MERCATOR
www.mercator.in

May 4, 2018

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.
Scrip Code: MERCATOR

Dear Sir/Madam,

Sub: Reply to Clarification sought

Ref: Your mail dated May 2, 2018

With reference to the above referred email, we hereby submit our clarification as sought by your good office as an annexure to this letter.

Please acknowledge the receipt of the same.

Thanking You

Yours faithfully,

For **Mercator Limited**

Rajendra Kothari
Chief Financial Officer

Mercator Limited

Encl: as above

MERCATOR
www.mercator.in

Annexure

Arbitrations against Dredging Corporation of India (DCI) for Sethusamudram Project

I. **Brief details of litigation viz. name(s) of the opposing party, court/tribunal/agency where litigation is filed, brief details of dispute/litigation;**

Response: During 2007/2008, DCI had chartered 3 dredgers namely Triloki Prem, Darshani Prem and Bhagwati Prem under three (3) separate Charter Party Agreements (CPAs) from Mercator Ltd. in connection with the stalled Sethusamudram Project.

The above Project was called off by the Government due to various religious and environmental issues and in May 2009, pursuant to which DCI terminated Charter Party Agreements (CPAs) entered into with Mercator. The termination was contested by Mercator and arbitration was invoked under CPAs to recover unpaid sums and damages suffered due wrongful termination of CPAs.

Arbitration Tribunal headed by Retd. Justice of Hon'ble Supreme Court as the Presiding Arbitrator along with co-arbitrators as Retd. Chief Justice of Delhi High Court and others pronounced the Awards on 15.03.2018. Learned Tribunal held the termination of CPAs by DCI as bad in law and observed that the same was "wrongful and illegal"; thus awarding damages to Mercator Ltd. for losses suffered as a result of such wrongful termination, including payment towards disputed "work done" by Mercator in the above contracts.

Under the above Awards, DCI was instructed to pay Mercator an amount of Rs. 50.75 crores along with interest @9% p.a. till realization. The said amount, through rectification proceedings on 26.04.2018, was revised to Rs. 48.42 crores along with interest @9% till realization.

II. **Quantum of claims and brief details of litigations; Financial Implications, if any, due to compensation, penalty, etc.**

Response: As discussed above, the Arbitral Tribunal vide rectification order dated 26.04.2018, has asked DCI to pay an amount of Rs. 48.42 crores (along with interest @9% till realization) in lieu of damages sustained by Mercator due to wrongful termination of the CPAs. Mercator is poised to benefit financially from the above Award to this extent. The brief details of the litigation have already been enumerated in our response to Query I above.

Mercator Limited

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
31 Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66373344 mercator@mercator.in