

Ref: ML/SE/2018-19/15

November 13, 2018

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: Standalone and Consolidated Unaudited Financial Results for the quarter/half year ended September 30, 2018

Dear Sir,

This is to inform you that the Board of Directors of the Company at its meeting held today, has inter alia; approved Standalone and Consolidated Unaudited Financial Results and Limited Review Report for the quarter/half year ended September 30, 2018. Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit the following documents

1. Statements showing the Standalone and Consolidated Unaudited Financial Results for the quarter/half year ended September 30, 2018;
2. Limited Review Report on the Unaudited Financial Results for the quarter/half year ended September 30, 2018.

The meeting of the Board of Directors commenced at 02.00 p.m. and concluded at 06.20 p.m.

Please acknowledge.
Thanking you,

Yours faithfully,
For **Mercator Limited**


Sangeetha Pednekar
Company Secretary & Compliance Officer



Encl: as above

Mercator Limited

CIN NO : L63090MH1983PLC031418

Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Unaudited Financial Results For Quarter and Half Year Ended September 30, 2018

(Rs. in crore)

Particulars	Consolidated						Standalone					
	Quarter ended			Half Year Ended		Year ended	Quarter ended			Half Year Ended		Year ended
	30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18	30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income												
(a) Revenue from operations	221.80	217.49	276.74	439.29	578.11	974.21	92.49	82.46	98.76	174.95	195.73	405.67
(b) Other income	1.64	2.84	4.09	4.48	7.05	36.47	14.57	12.12	2.12	26.69	17.77	42.41
Total Income	223.44	220.33	280.83	443.77	585.16	1,010.68	107.06	94.58	100.88	201.64	213.50	448.08
2 Expenses												
(a) Cost of services rendered	128.72	132.29	197.15	261.01	405.79	668.68	50.66	48.65	63.77	99.31	123.68	244.28
(b) Employee benefits expense	10.98	8.03	6.68	19.01	13.25	30.10	4.13	3.98	4.78	8.11	8.67	17.69
(c) Finance costs	49.43	46.66	41.35	96.09	80.85	173.16	31.96	30.72	20.55	62.68	53.61	104.23
(d) Depreciation and amortisation	47.74	47.91	56.35	95.65	110.55	186.04	34.16	35.10	44.07	69.26	86.07	137.76
(e) Other expenses	11.67	10.19	28.89	21.86	44.49	170.01	2.86	3.18	2.79	6.03	9.64	86.94
Total expenses	248.54	245.08	330.42	493.62	654.93	1,227.99	123.77	121.63	135.96	245.39	281.67	590.90
3 Profit/(loss) from operations before exceptional items and tax (3-4)	(25.10)	(24.75)	(49.59)	(49.85)	(69.78)	(217.31)	(16.71)	(27.05)	(35.08)	(43.75)	(68.17)	(142.82)
4 Exceptional items	-	(11.73)	-	(11.73)	-	-	-	-	-	-	-	-
5 Profit/(loss) before tax (3 - 4)	(25.10)	(36.48)	(49.59)	(61.58)	(69.78)	(217.31)	(16.71)	(27.05)	(35.08)	(43.75)	(68.17)	(142.82)
6 Tax expense												
Current tax	(7.43)	(8.32)	(8.75)	(15.75)	(17.34)	(58.12)	(2.28)	(0.40)	(0.26)	(2.68)	(0.50)	(42.17)
Deferred tax (net)	0.02	(1.75)	(0.06)	(1.73)	-	(2.12)	-	-	-	-	-	-
7 Net profit/(loss) after tax (5 - 6)	(32.51)	(46.55)	(58.41)	(79.06)	(87.11)	(277.55)	(18.99)	(27.45)	(35.34)	(46.43)	(68.67)	(184.99)
8 Other comprehensive income/(expenses) net of tax												
Items that will not be reclassified to statement of profit and loss												
Remeasurement gains/(loss) of defined benefit plans	(0.16)	0.20	(0.12)	0.04	(0.29)	1.49	(0.16)	0.18	0.02	0.02	(0.15)	0.92
Total Other comprehensive income/(loss)	(0.16)	0.20	(0.12)	0.04	(0.29)	1.49	(0.16)	0.18	0.02	0.02	(0.15)	0.92
9 Total comprehensive income/(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (7+8)	(32.67)	(46.35)	(58.53)	(79.02)	(87.41)	(276.06)	(19.15)	(27.27)	(35.32)	(46.41)	(68.82)	(184.08)
10 Profit/(Loss) attributable to for the period (net of tax)												
Owners of the company	(43.36)	(56.99)	(59.53)	(100.35)	(97.40)	(295.52)	(18.99)	(27.45)	(35.34)	(46.43)	(68.67)	(184.99)
Non controlling interest	10.85	10.44	1.12	21.29	10.29	17.97	-	-	-	-	-	-
11 Other comprehensive income/(loss) for the year (net of tax)												
Owners of the company	(0.16)	0.20	(0.12)	0.04	(0.29)	1.49	(0.16)	0.18	0.02	0.02	(0.15)	0.92
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
12 Total Comprehensive Income/(Loss) for the period / year attributable to												
Owners of the company	(43.52)	(56.79)	(59.64)	(100.31)	(97.70)	(294.03)	(19.15)	(27.27)	(35.32)	(46.41)	(68.82)	(184.08)
Non controlling interest	10.85	10.44	1.12	21.29	10.29	17.97	-	-	-	-	-	-
13 Paid up equity share capital (FV of Re.1 per share)	30.25	30.25	26.99	30.25	26.99	30.25	30.25	30.25	26.99	30.25	26.99	30.25
14 Paid up debt capital	-	-	-	130.00	100.00	100.00	-	-	-	130.00	100.00	100.00
15 Other Equity	-	-	-	807.34	1,004.16	922.43	-	-	-	681.09	720.32	741.16
16 Basic and Diluted earnings per share	(1.44)	(1.88)	(2.13)	(3.32)	(3.62)	(10.42)	(0.63)	(0.90)	(1.31)	(1.53)	(2.55)	(6.52)
17 Debenture Redemption Reserve				25.00	25.00	25.00				25.00	25.00	25.00
18 Capital Redemption Reserve				40.00	40.00	40.00				40.00	40.00	40.00
19 Net Worth				837.59	1,072.74	952.68				711.34	747.31	771.41
20 Debt equity ratio				1.95	1.80	1.81				1.44	1.41	1.24
21 Debt service coverage ratio (DSCR)				0.99	0.99	1.01				1.21	1.00	1.23
22 Interest service coverage ratio (ISCR)				1.29	1.50	0.82				1.32	1.44	0.95

