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Ref: ML/SE/2018-19/31

February 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,

1. With further reference to our letter ML/SE/2018-19/30 dated February 1, 2019, this is to inform you that the Board of Directors of the Company at its meeting held today, has inter alia; approved the Standalone and Consolidated Unaudited Financial Results and Limited Review Report for the quarter/nine months ended December 31, 2018, pursuant to Regulation 33 of the SEBI Listing Regulations;

   Enclosed is the press release and the said results along with limited review report from the auditors. These results are being made available on the Company's website.

2. The Board in their meeting held on 13th February 2019 have accorded its in- principle approval for conversion of loan and interest receivable thereon from one of its wholly owned overseas subsidiary – Mercator International Pte. Limited, Singapore to the extent of the amount outstanding as on the proposed record date into Non- Cumulative Redeemable Preference Shares (NCRPS) as a part of its restructuring exercise at the group level. The current amount outstanding as at December 31, 2018 is Rs.387.43 crore (USD 55.51 Million). Other terms and conditions of issue of such NCRPS are in the process of finalization. The same doesn't benefit promoters/group companies in any way.

The meeting of the Board of Directors commenced at 02.00 p.m. and concluded at 07.20 p.m.

Please acknowledge.
Thanking you,

Yours faithfully,
For **Mercator Limited**

Mercator Limited

Sangeetha Pednekar
Company Secretary & Compliance Officer

Encl: as above

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
31 Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66373344 mercator@mercator.in

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Q3FY19 EARNINGS

Q3FY19 & 9MFY19: Key Highlights

- ✓ Q3 FY19 consolidated operating income at INR 267 crores, up 37% YoY & 25% QoQ
- ✓ Positive consolidated adjusted EBIDTA of INR 29 crores in Q3 FY19 and INR 166 crores in 9M FY19
- ✓ London court upheld arbitration award from DCI in favour of Mercator Limited amounting to ~ INR 50 crores

Q3 & 9M FY19 EBITDA impacted by:

- ✓ Non Cash items – Loss on sale of vessels & Provision for doubtful debts & advances
- ✓ Low coal prices amid force majeure in China, currently coal prices are improving

Highlights: **Coal Mining and Logistics**

- ✓ Adjusted PAT Positive in Q3 FY19 & 9M FY19
- ✓ Q3 Sales volume of own coal @ 0.53 Mn MT – 39% higher as compared to Q2
- ✓ 3rd party logistics segment sales at all-time-high of 1.85 Mn MT in 9M FY19
- ✓ Low margins due to sudden fall in coal prices, margins expected to improve as the coal prices rebound
- ✓ Due to declining Coal prices in Q3 FY19, the Company decided to remove higher overburden. This will help in ramp up of production when Coal prices correct with lower operation cost & efforts

Highlights: **Oil & Gas**

- ✓ Commenced Sales & realization of 4,273 barrels from 1st exploratory well
- ✓ Production from 2nd exploratory well to commence in March '19
- ✓ Long term sales agreement with Indian Oil Corporation Ltd. Is under finalization
- ✓ Capex to be incurred for 3 developmental wells for ramp up of production to peak level of ~ 6000 Barrels/Day by Q4 FY20; Capex funding is under finalization

Highlights: **Dredging**

- ✓ Order pipeline stands at INR 292 Crores at the end of Q3 FY19, of which INR 59 crores is to be executed in Q4 FY19 itself
- ✓ Q3 FY19 EBITDA in line with expectations due to planned maintenance of 2 dredgers
- ✓ Dredging order book up 2.5x between Q1 FY19 to Q3 FY19, driven by new tenders
- ✓ The demerger of dredging business is kept in abeyance till build-up of a large sized order book

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Highlights: **Shipping**

- ✓ Locked in new time charter contract with IOCL for 12 Months (incl. Options) for one MR Tanker
- ✓ Sold 2 old ships, nearing the end of their lifecycle
- ✓ VLCC accounted as held for sale; expected sales value **at 16x of actual contribution to trailing EBITDA**
- ✓ Profits expected to rise with the sale of loss making ships; Mercator Limited to operate only time charter vessels from Q4 FY19 onwards, after sale of final Voyage Charter ship (VLCC)

