



AVESH PATEL & CO.

CHARTERED ACCOUNTANTS

519, 5th Floor, Manish Chamber, Above Axis Bank, Sonawala Lane, Goregaon (E), Mumbai - 400 063

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCATOR FPSO PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mercator FPSO Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 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.



and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

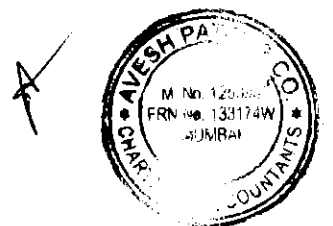
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,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

Emphasis of Matter

We draw attention to the financial statements regarding the accumulated losses of Rs. 3,79,864 which is more than the paid up capital of Rs. 1,00,000. However, considering the future prospects and the support of the holding company the requirement of funds, the accounts are prepared on the basis of Going Concern. Our opinion is not qualified in respect of this matter.


Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position;
 - 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Avesh Patel & Company
Chartered Accountants
Firm's Registration No.: 133174W


Avesh. A. Patel
(Proprietor)
Membership No. 125396
Place: Mumbai
Dated: May 28, 2015



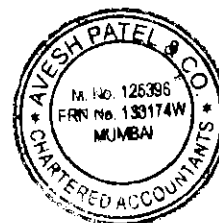
ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. The Company does not have any fixed assets, hence clauses i(a), i(b) are not applicable.
- ii. Since the company doesnot have any Inventory, hence clauses ii(a), ii(b) and ii(c) are not applicable
- iii. The company not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act and hence clauses iii (a) and iii (b) are not applicable.
- iv. In our opinion and according to Information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control system.
- v. The company has not accepted any deposits during the year to which the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are applicable.
- vi. 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, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed Statutory dues outstanding as at March 31, 2015, for a period of more than six months from the date they became payable. According to the information and explanations made available to us the company is not liable to pay any sum towards Provident fund, Employees State Insurance, Value Added Tax, Sales Tax, Custom Duty, Wealth Tax & Excise duty for the period covered under our Audit

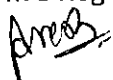
(b) Based on our audit procedures and according to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax or cess which have not been deposited on account of any dispute

(c) According to the information and explanation made available to us, the company is not liable to pay any sum towards Investor Education and Protection Fund.



- viii. The company's accumulated losses at the end of the year are more than 50% of the networth of the company. The company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- ix. The company has not taken any loan from financial institutions or banks and has not issued any debentures. Hence this clause is not applicable.
- x. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions; accordingly, the provision of clause (x) of paragraph 3 of the Order is not applicable to the Company.
- xi. Based on our audit procedures and according to the information and explanations given to us, the company has not raised any term loans.
- xii. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such case by the management.

For Avesh Patel & Company
Chartered Accountants
Firm's Registration No.: 133174W


Avesh. A. Patel
(Proprietor)
Membership No. 125396
Place: Mumbai
Dated: May 28, 2015



Mercator FPSO Private Limited

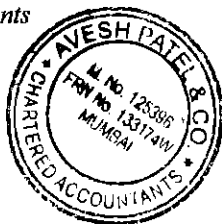
Balance Sheet as at March 31, 2015

	Particulars	Note	As at 31st March 2015 Rs.	As at 31st March 2014 Rs.
A	EQUITY AND LIABILITIES			
1	Shareholder's funds			
	(a) Share capital	2.1	100,000	100,000
	(b) Reserves and surplus	2.2	(379,864)	(258,704)
			(279,864)	(158,704)
2	Current liabilities			
	(a) Short-term borrowings	2.3	20,021,000	19,846,000
	(b) Other current liabilities	2.4	113,929	107,430
			20,134,929	19,953,430
	TOTAL		19,855,065	19,794,726
B	ASSETS			
1	Non- current assets			
	(a) Long-term loans and advances	2.5	19,646,000	19,646,000
2	Current assets			
	(a) Cash and bank balances	2.6	209,065	148,726
			19,855,065	19,794,726
	TOTAL		19,855,065	19,794,726
	Significant Accounting Policies Notes forming part of the financial statements	1 2 to 5		

