91	170.31
	24.91	170.31

2.19 Revenue from operations

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Freight/Dispatch and demurrage	29,121.18	28,185.51
Charter hire	26,538.82	28,660.36
Cargo handling services	3,170.73	9,095.91
	58,830.73	65,941.78

2.20 Other income

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Dividend received from subsidiary company	150.49	-
Rent received	16.76	17.30
Interest income		
- Fixed Deposits and Inter corporate deposits	644.87	1,075.86
- others	1,329.06	765.03
Gain on sale of current investments	-	22.20
Gain on sale of non-current investments	1.63	38.92
Bad Debts and other amounts written off/back (net)	9.25	-
Other income	110.72	232.91
	2,262.78	2,152.22

2.21 Operating expenses

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Bunker consumed	8,023.83	9,111.10
Vessel /Equipment hire expenses	3,797.37	6,301.57
Crew Expenses	8,412.76	7,141.89

Notes forming part of the financial statements

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Agency, Professional and service expenses	795.37	366.80
Communication expenses	142.47	106.61
Commission	6.97	17.03
Insurance	1,355.28	1,067.22
Port expenses	529.51	1,346.20
Repairs and maintenance	8,875.93	9,655.90
Stevedoring, transport and freight	1,656.06	4,604.12
Miscellaneous expenses	206.90	289.98
	33,802.45	40,008.42

2.22 Employee benefits expenses

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Salaries, wages, bonus, etc.	1,851.81	2,057.88
Contribution to provident and other funds	67.05	65.39
Employee welfare expenses	25.95	44.69
	1,944.81	2,167.96

2.23 Finance cost

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Interest expense	7,021.57	6,793.22
Other borrowing costs	1,138.50	295.44
	8,160.07	7,088.66

2.24 Other expenses

Amount ₹ in Lakhs

Particulars	As at 31-Mar-2016	As at 31-Mar-2015
Rent	401.41	417.22
Payment to auditors		
As auditors	25.00	25.00
For other services (certification and other matters)	21.56	20.10
Repairs and maintenance (office premises and premises acquired on lease)	124.89	108.90
Insurance	28.35	17.64
Legal, Professional and consultancy expenses	456.17	287.60
Donation	0.25	2.87
Communication expenses	38.21	39.27
Conveyance, car hire and travelling	176.45	157.79
Advertisement	5.85	5.06
Loss on sale of assets (net)	0.40	86.54
Bad Debts and other amounts written off/back (net)	43.16	29.28
Net Loss on foreign currency transactions/translation	1,253.04	393.57
Provision for doubtful debts/advances	270.00	1,915.43
Miscellaneous expenses	335.08	930.12
	3,179.82	4,436.39

Notes forming part of the financial statements

3. OTHER DISCLOSURES

3.1 Contingent Liabilities not provided for

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Counter guarantees issued by the Company for guarantees obtained from bank (net of margin).	11,482.27	7,847.82
Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries.	1,560.34	152.60
Corporate guarantees issued by the company on behalf of subsidiaries.	1,13,690.77	1,04,275.50
TOTAL	1,26,733.38	1,12,275.92

3.2 Letters of comfort issued

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Letters of comfort issued by the company on behalf of wholly owned / step down subsidiaries.	-	4,991.70

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

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
In respect of Income Tax matters*	11,649.57	11,348.79
In respect of Service Tax matters	6,396.73	8,296.46
Others	3,788.43	2,965.86

* Against the above, the company has already paid ₹ 3,918.46 Lakhs (₹ 3,986.59 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, 2016 ₹ NIL (P.Y. ₹ NIL).

3.5 CIF value of Imports

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
On CIF basis during the accounting year in respect of:		
Stores & Spares	817.73	789.06
Capital Goods (including CWIP)	23,827.89	20,827.49

3.6 Value of Imported & Indigenous Stores & Spare Parts consumed

Particulars	Current Year		Previous Year	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Imported Stores & Spares	817.73	19%	789.06	18%
Indigenous Stores & Spares	3,424.30	81%	3,581.38	82%

3.7 Expenditure in foreign currency

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
On Repairs/Renovations and expenses of Vessels	1,985.73	2,111.76
On Bunker	725.22	2,377.57
On Freight	1,557.72	-
On Vessel Expenses	1,561.72	3,855.17
On Travelling	5.12	6.77
On Interest	1,750.70	2,509.96

Notes forming part of the financial statements

3.8 Earnings in foreign currency on account of

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Shipping Income	972.79	7,550.77
Interest Income	513.43	396.40
Dividend Income	150.49	-
Other Income	43.30	10,290.67

3.9 Remittance in foreign currencies for dividends

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

4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

4.1 The company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with the notification of MCA dated 31st March 2009/29th December 2011 on Accounting Standard (AS)-11. In line with the above notification, gains / losses arising during the year from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets are adjusted to the cost of the fixed assets. The addition to fixed assets on account of the same is ₹ 3,121.14 Lakhs (P.Y ₹ 1,101.51 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 Accounting Standard (AS) -15 on "Employee Benefits":

(A) Defined Contribution Plans:

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

Particulars	Current Year (₹ In Lakhs)	Previous Year (₹ In Lakhs)
i Contribution to Employees' Provident Fund (Includes Contribution to Seamen's Provident Fund)	77.50	71.43
ii Contribution to Employees' Family Pension Fund	NIL	NIL
iii Contribution to Employees' Superannuation Fund	NIL	NIL
Total	77.50	71.43

(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.

Notes forming part of the financial statements

(i) Changes in the Present Value of Obligation

Amount ₹ in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
a	Present Value of Obligation as at April 1, 2015 (Opening)	219.72	80.54	187.92	69.04
b	Interest Cost	17.58	6.44	15.03	5.52
c	Past Service Cost	NIL	NIL	NIL	NIL
d	Current Service Cost	32.60	21.98	27.52	18.94
e	Curtailment Cost/ (Credit)	NIL	NIL	NIL	NIL
f	Settlement Cost/(Credit)	NIL	NIL	NIL	NIL
g	Benefits paid	11.82	22.46	3.27	12.14
h	Actuarial (Gain)/Loss	(121.98)	(3.07)	(7.48)	(0.82)
i	Present Value of Obligation as at March 31, 2016	136.10	83.43	219.72	80.54

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

Amount ₹ in Lakhs

Sr. No.	Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
a	Current Service Cost	32.60	21.98	27.52	18.94
b	Past Service Cost	NIL	NIL	NIL	NIL
c	Interest cost	17.58	6.44	15.03	5.52
d	Curtailment Cost/ (Credit)	NIL	NIL	NIL	NIL
e	Settlement Cost/ (Credit)	NIL	NIL	NIL	NIL
f	Net Actuarial (Gain)/ Loss	(121.98)	(3.07)	(7.48)	(0.82)
g	Employees' Contribution	NIL	NIL	NIL	NIL
h	Total Expenses recognized in Statement of Profit and Loss	(71.80)	25.35	35.07	23.64

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

Sr. No.	Particulars	FY 2015-16 Gratuity and Leave Encashment	FY 2014-15 Gratuity and Leave Encashment
a	Discount Rate	8.00%	8.00%
b	Salary Escalation Rate	8.00%	8.00%
c	Staff Turnover Rate	10% to 2% p.a. age related on graduated scale	10% to 2% p.a. age related on graduated scale
d	Mortality Table	Indian Assurance Lives mortality (2006-08) Ultimate	Indian Assurance Lives mortality (2006-08) Ultimate

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

Notes forming part of the financial statements

Experience adjustments

Amount ₹ in Lakhs

Experiences	2012	2013	2014	2015	2016
Defined Benefit Obligation at the end of the period	247.06	215.22	188.00	219.72	136.10
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)]	(63.18)	77.34	59.78	7.49	121.98
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.

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

4.5 Related Party Disclosures:

A List of Related Parties

(I) Subsidiaries - Fellow/ Step down subsidiaries

- 1 Mercator International Pte Limited (Singapore)
- 2 Mercator Oil and Gas Limited (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 (Singapore)
- 7 Oorja Holdings Pte.Limited (Singapore)
- 8 Mercator Energy Pte Limited (Singapore)
- 9 Mercator Lines (Singapore) Limited (Singapore)*
- 10 Mercator Projects Pte Ltd (Singapore)
- 11 Mercator Offshore Assets Holding Pte Limited (Singapore)
- 12 Mercator Okwok FPU Pte Limited (Singapore)
- 13 Mercator Okoro FPU Pte Limited (Singapore)
- 14 Mercator Offshore (P) Pte Limited (Singapore)
- 15 Ivorene Oil Services Nigeria Limited
- 16 Chitra Prem Pte. Limited (Singapore)*
- 17 Varsha Vidya Inc (Panama)*
- 18 Panther Resources Pte Ltd (Singapore)
- 19 Oorja (Batua) Pte Limited (Singapore)
- 20 Oorja 1 Pte Limited (Singapore)
- 21 Oorja 2 Pte Limited (Singapore)
- 22 Oorja 3 Pte Limited (Singapore)
- 23 Oorja Mozambique Limitada (Mozambique)
- 24 MCS Holdings Pte Limited (Singapore)
- 25 PT Karya Putra Borneo (Indonesia)
- 26 PT Indo Perkasa (Indonesia)
- 27 Oorja Indo Petangis Four (Indonesia)
- 28 Oorja Indo Petangis Three (Indonesia)

Notes forming part of the financial statements

- 29 Oorja Indo KGS (Indonesia)
- 30 Broadtec Mozambique Minas Limitada (Mozambique)
- 31 PT Mincon Indo Resources (Jakarta)
- 32 Bima Gema Permata PT (Jakarta)
- 33 Nuansa Sakti Kencana PT (Jakarta)
- 34 MCS Fuel Trading Sdn. Bhd (Malaysia)
- 35 Mercator Global Pte. Ltd. (Singapore)
- 36 Brio Resources Pte Ltd (Singapore)
- 37 Fortune Offshore O&M Pte Limited (Singapore)
- 38 RDPT Batavia Drill (Jakarta)
- 39 Marvel Value International Limited (British Virgin Island)

(II) Key Management Personnel

- 1 Mr. H.K Mittal- Executive Chairman
- 2 Mr. A.J. Agarwal- Managing Director
- 3 Mr. Kishor Shah - Group Chief Financial Officer
- 4 Mr. Prasad Patwardhan- Chief Financial Officer
- 5 Ms. Amruta Sant -Company Secretary (till 10.04.2015)
- 6 Mr. Deepesh Joishar -Company Secretary (from 04.05.2015)

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

- 1 AAAM Properties Private Limited
- 2 Ankur Fertilizers Private Limited
- 3 AHM Investments Private Limited
- 4 MHL Healthcare Limited
- 5 Papeeta Resources Pte Limited
- 6 Asmara Resources Private Limited (India)
- 7 Prem Punita Foundation (India)- Chartiabale Trust
- 8 HK Sons Realtors Private Limited
- 9 Premputli Realtors Private Limited
- 10 Sisouli Realtors Private Limited

(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 Vaitarna Marine Infrastructure Limited
- 3 Rishi Holding Private Limited

*Due to the continuous depressed market conditions in the dry bulk business, the board of Directors took a decision on January 18, 2016 to exit the dry bulk business being carried on by our Singapore listed step-down subsidiary Mercator Lines (Singapore) Ltd ("MLS"), which was placed under Judicial Management by the High Court of the Republic of Singapore.

*On February 9, 2016, Mercator International Pte Limited (MIPL), wholly owned subsidiary of the company, which holds the shares in MLS, entered into Sale & Purchase Agreements with various entities to dispose off its entire shareholding (i.e. 66.17%) in MLS. Subsequently, on receipt of the approvals from SGX and other regulatory authorities, (MIPL) has divested its entire stake in MLS. Accordingly, Company has consolidated MLS financials for the first nine months of FY2016 i.e. April 2015 to December 2015.

