

Ref: ML/SE/2019-20/74



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: Outcome of Board Meeting**

Dear Sir,

This is to inform you that the Board of Directors of the Company at its meeting held today, has inter-alia, approved the following:

1. Audited Consolidated Financial Results of the Company for the quarter/year ended March 31, 2019 along with Auditors Report;
2. Unaudited Consolidated Financial Results of the Company for the quarter ended June 30, 2019 along with Limited Review Report and
3. Unaudited Financial Results (Standalone & Consolidated) of the Company for the quarter ended September 30, 2019 along with Limited Review Report.

The meeting of the Board of Directors was commenced at 2.00 P.M. and concluded at 11:59 P. M.

Please acknowledge.

Thanking you,

Yours faithfully,

For **Mercator Limited**

**Rajendra Kothari**  
CFO & Compliance Officer



Encl: as above

**Mercator Limited**

CIN NO : L63090MH1983PLCO31418

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

**Unaudited Financial Results For Quarter and Year Ended March 31, 2019**

(Rs. in crore)

Particulars	Consolidated				
	Quarter ended			Year ended	
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18
	Audited	Unaudited	Audited	Audited	Audited
<b>1 Income</b>					
(a) Revenue from operations	176.10	266.94	183.08	867.35	932.02
(b) Other income	1.68	160.72	23.76	166.87	36.47
<b>Total Income</b>	<b>177.78</b>	<b>427.66</b>	<b>206.84</b>	<b>1,034.22</b>	<b>968.49</b>
<b>2 Expenses</b>					
(a) Cost of services rendered	161.34	206.80	94.49	618.88	643.45
(b) Employee benefits expense	11.44	11.19	12.00	41.64	30.10
(c) Finance costs	42.17	32.47	41.14	153.70	144.10
(d) Depreciation and amortisation	54.95	40.56	20.61	176.75	154.44
(d) Impairment Losses	53.45	-	-	53.45	
(e) Other expenses	73.22	297.80	67.10	392.88	167.99
<b>Total expenses</b>	<b>396.57</b>	<b>588.82</b>	<b>235.34</b>	<b>1,437.30</b>	<b>1,140.08</b>
<b>3 Profit/(loss) from operations before exceptional items and tax (1-2)</b>	<b>(218.79)</b>	<b>(161.16)</b>	<b>(28.50)</b>	<b>(403.08)</b>	<b>(171.59)</b>
<b>4 Exceptional items</b>	<b>(97.16)</b>			<b>(108.89)</b>	
<b>5 Profit/(loss) before tax from Continuing Operations (3 - 4)</b>	<b>(315.95)</b>	<b>(161.16)</b>	<b>(28.50)</b>	<b>(511.97)</b>	<b>(171.59)</b>
<b>6 Tax expense</b>					
Current tax ( including earlier year adjustment)	(7.33)	(10.16)	(39.77)	(33.24)	(58.12)
Deferred tax (net)	0.87	1.61	(2.12)	0.76	(2.12)
<b>7 Net profit/(loss) after tax from Continuing Operations (5 - 6)</b>	<b>(322.41)</b>	<b>(169.71)</b>	<b>(70.39)</b>	<b>(544.45)</b>	<b>(231.83)</b>
<b>Discontinued Operation</b>					
Net profit/(loss) before tax from discontinued Operation	(27.89)	(280.06)	(14.75)	(334.67)	(45.73)
Tax (expenses) / benefit of discontinued operation	-	-	-	-	-
<b>8 Net profit/(loss) after tax from Discontinued Operation</b>	<b>(27.89)</b>	<b>(280.06)</b>	<b>(14.75)</b>	<b>(334.67)</b>	<b>(45.73)</b>
<b>9 Net profit/(loss) after tax</b>	<b>(350.30)</b>	<b>(449.77)</b>	<b>(85.14)</b>	<b>(879.12)</b>	<b>(277.56)</b>
<b>10 Items that will not be reclassified to statement of profit and loss</b>					
Remeasurement gains /(loss) of defined benefit plans	0.01	(0.10)	1.33	(0.05)	1.49
<b>Total Other comprehensive income /(loss)</b>	<b>0.01</b>	<b>(0.10)</b>	<b>1.33</b>	<b>(0.05)</b>	<b>1.49</b>
<b>11 Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period/year ) (9+10)</b>	<b>(350.29)</b>	<b>(449.87)</b>	<b>(83.81)</b>	<b>(879.17)</b>	<b>(276.07)</b>
<b>12 Profit /(Loss) attributable to for the period (net of tax)</b>					
Owners of the company	(380.92)	(427.35)	(92.35)	(908.63)	(295.28)
Non controlling interest	30.64	(22.42)	7.21	29.52	17.72
<b>13 Other comprehensive income/ (loss) for the year (net of tax)</b>					
Owners of the company	0.01	(0.10)	1.33	(0.05)	1.24
Non controlling interest	-	-	-	-	0.25
<b>14 Total Comprehensive Income /(Loss) for the period / year attributable to</b>					
Owners of the company	(380.91)	(427.45)	(91.02)	(908.68)	(294.04)
Non controlling interest	30.64	(22.42)	7.21	29.52	17.97
<b>15 Paid up equity share capital (FV of Re.1 per share)</b>	<b>30.25</b>	<b>30.25</b>	<b>30.25</b>	<b>30.25</b>	<b>30.25</b>
<b>16 Basic and Diluted earnings per equity share from continuing operation</b>	<b>(11.67)</b>	<b>(4.87)</b>	<b>(2.73)</b>	<b>(18.98)</b>	<b>(8.91)</b>
<b>17 Basic and Diluted earnings per equity share from discontinued operation</b>	<b>(0.92)</b>	<b>(9.26)</b>	<b>(0.49)</b>	<b>(11.07)</b>	<b>(1.51)</b>
<b>18 Basic and Diluted earnings per equity share from continuing and discontinued operation</b>	<b>(12.59)</b>	<b>(14.13)</b>	<b>(3.22)</b>	<b>(30.04)</b>	<b>(10.42)</b>
<b>19 Debenture Redemption Reserve</b>				25.00	25.00
<b>20 Capital Redemption Reserve</b>				40.00	40.00
<b>21 Net Worth</b>				(187.20)	838.80
<b>22 Debt equity ratio</b>				49.55	1.81
<b>23 Debt service coverage ratio (DSCR)</b>				0.57	1.01
<b>24 Interest service coverage ratio (ISCR)</b>				0.65	0.82

