

July 15, 2020

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 526235

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: Audited Financial Results (Standalone & Consolidated) for the financial year ended March 31, 2020

Pursuant to Regulation 30 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at its meeting held on Wednesday, July 15, 2020 has approved the Audited Standalone and Consolidated Financial Results for the year ended March 31, 2020. Accordingly, we enclose the following:

- Annual Audited Standalone Financial Results for the financial year ended March 31, 2020;
- Annual Audited Consolidated Financial Results for the financial year ended March 31, 2020
- Auditors Report on the Audited Financial Results – Standalone and Consolidated for the financial year ended March 31, 2020
- Declaration of the Chief Financial Officer regarding modified opinion on the Standalone and Consolidated Financial Results.
- Statement on Impact of Audit Qualifications for the financial year ended March 31, 2020 on the Audited Standalone and Consolidated Financial Results

The meeting of the Board of Directors commenced at 3.30 p.m. and concluded at 11:15 p.m. We request you to take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For MERCATOR LIMITED

RAJENDRA
KUMAR KOTHARI
Digitally signed
by RAJENDRA
KUMAR KOTHARI
Date: 2020.07.16
00:21:12 +05'30'

RAJENDRA KOTHARI
CHIEF FINANCIAL OFFICER
Encl: as above

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)

Mercator Limited CIN NO : L63090MH1983PLCO31418 Regd. Office: 83-87, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333 Statement of Assets and Liabilities As at March 31, 2020			
(Rs. in crore)			
Particulars		Consolidated	
		As at 31-Mar-2020 (Audited)	As at 31-Mar-2019 (Audited)
A ASSETS:			
1 Non-current assets:			
a) Property, plant and equipment		331.67	840.36
b) Capital work in progress		3.18	281.47
c) Investment property		-	0.96
d) Other Intangible assets		0.04	0.11
e) Deferred Tax Assets		1.49	1.30
f) Financial assets			
i) Investments		-	0.00
ii) Loans		3.37	6.91
iii) Other financial assets		204.64	212.45
g) Other non-current assets		37.73	66.07
h) Income tax assets (net)		80.38	92.73
		662.50	1,502.36
2 Current assets:			
a) Inventories		9.48	15.20
b) Financial assets			
i) Investments		86.03	180.38
ii) Trade receivables		100.55	110.30
iii) Cash and cash equivalent		31.49	13.29
iv) Bank balances other than cash and cash equivalents		0.68	24.63
v) Loans		16.06	23.38
vi) Other financial assets		59.35	70.58
c) Other current assets		38.72	66.33
Non Current Assets classified as Asset Held for Sale		288.69	185.69
		631.05	689.78
TOTAL ASSETS		1,293.55	2,192.14
B EQUITY AND LIABILITIES:			
1 Equity:			
a) Equity share capital		30.25	30.25
b) Other equity		(1,088.45)	(86.85)
Non Controlling Interest		104.14	90.50
		(954.06)	33.90
2 Non-current liabilities:			
a) Financial liabilities			
i) Borrowings		-	514.48
ii) Other financial liabilities		35.04	32.15
b) Provisions		4.41	5.49
c) Deferred Tax Liability (Net)		-	-
		39.45	552.12
3 Current liabilities:			
a) Financial liabilities			
i) Borrowings		669.54	670.10
ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		0.35	0.31
- total outstanding dues of creditors other than micro enterprises and small enterprises		185.63	213.18
iii) Other financial liabilities		1,279.81	586.95
b) Other current liabilities		72.64	134.94
d) Provision		0.19	0.64
		2,208.16	1,606.12
TOTAL LIABILITIES		2,247.61	2,158.24
TOTAL EQUITY AND LIABILITIES		1,293.55	2,192.14

Mercator Limited

CIN NO : L63090MH1983PLCO31418

Regd. Office: 83-87, Mittal Tower, B-wing, Nariman Point, Mumbai - 400 021.

Tel: 022-66373333

Audited Financial Results For Quarter and Year Ended March 31, 2020

(Rs. in crore)

Particulars		Consolidated				
		Quarter ended			Year ended	
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
		Refer Note No 23	Unaudited	Refer Note No 23	Audited	Audited
1	Income					
	(a) Revenue from operations	165.62	172.82	176.10	638.61	867.35
	(b) Other income	13.61	0.07	1.68	15.38	166.87
	Total Income	179.23	172.89	177.78	653.99	1,034.22
2	Expenses					
	(a) Cost of services rendered	129.84	122.93	161.34	468.05	618.88
	(b) Employee benefits expense	5.91	9.15	11.44	33.72	41.63
	(c) Finance costs	72.21	67.74	42.17	260.75	153.70
	(d) Depreciation and amortisation	70.83	22.13	54.95	141.42	176.75
	(e) Impairment Losses	(265.50)	(22.35)	53.45	41.04	53.45
	(f) Loss on Sale / Discard of Property, Plant and Equipment	233.87	-	-	233.87	73.56
	(g) Other expenses	13.50	34.42	21.25	93.01	183.21
	(h) Loss on Fair Value of Investment	105.47	-	40.50	105.47	40.50
	(i) Provision for doubtful debts / advances (net)	20.95		11.47	20.95	95.60
	Total expenses	387.08	234.02	396.57	1,398.28	1,437.28
3	Profit/(loss) from operations before exceptional items and tax (1-2)	(207.85)	(61.13)	(218.79)	(744.29)	(403.06)
4	Exceptional items	(47.20)		(97.16)	(154.19)	(108.89)
5	Profit/(loss) before tax from Continuing Operations (3 - 4)	(255.05)	(61.13)	(315.95)	(898.48)	(511.95)
6	Tax expense					
	Current tax (including earlier year adjustment)	(0.86)	(2.99)	(7.33)	(11.18)	(33.24)
	Deferred tax (net)	0.13	-	0.87	0.13	0.76
7	Net profit/(loss) after tax from Continuing Operations (5 - 6)	(255.78)	(64.12)	(322.41)	(909.53)	(544.43)
	Discontinued Operation					
	Net profit/(loss) before tax from discontinued Operation	(0.06)	(0.10)	(27.89)	(2.93)	(336.08)
	Tax (expenses) / benefit of discontinued operation	-	-	-	-	1.42
8	Net profit/(loss) after tax from Discontinued Operation	(0.06)	(0.10)	(27.89)	(2.93)	(334.66)
9	Net profit/(loss) after tax	(255.84)	(64.22)	(350.30)	(912.46)	(879.09)
10	Items that will not be reclassified to statement of profit and loss					
	Remeasurement gains /(loss) of defined benefit plans	0.95	(0.08)	0.01	0.81	(0.05)
	Total Other comprehensive income /(loss)	0.95	(0.08)	0.01	0.81	(0.05)
11	Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period / year) (9+10)	(254.89)	(64.30)	(350.29)	(911.65)	(879.14)

