

Ref: ML/SE/2019-20/53

August 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. Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2019.
2. Unaudited Consolidated Financial Results of the Company for the quarter ended June 30, 2019 and
3. Appointment of Mr. Rajendra Kothari as Compliance Officer of the Company until a new Company Secretary and Compliance officer is appointed.

The meeting of the Board of Directors was commenced at 2:00 p.m. and concluded at 7:40 p.m.

Please acknowledge.

Thanking you,

Yours faithfully,

For Mercator Limited



Rajendra Kothari
Chief Financial Officer



Mercator Limited
CIN NO : L63090MH1983PLCO31418

Regd. Office: 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Unaudited Financial Results For Quarter Ended June 30, 2019

(Rs. in crore)

Particulars	Standalone			
	Quarter ended		Year Ended	
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Unaudited	Audited	Unaudited	Audited
1 Income				
(a) Revenue from operations	30.09	54.74	82.46	311.96
(b) Other income	3.64	9.44	12.12	76.61
Total Income	33.73	64.18	94.58	388.57
2 Expenses				
(a) Cost of services rendered	17.57	58.68	48.65	212.76
(b) Employee benefits expense	3.48	4.39	3.98	17.41
(c) Finance costs	16.61	26.50	30.72	116.92
(d) Depreciation and amortisation	13.84	21.23	35.10	123.72
(e) Impairment Losses	111.16	53.45	-	53.45
(f) Other expenses	3.96	4.01	3.18	13.95
(g) Loss on Sale / Discard of Fixed Asset	-	-	-	73.50
(h) Provision for doubtful debts/advances	-	(5.36)	-	95.60
Total expenses	166.62	162.90	121.63	707.31
3 Profit/(loss) from operations before exceptional items and tax (1-2)	(132.89)	(98.72)	(27.05)	(318.74)
4 Exceptional items	-	(181.38)	-	(181.38)
5 Profit/(loss) before tax from Continuing Operations (3 - 4)	(132.89)	(280.10)	(27.05)	(500.12)
6 Tax expense				
Current tax (including earlier year adjustment)	(1.30)	(1.60)	(0.40)	(11.33)
Deferred tax (net)	-	-	-	-
7 Net profit/(loss) after tax from Continuing Operations (5-6)	(134.19)	(281.70)	(27.45)	(511.45)
Discontinued Operations				
Net profit/(loss) before tax from discontinued operations	-	-	-	-
Tax (expenses) / benefit of discontinued operations	-	-	-	-
8 Net profit/(loss) after tax from Discontinued Operations				
9 Net profit/(loss) after tax	(134.19)	(281.70)	(27.45)	(511.45)
10 Items that will not be reclassified to statement of profit and loss				
Remeasurement gains/(loss) of defined benefit plans	(0.03)	(0.08)	0.18	(0.12)
Total Other comprehensive income/(loss)	(0.03)	(0.08)	0.18	(0.12)
11 Total comprehensive income/(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (9+10)	(134.22)	(281.78)	(27.27)	(511.57)
12 Profit/(Loss) attributable to for the period (net of tax)				
Owners of the company	(134.19)	(281.70)	(27.45)	(511.45)
Non controlling interest	-	-	-	-
13 Other comprehensive income/(loss) for the year (net of tax)				
Owners of the company	(0.03)	(0.08)	0.18	(0.12)
Non controlling interest	-	-	-	-
14 Total Comprehensive Income/(Loss) for the period / year attributable to				
Owners of the company	(134.22)	(281.78)	(27.27)	(511.57)
Non controlling interest	-	-	-	-
15 Paid up equity share capital (FV of Re.1 per share)	30.25	30.25	30.25	30.25
16 Basic and Diluted earnings per equity share from continuing operations	(4.44)	(9.32)	(0.90)	(16.91)
17 Basic and Diluted earnings per equity share from discontinued operations	-	-	-	-
18 Basic and Diluted earnings per equity share from continuing and discontinued operations	(4.44)	(9.32)	(0.90)	(16.91)



MERCATOR LIMITED
(CIN : L63090MH1983PLCO31418)

Notes:

- 1 The Standalone Financial Results of the Company for the quarter ended June 30, 2019 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on August 13, 2019.
- 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 (as amended).
- 3 The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and published year to date figures upto third quarter of relevant financial year.
- 4 During the previous year, certain financial institutions have invoked the shares held by the promoters on account of default in payment of interest and instalments by the company amounting to Rs. 12.67 crore.
The promoters in view of the aforesaid invocation had sought a compensation from the Company on the basis of the closing traded price for the last two trading days preceding the said refund. The management has classified such amount as loan from directors. Since the amount has not been repaid by the Company as on June 30, 2019, such loan amount has been revalued basis the last two closing trading prices (June 27 & 28, 2019) available at NSE and reversal of Rs. 9.10 crore has been adjusted to finance cost.