ISCR = Cash Profit Before Finance Cost/ Finance cost; Debt Equity Ratio = Total Borrowings/ Total Equity; DSCR = Cash Profit before finance cost/(Finance Cost + Principal Repayments (excluding prepayments) during the year)



<b>Mercator Limited</b>		
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, 2019		
(Rs. in crore)		
Particulars	Consolidated	
	As at 31-Mar-2019 (Audited)	As at 31-Mar-2018 (Audited)
<b>A ASSETS:</b>		
<b>1 Non-current assets:</b>		
a) Property, plant and equipment	840.34	1,640.44
b) Capital work in progress	281.47	292.31
c) Investment property	0.96	1.10
d) Other Intangible assets	0.11	0.54
e) Deferred Tax Assets	1.30	-
f) Financial assets		
i) Investments	0.00	-
ii) Loans	6.91	10.81
iii) Other financial assets	212.45	15.13
g) Other non-current assets	66.08	114.05
h) Income tax assets (net)	92.73	82.50
	<b>1,502.35</b>	<b>2,156.88</b>
<b>2 Current assets:</b>		
a) Inventories	15.20	16.61
b) Financial assets		
i) Investments	180.38	205.73
ii) Trade receivables	110.31	321.74
iii) Cash and cash equivalent	0.88	22.46
iv) Bank balances other than cash and cash equivalents	37.04	105.98
v) Loans	23.38	3.18
vi) Other financial assets	70.58	74.61
c) Other current assets	66.33	282.36
Non current asset held for sale	185.68	26.28
	<b>689.78</b>	<b>1,058.95</b>
<b>TOTAL ASSETS</b>	<b>2,192.13</b>	<b>3,215.83</b>
<b>B EQUITY AND LIABILITIES:</b>		
<b>1 Equity:</b>		
a) Equity share capital	30.25	30.25
b) Other equity	(86.85)	922.43
Non Controlling Interest	90.50	60.97
	<b>33.90</b>	<b>1,013.65</b>
<b>2 Non-current liabilities:</b>		
a) Financial liabilities		
i) Borrowings	514.48	1,012.60
ii) Other financial liabilities	32.15	42.00
b) Provisions	5.50	3.55
c) Deferred Tax Liability (Net)	-	0.72
	<b>552.13</b>	<b>1,058.87</b>
<b>3 Current liabilities:</b>		
a) Financial liabilities		
i) Borrowings	722.37	422.61
ii) Trade payables	213.49	265.29
iii) Other financial liabilities	534.67	324.42
b) Other current liabilities	134.94	130.43
d) Provision	0.63	0.56
	<b>1,606.10</b>	<b>1,143.31</b>
<b>TOTAL LIABILITIES</b>	<b>2,158.23</b>	<b>2,202.18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,192.13</b>	<b>3,215.83</b>