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)



Mercator Limited CIN NO : L63090MH1983PLCO31418 Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333 Statement of Assets and Liabilities As at September 30, 2018 (Rs. in crore)		
Particulars	STANDALONE	
	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
A ASSETS:		
1 Non-current assets:		
a) Property, plant and equipment	812.95	846.07
b) Capital work in progress	15.07	6.42
c) Investment property	1.03	1.10
d) Other Intangible assets	-	-
e) Investment in subsidiaries	85.73	74.97
f) Financial assets		
i) Investments	0.00	0.00
ii) Loans	473.14	428.64
iii) Other financial assets	16.52	22.81
g) Other non-current assets	37.52	41.47
h) Income tax assets (net)	95.11	94.66
	1,537.07	1,516.14
2 Current assets:		
a) Inventories	11.56	10.01
b) Financial assets		
i) Trade receivables	162.68	162.32
ii) Cash and cash equivalent	8.05	18.45
iii) Bank balances other than cash and cash equivalents	18.57	22.70
iv) Loans	89.73	77.31
v) Other financial assets	92.53	73.46
c) Other current assets	41.44	35.36
d) Non current asset held for sale	-	26.28
	424.56	425.89
TOTAL ASSETS	1,961.63	1,942.03
B EQUITY AND LIABILITIES:		
1 Equity:		
a) Equity share capital	30.25	30.25
b) Other equity	681.09	741.16
	711.34	771.41
2 Non-current liabilities:		
a) Financial liabilities		
i) Borrowings	564.59	637.13
ii) Other financial liabilities	11.23	12.78
b) Provisions	0.98	1.17
	576.80	651.08
3 Current liabilities:		
a) Financial liabilities		
i) Borrowings	109.34	125.26
ii) Trade payables	176.41	135.32
iii) Other financial liabilities	371.79	216.44
b) Other current liabilities	15.32	41.99
c) Provision	0.63	0.53
	673.49	519.54
TOTAL EQUITY AND LIABILITIES	1,961.63	1,942.03