Sale of 3 Ships => Intensive Deleveraging Efforts

- ✓ Old Ships & Loss making – Contributing Total EBITDA of INR 44 crores p.a. against corresponding debt of ~ INR 416 crores
- ✓ Debt reduction of INR 286 crores in process due to sale of old vessels **=> 6.5 Years EBITDA Recovery**

Impact on PBT by sale of ships	INR Cr (p.a.)
Reduction in Interest costs	25
Reduction in depreciation	48
Reduction in dry dock expenses	25
Less: Reduction in EBITDA *	(44)
Exp. Positive Impact on Future PBT (p.a.)	**53**

* Basis last 9 months annualized earnings

Deleveraging & Balance Sheet Reset

Comprehensive debt reduction programme being worked out with Bankers

- ✓ Debt reduced by INR 126 crores including:

A. Positive forex impact of INR 49 Cr in Q3 FY19

B. Repayment of debts for INR 77 Cr in Q3 FY19 (includes repayment out of proceeds of sale of 2 Vessels in Q3 FY19 and rest out of internal accruals)

- ✓ INR 242 crores to be repaid by end of Q4 FY19 on account of proposed sale of VLCC
- ✓ Already in talks with lenders for restructuring of long-term debt
- ✓ Debt restructuring discussions expected to be completed by H1 FY20

Balance Sheet reset executed to stabilize financials & insulate against future volatility

- ✓ Promoters pledge reduced by 16% since September 2018
- ✓ Provisions made for all doubtful debts & advances for INR 201 crores while credit balances write backs amounted to INR 157 crores

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Shalabh Mittal, CEO of Mercator limited commented:

"During this quarter, we have taken firm steps towards balance sheet de-leveraging and it continues to remain our key strategic priority. We have taken some hard calls to exit loss-making ships and have utilized those sale proceeds to reduce debt. We will continue the process in the coming months. Our Coal and Oil & Gas businesses are ramping up well and are performing in-line with our expectation. Additionally, the capacity enhancement for the Coal 3rd party logistics segment is on track and should drive growth in FY20. Our investments in Tier 1 assets have started delivering returns and we are well poised for strong future growth."

*****

Mercator Limited

Singhi & Co.
Chartered Accountants

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LIMITED REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
Mercator Limited

Introduction

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("Statement") of Mercator Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter and nine months ended December 31,2018 being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015 as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/.CFD/ FAC/ 62/2016 dated July 5, 2016, is the responsibility of Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

Scope

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of interim Financial information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. The Statement includes the results of the subsidiaries as mentioned in Annexure-A to this statement

5. We did not review the financial results of 4 subsidiaries/step down subsidiaries included in the Statement whose financial results reflect total revenues of Rs. 141.94 Crore for the quarter ended December 31, 2018 respectively, net profit / (Loss) after tax (including other comprehensive income) of Rs.(274.40) Crore for the quarter ended December 31, 2018, and total assets of Rs.844.99 Crore as at quarter ended December 31, 2018. These financial results have been reviewed by other audit firms whose review reports have been furnished to us by the management and our report in respect thereof is based solely on the review reports of such other audit firms. Our review report is not modified in respect of this matter.

6. The Statement also includes the Group's share of total revenues of Rs.59.88 Crore for the quarter ended December 31, 2018, net (Loss)/profit (including other comprehensive income) Rs.8.04 Crore, for the quarter ended December 31, 2018, and total assets of Rs.662.58 Crore as at quarter ended December 31, 2018 as considered in the Statement, in respect of 25 subsidiaries / step down subsidiaries whose financial results have not been reviewed by us. These financial results are un-reviewed and have been furnished to us by the management and our conclusion on the consolidated financial results, insofar as it relates to the aforesaid subsidiaries/step down subsidiaries is based solely on such un-reviewed financial results which we have relied upon. In our opinion and according to the information and

explanations given to us by the management, these financial results are not material to the Group. Our review report is not modified in respect of this matter.