Notes forming part of the financial statements

B Details of Transactions with above parties

Amount ₹ in Lakhs

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of 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	281.95	280.75	-	-	-	-	281.95	280.75
Interest Income	1,308.87	762.36	-	-	461.70	580.61	1,770.56	1,342.96
Services Received	-	-	-	-	2,429.31	1,109.59	2,429.31	1,109.59
Purchase of capital Asset	5,080.00	-	-	-	-	-	5,080.00	-
Sale of Capital Asset	-	10,101.83	-	-	-	-	-	10,101.83
Investment made during the year	1,803.00	1,520.00	-	-	-	-	1,803.00	1,520.00
Reimbursements of Expenses Received	1,387.37	3,993.37	-	-	1.51	0.27	1,388.88	3,993.64
Finance Provided								
Loans								
Loans Given during the Year	42,948.34	29,130.78	-	-	-	-	42,948.34	29,130.78
Loans Repaid During the Year	37,676.97	30,021.06	-	-	-	-	37,676.97	30,021.06
Inter Corporate Deposits given during the year	-	-	-	-	-	415.13	-	415.13
Inter Corporate Deposits repaid during the year	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Guarantees Given	33.17	31.30	-	-	-	-	33.17	31.30
Balances Written Back	-	-	-	-	-	2.02	-	2.02
Outstanding as on 31.03.2016								
Comfort Letter	-	4,991.70	-	-	-	-	-	4,991.70
Guarantees	113,686.53	104,274.53	-	-	-	-	113,686.53	104,274.53
Counter Guarantees	1,560.34	152.60	-	-	-	-	1,560.34	152.60
Outstanding balances as on 31.03.2016								
Loans Advances and Receivables								
Loans	22,590.53	17,138.46	-	-	-	-	22,590.53	17,138.46
Capital Advances	-	-	-	-	3,929.96	4,199.96	3,929.96	4,199.96
Receivables	172.18	-	-	-	-	-	172.18	-

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of 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
Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2016								
Trade & Other Receivables	2,471.12	933.40	-	-	2,784.99	2,354.39	5,256.11	3,287.80
Trade & Other Payables	2,898.64	3,398.61	-	-	6.48	123.93	2,905.12	3,522.54
Inter Corporate Deposit								
Balance as on 31.03.2016	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Deposit								
Balance as on 31.03.2016	-	-	-	-	-	15.00	-	15.00
Remuneration paid to Key Management Personnel	325.63	652.80	-	-	-	-	325.63	652.80
	-	-	-	-	-	-	-	-

Notes forming part of the financial statements

Partywise details of material transactions

Amount ₹ in Lakhs

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 exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Services Rendered								
Mercator Petroleum Limited	63.41	-	-	-	-	-	63.41	-
MCS Holdings Pte Limited	43.30	280.75	-	-	-	-	43.30	280.75
Oorja Resources India Private Limited	175.24	-	-	-	-	-	175.24	-
Total	281.95	280.75	-	-	-	-	281.95	280.75
Interest Income								
Mercator International Pte Limited	499.67	382.63	-	-	-	-	499.67	382.63
Mercator Petroleum Ltd	386.58	307.40	-	-	-	-	386.58	307.40
Mercator Oil & Gas Limited	409.12	-	-	-	-	-	409.12	-
MLL Logistics Private Limited	-	-	-	-	461.70	580.61	461.70	580.61
Total	1,295.38	690.04	-	-	461.70	580.61	1,757.08	1,270.64
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	2,421.03	1,103.59	2,421.03	1,103.59
Total	-	-	-	-	2,421.03	1,103.59	2,421.03	1,103.59
Purchase of Capital Asset								
Mercator Lines (Singapore) Limited	5,080.00	-	-	-	-	-	5,080.00	-
Total	5,080.00	-	-	-	-	-	5,080.00	-
Sale of Capital Asset								
Mercator Okoro FPU Pte Ltd	-	10,101.83	-	-	-	-	-	10,101.83
Total	-	10,101.83	-	-	-	-	-	10,101.83
Investment made during the year								
Mercator Petroleum Limited	1,803.00	1,520.00	-	-	-	-	1,803.00	1,520.00
Total	1,803.00	1,520.00	-	-	-	-	1,803.00	1,520.00
Reimbursements of Expenses Received								
Mercator Lines (Singapore) Limited	593.07	-	-	-	-	-	593.07	-
Mercator Offshore Holdings Pte. Limited (Net)	695.58	1,036.05	-	-	-	-	695.58	1,036.05
Mercator Petroleum Ltd	-	2,107.21	-	-	-	-	-	2,107.21

Notes forming part of the financial statements

Amount ₹ in Lakhs

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Vaitarna Marine Infrastructure Limited	-	-	-	-	1.51	0.27	1.51	0.27
MCS Holdings Pte. Ltd	-	801.67	-	-	-	-	-	801.67
Total	1,288.65	3,944.93	-	-	1.51	0.27	1,290.16	3,945.20
Finance Provided								
Loans								
Loans Given during the Year								
Mercator International Pte Limited	35,235.48	19,101.53	-	-	-	-	35,235.48	19,101.53
Mercator Oil & Gas Limited	-	7,195.00	-	-	-	-	-	7,195.00
Total	35,235.48	26,296.53	-	-	-	-	35,235.48	26,296.53
Loans Repaid During the Year								
Mercator Oil & Gas Limited	6,360.00	1,470.00	-	-	-	-	6,360.00	1,470.00
Mercator International Pte Limited	27,098.31	23,759.15	-	-	-	-	27,098.31	23,759.15
Total	33,458.31	25,229.15	-	-	-	-	33,458.31	25,229.15
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
MLL Logistics Private Limited	-	-	-	-	-	415.13	-	415.13
Total	-	-	-	-	-	415.13	-	415.13
Inter Corporate Deposits repaid during the year								
MLL Logistics Private Limited	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Total	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Guarantees and Comfort Letters								
Guarantees Given								
Mercator Petroleum Limited	33.17	31.30	-	-	-	-	33.17	31.30
Total	33.17	31.30	-	-	-	-	33.17	31.30
Balances Written Back								
Zicom Electronic Security Systems Ltd.	-	-	-	-	-	2.02	-	2.02
Total	-	-	-	-	-	2.02	-	2.02

Notes forming part of the financial statements

Amount ₹ in Lakhs

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 exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Outstanding as on 31.03.2016								
Comfort Letter								
Mercator Lines (Singapore) Limited	-	4,991.70	-	-	-	-	-	4,991.70
Total	-	4,991.70	-	-	-	-	-	4,991.70
Guarantees								
Mercator International Pte Limited	19,661.07	22,479.20	-	-	-	-	19,661.07	22,479.20
Mercator Offshore (P) Pte Limited	42,254.06	53,357.98	-	-	-	-	42,254.06	53,357.98
Mercator Oil and Gas Limited	23,573.29	18,494.81	-	-	-	-	23,573.29	18,494.81
MCS Holdings Pte. Ltd	19,899.87	-	-	-	-	-	19,899.87	-
Total	105,388.28	94,331.99	-	-	-	-	105,388.28	94,331.99
Counter Guarantees								
Mercator Petroleum Limited	1,560.34	152.60	-	-	-	-	1,560.34	152.60
Total	1,560.34	152.60	-	-	-	-	1,560.34	152.60
Outstanding balances as on 31.03.2016								
Loans ,Advances and Receivables								
Loans								
Mercator International Pte Limited	15,539.48	7,402.30	-	-	-	-	15,539.48	7,402.30
Mercator Oil & Gas Limited	2,843.51	5,725.00	-	-	-	-	2,843.51	5,725.00
Mercator Petroleum Limited	3,663.55	3,494.97	-	-	-	-	3,663.55	3,494.97
Total	22,046.54	16,622.28	-	-	-	-	22,046.54	16,622.28
Capital Advances								
Vaitarna Marine Infrastructure Limited	-	-	-	-	3,929.96	4,199.96	3,929.96	4,199.96
Total	-	-	-	-	3,929.96	4,199.96	3,929.96	4,199.96
Receivables								
Mercator Offshore (P) Pte. Limited.	172.18	-	-	-	-	-	172.18	-
Total	172.18	-	-	-	-	-	172.18	-

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Outstanding Balances of Trade and Other Receivables & Payables as on 31.03.2016								
Trade and Other Receivables								
MLL Logistics Private Limited	-	-	-	-	2,714.25	2,354.39	2,714.25	2,354.39
Mercator Oil & Gas Ltd	437.82	-	-	-	-	-	437.82	-
Mercator Offshore Holdings Pte. Ltd	-	203.93	-	-	-	-	-	203.93
Mercator Petroleum Limited	563.77	-	-	-	-	-	563.77	-
MCS Holdings Pte Limited	548.41	606.28	-	-	-	-	548.41	606.28
Mercator Offshore Holdings Pte Limited	899.51	-	-	-	-	-	899.51	-
Total	2,449.51	810.21	-	-	2,714.25	2,354.39	5,163.76	3,164.60
Trade and Other Payables								
Mercator Lines (Singapore) Limited	-	559.62	-	-	-	-	-	559.62
Mercator International Pte Limited	2,898.64	2,834.12	-	-	-	-	2,898.64	2,834.12
Vaitarna Marine Infrastructure Limited	-	-	-	-	-	123.93	-	123.93
Rishi Holding Private Limited	-	-	-	-	6.48	-	6.48	-
Total	2,898.64	3,393.74	-	-	6.48	123.93	2,905.12	3,517.67
Inter Corporate Deposit								
Balance as on 31.03.2016	-	-	-	-	-	-	-	-
MLL Logistics Private Limited	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Total	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Deposit								
Balance as on 31.03.2016	-	-	-	-	-	-	-	-
Rishi Holdings Private Limited.	-	-	-	-	-	15.00	-	15.00
Total	-	-	-	-	-	15.00	-	15.00
Remuneration paid to Key Management Personnel	325.63	652.80	-	-	-	-	-	-

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):

Particulars	Year ended 31st March, 2016 (₹ In Lakhs)	Year ended 31st March, 2015 (₹ In Lakhs)
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office premises taken on lease		
(i) Lease payments recognized in the Statement of Profit and Loss	370.48	399.32
(ii) Significant leasing arrangements		
The Company has given refundable interest free security deposits under the agreements.		
The lease agreements are upto 3 to 63 months.		
These agreements also provide for periodical increase in rent.		
(iii) Future minimum lease payments under non-cancellable agreements		
Not later than one year	NIL	NIL
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

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

Particulars	Year ended 31st March, 2016 (₹ In Lakhs)	Year ended 31st March, 2015 (₹ In Lakhs)
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office premises given on lease		
(i) Lease payments recognized in the Statement of Profit and Loss	16.76	17.30
(ii) Future minimum lease payments under non-cancellable agreements		
- Not later than one year	60.00	NIL
- Later than one year and not later than five years	120.00	NIL
- Later than five years	NIL	NIL

General Description of leasing arrangement

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

4.7 Earning Per Share as per AS 20

Particulars	Year ended 31st March, 2016 (₹ In Lakhs)	Year ended 31st March, 2015 (₹ In Lakhs)
Net Profit after Tax		
- Basic and Diluted	1,687.02	4,954.57
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 ₹)	0.69	2.02

Notes forming part of the financial statements

4.8 Derivative Instruments

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

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

Amount ₹ in Lakhs

Derivative contracts	31st March, 2016	31st March, 2016	31st March, 2015	31st March, 2015
	Amount in foreign currency	Equivalent Indian rupees	Amount in foreign currency	Equivalent Indian rupees
USD/INR	23.69	1200.00	31.59	1,600.00
USD/INR	13.29	600.00	17.71	800.00
USD/INR	13.32	600.00	17.75	800.00

(C) **Foreign Currency Exposures**

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

Particulars	2015-16		2014-15	
	₹ In Lakhs	Fx. Million	₹ In Lakhs	Fx. Million
Trade Receivables	304.99	USD 0.46	514.00	USD 0.82
Balances with bank	34.54	USD 0.05	2,174.39	USD 3.47
Loan & Advances	14,616.31	USD 22.03	5,874.77	USD 9.39
Accounts Payable/Acceptances	1,818.27	USD 2.41	3,650.05	USD 5.77
		JPY 18.83		SGD 0.01
		GBP 0.01		JPY 4.42
		EUR 0.02		DKK 0.04
		SGD 0.17		GBP 0.01
Borrowings	74,533.98	USD 112.36	63,579.73	USD 101.58

5. OTHER DISCLOSURES AND NOTES

5.1 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31st March 2016	As at 31st March 2015
Details relating to Micro, Small and Medium enterprises	-	-
a) Amount remaining unpaid to any supplier at the end of the year:		
- Principal		
- Interest		
b) The amount of interest paid by the buyer as per Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), along with the amount of the payment made to the suppliers beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
e) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues above are actually paid to small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Note: (The above information is given on the basis of intimation received by the Company.)

Notes forming part of the financial statements

The Company has not received any intimation from its vendors regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006. The above information is based on the information compiled by the company and relied upon by the auditors.

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 Rs. 357.40 Lakhs (P.Y. ₹ 1,030.91 Lakhs) to Tonnage Tax Reserve.