Mercator Limited

Statement of Consolidated Cash Flow for the year ended 31st March, 2020

Particulars	(Rs. in crore)	
	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
A Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax - continuing business	(898.48)	(511.95)
Net Profit / (Loss) Before Tax - discontinued business	(2.93)	(334.66)
<i>Adjustment for:</i>		
Depreciation & Amortisation	141.42	195.87
Impairment of Assets - continuing operation	41.04	53.45
Impairment of Assets - discontinued operation	-	301.86
Provision for doubtful debts/advances	3.48	95.60
Remeasurements of net defined benefit plans	-	-
Finance Costs	260.75	153.70
(Profit)/Loss on fixed assets sold / discarded (net)	233.87	73.50
Other income on account of accrual written back	(4.76)	(157.93)
Recycled through other equity	(92.85)	(113.78)
Interest income	(1.82)	(2.58)
Exceptional Item	154.19	108.89
Bad Debts and other amounts written off/(back)	37.59	117.07
Unrealised (gain) / loss on Fair Value of Investment	105.47	40.50
Unrealised foreign exchange (gain) / loss (Net)	3.16	61.77
Operating profit before working capital changes	(19.86)	81.31
<i>Adjustment for:</i>		
Decrease/(Increase) in Non Current Financial Assets - Loans	3.54	3.90
Decrease/(Increase) in Non Current Other Financial Assets	7.81	9.39
Decrease/(Increase) in Other Non Current Assets	21.02	1.77
Decrease/(Increase) in Inventories	5.72	1.41
Decrease/(Increase) in Trade Receivables	(33.04)	(1.23)
Decrease/(Increase) in Current Financial Assets - Loans	7.32	(20.20)
Decrease/(Increase) in Current Other Financial Assets	10.31	4.11
Decrease/(Increase) in Other current assets	27.13	8.63
(Decrease)/Increase in Non Current Other financial liabilities	2.89	(9.85)
(Decrease)/Increase in Non Current provisions	(1.08)	1.94
(Decrease)/Increase in Trade Payables	(32.27)	(51.80)
(Decrease)/Increase in Current Other Financial Liabilities	10.23	52.51
(Decrease)/Increase in Other current liabilities	(21.14)	49.17
(Decrease)/Increase in Current provisions	(0.45)	0.08
Net Cash from Operating Activities	(11.88)	131.13
Direct taxes paid (Net of refund)	(23.22)	(21.53)
Net Cash from Operating Activities	(35.10)	109.61
B Cash Flow from Investing Activities		
Purchase of fixed assets including capital work in progress	(45.88)	(118.50)
(Increase) / Decrease in Capital advances	7.32	46.20
Proceeds from Sale of Fixed Assets	262.13	82.26
(Increase) / Decrease in Current Intercompany deposits	-	5.71
Bank deposits (Placed) / redeemed with banks (Net)	44.16	84.73
Interest Income	2.74	2.49
Net Cash from Investing Activities	270.47	102.89
C Cash Flow from Financing Activities		
Proceeds from Borrowings	250.96	383.67
Repayment of Borrowings	(335.85)	(489.89)
Changes in the Non-Controlling Interest	(0.01)	(0.02)
Interest paid	(132.27)	(115.42)
Net Cash from Financing Activities	(217.17)	(221.66)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	18.20	(9.17)
Cash and Cash Equivalents as at beginning of the year	13.29	22.46
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	-	(0.01)
Cash and Cash Equivalents as at end of the year	31.49	13.29

MERCATOR LIMITED CIN NO : L63090MH1983PLCO31418 Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333 Audited Financial Results For Quarter and Year Ended March 31, 2020					
SEGMENTWISE CONSOLIDATED REVENUE RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND YEAR ENDED MARCH, 31 2020 (Rs in crore)					
Particulars	Quarter Ended			Year Ended	Year Ended
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	Refer Note No 23	(Unaudited)	Refer Note No 23	(Audited)	(Audited)
1. Segment Revenue (net sale/income from each segment should be disclosed under this head)					
(a) Shipping	29.38	34.34	54.75	132.16	311.96
(b) Coal (Mining, Procurement and Logistics)	136.25	138.22	131.27	504.44	534.89
(c) Others	(0.01)	0.26	(9.92)	2.01	20.50
Net sales/Income From Operations	165.62	172.82	176.10	638.61	867.35
2. Segment Results Profit /(Loss) before tax from each segment					
(a) Shipping	25.44	12.28	(72.22)	(319.71)	(201.82)
(b) Coal (Mining, Procurement and Logistics)	(138.04)	2.04	(73.08)	(114.22)	(101.76)
(c) Others	(23.04)	(7.72)	(31.32)	(49.61)	54.22
Less: Interest	(72.21)	(67.74)	(42.17)	(260.75)	(153.70)
Less: Exceptional items	(47.20)	-	(97.16)	(154.19)	(108.89)
Total Profit / (Loss) Before Tax from Continuing Operations	(255.05)	(61.13)	(315.95)	(898.48)	(511.95)
Net profit/(loss) before tax from discontinued Operation	(0.06)	(0.10)	(27.89)	(2.93)	(336.08)
Total Profit / (Loss) Before Tax	(255.11)	(61.23)	(343.84)	(901.41)	(848.03)
3. Segment Assets					
(a) Shipping	250.36	366.14	774.03	250.36	774.03
(b) Coal (Mining, Procurement and Logistics)	524.85	665.78	627.24	524.85	627.24
Total Segment Assets	775.21	1,031.92	1,401.27	775.21	1,401.27
Unallocable Assets	508.46	595.90	596.80	508.46	596.80
Discontinued operation	9.88	3.92	194.06	9.88	194.06
Total Assets	1,293.55	1,631.74	2,192.13	1,293.55	2,192.13
4. Segment Liabilities					
(a) Shipping	1,161.70	1,232.26	1,280.25	1,161.70	1,280.25
(b) Coal (Mining, Procurement and Logistics)	370.15	301.15	345.90	370.15	345.90
Total Segment Liabilities	1,531.85	1,533.41	1,626.15	1,531.85	1,626.15
Unallocable Liabilities	705.56	729.81	518.66	705.56	518.66
Discontinued operation	10.20	0.37	13.42	10.20	13.42
Total Liabilities	2,247.61	2,263.59	2,158.23	2,247.61	2,158.23

MERCATOR LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIALS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2020

1. The consolidated financial results of Mercator Limited (herein referred to as “the Company”) including subsidiaries (herein referred to as “the Group”) for the quarter and year ended March 31, 2020 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on July 15, 2020.
2. The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("IND AS") prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.
3. Effective April 1, 2019, the Company has adopted IND-AS 116 "Leases" on all material lease arrangement existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment amounting to Rs. 0.34 crore to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been adjusted. The effect of IND AS 116 on the loss before tax, loss for the quarter and earnings per share is not material.

With regards to application at overseas subsidiaries, IFRS 16 is applicable since 01.01.2020 and based on assessment of leasing contracts if any, the Group did not have any operating lease generating long term right to use so as to have impact on financials and hence no material impact has been recognised during the quarter.

4. The Auditors have expressed an Adverse Opinion on these Financial Results basis the following:

i. Going Concern

The financial results of the Group have been prepared on a going concern basis by the management. The Group has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and credit downgrades. The current liabilities substantially exceed the current assets (excluding Asset Held for Sale) and large sums of money are in dispute, which is not readily realisable. Few operational creditors and two financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of ICICI Bank Limited, NCLT has kept order reserved after hearing.

The Holding company has disposed off substantial part of PPE so as to meet its liabilities and subsequent to sale, the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors. Some of the other assets in the group are also in the process of being sold. The management is making its best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets.

The management of the Parent Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and gross claims receivable for Rs. 1,618 crore at the consolidated level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Group has monetized its fleet of ships and is in the process of concluding the monetization of

its fleet of dredgers. Further, the Group has impaired several of its assets to fair value, which is equivalent to net realizable value basis the transactions concluded, and market estimates.

In view of these efforts, the management feels that the going concern assumption considered for the preparation of financial results has not been vitiated.

- ii. The Group has carried out valuation of underlying investment in coal mining and logistic company situated in Indonesia for determining of fair valuation of these financial assets as per local regulations as on December 31, 2019 instead of March 31, 2020. The Group has recognised reduction in fair value of such financial instrument amounting to Rs 105.47 Crore (USD 14.84 Mn). Reduction in value is on account of sharp fall in coal prices, reduction in absolute realisation of coal handling fees for one of major customer, cost of production and change in assumption of terminal value based on extension of mining license. The fair value as on March 31, 2020 can be substantially different in view of the COVID19 scenario and due to other valuation factors.
- iii. Current Tax Assets (net) as on March 31, 2020 includes Rs. 69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs. 63.18 crore has been received and contested by the Holding Company. The management is taking steps to resolve the cases with the income tax department.
- iv. Regarding Mercator Oil & Gas Limited ('MOGL'), a subsidiary :
 - a. MOGL was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019.

In the view of the management and based on legal advise, a claim of Rs 1306.89 crore (USD 173.36 Mn) has been made by the subsidiary on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings. The Group has accordingly not impaired the other receivable under said contract amounting to Rs. 204.61 crore, pending completion of the arbitration proceedings.