7. ***Basis for Qualified Conclusion :***

In case of two step down subsidiaries the respective auditors, in their report for the financial year ended March 31, 2018, have raised a concern regarding the recoverability of deposits amounting to ***Rs.23.64 Crore (USD 3.39 Mn) (March 31, 2018 Rs.23.22 Crore (US$ 3.39 Mn))*** *paid in the past to acquire 70% equity interests in companies which own coal mining concessions. As the management has not been able to estimate the extent of diminution, if any, the impact of the same is not presently ascertainable.*

Qualified Conclusion

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

Emphasis of Matter :

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

We draw attention to Note 8 of the financial results regarding termination of Sagar Samrat Conversion Project (SSCP) contract undertaken by a subsidiary Mercator Oil and Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC. ONGC has invoked certain bank guarantees issued by the subsidiary and Parent company guarantee issued by the Company, against which the subsidiary has obtained interim stay from the Hon'ble Bombay High Court. Further, the subsidiary has invoked arbitration proceedings against termination of SSCP contract by ONGC. The matter is currently under dispute and based on legal opinion obtained the company is confident that it will be able to realize its dues under the contract. However, reported financials will have an adverse impact of Rs. 209.79 Crore in case the arbitration petition is decided against the subsidiary.

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

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

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: February 13, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

A) Subsidiaries (held directly)

1 Mercator Oil & Gas Ltd
2 Mercator Petroleum Ltd
3 Oorja Resources India Pvt Ltd
4 Mercator Dredging Pvt Ltd (Formerly Mercator FPSO Pvt Ltd
5 Mercator International Pte Ltd
6 Mercator Oceantransport Limited

B) Subsidiaries (held indirectly)

7 Brio Resources Pte Ltd
8 Offshore Holding Company Pte Ltd
9 Oorja Holdings Pte Ltd
10 Mercator Energy Pte Ltd
11 Mercator Offshore Assets Holding Pte Ltd
12 Panther Resources Pte Ltd
13 Oorja (Batua) Pte Ltd
14 Oorja 1 Pte Ltd
15 Oorja 2 Pte Ltd
16 Oorja 3 Pte Ltd
17 Oorja Mozambique Lda
18 MCS Holdings Pte Ltd
19 PT Karya Putra Borneo
20 PT Indo Perkasa
21 Oorja Indo Petangis Four (Indonesia)
22 Oorja Indo Petangis Three (Indonesia)
23 Oorja Indo KGS (Indonesia)
24 Broadtec Mozambique Minas Lda
25 PT Mincon Indo Resources
26 PT BimaGema Permata
27 Marvel Value International Limited
28 Mercator Offshore (P) Pte Limited
29 MCS Investments and Trading Limited

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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 and Nine Months Ended December 31, 2018

(Rs. in crore)