Mercator Limited CIN NO : L63090MH1983PLCO31418 Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333 Statement of Assets and Liabilities As at September 30, 2018 (Rs. in crore)		
Particulars	Consolidated	
	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
A ASSETS:		
1 Non-current assets:		
a) Property, plant and equipment	1,715.54	1,640.44
b) Capital work in progress	305.40	292.31
c) Investment property	1.03	1.10
d) Other Intangible assets	0.08	0.54
e) Deferred Tax Assets	0.93	
f) Financial assets		
i) Investments	0.00	-
ii) Loans	20.46	10.81
iii) Other financial assets	11.89	15.13
g) Other non-current assets	110.97	114.05
h) Income tax assets (net)	70.04	82.50
	2,236.34	2,156.88
2 Current assets:		
a) Inventories	41.11	16.61
b) Financial assets		
i) Investments	230.31	205.73
ii) Trade receivables	333.12	321.74
iii) Cash and cash equivalent	18.79	22.46
iv) Bank balances other than cash and cash equivalents	21.59	105.98
v) Loans	14.15	3.18
vi) Other financial assets	90.58	74.61
c) Other current assets	346.91	282.36
Non current asset held for sale	-	26.28
	1,096.56	1,058.95
TOTAL ASSETS	3,332.90	3,215.83
B EQUITY AND LIABILITIES:		
1 Equity:		
a) Equity share capital	30.25	30.25
b) Other equity	807.34	922.43
Non Controlling Interest	85.86	60.97
	923.45	1,013.65
2 Non-current liabilities:		
a) Financial liabilities		
i) Borrowings	940.92	1,012.60
ii) Other financial liabilities	45.95	42.00
b) Provisions	3.88	3.55
c) Deferred Tax Liability (Net)	1.67	0.72
	992.42	1,058.87
3 Current liabilities:		
a) Financial liabilities		
i) Borrowings	407.94	422.61
ii) Trade payables	318.80	265.29
iii) Other financial liabilities	553.59	324.42
b) Other current liabilities	136.04	130.43
d) Provision	0.66	0.56
	1,417.03	1,143.31
TOTAL LIABILITIES	2,409.45	2,202.18
TOTAL EQUITY AND LIABILITIES	3,332.90	3,215.83



MERCATOR LIMITED

 Regd. Office: 3rd Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333
 Unaudited Financial Results For Quarter and Half Year Ended September 30, 2018

SEGMENTWISE CONSOLIDATED REVENUE RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2018

(Rs in crore)

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue (net sale/income from each segment should be disclosed under this head)						
(a) Shipping	100.28	89.65	110.47	189.93	219.80	447.85
(b) Coal (Mining, Procurement and Logistics)	108.77	115.24	157.80	224.01	332.17	493.88
(c) Others	12.75	12.60	8.47	25.35	26.14	32.48
Net sales/Income From Operations	221.80	217.49	276.74	439.29	578.11	974.21
2. Segment Results Profit/(Loss) before tax from each segment						
(a) Shipping	10.45	(1.21)	(19.31)	9.24	(34.80)	(55.27)
(b) Coal (Mining, Procurement and Logistics)	23.59	31.82	9.93	55.41	44.36	69.77
(c) Others	(9.71)	(8.70)	1.13	(18.41)	1.51	(58.65)
Less: Interest	49.43	46.66	41.35	96.09	80.85	173.16
Less: Exceptional items	-	11.73	-	11.73	-	-
Total Profit Before Tax	(25.10)	(36.48)	(49.60)	(61.58)	(69.78)	(217.31)
3. Segment Assets						
(a) Shipping	1,831.24	1,795.88	2,066.11	1,831.24	2,066.11	1,833.64
(b) Coal (Mining, Procurement and Logistics)	904.23	881.73	836.72	904.23	836.72	797.75
Total Segment Assets	2,735.47	2,677.61	2,902.83	2,735.47	2,902.83	2,631.39
Unallocable Assets	597.43	565.71	478.59	597.43	478.59	584.44
Total Assets	3,332.90	3,243.32	3,381.42	3,332.90	3,381.42	3,215.83
4. Segment Liabilities						
(a) Shipping	1,449.02	1,341.89	1,454.78	1,449.02	1,454.78	1,358.93
(b) Coal (Mining, Procurement and Logistics)	499.34	516.64	539.29	499.34	539.29	574.78
Total Segment Liabilities	1,948.36	1,858.53	1,994.07	1,948.36	1,994.07	1,933.71
Unallocable Liabilities	461.09	408.76	314.62	461.09	314.62	268.47
Total Liabilities	2,409.45	2,267.29	2,308.69	2,409.45	2,308.69	2,202.18