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

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

a) Loans and Advances given during the year

Amount ₹ in Lakhs

Loans & Advances Given	*Opening balance	*Additions during the year	*Deletions during the year	*Closing Balance
Mercator FPSO Private Limited	201.24	0.01	-	201.25
Mercator International Pte. Limited	4,568.18	35,735.15	27,662.50	12,640.83
Mercator Petroleum Limited	3,770.88	1,506.37	1,049.92	4,227.33
Mercator Offshore (P) Pte. Limited	477.38	41.27	12.69	505.96
Mercator Oil & Gas Limited	5,794.61	3,887.64	6,400.92	3,281.33
Oorja Resources India Private Ltd	-	3,230.85	3,215.16	15.69
MCS Holdings Pte. Limited	606.28	165.34	223.21	548.41
Mercator Projects Pte. Limited	16.19	2.35	-	18.54
Mercator Okoro FPU Pte Ltd	2.81	0.25	-	3.06
Mercator Offshore Holdings Pte. Limited	203.93	721.93	26.35	899.51
Total	15,641.50	45,291.16	38,590.75	22,341.91

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

*Includes exchange fluctuation on reinstatement/repayment of Loans

b) Investments during the year

Amount ₹ in Lakhs

Name of Subsidiary	*Opening balance	*Additions during the year	Deletions during the year	*Closing Balance
Mercator Petroleum Limited	1,530.00	1,803.00		3,333.00

*Utilised by Subsidiary for its business activities

c) Guarantees given

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

Guarantee given on behalf of	Outstanding as at Current Year (₹ In Lakhs)	Outstanding as at Previous Year (₹ In Lakhs)
Mercator Offshore (P) Pte. Limited*	42,254.06	53,358.66
Mercator International Pte. Limited*	19,661.07	22,479.49
MCS Holdings Pte Limited*	19,899.87	-
Mercator Oil & Gas Limited*	23,573.29	8,904.77
Total	94,387.48	84,742.92

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

Notes forming part of the financial statements

d) Letter of Comfort issued

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Letters of comfort issued by the company on behalf of subsidiary.	-	4,991.70
Letter of Comfort is issued in favor of Bank for the Loan availed by subsidiary for its business activity		

5.4 Disclosure as required under Regulation 34(3) and 53(f) of the Listing Regulations

Loans and Advances in nature of Loans given to subsidiaries	Current Year (₹ In Lakhs)	Previous Year (₹ In Lakhs)
Mercator International (Pte) Ltd.		
Balance outstanding at year end	12,640.83	4,568.18
Maximum amount Outstanding during the year.	16,691.83	17,035.68
Mercator Oil & Gas Limited		
Balance outstanding at year end	3,281.33	5,794.61
Maximum amount Outstanding during the year.	7,094.61	7,040.94
Mercator Petroleum Limited		
Balance outstanding at year end	4,227.32	3,770.88
Maximum amount Outstanding during the year.	4,811.72	6,324.97
Mercator FPSO Private Limited		
Balance outstanding at year end	201.25	201.24
Maximum amount Outstanding during the year.	201.25	201.24
Mercator Offshore Holding Pte. Ltd.		
Balance outstanding at year end	899.51	203.93
Maximum amount outstanding during the year	899.51	289.99
Mercator Offshore (P) Pte. Ltd.		
Balance outstanding at year end	505.96	477.38
Maximum amount outstanding during the year	505.96	477.38
Oorja Resources India Private Limited		
Balance outstanding at year end	8.98	-
Maximum amount outstanding during the year	3,399.25	1.91

5.5 Corporate Social Responsibility (CSR)

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

6. PREVIOUS YEAR FIGURES

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

As per our report of even date
For **CNK & Associates LLP**
Chartered Accountants

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

Himanshu Kishnadwala
Partner
M. No. 37391

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

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

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

PART A: Subsidiaries

Sr. No.	Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital*	Reserves & Surplus*	Total Assets*	Total Liabilities*	Investments (except in subsidiaries)*	Turnover**	Profit/(Loss) before Tax**	Provisions for Tax**	Profit/(Loss) after Tax**	Proposed Dividend**	% of Shareholding
1	Mercator Oil and Gas Limited	31/03/2016	INR	15.00	1,229.08	28,599.64	27,355.57	-	25,182.47	(538.18)	39.09	(499.09)	-	100.00
2	Mercator Petroleum Limited	31/03/2016	INR	3,000.00	(187.18)	16,958.71	14,145.90	-	-	(878.7)	-	(878.7)	-	87.75
3	Oorja Resources India Private Limited	31/03/2016	INR	2.50	18.76	341.76	320.49	-	2,416.09	(17.53)	(0.13)	(17.66)	-	100.00
4	Mercator FPSO Private Limited	31/03/2016	INR	1.00	(4.79)	197.52	201.30	-	-	(0.99)	-	(0.99)	-	100.00
5	Mercator International Pte. Limited	31/03/2016	USD	39.80	679.04	48,230.30	47,511.47	-	-	(43,094.39)	(114.48)	(43,208.87)	-	100.00
6	Mercator Offshore Holdings Pte. Limited	31/03/2016	USD	1,990.09	2,591.43	56,515.31	51,933.79	-	5,479.17	(2,517.83)	-	(2,517.83)	-	100.00
7	Panther Resources Pte. Limited	31/03/2016	USD	8.00	(5.33)	3,118.41	3,115.73	-	-	106.54	-	106.54	-	100.00
8	Oorja Mocambique Minas, Limitada	31/03/2016	Mozambican Metcals#	0.32	-	154.88	154.56	-	-	-	-	-	-	100.00
9	Oorja Holdings Pte. Limited	31/03/2016	USD	0.00	(753.88)	62,112.30	62,866.17	-	-	(492.39)	(1.90)	(494.30)	-	100.00
10	PT Oorja Indo Petangis Four	31/03/2016	USD	364.83	(1,705.41)	387.85	1,728.43	-	58.61	(20.62)	(68.10)	(88.71)	-	100.00
11	PT Oorja Indo Petangis Three	31/03/2016	USD	364.83	(1,017.03)	480.90	1,133.10	-	25.58	(10.77)	(85.18)	(95.95)	-	100.00
12	PT Oorja Indo KGS	31/03/2016	USD	165.83	(73.90)	5,317.28	5,225.35	-	5,404.61	(1,312.76)	(74.50)	(1,387.26)	-	100.00
13	PT Nuansa Sakti Kencana	31/03/2016	USD	379.94	(436.42)	280.87	337.36	-	2,760.17	(88.47)	(7.39)	(95.86)	-	100.00
14	PT Mincon Incon Indo Resources	31/03/2016	USD	165.83	(807.98)	246.09	888.23	-	435.97	529.65	(117.58)	412.06	-	100.00
15	MCS Holdings Pte. Limited	31/03/2016	USD	663.33	30,308.93	78,324.56	47,352.30	-	117,435.88	486.96	59.07	546.03	-	100.00
16	PT Karya Putra Borneo	31/03/2016	USD	365.75	(1,204.34)	25,473.86	26,312.45	-	12,847.54	514.67	(143.56)	371.10	-	50.00
17	PT Indo Perkasa	31/03/2016	USD	365.75	3,798.23	16,318.51	12,154.53	-	6,388.61	387.09	(107.16)	279.93	-	25.50
18	Broadtec Mocambique Minas, Limitada	31/03/2016	Mozambican Metcals#	0.32	-	108.34	108.02	-	-	-	-	-	-	85.00
19	PT Bima Gema Permata	31/03/2016	USD	379.94	(1116.25)	105.86	842.17	-	380.15	(653.83)	(39.57)	(693.40)	-	100.00
20	Mercator Okoro FPU Pte. Limited	31/03/2016	USD	2.00	92,116.00	42,035.33	(50,082.67)	-	-	(20.49)	-	(20.49)	-	75.00
21	Mercator Projects Pte. Limited	31/03/2016	USD	0.00	(154.91)	11,868.83	12,023.74	-	-	(146.99)	-	(146.99)	-	75.00
22	Mercator Offshore (P) Pte. Limited	31/03/2016	USD	132.67	17,879.20	80,312.62	62,300.75	-	37,528.29	8,252.28	(98.54)	8,153.74	-	76.25
23	Mercator Offshore Assets Holding Pte. Limited	31/03/2016	USD	159.26	(37.83)	13,869.78	13,748.35	-	-	(5.10)	-	(5.10)	-	75.00
24	Mercator Okwok FPU Pte. Limited	31/03/2016	USD	0.00	(41.44)	22,081.47	22,122.91	-	-	(17.92)	-	(17.92)	-	75.00

Sr. No.	Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital*	Reserves & Surplus*	Total Assets*	Total Liabilities*	Investments (except in subsidiaries)*	Turnover**	Profit/(Loss) before Tax**	Provisions for Tax**	Profit/(Loss) after Tax**	Proposed Dividend**	% of Shareholding
25	Mercator Energy Pte. Limited	31/03/2016	USD	348.73	(2,163.50)	12,829.39	14,644.16	-	2,406.07	(2,462.84)	-	(2,462.84)	-	75.00
26	Ivorne Oil Services Nigeria Limited	31/03/2016	Nigerian Naira##	33.17	74.86	1,767.59	1,659.56	-	48.56	65.85	(22.93)	42.92	-	76.25
27	Oorja 1 Pte. Limited	31/03/2016	USD	0.00	(3,299.00)	2,782.46	6,081.45	-	-	(1,934.35)	-	(1,934.35)	-	100.00
28	Oorja 2 Pte. Limited	31/03/2016	USD	0.00	(4,864.21)	2,840.73	7,704.94	-	-	(1,349.40)	-	(1,349.40)	-	100.00
29	Oorja 3 Pte. Limited	31/03/2016	USD	0.00	(1,333.63)	159.60	1,493.23	-	-	(31.82)	-	(31.82)	-	100.00
30	Oorja (Batua) Pte. Limited	31/03/2016	USD	0.00	(1,128.02)	32,078.90	33,206.92	-	-	135.91	(134.67)	1.24	-	100.00
31	Fortune Offshore O&M Pte. Ltd.	31/03/2016	USD	0.47	(12.40)	699.86	711.79	-	-	(12.28)	-	(12.28)	-	76.25
32	Mercator Lines (Singapore) Limited @	31/03/2016	USD	-	-	-	-	-	11,925.84	(60,962.24)	(0.55)	(60,962.79)	-	66.17
33	Chitra Prem Pte. Limited @	31/03/2016	USD	-	-	-	-	-	883.43	(1,807.03)	(0.38)	(1,807.41)	-	66.17
34	Vidya Varsha INC @	31/03/2016	USD	-	-	-	-	-	2,462.37	(2,798.38)	-	(2,798.38)	-	66.17

Note:

- (i) Exchange Rate: *1USD= ₹ 66.3329, **1USD = ₹ 65.6947, # 1USD = 51.74 Meticals, ## 1USD = 200 Naira
(ii) @ the Management Certified Accounts available as at December 31, 2015 have been considered

1. Subsidiaries which are yet to commence operations

Brio Resources Pte Ltd
RDPT Batavia Drill
Marvel Value International Limited
Mercator Global Pte Limited
MCS Fuel Trading Sdn. Bhd.

2. Subsidiaries which have been liquidated or sold during the year

Mercator Lines (Singapore) Limited
Chitra Prem Pte. Limited
Vidya Varsha INC

Part B: Associates and Joint Ventures

Sr. No.	Name of Associates/joint ventures	Audited Balancesheet Date	Shares held by the Company on the year end		Description of significant influence	Reason for non consolidation	Network attributable to shareholding	Profit /loss for the year	
			No.	Amount of Investment				Consider in Consolidation	Not Consider in Consolidation

NIL

1. Associates or Joint Ventures which are yet to commence operations - NIL
2. Associates or Joint Ventures which have been liquidated or sold during the year - NIL

「CONSOLIDATED」 「FINANCIALS」

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MERCATOR LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MERCATOR LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis of Qualified Opinion

The auditors of two step down subsidiaries have qualified their reports regarding the recoverability of the deposits paid amounting to ₹ 2103.89 lakhs (USD 3.17 Mn.) to acquire 70% equity interest in the companies which own concessions for coal mining. They are unable to obtain sufficient appropriate audit evidence that the company can recover the investment money, and as such, whether any adjustment to this amount is necessary.

The Auditors of one step down subsidiary have qualified their report regarding the recoverability of long overdue trade receivables by one step down subsidiary amounting to ₹ 9212.85 lakhs (USD 13.89 Mn) for which no allowance for impairment has been made. They are unable to satisfy themselves of the recoverability of the debts for which no allowance for impairment have been made in the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

The auditors of one step down subsidiary have stated in their report regarding the breach of certain banks' financial covenants by one step down subsidiary for which the bank may levy a penalty and have the right to review the account and stipulate additional conditions including pricing.

Other Matters

Attention is invited to Note 3.8 regarding Impairment of Investment by a wholly owned subsidiary in its subsidiary to the extent of ₹ 32,901 lakhs on account of cessation of control pursuant to it being placed under Judicial Management and that the financial statements of the said subsidiary have been consolidated up to 31st December 2015.

We did not audit the financial statements of 30 subsidiaries included in the statement, whose financial statements reflect total assets of ₹ 2,58,338.95 lakhs and total revenue of ₹ 1,68,792.78 lakhs for the year ended March 31, 2016, as considered in the consolidated financial statements. These

financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The consolidated financial statements include unaudited figures in respect of 4 subsidiaries which are as approved by their management, whose financial statement reflect total assets (net) of ₹ 7,929.67 lakhs and total revenue of ₹ 15,419.99 lakhs for the year ended March 31, 2016.