- b. MOGL has an ongoing dispute with its consortium partner M/s Gulf Piping Co Ltd (GPC) and based on an order of the Abu Dhabi Court a final liability of USD 5.7Mn (Rs. 22.97 crore) along with interest at 5% interest p.a. is payable to them. MOGL has filed scheme of arrangement in NCLT for deferring payment of all creditors and has considered the same as a contingent liability.
- v. Regarding Mercator Petroleum Limited (MPL), a subsidiary:
 - a. In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The subsidiary is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact would be approx Rs 35.80 Crore.

- b. The Board of Directors has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs. 252 crore. The Group is hopeful that it will be able to successfully conclude the transaction and has accordingly considered the amount of Rs. 252 Crore under capital work in progress as Asset Held for Sale.
- vi. Due to impediments created due to Covid lockdown, the Holding Company and some of its subsidiaries have not been able to obtain confirmations from various debtors, loans and advances, trade and other payables. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back a substantial amount of these receivables/ payables/ loans and advances.
- vii. Compliance under section 134 and 149 of Companies Act 2013:
 - a. In case of MPL, Independent Director, Chief Financial Officer and Company secretary has resigned during the year. The management has not filled the said vacancy until date of reporting.
 - b. In case of MOGL, Independent Director has resigned during the year. The management has not filled the said vacancy until date of reporting.
- viii. MT Nerissa (the Vessel) was operated in a pool arrangement with Seawolf (Heidmar Pool). There was a delay in discharge of cargo at the two discharge ports of Qingdao and Tianjin of PRC. The cargo could be finally discharged only in April 2019. The delay in discharge of cargo at both the discharge port could give rise to potential cargo claim from the ultimate receiver which will ultimately fall back through the Pool on the Company. The Company's agreement with Pool is subject to the Hague-Visby Rules or the Hague Rules or the Hamburg Rules. The Rule provides a period of one year from the date of discharge within which claims can be made. Claim will be time barred unless proceedings have been started within 12 months from the date of discharge. The Company estimates the claim to be in the range of Rs 9.86 Crore (USD 1,308,412) and has provided for the same on prudence.
5. The Company has an insurance claim amounting to Rs. 54.28 Crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.
6. During the year, Axis Bank Limited and Bank of Baroda have appointed independent firm as forensic auditor in case of the Company and MPL respectively. The reports for the same are not available with the Company.
7. In case of a material step-down subsidiary of the Company, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.
8. Finance cost amounting to Rs 260.75 crore as on March 31, 2020 includes Rs 95.21 crore towards penal interest levied by lender(s) on loans recalled / event of default, which includes Rs. 35.63 crore debited during the quarter.

9. Subsequent to the balance sheet date, the Company and its promoter director have entered into settlement agreement to settle the dues with a lender with a principal liability of Rs 6 crore at an amount of Rs 1 crore. As per the terms of the agreement, the same will be discharged by the promoter director of the Company, being the guarantor under credit facility and the resultant gain to the company will be accounted on actual settlement.
10. During the previous year, Credit Analysis & Research Limited (CARE) had downgraded the rating assigned to the Parent Company, MOGL and MPL for short term credit facilities from CARE A4 to CARE D, which was again revised on July 11, 2019 from CARE D to CARE D (ISSUER NOT COOPERATING).

Further, in respect of Loans outstanding aggregating to Rs. 1,614.81 crore as on March 31, 2020 the Group has during the year committed breach of financial covenants including default in interest and instalment payments due to various Banks / financial institutions which are still continuing resulting in several banks / FIs recalling their loans.

11. 12% Secured Non Convertible Debentures (NCD), issued on March 27, 2018 are unrated, unlisted and are secured by way of first pari passu charge on the Parent Company's specific assets and collaterally by pledge of the shares of one of its subsidiary & step - down subsidiary Company, pari-passu charge on assets of subsidiary company and personal guarantee of key managerial personal. These are redeemable at a premium of 5% (for first 2 years) and 7% for remaining period on accrual basis.

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019
1	Previous due date for payment of Interest on Non – Convertible Debentures (NCD)	30-Mar-20	30-Mar-19
2	Previous due date for repayment of Principal of NCD	NA	NA
3	Next due date and amount for payment of Interest on NCD	30-Jun-20 #	30-Jun-19
4	Next due date and amount for the repayment of Principal of NCD	30-Jun-20 #	30-Jun-20

As per original schedule specified under Debenture Trust Deed.

Debenture trustee has issued letter dated October 01, 2019 with retrospective effect of event of default since October 04, 2018 (i.e. external credit rating downgrade).

12. During previous financial year, certain NBFCs / FIs had invoked 2,98,62,760 No of equity shares held by the promoters, pledged to them amounting to Rs. 13.42 crore in lieu of default in repayment and margin money call. The Parent Company was accounting the liability due to the promoters, based on the initial claim letter by them, which stated to reimburse them the amount considering average of last two days traded price at the time of payment. Based on legal opinion obtained recently and as approved by the Board of Directors the loan from directors has been reinstated to the invocation value resulting in reversal of previously recognised valuation gain amounting to Rs 10.83 crore which has been charged to finance cost during the quarter.

Subsequent to the balance sheet date, one of the NBFC has invoked 2,55,00,000 No shares of promoters and has settled outstanding dues amounting to Rs 4.11 crore.

13. Proceedings have been filed by a few operational creditors and two financial creditors namely ICICI Bank Limited (ICICI) and State Bank of India (SBI) against Mercator Limited (Corporate Debtor/Company) under the Insolvency and Bankruptcy Code, 2016 (IBC) for recovery of their respective outstanding dues. In case of ICICI Bank Limited, the order has been reserved vide interim order dated March 03, 2020, which did not pronounced due to COVID19 pandemic. In addition to that, company has entered into settlement agreements with approval of NCLT with few operational creditors amounting to Rs 3.94 Crore out which Rs 1.57 Crore honoured. The Balance commitment is pending to be discharged by company.
14. Vessel sale, impairment and loss on sale / discard of vessels status during quarter and year ended March 2020 are as under -

Name of Vessel	Type of Vessel	Date of Sale / delivery	Nature	Impairment of vessels Mar 2020	Loss on Sale / Discard	Method of sale / discard
				Rs in Crore	Rs in Crore	
Prem Pride	Tanker	16.01.20	Sold		102.63	By Company
Prem Mala	Tanker	26.05.20	Sold		22.37	Court sale
Hansa Prem	Tanker	23.03.20	Sold		20.73	By Bank
Bhagwati Prem	Dredger	---	---	19.57		
Darshani Prem	Dredger	---	---	17.51		
Omkara Prem	Dredger	07.10.19	Scrap		15.27	Scrap Sale
Tridevi Prem	Dredger	02.08.19	Sunk		22.81	Sunk at Port
Uma Prem	Dredger	09.01.20	Sold		12.91	Court Sale
Vakul Prem	Dredger	05.12.19	Scrap		29.54	Scrap Sale
Veera Prem	Dredger	31.12.19	Wreck		7.17	Wreck
Vivek Prem	Dredger	---	---	1.71		
Yukti Prem	Dredger	---	---	2.25		
Total				41.04	233.43	

The Group has four non-operational dredgers, which has been valued at realisable scrap value resulting in Impairment amounting to Rs. 41.04 crore in the books of accounts.

15. One of the financial lenders of the Wholly Owned Foreign Subsidiary has recalled loan in the month of May 2019 and further to that, they have filed case in Singapore High Court for recovery of their outstanding dues. Summary proceedings under applicable law is in process and no final order being issued yet as on March 31, 2020.
16. During the quarter, the company has provided expected credit loss amounting to Rs 17.06 Crore on capital advances given to few parties pending realisation / adjustment end of the year and the same has not qualified in criteria of IND AS 109 for financial instrument for recoverability.
17. The Company Secretary of the Holding company has resigned dated July 23, 2019 and until date of reporting, said appointment is yet to be completed.
18. Pursuant to the requirement of Listing Regulation, the Group has not appointed one of the Independent Director of Parent Company on the board of the material subsidiaries incorporated in India and Outside India. In case of PT Karya Putra Borneo, due to litigation and block of corporate profile, unless MoLHR allowed, such change of Constitutional Documents is not permitted.