**MERCATOR LIMITED**

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

Unaudited Financial Results For Quarter and Year Ended March 31, 2019

**SEGMENTWISE CONSOLIDATED REVENUE RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND YEAR ENDED MARCH, 31 2019**

(Rs in crore)

Particulars	Quarter Ended			Year Ended	Year Ended
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>1. Segment Revenue</b> (net sale/income from each segment should be disclosed under this head)					
(a) Shipping	54.75	82.27	96.97	311.96	405.66
(b) Coal (Mining, Procurement and Logistics)	131.27	179.61	80.89	534.89	493.88
(c) Others	(9.92)	5.06	5.22	20.50	32.48
<b>Net sales/Income From Operations</b>	<b>176.10</b>	<b>266.94</b>	<b>183.08</b>	<b>867.35</b>	<b>932.02</b>
<b>2. Segment Results Profit /(Loss) before tax from each segment</b>					
(a) Shipping	(72.22)	(165.56)	37.28	(201.82)	(9.54)
(b) Coal (Mining, Procurement and Logistics) - Refere note 14	(73.08)	(84.09)	30.99	(101.76)	69.77
(c) Others	(31.32)	103.94	(48.28)	54.20	(58.66)
Less: Interest	(42.17)	(15.45)	(48.49)	(153.70)	(173.16)
Less: Exceptional items	(97.16)	-	-	(108.89)	-
<b>Total Profit / ( Loss) Before Tax from Continuing Operations</b>	<b>(315.95)</b>	<b>(161.16)</b>	<b>(28.50)</b>	<b>(511.97)</b>	<b>(171.59)</b>
<b>Net profit/(loss) before tax from discontinued Operation</b>	<b>(27.89)</b>	<b>(280.06)</b>	<b>(14.75)</b>	<b>(334.67)</b>	<b>(45.73)</b>
<b>Total Profit / ( Loss) Before Tax</b>	<b>(343.84)</b>	<b>(441.22)</b>	<b>(43.25)</b>	<b>(846.64)</b>	<b>(217.32)</b>
<b>3. Segment Assets</b>					
(a) Shipping	774.03	1,021.24	1,346.98	774.03	1,346.98
(b) Coal (Mining, Procurement and Logistics)	627.24	703.98	797.75	627.24	797.75
<b>Total Segment Assets</b>	<b>1,401.27</b>	<b>1,725.22</b>	<b>2,144.73</b>	<b>1,401.27</b>	<b>2,144.73</b>
Unallocable Assets	596.80	587.77	584.44	596.80	584.44
Discontinued operation	194.06	242.13	486.66	194.06	486.66
<b>Total Assets</b>	<b>2,192.13</b>	<b>2,555.12</b>	<b>3,215.83</b>	<b>2,192.13</b>	<b>3,215.83</b>
<b>4. Segment Liabilities</b>					
(a) Shipping	1,280.25	1,122.36	1,095.45	1,280.25	1,095.45
(b) Coal (Mining, Procurement and Logistics)	345.90	371.78	574.78	345.90	574.78
<b>Total Segment Liabilities</b>	<b>1,626.15</b>	<b>1,494.14</b>	<b>1,670.23</b>	<b>1,626.15</b>	<b>1,670.23</b>
Unallocable Liabilities	518.66	451.18	268.47	518.66	268.47
Discontinued operation	13.42	253.94	263.48	13.42	263.48
<b>Total Liabilities</b>	<b>2,158.23</b>	<b>2,199.26</b>	<b>2,202.18</b>	<b>2,158.23</b>	<b>2,202.18</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIALS FOR THE YEAR ENDED MARCH 31, 2019

