

November 12, 2020

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

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.
Scrip Code: MERCATOR

Dear Sir/Madam,

Sub: Outcome of the Board Meeting of the Company held on Thursday, November 12, 2020 for Approval of Un-audited Standalone and Consolidated Financial Results for the quarter and half year ended September 30, 2020

We wish to inform you that the Board of Directors of the Company at its meeting held on Thursday, November 12, 2020, has approved the Un-audited Standalone and Consolidated Financial Results for the quarter and half year ended September 30, 2020.

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we are enclosing the following:

1. Unaudited Standalone and Consolidated Financial Results and cash flow statement of the Company for the quarter and half year ended September 30, 2020;
2. Unaudited Consolidated Segment Results of the Company for the quarter and half year ended September 30, 2020;
3. Unaudited Standalone and Consolidated Statement of Assets and Liabilities;
4. Limited Review Report of the Statutory Auditors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2020.

The meeting of the Board of Directors commenced at 3.30 p.m. and concluded at 9.30 p.m.

We request you to take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For MERCATOR LIMITED

RAJENDRA KOTHARI
CHIEF FINANCIAL OFFICER
Encl: as above

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)

(Rs. in crore)

Particulars	STANDALONE	
	As at 30-Sep-2020 (Unaudited)	As at 31-Mar-2020 (Audited)
A ASSETS		
1 Non- Current Assets		
(a) Property, Plant and Equipment	16.76	16.85
(b) Capital Work-in-Progress	-	-
(c) Investment Property	-	-
(d) Other Intangible Assets	-	-
(e) Financial assets	-	-
(i) Investments	63.65	63.65
(ii) Loans	1.40	1.40
(iii) Other Financial Assets	0.03	0.03
Deferred tax assets (net)	-	-
(f) Other Non Current Assets	-	-
(g) Income Tax Assets (net)	70.29	75.58
Total Non-Current Assets	152.13	157.51
2 Current Assets		
(a) Inventories	-	-
(b) Financial Assets	-	-
(i) Trade Receivables	42.43	45.95
(ii) Cash and Cash Equivalents	0.58	0.90
(iii) Bank Balances other than (ii) above	0.15	0.12
(iv) Loans	119.67	120.19
(v) Other Financial Assets	60.74	59.35
(c) Other Current Assets	43.74	13.50
Non Current Assets classified as Asset Held for Sale	-	36.68
Total Current Assets	267.31	276.69
TOTAL ASSETS	419.44	434.20
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share Capital	30.25	30.25
(b) Other Equity	(888.31)	(801.51)
Total Equity	(858.06)	(771.26)
2 Non - Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	-
(ii) Other Financial Liabilities	0.03	0.03
(b) Provisions	-	-
Total Non-Current Liabilities	0.03	0.03
3 Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	215.83	219.57
(ii) Trade Payables	-	-
- total outstanding dues of micro enterprises and small enterprises	0.35	0.35
- total outstanding dues of creditors other than micro enterprises and small enterprises	47.13	47.70
(iii) Other Financial Liabilities	1,004.69	927.50
(b) Other Current Liabilities	9.30	10.12
(c) Provisions	0.17	0.19
Total Current Liabilities	1,277.47	1,205.43
Total Liabilities	1,277.50	1,205.46
TOTAL EQUITY AND LIABILITIES	419.44	434.20

For and on behalf of the Board

HARISH
KUMAR
MITTAL
H. K. Mittal

Executive Chairman
(DIN:00007690)

RAJENDR
A KUMAR
KOTHARI

Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Date: November 12, 2020

Mercator Limited

CIN NO : L63090MH1983PLCO31418

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

Statement of Financial Results For Quarter and Half Year Ended Sep 30, 2020

(Rs. in crore)

Particulars		Standalone					
		Quarter ended			Half Year Ended		Year ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from operations	3.35	-	38.34	3.35	68.43	132.16
	(b) Other income	15.55	8.73	3.40	24.28	7.04	19.01
	Total Income	18.90	8.73	41.74	27.63	75.47	151.17
2	Expenses						
	(a) Cost of services rendered	3.34	0.93	32.53	4.26	50.10	94.85
	(b) Employee benefits expense	0.93	1.11	2.69	2.04	6.17	9.23
	(c) Finance costs	47.19	48.77	76.94	95.96	93.55	220.13
	(d) Depreciation and amortisation	0.03	0.03	14.41	0.06	28.25	41.05
	(e) Impairment Losses	7.34	3.52	217.73	10.86	328.89	41.04
	(f) Loss on Sale / Discard of Property, Plant and Equipment	0.02	-		0.02		233.43
	(g) Other expenses	0.58	0.65	15.54	1.23	19.50	30.35
	(h) Provision for doubtful debts / advances (net)	-	-		-		20.94
	Total expenses	59.42	55.01	359.84	114.43	526.46	691.02
3	Profit/(loss) from operations before exceptional items and tax (1-2)	(40.52)	(46.28)	(318.10)	(86.80)	(450.99)	(539.85)
4	Exceptional items	-	-	-	-	-	(485.47)
5	Profit/(loss) before tax from Continuing Operations (3 - 4)	(40.52)	(46.28)	(318.10)	(86.80)	(450.99)	(1,025.32)
6	Tax expense						
	Current tax (including earlier year adjustment)	-	-	(1.30)	-	(2.60)	(0.45)
	Deferred tax (net)	-	-		-	-	-
7	Net profit/(loss) after tax from Continuing Operations (5 - 6)	(40.52)	(46.28)	(319.40)	(86.80)	(453.59)	(1,025.77)
	Discontinued Operation						
	Net profit/(loss) before tax from discontinued Operation					-	-
	Tax (expenses) / benefit of discontinued operation		-			-	-
8	Net profit/(loss) after tax from Discontinued Operation						
9	Net profit/(loss) after tax	(40.52)	(46.28)	(319.40)	(86.80)	(453.59)	(1,025.77)
10	Items that will not be reclassified to statement of profit and loss						
	Remeasurement gains /(loss) of defined benefit plans	-	-	(0.03)	-		0.63
	Total Other comprehensive income /(loss)			(0.03)			0.63
11	Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (9+10)	(40.52)	(46.28)	(319.43)	(86.80)	(453.59)	(1,025.14)
12	Profit /(Loss) attributable to for the period (net of tax)						
	Owners of the company	(40.52)	(46.28)	(319.40)	(86.80)	(453.59)	(1,025.77)
	Non controlling interest					-	-
13	Other comprehensive income/ (loss) for the year (net of tax)						
	Owners of the company	-	-	(0.03)	-	-	0.63
	Non controlling interest	-	-		-	-	
14	Total Comprehensive Income /(Loss) for the period / year attributable to						
	Owners of the company	(40.52)	(46.28)	(319.43)	(86.80)	(453.59)	(1,025.14)
	Non controlling interest		-			-	

15	Paid up equity share capital (FV of Re.1 per share)	30.25	30.25	30.25	30.25	30.25	30.25
16	Basic and Diluted earnings per equity share from continuing operation	(1.34)	(1.53)	(10.56)	(2.87)	(15.00)	(33.91)
17	Basic and Diluted earnings per equity share from discontinued operation				-	-	-
18	Basic and Diluted earnings per equity share from continuing and discontinued operation	(1.34)	(1.53)	(10.56)	(2.87)	(15.00)	(33.91)
19	Debenture Redemption Reserve*	NA			25.00	25.00	25.00
20	Capital Redemption Reserve*				40.00	40.00	40.00
21	Net Worth*				(967.10)	(307.68)	(880.30)
22	Debt equity ratio*				(1.11)	(5.16)	(1.25)
23	Debt service coverage ratio (DSCR)*				(0.01)	0.45	(0.93)
24	Interest service coverage ratio (ISCR)*				0.10	0.12	(1.08)

*Information provided pursuant to Chapter V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 & paid on account of sale/invoke of asset/security) during the year)

For and on behalf of the Board

HARISH
KUMAR
MITTAL

Digitally signed
by HARISH
KUMAR MITTAL
Date: 2020.11.12
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H. K. Mittal

Executive Chairman
(DIN:00007690)

RAJENDR
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KUMAR
KOTHARI

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by RAJENDRA
KUMAR
KOTHARI
Date: 2020.11.12
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Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Date: November 12.2020