19. Exceptional Item

- a. The Group has entered into Farm in Farm Out (FIFO) agreement dated December 26, 2019 for sale of participating interest in CB-9 oil blocks at a price of Rs 252 crore which will be utilised for repayment of external liabilities of subsidiary company of Mercator Petroleum Limited. The Group has recognised CB-9 related assets as "Asset Held for Sale" and recognised balance unrealised capital work in progress of CB-9 (net of intercompany eliminations) Rs 12.75 Crore as exceptional items. The Group has also provided capital work in progress of Rs 34.45 Crore as exceptional items pertaining to CB-3 oil blocks wherein Ministry of Petroleum and Natural Gas (MoPNG) has terminated Production Sharing Contract (PSC).
- b. Pursuant to order of Hon'ble High Court of Bombay dated July 29, 2019, Bank Guarantees issued in favour of ONGC haven been invoked as part of rights vested under Sagar Samrat Conversion Project (SSCP) agreement upon termination of the same. The Group has recognised Rs 106.99 Crore (net of advances received against Bank Guarantee from ONGC) as exceptional item.

20. Subsequent to year end, the management of respective companies has placed companies under voluntary liquidation and appointed liquidator under applicable laws –

- a. Mercator Energy Pte Ltd (the company is a plaintiff for case filed by ICICI bank Limited at Singapore being guarantor and company has informed to court for its voluntary liquidation. Final observation of High Court of Singapore on the same is pending).
- b. Mercator Offshore (P) Pte Ltd (company has also withdrawn scheme of arrangement filed for payment of creditors linked with contingency outcome of SSCP arbitration)
- c. Mercator Offshore Asset Holdings Pte Ltd
- d. Marvel Value International Limited, British Virgin Island.

21. Discontinued Business Operation Disclosure

In previous year, a overseas subsidiary passed a resolution approving the sale of VLCC vessel "Nerissa" held under Property, Plant & Equipment which is the only Cash Generating Unit (CGU) of the said subsidiary. Subsequently a Memorandum of Agreement (MOA) was signed with a buyer agreeing to sale price of USD 27.50 Mn (Net). Accordingly, the subsidiary had accounted for Impairment loss of Rs. 286.92 Crore on classification of the said asset as "Non-Current Asset held for sale" in previous year. The said impairment loss is included under "Net profit/(loss) before tax from discontinued operation" in the above results.

The Company has presented the financial results of the said subsidiary as discontinued operation in accordance with IND AS -105 "Non-current Assets Held for Sale and Discontinued Operations" . Given below is the Financial Performance of the discontinued operation:

Particulars (Rs in Crore)	Quarter Ended			Year End	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	Audited
Revenue	-	-	14.88	-	47.01
Less:					
Operating Cost	0.02	0.02	6.93	2.80	24.51
Depreciation	-	-	0.04	-	20.56
Impairment loss on classification of asset as Non-Current Asset held for sale	-	-	33.21	-	301.86
Finance Cost	-	-	2.59	-	28.87
Administrative Expenses	0.04	0.08	-	0.13	9.30
Profit / (Loss) Before tax	(0.06)	(0.10)	(27.89)	(2.93)	(336.08)

22. The results for the quarter and the year ended March 31, 2020 are available on the BSE Ltd website www.bseindia.com, National Stock Exchange of India Limited website www.nseindia.com and the Company's website www.mercator.in
23. The figures for the quarter ended March 31, 2020 and March 31, 2019 are balancing figure between audited figures in respect of full financial year and published year to date figure up to the third quarter of relevant financial year.
24. Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

For **MERCATOR LIMITED**

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by HARISH
KUMAR KUMAR MITTAL
Date:
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H K MITTAL
EXECUTIVE CHAIRMAN

Place: Mumbai

Date: July 15, 2020

Independent Auditor's Report

To the Board of Directors of Mercator Limited

Report on the Audit of Consolidated Financial Results

Adverse Opinion

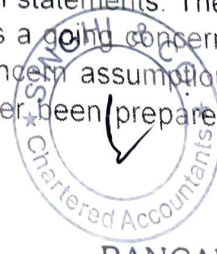
1. We have audited the accompanying consolidated financial results of Mercator Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") for the year ended March 31, 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements /financial results/ financial information of the subsidiaries, due to the significance of matters described in the Basis for Adverse Opinion Para, the aforesaid consolidated financial results –
 - a. are not presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b. do not 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 March 31, 2020, its loss [including other comprehensive income], its cash flows and the changes in equity for the year ended on that date because of the significance of the matter(s) described in the 'Basis for Adverse Opinion' section of our report.

The statement includes the results of the subsidiaries (including step down subsidiaries) as per Annexure "A";

Basis for Adverse Opinion

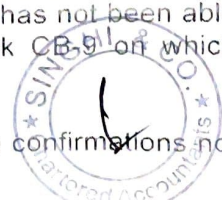
3. We draw attention to –

- a. Note No 4(i), regarding preparation of the Consolidated Financial results on a going concern basis. During the year the financing arrangements for the Holding Company of the group expired and the amount outstanding was payable on March 31, 2020. The Group has been unable to conclude re-negotiations or obtain replacement financing for repayment of its overdue financing arrangements. The Group has accumulated losses and has incurred significant losses as a result of substantial impairment of several assets during the current financial year. The Group also has substantial disputed receivables, which are not readily realizable to service the Company's current liabilities and the Group's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Holding Company and few subsidiaries. Auditors of several subsidiary companies have also issued modified reports relating to the Going Concern assumption for preparation of the financial statements. The management has not shared a revival plan for the Group to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Consolidated Financial Statements have however been prepared



on a going concern basis by the management.

- b. Note No. 4(ii) of the Consolidated Financial results, regarding the Group's investment carried at Fair Value through Profit and Loss Account pertaining to its coal mining and related infrastructure assets in Indonesia on which reduction in fair value of Rs. 105.47 Crore has been recognised basis an independent valuation report conducted on December 31, 2019 instead of March 31, 2020 and fair value considered as on 31st March 2020 is Rs. 86.03 crore. Due to the onset of COVID-19, the subsidiary auditors are unable to comment on the impact on the fair valuation of these financial assets as at March 31, 2020.
- c. Note No. 4(iii) of the Consolidated Financial Results, regarding unprovided current tax demands under dispute, pertaining to Holding Company, to the tune of Rs. 63.18 crore pending at various judicial forums of the Income Tax department. In the absence of the required supporting documents justifying the stand of the Holding Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.
- d. Note No. 4(iv)(a) of the Consolidated Financial Results, regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The amount standing under Other Financial Assets is Rs. 204.61 crore. The amount of recoverability and ultimate impairment would depend on the outcome of the arbitration proceedings, which is uncertain as at the balance sheet date.
- e. Note No. 4(iv)(b) of the Consolidated Financial Results, regarding one of the consortium partners in SSCP ('GPC') has filed a claim against the MOGL in Abu Dhabi First Instance Court wherein the Court after review sought for work undertaken and change of assessment base, ordered MOGL to pay USD 5.7 million and interest @ 5% p.a. from date of case filed until actual payment. However MOGL has not accepted the claim and recognized Rs. 22.97 crore as contingent liability on the subject matter. In the view of the auditor of MOGL, since MOGL has not appealed against the Court order and further in absence any document which provides evidence that MOGL is planning to pursue the matter with higher forum, potential financial impact of the same on the Consolidated Financial Results is not known.
- f. Note No. 4(v)(a) of the Consolidated Financial Results, regarding notice received by a subsidiary company Mercator Petroleum Limited (hereinafter referred to as "MPL") from the Ministry of Petroleum and Natural Gas (MOPNG) for termination of Production Sharing Contract (PSC) for one of its non-operative oil Block and has demanded costs and other dues to be determined as per terms and conditions of PSC. As per the auditor of the subsidiary, in case MPL's stand is not accepted by MOPNG, the estimated financial impact would be to the tune of Rs. 35.80 crore.
- g. Note No. 4(v)(b) of the Consolidated Financial Results, regarding the fact that MPL, has entered into a Farm-in Farm-out ('FIFO') agreement and deed of assignment with one of the prospective buyer for sale of participating interest ('PI') in oil block CB-9. As per the FIFO agreement, the estimated sale price for PI in CB-9 is approximately Rs. 252 crore. MPL on the basis of the aforesaid agreement has re-valued its non-current asset and provided impairment loss aggregating to Rs. 12.75 crore in the current financial year. As per Ind AS 105, an entity should value its non-current asset held for sale at the lower of carrying amount or fair value. As per the auditor of the subsidiary, MPL has not been able to provide any valuation report with respect to fair value of oil block CB-9 on which reliance can be placed.
- h. Note No. 4(vi) of the Consolidated Financial Results, regarding balance confirmations not



been received in respect of various trade receivables, trade and other payables, and loans and advances for several entities of the group as a result of which reconciliation process and consequential adjustments, if any, has not been carried out in these entities. The Group has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available for audit verification.