The consolidated financial statements does not include financial statements of 2 subsidiaries which are newly formed and as per information and explanations given to us by the management, do not have any transactions that are material to the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements approved by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and working/records maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) The matters described in the Basis for Qualified opinion paragraph above, in our opinion, may not have an adverse effect of the functioning of the company.
- (f) On the basis of the written representations received from the directors of the Holding company as on 31st March, 2016 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries incorporated in India, the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The group has disclosed the impact of pending litigations on its financial position in the consolidated financial statements – Refer Note 3.5 to the consolidated financial statements.
 - ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts, where required to be transferred, to the Investor Education and Protection Fund by the Group

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

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Dated: 27th May, 2016.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mercator Limited ("the Holding Company") and its subsidiaries incorporated in India ("covered entities") as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The managements of the Holding company and covered entities are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and covered entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding company's and the covered entities' policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing,

issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the holding company's and covered entities, internal financial control systems over financial reporting.

For CNK & Associates LLP

Chartered Accountants
Firm's Registration No.: 101961W

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Dated: 27th May, 2016.

Consolidated Balance Sheet as at March 31, 2016

Particulars	Note	As at 31. March 2016 Amount ₹ in Lakhs	As at 31. March 2015 Amount ₹ in Lakhs
A EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	2.1	2,448.92	2,448.92
(b) Reserves and surplus	2.2	82,698.74	195,442.85
		85,147.66	197,891.77
Minority interest		2,951.57	25,368.02
		88,099.23	223,259.79
2 Non - current liabilities			
(a) Long-term borrowings	2.3	160,913.36	250,667.41
(b) Other long term liabilities	2.4	5,343.21	14,752.71
(c) Long-term provisions	2.5	398.50	533.96
		166,655.07	265,954.08
3 Current liabilities			
(a) Short-term borrowings	2.6	49,247.59	69,981.26
(b) Trade payables	2.7	82,187.68	119,400.99
(c) Other current liabilities	2.8	94,935.41	85,367.65
(d) Short-term provisions	2.9	679.69	1,850.40
		227,050.37	276,600.30
Total		481,804.67	765,814.17
B ASSETS			
1 Non- current assets			
(a) Fixed assets			
(i) Tangible assets	2.10	265,341.58	498,323.76
(ii) Intangible assets	2.10	32.36	40.08
(iii) Capital work in progress		68,780.01	62,033.12
		334,153.95	560,396.96
(b) Non-current investments	2.11	71.08	137.60
(c) Deferred tax asset		(321.03)	412.79
(d) Long-term loans and advances	2.12	29,097.85	36,855.05
(e) Other non-current assets	2.13	601.02	297.59
		363,602.87	598,099.99
2 Current assets			
(a) Current investments	2.11	-	398.89
(b) Inventories	2.14	1,921.41	3,413.67
(c) Trade receivables	2.15	57,870.11	81,509.68
(d) Cash and bank balances	2.16	9,544.38	27,440.49
(e) Short-term loans and advances	2.17	22,826.39	30,134.90
(f) Other current assets	2.18	26,039.51	24,816.55
		118,201.80	167,714.18
Total		481,804.67	765,814.17
Significant Accounting Policies	1		
Notes forming part of the financial statements	2 to 5		

As per our report of even date
For **CNK & Associates LLP**
Chartered Accountants

For and on behalf of the Board

Himanshu Kishnadwala
Partner
M. No. 37391

Dated: 27th May 2016
Place: Mumbai

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

M. M. Agrawal
Director
(DIN:00681433)

Deepesh Joishar
Company Secretary

A. J. Agarwal
Managing Director
(DIN:00007663)

Gunender Kapur
Director
(DIN:01927304)

Archana Mittal
Director
(DIN:00007972)

Kishor Shah
Group CFO

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Note	Year Ended 31. March 2016 Amount ₹ in Lakhs	Year Ended 31. March 2015 Amount ₹ in Lakhs
INCOME			
(a) Revenue from operations	2.19	270,641.76	309,163.22
(b) Other income	2.20	1,885.69	1,528.55
1 Total Revenue		272,527.45	310,691.77
EXPENSES:			
(a) Operating expenses	2.21	207,296.46	229,880.05
(b) Employee benefit expenses	2.22	6,424.13	7,248.53
(c) Finance cost	2.23	26,218.34	22,529.95
(d) Depreciation and amortisation expenses	2.10	42,240.77	47,455.80
(e) Impairment of assets		34,882.81	40,900.82
(f) Other expenses	2.24	64,418.22	20,112.32
2 Total Expenses		381,480.73	368,127.47
3 Profit/(Loss) before exceptional items and taxes (1 - 2)		(108,953.28)	(57,435.70)
4 Less: Exceptional items (Refer Note 3.7)		-	11,595.90
5 Profit/(Loss) before taxes (3 - 4)		(108,953.28)	(69,031.60)
6 Tax expense:			
(a) Current tax		(282.18)	(1,058.21)
(b) (Short)/ Excess provision of tax for earlier years		33.45	0.05
(c) Deferred Tax		(771.36)	(599.85)
Profit/(Loss) for the year before adjustment for Minority Interest		(109,973.37)	(70,689.61)
Less: share of profit / (loss) transferred to Minority Interest		20,960.72	25,737.07
Profit/(Loss) for the period		(89,012.65)	(44,952.54)
Earnings per share (Equity share of ₹ 1/- Each)			
Basic and Diluted (In Rupees)	4.7	(36.35)	(18.36)
Significant Accounting Policies	1		
Notes forming part of the financial statements	2 to 5		

As per our report of even date
For **CNK & Associates LLP**
Chartered Accountants

For and on behalf of the Board

H. K. Mittal
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M. No. 37391

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Director
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Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2016

Particulars	Current Year Amount ₹ Lakhs	Previous Year Amount ₹ Lakhs
A Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax	(108,953.28)	(69,031.60)
Adjustment for:		
Depreciation	42,240.77	47,455.80
Impairment of assets	34,882.81	40,900.82
Provision for doubtful debts/advances	12,905.95	11,097.88
Interest paid	26,218.34	22,529.95
(Profit)/Loss on fixed assets sold (net)	44,844.74	-
(Profit)/Loss on sale of investments (net)	(1.63)	(61.12)
Interest income	(1,747.01)	(1,221.17)
Bad Debts and other amounts written off/(back)	270.75	35.94
Adjustment for foreign exchange currency translation/Adjustment	11,182.28	(1,299.94)
Adjustments for exchange fluctuation	1,155.00	(146.30)
Operating profit before working capital changes	62,998.72	50,260.25
Adjustment for:		
Decrease/(Increase) in Long-term loans and advances	12,563.29	(1,602.76)
Decrease/(Increase) in Inventories	1,492.26	2,288.56
Decrease/(Increase) in Short-term loans and advances	7,676.46	(350.86)
Decrease/(Increase) in Other current assets	(1,418.80)	2,523.51
Decrease/(Increase) in Trade Receivables	10,482.09	(29,406.33)
(Decrease)/Increase in Other long term liabilities	(9,054.19)	13,413.09
(Decrease)/Increase in Long term provisions	(135.46)	53.55
(Decrease)/Increase in Trade Payables	(37,229.36)	71,687.16
(Decrease)/Increase in Other current liabilities	21,377.71	(1,496.13)
(Decrease)/Increase in Short term provisions	(873.19)	(2,370.56)
Net Cash from Operating Activities	67,879.53	104,999.49
Direct taxes paid	(2,233.13)	(3,608.02)
Total cash from / (used in) operating activities	65,646.40	101,391.47
B Cash Flow from Investing Activities		
Acquisition of Fixed Assets including Capital Work in Progress (net)	107,506.83	(81,714.65)
(Increase) / Decrease in Short-term loans and advances	-	345.13
(Increase) / Decrease in Capital advances	(2,104.23)	(2,868.28)
(Increase) / Decrease in Current Intercompany deposits	2,758.65	(334.99)
(Purchase)/sale of Investment	467.04	3,091.43
Investment in fixed deposits	808.95	5,683.75
Interest Income	1,908.55	1,168.56
Net Cash from Investing Activities	111,345.79	(74,629.05)

Consolidated Cash Flow Statement for the year ended March 31, 2016

Particulars	Current Year Amount ₹ Lakhs	Previous Year Amount ₹ Lakhs
C Cash Flow from Financing Activities		
Proceeds from Long term Borrowings	(113,041.21)	(2,434.56)
Proceeds from Short term Borrowings	(20,733.67)	9,447.56
Proceeds from issue of shares to minority shareholders	(2,972.41)	(501.66)
Expenses incurred for FCCB	-	(193.29)
Increase/(Decrease) in Reserves	(25,935.10)	-
Dividend Paid (Including Dividend Distribution tax)	(592.28)	(283.97)
Interest paid	(30,538.31)	(23,321.88)
Net Cash from Financing Activities	(193,812.98)	(17,287.80)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(16,820.79)	9,474.62
Cash and Cash Equivalents as at beginning of the year (Refer Note 2.16)	25,306.53	15,853.02
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	2.76	(21.11)
Cash and Cash Equivalents as at end of the year (Refer Note 2.16)	8,488.50	25,306.53
Cash and Cash Equivalents comprise of:		
Cash and Bank Balances (Refer Note 2.16)	8,488.50	25,306.53

Notes:

- Figures in bracket represent outflows.
- Cash and cash equivalents include Unclaimed dividend accounts of ₹ 22.44 lakhs (P.Y. ₹ 34.48 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

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

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M. No. 37391

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

Notes forming part of the consolidated financial statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2016

CORPORATE INFORMATION

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended 31st March, 2016.

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

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

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

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

1.2 Use of Estimates

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

1.3 Principles of consolidation

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

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

Sr. No	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2016	% of holding either directly or through subsidiary as at March 31, 2015
1	Mercator Oil and Gas Limited.	India	100.00%	100.00%
2	Mercator Petroleum Limited.	India	87.75%	87.75%
3	Oorja Resources India Private Limited.	India	100.00%	100.00%
4	Mercator FPSO Private Limited.	India	100.00%	100.00%
5	Mercator Global Pte Limited.	Singapore	0.00%	0.00%
6	Mercator International Pte. Limited	Singapore	100.00%	100.00%
7	Mercator Offshore Holdings Pte. Limited.	Singapore	100.00%	100.00%
8	Brio Resources Pte Ltd.	Singapore	0.00%	0.00%
9	Oorja Holdings Pte. Limited.	Singapore	100.00%	100.00%
10	Mercator Energy Pte Limited.	Singapore	75.00%	78.00%
11	Mercator Projects Pte. Ltd.	Singapore	75.00%	78.00%
12	Mercator Offshore Assets Holding Pte Limited	Singapore	75.00%	78.00%
13	Mercator Okwok FPU Pte Limited.	Singapore	75.00%	78.00%
14	Mercator Okoro FPU Pte Limited.	Singapore	75.00%	78.00%
15	Mercator Offshore (P) Pte Limited.	Singapore	76.25%	79.10%
16	Ivorene Oil Services Nigeria Limited.	Singapore	76.25%	79.10%
17	Fortune Offshore O&M Pte Limited.	Singapore	76.25%	0.00%

Notes forming part of the consolidated financial statements

Sr. No	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2016	% of holding either directly or through subsidiary as at March 31, 2015
18	Panther Resources Pte Limited.	Singapore	100.00%	100.00%
19	RDPT Batavia Drill	Indonesia	91.00%	81.00%
20	Oorja (Batua) Pte. Limited.	Singapore	100.00%	100.00%
21	Oorja 1 Pte. Limited.	Singapore	100.00%	100.00%
22	Oorja 2 Pte. Limited.	Singapore	100.00%	100.00%
23	Oorja 3 Pte. Limited.	Singapore	100.00%	100.00%
24	Oorja Mozambique Lda	Mozambique	100.00%	100.00%
25	MCS Holdings Pte. Ltd.	Singapore	100.00%	100.00%
26	PT Karya Putra Borneo	Indonesia	50.00%	50.00%
27	PT Indo Perkasa	Indonesia	25.50%	25.50%
28	Oorja Indo Petangis Four	Indonesia	100.00%	100.00%
29	Oorja Indo Petangis Three	Indonesia	100.00%	100.00%
30	PT Mincon Indo Resources	Jakarta	100.00%	100.00%
31	Bima Gema Permata, PT	Jakarta	100.00%	100.00%
32	Nuansa Sakti Kenkana	Jakarta	100.00%	100.00%
33	Oorja Indo KGS	Indonesia	100.00%	100.00%
34	Broadtec Mozambique Minas Lda	Mozambique	85.00%	85.00%
35	MCS Fuel Trading Sdn, Bhd	Malaysia	100.00%	100.00%
36	Mercator Lines (Singapore) Limited. (Refer Note 3.8)	Singapore	66.17%	66.17%
37	Vidya Varsha Inc (Refer Note 3.8)	Panama	66.17%	66.17%
38	Chitra Prem Pte Limited(Refer Note 3.8)	Singapore	66.17%	66.17%
39	Marvel Value International Limited	British Virgin Islands	100.00%	0.00%

The Consolidated financial statements have been prepared on the following basis:

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

1.4 Tangible fixed assets and Depreciation

- a) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction including attributable borrowing cost, duties and other incidental expenses related to the acquisition of the asset.
- b) Exchange differences arising on repayment of foreign currency loans and year end translation of foreign currency loans relating to acquisition of depreciable assets are, following option given by notification of Ministry of Corporate Affairs (MCA) dated 31st March 2009/29th December 2011, adjusted to carrying cost of the respective fixed assets.