Mercator Limited		
CIN NO : L63090MH1983PLCO31418		
Regd. Office: 83-87, Mittal Tower, B-wing, Nariman Point, Mumbai-400021. Tel: 022-66373333		
Statement of Cash Flow for the period ended September 30, 2020		
(Rs. in crore)		
Particulars	STANDALONE	
	Half Year Ended 30-Sep-2020 Unaudited	Half Year Ended 30-Sep-2019 Unaudited
A Cash Flow from Operating Activities		
Net Profit / (Loss) before taxes	(86.80)	(453.65)
Adjustment for:		
Depreciation and Amortisation	0.06	357.14
Provision for doubtful debts/advances	-	5.10
Credit balances written back	(7.47)	6.61
Finance Costs	95.96	93.55
(Profit)/Loss on sale / discard of Property, Plant and Equipments (net)	0.02	0.06
Impairment of Investments and loans to subsidiaries (Exceptional items)	10.86	-
Impairment of Property, Plant and Equipments	-	-
Notional Income on Corporate guarantee	-	(0.07)
Interest income	(6.02)	(6.73)
Dividend income	-	-
Bad Debts and other amounts written off/(back)	-	-
Remeasurements of net defined benefit plans	-	(0.06)
Unrealised foreign exchange (gain) / loss (Net)	(10.79)	29.66
Operating profit before Working Capital changes	(4.18)	31.61
Adjustment for:		
(Increase) / Decrease in Non Current Financial Assets Loans	-	4.69
(Increase) / Decrease in Non Current Other Financial Assets	-	8.58
(Increase) / Decrease in Non Current Other Assets	-	4.80
Decrease/(Increase) in Inventories	-	1.39
Decrease/(Increase) in Other Current Assets	5.45	(3.60)
Decrease/(Increase) in Trade receivables	2.13	(7.28)
(Increase) / Decrease in Current Financial Assets Loans	(4.36)	174.23
(Increase) / Decrease in Current Other Financial Assets	-	3.61
(Decrease)/Increase in Other Non Current Financial Liabilities	-	(0.15)
(Decrease)/Increase in Long term provisions	-	(2.34)
(Decrease)/Increase in Trade payables	(1.20)	11.48
(Decrease)/Increase in Other current liabilities	(0.82)	(9.70)
(Decrease)/Increase in Other financial liabilities	(0.89)	(8.95)
(Decrease)/Increase in Short term provisions	(0.02)	-
Net Cash from Operating Activities	(3.89)	208.36
Direct taxes paid (Net of refund)	5.29	(19.64)
Total cash from / (used in) operating activities	1.40	188.72
B Cash Flow from Investing Activities		
Purchase of fixed assets including capital work in progress	-	2.76
(Increase) / Decrease in Capital Advances/Capital creditors	(0.23)	4.80
Proceeds from Sale of Fixed Assets	0.02	11.56
Loan realisation from / (given) to Subsidiaries	-	(4.36)
(Increase) / Decrease in Current Financial Loans	-	-
(Increase) / Decrease in Current Intercompany deposits	-	-
(Purchase) / Sale of Investments	-	(10.06)
Bank deposits (Placed) / redeemed with banks (Net)	(0.03)	(3.82)
Interest Received	0.03	6.74
Net Cash from Investing Activities	(0.21)	7.62
C Cash Flow from Financing Activities		
Proceeds from Borrowings	-	51.39
Repayment of Borrowings	(1.51)	(214.39)
Interest paid	-	(33.22)
Net Cash from Financing Activities	(1.51)	(196.22)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(0.32)	0.12
Cash and Cash Equivalents as at beginning of the year	0.90	7.42
Cash and Cash Equivalents as at end of the year	0.58	7.54

For and on behalf of the Board

HARISH KUMAR Digitally signed by HARISH KUMAR
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H. K. Mittal
Executive Chairman
(DIN:00007690)

RAJENDR Digitally signed by RAJENDR
A KUMAR KUMAR KOTHARI
KOTHARI Date: 2020.11.12 19:02:36 +05'30'

Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Date: November 12, 2020

MERCATOR LIMITED
NOTES FORMING PART OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR
ENDED SEPTEMBER 30, 2020

1. The unaudited standalone financial results of Mercator Limited (hereinafter referred as “the Company”) for the quarter and half year ended September 30, 2020 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on November 12, 2020. The same has been subjected to limited review by Statutory Auditors of the Company.
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 continued to follow the same accounting policies in preparation of financial results for the quarter and half year ended September 30, 2020 as followed in the previous financial year ended March 31, 2020.
4. The Auditors have expressed an Adverse Conclusion on these Financial Results basis the following:

i. Going Concern

The financial results of the Company have been prepared on a going concern basis by the management. The Company has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and downgrading in credit rating of the Company. The current liabilities substantially exceed the current assets and large sums of money receivable are in dispute, which is not readily realisable. Further, few operational creditors and financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of one of the financial creditors, NCLT had kept order reserved after hearing. However, the said matter is now listed for rehearing. The Company had since disposed-off the substantial part of the Property, Plant and Equipment (PPE). As on September 30, 2020 the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors and one is beached at the New Mangalore Port Trust (NMPT), for which the port authorities have issued public notice and the process of e-auctioning is currently progressing.

The management is of the view that they are making best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets and is making efforts to revive operations. Further, the Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and claims receivable for Rs.1,595 crore at the group level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Company has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of remaining 4 dredgers. Further, the Company had impaired several of its assets to fair value which is equivalent to net realizable value basis the transactions concluded and market estimates.

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

- ii. The Company had impaired investment amounting to USD 55.65 million in Non-Cumulative Redeemable Preference Shares (NCRPS) of its wholly owned subsidiary Mercator International Pte Ltd, Singapore (MIPL) in previous year. The step-down Subsidiary Company has carried out valuation of coal business taking cut-off date December 31, 2019 for the purpose local reporting requirement and the same has been considered for financial reporting as on September 30, 2020 as well. The valuation may get impacted due to variable cost escalation, reduction in absolute value of coal infrastructure service fees of major customer, terminal value assumption, exchange rate variation, assumption of automatic renewal of license etc. during this tenure.
- iii. Current Tax Assets (net) as on September 30, 2020 includes Rs. 69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs.63.18 crore has been received and contested by the Company. The management is taking steps to resolve the cases with the income tax department.
- iv. Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project work. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. Considering involvement of time in the arbitration proceedings, being conservative, the Company has impaired in the quarter ended September 30, 2020, an additional amount of Rs. 1.43 crore (Rs.2.81 crore in the half year ended September 30, 2020) towards accrued interest on loan given to MOGL and Rs. 0.98 crore (Rs.1.39 crore in the half year ended September 30, 2020) towards other receivables.

In the view of the management and based on legal advice, a claim of Rs. 1279.36 crore (USD 173.36 Mn) has been made by the subsidiary company on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings.

- v. During the quarter ended September 30, 2020, the Company has provided additional impairment of Rs. 1.15 crore (Rs.2.22 crore in the half year ended September 30, 2020) towards accrued interest on loan to Mercator Petroleum Limited (MPL), Rs. 0.48 crore (Rs.0.95 crore in the half year ended September 30, 2020) towards interest accrued on 6% optionally convertible debentures issued by MPL and Rs.3.30 crore (Rs.3.49 crore in the half year ended September 30, 2020) towards other receivables, on evaluating following criteria –
 - a. In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The management of MPL and the Company is confident of defending the amounts claimed by Directorate General of

Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact on the Company would be approx. Rs 35.80 crore.