1. The Consolidated financial results of the Company including subsidiaries (herein referred to as "Group") for quarter and year ended March 31, 2019 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on November 13, 2019. The Standalone financial results for the quarter and year ended March 31, 2019 were earlier reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on May 28, 2019.
2. In view of the shareholders' related disputes as detailed in Note No 6(ii), the audit of the financial statements of the Indonesian material step down subsidiary was held up resulting in delay in adoption of audited consolidated financial statements.
3. 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.
4. The figures for the quarter ended March 31, 2019 and March 31, 2018 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.
5. Effective April 1, 2018, the Company has adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of IND AS 115 was insignificant on the financial statements.
6. The Auditors have drawn attention to the following matters and have expressed a Disclaimer of Opinion:

### Going Concern:

- i. The financial statement have been prepared on a going concern basis. The Group has incurred significant losses and its net worth is substantially eroded in addition to defaults with lenders and credit downgrades. The current liabilities substantially exceeds the current assets and large sums of money are in disputed receivables which are not readily realisable. The management is making its best efforts to achieve resolution with the lenders, to restructure its business activities and to achieve favourable order in the ongoing litigations in order to protect the value of its assets. In view of these efforts, the management feels that the going concern basis of preparation of financial statements is appropriate.
- ii. In case of a material step-down subsidiary, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder has raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has contested the same and as on date of reporting, the State Administrative Court has given verdict in favour of the existing shareholders. However, the minority shareholder has preferred an Appeal against the said order and the matter is still pending. The mining site and corporate office are in possession of existing management and business operations are continuing smoothly.



If the claim of said minority shareholder holds valid, the Group is exposed to risk of loss of net assets to the tune of Rs. 274.03 Crore (USD 39.62 Mn) as on March 31, 2019.

- iii. Current Tax Assets (net) as on March 31, 2019 includes Rs. 58.47 Crore (Net of Provision of Rs.52.79 Crore) which has not been settled due to ongoing tax assessment for the various Assessment Years up to AY 2015-16 against which net tax demand of Rs.63.18 Crore has been received and contested by the Company. Considering the various judicial pronouncements and submissions made so far, the management is hopeful of a favourable outcome of these pending litigations.
- iv. In October, 2019, one of the subsidiary has received a notice 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. The subsidiary is confident of defending the amounts claimed by DGH. In case of rejection of Company's contention, the estimated financial impact would be to the tune of Rs.74.81 Crore.

#### 7. Termination of SSCP project contract by ONGC

Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company 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 then initiated arbitration proceedings against ONGC and appointed its arbitrator and a tribunal has been formed.

Subsequent to the reporting period, based on the order of Hon'ble Bombay High Court dated July 29, 2019 ONGC has invoked Bank Guarantee and has accordingly provided for an amount of Rs. 106.99 Crore. In view of the management which is supported by the legal opinion, the claim made by the Company on ONGC holds good and no adverse impact is envisaged on financial statements.

8. 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.
9. Based on impairment testing of its assets, conducted by the Company considering the estimated future cash flows, carrying amounts and valuation available, the Company has impaired value of its dredgers, amounting to Rs. 53.45 Crore.
10. During the quarter ended March 31, 2019, financial lender of a step down foreign subsidiary has invoked Letter of Comfort (LOC) amounting to Rs. 244.61 Crore (USD 35.20 Mn), which has resulted in a claim of debt on the Parent Company as on March 31, 2019. The Sale proceeds of Rs. 174.47 Crore (USD 25.22 Mn) from sale of vessel "Nerissa" received on April 26, 2019.