- i. Note No. 4(vii) of the Consolidated Financial Results, as reported by the statutory auditor of MOGL, regarding resignation of one of the director on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MOGL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MOGL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. As reported by the statutory auditor of MPL, regarding resignation of one of the directors on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MPL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MPL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. Additionally, Chief Financial Officer and Company Secretary have also resigned on July 5, 2019 and July 24, 2019 respectively. MPL has failed to fill-up these vacancies within the stipulated timeline mentioned under Section 203(4) of the Companies Act, 2013. As per the auditor of the subsidiary, the Financial Statement of the subsidiary has not been signed in compliance with Section 134 of the Companies Act, 2013.
 - j. Note No. 4(viii) of the Consolidated Financial Results, one of the subsidiary company has made provision of Potential cargo claims amounting to USD 1,308,412 (Rs. 9.86 crore) and due to lack of sufficient supporting documents and information available from the subsidiary company; sufficient appropriate audit evidence on the basis, completeness and accuracy of provision amount recorded by the subsidiary company couldn't be obtained by the auditor of the subsidiary. Further as reported, trade receivables amounting to USD 1,308,412 (Rs. 9.86 crore) is due from a debtor and as per the management of the subsidiary company, the debtor has retained the amount in lieu of the potential claims and hence no expected credit loss ("ECL") provision is recognized. Accordingly, potential financial impact of the same on the Consolidated Financial Results is not known.
4. We conducted our audit of the Consolidated Financial Results in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Results' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for adverse opinion on the Consolidated Financial Results.



Emphasis of Matter

5. We draw attention to –

- a. Note No 5 of the Consolidated Financial Results, regarding receivable from an insurance company amounting to Rs. 54.28 crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.

Our opinion is not modified in respect of the aforementioned matters.

Management's Responsibilities for the Standalone Financial Results

6. These consolidated financial results have been prepared on the basis of the Consolidated Financial statements. The Holding Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Group in accordance with Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 of the assets of the Group and its associates and jointly controlled entities 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results 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 results by the Directors of the Holding Company, as aforesaid.
7. In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors' of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

9. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Results.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of the misstatement in the statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the statement may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the statement

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Matters

11. The accompanying Consolidated Financial Results includes the audited financial results/statements and other financial information, in respect of 5 domestic subsidiaries and 13 foreign subsidiaries, whose financial statements reflect total assets of Rs. 1,574.46 crore as at March 31, 2020, total revenues of Rs. 216.62 crore and Rs. 827.16 crore, total net loss after tax (including from discontinued operations) of Rs. 928.45 crore and Rs. 1,070.66 crore, total comprehensive income of Rs. 0.18 crore and Rs. 0.18 crore for the quarter and year ended on that date respectively, and net cash outflows / inflows of Rs. 21.07 crore for the year ended March 31, 2020, as considered in the consolidated financial results which have been audited by their respective auditors.

The independent auditor's report on the financial statements/financial results/financial information of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

12. The accompanying Consolidated Financial Results includes unaudited financial results /statements and other unaudited financial information in respect of 7 foreign subsidiaries whose financial statements have been incorporated based on management certified accounts received and reflects total assets of Rs. 58.19 crore as at March 31, 2020 and total revenue of Rs. 2.66 crore and Rs. 5.34 crore and total net loss after tax of Rs. 95.71 crore and Rs. 106.77 crore for the quarter and year ended March 31, 2020 respectively and net cash outflow / inflow of Rs. 3.65 crore for the year ended March 31, 2020.

These unaudited financial statements/ financial information/ financial results have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements/ financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information/financial results are not material to the Group.

13. The consolidated financial results include the results for the quarter ended March 31, 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.

Our opinion is not modified in respect of the above matters.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E



Nikhil Singhi
Partner

Membership No. 061567

Place: Mumbai
Date: July 15, 2020
UDIN: 20061567AAAAAE3817

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

A) Subsidiaries (held directly)

- 1 Mercator Oil & Gas Ltd
- 2 Mercator Petroleum Ltd
- 3 Oorja Resources India Private Ltd
- 4 Mercator Dredging Private Ltd (Formerly Mercator FPSO Pvt Ltd)
- 5 Mercator International Pte Ltd
- 6 Mercator OceanTransport Limited

B) Subsidiaries (held indirectly)

- 7 Offshore Holding Company Pte Ltd
- 8 Oorja Holdings Pte Ltd
- 9 Mercator Energy Pte Ltd
- 10 Mercator Offshore Assets Holding Pte Ltd
- 11 Panther Resources Pte Ltd
- 12 Oorja (Batua) Pte Ltd
- 13 Oorja 1 Pte Ltd
- 14 Oorja 2 Pte Ltd
- 15 MCS Holdings Pte Ltd
- 16 PT Karya Putra Borneo
- 17 PT Indo Perkasa
- 18 Oorja Indo Petangis Four (Indonesia)
- 19 Oorja Indo Petangis Three (Indonesia)
- 20 Oorja Indo KGS (Indonesia)
- 21 PT BimaGemaPermata
- 22 Marvel Value International Limited
- 23 Mercator Offshore (P) Pte Limited
- 24 Oorja Mozambique Lda (Mozbq)
- 25 Broadtec Mozambique Minas Lda (Mozambique)



Mercator Limited CIN NO : L63090MH1983PLCO31418 Regd. Office: 83-87, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333 Statement of Assets and Liabilities As at March 31, 2020 (Rs. in crore)			
Particulars		STANDALONE	
		As at 31-Mar-2020 (Audited)	As at 31-Mar-2019 (Audited)
A ASSETS:			
1 Non-current assets:			
a) Property, plant and equipment		16.85	451.84
b) Investment property		-	0.96
c) Financial assets			
i) Investments		63.65	474.48
ii) Loans		1.40	6.26
iii) Other financial assets		0.03	15.30
d) Other non-current assets		-	19.45
e) Income tax assets (net)		75.58	88.87
		157.51	1,057.16
2 Current assets:			
a) Inventories		-	3.74
b) Financial assets			
i) Trade receivables		45.95	67.71
ii) Cash and cash equivalent		0.90	7.42
iii) Bank balances other than cash and cash equivalents		0.12	21.31
iv) Loans		120.19	329.42
v) Other financial assets		59.35	71.36
c) Other current assets		13.50	30.28
Non Current Assets classified as Asset Held for Sale		36.68	-
		276.69	531.24
TOTAL ASSETS		434.20	1,588.40
B EQUITY AND LIABILITIES:			
1 Equity:			
a) Equity share capital		30.25	30.25
b) Other equity		(801.51)	222.65
		(771.26)	252.90
2 Non-current liabilities:			
a) Financial liabilities			
i) Borrowings		-	473.73
ii) Other financial liabilities		0.03	0.18
b) Provisions		-	1.16
		0.03	475.07
3 Current liabilities:			
a) Financial liabilities			
i) Borrowings		219.57	381.49
ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		0.35	0.31
- total outstanding dues of creditors other than micro enterprises and small enterprises		47.70	84.96
iii) Other financial liabilities		927.50	369.34
b) Other current liabilities		10.12	23.72
c) Provision		0.19	0.61
		1,205.43	860.43
TOTAL EQUITY AND LIABILITIES		434.20	1,588.40