Notes forming part of the consolidated financial statements

c) Depreciation on Vessels and on fixed assets held outside India is provided using Straight Line Method (SLM)/Unit of Production/Double declining method based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

d) In Parent Company, depreciation on fixed assets is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of vessels, where depreciation is provided on SLM. Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of vessels, where useful life is considered as under based on technical evaluation:

Tankers, Dry Bulk carriers, Cutters, Dredgers	25 years
Gas Carriers	30 years

e) Depreciation on additions/disposals during the year is provided on pro-rata basis.

f) Depreciation on assets acquired under lease is spread over the lease period.

g) Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

h) Dry docking expenses, comprising cost of materials and services deployed during the dry docking, are capitalised and depreciated over the period to the next scheduled dry docking, which approximates two and half years. If the vessel is disposed before the next dry docking, the carrying amount of dry docking expenses is included in determining the gain or loss on disposal of the vessel and taken to the Statement of Profit and Loss. If the period to the next dry docking is shorter than expected, the unamortised balance of the deferred dry docking cost is charged immediately as an expense before the next dry docking.

1.5 Goodwill

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

1.6 Impairment of assets

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

The Impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.7 Capital work in progress

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

1.8 Exploration and evaluation expenditure

Exploration Asset - Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Exploration expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- The exploration expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration asset is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the exploration asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the exploration asset attributable to that area of interest are first tested for impairment and then reclassified to mining property within property, plant and equipment.

1.9 Inventories

Bunker and Lubes on vessels are valued at lower of cost and net realisable value ascertained on first in first out basis.

Inventory of coal is valued at the lower of cost and net realizable value. Cost is determined based on the weighted average cost incurred during the period and includes an appropriate portion of fixed and variable overheads. Net realizable value is the estimated sales amount in the ordinary course of business less the costs of completion and selling expense.

1.10 Oil and Gas Assets

During the previous year F.Y 2014-15, the company had changed its accounting for oil and gas from Successful Efforts method to Full Cost method as per the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas producing activities" (revised 2013).

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

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license by license basis. Costs

Notes forming part of the consolidated financial statements

are held, undepleted, within exploratory and development wells-in-progress until the exploration phase relating to the license area is complete or commercial oil and gas reserves have been discovered.

1.11 Investments

- a) Investments are classified into Non Current and Current investments.
- b) Investments which are readily realizable and intended to be held for not more than twelve months are classified as Current investments. All other investments are classified as Non-Current investments.
- c) Long-term Investments are stated at cost of acquisition and related expenses. Provision for diminution, if any, in the value of such investments is made to recognise a decline, other than of a temporary nature.
- d) Current Investments are stated at cost of acquisition including incidental / related expenses or at fair value as at 31st March 2016, whichever is less and the resultant decline, if any, is charged to revenue.

1.12 Incomplete Voyages

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

1.13 Borrowing Costs

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

1.14 Revenue Recognition

a) Freight Income

Income on account of freight is recognized in all cases where loading of the cargo is completed before the close of the year. All corresponding direct expenses are also provided.

b) Cargo Handling

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

c) Charter Hire Income

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

d) Dividend Income

Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.

e) Interest Income

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

f) Insurance Claims

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

g) Revenue from Mining Activity

Revenue from coal mining and trading is recognized on transfer of risk, reward and ownership of the goods, and is recorded net of returns, trade allowance, and government duties.

h) Income from Construction Contracts

In case of a subsidiary, revenue from long-term construction contracts is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

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

1.15 Foreign Exchange Transactions

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

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

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

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

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

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

1.16 Employees Benefits

a) 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,

Notes forming part of the consolidated financial statements

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

1.20 Provisions and Contingent Liabilities:

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

1.21 Derivative instruments and hedge accounting

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

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

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

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

Hedge accounting

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

Notes forming part of the consolidated financial statements

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

Fair value hedge

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

Hedge accounting will be discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk will be amortised to the Statement of Profit and Loss from that date.

Cash flow hedge

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

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

and losses previously deferred in equity will be transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting will be discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time will remain in equity and will be recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that had been deferred in equity will be recognised immediately in the Statement of Profit and Loss.

1.22 Premium on redemption of Bonds / Debentures

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

1.23 Cash and Cash equivalents

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

1.24 Cash Flow Statement

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

2.1 Share Capital

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Authorised		
35,00,00,000 Equity shares of Re 1/- par value each	3,500.00	3,500.00
200,00,000 Preference shares of Rs 100/- par value each	20,000.00	20,000.00
	23,500.00	23,500.00
Issued Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up	2,448.92	2,448.92
	2,448.92	2,448.92
Subscribed and Fully Paid Up Capital		
24,48,92,073 (24,48,92,073) Equity shares of Re. 1/- each fully paid up.	2,448.92	2,448.92
	2,448.92	2,448.92

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

Equity Shares

Particulars	As at March 31, 2016	As at March 31, 2015
Number of shares at the beginning	244,892,073	244,892,073
Add: Shares issued during the year	-	-
Number of shares at the end	244,892,073	244,892,073

Notes forming part of the consolidated financial statements

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 proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

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

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

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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares	% of holding	No of shares	% of holding
Equity shares of ₹ 1 each fully paid				
H. K. Mittal	46,766,700	19.10	46,654,200	19.05
Archana Mittal	26,327,400	10.75	26,327,400	10.75
AHM Investments Private Limited	18,406,250	7.52	18,406,250	7.52
Albula Investment Fund Ltd	12,436,005	5.08	-	-
Lotus Global Investments Limited	-	-	14,229,669	5.81

2.2 Reserves and Surplus

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Capital Reserve		
As per last Financial Statements	4,289.49	4,289.49
Capital Redemption Reserve		
As per last Financial Statements	4,000.00	4,000.00
Securities Premium Account		
As per last Financial Statements	36,181.63	36,374.92
Less: Utilisation of Reserve for issuance of Securities	-	(193.29)
	36,181.63	36,181.63
Tonnage Tax Reserve		
As per last Financial Statements	1,179.69	150.00
Add/(Less): Transferred from Statement of Profit and Loss	357.40	1,029.69
	1,537.09	1,179.69

Notes forming part of the consolidated financial statements

Particulars	As at 31. March 2016	As at 31. March 2015
Debenture Redemption Reserve		
As per last Financial Statements	3,750.00	7,500.00
Add/(Less): Transferred to/from General Reserve	-	(3,750.00)
	3,750.00	3,750.00
General Reserve		
As per last Financial Statements	14,001.66	10,251.66
Add/(Less) : Transferred from/to Debenture Redemption Reserve	-	3,750.00
	14,001.66	14,001.66
Capital Reserve on Consolidation	-	74,441.44
Other Reserve	2,297.98	-
Foreign Exchange Currency Translation Reserve	(1,564.20)	34,649.32
Foreign Exchange Fluctuation Reserve		
As per last Financial Statements	(26.09)	944.31
Add/Less: Exchange fluctuation on Long Term Loans in relation to non integral foreign operations (Net)	514.87	300.42
Add/Less: Transfer to Statement of Profit and Loss on repayment of Long Term Loans in relation to non integral foreign operations	(486.21)	(1,270.82)
	2.57	(26.09)
Foreign Currency Monetary Item Translation Difference Account (Refer Note 4.2)		
As per last Financial Statements	(1,200.74)	(1,620.71)
Add/Less: For the year	37.65	419.97
	(1,163.09)	(1,200.74)
Hedging Reserve		
As per last Financial Statements	(1,153.00)	(1,256.04)
Add/Less: For the year	134.11	103.04
	(1,018.89)	(1,153.00)
Surplus		
As per last Financial Statements	25,329.44	71,934.37
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(89,012.65)	(44,952.54)
Less: Transfer to Tonnage Tax Reserve	(357.40)	(1,029.69)
Less: Depreciation for earlier years as per transitional provisions on implementation of Schedule II of the Companies Act 2013	-	(30.43)
Add/(Less): Adjustment on account of subsidiary (Refer Note 3.8)	84,719.85	-
Less: Provision for Dividend*	(244.89)	(489.78)
Less: Tax on Dividend	(49.85)	(102.49)
	20,384.50	25,329.44
	82,698.74	195,442.85

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

Notes forming part of the consolidated financial statements

2.3 Long term borrowings

Amount ₹ in Lakhs

Particulars	As at 31. March 2016 ₹	As at 31. March 2015 ₹
Secured		
(A) Debentures	10,000.00	15,000.00
(B) Foreign Currency Loans	105,776.03	193,271.41
(C) Term loans from banks	34,524.07	32,381.47
Unsecured		
(D) FCCB	10,613.26	10,014.53
	160,913.36	250,667.41

Notes:

Security details

I) Secured

- a) Debentures referred in (A) above are secured by first mortgage on specified vessels of the company on pari-passu basis and first pari-passu charge on the specified immovable property with other lenders
- b) Foreign Currency Loan referred in (B) above are secured by, wherever applicable
 - (i) By way of exclusive charge on specified vessel(s)
 - (ii) By way of pari-passu charge on specified vessel(s)
 - (iii) By way of exclusive charge on specified mining assets
 - (iv) Corporate guarantee(s)
 - (v) Personal guarantee
 - (vi) Charge on loan provided to subsidiary
 - (vii) Assignment of contract(s); Earnings; Insurance
 - (viii) Charge on shares; Deposits & Accounts"
- c) (i) Term Loans referred in (C) above are secured by exclusive/first pari passu/residual charge on specified vessels, and charge on cash flows of specified vessels. It includes an amount of ₹ 3,146.83 Lakhs additionally secured by pari passu charge on specified immovable property wherever applicable
- (ii) Term Loan referred in (B) above includes Bonds of ₹ 13,000.03 Lakhs secured by third preferred Mortgage of MOPU & FSO ; subordinated charge over future acquisitions, & Letter of Support from immediate holding company

II) Unsecured

FCCB referred in (D) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 with initial conversion price of ₹ 38.30 Per Share (at a fixed rate of exchange on conversion of ₹ 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019.

iii) Terms of repayment and interest as follows:

Amount ₹ in Lakhs

Description	ROI*	Balance installments as on 31.03.2016	Year of maturity F.Y. ending	Amount outstanding 31.03.2016	Amount outstanding 31.03.2015
Debentures	12.40%	3	2019	15,000.00	15,000.00
Term Loan	12.25%	4	2018	4,800.00	6,400.00
Term Loan	12.45%	4	2018	3,300.00	4,400.00
Term Loan	9.49%	34	2019	15.80	-
Term Loan	Libor+3.25%	2	2017	3,146.83	5,933.61
External Commercial Borrowing	Libor+3.00%	0	2016	-	3,911.93
External Commercial Borrowing	Libor+5.00%	6	2019	2,404.57	2,503.63