- b. The Board of Directors has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs. 252 crore. MPL has executed an amendment to the original Farm in Farm Out agreement dated December 26, 2019 for extension of the long stop date to October 31, 2020. The Company is hopeful of concluding the sale within the further extended timelines, if and whenever agreed with the prospective buyer.
 - c. The application for initiation of Corporate Insolvency Resolution Process (CIRP) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) filed by an Operational Creditor before the National Company Law Tribunal (NCLT), Mumbai Bench against one of the material subsidiary of the Company, Mercator Petroleum Limited (MPL) was admitted vide the order of NCLT dated August 31, 2020 (Order). In terms of Section 17 of the IBC, the power of the Board of Directors stands suspended and all such powers stand vested in an Interim Resolution Professional (IRP) appointed vide the said Order. Further, in terms of stipulations contained in Section 14 of the Code, a moratorium has been declared vide the Order prohibiting certain stipulated actions.
 - vi. The Company has been able to obtain selective confirmations from various debtors, loans and advances from banks and others, current accounts from banks, trade and other payables on account of ongoing lockdown situation resulting from the Covid-19 pandemic. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back these receivables/ payables/ loans and advances.
5. The Company has an insurance claim amounting to Rs. 54.28 Crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.
6. In case of a material step-down subsidiary of the Company, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.
7. During the year ended March 31, 2020, the subsidiary companies namely Mercator Oil and Gas Limited (MOGL) and Mercator Petroleum Limited (MPL) had approached the Company for seeking waiver in charging interest on loan and debenture outstanding in respective companies on account of contingencies in case of arbitration claim of ONGC and delayed realisation and completion of sale of oil blocks respectively. Based on approval by the Board of Directors of the Company subject to the approval of members of the Company in its general meeting under Section 186 and other applicable provisions of the Companies Act, 2013 and all other applicable laws and regulations, the modification/variation in the terms of loans has been as under:

- (i) The repayment of loans to MOGL and MPL along with accrued interest thereon shall have an extended bullet repayment due date of on or before 30th June 2022. All other terms and conditions of the loans remain unchanged;
- (ii) The accrued interest on 6% Optionally Convertible Debentures issued by MPL in various tranches shall have an extended bullet repayment due date of on or before 30th June 2022. All other terms and conditions of the 6% Optionally Convertible Debentures including due date of redemption remain unchanged;
- (iii) The defaults by MOGL and MPL in repayment of loans along with accrued interest thereon and default by MPL in payment of accrued interest on 6% Optionally Convertible Debentures as on 31st March 2020 and thereafter has not been considered and recognized as an event of default (EOD) and communication with respect to recognition of EOD, if any, made in the past in this regard is waived.

The Company continues to maintain its claim of interest and hence has accounted for interest from its subsidiaries amounting to Rs. 3.06 crore (Rs.5.99 crore in the half year ended September 30, 2020) during the quarter ended September 30, 2020 and consequently impaired the same based on the assessment of the financial position of the subsidiaries.

- 8. During the half year ended September 30, 2020, the Company and its promoter director have entered into settlement agreement by way of a Memorandum of Understanding (MoU), to settle the dues with a lender with a principal liability of Rs. 6 crore at an amount of Rs 1 crore. As per the terms of the agreement executed on June 18, 2020, the same have already been discharged by the promoter director of the Company, being the guarantor under the credit facility and the resultant gain of Rs. 5 crore arising on extinguishment of liabilities to the company has been accounted as 'Other Income' in the quarter ended June 30, 2020. The interest payable to the lender as on the date of execution of MoU amounting to Rs. 2.44 Crore has also been reversed in the quarter ended June 30, 2020.
- 9. In view of ongoing default in repayment of loans from Banks and Financial Institutions / Non-Banking Finance Companies in September 2018 and onwards, as on March 31, 2020 the managerial remuneration paid to a promoter director was in excess of the prescribed limits, to the extent of Rs. 1.62 crore, as per Companies Amendment Act 2017 (effective from 12th September 2018). The excess pay out had been reversed and the same was recoverable from him as on March 31, 2020. In view of the expert opinion obtained by the Company, in the quarter ended June 30, 2020, the Company has adjusted entire amount recoverable against the payment made by the promoter director on behalf of the Company under the settlement agreement, stated in more detail in para 8 above, and other outstanding payables by the Company towards reimbursements.
- 10. During the previous year ended March 31, 2019, Credit Analysis & Research Limited (CARE) had downgraded the rating assigned to the Company for short term credit facilities from CARE A4 to CARE D, which was again revised on July 11, 2019 from CARE D to CARE D (ISSUER NOT COOPERATING).

Further, in respect of Loans outstanding aggregating to Rs. 953.37 crore as on September 30, 2020, breach of financial covenants including default in interest and instalment payments due to various Banks / financial institutions (FIs) continues during the quarter and has resulted into levy of penalty interest and recalling of the amount due to several banks / FIs.

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

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

#As per original schedule specified under Debenture Trust Deed.

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

12. One of the NBFC lender has invoked 2,55,00,000 No shares of promoters on July 2, 2020. The Company has consequently adjusted in its books the outstanding due in part amounting to Rs.3.95 crore. This has brought down the shareholding of the promoters in the Company to 11.11% as on September 30, 2020.
13. One of the vessels of the Company, “Prem Mala” was arrested and sale proceedings had been initiated by Hon'ble High Court of Bombay during the year ended March 31, 2020. During the quarter ended June 30, 2020, the vessel has been auctioned by the lender through court auction procedure. Further, there are only four non-operational dredgers with the Company, which were fully impaired in previous year and are carried at realisable scrap value in the books of accounts. On account of this, there is no depreciation charge on PPE in the quarter and half year ended September 30, 2020 with respect to PPE.
14. Proceedings have been filed by a few operational creditors and two financial creditors namely ICICI Bank Limited (ICICI) and State Bank of India (SBI) against Mercator Limited (Corporate Debtor/Company) under the Insolvency and Bankruptcy Code, 2016 (IBC) for recovery of their respective outstanding dues, wherein in case of ICICI Bank the order has been reserved vide interim order dated March 03, 2020. In addition to that, the Company had entered into settlement agreements with approval of NCLT with few operational creditors amounting to Rs 3.94 crore out of which only Rs 1.57 crore had been honoured and the balance commitment is yet to be discharged by the Company.
15. The office premise of the Company was charged to the lender of one of its material subsidiary. On account of the possession notice received under Section 13 (4) of Securitization and Reconstruction of Financial Assets and read with Rule 8 of Enforcement of Security Interest (Second) Act, 2002, the symbolic possession of the office premises has been obtained by the said

lender on September 9, 2020. The enforcement of security has been on account of default in repayment of debt by a material subsidiary of the Company.

As on the reporting date, only symbolic possession has been obtained and the Company continues to operate from the premises, hence the same continue to be categorised as property, plant and equipment of the Company and accordingly the depreciation for the period has been charged to the Statement of Profit & Loss. Necessary adjustments, if any, in the books of accounts will be done once the actual control over the office premises will be passed to the Bank.

16. The Company has identified only one major identifiable business segment viz Shipping (including Tankers and Dredgers) at standalone level. Hence, there is only reportable operating segment as per IND AS 108 "Operating Segments" in standalone financials.
17. The Company Secretary of the Company has resigned dated July 23, 2019 and until date of reporting, the said vacancy is yet to be filled.
18. Subsequent to the end of quarter June 30, 2020, the Company has received letter from the National Stock Exchange of India Limited ("NSE") citing non – compliance of the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires that the Board of Directors shall comprise of not less than six directors. The Company had made submission to NSE stating that there were 5 directors on the Board of Company including a woman director. It was also informed that the strength of independent directors is more than the executive directors and the Company is making best efforts to be compliant of the regulation.

Ms. Ameeta Trehan, an Independent Woman Director on the Board of Directors of the Company, has resigned with effect from September 1, 2020, citing personal reasons. Mr. Jagmohan Talan, Mrs. Ritu Vats and Mrs. Sukhdarshan Singh Bedi were appointed as Additional Directors (Non-Executive & Independent) of the Company with effect from September 23, 2020 for a tenure of 5 years. Thereafter, Mr. Chetan Desai, Mr. M M Agrawal and Mr. Anil Khanna, Non-Executive Independent Directors of the Company resigned with effect from September 25, 2020, September 29, 2020 and October 1, 2020 respectively citing personal reasons/ill health.
19. The results for the quarter ended September 30, 2020 are available on the BSE Ltd website www.bseindia.com, National Stock Exchange of India Limited website www.nseindia.com and the Company's website www.mercator.in
20. Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

For **MERCATOR LIMITED**

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H K MITTAL

EXECUTIVE CHAIRMAN

Place: Mumbai

Date: November 12, 2020

Independent Auditor's Limited review report on Unaudited Quarter and half year ended Standalone Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**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, 2020 ("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, which 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 ("the Act") and as per the presentation requirement of the SEBI circular CIR/CFD/FAC/62/2016 dated July 5, 2016 (hereinafter referred to as "the SEBI Circular") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. **Basis for adverse conclusion**
We draw attention to –
 - a. Note No. 4(i) regarding preparation of the statement on a going concern basis. The Company's financing arrangements have expired and substantial amounts have been recalled and are due and payable as on September 30, 2020. The Company has been unable to conclude re-negotiations or obtain replacement financing against the same. The company has accumulated losses and has incurred significant losses during the current quarter and previous financial year. The Company has substantial investments and loans and advances receivable from subsidiary companies and other disputed receivables, which are not readily realizable to service the Company's current liabilities and the Company's net worth has also been fully eroded, in addition

to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Company. The Company had disposed off a substantial portion of its Property, Plant and Equipment in order to repay its liabilities and currently doesn't have significant operating revenue and operating assets. Further, the management has not shared a revival plan for the company to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Financial Results have however been prepared on a going concern basis by the management.