	Particulars	Consolidated						Standalone					
		Quarter ended			9 Months Ended		Year ended	Quarter ended			9 Months Ended		Year ended
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**												
	(a) Revenue from operations	266.94	214.01	194.90	691.25	748.95	932.02	82.27	92.49	112.96	257.22	308.70	405.67
	(b) Other income	160.72	1.64	2.98	165.20	10.03	36.47	40.48	14.57	1.68	67.17	6.15	42.41
	Total Income	**427.66**	**215.65**	**197.88**	**856.45**	**758.98**	**968.49**	**122.75**	**107.06**	**114.64**	**324.39**	**314.85**	**448.08**
2	**Expenses**												
	(a) Cost of services rendered	206.80	123.37	155.05	457.54	548.95	643.45	54.77	50.66	62.09	154.08	185.76	244.28
	(b) Employee benefits expense	11.19	10.98	4.85	30.20	18.10	30.10	4.91	4.13	4.61	13.02	13.29	17.69
	(c) Finance costs	32.47	40.38	33.89	111.53	100.27	144.10	27.74	31.96	19.16	90.42	59.48	104.23
	(d) Depreciation and amortisation	40.56	40.60	39.12	121.80	133.82	154.44	33.23	34.16	40.48	102.49	126.54	137.76
	(e) Other expenses	297.80	11.68	56.90	319.67	100.89	167.99	178.37	2.86	41.93	184.40	51.57	86.94
	Total expenses	**588.82**	**227.01**	**289.81**	**1,040.74**	**902.03**	**1,140.08**	**299.02**	**123.77**	**168.27**	**544.41**	**436.64**	**590.90**
3	**Profit/(loss) from operations before exceptional items and tax (1-2)**	**(161.16)**	**(11.36)**	**(91.93)**	**(184.29)**	**(143.05)**	**(171.59)**	**(176.27)**	**(16.71)**	**(53.63)**	**(220.02)**	**(121.79)**	**(142.82)**
4	Exceptional items	-		-	(11.73)	-	-	-	-	-	-		-
5	**Profit/(loss) before tax from Continuing Operations (3 - 4)**	**(161.16)**	**(11.36)**	**(91.93)**	**(196.02)**	**(143.05)**	**(171.59)**	**(176.27)**	**(16.71)**	**(53.63)**	**(220.02)**	**(121.79)**	**(142.82)**
6	**Tax expense**												
	Current tax	(10.16)	(7.43)	(1.01)	(25.91)	(18.35)	(58.12)	(7.05)	(2.28)	(0.20)	(9.73)	(0.70)	(42.17)
	Deferred tax (net)	1.61	0.02	-	(0.12)	-	(2.12)	-	-	-	-		-
7	**Net profit/(loss) after tax from Continuing Operations (5 - 6)**	**(169.71)**	**(18.77)**	**(92.94)**	**(222.05)**	**(161.40)**	**(231.83)**	**(183.32)**	**(18.99)**	**(53.83)**	**(229.75)**	**(122.49)**	**(184.99)**
	Discontinued Operation												
	Net profit/(loss) before tax from discontinued Operation	(280.06)	(13.73)	(12.36)	(306.78)	(30.98)	(45.73)	-	-	-	-	-	-
	Tax (expenses) / benefit of discontinued operation	-	-	-	-	-	-	-	-	-	-	-	-
8	**Net profit/(loss) after tax from Discontinued Operation**	**(280.06)**	**(13.73)**	**(12.36)**	**(306.78)**	**(30.98)**	**(45.73)**						
9	**Net profit/(loss) after tax**	**(449.77)**	**(32.50)**	**(105.30)**	**(528.83)**	**(192.38)**	**(277.56)**	**(183.32)**	(18.99)	**(53.83)**	**(229.75)**	**(122.49)**	**(184.99)**
10	**Items that will not be reclasified to statement of profit and loss**												
	Remeasurement gains /(loss) of defined benefit plans	(0.10)	(0.16)	0.46	(0.06)	(0.16)	1.49	(0.06)	(0.16)	0.35	(0.04)	0.20	0.92
	Total Other comprehensive income /(loss)	**(0.10)**	**(0.16)**	**0.46**	**(0.06)**	**(0.16)**	**1.49**	**(0.06)**	**(0.16)**	**0.35**	**(0.04)**	**0.20**	**0.92**
11	**Total comprehensive income /(loss) for the period/year (comprising profits and other comprehensive income for the period/year) (9+10)**	**(449.87)**	**(32.66)**	**(104.84)**	**(528.89)**	**(192.54)**	**(276.07)**	**(183.38)**	**(19.15)**	**(53.48)**	**(229.79)**	**(122.29)**	**(184.07)**
12	**Profit /(Loss) attributable to for the period (net of tax)**												
	Owners of the company	(427.35)	(43.35)	(105.77)	(527.70)	(203.14)	(295.28)	(183.32)	(18.99)	(53.83)	(229.75)	(122.49)	(184.99)
	Non controlling interest	(22.42)	10.85	0.47	(1.13)	10.76	17.72	-	-	-	-	-	
13	**Other comprehensive income/ (loss) for the year (net of tax)**												
	Owners of the company	(0.10)	(0.16)	0.46	(0.06)	(0.16)	1.24	(0.06)	(0.16)	0.35	(0.04)	0.20	0.92
	Non controlling interest	-	-	-	-	-	0.25	-	-	-	-		
14	**Total Comprehensive Income /(Loss) for the period / year attributable to**												
	Owners of the company	(427.45)	(43.52)	(105.31)	(527.76)	(203.30)	(294.04)	(183.38)	(19.15)	(53.48)	(229.79)	(122.29)	(184.07)
	Non controlling interest	(22.42)	10.85	0.47	(1.13)	10.76	17.97	-	-	-	-		
15	**Paid up equity share capital (FV of Re.1 per share)**	30.25	30.25	30.25	30.25	30.25	30.25	30.25	30.25	30.25	30.25	30.25	30.25
16	**Basic and Diluted earnings per equity share from continuing operation**	(4.87)	(0.99)	(3.26)	(7.31)	(6.34)	(8.21)	(6.06)	(0.63)	(1.86)	(7.60)	(4.44)	(6.52)
17	**Basic and Diluted earnings per equity share from discontinued operation**	(9.26)	(0.45)	(0.41)	(10.14)	(1.02)	(1.51)	-	-	-	-	-	-
18	**Basic and Diluted earnings per equity share from continuing and discontinued operation**	(14.13)	(1.44)	(3.67)	(17.45)	(7.36)	(9.72)	(6.06)	(0.63)	(1.86)	(7.60)	(4.44)	(6.52)