Mercator Limited

CIN NO : L63090MH1983PLCO31418

Regd. Office: 83-87, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Audited Financial Results For Quarter and Year Ended March 31, 2020

(Rs. in crore)

Particulars		Standalone				
		Quarter ended			Year ended	
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
		Refer Note No 21	Unaudited	Refer Note No 21	Audited	Audited
1	Income					
	(a) Revenue from operations	29.38	34.35	54.74	132.16	311.96
	(b) Other income	9.15	2.82	9.44	19.01	76.61
	Total Income	38.53	37.17	64.18	151.17	388.57
2	Expenses					
	(a) Cost of services rendered	9.16	35.59	58.68	94.85	212.76
	(b) Employee benefits expense	0.84	2.22	4.39	9.23	17.41
	(c) Finance costs	74.01	52.57	26.50	220.13	116.92
	(d) Depreciation and amortisation	5.84	6.96	21.23	41.05	123.72
	(e) Impairment Losses	(265.50)	(22.35)	53.45	41.04	53.45
	(f) Loss on Sale / Discard of Property, Plant and Equipment	233.43	-	-	233.43	73.50
	(g) Other expenses	8.40	2.45	4.01	30.35	13.95
	(h) Provision for doubtful debts / advances (net)	20.94	-	(5.36)	20.94	95.60
	Total expenses	87.12	77.44	162.90	691.02	707.31
3	Profit/(loss) from operations before exceptional items and tax (1-2)	(48.59)	(40.27)	(98.72)	(539.85)	(318.74)
4	Exceptional items	(485.47)	-	(181.38)	(485.47)	(181.38)
5	Profit/(loss) before tax from Continuing Operations (3 - 4)	(534.06)	(40.27)	(280.10)	(1,025.32)	(500.12)
6	Tax expense					
	Current tax (including earlier year adjustment)	3.45	(1.30)	(1.60)	(0.45)	(11.33)
	Deferred tax (net)	-	-	-	-	-
7	Net profit/(loss) after tax from Continuing Operations (5 - 6)	(530.61)	(41.57)	(281.70)	(1,025.77)	(511.45)
	Discontinued Operation					
	Net profit/(loss) before tax from discontinued Operation	-	-	-	-	-
	Tax (expenses) / benefit of discontinued operation	-	-	-	-	-
8	Net profit/(loss) after tax from Discontinued Operation					
9	Net profit/(loss) after tax	(530.61)	(41.57)	(281.70)	(1,025.77)	(511.45)
10	Items that will not be reclassified to statement of profit and loss					
	Remeasurement gains /(loss) of defined benefit plans	0.77	(0.08)	(0.08)	0.63	(0.12)
	Total Other comprehensive income /(loss)	0.77	(0.08)	(0.08)	0.63	(0.12)
11	Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (9+10)	(529.84)	(41.65)	(281.78)	(1,025.14)	(511.57)
12	Profit /(Loss) attributable to for the period (net of tax)					
	Owners of the company	(530.61)	(41.57)	(281.70)	(1,025.77)	(511.45)
	Non controlling interest	-	-	-	-	-
13	Other comprehensive income/ (loss) for the year (net of tax)					
	Owners of the company	0.77	(0.08)	(0.08)	0.63	(0.12)
	Non controlling interest	-	-	-	-	-
14	Total Comprehensive Income /(Loss) for the period / year attributable to					
	Owners of the company	(529.84)	(41.65)	(281.78)	(1,025.14)	(511.57)
	Non controlling interest	-	-	-	-	-

MERCATOR LIMITED
NOTES FORMING PART OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2020

1. The standalone financial results of Mercator Limited (hereinafter referred as “the Company”) for the quarter and year ended March 31, 2020 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on July 15, 2020.
2. The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("IND AS") prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.
3. Effective April 1, 2019, the Company has adopted IND-AS 116 "Leases" on all material lease arrangement existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment amounting to Rs. 0.34 crore to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been adjusted. The effect of IND AS 116 on the loss before tax, loss for the quarter and earnings per share is not material.
4. The Auditors have expressed an Adverse Opinion on these Financial Results basis the following:

i. Going Concern

The financial results of the Company have been prepared on a going concern basis by the management. The Company has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and downgrading in credit rating of the Company. The current liabilities substantially exceed the current assets and large sums of money receivable are in dispute, which is not readily realisable. Further, few operational creditors and financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of one of the financial creditor, NCLT has kept order reserved after hearing. During the year, the Company has also disposed off the substantial part of the Property, Plant and Equipment (PPE). As on March 31, 2020 the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors.

The management is of the view that they are making best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets and is making efforts to revive operations. Further, the Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and claims receivable for Rs. 1,618 crore at the group level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Company has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Company has impaired several of its assets to fair value which is equivalent to net realizable value basis the transactions concluded and market estimates.

In view of these efforts, the management feels that the going concern assumption considered for the preparation of financial results has not been vitiated.

- ii. During the quarter ended March 31, 2020, the Company has provided impairment loss amounting to Rs 426.31 crore on investment in Non Cumulative Redeemable Preference Shares (NCRPS) of its wholly owned subsidiary Mercator International Pte Ltd, Singapore (MIPL).

The step down Subsidiary Company has carried out valuation of coal business taking cut off date December 31, 2019 for the purpose local reporting requirement and the same has been considered for financial reporting as on March 31, 2020 as well. The valuation may get impacted due to COVID19 scenario, variable cost escalation, reduction in absolute value of coal infrastructure service fees of major customer, terminal value assumption, exchange rate variation, assumption of automatic renewal of license etc. during this tenure.

- iii. Current Tax Assets (net) as on March 31, 2020 includes Rs. 69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs. 63.18 crore has been received and contested by the Company. The management is taking steps to resolve the cases with the income tax department.
- iv. Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project work. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. Considering involvement of time in the arbitration proceedings, being conservative, the Company has impaired amount of Rs. 32.16 crore towards the loan given and Rs 0.15 crore towards investment in MOGL.

In the view of the management and based on legal advice, a claim of Rs 1,306.89 crore (USD 173.36 Mn) has been made by the subsidiary company on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings.

- v. During the quarter ended March 2020, the Company has provided impairment of Rs 16.17 crore towards the investment and Rs 6.06 crore towards the loan of Mercator Petroleum Limited (MPL) evaluating following criteria –
 - a. In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The management of MPL and the Company is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact on the Company would be approx. Rs 35.80 Crore.
 - b. The Board of Director has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs. 252 crore. The Company is hopeful that it will be able to successfully conclude the transaction.

- vi. The Company has not been able to obtain confirmations from various debtors, loans and advances, trade and other payables on account of ongoing lockdown situation resulting from the Covid-19 pandemic. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back a substantial amount of these receivables/ payables/ loans and advances.
- 5. The Company has an insurance claim amounting to Rs. 54.28 Crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.
- 6. During the year, Axis Bank Limited and Bank of Baroda have appointed independent firm as forensic auditor in case of the Company and MPL respectively. The reports for the same are not available with the Company.
- 7. In case of a material step-down subsidiary of the Company, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.
- 8. During the quarter, the subsidiary companies namely Mercator Oil and Gas Limited and Mercator Petroleum Limited has approached the Company for seeking waiver in charging interest on loan and debenture outstanding in respective companies on account of contingencies in case of arbitration claim of ONGC and delayed realisation and completion of sale of oil blocks respectively. The Company continues to maintain its claim of interest and has accounted for interest from its subsidiaries amounting to Rs. 11.60 crore during the year and consequently impaired the same based on the assessment of the financial position of the subsidiaries.
- 9. Finance cost amounting to Rs 220.13 crore as on March 31, 2020 includes Rs 95.21 crore towards penal interest levied by lender(s) on loans recalled / event of default, which includes Rs. 35.63 crore debited during the quarter.
- 10. Subsequent to the balance sheet date, the Company and its promoter director have entered into settlement agreement to settle the dues with a lender with a principal liability of Rs 6 crore at an amount of Rs 1 crore. As per the terms of the agreement executed after the end of the financial year 2019-20, the same have already been discharged by the promoter director of the Company, being the guarantor under the credit facility and the resultant gain to the company will be accounted on actual settlement.
- 11. During the previous year, Credit Analysis & Research Limited (CARE) had downgraded the rating assigned to the Company for short term credit facilities from CARE A4 to CARE D, which was again revised on July 11, 2019 from CARE D to CARE D (ISSUER NOT COOPERATING).