- b. Note No. 4(ii), regarding the Company's investments in its wholly owned foreign subsidiary Mercator International Pte Ltd. (MIL) which has been impaired in full amounting to Rs. 426.31 crore (excluding investment in equity shares – Rs. 0.29 crore) during the previous year. The significant investment of MIL is in its coal mines and related infrastructure in Indonesia and the valuation of these assets was conducted on December 31, 2019 by an independent valuer, and the same has been considered for the period ended September 30, 2020. We are unable to comment on the impact on the valuation and consequently the financial statements, had the valuation been done as on September 30, 2020.
- c. Note No. 4(iii), regarding unprovided current tax demands under dispute to the tune of Rs. 63.18 crore pending at various judicial forums of the Income Tax department, which are treated as contingent liabilities. In the absence of the required supporting documents justifying the stand of the Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.
- d. Note No. 4(iv), regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC in an earlier year, which is currently under arbitration. The Company has investments in equity amounting to Rs. 0.15 crore, which had been fully impaired during the year ended March 31, 2020 and loans amounting to Rs. 89.91 crore (which includes un-serviced interest amounting to Rs. 24.43 crore, excluding impairment of Rs. 38.46 crore), and the balance net of impairment amounts to Rs. 51.45 crore, is considered recoverable as at September 30, 2020. In view of the pending outcome of the arbitration and also basis the review report of the auditor of the Subsidiary, we are unable to comment on the recoverability of such investment and loan amount.
- e. Note No. 4(v), regarding the Company's investments in its Indian subsidiary Mercator Petroleum Ltd. (hereinafter referred to as "MPL") amounting to Rs. 47.93 crore, (excluding impairment of Rs. 16.17 crore) and loan (including Debentures) given amounting to Rs. 110.97 crore (including un-serviced interest of Rs. 34.73 crore and excluding impairment of Rs. 10.61 crore) and the balance including investments and loans amounts to Rs. 100.35 crore is considered recoverable as on September 30, 2020. MPL has entered into a Farm in Farm Out (FIFO) Agreement for sale of its participating interest in its oil block CB-ONN-205/9 (CB-9), subject to fulfillment of certain conditions and the management is confident of being able to conclude this transaction and have estimated the impairment for the investment and advances accordingly. Further, the petition filed in NCLT, Mumbai Bench by an operational creditor against MPL has been admitted vide Order dated Aug 31, 2020 and an Interim Resolution Professional (IRP) has been appointed. As per the information and explanations provided to us and also basis the management accounts provided by the IRP of MPL, we are unable to obtain sufficient appropriate evidence about the recoverability of such investment and loan given.

- f. Note No. 4(vi), regarding balance confirmations not been received in respect of certain secured / unsecured loans, trade receivables, trade and other payables, and loans and advances as a result of which reconciliation process and consequential adjustments, if any, has not been carried out. The Company has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available to us.

Adverse Conclusion

5. Based on our review conducted as above, we report that due to the significance of the matters stated in para 4 "Basis for Adverse Conclusion", we have come to the conclusion that the Statement is not prepared fairly in material respect in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India and has not disclosed fairly the information required to be disclosed in terms of the SEBI Circular.

Emphasis of Matter

6. We draw attention to –
- a. Note No. 5, regarding receivable from an insurance Company amounting to Rs. 54.28 crore pertaining to total loss claim on a vessel pertaining to the year 2012-13, which is under litigation and has been considered fully recoverable by the management and is supported by a legal opinion.
- b. Note No. 9, regarding payments made by the promoter director by way of a settlement agreement with one of the unsecured lenders on behalf of the Company resulting in a net gain of Rs. 6.90 crore to the Company. The above amount settled by the promoter director with the unsecured lender alongwith other pending reimbursement has been adjusted towards the recovery of the excess remuneration drawn by him in earlier years u/s 197 of the Companies Act, 2013, which is supported by an expert opinion.

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

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

NIKHIL
SINGHI

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Nikhil Singhi
Partner

Membership No. 061567

Place: Mumbai
Dated: November 12, 2020
UDIN: 20061567AAAAV8896

Mercator Limited

CIN NO : L63090MH1983PLCO31418

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

Statement of Assets and Liabilities As at September 30, 2020

(Rs. in crore)

Particulars		Consolidated	
		As at 30-Sep-2020 (Unaudited)	As at 31-Mar-2020 (Audited)
A ASSETS:			
1 Non-current assets:			
a) Property, plant and equipment		307.31	331.67
b) Capital work in progress		2.94	3.18
c) Investment property		-	-
d) Other Intangible assets		0.03	0.04
e) Deferred Tax Assets		1.46	1.49
f) Financial assets			
i) Investments		-	-
ii) Loans		3.33	3.37
iii) Other financial assets		204.64	204.64
g) Other non-current assets		15.26	37.73
h) Income tax assets (net)		71.81	80.38
		606.78	662.50
2 Current assets:			
a) Inventories		12.05	9.48
b) Financial assets			
i) Investments		85.58	86.03
ii) Trade receivables		92.35	100.55
iii) Cash and cash equivalent		21.94	31.49
iv) Bank balances other than cash and cash equivalents		0.29	0.68
v) Loans		17.89	16.06
vi) Other financial assets		60.75	59.35
c) Other current assets		72.17	38.72
Non Current Assets classified as Asset Held for Sale		252.00	288.69
		615.02	631.05
TOTAL ASSETS		1,221.80	1,293.55
B EQUITY AND LIABILITIES:			
1 Equity:			
a) Equity share capital		30.25	30.25
b) Other equity		(1,234.42)	(1,088.45)
Non Controlling Interest		109.66	104.14
		(1,094.51)	(954.06)
2 Non-current liabilities:			
a) Financial liabilities			
i) Other financial liabilities		19.32	35.04
b) Provisions		4.95	4.41
		24.27	39.45
3 Current liabilities:			
a) Financial liabilities			
i) Borrowings		660.87	669.54
ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		0.35	0.35
- total outstanding dues of creditors other than micro enterprises and small enterprises		208.26	185.63
iii) Other financial liabilities		1,360.45	1,279.81
b) Other current liabilities		61.94	72.64
d) Provision		0.17	0.19
		2,292.04	2,208.16
TOTAL LIABILITIES		2,316.31	2,247.61
TOTAL EQUITY AND LIABILITIES		1,221.80	1,293.55

For and on behalf of the Board

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Date: 2020.11.12
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H. K. Mittal

Executive Chairman
(DIN:00007690)

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KOTHARI
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Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Date: November 12, 2020

Mercator Limited

CIN NO : L63090MH1983PLCO31418

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

Tel: 022-66373333

Statement of Financial Results For Quarter and Half Year Ended September 30, 2020

(Rs. in crore)