- 5 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 crores to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been adjusted.

The above approach has resulted in recognition of a right-of-use asset of Rs.0.87 crore and a lease liability of Rs.0.53 crore on the date of initial application. The effect of Ind AS 116 on the loss before tax, loss for the quarter and earnings per share is not material.

- 6 The Company has identified only one major identifiable business segment viz Shipping (including Tankers and Dredgers) at standalone level. Hence, there is only one reportable operating segment as per Ind - AS 108 - Operating Segments at standalone level.
- 7 The Company had issued FCCBs aggregating to US\$ 16,000,000 (Rs. 110.27 crore) during the Financial Year 2014-15. The initial conversion price of the FCCBs was Rs. 38.30 per Equity Share, subject to certain adjustments as agreed with the holders of the FCCBs ("Bondholders"). The FCCBs along with the premium fell due for redemption on May 27, 2019. In view of the highly volatile nature of the global and local capital market and the trading price of the Equity Shares having fallen significantly, the bondholder and the Company has 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:
 - (a) 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.
 - (b) 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)
 - (c) Earlier coupon of 4.75% per annum payable annually has been changed to 5.75% compounded annually.
 - (d) The Company shall provide as security for the existing FCCBs a charge over the "Yukti Prem", which was unsecured as per earlier terms.
 - (e) Also, Put/Call/ Conversions options at various time frames and upon occurrence of certain events has been provided to respective parties which was not provided in earlier terms.
- 8 On July 11, 2019, Credit Analysis & Research Limited (CARE) has revised the rating assigned to the Company for short term credit facilities from CARE D to CARE D 'ISSUER NOT COOPERATING' for all the facilities. Further, there have been delays/ defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions. The Company has incurred significant losses during the quarter and in previous years. The Company is in the process of exploring various strategic initiatives, financing and resolution options to address these delays/ defaults. The management is of the view that the Going Concern assumption is not vitiated in view of the various initiatives being undertaken. The auditors have in their Limited Review Report drawn attention to this matter without qualifying their opinion.
- 9 During the quarter and year ended March,31 2019, financial lender of a step down foreign subsidiary had invoked letter of comfort given by the company to lender for the exposure of subsidiary, and claimed Rs. 249.26 crore, from the company. In May, 2019 the vessel "Nerissa" in the step down subsidiary realised sales proceeds of Rs.174.47 crores which was settled against claim made by the financial lender. The balance amount had been impaired by the company in the quarter ended March,2019. Impairment of Investment and Receivable from a step-down foreign subsidiary, in lieu of sale of its assets and invocation of Letter of Comfort amounting to Rs. 84.22 crore.



MERCATOR LIMITED
(CIN : L63091MH1983PLC031418)