Notes forming part of the consolidated financial statements

Amount ₹ in Lakhs

Description	ROI*	Balance installments as on 31.03.2016	Year of maturity F.Y. ending	Amount outstanding 31.03.2016	Amount outstanding 31.03.2015
External Commercial Borrowing	Libor+3.40%	21	2022	11,939.92	11,266.34
External Commercial Borrowing	Libor+3.40%	24	2022	6,944.74	-
Term Loan	Libor+5.00%	16	2020	3,979.97	1,251.82
Term Loan	Libor+5.60%	24	2022	14,593.24	15,334.75
Term Loan	Libor+2.60%	1	2017	2,686.48	3,661.56
Term Loan	Libor+4.50%	14	2020	3,979.97	9,701.57
Term Loan	Libor+4.50%	14	2020	3,979.97	-
Term Loan	Libor+4.50%	24	2022	4,626.72	-
Term Loan	Libor+5.50%	17	2021	5,638.30	-
FCCB	4.75%	1	2020	10,613.26	10,014.53
Foreign Currency Loan	Libor +5.0%	20	2021	13,266.58	-
Foreign Currency Loan	Libor +6.0%	1	2018	9,949.95	9,388.62
Foreign Currency Loan	Libor +3.80%	28	2023	30,735.93	31,411.71
Foreign Currency Loan	Libor +4.30%	2	2017	1,691.49	8,762.71
Foreign Currency Loan	Libor +6.0%	10	2019	8,730.49	10,532.57
Foreign Currency Loan	Libor +3.75%	8	2018	31,176.46	42,405.27
Foreign Currency Loan	Libor +4.75%	5	2019	11,077.59	10,953.39
Foreign Currency Loan	Libor +1.5%	0	2018	-	39,614.73
Foreign Currency Loan	Libor +2.50%	0	2020	-	21,134.64
Foreign Currency Loan	Libor +3.0%	0	2018	-	4,991.70
Foreign Currency Loan	Libor +2.25%	0	2016	-	1,668.58
Foreign Currency Loan	Libor +2.35%	0	2019	-	9,910.90
Foreign Currency Loan	Libor +2.25%	0	2021	-	15,311.91
Foreign Currency Loan	Libor+5.25%	0	2016	-	5,007.26
Foreign Currency Loan	Libor+6.0%	0	2016	-	5,633.23
Bond	5.00%	1	2021	13,000.04	12,518.16
				217,278.33	318,625.12
Less: Shown in current maturities of long term debt				56,364.94	67,957.71
Balance shown as above				160,913.36	250,667.41
* Applicable Rate of Interest as on 31.03.2016					

Notes forming part of the consolidated financial statements

2.4 Other long term liabilities

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Trade payable	-	146.05
Others		
Liability towards cash flow hedges	509.44	864.75
Provision for onerous contracts	-	13,741.91
Security Deposit	18.00	-
Others	4,815.77	-
	5,343.21	14,752.71

2.5 Long term provisions

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Provision for employee benefits		
Gratuity	310.83	458.10
Compensated absences	87.67	75.86
	398.50	533.96

2.6 Short term borrowings

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Secured		
Loans repayable on demand		
Working capital facilities from banks*	41,969.14	61,544.41
Foreign Currency Demand Loan from Bank**	5,306.63	5,007.26
Unsecured		
Working capital facilities from banks	1,971.82	3,429.59
	49,247.59	69,981.26

Note:

* Working capital facilities from Banks are secured by first charge on respective receivables on pari-passu basis and second charge on specified vessels; and further by way of Corporate Guarantees, wherever applicable.

**Foreign Currency Demand Loan is provided as a sublimit of the existing Overdraft limit for a tenure of one year, with a roll over to be undertake after 6 months. Rate of Interest: 6 months LIBOR plus 5.5 % p.a. payable monthly

2.7 Trade payables

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Trade Payables	82,187.68	119,400.99
	82,187.68	119,400.99

Notes forming part of the consolidated financial statements

2.8 Other current liabilities

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Current maturities of long-term debt		
1) Debentures (Refer Note 2.3 (a))	5,000.00	-
2) Foreign Currency Loan (Refer Note 2.3 (b))	35,141.71	53,655.88
3) Term loans from banks (Refer Note 2.3 (c))	16,223.23	14,301.83
Interest accrued but not due on borrowings	1,466.73	1,859.93
Interest accrued and due on borrowings	-	45.17
Income received in advance	6,500.59	9,063.11
Unpaid dividend*	22.44	34.48
For Other liabilities		
Salaries & wages payable	135.19	18.29
Statutory dues payables	1,056.71	919.81
Liability towards cash flow hedges	509.44	288.25
Advance from customer	9,636.25	0.83
Other payables	19,243.12	5,180.07
	94,935.41	85,367.65

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

2.9 Short term provisions

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Provision for employee benefits		
Gratuity	16.03	23.69
Compensated absences	25.86	25.29
Others		
Provision for dividend	244.89	489.78
Tax on dividend	49.85	102.49
Provision for onerous contracts	-	1,199.18
Provision for tax	343.06	-
Others	-	9.97
	679.69	1,850.40

Amount ₹ in Lakhs

Particulars	Original Cost			Depreciation/Amortization					Net Book Value				
	As at April 1, 2015	Translation / Adjustment	Addition for the year	Deduction for the year	As at March 31, 2016	Upto March 31, 2015	Translation/ Adjustment	Depreciation For the year	Impairment For the year	Adjustment in respect of Assets Sold / Discarded / held for disposal	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets													
Land	11,802.02	781.09	-	325.77	12,257.34	607.61	38.67	391.89	-	151.11	887.05	11,370.28	11,194.41
Road and Bridges	440.70	26.35	-	467.04	-	440.70	21.85	-	-	462.55	-	-	-
Office Premises (Refer Note 1, 2)	898.16	45.14	11.77	314.06	641.01	503.96	16.77	63.25	-	306.32	277.67	363.34	394.20
Vessels (Refer Note 3)	759,268.25	36,424.98	31,216.51	450,702.46	376,207.29	294,901.40	13,098.08	41,719.94	-	207,924.05	141,795.38	234,411.92	464,366.85
Furniture and Fixtures	1,903.89	114.66	17.33	509.78	1,526.10	1,130.01	43.53	354.12	-	403.85	1,123.82	402.29	773.88
Vehicles (Refer Note 4)	1,326.21	152.36	83.34	759.75	802.15	971.05	37.61	138.62	-	684.65	462.63	339.52	355.16
Computer Equipments	224.93	3.29	24.96	60.83	192.35	194.81	2.27	19.33	-	49.14	167.27	25.08	30.12
Mines	11,283.24	(3,448.80)	1,676.53	376.44	9,134.53	3,491.40	231.06	-	2,298.22	-	6,020.68	3,113.84	7791.84
Mining Equipments	16,844.89	1,385.19	2,162.08	2,123.44	18,268.72	3,427.59	199.68	1,185.06	-	1,858.79	2,953.54	15,315.18	13,417.30
Intangible Assets													
Computer Software	43.15	-	2.13	-	45.28	3.07	-	9.85	-	-	12.92	32.36	40.08
Grand Total	804,035.43	35,484.27	35,194.65	455,639.57	419,074.78	305,671.60	13,689.54	43,882.06	2,298.22	211,840.46	153,700.96	265,373.81	498,363.84
Previous Year Grand Total	752,199.03	33,171.51	28,855.68	10,190.77	804,035.44	206,900.00	10,386.21	47,455.80	40,900.82	(28.77)	305,671.60	498,363.84	545,299.01

Note

- 1) Includes cost of 10 shares of ₹ 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 ₹ 200.20 lakhs (P.Y. ₹ 180.05 /- lakhs) are given on Operating Lease.
- 3) Other adjustments include exchange fluctuation loss on Long term foreign currency loans ₹ 3,121.14 lakhs (P.Y. ₹ 1101.51 lakhs)
- 4) Vehicles having net book value of ₹ 77.53 lakhs (P.Y. ₹ 97.54 lakhs) are on finance lease.
- 5) Depreciation amounting to ₹ 1,641.29 Lakhs attributable assets used for mining activities has been included in cost of goods sold in financials of respective subsidiaries.
- 6) Consequent to Schedule II of the Companies Act, 2013, becoming applicable with effect from April 01, 2014, additional charge of Depreciation to statement of profit and loss for the year ended March 31, 2015, was ₹ 28.26 Lakhs

Notes forming part of the consolidated financial statements

2.11 Investments

Amount ₹ in Lakhs

Particulars	Nos	As at 31. March 2016	Nos	As at 31. March 2015
Non Current Investments - At cost				
Investment in Equity Shares				
Marg Swarnabhoomi Port Private Limited	1,250	0.12	1,250	0.13
Non trade investments (Unquoted)				
Investment in Others				
Units of Indian Real Opportunity Venture Capital Fund	5,968	59.68	7,380	73.80
Axis Infra Bond	-	-	-	63.67
Others	-	11.28	-	-
Aggregate amount of Unquoted investments	-	71.08	-	137.60
Current Investments - at the lower of cost and fair value				
Quoted				
Investments in Mutual Funds				
Axis Infra Bond	-	-	-	392.93
(Market value of current investments on 31.3.16 Nil (P.Y. Rs. 442.28 lakhs)				
Aggregate amount of Quoted investments	-	-	-	392.93
Unquoted				
Investment in Shares	-	-	-	5.96
Aggregate amount of Unquoted investments	-	-	-	5.96
Aggregate amount of Current investments	-	71.08	-	536.49

2.12 Long term loans and advances

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured		
Considered good		
Capital Advances	11,509.81	9,135.58
Capital Advances to related parties*	3,929.96	4,199.96
Deposits		
Deposits with government and semi government bodies	7.54	4.24
Other deposits	788.53	3,107.65
Other deposits to related parties**	-	500.00
Exploration and development expenses recoverable	-	8,163.67
Deffered exploration and development of mine	-	107.85
Other loans and advances		
Advances Recoverable	137.36	770.88
Advance payment of tax	11,254.04	8,638.29
Unamortized finance charges	495.61	409.50
Derivative financial instruments	-	842.43
MAT credit available	975.00	975.00
	29,097.85	36,855.05

Notes forming part of the consolidated financial statements

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
* Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	4,199.96	4,199.96
Less: Provision	(270.00)	-
	3,929.96	4,199.96
** Other deposits to related parties		
MLL Logistics Private Limited	-	500.00
	-	500.00

2.13 Other non current assets

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Fixed Deposits with bank with maturity more than 12 months	561.93	292.80
Accrued interest on fixed deposit with banks	39.09	4.79
	601.02	297.59

2.14 Inventories

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
At Cost (Valued at lower of cost and net realisable value)		
Coal	1,044.83	1,775.12
Bunker and lubes	876.58	1,638.55
	1,921.41	3,413.67

2.15 Trade receivables

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured		
Debts outstanding for a period exceeding six months from the due date of payment		
Considered good (net of provision for doubtful debts ₹ 1,935.01 Lakhs (P.Y. ₹ 2,351.63 lacs)	24,370.15	17,527.25
Others debts		
Considered good	33,499.96	63,982.43
	57,870.11	81,509.68

Notes forming part of the consolidated financial statements

2.16 Cash and bank balances

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Cash and cash equivalents		
Cash in hand	44.62	52.40
Balances with banks	3,466.29	21,425.21
Deposits with banks with 3 months maturity	4,977.59	3,828.92
	8,488.50	25,306.53
Others		
Fixed Deposits with bank with maturity more than 3 months but less than 12 months	1,055.88	2,133.96
	9,544.38	27,440.49
Balances with banks in unpaid dividend accounts	22.44	34.48
Balances with banks includes amount in escrow account	11.00	431.59
Balances with banks held as margin money deposits against guarantees	2,018.72	1,078.37

2.17 Short term loans and advances

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Unsecured, Considered Good		
Deposits	533.10	688.24
Others		
Advance to employees	46.56	136.38
Advance to suppliers	3,589.42	7,020.92
Advances recoverable	1,866.60	5,877.51
Inter corporate deposits to related parties*	2,180.13	5,739.13
Inter corporate deposits to others	1,374.16	1,288.37
Advance payment of tax (net of provisions)	-	668.89
Indirect Tax receivable	839.20	212.87
Insurance receivable	5,428.05	5,428.05
Unamortized finance charges	5,147.05	1,351.56
Prepaid expenses	1,778.58	1,722.98
Others	43.54	-
Considered doubtful		
Inter corporate deposits to others	935.77	935.77
Advance to suppliers	-	714.56
	935.77	1,650.33
Less: Provision for doubtful advances	(935.77)	(1,650.33)
	-	-
	22,826.39	30,134.90
* Inter corporate deposits to related parties		
MLL Logistics Private Limited	2,180.13	5,739.13
	2,180.13	5,739.13

Notes forming part of the consolidated financial statements

2.18 Other current assets

Amount ₹ in Lakhs

Particulars	As at 31. March 2016	As at 31. March 2015
Accrued interest on fixed deposit with banks	28.07	197.26
Interest accrued and due	5.11	31.76
Contract work in progress	26,006.33	24,587.53
	26,039.51	24,816.55

2.19 Revenue from operations

Amount ₹ in Lakhs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Freight	30,865.49	34,039.40
Charter hire	83,605.78	93,812.26
Dispatch and demurrage	239.28	1,383.83
Net gain on Derivatives translation	2,307.81	4,183.77
Sale of Coal	125,426.16	144,374.32
Cargo handling services	3,014.77	9,095.91
Income from project related activities	25,182.47	22,273.73
	270,641.76	309,163.22

2.20 Other income

Amount ₹ in Lakhs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Rent received	16.76	17.30
Interest income	1,747.01	1,221.17
Gain on sale of current investments (net)	-	22.20
Gain on sale of non-current investments	1.63	38.92
Other Income	120.29	228.96
	1,885.69	1,528.55