Correspondingly, the Company has contracted for sale of vessel "Nerissa" in March 2019 at agreed price of Rs 197.14 Crore (USD 28.50 Mn) (Gross) and the same has been concluded in April 2019. The said asset was accordingly classified as "Non-Current Asset held for sale" as at March 31, 2019 and resultant impairment loss of Rs. 301.86 Crore (USD 43.14 Mn) has been recognised and included under "Net profit/(loss) before tax from discontinued operations" in the financial results. Financial Performance of the discontinued operation (as per IND AS 105) is as stated below:





Particulars	Quarter ended			Year ended	Year ended
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18
	Unaudited	Unaudited	Unaudited	Audited	Audited
Revenue	14.88	17.14	9.10	47.01	42.19
Less:					
Operating Cost	6.93	5.35	7.25	22.55	25.23
Depreciation	0.05	6.11	7.81	20.56	31.60
Impairment loss on classification of asset as Non-Current Asset held for sale	33.21	268.65	-	301.86	-
Finance Cost	11.38	8.64	7.35	37.05	29.06
Administrative Expenses	9.22	0.07	1.45	9.26	2.03
Profit / ( Loss) Before tax	(45.91)	(271.69)	(14.75)	(344.29)	(45.73)

11. During the quarter ended March 31, 2019, the Company has recognized exceptional items on account of additional impairment loss amounting to Rs. 97.16 Crore for one of its Hopper Dredger "Veera Prem" which has been grounded due to natural calamities. Insurance Claim will be recognised when reasonable certainty is established based on the accounting policy of the Company.
12. 12% Secured Non-Convertible Debentures (NCD), issued on March 27, 2018 are unrated 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. These are redeemable at a premium of 5%.

Sr No	Particulars	As at March 31, 2019	As at March 31, 2018
1	Previous due date for payment of Interest on Non – Convertible Debentures (NCD)	30-Mar-19	4-Nov-17
2	Previous due date for repayment of Principal of NCD	NA	4-Nov-17
3	Next due date and amount for payment of Interest on 12% Secured NCD	30-Jun-19	30-Jun-18
4	Next due date and amount for the repayment of Principal of 12% Secured NCD	30-Jun-20	30-Jun-20

### 13. Credit Rating Downgrade and Default / Delay in repayment of loan interest / installments

During the 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 11<sup>th</sup> July 2019 from CARE D to CARE D (ISSUER NOT COOPERATING).

Further, in respect of Loans outstanding aggregating to Rs. 1680.02 Crore as on March 31, 2019 the Company and certain of its Indian / foreign subsidiaries have committed breach of financial covenants including default in interest and instalment payments due to various Banks / financial institutions which are still continuing. Till October 2019, certain lenders have recalled their Loans aggregating to Rs. 663.74 Crore.

In addition to above, certain Non-Banking Finance Companies (NBFC) have invoked 4,194,440 shares of the promoters pledged with them aggregating to Rs. 4.49 Crore. The promoters have



sought for compensation from the Company amounting to Rs.3.21 Crore, on the basis of the closing traded price for the last two trading days on a mark to market basis as on the reporting date.

14. During the year Group has conducted a specific detailed evaluation of its receivables and payables and has provided for old overdue receivables and advances given, which amount to Rs. 222.28 Crore in "Other Expenses". The Group has also written back Rs. 157.93 Crore which primarily includes the liability written back on account of liquidation completion of two of our step down subsidiaries and creditors, in "Other Income".