As per our report of even date
For Avesh Patel & Co
Chartered Accountants

Avesh Patel

Avesh A. Patel
Proprietor
M. No. 125396
Dated: 28th May 2015
Place: Mumbai



For Mercator FPSO Private Limited

H. K. Mittal *A. J. Agarwal*

H. K. Mittal A. J. Agarwal
Director Director


Dated: 28th May 2015
Place: Mumbai

Mercator FPSO Private Limited

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

	Particulars	Note	Year Ended 31st March 2015 Rs.	Year Ended 31st March 2014 Rs.
1	Revenue from operations		-	-
2	Total Revenue		-	-
3	EXPENSES:			
	(a) Other expenses	2.7	121,160	30,467
	Total Expenses		121,160	30,467
4	Profit / (Loss) before tax (2 - 3)		(121,160)	(30,467)
5	Tax expense:			
	(a) Current tax		-	-
6	Profit / (Loss) for the period (4 - 5)		(121,160)	(30,467)
7	Earning per share (Equity share of Rs. 10/- Each) Basic and Diluted		(12.12)	(3.05)
	Significant Accounting Policies Notes forming part of the financial statements	1 2 to 5		

As per our report of even date
For Avesh Patel & Co
Chartered Accountants


Avesh A. Patel
Proprietor
M. No. 125396
Dated: 28th May 2015
Place: Mumbai



For Mercator FPSO Private Limited

 
H. K. Mittal A. J. Agarwal
Director Director

Dated: 28th May 2015
Place: Mumbai

Mercator FPSO Private Limited

Cash Flow Statement for the year ended March 31, 2015

	Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
A	Cash flow from operating activities		
	Net Loss Before Tax	(121,160)	(30,467)
	<i>Adjustment for:</i>		
	Non cash item	-	-
	Operating profit before working capital changes	(121,160)	(30,467)
	<i>Adjustment for:</i>		
	Decrease/(Increase) in long term loans and advances	-	-
	(Decrease)/Increase in Other current liabilities	6,499	(3,332)
Cash flow from / (used in) Operating activities	(114,661)	(33,799)	
Direct taxes paid	-	-	
Total cash from / (used in) operating activites	(114,661)	(33,799)	
B	Cash flow from investing activities		
	Net cash from investing activities	-	-
C	Cash flow from financing activities		
	Proceeds from short term borrowings	175,000	100,000
	Net Cash from financing activities	175,000	100,000
	Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	60,339	66,201
	Cash and cash equivalents as at beginning of the year (Refer Note 2.6)	148,726	82,525
	Cash and cash equivalents as at end of the year (Refer Note 2.6)	209,065	148,726

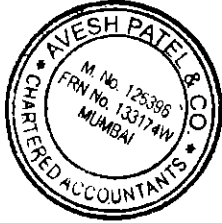


	Cash and cash equivalents comprise of: Cash and Bank Balances (Refer Note 2.6)		
		, 209,065	148,726

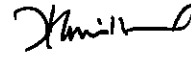
Note:
Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date
For Avesh Patel & Co.
Chartered Accountants

For Mercator FPSO Private Limited

Avesh A. Patel
Proprietor
M. No. 125396
Dated: 28th May 2015
Place: Mumbai



H. K. Mittal
Director



A. J. Agarwal
Director

Dated: 28th May 2015
Place: Mumbai

Mercator FPSO Private Limited

Notes forming part of financial statements

2.1 Share capital

Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Authorised 10,000 Equity shares of Rs 10/- par value.	100,000	100,000
	100,000	100,000
Issued Capital 10,000 Equity shares of Rs. 10/- each fully paid up	100,000	100,000
	100,000	100,000
Subscribed and Paid Up Capital 10,000 Equity shares of Rs. 10/- each fully paid up.	100,000	100,000
	100,000	100,000

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

Particulars	As at 31st March 2015	As at 31st March 2014
Number of shares at the beginning of the year	10,000	10,000
Add: Shares issued during the year	-	-
Number of shares at the end of the year	10,000	10,000

The company has one class of share referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share and dividend per share as may be declared/proposed by the Board of Directors.