- 10 Based on impairment testing of its assets, conducted by the Company considering the estimated future cash flows, carrying amounts and valuation available by way of recent quotations obtained by the lenders, the Company has further impaired value of its dredgers by Rs. 111.16 crore.
- 11 During the quarter and year ended March 31, 2019, the Company had recognized 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. The Company has initiated necessary actions with insurance authorities and the claim recoverable will be recognised when reasonable certainty is established based on the accounting policy of the Company as exceptional item. Accordingly, the amounts of June'19 and March'19 are not comparable to that extent.
- 12 The results for the quarter June 30, 2019 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
- 13 The Company is reflecting current tax assets (net) of Rs. 78.09 crore as on June 30, 2019, which includes income tax receivables (including tax paid) of Rs. 100.91 crore and income tax provision of Rs. 52.79 crore which has not been settled due to ongoing tax assessment for the period Assessment Year 2003-04 to Assessment Year 2015-16 in 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. The Auditors have qualified their review report for the quarter ended June 30, 2019 on this matter and had also qualified audit report for the year ended March 31, 2019.
- 14 Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company is 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 as per the contract and simultaneously proceeded to encash the bank guarantees. MOGL has since then initiated arbitration proceedings against ONGC considering this an illegal termination given against 96% of the project was completed. During the quarter, by the virtue of an order of Hon'ble Bombay High Court dated July 29, 2019 ONGC has invoked Bank Guarantee amounting to Rs. 142.19 crore. The Company has an exposure of Rs.0.15 crores and Rs. 81.45 crores for investments and loans respectively in MOGL. In view of legal counsel that the claim made by the company on ONGC holds good and the Company will be able to pay out all the dues from the receipt of claim.
- 15 In case of one of our 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 total investments and advances to KPB from a subsidiary entity amounts to USD 13.72 million and USD 10.33 million respectively. The Company has exposure of Rs. 0.29 crore as equity share investment and Rs. 389.74 crore as Non - Cumulative Redeemable Preference Share. The Company has already initiated the necessary legal steps for the aforesaid dispute and expects to resolve this matter at the earliest possible. Meanwhile, the control of the operations are continuing normally under our management.
- 16 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. The next hearing for the matter is scheduled on September 17, 2019.
- 17 Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

Date: August 13, 2019
Place: Mumbai



For Mercator Limited


H. K. Mittal
Executive Chairman
DIN: 00007690



Limited review report on Unaudited Quarterly Standalone Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**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 ended June 30, 2019 ("the Statement") being submitted by Company pursuant to the requirement of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" ("Ind AS 34"), 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 issue a report on these unaudited standalone financial results based on review.
3. We conducted our review 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 financial statements are free of material misstatement. A review is limited primarily to enquiries 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. **Basis for qualified conclusion**
We draw attention to Note No. 13, the Company's tax receivables (net) under financial assets are carried at Rs. 78.09 crore. As per the information and explanations given to us, tax assessments are under process for the period AY 2007-08 to AY 2015-16 at different forums and have received demand amounting to Rs. 63.18 crore which has been contested by the Company and has appealed at higher authorities and hence has been reflected as contingent liability in the financial statements. However, we are unable to comment on the impact of the outcome of these on – going litigations on the standalone Ind – AS financial results.



KOLKATA (H.O)

NEW DELHI

CHENNAI

MUMBAI

BANGALORE

5. Emphasis of Matter –

We draw attention to –

- a. Note 14 of the statement 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 and loans amounting to Rs. 0.15 crore and Rs. 81.27 crore (which includes un-serviced interest amounting to Rs. 17.70 crore) respectively as at June 30, 2019 in MOGL, which in the view of the management is fully recoverable and is also supported by the view of the legal counsel.
- b. Note 15 of the statement regarding an ongoing litigation relating to shareholding of a step down subsidiary, PT Karya Putra Borneo (KPB) (a material subsidiary), where a minority shareholder has raised a claim relating to the entire shareholding of the entity. The total investments and advances to KPB from a subsidiary entity amounts to USD 13.72 million and USD 10.33 million respectively. As a result of this dispute in the shareholding, the management has not been able to provide audited financial statements of KPB for our review. Hence we are unable to comment on the impact if any arising from this litigation and from the audit of the said subsidiary, which may impact the investment value of the direct subsidiary Mercator International Pte Ltd wherein the Company has exposure of Rs. 0.29 crore as equity share investment and Rs. 389.74 crore as Preference Share investment.
- c. Note 16 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 the aforementioned matters.

6. Material Uncertainty Related to Going Concern

We draw attention to Note 8 of the statement, 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 and the management is of the view that no further impairment of its non-current assets is required. The Company has accumulated losses and has also incurred significant losses during the year ended June 30, 2019. As on date, 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 substantially eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. The appropriateness of assumption of going concern, and evaluation of recoverable value of its noncurrent assets is dependent upon the resolution of the debt of the Company, the Company'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.



7. Based on our review conducted as above, except for the possible effects of the matter stated in paragraph 4 above and read with our comments in paragraph 5 and 6, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable India Accounting Standards ('IND AS') prescribed under section 133 of the Company Act 2013 read with relevant rules issue 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 amended, including the manner in which it is to be disclosed, or that it contain any material mis-statement.