2.21 Operating expenses

Amount ₹ in Lakhs

Particulars	Year Ended 31. March 2016	Year Ended 31. March 2015
Purchase of Coal	119,391.59	95,557.88
Coal Mining and Logistics expenses	156.21	35,658.18
Designing and other technical charges	17,301.30	13,075.70
Procurement of equipments for project related activities	4,347.21	-
Bunker consumed	10,667.70	14,748.47
Vessel /Equipment hire expenses	4,955.40	10,774.87
Crew Expenses	15,681.91	20,444.94
Agency, Professional and service expenses	1,571.24	2,514.42
Communication expenses	142.47	215.48
Miscellaneous expenses	762.12	1,280.27
Commission	587.91	1,203.52

Notes forming part of the consolidated financial statements

Particulars	Amount ₹ in Lakhs	
	Year Ended 31. March 2016	Year Ended 31. March 2015
Insurance	4,581.14	4,397.78
Port expenses	717.30	1,821.34
Repairs and maintenance	24,776.90	23,583.08
Stevedoring, transport and freight	1,656.06	4,604.12
	207,296.46	229,880.05

2.22 Employee benefits expenses

Particulars	Amount ₹ in Lakhs	
	Year Ended 31. March 2016	Year Ended 31. March 2015
Salaries, wages, bonus, etc.	6,022.70	6,900.91
Contribution to provident and other funds	154.37	197.70
Employee welfare expenses	247.06	149.92
	6,424.13	7,248.53

*Employee costs pertaining to a subsidiary amounting to ₹ 425.40 Lakhs (P.Y. ₹ 219.35 Lakhs) being directly attributable to the Exploration and Development costs are included therein

2.23 Finance cost

Particulars	Amount ₹ in Lakhs	
	Year Ended 31. March 2016	Year Ended 31. March 2015
Interest expense	22,962.98	21,098.30
Other borrowing costs	3,255.36	1,431.65
	26,218.34	22,529.95

2.24 Other expenses

Particulars	Amount ₹ in Lakhs	
	Year Ended 31. March 2016	Year Ended 31. March 2015
Rent	839.40	1,031.98
Payment to auditors		
As auditors	121.07	116.80
For other services	24.99	18.43
Repairs and maintenance (office premises and premises acquired on lease)	200.49	396.83
Insurance	37.10	33.72
Net loss on foreign currency transaction/transalation	1,932.63	823.40
Legal, Professional and consultancy expenses	1,414.80	2,889.38
Donation	19.91	22.59
Communication expenses	93.06	98.18
Conveyance, car hire and travelling	696.90	1,311.04
Advertisement	5.85	5.27
Loss on sale of assets (net)	44,844.74	-
Bad Debts and other amounts written off/back	270.75	35.94
Provision for doubtful debts/advances	12,905.95	11,097.88
Miscellaneous expenses	1,010.58	2,230.88
	64,418.22	20,112.32

Notes forming part of the consolidated financial statements

3. OTHER DISCLOSURES

3.1 Contingent Liabilities not provided for

Amount ₹ in Lakhs

	Current Year	Previous Year
Counter guarantees issued by the Company for guarantees obtained from the bank (net of margin).	11,482.27	7,847.82
Counter guarantees issued by the Company for guarantees obtained from bank on behalf of subsidiaries	1,560.34	152.60
Corporate/Performance guarantees issued by the company on behalf of subsidiaries	19,303.29	19,532.59
Total	32,345.90	27,533.01

3.2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2016 ₹ 8,302.48 Lakhs (Previous Year ₹ 9,942.55 Lakhs).

3.3 Estimated amount of commitments outstanding towards contributions to funds are ₹ Nil (Previous year Nil).

3.4 In respect of the compensation share given to the owners of the chartered in vessels on entering into early termination agreements in 2012 & 2013, put options have been granted by the company. The put option require the company to purchase the shares at a price equivalent to 50% of the closing price for the Mercator Lines Singapore (MLS) shares on SGX-ST on the market day immediately preceding the date on which the shares are transferred to the owners. The option may be exercised within 90 days after the earlier of:

- The fourth anniversary of the date on which the compensations shares are transferred to the owners and
- The date on which any corporate action, legal proceedings or other procedure or step is taken in relation to the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar office in respect of (MLS).

If the put option is exercised, the resultant outflow would be INR 3,775.57 Lakhs.

Consequent upon the Judicial Manager being appointed for MLS vide the order of the High Court of Singapore dated January 18, 2016, the put option has been exercised by the owners. The company is negotiating with the owners for the settlement of their claim.

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

Amount ₹ in Lakhs

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
In respect of Income Tax matters*	11,730.59	11,348.79
In respect of Service Tax matters	6,396.73	8,296.46
Others	3,788.43	5002.10

* Against the above, the company has already paid ₹ 3,918.46 Lakhs (P.Y. ₹ 3,986.59 Lakhs)

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

Amount ₹ in Lakhs

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent				
Mercator Limited	80.60%	71,008.77	1.05%	1,149.95
Subsidiaries				
Indian				
Mercator Oil & Gas Ltd.	1.40%	1,229.08	(0.45%)	(499.09)
Mercator Petroleum Ltd.	(0.21%)	(187.18)	(0.08%)	(87.87)
Mercator FPSO Pvt. Ltd.	(0.01%)	(4.79)	0.00%	(0.99)

Notes forming part of the consolidated financial statements

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Oorja Resources India Pvt. Ltd.	0.02%	18.76	(0.02%)	(17.66)
Foreign				
Mercator International Pte. Ltd.	(16.03%)	(14,118.73)	(39.73%)	(43,695.02)
Mercator Offshore Holdings Pte. Ltd.	2.94%	2,591.43	(2.29%)	(2,517.83)
Mercator Lines (Singapore) Ltd.	-	-	(39.45%)	(43,386.76)
Oorja Holdings Pte. Ltd.	(0.57%)	(500.93)	(0.45%)	(494.30)
Oorja 1 Pte. Ltd.	(3.33%)	(2,935.09)	(1.43%)	(1,573.95)
Oorja 2 Pte. Ltd.	(5.02%)	(4,425.49)	(0.83%)	(914.89)
Oorja 3 Pte. Ltd.	(1.51%)	(1,333.64)	(0.03%)	(31.82)
PT Oorja Indo Petangis Four	(1.94%)	(1,705.41)	(0.08%)	(88.71)
PT Oorja Indo Petangis Three	(1.15%)	(1,017.03)	(0.09%)	(95.95)
PT Oorja Indo KGS	(0.08%)	(73.90)	(1.26%)	(1,387.26)
MCS Holdings Pte. Ltd.	34.44%	30,345.04	0.50%	546.03
PT Mincon Indo Resources	(0.92%)	(807.98)	0.37%	412.06
PT Karya Putra Borneo	(0.86%)	(759.52)	0.34%	371.11
PT Indo Perkasa	0.37%	324.02	0.19%	211.35
Oorja (Batua) Pte. Ltd.	(2.32%)	(2,040.29)	0.00%	1.24
Bima Gema Permata PT	(1.27%)	(1,116.14)	(0.63%)	(693.29)
Nuansa Sakti Kencana PT	(0.50%)	(436.42)	(0.09%)	(95.86)
Panther Resources Pte. Ltd	(0.01%)	(5.45)	0.10%	106.54
MCS Fuel Trading Sdn.Bhd	0.00%	(1.00)	0.00%	(0.99)
Mercator Offshore (P) Pte. Ltd.	17.80%	15,680.55	7.25%	7,972.92
Ivorene Oil Services Nigeria Ltd.	0.31%	276.77	0.00%	(4.38)
Mercator Energy Pte. Ltd.	(5.26%)	(4,636.90)	(3.60%)	(3,963.33)
Mercator Offshore Assets Holding Pte. Ltd.	(0.02%)	(21.02)	0.00%	4.79
Mercator Projects Pte Ltd.	(0.24%)	(215.12)	(0.19%)	(207.97)
Mercator Okwok FPU Pte. Ltd.	(0.03%)	(23.70)	0.00%	(5.19)
Mercator Okoro FPU Pte. Ltd.	0.06%	48.60	(0.01%)	(15.94)
Fortune Offshore O&M Pte. Ltd.	(0.01%)	(9.65)	(0.01%)	(9.55)
Minority interest of all subsidiaries	3.35%	2,951.57	(19.06%)	(20,960.72)

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

3.8 Due to the continuous depressed market conditions in the dry bulk business, the board of Directors took a decision on January, 18 2016 to exit the dry bulk business being carried on by our Singapore listed step-down subsidiary Mercator Lines (Singapore) Ltd ("MLS"), which was placed under Judicial Management by the High Court of the Republic of Singapore.

On February, 9 2016, Mercator International Pte Limited (MIPL), wholly owned subsidiary of the company, which holds the shares in MLS, entered into Sale & Purchase Agreements with various entities to dispose off its entire shareholding (i.e. 66.17%) in MLS. Subsequently, on receipt of the approvals from SGX and other regulatory authorities, MIPL has divested its entire stake in MLS. Accordingly, Company has consolidated MLS financials for the first nine months of FY2016 i.e. April 2015 to December 2015.

The consolidated Loss before minority interest for the year includes ₹ 984.70 crores comprising of losses of ₹ 655.69 Crores suffered by MLS upto December 2015 and ₹ 329.01 crores towards impairment loss pertaining to the investment in MLS.

Notes forming part of the consolidated financial statements

4. DISCLOSURES AS PER NOTIFIED ACCOUNTING STANDARDS

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

Amount ₹ in Lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contract revenue recognised during the year	25,182.47	22,273.73
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	1,19,194.65	94,027.37
Advances received for contracts in progress	Nil	Nil
Retention money for contracts in progress	Nil	Nil
Gross amount due from customers for contract work (asset)	26,647.88	25,415.53
Gross amount due to customers for contract work (liability)	Nil	Nil

4.2 The company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with the notification of MCA dated 31st March 2009/29th December 2011 on Accounting Standard (AS)-11. In line with the above notification, gains / losses arising during the year from the effect of changes in foreign exchange rates on foreign currency loans relating to acquisition of depreciable capital assets, are adjusted to the cost of the fixed assets. The addition to fixed assets on account of the same is ₹ 3,121.40 lakhs (Previous Year ₹ 1,101.51 Lakhs).

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

Primary Segments:

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

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

Secondary Segment:

The shipping activities are managed from India and Singapore. The Off Shore activities are managed from Singapore. The Coal Mining, Coal Procurement/Trading and logistics are managed from India, Singapore and Indonesia.

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

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

There are no Inter Segment transfers.

Notes forming part of the consolidated financial statements

Amount ₹ in Lakhs

Segment Revenue	Shipping		Offshore		Coal Mining, Trading and Logistics		Others		Unallocated		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue	78,718.64	101,298.14	38,299.70	32,121.10	128,440.93	153,470.22	25,182.49	22,273.76	-	-	270,641.76	309,163.22
Results												
Profit / (Loss) before tax and interest	(96,991.30)	(64,375.36)	10,091.03	9,176.46	1,463.29	6,638.15	955.00	2,059.10	-	-	(84,481.98)	(46,501.65)
Less :Interest											(24,471.33)	22,529.95
Total Profit Before Tax											(108,953.31)	(69,031.60)
Provision for Taxation												
Current Tax											(248.73)	(1,058.16)
Deferred Tax											(771.36)	(599.85)
Net Profit											(109,973.40)	(70,689.61)
Other Information												
Assets	2,03,227.37	59,339.06	143,733.46	165,146.87	87,779.13	103,571.04	47,064.71	37,757.20	-	-	481,804.67	765,814.17
Liabilities	17,774.12	43,546.29	72,186.31	86,409.68	24,372.77	13,495.12	12,846.35	10,496.92	266,525.89	388,606.29	393,705.44	542,554.29
Capital Expenditure	31,247.97	25,046.91	0.52	62,377.68	3,920.84	3,230.45	16,711.62	44.26			51,880.95	90,699.29
Depreciation	27,718.45	33,353.99	14,303.73	13,234.39	194.09	854.91	24.50	12.52			42,240.77	47,455.80
Impairment	32,584.59	39,337.24	-	-	2,298.22	1,563.58	-	-			34,882.81	40,900.82

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

A List of Related Parties

I Key Management Personnel

- 1 Mr. H.K Mittal- Executive Chairman
- 2 Mr. A.J. Agarwal- Managing Director
- 3 Mr. Shalabh Mittal
- 4 Mr. Adip Mittal
- 5 Mr. K.S.Raheja
- 6 Mr. Kapil Garg
- 7 Mr. Handoko Soeseno
- 8 Mr. Taufik Surya Darma
- 9 Mr. Atul Malhotra
- 10 Mr. Kishor Shah- Group Chief Financial Officer
- 11 Mr. Prasad Patwardhan- Chief Financial Officer
- 12 Ms. Amruta Sant -Company Secretary (till 10.04.2015)
- 13 Mr. Deepesh Joishar -Company Secretary (from 04.05.2015)

