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Ref: ML/SE/2019-20/75

November 13, 2019

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

Sub: Statement of Impact under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Please find enclosed herewith the Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2019 on Consolidated Financial Result in compliance with Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016.

Please acknowledge.

Thanking you,

Yours faithfully,

For **Mercator Limited**

Rajendra Kothari
CFO & Compliance Officer

MERCATOR LIMITED * MUMBAI *

Encl: as above

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Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 on Consolidated 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	867.35	867.35
	2	Total Expenditure	1,437.30	1,437.30
	3	Net Profit/(Loss)	(544.45)	(544.45)
	4	Earnings Per Share (in Re.)	(30.04)	(30.04)
	5	Total Assets	2,192.13	2,192.13
	6	Total Liabilities	2,158.23	2,158.23
	7	Net Worth	33.90	33.90
II.	**Audit Qualification (each audit qualification separately):**			
	a	**Details of Audit Qualification:**		
	(i)	i) Note 6 (i) regarding the preparation of the statement on going concern basis, for the reason stated therein. Consequently, the assets and liabilities are being carried at their book value .The Group has accumulated losses and has also incurred significant losses during the period resulting in substantial erosion of its net worth, in addition to defaults with lenders and credit downgrade and inability to meet its current liabilities which substantially exceeds its current assets. As on date, the Group has substantial disputed receivables, which are not readily realizable to service the Group's current liabilities. These conditions indicate the existence of an uncertainty that may cast a doubt on the Group's ability to continue as going concern. The appropriateness of assumption of going concern, and evaluation of recoverable value of its non-current assets is dependent upon the resolution of the debt of the Group, the Group's ability to raise requisite finance, achieve favourable orders in various ongoing litigations and generate cash flows in future to meet its obligations and to earn profits in future and currently there is not enough evidence to support this view.		
	(ii)	ii) Note 6 (ii) regarding ongoing litigation in respect of ownership of a material step down Indonesian subsidiary. Should the claim by the minority shareholder of the step-down subsidiary hold valid, the Company is exposed to loss of ownership with net exposure of Rs.274.03 Crore (USD 39.62 Mn) as at the reporting date.		
	(iii)	iii) Note 6(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.		
	(iv)	iv) Note 6 (iv) regarding notice received by a subsidiary 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. In case the subsidiary's stand is not accepted by the Ministry, the estimated financial impact would be to the tune of Rs.74.81 Crore.		
	b	**Type of Audit Qualification: Disclaimer Of 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:**		

SINGHI & CO. Chartered Accountants

MERCATOR LIMITED MUMBAI

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
83-87, 8th Floor, Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66374444 mercator@mercator.in

	(i)	**1)** Total claims of Rs. 1,440 crores receivable by the Company (at the consolidated level) are under litigation at various forums for which the Company expects favourable outcome in due course of time. **2)** The Company has been continuing its discussion with financial institution's and strategic investors for raising the requisite capex funding for CB9 block required for ramping up of the production to the peak level of ~6000 barrels/day. **3)** Discussions with lenders of Mercator Limited on the proposed Resolution Plan (RP) for restructuring of our loans are in process. Given the various initiatives being undertaken, the management feels that the going concern concept is not vitiated.
	(ii)	Dispute raised by an erstwhile minority shareholder in one of the stepdown subsidiary in Indonesia continues. The Company is taking all legal steps to protect its rights and interests expects a favourable outcome.
	(iii)	The Company is reflecting current tax assets (net) of Rs. 88.87 crore as on March 31, 2019, which comprises of income tax receivables (including tax paid) of Rs. 111.26 crore and income tax provision of Rs. 52.79 crore which has not been settled due to on - going tax assessment for the period Assessment Year 2007-08 to Assessment Year 2015-16 at various judicial forums of the Income Tax Department. Considering the various judicial pronouncements and submissions made so far, the management is hopeful of a favourable outcome of these pending litigations.
	(iv)	One of the Indian subsidiary has 2 Oil Blocks. Production Sharing Contract(PSC) for the Block CB-ONN-2005/3 has been terminated by Ministry of Petroleum and Natural Gas vide their letter dated 24th October 2019 since there was no oil discovery in the said Block. The Company is confident of defending costs claimed by DGH and is hopeful of a favourable outcome. However, PSC for the producing Block CB-ONN-2005/9 (CB9) remains in force.
	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: **Due to pending appeals at various forums the impact is not quantifiable.**
	(iii)	Auditors' Comments on (i) or (ii) above: As stated in point II (a)
III.	**Signatories:**	

For Mercator Limited **H. K. Mittal** **Executive Chairman**	**For Mercator Limited** **Rajendra Kothari** **Chief Financial Officer**
For Mercator Limited **M. M. Agrawal** **Audit Committee Chairman**	**For Singhi & Co.** **Chartered Accountants** **Firm Reg No: 302049E** **Nikhil Singhi** **Partner** **Membership No. 061567**
Place: Mumbai	
Date: 13.11.2019	