Further, in respect of Loans outstanding aggregating to Rs. 962.25crore as on March 31, 2020 the Company has during the year, committed breach of financial covenants including default in interest and instalment payments due to various Banks / financial institutions (FIs) which are still continuing, resulting in several banks / FIs recalling their loans.

12. 12% Secured Non Convertible Debentures (NCD), issued on March 27, 2018 are unrated, unlisted and are secured by way of first pari passu charge on the Company's specific assets and collaterally by pledge of the shares of one of its subsidiary & step - down subsidiary Company, pari-passu charge on assets of subsidiary company and personal guarantee of key managerial personal. These are redeemable at a premium of 5% (for first 2 years) and 7% for remaining period on accrual basis.

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019
1	Previous due date for payment of Interest on Non – Convertible Debentures (NCD)	30-Mar-20	30-Mar-19
2	Previous due date for repayment of Principal of NCD	NA	NA
3	Next due date and amount for payment of Interest on NCD	30-Jun-20#	30-Jun-19
4	Next due date and amount for the repayment of Principal of NCD	30-Jun-20#	30-Jun-20

#As per original schedule specified under Debenture Trust Deed.

Debenture trustee has issued letter dated October 01, 2019 with retrospective effect of event of default since October 04, 2018 (i.e. external credit rating downgrade).

13. During previous financial year, certain NBFCs / FIs had invoked 2,98,62,760 No of equity shares held by the promoters, pledged to them amounting to Rs. 13.42 crore in lieu of default in repayment and margin money call. The Company was accounting the liability due to the promoters, based on the initial claim letter by them, which stated to reimburse them the amount considering average of last two days traded price at the time of payment. Based on legal opinion obtained recently and as approved by the Board of Directors the loan from directors has been reinstated to the invocation value resulting in reversal of previously recognised valuation gain amounting to Rs 10.83 crore which has been charged to finance cost during the quarter.

Subsequent to the balance sheet date, one of the NBFC has invoked 2,55,00,000 No shares of promoters and has settled outstanding dues amounting to Rs 4.11 crore.

14. During the year, the Company has sold / discarded substantial part of its PPE and has accounted loss on such sale / discard amounting to Rs. 233.43 crore. Also, the company has four non-operational dredgers, which has been valued at realisable scrap value resulting in Impairment amounting to Rs. 41.04 crore in the books of accounts. The details of such transactions are as under -

Name of Vessel	Type of Vessel	Date of Sale / delivery	Nature	Impairment of vessels Mar 2020	Loss on Sale / Discard	Method of sale / discard
				Rs in Crore	Rs in Crore	
Prem Pride	Tanker	16.01.20	Sold	-	102.63	By Company
Prem Mala	Tanker	26.05.20	Sold	-	22.37	Court sale
Hansa Prem	Tanker	23.03.20	Sold	-	20.73	By Bank
Bhagwati Prem	Dredger	---	---	19.57	-	NA
Darshani Prem	Dredger	---	---	17.51	-	NA
Omkara Prem	Dredger	07.10.19	Scrap	-	15.27	Scrap Sale

Tridevi Prem	Dredger	02.08.19	Sunk	-	22.81	Sunk at Port
Uma Prem	Dredger	09.01.20	Sold	-	12.91	Court Sale
Vakul Prem	Dredger	05.12.19	Scrap	-	29.54	Scrap Sale
Veera Prem	Dredger	31.12.19	Wreck	-	7.17	Wreck
Vivek Prem	Dredger	---	---	1.71	-	NA
Yukti Prem	Dredger	---	---	2.25	-	NA
Total				41.04	233.43	

15. Proceedings have been filed by a few operational creditors and two financial creditors namely ICICI Bank Limited (ICICI) and State Bank of India (SBI) against Mercator Limited (Corporate Debtor/Company) under the Insolvency and Bankruptcy Code, 2016 (IBC) for recovery of their respective outstanding dues. In case of ICICI Bank Limited, the order has been reserved vide interim order dated March 03, 2020, which did not pronounced due to COVID19 pandemic. In addition to that, the Company has entered into settlement agreements with approval of NCLT with few operational creditors amounting to Rs 3.94 crore out which only Rs 1.57 crore has been honoured and the balance commitment is yet to be discharged by the Company.
16. During the quarter, the Company has provided expected credit loss amounting to Rs 17.06 crore on capital advances given to few parties pending realisation / adjustment end of the year and remote visibility of any recoverability on account of their financial position.
17. The Company has identified only one major identifiable business segment viz Shipping (including Tankers and Dredgers) at standalone level. Hence, there is only reportable operating segment as per IND AS 108 "Operating Segments" in standalone financials.
18. During the year, the Company has carried out impairment testing on the investment and loans and advances given to wholly owned subsidiaries / subsidiaries based on their future cash generating capacity and have accounted Rs. 485.47 crore as impairment provision, which has been classified as exceptional item. Details are as under -

Name of Subsidiary	Impairment of Investment	Impairment of Loans and Advances (net of reversal)
	Rs in Crore	Rs in Crore
Equity Instrument		
Mercator Petroleum Limited	16.17	6.06
Mercator Oil and Gas Limited	0.15	32.16
Mercator Offshore Logistic Private Limited	0.01	2.03
Oorja Resources India Private Limited	0.03	--
Mercator Offshore (P) Pte Ltd	0.05	1.43
Mercator Oceantransport Limited	0.05	--
Offshore Holding Company Pte Ltd	0.00	(3.85)
Preference Instrument		
Mercator International Pte Ltd	426.31	
Capital Contribution – pursuant to the Corporate Guarantee given by the Company		

Mercator International Pte Ltd	3.47	
Mercator Petroleum Limited	1.07	
Mercator Oil and Gas Limited	0.33	
Other Equity Investment		
Investment in Equity Shares (others)	0.00	
Total	447.64	37.83

19. The results for the quarter and year ended March 31, 2020 are available on the BSE Ltd website www.bseindia.com, National Stock Exchange of India Limited website www.nseindia.com and the Company's website www.mercator.in
20. The Company Secretary of the Company has resigned dated July 23, 2019 and until date of reporting, the said vacancy is yet to be filled.
21. The figures for the quarter ended March 31, 2020 and March 31, 2019 are balancing figure between audited figures in respect of full financial year and published year to date figure up to the third quarter of relevant financial year.
22. Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

For **MERCATOR LIMITED**

HARISH
KUMAR
MITTAL

Digitally signed
by HARISH
KUMAR MITTAL
Date: 2020.07.16
00:23:00 +05'30'

H K MITTAL
EXECUTIVE CHAIRMAN

Place: Mumbai

Date: July 15, 2020

Independent Auditor's Report

To the Board of Directors of Mercator Limited

Report on the Audit of Standalone Financial Results

Adverse Opinion

1. We have audited the accompanying standalone financial results of Mercator Limited (hereinafter referred as "the Company") for the year ended March 31, 2020 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date, attached herewith (together referred as "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, due to the significance of the matters described in the Basis for Adverse Opinion Para, the aforesaid standalone financial results –
 - a. are not presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b. do not 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 March 31, 2020, its loss [including other comprehensive income] and its cash flows for the year ended on that date, because of the significance of the matter(s) described in the 'Basis for Adverse Opinion' section of our report.

3. Basis for Adverse Opinion

We draw attention to –

- a. Note No. 4(i) regarding preparation of the statement on a going concern basis. During the year the Company's financing arrangements expired and substantial amounts outstanding were due and payable on March 31, 2020. The Company has been unable to conclude re-negotiations or obtain replacement financing against the same. The company has accumulated losses and has incurred significant losses during the current financial year. The Company has substantial investments and loans and advances receivable from subsidiary companies and other disputed receivables, which are not readily realizable to service the Company's current liabilities and the Company's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Company. The Company has disposed off a substantial portion of its Property, Plant and Equipment in order to repay its liabilities. Further, the management has not shared a revival plan for the company to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Financial Results have however been prepared on a going concern



basis by the management.