#### 15. Subsequent Events Disclosures

- a. Board of Directors of the Company has approved sale of vessels namely FSO Prem Pride and MT Prem Mala and postal ballot approval by the shareholders of the Company for making such sale has been obtained on November 11, 2019. Other necessary approvals are in the process.
- b. On August 31, 2019, TSHD Tridevi Prem (written down value of Rs 6.71 Crore) has developed leak and capsized at New Mangalore anchorage.
- c. Based on the management's decision to dispose off its fleet of dredgers (subject to consent from lenders) and carry on dredging business on asset light model, the Company has evaluated the impairment on these dredgers & certain ships and accordingly provided an impairment loss of Rs 111.16 Crore and Rs 217.73 Crore during quarter ended June 30, 2019 and September 30, 2019 respectively.
- d. Certain cases have been filed by operational creditors in National Company Law Tribunal (NCLT) against the Company and its few subsidiaries in India. No claim has been admitted yet and the hearing are in process.
- e. The Company had issued FCCBs aggregating to US\$ 16,000,000 (Rs. 110.27 Crore) during the Financial Year 2014-15. The FCCBs along with the premium fell due for redemption on May 27, 2019. In view of the significant decline in the trading price of the Equity Shares of the Company, the bondholder and the Company have agreed to restructure the initial terms of the FCCBs. The Company has entered into a Term Sheet with Bondholders, which has also been approved by the Reserve Bank of India, to restructure the FCCB's with following terms:
  - i. Maturity date of the FCCB's has been extended from May 27, 2019 to May 27, 2022 or such date as may be agreed by the Parties.
  - ii. The Conversion Price of the FCCB's has been reset from Rs. 38.30 per share to Rs.10 per share (with a fixed rate of exchange on conversion of Rs. 58.5740 per USD)
  - iii. Earlier coupon of 4.75% per annum payable annually has been changed to 5.75% compounded annually.
  - iv. The Company shall provide as security for the existing FCCBs a charge over "Yukti Prem".
  - v. Also, Put/Call/ Conversions options at various time frames and upon occurrence of certain events has been provided to respective parties.





16. The results for the quarter and year ended March 31, 2019 are available on the BSE Ltd website [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Limited website [www.nseindia.com](http://www.nseindia.com) and the Company's website [www.mercator.in](http://www.mercator.in)

17. Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

For MERCATOR LIMITED



H K MITTAL  
EXECUTIVE CHAIRMAN



Place: Mumbai  
Date: November 13, 2019



**Independent Auditor's Report on the Audit of Consolidated Financial Results of Mercator Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To the Board of Directors  
Mercator Limited

1. We have audited the accompanying Statement of consolidated financial results ("Statement") of Mercator Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and year ended March 31, 2019 being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015 as amended.
2. The Statement has been compiled on the basis of the annual Consolidated Financial Statements, which are the responsibility of the Company's Management and approved by the Board of Directors. The Ind AS Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Results included in the Statement, based on our audit of such consolidated financial statements
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Results included in the Statement are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Results included in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Results included in the Statement, whether due to fraud or error. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Results included in the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

However, we believe that the audit evidence, obtained by us and basis the reports of other auditors, is not conclusively sufficient and appropriate and hence we have expressed Disclaimer of Opinion on these consolidated financial results.

4. The consolidated financial results include the results of the subsidiaries as per Annexure A attached.

***Basis for Disclaimer of Opinion :***

5. We draw attention to below referred Notes of the Consolidated financial results :
  - 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) 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) 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) 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.

***Disclaimer of Opinion:***

6. We are unable to express an opinion on the aforesaid Consolidated financial Results of the Group. Because of the cumulative impact and significance of the matters described in the Basis for Disclaimer of Opinion Section of our Report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the accompanying statement of Consolidated financial results is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular No. CIR/CFD/CMDI/44/2019 dated March 29, 2019 ('the Circular')

***Emphasis of Matters***

7. We draw your attention to the following matters:
  - i) Note 7 of the Statement regarding termination of Sagar Samrat Conversion Project (SSCP) contract undertaken by a subsidiary Mercator Oil and Gas Ltd. by ONGC and invocation of certain bank guarantees by ONGC. The matter is currently under dispute. However, reported financials will have an adverse impact of Rs. 204.61 Crore on net assets in case the arbitration petition is decided against the subsidiary.
  - ii) Note 8 of the Statement 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 above matter.