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.

Shares held by holding company

Shares held by holding company and its nominees are as below:

Particulars	As at 31st March 2015	As at 31st March 2014
Mercator Limited Equity shares of Rs 10/- each fully paid	10,000	10,000

Details of each shareholder holding more than 5 percent shares in the company:

Name of the shareholder	31st March 2015		31st March 2014	
	No of shares	% of holding	No of shares	% of holding
Equity shares of Rs. 10 each fully paid				
Mercator Limited (and its nominees)	10,000	100%	10,000	100%
	10,000	100%	10,000	100%



Mercator FPSO Private Limited

Notes forming part of financial statements

2.2 Reserves and surplus

Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Balance in Statement of Profit and Loss		
Opening Balance	(258,704)	(228,237)
Add: Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(121,160)	(30,467)
Closing	(379,864)	(258,704)

2.3 Short term borrowings

Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Loans and advances from related parties		
Unsecured		
From Holding company	20,021,000	19,846,000
	20,021,000	19,846,000

2.4 Other current liabilities

Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Expenses reimbursable / other payables to holding company	102,730	101,812
Payable for expenses	5,118	5,618
Statutory dues payable	6,081	-
	113,929	107,430

2.5 Long - term loans and advances

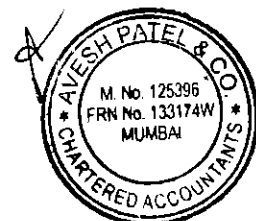
Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Unsecured, Considered Good		
Capital advances	19,646,000	19,646,000
	19,646,000	19,646,000

2.6 Cash and bank balances

Particulars	As at 31st March 2015 Rs	As at 31st March 2014 Rs
Cash and cash equivalents		
Balances with banks		
In Current accounts	209,065	148,726
	209,065	148,726

2.7 Other expenses

Particulars	Year Ended 31st March 2015	Year Ended 31st March 2014
Payment to auditors		
As auditors	5,618	5,618
for other matters	39,826	
Professional charges	25,501	23,831
Miscellaneous expenses	50,215	1,018
	121,160	30,467



MERCATOR FPSO PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS:

1.1 CORPORATE INFORMATION

Mercator FPSO Private Limited was incorporated on 2nd November 2011. The company has not yet commenced its operation as on 31st March 2015. With effect from 4th February, 2012 the company has become a direct subsidiary of Mercator Ltd, which (alongwith its nominee) holds the entire share capital of the company as on 31st March 2015.

1.2 SIGNIFICANT ACCOUNTING POLICIES

1.2.1 Basis of preparation

The financial statements have been prepared and presented in accordance with Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

1.2.2 Presentation & Disclosure:

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

1.2.3 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 an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.2.4 Preliminary Expenses

Preliminary expenditure is written off in the year in which it is incurred.

1.2.5 Cash and cash equivalents

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

1.2.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby 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 financial cash flows. The cash flows from operating, investing and financing activities of the company are segregated.



1.2.7 Taxation

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred tax

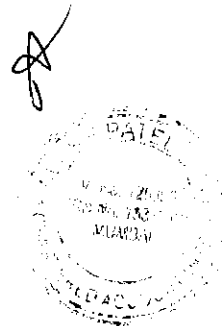
Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date.

1.2.8 Earnings per share

The basic earnings per share ("EPS") 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.