SINGHI & CO. ★ Chartered Accountants ★

Mercator Limited ★

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
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MERCATOR LIMITED

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

Unaudited Financial Results For Quarter and Nine Month Ended December 31, 2018

SEGMENTWISE CONSOLIDATED REVENUE RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rs in crore)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
(net sale/income from each segment should be disclosed under this head)						
(a) Shipping	82.27	92.48	112.96	257.21	308.70	405.66
(b) Coal (Mining, Procurement and Logistics)	179.61	108.77	80.81	403.62	412.98	493.88
(c) Others	5.06	12.76	1.13	30.42	27.27	32.48
Net sales/Income From Operations	**266.94**	**214.01**	**194.90**	**691.25**	**748.95**	**932.02**
2. Segment Results Profit /(Loss) before tax from each segment						
(a) Shipping	(165.56)	24.18	(27.12)	(129.60)	(46.81)	(9.54)
(b) Coal (Mining, Procurement and Logistics)	(84.09)	23.59	(5.58)	(28.68)	38.78	69.77
(c) Others	103.94	(9.70)	(18.09)	85.52	(13.03)	(58.66)
Less: Interest	15.45	49.43	41.14	111.53	121.99	173.16
Less: Exceptional items	(0.00)	-	-	11.73	-	-
Total Profit / (Loss) Before Tax from Continuing Operations	**(161.16)**	**(11.36)**	**(91.93)**	**(196.02)**	**(143.05)**	**(171.59)**
Net profit/(loss) before tax from discontinued Operation	**(280.06)**	**(13.73)**	**(12.36)**	**(306.78)**	**(30.98)**	**(45.73)**
Total Profit / (Loss) Before Tax	**(441.22)**	**(25.09)**	**(104.29)**	**(502.80)**	**(174.03)**	**(217.32)**
3. Segment Assets						
(a) Shipping	1,021.24	1,294.50	1,427.45	1,021.24	1,427.45	1,346.98
(b) Coal (Mining, Procurement and Logistics)	703.98	904.23	814.89	703.98	814.89	797.75
Total Segment Assets	1,725.22	2,198.73	2,242.34	1,725.22	2,242.34	2,144.73
Unallocable Assets	587.77	597.43	505.18	587.77	505.18	584.44
Discontinued operation	242.13	536.74	491.51	242.13	491.51	486.66
Total Assets	**2,555.12**	**3,332.90**	**3,239.03**	**2,555.12**	**3,239.03**	**3,215.83**
4. Segment Liabilities						
(a) Shipping	1,122.36	1,151.54	1,061.92	1,122.36	1,061.92	1,095.45
(b) Coal (Mining, Procurement and Logistics)	371.78	499.34	444.69	371.78	444.69	574.78
Total Segment Liabilities	1,494.14	1,650.88	1,506.61	1,494.14	1,506.61	1,670.23
Unallocable Liabilities	451.18	461.09	430.48	451.18	430.48	268.47
Discontinued operation	253.94	297.48	259.73	253.94	259.73	263.48
Total Liabilities	**2,199.26**	**2,409.45**	**2,196.82**	**2,199.26**	**2,196.82**	**2,202.18**