Place: Mumbai
Dated: August 13, 2019



For Singhi & Co.
Chartered Accountants
Firm Registration No. 3020495


Nikhil Singhi
Partner

Membership No. 061567
UDIN: 19061567AAAAAF9455

Mercator Limited

CIN NO : L63090MH1983PLCO31418

Regd. Office: 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Unaudited Financial Results For Quarter Ended June 30, 2019

(Rs. in crore)

Particulars	Consolidated			
	Quarter ended			Year Ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited
1 Income				
(a) Revenue from operations	145.18	174.26	183.08	865.50
(b) Other income	2.07	1.91	23.76	167.10
Total Income	147.25	176.17	206.84	1,032.60
2 Expenses				
(a) Cost of services rendered	98.59	165.09	94.49	622.63
(b) Employee benefits expense	10.20	9.98	12.00	40.18
(c) Finance costs	23.72	33.10	41.14	144.63
(d) Depreciation and amortisation	22.39	32.00	20.61	153.80
(e) Impairment Losses	111.16	53.45	-	53.45
(f) Other expenses	13.10	46.75	67.10	366.42
Total expenses	279.16	340.37	235.34	1,381.11
3 Profit/(loss) from operations before exceptional items and tax (1-2)	(131.91)	(164.20)	(28.50)	(348.51)
4 Exceptional items	(142.19)	(97.16)	-	(108.89)
5 Profit/(loss) before tax from Continuing Operations (3 - 4)	(274.10)	(261.36)	(28.50)	(457.40)
6 Tax expense				
Current tax (including earlier year adjustment)	(4.99)	(6.72)	(39.77)	(32.63)
Deferred tax (net)	-	0.52	(2.12)	0.41
7 Net profit/(loss) after tax from Continuing Operations (5 - 6)	(279.09)	(267.56)	(70.39)	(489.62)
Discontinued Operation				
Net profit/(loss) before tax from discontinued Operations	(0.61)	(39.81)	(14.75)	(346.59)
Tax (expenses) / benefit of discontinued operations	-	-	-	-
8 Net profit/(loss) after tax from Discontinued Operations	(0.61)	(39.81)	(14.75)	(346.59)
9 Net profit/(loss) after tax	(279.70)	(307.37)	(85.14)	(836.21)
10 Items that will not be reclassified to statement of profit and loss				
Remeasurement gains /(loss) of defined benefit plans	(0.03)	0.01	1.33	(0.05)
Total Other comprehensive income /(loss)	(0.03)	0.01	1.33	(0.05)
11 Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (9+10)	(279.73)	(307.36)	(83.81)	(836.26)
12 Profit/(Loss) attributable to for the period (net of tax)				
Owners of the company	(286.40)	(341.69)	(92.35)	(869.39)
Non controlling interest	6.70	34.31	7.21	33.18
13 Other comprehensive income/ (loss) for the year (net of tax)				
Owners of the company	(0.03)	0.01	1.33	(0.05)
Non controlling interest	-	-	-	-
14 Total Comprehensive Income /(Loss) for the period / year attributable to				
Owners of the company	(286.43)	(341.68)	(91.02)	(869.44)
Non controlling interest	6.70	34.31	7.21	33.18
15 Paid up equity share capital (FV of Re.1 per share)	30.25	30.25	30.25	30.25
16 Basic and Diluted earnings per equity share from continuing operations	(9.45)	(9.98)	(2.73)	(17.29)
17 Basic and Diluted earnings per equity share from discontinued operations	(0.02)	(1.32)	(0.49)	(11.46)
18 Basic and Diluted earnings per equity share from continuing and discontinued operations	(9.47)	(11.30)	(3.22)	(28.75)


MERCATOR LIMITED

(CIN : L63090MH1983PLCO31418)

MERCATOR LIMITED

Regd. Office: 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333

Unaudited Financial Results For Quarter Ended June 30, 2019

SEGMENTWISE CONSOLIDATED REVENUE RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER JUNE, 30 2019

(Rs in crore)