Particulars		Consolidated					
		Quarter ended			Half year ended		Year ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from operations	110.30	114.63	154.46	224.93	300.17	638.61
	(b) Other income	14.91	10.00	0.80	24.91	1.70	15.38
	Total Income	125.21	124.63	155.26	249.84	301.87	653.99
2	Expenses						
	(a) Cost of services rendered	82.67	91.49	115.55	174.16	215.28	468.05
	(b) Employee benefits expense	9.74	4.94	8.60	14.68	18.66	33.72
	(c) Finance costs (incl. penal interest)	66.46	68.61	89.75	135.07	120.80	260.75
	(d) Depreciation and amortisation	12.38	12.23	25.12	24.61	48.46	141.42
	(e) Impairment Losses (net of reversal, if any)	-	3.84	217.73	3.84	328.89	41.04
	(f) Loss on Sale / Discard of Property, Plant and Equipment	0.02	-	-	0.02	-	233.87
	(g) Other expenses	25.79	6.89	32.00	32.68	45.09	93.01
	(h) Loss on Fair Value of Investment	-	-	-	-	-	105.47
	(i) Provision for doubtful debts / advances (net)	(0.01)	0.01	-	-	-	20.95
	Total expenses	197.05	188.01	488.75	385.06	777.18	1,398.28
3	Profit/(loss) from operations before exceptional items and tax (1-2)	(71.84)	(63.38)	(333.49)	(135.22)	(475.31)	(744.29)
4	Exceptional items	-	-	-	-	(106.99)	154.19
5	Profit/(loss) before tax from Continuing Operations (3 - 4)	(71.84)	(63.38)	(333.49)	(135.22)	(582.30)	(898.48)
6	Tax expense						
	Current tax (including earlier year adjustment)	(1.43)	(2.13)	(2.35)	(3.56)	(7.33)	(11.18)
	Deferred tax (net)						0.13
7	Net profit/(loss) after tax from Continuing Operations (5 - 6)	(73.27)	(65.51)	(335.84)	(138.78)	(589.63)	(909.53)
	Discontinued Operation						
	Net profit/(loss) before tax from discontinued Operation	-	-	(0.02)	-	(2.77)	(2.93)
	Tax (expenses) / benefit of discontinued operation	-	-		-		-
8	Net profit/(loss) after tax from Discontinued Operation	-	-	(0.02)	-	(2.77)	(2.93)
9	Net profit/(loss) after tax	(73.27)	(65.51)	(335.86)	(138.78)	(592.40)	(912.46)
10	Items that will not be reclassified to statement of profit and loss						
	Remeasurement gains /(loss) of defined benefit plans	-	-	(0.03)	-	(0.06)	0.81
	Total Other comprehensive income /(loss)			(0.03)		(0.06)	0.81
11	Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period / year) (9+10)	(73.27)	(65.51)	(335.89)	(138.78)	(592.46)	(911.65)

12	Profit/(Loss) attributable to for the period (net of tax)						
	Owners of the company	(75.74)	(68.56)	(337.72)	(144.30)	(600.89)	(926.09)
	Non controlling interest	2.47	3.05	1.86	5.52	8.49	13.63
13	Other comprehensive income/ (loss) for the year (net of tax)						
	Owners of the company	-		(0.03)	-	(0.06)	0.81
	Non controlling interest	-	-		-		-
14	Total Comprehensive Income/(Loss) for the period / year attributable to						
	Owners of the company	(75.74)	(68.56)	(337.75)	(144.30)	(600.95)	(925.28)
	Non controlling interest	2.47	3.05	1.86	5.52	8.49	13.63
15	Paid up equity share capital (FV of Re.1 per share)	30.25	30.25	30.25	30.25	30.25	30.25
16	Basic and Diluted earnings per equity share from continuing operation	(2.50)	(2.27)	(11.17)	(4.77)	(19.49)	(30.52)
17	Basic and Diluted earnings per equity share from discontinued operation	-	-	(0.00)	-	(0.09)	(0.10)
18	Basic and Diluted earnings per equity share from continuing and discontinued operation	(2.50)	(2.27)	(11.17)	(4.77)	(19.87)	(30.62)
19	Debenture Redemption Reserve*	NA			25.00	25.00	25.00
20	Capital Redemption Reserve*				40.00	40.00	40.00
21	Net Worth*				(1,463.25)	(818.99)	(1,151.49)
22	Debt equity ratio*				(1.46)	(2.92)	(1.69)
23	Debt service coverage ratio (DSCR)*				0.03	0.29	(0.70)
24	Interest service coverage ratio (ISCR)*				0.18	0.39	(0.75)

*Information provided pursuant to Chapter V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 & paid on account of sale/invoice of asset/security) during the year)

For and on behalf of the Board

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H. K. Mittal

Executive Chairman

(DIN:00007690)

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Rajendra Kothari

Chief Financial Officer

Place: Mumbai

Date: November 12, 2020

Statement of Consolidated Cash Flow for the Half Year Ended September 30, 2020

		(Rs. In crores)	
		Consolidated	
Particulars		Half Year Ended 30-Sep-2020 (Unaudited)	Half Year Ended 30-Sep-2019 (Unaudited)
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) Before Tax - continuing business	(135.22)	(475.32)
	Net Profit / (Loss) Before Tax - discontinued business	-	(2.77)
	<i>Adjustment for:</i>		
	Depreciation & Amortisation	24.61	48.46
	Impairment of Assets - continuing operation	3.84	328.89
	Provision for doubtful debts/advances	0.02	11.71
	Finance Costs	135.07	120.80
	(Profit)/Loss on fixed assets sold / discarded (net)	0.02	0.07
	Other income on account of accrual written back	(7.47)	-
	Interest income	(0.15)	(1.09)
	Gain on sale of Investments	(0.09)	-
	Unrealised foreign exchange (gain) / loss (Net)	(15.21)	(63.82)
	Operating profit before working capital changes	5.42	(33.06)
	<i>Adjustment for:</i>		
	Decrease/(Increase) in Non Current Financial Assets - Loans	0.04	4.99
	Decrease/(Increase) in Non Current Other Financial Assets	-	7.80
	Decrease/(Increase) in Other Non Current Assets	21.47	(0.65)
	Decrease/(Increase) in Inventories	(2.57)	(0.89)
	Decrease/(Increase) in Trade Receivables	6.80	11.32
	Decrease/(Increase) in Current Financial Assets - Loans	(5.67)	21.87
	Decrease/(Increase) in Current Other Financial Assets	-	2.29
	Decrease/(Increase) in Other current assets	3.23	(20.47)
	(Decrease)/Increase in Non Current Other financial liabilities	(15.72)	22.81
	(Decrease)/Increase in Non Current provisions	0.54	0.95
	(Decrease)/Increase in Trade Payables	20.55	(3.57)
	(Decrease)/Increase in Current Other Financial Liabilities	(29.38)	101.64
	(Decrease)/Increase in Other current liabilities	(10.70)	(55.23)
	(Decrease)/Increase in Current provisions	(0.02)	0.03
	Net Cash from Operating Activities	(6.01)	59.82
	Direct taxes paid (Net of refund)	5.01	(22.07)
	Net Cash from Operating Activities	(1.00)	37.75
	Less: Exceptional item	-	(106.99)
		(1.00)	(69.25)
B	Cash Flow from Investing Activities		
	Purchase of fixed assets including capital work in progress	(6.95)	22.02
	(Increase) / Decrease in Capital advances	0.23	15.88
	Proceeds from Sale of Fixed Assets	0.02	195.13
	(Increase) / Decrease in Current Intercompany deposits	-	(0.90)
	Purchase/(Sale) of Investments	0.45	(15.15)
	Bank deposits (Placed) / redeemed with banks (Net)	0.39	(0.88)
	Interest Income	0.14	(1.08)
	Net Cash from Investing Activities	(5.72)	215.03
C	Cash Flow from Financing Activities		
	Proceeds from Borrowings	-	202.30
	Repayment of Borrowings	(2.04)	(217.59)
	Changes in the Non-Controlling Interest	-	2.62
	Increase/(Decrease) in Reserves	-	6.55
	Interest paid	(0.79)	(131.77)
	Net Cash from Financing Activities	(2.83)	(137.89)
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(9.55)	7.88
	Cash and Cash Equivalents as at beginning of the year	31.49	13.65
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents		(0.01)
	Cash and Cash Equivalents as at end of the year	21.94	21.53

For and on behalf of the Board

HARISH KUMAR
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H.K. Mittal
 Executive Chairman
 (DIN:00007690)

RAJENDR A KUMAR
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 DN: 2020.11.12 10:45:30
KOTHARI

Rajendra Kothari
 Chief Financial Officer

Place: Mumbai
 Date: November 12, 2020

MERCATOR LIMITED

CIN NO : L63090MH1983PLCO31418

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

Unaudited Financial Results For Quarter / Half Year Ended September 30, 2020

SEGMENTWISE CONSOLIDATED UNAUDITED FINANCIAL RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER / HALF YEAR ENDED SEPTEMBER, 30 2020