SINGHI & CO. Chartered Accountants

Mercator Limited

Notes:

1 Both the standalone and consolidated financial results of the Company have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on February 13, 2019. The Statutory Auditors have carried out Limited Review of the Financial results for the quarter and nine months ended December 31, 2018.

2 The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.

3 The Company has identified segments into Shipping (including Tankers and Dredgers) and Coal (including mining procurement and logistics). The ships are operating internationally. The performance of the segments are monitored on the basis of primary segment only.

4 Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant on the financial statements.

5 In case of two step down subsidiaries, the respective auditors in their report for the financial year ended March 31, 2018, have raised a concern regarding the recoverability of deposits amounting to Rs. 23.64 crore as at December 31,2018 paid in the past to acquire 70% equity interests in companies which own coal mining concessions. The Principal auditors have qualified their opinion in respect of the above matter. With regard to above observation, the company is confident of recovery of these amounts and does not foresee any additional provisioning requirement

6 Auditors of one of the step down subsidiary have issued a modified opinion for the financial year ended March 31, 2018 on account of recoverability, non provision of impairment loss with respect to long overdue Trade Receivables amounting to Rs.92.07 crore as on December 31,2018.The Principal auditors had also qualified their opinion in respect of the above matter till September 2018 quarter. During the quarter, the subsidiary has made adequate provision for the same to comply with the said qualification.

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

SINGHI & CO. Chartered Accountants

Mercator Limited

MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)
31 Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66373344 mercator@mercator.in

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

During the current year, ONGC had allegedly terminated the Sagar Samrat Conversion Project (SSCP project) Contract undertaken by a subsidiary of Mercator Limited ("The Company"). In this regard, ONGC invoked certain bank guarantees issued by the subsidiary, against which the subsidiary has successfully obtained an interim stay from the Hon'ble Bombay High Court. The Management is confident that the said termination is invalid and illegal which is backed by a Legal opinion. Further, the subsidiary has invoked arbitration proceedings on December 15, 2018 against termination of SSCP contract by ONGC and revert from ONGC on the arbitration proceedings, including nomination of Arbitrator as per the contract, is pending.

9 During the quarter ended September 30, 2018 , Credit Analysis & Research Limited (CARE) had downgraded the rating assigned to the Company for long term credit facilities from CARE BBB Negative to CARE D and from CARE A3 to CARE A4 for short term bank facilities. Further there have been some delays/ defaults in payment of Loans/ Interest to Banks and Financial Institutions. The Company is in the process of exploring various strategic initiatives, financing and resolution options to address these delays/ defaults.

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

During the quarter, a overseas subsidiary passed a resolution approving the sale of 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 31.50 Mn (Net). Accordingly,during the quarter, the subsidiary has accounted for Impairment loss of Rs. 268.65 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.

However, there is no reduction in the debts from bank as on December 31, 2018 since proceeds from sale of the Vessel is expected to be realized in March '19 quarter upon conclusion of the sale, which shall be utilized towards repayment of Debt to the bank.