Notes:

- 1 Both the standalone and consolidated financial results of the Company have been reviewed by the Audit Committee and approved at the meeting of the board of Directors held on November 13, 2018. The Statutory Auditors have carried out Limited Review of the Financial results for the quarter and half year ended September 30, 2018.
- 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 The Company has identified segments into Shipping (including Tankers and Dredgers) and Coal (including mining procurement and logistics). The ships are operating internationally. The performance of the segments are monitored on the basis of primary segment only.
- 4 Effective April 1, 2018, the Company 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.
- 5 a) Auditors of one of the step down subsidiary, have issued a modified opinion for the financial year ended March 31, 2018 on account of recoverability, non provision of impairment loss with respect to long overdue Trade Receivables amounting to Rs. 132.57 crore as on September 30, 2018.
 b) In case of two other step down subsidiaries, the respective auditors in their report for the financial year ended March 31, 2018, have raised a concern regarding the recoverability of deposits amounting to Rs. 24.57 crore as at September 30, 2018 paid in the past to acquire 70% equity interests in companies which own coal mining concessions.

The Principal auditors have qualified their opinion in respect of the above matters. With regard to above observations, the company is confident of recovery of these amounts and does not foresee any additional provisioning requirement.

- 6 During the year, some step down subsidiaries have entered into one time settlement agreements pertaining to legal disputes for past transactions for non active businesses with certain vendors. Accordingly, such claim of Rs. 11.73 crore has been considered as an Exceptional item in the financial results.

- 7 Due dates for Payment of Interest and repayment of principal of Non Convertible Debenture (NCD).

Debenture Series	Last Interest Payment Date	Next Interest Payment Date	Amount of Next Interest payable (Rs.)	Next due date repayment of Principal of 12% Secured NCD
12 % Non Convertible Debenture	30th Sep, 2018	30th Dec, 2018	38,893,150	30th June, 2020



8 Termination of SSCP project contract by ONGC

During the quarter, ONGC had terminated the Sagar Samrat Conversion Project (SSCP project) Contract undertaken by a subsidiary of Mercator Limited ("The Company"). In this regard, ONGC invoked certain bank guarantees issued by the subsidiary, against which the subsidiary has successfully obtained an interim stay from the Hon'ble Bombay High Court. The Management is confident that the said termination is invalid and illegal which is again backed by a Legal opinion. The Company alongwith its subsidiary is actively exploring various legal options including obtaining an injunction on such termination of contract and invocation of bank guarantee by ONGC to enable the subsidiary to realize all its dues under the contract.

9 During the quarter, Credit Analysis & Research Limited (CARE) has down graded the rating assigned to the Company for long term credit facilities from CARE BBB Negative to CARE D and from CARE A3 to CARE A4 for short term bank facilities. Further there have been some delays in payment of Loans/ Interest to Banks and Financial Institutions. The Company is in process of exploring various strategic initiatives, financing options and is confident to honour the repayment of all outstanding dues to the Bank and regularize the account status.

10 The results for the quarter and half year ended September 30, 2018 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.

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

Date: November 13, 2018
Place: Mumbai



For Mercator Limited



H. K. Mittal
Executive Chairman
DIN: 00007690



LIMITED REVIEW REPORT

To The Board of Directors Mercator Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Mercator Limited ("the Company") for the quarter and half year ended September 30, 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, is the responsibility of Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material mis-statement.