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
(net sale/income from each segment should be disclosed under this head)						
(a) Shipping	3.35	-	38.34	3.35	68.43	132.16
(b) Coal (Mining, Procurement and Logistics)	106.95	114.63	116.11	221.58	229.97	504.44
(c) Others	-	-	-	-	1.77	2.01
Net sales/Income From Operations	110.30	114.63	154.46	224.93	300.17	638.61
2. Segment Results Profit /(Loss) before tax from each segment						
(a) Shipping	6.66	2.49	(241.16)	9.15	(357.44)	(319.71)
(b) Coal (Mining, Procurement and Logistics)	3.57	8.33	7.29	11.90	21.78	(114.22)
(c) Others	(15.61)	(5.59)	(9.12)	(21.20)	(18.85)	(49.61)
Less: Interest	(66.46)	(68.61)	(90.50)	(135.07)	(120.80)	(260.75)
Less: Exceptional items	-	-	-	-	(106.99)	(154.19)
Total Profit / (Loss) Before Tax from Continuing Operations	(71.84)	(63.38)	(333.49)	(135.22)	(582.30)	(898.48)
Net profit/(loss) before tax from discontinued Operation	-	-	(0.02)	-	(2.77)	(2.93)
Total Profit / (Loss) Before Tax	(71.84)	(63.38)	(333.51)	(135.22)	(585.07)	(901.41)
3. Segment Assets						
(a) Shipping	236.12	243.93	391.16	236.12	391.16	250.36
(b) Coal (Mining, Procurement and Logistics)	508.08	521.61	660.86	508.08	660.86	524.85
Total Segment Assets	744.20	765.54	1,052.02	744.20	1,052.02	775.21
Unallocable Assets	477.52	488.03	591.44	477.52	591.44	508.46
Discontinued operation	0.08	9.90	3.95	0.08	3.95	9.88
Total Assets	1,221.80	1,263.47	1,647.41	1,221.80	1,647.41	1,293.55
4. Segment Liabilities						
(a) Shipping	1,231.49	1,199.27	1,217.18	1,231.49	1,217.18	1,161.70
(b) Coal (Mining, Procurement and Logistics)	352.74	364.20	293.03	352.74	293.03	370.15
Total Segment Liabilities	1,584.23	1,563.46	1,510.21	1,584.23	1,510.21	1,531.85
Unallocable Liabilities	731.67	710.08	711.16	731.67	711.16	705.56
Discontinued operation	0.42	10.31	0.35	0.42	0.35	10.20
Total Liabilities	2,316.31	2,283.85	2,221.72	2,316.31	2,221.72	2,247.61

MERCATOR LIMITED
NOTES FORMING PART OF CONSOLIDATED FINANCIALS FOR THE QUARTER AND HALF YEAR ENDED
SEPTEMBER 30, 2020

1. The unaudited consolidated financial results of Mercator Limited (herein referred to as “the Company” / “Holding Company”) including subsidiaries (herein referred to as “the Group”) for the quarter and half year ended September 30, 2020 have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on November 12, 2020. The same has been subjected to limited review by Statutory Auditors of the Company.
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 Group has continued to follow the same accounting policies in preparation of financial results statement for the quarter and half year ended September 30, 2020 as followed in the previous financial year ended March 31, 2020.
4. The Auditors have expressed an Adverse Conclusion on these Financial Results basis the following:

i. Going Concern

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

The Holding company had disposed off its substantial part of PPE so as to meet its liabilities and subsequent to sale, the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors and one is beached at New Mangalore Port Trust (NMPT), for which the port authorities have issued public notice and the process of e-auctioning is currently progressing. Some of the other assets in the group are also in the process of being sold. The management is making its best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets.

The management of the Holding Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and gross claims receivable for Rs. 1,595 crore at the group level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Group has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of remaining 4 dredgers. Further, the Group has impaired several of its assets to fair value, which is equivalent to net realizable value basis the transactions concluded, and market estimates.

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

- ii. The Group has carried out valuation of underlying investment in coal mining and logistic company situated in Indonesia for determining of fair valuation of these financial assets as per local regulations as on December 31, 2019 instead of September 30, 2020. The Group had recognized reduction in fair value of such financial instrument amounting to Rs 105.77 Crore (USD 14.84 Mn) in December 2019. Such reduction was on account of account of sharp fall in coal prices, reduction in absolute realization of coal handling fees for one of major customer, cost of production and change in assumption of terminal value based on extension of mining license. The fair value as on September 30, 2020 can be substantially different in view of the valuation factors.
- iii. Current Tax Assets (net) as on June 30, 2020 includes Rs.69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs.63.18 crore has been received and contested by the Holding Company. The management is taking steps to resolve the cases with the income tax department.
- iv. Regarding Mercator Oil & Gas Limited ('MOGL'), a subsidiary:
 - a. MOGL was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019.

In the view of the management and based on legal advice, a claim of Rs. 1279.36 crore (USD 173.36 Mn) has been made by the subsidiary on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings. The Group has accordingly not impaired the other receivable under said contract amounting to Rs. 204.60 crore, pending completion of the arbitration proceedings.

- b. MOGL has an ongoing dispute with its consortium partner M/s Gulf Piping Co Ltd (GPC) and based on an order of the Abu Dhabi Court a final liability of USD 5.7Mn (Rs. 43.05 crore) along with interest at 5% interest p.a. is payable to them. MOGL has filed scheme of arrangement in NCLT for deferring payment of all creditors and has considered the same as a contingent liability.
- v. Regarding Mercator Petroleum Limited (MPL), a subsidiary:
 - a. In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The subsidiary is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact would be approx. Rs.35.80 Crore.
 - b. The Board of Directors has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs.252

crore. The Group is hopeful that it will be able to successfully conclude the transaction and has accordingly considered the amount of Rs.252 Crore under capital work in progress as an Asset Held for Sale. MPL has executed an amendment to the original Farm in Farm Out agreement dated December 26, 2019 for extension of the long stop date to October 31, 2020. The Company is hopeful of concluding the sale within the further extended timelines, if and whenever agreed with the prospective buyer.

- c. The application for initiation of Corporate Insolvency Resolution Process (CIRP) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) filed by an Operational Creditor before the National Company Law Tribunal (NCLT), Mumbai Bench against one of the material subsidiary of the Company, Mercator Petroleum Limited (MPL) was admitted vide the order of NCLT dated August 31, 2020 (Order). In terms of Section 17 of the IBC, the power of the Board of Directors stands suspended and all such powers stand vested in an Interim Resolution Professional (IRP) appointed vide the said Order. Further, in terms of stipulations contained in Section 14 of the Code, a moratorium has been declared vide the Order prohibiting certain stipulated actions.
- vi. In terms of Regulation 33(3)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, shall have been subject to audit or in case of unaudited results, subjected to limited review. Further, in view of initiation of Corporate Insolvency Resolution Process (CIRP) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC), as mentioned in clause 5 (v) (b) above, the financial statements of Mercator Petroleum Limited, one of the material subsidiary of the Company for the quarter and half year ended September 30, 2020 could not have a limited review as required under Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii. Due to impediments created due to Covid lockdown, the Holding Company and some of its subsidiaries have been able to obtain selective confirmations from various debtors, loans and advances, from banks and others, current accounts from banks, trade and other payables. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back these receivables/ payables/ loans and advances.
- viii. Compliance under section 134 and 149 of Companies Act 2013:
 - a. In case of MPL, Independent Director, Chief Financial Officer and Company secretary had resigned during the year ended March 31, 2020. The management has not filled the said vacancy until date of reporting.
 - b. In case of MOGL, Independent Director had resigned during the year ended March 31, 2020. The management has filled the said vacancy. Mr. Jagmohan Talan and Mrs. Ritu Vats were appointed as Additional Directors (Non-Executive & Independent) of the Company with effect from September 26, 2020. Further, Mr. H K Mittal resigned as a Director with effect from September 26, 2020 citing personal reasons.
- 5. The Company has an insurance claim amounting to Rs. 54.28 Crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.
- 6. MT Nerissa (the Vessel) was operated in a pool arrangement with Seawolf (Heidmar Pool). There was a delay in discharge of cargo at the two discharge ports of Qingdao and Tianjin of PRC. The

cargo could finally be discharged only in April 2019. The delay in discharge of cargo at both the discharge port could give rise to potential cargo claim from the ultimate receiver which will ultimately fall back through the Pool on the Company. The Company's agreement with Pool is subject to the Hague-Visby Rules or the Hague Rules or the Hamburg Rules. The Rule provides a period of one year from the date of discharge within which claims can be made. The claim will be time barred unless proceedings have been started within 12 months from the date of discharge. The Company had estimated the claim to be in the range of Rs. 9.88 Crore (USD 1,308,412) and being conservative management had provided for the same in earlier year. However, vide a settlement agreement dated August 12, 2020 all the parties have settled the claim at USD 50,000 (Rs.0.37 crores) which has been accounted as Other Income in the period ended September 30, 2020. .