- b. Note No. 4(ii), regarding the Company's investments in its wholly owned foreign subsidiary Mercator International Pte Ltd. (MIL) which has been impaired in full amounting to Rs. 426.31 crore (excluding investment in equity shares – Rs. 0.29 crore). The significant investment of MIL is in its coal mines and related infrastructure in Indonesia and the valuation of these assets was conducted on December 31, 2019 by an independent valuer, and the same has been considered as on March 31, 2020. Due to the onset of COVID-19, we are unable to comment on the impact on the valuation and consequently the financial statements, had the valuation been done as on March 31, 2020.
- c. Note No. 4(iii), regarding unprovided current tax demands under dispute to the tune of Rs. 63.18 crore pending at various judicial forums of the Income Tax department, which are treated as contingent liabilities. In the absence of the required supporting documents justifying the stand of the Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.
- d. Note No. 4(iv), regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The Company has investments in equity amounting to Rs. 0.15 crore, which has been fully impaired as on March 31, 2020 and loans amounting to Rs. 85.70 crore (which includes un-serviced interest amounting to Rs. 21.62 crore, excluding impairment of Rs. 32.16 crore), and the balance as per the financial results net of impairment amounts to Rs. 53.54 crore as at March 31, 2020 in MOGL, which in the view of the management is recoverable. In view of the pending outcome of the arbitration and also basis the audit report of the auditor of the Subsidiary, we are unable to comment on the recoverability of such investment and loan amount.
- e. Note No. 4(v), regarding the Company's investments in its Indian subsidiary Mercator Petroleum Ltd. (hereinafter referred to as "MPL") amounting to Rs. 47.93 crore, (excluding impairment of Rs. 16.17 crore during the year) and loan (including Debentures) given amounting to Rs. 104.31 crore (including un-serviced interest of Rs. 31.55 crore and excluding impairment of Rs. 6.05 crore) as on March 31, 2020, and the balance as per the financial results including investments and loans amounts to Rs.130.02 crore, which are considered recoverable. MPL has entered into a Farm in Farm Out (FIFO) Agreement for sale of its participating interest in its oil block CB-ONN-205/9 (CB-9), subject to fulfillment of certain conditions and the management is confident of being able to conclude this transaction and have estimated the impairment for the investment and advances accordingly. As per the information and explanations provided to us and also basis the opinion of the auditor of MPL, we are unable to obtain sufficient appropriate evidence about the recoverability of such investment and loan given.
- f. Note No. 4(vi), regarding balance confirmations not been received in respect of certain trade receivables, trade and other payables, and loans and advances as a result of which reconciliation process and consequential adjustments, if any, has not been carried out. The Company has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available to us.



We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Standalone Financial Results.

4. Emphasis of Matter

We draw attention to –

- a. Note No. 5, regarding receivable from an insurance Company amounting to Rs. 54.28 crore pertaining to total loss claim on a vessel pertaining to the year 2012-13, which is under litigation and has been considered fully recoverable by the management and is supported by a legal opinion.

Our opinion is not modified in respect of the aforementioned matters.

Management's Responsibilities for the Standalone Financial Results

5. These standalone financial results have been prepared on the basis of the Standalone Financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are elaborated in the 'Basis of Adverse Opinion' section of our report and are based on the audit evidence obtained up to the date of our auditor's report.
 - Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatement in the statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the statement may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the statement.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Matters

11. The standalone financial results include the results for the quarter ended March 31, 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.

Our opinion is not modified in respect of the aforementioned matter.

Place: Mumbai
Dated: July 15, 2020
UDIN: 20061567AAAAAD1341



For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E

A handwritten signature in black ink, appearing to read "N. Singhi".

Nikhil Singhi
Partner

Membership No. 061567

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 on Standalone Financial Result

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Rs. in Crore

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	151.17	151.17
	2	Total Expenditure	1,176.49	1,176.49
	3	Net Profit/(Loss)	(1,025.32)	(1,025.32)
	4	Earnings Per Share (in Re.)	(33.91)	(33.91)
	5	Total Assets	434.20	434.20
	6	Total Liabilities	1,205.46	1,205.46
	7	Net Worth	(771.26)	(771.26)
II. Audit Qualification (each audit qualification separately):				
a	Details of Audit Qualification:			
	As stated in Para 3 of independent auditor's report for quarter and year ended March 31, 2020 attached herewith.			
b	Type of Audit Qualification: Adverse Opinion			
c	Frequency of qualification: a) first time; b) Repetitive; c) Repetitive			
d	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:			
	As stated in Para 4 of notes forming part of standalone financial result for the quarter and year ended March 31, 2020 attached herewith.			
e	For Audit Qualification(s) where the impact is not quantified by the auditor:			
(i)	Management's estimation on the impact of audit qualification:			
(ii)	If management is unable to estimate the impact, reasons for the same: An appropriate quantification with details have been made for each of observations of modified opinion stated in Para 4 of notes forming part of financial result attached herewith.			
(iii)	Auditors' Comments on (i) or (ii) above: As stated in point II (a)			
III. Signatories:				
	For Mercator Limited HARISH KUMAR MITTAL Digitally signed by HARISH KUMAR MITTAL Date: 2020.07.16 00:24:28 +05'30' H. K. Mittal Executive Chairman		For Mercator Limited RAJENDRA KUMAR KOTHARI Digitally signed by RAJENDRA KUMAR KOTHARI Date: 2020.07.16 00:24:56 +05'30' Rajendra Kothari Chief Financial Officer	
	For Mercator Limited SD/- M. M. Agrawal Audit Committee Chairman		For Singhi & Co. Chartered Accountants Firm Reg No: 302049E Nikhil Singhi Partner Membership No. 061567	
Place: Mumbai				
Date: July 15, 2020				

MERCATOR LIMITED

[CIN: L63090MH1983PLC031418]

83-87, 8th Floor, Mittal Tower-B, Nariman Point, Mumbai-400021, India. Tel: +91 22 66373333 Fax: +91 22 6637 3344 ,
mercator@mercator.in

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 on Standalone Financial Result				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
Rs. in Crore				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	638.61	638.61
	2	Total Expenditure	1,398.28	1,398.28
	3	Net Profit/(Loss)	(759.67)	(759.67)
	4	Earnings Per Share (in Re.)	(30.62)	(30.62)
	5	Total Assets	1,293.55	1,293.55
	6	Total Liabilities	2,247.61	2,247.61
	7	Net Worth	(954.06)	(954.06)
II.	Audit Qualification (each audit qualification separately):			
	a	Details of Audit Qualification:		
		As stated in Para 3 of independent auditor's report for quarter and year ended March 31, 2020 attached herewith.		
	b	Type of Audit Qualification: Adverse Opinion		
	c	Frequency of qualification: a) first time; b) Repetitive; c) Repetitive		
	d	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
		As stated in Para 4 of notes forming part of standalone financial result for the quarter and year ended March 31, 2020 attached herewith.		
	e	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:		
	(ii)	If management is unable to estimate the impact, reasons for the same: An appropriate quantification with details have been made for each of observations of modified opinion stated in Para 4 of notes forming part of financial result attached herewith.		
	(iii)	Auditors' Comments on (i) or (ii) above: As stated in point II (a)		
III.	Signatories:			
	For Mercator Limited HARISH KUMAR MITTAL Digitally signed by HARISH KUMAR MITTAL Date: 2020.07.16 00:26:18 +05'30' H. K. Mittal Executive Chairman		For Mercator Limited RAJENDRA KUMAR KOTHARI Digitally signed by RAJENDRA KUMAR KOTHARI Date: 2020.07.16 00:25:55 +05'30' Rajendra Kothari Chief Financial Officer	
	For Mercator Limited SD/- M. M. Agrawal Audit Committee Chairman		For Singhi & Co. Chartered Accountants Firm Reg No: 302049E Nikhil Singhi Partner Membership No. 061567	
Place: Mumbai				
Date: July 15, 2020				

MERCATOR LIMITED

[CIN: L63090MH1983PLC031418]

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