1.2.9 Provisions and contingent liabilities

The company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



3. ADDITIONAL INFORMATION

3.1. Contingent liabilities and Commitments (to the extent not provided for) Rs. Nil (P.Y. Rs. Nil)

3.2. Value of imports on C.I.F. basis.	2014-15 (Rs.)	2013-2014 (Rs.)
i) Raw materials	NIL	NIL
ii) Components and spare parts	NIL	NIL
iii) Capital goods	NIL	NIL
3.3. Expenditure in foreign currency	NIL	NIL
3.4. Earnings in foreign currency	NIL	NIL
3.5. Amount remitted in foreign currencies on account of dividend	NIL	NIL

3.6. All the assets other than fixed assets are approximately of the value stated, if realised in the ordinary course of business.

3.7. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from its vendors regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosures required under this Act have not been made.

4. **DISCLOSURES AS PER ACCOUNTING STANDARDS NOTIFIED BY THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006.**

4.1. Related Party Disclosures as per Accounting Standard 18

List of related parties and relationships:

- a) Holding Company - Mercator Limited
 - b) Directors of the company
 - i) Atul Agarwal
 - ii) H. K. Mittal
 - iii) Kapil Garg
 - c) Fellow subsidiaries:
 - i) Mercator Petroleum Limited.
 - ii) Mercator Oil & Gas Limited.
 - iii) Mercator International Pte Limited (MIL).
 - iv) Oorja Resources India Private Limited.
- Other step down subsidiaries of (MIL) are not included here.



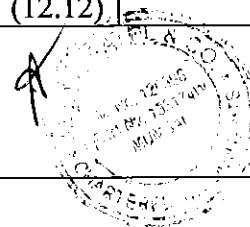
- d) Entities in which directors are able to exercise significant control:
- i) AHM Investments Private Limited
 - ii) MHL Healthcare Limited - Formerly known as Mercator Healthcare Limited
 - iii) Rishi Holding Private Limited
 - iv) Ankur Fertilizers Private Limited
 - v) Oilmax Energy Private Limited
 - vi) Oilmax Energy International Pte. Ltd. (Singapore)
 - vii) Energia Consultancy LLP – Formerly Known as Energia Consultancy Pvt. Ltd.
 - viii) Bright Gold Petroleum Private Limited
 - ix) AAAM Properties Private Limited
 - x) Professional Knowledge Management Solutions Private Limited
 - xi) Vaitarna Marine Infrastructure Limited - Formerly known as Vaitarna Marine Infrastructure Private Limited
 - xii) Asmara Resources Private Limited
 - xiii) Papeeta Resources Pte Ltd. (Singapore)

Disclosures required for related parties transactions: (Amount in Rs.)

Particulars	Holding company
Transactions during the year	
Loan received during the year	
Mercator Limited	1,75,000 (1,00,000)
Counter Guarantee given	
Mercator Limited	Nil (Nil)
Reimbursement of expenses incurred during the year	
Mercator Limited	918 (Nil)
Outstanding as on 31/03/2015	
Unsecured loans	
Mercator Limited	2,00,21,000 (1,98,46,000)
Trade & Other payables	
Mercator Limited	1,02,730 (1,01,812)

4.2 Earnings per share as per Accounting Standard 20

Particulars	Year Ended 31/03/2015 Rs.	Year ended 31/3/2014 Rs.
Net Profit/(Loss) after Tax		
-Basic and Diluted	(121,160)	(30,467)
Number of Shares used in computing Earning Per Share		
- Basic and Diluted	10,000	10,000
Earning per share (equity shares of face value Rs 10/-)		
-Basic and Diluted (in Rs.)	(12.12)	(3.05)




5. PREVIOUS YEAR'S FIGURES

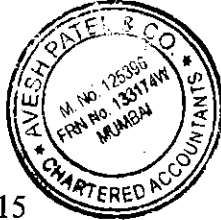
Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For Avesh Patel & Co
Chartered Accountants

For Mercator FPSO Private Limited


Avesh A. Patel
Proprietor
MUMBAI
Date: 28th May 2015




H. K. Mittal
Director


A.J. Agarwal
Director