5. Emphasis of Matter –

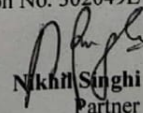
We draw attention to Note 8 of the financial results regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil and Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC. ONGC has invoked certain bank guarantees issued by the subsidiary, on which the subsidiary has obtained interim stay from the Hon'ble Bombay High Court. The matter is currently under dispute and based on legal opinion obtained, the company is confident that it will be able to realize its dues under the contract. The Company has investments and loans amounting to Rs. 0.15 crore and Rs. 74.82 crore respectively as at September 30, 2018 in MOGL, the recoverability of which would depend on the outcome of this litigation.

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

Place: Mumbai
Date: November 13, 2018



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


Nikhil Singhi
Partner

Membership No. 061567

LIMITED REVIEW REPORT

**TO THE BOARD OF DIRECTORS OF
Mercator Limited**

Introduction

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("Statement") of Mercator Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter and six months ended September 30, 2018 being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/ CFD/ FAC/ 62/2016 dated July 5, 2016, is the responsibility of Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

Scope

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of interim Financial information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The Statement includes the results of the subsidiaries as mentioned in Annexure-A to this statement
5. We did not review the financial results of 4 subsidiaries/ step down subsidiaries included in the Statement whose financial results reflect total revenues of Rs. 123.59 Crore for the quarter ended September 30, 2018 respectively, net profit / (Loss) after tax (including other comprehensive income) of Rs.(2.51) Crore for the quarter ended September 30, 2018, and total assets of Rs. 1221.75 Crore as at quarter ended September 30, 2018. These financial results have been reviewed by other audit firms whose review reports have been furnished to us by the management and our report in respect thereof is based solely on the review reports of such other audit firms. Our review report is not modified in respect of this matter.
6. The Statement also includes the Group's share of total revenues of Rs.5.73 Crore for the quarter ended September 30, 2018, net (Loss)/ profit (including other comprehensive income) of Rs. (10.40) Crore, for the quarter ended September 30, 2018, and total assets of Rs. 802.45 Crore as at quarter ended September 30, 2018 as considered in the Statement, in respect of 25 subsidiaries / step down subsidiaries whose financial results have not been reviewed by us. These financial results are un-reviewed and have been furnished to us by the management and our conclusion on the consolidated financial results, insofar as it relates to the aforesaid subsidiaries/step down subsidiaries is based solely on such un-reviewed financial results which we have relied upon. In our opinion and according to the information and explanations given to us by the management, these financial results are not material to the Group. Our review report is not modified in respect of this matter.

7. Basis for Qualified Conclusion :



- a) In case of a step down subsidiary, the auditors have issued a modified opinion for the financial year ended March 31, 2018 with respect to recoverability and non provision of impairment loss in case of long overdue Trade Receivables amounting to Rs. 132.57 Crore (US\$ 18.27 Mn), (March 31, 2018 Rs. 126.01 Crore (US\$ 19.37 Mn))
- b) In case of two step down subsidiaries the respective auditors, in their report for the financial year ended March 31, 2018, have raised a concern regarding the recoverability of deposits amounting to Rs. 24.57 Crore (USD 3.39 Mn) (March 31, 2018 Rs. 23.22 Crore (US\$ 3.39 Mn)) paid in the past to acquire 70% equity interests in companies which own coal mining concessions.

In respect of matters stated above, as the management has not been able to estimate the extent of diminution, if any, the impact of the same is not presently ascertainable.

Qualified Conclusion

8. Based on our review conducted as above and upon consideration of the review reports of the other auditors, except for the effects of the matters described in the Basis for Qualified Conclusion stated in paragraph 7 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material mis-statement.

Emphasis of Matter :

9. **Termination of SSCP project by ONGC during the quarter:**

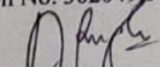
We draw attention to Note 8 of the financial results regarding termination of Sagar Samrat Conversion Project (SSCP) contract undertaken by a subsidiary Mercator Oil and Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC. ONGC has invoked certain bank guarantees issued by the subsidiary, against which the subsidiary has obtained interim stay from the Hon'ble Bombay High Court. The matter is currently under dispute and based on legal opinion obtained, the company is confident that it will be able to realize its dues under the contract. However, reported financials will have an adverse impact of Rs. 220.02 Crore in case the arbitration petition is decided against the subsidiary.

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

Place: Mumbai
Date: November 13, 2018



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


Nikhil Singhi
Partner

Membership No. 061567