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			9 Month Ended		Year ended
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue	17.14	7.79	9.02	32.13	33.09	42.19
Less:						
Operating Cost	5.35	5.35	6.10	15.62	17.99	25.23
Depreciation	6.11	7.14	7.95	20.52	23.79	31.60
Impairment loss on classification of asset as Non-Current Asset held for sale	268.65	-	-	268.65	-	-
Finance Cost	17.03	9.05	7.25	34.06	21.71	29.06
Administrative Expenses	0.07	(0.02)	0.08	0.06	0.58	2.03
Profit / (Loss) Before tax	(280.07)	(13.73)	(12.36)	(306.78)	(30.98)	(45.73)

11 During the quarter, the Company has entered in an agreement to sale of VLGC "Sisouli Prem", built in 1991 vide Memorandum of Agreement (MOA) dated November 30 , 2018 , which has been delivered / sold to the buyer on December 20, 2018. Also, one Tanker "M.T. Vedika Prem" built in 1992 has been delivered / sold on November 26, 2018 vide Agreement to Sale dated October 25 2018.Loss on sale of such asset is Rs.73.50 crore.

Singhi & Co. Chartered Accountants

Mercator Limited

12 During the quarter, the Company has exercised its right to convert debentures of Mercator Petroleum Limited (MPL) amounting to Rs. 32.63 crore (out of Rs. 56.07 crore as at December 31, 2018) to Equity Shares vide the terms of debenture allotment wherein the debenture holder has option of conversion anytime after the first year from the date of allotment of the debentures.

13 The Board of Directors in their meeting held on 13th February 2019 have accorded its in- principle approval for conversion of loan and interest receivable there on from one of its wholly owned overseas subsidiary to the extent of the amount outstanding as on the proposed record date into Non- Cumulative Redeemable Preference Shares (NCRPS) as a part of its restructuring exercise at group level. The current amount outstanding as at December 31, 2018 is Rs.387.43 crore (USD 55.51 Million) . Other terms and conditions of issue of such NCRPS are in the process of finalization.

14 During the quarter Group has conducted a specific detailed evaluation of its receivables and payables and has provided for old overdue receivables and advances given, which amount to Rs. 201.20 crore {Company (standalone) - Rs.100.99 crore} (including the amount stated in note 6 above) in "Other Expenses". The Group has also written back Rs. 157.29 crore {Company (standalone) - Rs.36.07 crore} which majorly include the liability written back on account of liquidation completion of two of our step down subsidiaries and creditors, in "Other Income".

15 The results for the quarter and nine month ended December 31, 2018 are available on the BSE Ltd website www.bseindia.com, National Stock Exchange of India Limited website www.nseindia.com and the Company's website www.mercator.in.

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

For Mercator Limited

H. K. Mittal
Executive Chairman
DIN: 00007690

Date: February 13, 2019
Place: Mumbai

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LIMITED REVIEW REPORT

To The Board of Directors
Mercator Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Mercator Limited ("the Company") for the quarter and nine months ended December 31, 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/ CFD/ FAC/ 62/2016 dated July 5, 2016, is the responsibility of Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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

5. Emphasis of Matter –

   We draw attention to Note 8 of the financial results regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil and Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC. ONGC has invoked certain bank guarantees issued by the subsidiary and parent company guarantee issued by the Company, on which the subsidiary has obtained interim stay from the Hon'ble Bombay High Court. The matter is currently under dispute and based on legal opinion obtained the company is confident that it will be able to realize its dues under the contract. The Company has investments and loans amounting to Rs. 0.15 crore and Rs. 81.45 crore respectively as at December 31, 2018 in MOGL, the recoverability of which would depend on the outcome of this litigation.

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

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

SINGHI & CO. ★ Chartered Accountants ★

Nikhil Singhi
Partner
Membership No. 061567

Place: Mumbai
Date: February 13, 2019