7. In case of a material step-down subsidiary of the Company, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.
8. During the half year ended September 30, 2020, the Company and its promoter director have entered into settlement agreement by way of a Memorandum of Understanding (MoU), to settle the dues with a lender with a principal liability of Rs. 6 crore at an amount of Rs. 1 crore. As per the terms of the agreement executed on June 18, 2020, the same have already been discharged by the promoter director of the Company, being the guarantor under the credit facility and the resultant gain of Rs. 5 crore arising on extinguishment of liabilities to the Company has been accounted as 'Other Income' in the quarter ended June 30, 2020. The interest payable to the lender as on the date of execution of MoU amounting to Rs. 2.44 crore has also been reversed in the quarter ended June 30, 2020.
9. In view of ongoing default in repayment of loans from Banks and Financial Institutions / Non-Banking Finance Companies in September 2018 and onwards, as on March 31, 2020 the managerial remuneration paid to a promoter director was in excess of the prescribed limits, to the extent of Rs. 1.62 crore, as per Companies Amendment Act 2017 (effective from 12th September 2018). The excess pay-out had been reversed and the same was recoverable from him as on March 31, 2020. In view of the expert opinion obtained by the Company, in the quarter ended June 30, 2020, the Company has adjusted entire amount recoverable against the payment made by the promoter director on behalf of the Company under the settlement agreement, stated in more detail in para 8 above, and other outstanding payables by the Company towards reimbursements.
10. During the previous year ended March 31, 2019, Credit Analysis & Research Limited (CARE) had downgraded the rating assigned to the Holding Company, MOGL and MPL for short term credit facilities from CARE A4 to CARE D, which was again revised on July 11, 2019 from CARE D to CARE D (ISSUER NOT COOPERATING).

Further, in respect of Loans outstanding aggregating to Rs. 1598.71crore as on September 30, 2020 the Group has during the quarter, committed breach of financial covenants including default in interest and instalment payments due to various Banks / financial institutions which are still continuing resulting in several banks / FIs recalling their loans in the previous year(s).

11. 12% Secured Non-Convertible Debentures (NCD), issued on March 27, 2018 are unrated, unlisted and are secured by way of first pari-passu charge on the Company's specific assets and

collaterally by pledge of the shares of one of its subsidiary & step - down subsidiary Company, pari-passu charge on assets of subsidiary company and personal guarantee of key managerial personnel. These are redeemable at a premium of 5% (for first 2 years) and 7% for remaining period on accrual basis.

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

#As per original schedule specified under Debenture Trust Deed.

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

12. One of the NBFC lender has invoked 2,55,00,000 No shares of promoters on July 2, 2020. The Company has consequently adjusted in its books the outstanding due in part amounting to Rs.3.95 crore. This has brought down the shareholding of the promoters in the Company to 11.11% as on September 30, 2020.
13. Proceedings have been filed by a few operational creditors and two financial creditors namely ICICI Bank Limited (ICICI) and State Bank of India (SBI) against Mercator Limited (Corporate Debtor/Company) under the Insolvency and Bankruptcy Code, 2016 (IBC) for recovery of their respective outstanding dues, wherein in case of ICICI Bank the order has been reserved vide interim order dated March 03, 2020 In addition to that, the Company had entered into settlement agreements with approval of NCLT with few operational creditors amounting to Rs 3.94 crore out of which only Rs 1.57 crore had been honoured and the balance commitment is yet to be discharged by the Company.
14. One of the vessels of the Company, “Prem Mala” was arrested and sale proceedings had been initiated by Hon'ble High Court of Bombay during the year ended March 31, 2020. During the quarter ended June 30, 2020, the vessel has been auctioned by the lender through court auction procedure. Further, there are only four non-operational dredgers with the Company, which were fully impaired in previous year and are carried at realisable scrap value in the books of accounts. On account of this, there is no depreciation charge on PPE in the quarter and half year ended September 30, 2020 with respect to PPE.
15. The office premise of the Company was charged to the lender of one of its material subsidiaries. On account of the possession notice received under Section 13 (4) of Securitization and Reconstruction of Financial Assets and read with Rule 8 of Enforcement of Security Interest (Second) Act, 2002, the symbolic possession of the office premises has been obtained by the said lender on September 9, 2020. The enforcement of security has been on account of default in repayment of debt by a material subsidiary of the Company.

As on the reporting date, only symbolic possession has been obtained and the Company continues to operate from the premises, hence the same continue to be categorised as property,

plant and equipment of the Company and accordingly the depreciation for the period has been charged to the Statement of Profit & Loss. Necessary adjustments, if any, in the books of accounts will be done once the actual control over the office premises will be passed to the Bank..

16. One of the financial lenders of the Wholly Owned Foreign Subsidiary had recalled loan in the month of May 2019 and further to that, they have filed case in Singapore High Court for recovery of their outstanding dues. Summary proceedings under applicable law is in process and no final order being issued yet as on September 30, 2020.
17. The Company Secretary of the Holding company has resigned dated July 23, 2019 and until date of reporting, said appointment is yet to be completed.
18. Pursuant to the requirement of Listing Regulation, the Group has not appointed one of the Independent Director of Holding Company on the board of the material subsidiaries incorporated in India and Outside India. In case of PT Karya Putra Borneo, due to litigation and block of corporate profile, unless MoLHR allowed, such change of Constitutional Documents is not permitted.
19. During the current half year ended September 30, 2020, the management of respective companies has placed companies under voluntary liquidation and appointed liquidator under applicable laws –
 - a. Mercator Energy Pte Ltd (the company is a plaintiff for case filed by ICICI bank Limited at Singapore being guarantor and company has informed to court for its voluntary liquidation. Final observation of High Court of Singapore on the same is pending).
 - b. Mercator Offshore (P) Pte Ltd (company has also withdrawn scheme of arrangement filed for payment of creditors linked with contingency outcome of SSCP arbitration)
 - c. Mercator Offshore Asset Holdings Pte Ltd
 - d. Marvel Value International Limited, British Virgin Island.
20. Subsequent to the end of quarter June 30, 2020, the Company has received letter from the National Stock Exchange of India Limited (“NSE”) citing non – compliance of the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires that the board of directors shall comprise of not less than six directors. The Company had made submission to NSE stating that there were 5 directors on the Board of Company including a woman director. It was also informed that the strength of independent directors is more than the executive directors and the Company is making best efforts to be compliant of the regulation.

Ms. Ameeta Trehan, an Independent Woman Director on the Board of Directors of the Company, has resigned with effect from September 1, 2020, citing personal reasons. Mr. Jagmohan Talan, Mrs. Ritu Vats and Mrs. Sukhdarshan Singh Bedi were appointed as Additional Directors (Non-Executive & Independent) of the Company with effect from September 23, 2020 for a tenure of 5 years. Thereafter, Mr. Chetan Desai, Mr. M M Agrawal and Mr. Anil Khanna, Non-Executive Independent Directors of the Company resigned with effect from September 25, 2020, September 29, 2020 and October 1, 2020 respectively citing personal reasons/ill health.

21. The results for the quarter ended September 30, 2020 are available on the BSE Ltd website www.bseindia.com, National Stock Exchange of India Limited website www.nseindia.com and the Company's website www.mercator.in
22. Figures of previous periods have been regrouped / reclassified wherever necessary to conform to current period classification.

For **MERCATOR LIMITED**

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by HARISH
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H K MITTAL
EXECUTIVE CHAIRMAN

Place: Mumbai

Date: November 12, 2020

Independent Auditor's Limited review report on Unaudited Quarter and half year ended Consolidated Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**To the Board of Directors
Mercator Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **Mercator Ltd.** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together /referred to as "the Group") for the quarter and half year ended September 30, 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared 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 relevant rules issued thereunder ("the Act") and as per the presentation requirement of the SEBI circular CIR/CFD/FAC/62/2016 dated July 5, 2016 (hereinafter referred to as "the SEBI Circular") and other accounting principles generally accepted in India. 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 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

4. The Statement includes the results of the subsidiaries listed in Annexure A, attached to this report.

Basis for Adverse Conclusion

5. We draw attention to –
 - a. Note No 4(i), regarding preparation of the Consolidated Financial results on a going concern basis. The financing arrangements for the Holding Company of the group have expired and the substantial amounts have been recalled and are due and payable as on September 30, 2020. The Group has been unable to conclude re-negotiations or obtain replacement financing for repayment of its overdue financing arrangements. The Group has accumulated losses and has incurred significant losses during the current period and previous financial year. The Group also has substantial disputed receivables, which are not readily realizable to service the Company's current liabilities and the Group's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases

have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Holding Company and few subsidiaries. Auditors of material subsidiary companies have also issued modified reports relating to the Going Concern assumption for preparation of the financial statements. The management has not shared a revival plan for the Group to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Consolidated Financial Results have however been prepared on a going concern basis by the management.