***Other Matters***

8. We did not audit the financial statements of 22 subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs.813.09 Crore as at March 31 2019, total revenues of Rs. 665.57 Crore, total net profit / (loss) after tax of Rs. (348.75) Crore, total comprehensive income/ loss of Rs. (348.75) Crore for the year ended on that date, as considered in the consolidated financial results. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.





3. The consolidated financial results include the financial results of 5 subsidiaries which have not been audited by their auditors, whose financial statements reflect total assets of Rs. 34.03 Crore as at March 31, 2019 and total revenue of Rs. Nil and Rs. Nil and total net profit/(loss) after tax of Rs.(1.85) Crore and Rs. (7.21) Crore for the quarter ended March 31, 2019 and for the period from April 1, 2018 to March 31, 2019, respectively, as considered in the consolidated financial results. According to the information and explanations given to us by the Management, these financial statements are not material to the Group

Our opinion on the Statement 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: November 13, 2019  
UDIN: 19061567AAAAAM6189

## 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 Pvt Ltd
- 4 Mercator Dredging Pvt 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 BimaGema Permata
- 22 Marvel Value International Limited
- 23 Mercator Offshore (P) Pte Limited
- 24 Oorja 3 Pte. Limited
- 25 Brio Resources Pte Ltd.
- 26 Oorja Mozambique Lda
- 27 Broadtec Mozambique Minas Lda



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

A handwritten signature in blue ink, appearing to read "Rajendra Kothari", is placed over the typed name.

**Rajendra Kothari**  
**CFO & Compliance Officer**



Encl: as above

**MERCATOR LIMITED**  
(CIN : L63090MH1983PLC031418)



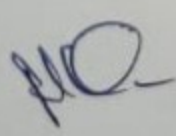
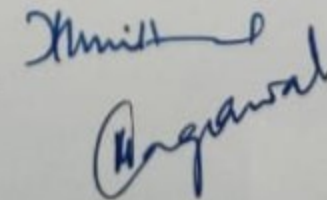
**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 on Consolidated Financial Result**

[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
<b>II. Audit Qualification (each audit qualification separately):</b>				
	<b>a</b>	<b>Details of Audit Qualification:</b>		
	(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>b</b>	<b>Type of Audit Qualification: Disclaimer Of Opinion</b>		
	<b>c</b>	Frequency of qualification: a) first time; b) Repetitive; c) Repetitive		
	<b>d</b>	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>		

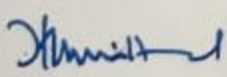

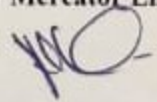

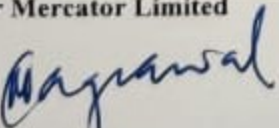
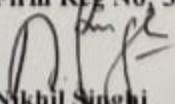




  
 Anurag


**MERCATOR LIMITED**

(CIN : L63090MH1983PLC031418)



	<p>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.</p> <p>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.</p> <p>(i) 3) Discussions with lenders of Mercator Limited on the proposed Resolution Plan (RP) for restructuring of our loans are in process.</p> <p>Given the various initiatives being undertaken, the management feels that the going concern concept is not vitiated.</p>
(ii)	<p>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.</p>
(iii)	<p>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.</p>
(iv)	<p>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.</p>
<b>c</b>	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
(i)	Management's estimation on the impact of audit qualification:
(ii)	If management is unable to estimate the impact, reasons for the same: <b>Due to pending appeals at various forums the impact is not quantifiable.</b>
(iii)	Auditors' Comments on (i) or (ii) above: As stated in point II (a)
<b>III.</b>	<b>Signatories:</b>
<p>For Mercator Limited</p>  <p>H. K. Mittal Executive Chairman</p> 	<p>For Mercator Limited</p>  <p>Rajendra Kothari Chief Financial Officer</p> 
<p>For Mercator Limited</p>  <p>M. M. Agrawal Audit Committee Chairman</p>	<p>For Singhi &amp; Co. Chartered Accountants Firm Reg No: 302049E</p>  <p>Nikhil Singhi Partner Membership No. 061567</p> 
Place: Mumbai	
Date: 13.11.2019	