II Enterprises over which Key Management Personnel exercise significant control

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

Notes forming part of the consolidated financial statements

- 8 Oilmax Energy Private Limited
- 9 Bright Gold Petroleum Private Limited
- 10 Energia Consultancy LLP
- 11 Professional Knowledge Management Solutions Private Limited
- 12 Oilmax Energy International Pte. Ltd (Singapore)
- 13 HK Sons Realtors Private Limited
- 14 Premputti Realtors Private Limited
- 15 Sisouli Realtors Private Limited
- 16 Whosejewellery Marketplace Portal LLP

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

- 1 MLL Logistics Private Limited
- 2 Vaitarna Marine Infrastructure Limited
- 3 Rishi Holding Private Limited
- 4 PT United Coal Indonesia

IV Relative of Key Management Personnel

- 1 Mr. Aayush Agarwal
- 2 Mrs. Ritu Garg

Notes forming part of the consolidated financial statements

B Details of Transactions with above parties

Name of the Transaction	Amount ₹ in Lakhs									
	Key Management Personnel		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Management Personnel exercise significant influence.		Total			
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr		
Interest Income	-	-	-	-	461.70	580.61	461.70	580.61		
Services Received	66.47	-	-	185.82	2,495.78	1,109.59	2,562.24	1,295.41		
Reimbursements of Expenses Paid	-	-	11.27	79.30	-	-	11.27	79.30		
Reimbursements of Expenses Received	-	-	-	-	1.51	0.27	1.51	0.27		
Contribution made for CSR	-	-	19.00	18.00	-	-	19.00	18.00		
Inter Corporate Deposits										
Inter Corporate Deposits given during the year	-	-	-	-	-	415.13	-	415.13		
Inter Corporate Deposits repaid during the year	-	-	-	-	3,554.00	228.00	3,554.00	228.00		
Advances										
Advances Given During the Year	-	9.47	-	-	-	-	-	9.47		
Advances Received During the Year	642.92	-	-	-	-	-	642.92	-		
Balances Written Back	-	-	-	-	-	2.02	-	2.02		
Outstanding balances as on 31.03.2016										
Loans ,Advances and Receivables										
Loans Advances and Receivables										
Advances	-	579.85	-	-	-	-	-	579.85		
Capital Advances	-	-	-	-	3,929.96	4,199.96	3,929.96	4,199.96		
Outstanding Balances of Sundry Debtors and Sundry Creditors as on 31.03.2016										
Trade & Other Receivables	-	-	-	1.00	2,784.99	2,354.39	2,784.99	2,355.39		
Trade & Other Payables	-	-	-	-	6.48	123.93	6.48	123.93		
Inter Corporate Deposit										
Balance as on 31.03.2016	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13		
Deposit										
Balance as on 31.03.2016	-	-	50.00	50.00	-	-	50.00	50.00		
Remuneration paid to Key Management Personnel	1,566.89	1,696.55	-	-	-	-	1,566.89	1,696.55		
Remuneration paid to Relative of Key Management Personnel	-	182.78	-	-	-	-	-	182.78		

Notes forming part of the consolidated financial statements

Partywise details of material transactions 2015-16

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 exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Interest Income								
MLL Logistics Private Limited	-	-	-	-	461.70	580.61	461.70	580.61
Total	-	-	-	-	461.70	580.61	461.70	580.61
Services Received								
Oil Max Energy Private Limited	-	-	-	185.82	-	-	-	185.82
Vaitarna Marine Infrastructure Limited	-	-	-	-	2,421.03	1,103.59	2,421.03	1,103.59
Kapil Garg	66.47	-	-	-	-	-	66.47	-
Total	66.47	-	-	185.82	2,421.03	1,103.59	2,487.50	1,289.41
Reimbursements of Expenses Paid								
Oil Max Energy Private Limited	-	-	11.27	79.30	-	-	11.27	79.30
Total	-	-	11.27	79.30	-	-	11.27	79.30
Contribution made for Corporate social responsibility.								
Prem Punita Foundation	-	-	19.00	18.00	-	-	19.00	18.00
Total	-	-	19.00	18.00	-	-	19.00	18.00
Reimbursements of Expenses Received								
Vaitarna Marine Infrastructure Limited	-	-	-	-	1.51	0.27	1.51	0.27
Total	-	-	-	-	1.51	0.27	1.51	0.27
Inter Corporate Deposits								
Inter Corporate Deposits given during the year								
Zicom Electronic Security Systems Limited	-	-	-	-	-	-	-	-
MLL Logistics Private Limited	-	-	-	-	-	415.13	-	415.13
Total	-	-	-	-	-	415.13	-	415.13
Inter Corporate Deposits repaid during the year								
MLL Logistics Private Limited	-	-	-	-	3,554.00	228.00	3,554.00	228.00
Total	-	-	-	-	3,554.00	228.00	3,554.00	228.00

Notes forming part of the consolidated financial statements

Name of the Transaction	Key Management Personnel		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr	Current Yr	Previous Yr
Advances								
Advances Given During the Year								
Mr. Handoko Soeseno	-	9.47	-	-	-	-	-	9.47
Total	-	9.47	-	-	-	-	-	9.47
Advances								
Advances received During the Year								
Mr. Handoko Soeseno	642.92	-	-	-	-	-	642.92	-
Total	642.92	-	-	-	-	-	642.92	-
Balances Written Back								
Zicom Electronic Security Systems Ltd.	-	-	-	-	-	2.02	-	2.02
Total			-	-	-	2.02	-	2.02
Advances								
Mr. Handoko Soeseno	-	579.85	-	-	-	-	-	579.85
Total	-	579.85	-	-	-	-	-	579.85
Capital Advances								
Vaitarna Marine Infrastructure Limited					3,929.96	4,199.96	3,929.96	4,199.96
Total			-	-	3,929.96	4,199.96	3,929.96	4,199.96
Outstanding Balances of Trade and Other Receivables & Payables as on 31.03.2016								
Trade and Other Receivables								
MLL Logistics Private Limited	-	-	-	-	2,714.25	2,354.39	2,714.25	2,354.39
Oil Max Energy Private Limited	-	-	-	1.00	-	-	-	1.00
Total	-	-	-	1.00	2,714.25	2,354.39	2,714.25	2,355.39

Notes forming part of the consolidated financial statements

Name of the Transaction	Amount ₹ in Lakhs				Amount ₹ 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
Trade and Other Payables								
Vaitarna Marine Infrastructure Limited	-	-	-	-	-	123.93	-	123.93
Rishi Holding Private Limited	-	-	-	-	6.48	-	6.48	-
Total			-	-	6.48	123.93	6.48	123.93
Inter Corporate Deposit Balance as on 31.03.2016								
MLL Logistics Private Limited	-	-	-	-	2,180.13	5,739.13	2,180.13	5,739.13
Total			-	-	2,180.13	5,739.13	2,180.13	5,739.13
Deposit Balance as on 31.03.2016								
Oil Max Energy Private Limited	-	-	50.00	50.00	-	-	50.00	50.00
Total	-	-	50.00	50.00	-	-	50.00	50.00
Remuneration paid to Key Management Personnel	1,566.89	1,696.55	-	-	-	-	1,566.89	1,696.55
Remuneration paid to Relative of Key Management Personnel	-	7.38	-	-	-	-	-	7.38

Notes forming part of the consolidated financial statements

4.5 Disclosure in respect of Leases as per AS 19:

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

Amount ₹ in Lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office premises taken on lease		
(i) Lease payments recognized in the Statement of Profit and Loss	622.08	733.63
(ii) Significant leasing arrangements		
The Company has given refundable interest free security deposits under the agreements.		
The lease agreements are upto 24 to 60 months.		
These agreements also provided for increase in rent.		
These agreements are non cancellable by both the parties for 12–24 months except in certain exceptional circumstances.		
(iii) Future minimum lease payments under non-cancellable agreements		
Not later than one year	263.63	441.33
Later than one year and not later than five years	131.81	661.68
Later than five years	Nil	Nil

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

Amount ₹ in Lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office given on lease		
(i) Lease receipt recognized in the Statement of Profit and Loss	16.76	17.30
(ii) Significant leasing arrangements		
- The new lease agreements are for a period of 12 months.		
(iii) Future minimum lease receivable under non-cancellable agreements		
- Not later than one year	60.00	NIL
- Later than one year and not later than five years	120.00	NIL
- Later than five years	NIL	NIL

General description of leasing arrangement:

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

Notes forming part of the consolidated financial statements

4.6 Earning Per Share as per AS 20

Amount ₹ in Lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit after Tax, Minority interest		
-Basic and Diluted	(89012.69)	(44,952.54)
Number of Shares used in computing Earning Per Share		
- Basic and Diluted	244,892,073	244,892,073
Earning per share (equity shares of face value Re 1/-)		
- Basic and Diluted (in ₹.)	(36.35)	(18.36)

4.7 Derivative Instruments

(A) Details of outstanding Hedging Contracts

Amount ₹ in Lakhs

Derivative contracts	March 31, 2016		March 31, 2015	
	Amount in foreign currency	Equivalent Indian Rupees	Amount in foreign currency	Equivalent Indian Rupees
USD/INR	23.69	1200.00	31.59	1600.00
USD/INR	13.29	600.00	17.71	800.00
USD/INR	13.32	600.00	17.75	800.00

(B) Foreign Currency Exposures

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

Particulars	2015-16		2014-15	
	₹ Lakhs	Fx.Million	₹ Lakhs	Fx.Million
Account Receivable	1,858.22	USD 2.80	1,251.71	USD 2.00
Balance in Bank	34.54	USD 0.05	2,769.56	USD 3.47
				Rp 12,441.47
Fixed Deposit with foreign Bank				
Loan & Advances	14,616.31	USD 22.03	6,444.41	USD 9.39
				Rp 11,763.96
Advance from Customers	67.59	EURO 0.09		
Accounts Payable/Acceptance	4060.32	USD 6.81	5,952.59	USD 7.41
(including capital commitments made but not provided for)		SGD 0.21		SGD 0.13
		JPY 18.83		JPY 4.42
		DKK 0.01		DKK 0.04
		Rp 0.02		Rp 25,396.85
		AED 0.01		AED 0.01
				GBP 0.01
Borrowings	80,836.29	USD 129.78	71,790.81	USD 114.70

Notes forming part of the consolidated financial statements

5 PREVIOUS YEAR FIGURES

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

As per our report of even date
For **CNK & Associates LLP**
Chartered Accountants

For and on behalf of the Board

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

A. J. Agarwal
Managing Director
(DIN:00007663)

Archana Mittal
Director
(DIN:00007972)

Himanshu Kishnadwala
Partner
M. No. 37391

M. M. Agrawal
Director
(DIN:00681433)

Gunender Kapur
Director
(DIN:01927304)

Kishor Shah
Group CFO

Dated: 27th May 2016
Place: Mumbai

Deepesh Joishar
Company Secretary

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Our Asset Portfolio (As on May 27, 2016)

Coal

Sr. No.	Coal Mines	Country	Ownership (%)
1	Pentagis, East Kalimantan	Indonesia	100
2	Batuah, East Kalimantan, Indonesia	Indonesia	50
3	Tete Province	Mozambique	85

Offshore Services

Sr. No.	Name of Vessel	Type	Capacity	Ownership
1	Virini Prem	FSO	1.2 million barrels storage	Owned
2	Veer Prem	MOPU	50,000 BOPD processing	Owned

Oil & Gas - Exploration & Production

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

Tankers

Sr. No.	Name of Vessel	Vessel Type	DWT	Ownership
1	Kamakshi Prem	VLCC	2,99,235	Owned
2	Prem Pride	FSO	1,09,610	Owned
3	Hansa Prem	MR	36,032	Owned
4	Prem Mala	MR	47,044	Owned
5	Harsha Prem	MR	42,235	Owned
6	Vedika Prem	MR	42,235	Owned

Dry Bulk Carriers

Sr. No.	Name of vessel	Vessel Type	DWT	Ownership
1	Sri Prem Poorva	Panamax	69,286	Owned
2	Kanak Prem	Panamax	69,221	Owned

Gas Carriers

Sr. No.	Name of Vessel	Vessel Type	DWT	Ownership
1	Sisouli Prem	VLGC	50,400	Owned

Dredgers

Sr. No.	Name of Vessel	Vessel Type	Hopper Capacity	Ownership
1	Bhagvati Prem	TSHD	7,598	Owned
2	Darshani Prem	TSHD	7,450	Owned
3	Tridevi Prem	TSHD	5,433	Owned
4	Omkara Prem	TSHD	4,500	Owned
5	Uma Prem	TSHD	2,600	Owned
6	Vivek Prem	GD Hopper, Self-propelled	850	Owned
7	Veera Prem	TSHD	11,300	Owned
8	Vakul Prem	Bucker Ladder	583	Owned
9	Yukti Prem	TSHD	Not Applicable	Owned



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