- b. Note No. 4(ii), regarding the Group's investment carried at Fair Value through Profit and Loss Account pertaining to its coal mining and related infrastructure assets in Indonesia on which reduction in fair value of Rs. 105.47 crore was recognized basis an independent valuation report conducted on December 31, 2019. We are unable to comment on the impact on the fair valuation of these financial assets and consequential the financial results, had the valuation been done as on September 30, 2020.
- c. Note No. 4(iii), regarding unprovided current tax demands under dispute, pertaining to Holding Company, to the tune of Rs. 63.18 crore pending at various judicial forums of the Income Tax department. In the absence of the required supporting documents justifying the stand of the Holding Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.
- d. Note No. 4(iv)(a), regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The amount standing under Other Financial Assets is Rs. 204.61 crore. The amount of recoverability and ultimate impairment would depend on the outcome of the arbitration proceedings, which is uncertain as on the date of financial results.
- e. Note No. 4(iv)(b), regarding one of the consortium partners in SSCP ('GPC') has filed a claim against the MOGL in Abu Dhabi First Instance Court wherein the Court after review sought for work undertaken and change of assessment base, ordered MOGL to pay USD 5.7 million (equivalent Rs. 43.05 crore) and interest @ 5% p.a. from date of case filed until actual payment. However, MOGL has not accepted the claim and recognized Rs. 22.97 crore as contingent liability on the subject matter. In the view of the auditor of MOGL, since MOGL has not appealed against the Court order and further in absence any document which provides evidence that MOGL is planning to pursue the matter with higher forum, potential financial impact of the same on the Consolidated Financial Results is not recognized.
- f. Note No. 4(v)(a), regarding notice received by a subsidiary company, Mercator Petroleum Limited (hereinafter referred to as "MPL"), from the Ministry of Petroleum and Natural Gas (MOPNG) for termination of Production Sharing Contract (PSC) for one of its non-operative oil Block and has demanded costs and other dues to be determined as per terms and conditions of PSC. In case MPL's stand is not accepted by MOPNG, the estimated financial impact on the group would be to the tune of Rs. 35.80 crore.
- g. Note No. 4(v)(b) and 4(v)(c), regarding the fact that MPL, has entered into a Farm-in Farm-out ('FIFO') agreement and deed of assignment with one of the prospective buyer for sale of participating interest ('PI') in oil block CB-9. As per the FIFO agreement, the estimated sale price for PI in CB-9 is approximately Rs. 252 crore. MPL on the basis of the aforesaid agreement has re-valued its non-current asset and provided impairment loss aggregating to Rs. 12.75 crore in the previous financial year. As per Ind AS 105, an entity should value its non-current asset held for sale at the lower of carrying amount or fair value. Further, the petition filed in NCLT, Mumbai Bench by an operational creditor against MPL has been admitted vide Order dated Aug 31, 2020 and an Interim Resolution Professional (IRP) has been appointed. As per the explanations provided to us and basis the financial results / financial information provided by the IRP of the subsidiary, MPL has not been able to provide any valuation report with respect to fair value of oil block CB-9 on

- h. Note No. 4(vi), regarding non-compliance of Regulation 33(3)(h) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 wherein at least 80% of each consolidated revenue, assets and profits respectively, shall be reviewed by the respective auditors.
- i. Note No. 4(vii), regarding balance confirmations not been received in respect of various secured / unsecured loans, trade receivables, trade and other payables, and loans and advances for several entities of the group as a result of which reconciliation process and consequential adjustments, if any, has not been carried out in these entities. The Group has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available for verification.
- j. Note No. 4(viii), regarding resignation of one of the directors on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MOGL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MOGL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013.

Further, as per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MPL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. As a result of this resignation, composition of Board of Directors of MPL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. Additionally, Chief Financial Officer and Company Secretary have also resigned on July 5, 2019 and July 24, 2019 respectively. MPL has failed to fill-up these vacancies within the stipulated timeline mentioned under Section 203(4) of the Companies Act, 2013.

Adverse Conclusion:

6. Based on our review conducted as above, we report that due to the significance of the matters stated in para 5 "Basis for Adverse Conclusion", we have come to the conclusion that the Statement is not prepared fairly in material respect in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India and has not disclosed fairly the information required to be disclosed in terms of the SEBI Circular.

Emphasis of Matters

7. We draw your attention to –
 - i) Note No 5, regarding receivable from an insurance company amounting to Rs. 54.28 crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.
 - ii) Note No. 9, regarding payments made by the promoter director by way of a settlement agreement with one of the unsecured lenders on behalf of the Company resulting in a net gain of Rs. 6.90 crore to the Company. The above amount settled by the promoter director with the unsecured lender alongwith other pending reimbursement has been adjusted towards the recovery of the excess remuneration drawn by him in earlier years u/s 197 of the Companies Act, 2013, which is supported by an expert opinion.

Our conclusion on the Statement is not modified in respect of the above matters.

Other Matters

8. We did not review the interim financial statements of one domestic and two step – down subsidiaries included in the consolidated unaudited financial results, whose interim financial statements reflect total assets of Rs. 695.29 crore as at September 30, 2020, total revenues of Rs. 118.26 crore and Rs. 247.04 crore, total net profit/(loss) after tax of Rs. (5.75) crore and

Rs. (8.85) crore and total comprehensive income / loss of Rs. (5.75) crore and Rs. (8.85) crore, for the quarter and half year ended September 30, 2020 respectively, and net cash (outflows) / inflows of Rs. (4.53) crore for the half year ended September 30, 2020 as considered in the consolidated unaudited financial results.

These interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

9. The consolidated unaudited financial results include the interim financial information of 4 domestic subsidiaries and 12 foreign subsidiaries / step – down subsidiaries which have not been reviewed/audited by their auditors, whose interim financial information reflect total assets of Rs. 838.31 crore as at September 30, 2020, total revenues of Rs. 9.96 crore and Rs. 14.70 crore, total net profit/(loss) after tax of Rs. (27.30) crore and Rs. (46.23) crore and total comprehensive income / loss of Rs. (27.30) crore and Rs. (46.23) crore, for the quarter and half year ended September 30, 2020 respectively, and net cash (outflows) / inflows of Rs. (1.45) crore for the half year ended September 30, 2020, as considered in the consolidated unaudited financial results. According to the information and explanations given to us by the Management, this interim financial information is not material to the Group.
10. The consolidated unaudited financial results include the interim financial information 5 foreign subsidiaries / step – down subsidiaries, whose total assets of Rs. 0.56 crore as at September 30, 2020, as considered in consolidated unaudited financial results, where the financial results / financial information is available for the year ended March 31, 2020 or June 30, 2020. According to the information and explanations given to us by the Management, this interim financial information is not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matters.

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

NIKHIL
SINGHI

Digitally signed
by NIKHIL SINGHI
Date: 2020.11.12
20:24:27 +05'30'

Nikhil Singhi
Partner

Membership No. 061567

Place: Mumbai
Date: November 12, 2020
UDIN: 20061567AAAAAU5179

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REVIEW REPORT

A) Subsidiaries (held directly)

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

B) Subsidiaries (held indirectly)

- 7 Offshore Holding Company Pte Ltd
- 8 Oorja Holdings Pte Ltd
- 9 Mercator Energy Pte Ltd – under liquidation
- 10 Mercator Offshore Assets Holding Pte Ltd – under liquidation
- 11 Panther Resources Pte Ltd
- 12 Oorja (Batua) Pte Ltd
- 13 Oorja 1 Pte Ltd
- 14 MCS Holdings Pte Ltd
- 15 PT Karya Putra Borneo
- 16 PT Indo Perkasa
- 17 Oorja Indo Petangis Four (Indonesia)
- 18 Oorja Indo Petangis Three (Indonesia)
- 19 Oorja Indo KGS (Indonesia)
- 20 PT Bima Gema Permata
- 21 Marvel Value International Limited – dissolved wef August 31, 2020
- 22 Mercator Offshore (P) Pte Limited – under liquidation
- 23 Oorja Mozambique Lda (Mozbq)
- 24 Broadtec Mozambique Minas Lda (Mozambique)