Particulars	Quarter Ended			Year Ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Segment Revenue (net sale/income from each segment should be disclosed under this head)				
(a) Shipping	30.09	54.75	55.24	311.96
(b) Coal (Mining, Procurement and Logistics)	113.86	131.56	115.24	535.18
(c) Others	1.23	(12.05)	12.60	18.37
Net sales/Income From Operations	145.18	174.26	183.08	865.51
2. Segment Results Profit /(Loss) before tax from each segment				
(a) Shipping	(116.28)	(72.22)	(1.21)	(201.82)
(b) Coal (Mining, Procurement and Logistics)	16.49	(27.39)	31.82	(56.07)
(c) Others	(292.79)	(31.51)	(8.70)	54.01
Less: Interest	23.72	33.10	38.68	144.62
Less: Exceptional items	(142.19)	97.16	11.73	108.89
Total Profit / (Loss) Before Tax from Continuing Operations	(274.12)	(261.38)	(28.50)	(457.39)
Net profit/(loss) before tax from discontinued Operation	(0.61)	(39.81)	(12.99)	(346.59)
Total Profit / (Loss) Before Tax	(274.73)	(301.19)	(41.49)	(803.98)
3. Segment Assets				
(a) Shipping	644.54	773.97	1,284.38	773.97
(b) Coal (Mining, Procurement and Logistics)	678.15	782.43	881.73	782.43
Total Segment Assets	1,322.69	1,556.40	2,166.11	1,556.40
Unallocable Assets	594.93	678.69	565.71	678.69
Discontinued operation	12.87	203.41	511.50	203.41
Total Assets	1,930.49	2,438.50	3,243.32	2,438.50
4. Segment Liabilities				
(a) Shipping	1,459.04	1,807.39	1,085.65	1,807.39
(b) Coal (Mining, Procurement and Logistics)	268.26	832.17	516.64	832.17
Total Segment Liabilities	1,727.30	2,639.56	1,602.28	2,639.56
Unallocable Liabilities	389.90	(295.15)	408.77	(295.15)
Discontinued operation	1.68	26.45	256.24	26.45
Total Liabilities	2,118.88	2,370.86	2,267.29	2,370.86


MERCATOR LIMITED

(CIN : L6309MH1983PLC031418)

Notes:

- 1 The unaudited consolidated financial results of the Company have been reviewed by the Audit Committee at the meeting of the board of Directors held on August 13, 2019. The figures for the quarter ended March 31, 2019 are unaudited and are balancing figures between unaudited figures in respect of full financial year and the published year to date figures up to third quarter of the financial year.
- 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 (as amended).
- 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 During the previous year, certain financial institutions have invoked the shares held by the promoters on account of default in payment of interest and installments by the company amounting to Rs. 12.67 crore.
The promoters in view for aforesaid invocation had sought a compensation from the Company on the basis of the closing traded price for the last two trading days preceding the said refund. The management has classified such amount as loan from directors. Since the amount has not been repaid by the Company as on June 30, 2019, such loan amount has been revalued basis the last two closing trading prices (June 27 & 28, 2019) available at NSE and reversal of Rs. 9.10 crore has been adjusted to finance cost
- 5 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 above approach has resulted in recognition of a right-of-use asset of Rs.0.87 crore and a lease liability of Rs.0.53 crore on the date of initial application. 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 it has been estimated that company does not have any operating lease generating long term right to use so as to have retrospective impact on financials. Thus cumulative impact if any to be given in year end audited financials.
- 6 The Company had issued FCCBs aggregating to US\$ 16,000,000 (Rs. 110.27 crore) during the Financial Year 2014-15. The initial conversion price of the FCCBs was Rs. 38.30 per Equity Share, subject to certain adjustments as agreed with the holders of the FCCBs ("Bondholders"). The FCCBs along with the premium fell due for redemption on May 27, 2019. In view of the highly volatile nature of the global and local capital market and the trading price of the Equity Shares having fallen significantly, the bondholder and the Company has 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:
(a) 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.
(b) 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)
(c) Earlier coupon of 4.75% per annum payable annually has been changed to 5.75% compounded annually.
(d) The Company shall provide as security for the existing FCCBs a charge over the "Yukti Prem", which was unsecured as per earlier terms.
(e) Also, Put/Call/ Conversions options at various time frames and upon occurrence of certain events has been provided to respective parties which was not provided in earlier terms.



7 On July 11, 2019, Credit Analysis & Research Limited (CARE) has revised the rating assigned to the Company for short term credit facilities from CARE D to CARE D 'ISSUER NOT COOPERATING' for all the facilities. Further, there have been delays/ defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions. The Company has incurred significant losses during the quarter and in previous years. The Company is in the process of exploring various strategic initiatives, financing and resolution options to address these delays/ defaults. The management is of the view that the Going concern assumption is not vitiated in view of the various initiatives being undertaken. The auditors have in their Limited Review Report drawn attention to this matter without qualifying their opinion.

8 **Termination of SSCP project contract by ONGC**

Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company is 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 as per the contract and simultaneously proceeded to encash the bank guarantees. MOGL has since then initiated arbitration proceedings against ONGC considering this an illegal termination given against 96% of the project was completed. During the quarter, by the virtue of an order of Hon'ble Bombay High Court dated July 29, 2019 ONGC has invoked Bank Guarantee amounting to Rs. 142.19 crore (the same has been disclosed as an Exceptional Item). The Company has an exposure of Rs.0.15 crores and Rs. 81.45 crores for investments and loans respectively in MOGL. In view of legal counsel, the claim made by the company on ONGC holds good and the Company will be able to pay out all the dues from the receipt of claim.

9 During the quarter and year ended March,31 2019, financial lender of a step down foreign subsidiary had invoked letter of comfort given by the company to lender for the exposure of subsidiary, and claimed Rs. 249.26 crore, from the company. In May, 2019 the vessel "Nerissa" in the step down subsidiary realised sales proceeds of Rs.174.47 crores which was settled against claim made by the financial lender. The balance amount had been impaired by the company in the quarter ended March,2019. Impairment of Investment and Receivable from a step-down foreign subsidiary, in lieu of sale of its assets and invocation of Letter of Comfort amounted to Rs. 84.22 crore.

10 **i) Disclosures relating to Discontinued operation :**

In the previous year, 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, during the quarter, the subsidiary has accounted for Impairment loss of Rs. 286.92 Crore on classification of the said asset as "Non-Current Asset held for sale". The said impairment loss is included under "Net profit/(loss) before tax from discontinued operation" in the above results. The sale has been concluded on April 26,2019.

However, Lender of the Step down subsidiary has invoked the Standby Letter of Credit (SBLC) and recovered the debt as on March 31, 2019 which resulted in to inter company loan in ultimate holding company. The vessel was sold on April 26,2019 and sales proceeds thereof was utilised towards repayment of debt to the bank in ultimate holding company.

ii) In view of the above development, 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:

(Rs in crore)

Particulars	Quarter ended			Year ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	2.12	12.75	7.19	33.09
Less:				
Operating Cost	2.72	13.98	4.92	17.99
Depreciation	-	0.05	7.27	23.79
Impairment loss on classification of asset as Non-Current Asset held for sale	-	21.62	-	-
Finance Cost	-	11.38	7.98	21.71
Administrative Expenses	0.01	13.94	0.01	0.58
Profit / (Loss) Before tax	(0.61)	(48.23)	(12.99)	(30.98)



- 11 Based on impairment testing of its assets, conducted by the Company considering the estimated future cash flows, carrying amounts and valuation available by way of recent quotations obtained by the lenders, the Company has further impaired value of its dredgers by Rs. 111.16 crore.
- 12 The Company is reflecting current tax assets (net) of Rs. 78.09 crore as on June 30, 2019, which includes income tax receivables (including tax paid) of Rs. 100.91 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 2003-04 to Assessment Year 2015-16 in 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. The Auditors have qualified their review report for the quarter ended June 30, 2019 on this matter and had also qualified audit report for the year ended March 31, 2019.
- 13 In case of one of our 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 total investments and advances to KPB from a subsidiary entity amounts to USD 13.72 million and USD 10.33 million respectively. The Company has exposure of Rs. 0.29 crore as equity share investment and Rs. 389.74 crore as Non - Cumulative Redeemable Preference Share. The Company has already initiated the necessary legal steps for the aforesaid dispute and expects to resolve this matter at the earliest possible. Meanwhile, the control of the operations are continuing normally under our management.
- 14 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. The next hearing for the matter is scheduled on September 17, 2019.
- 15 The results for the quarter June 30, 2019 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
- 16 Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

Date: August 13, 2019
Place: Mumbai

For Mercator Limited


H. K. Mittal
Executive Chairman
DIN: 00007690

