

May 28, 2018

To,
**The Singapore Exchange Securities Trading
limited**
2, Shenton Way,
#19-00, SGX Centre 1,
Singapore – 068804

Re: USD 16,000,000 4.75% Convertible Bonds Due 2019 ("The Bonds")
Sub: Statement of Impact under SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015

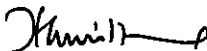
Dear Sir,

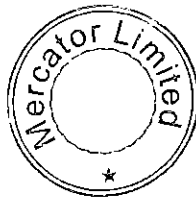
Please find enclosed herewith the Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on Consolidated Financial Result in compliance with Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016.

Please acknowledge.

Thanking you,

Yours faithfully,
For **Mercator Limited**

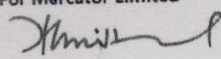
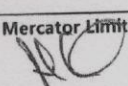
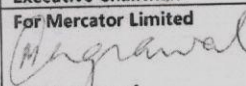
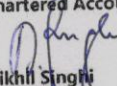

H. K. Mittal
Executive Chairman
DIN: 00007690



Encl: as above

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on Consolidated Financial Result
[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Crore)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	1010.68	1010.68
	2	Total Expenditure	1227.99	1227.99
	3	Net Profit/(Loss)	(217.31)	(217.31)
	4	Earnings Per Share (in Re.)	(10.42)	(10.42)
	5	Total Assets	3215.83	3215.83
	6	Total Liabilities	2202.19	2202.19
	7	Net Worth	1013.65	1013.65
II. Audit Qualification (each audit qualification separately):				
	a	Details of Audit Qualification:		
	a.	In case of a step down subsidiary, the auditors have given a modified opinion for the financial year ended March 31, 2018 on the following basis:		
	i.	recoverability and non-provision of impairment loss in case of long overdue Trade Receivables amounting to Rs.126.01 Crore (US\$ 19.37 Mn), (Previous Year Rs.72.97 Crore (US\$ 11.25 Mn))		
	ii.	in case of claim of Hindustan Zinc Ltd (HZL), the company had forwarded a draft settlement agreement proposing a full and final additional cash settlement of Rs. 7.39 Crore (US\$ 1.13 Mn), which is currently being reviewed by the claimant. However, the company has not made any provision for the potential claim amount and other incidental costs, pending final settlement of the claim.		
	b.	In case of two step down subsidiaries the respective auditors have given a modified opinion for the financial year ended March 31, 2018, raising concern regarding the recoverability of deposits amounting to Rs.22.03 Crore (USD 3.39 Mn.) (Previous Year Rs.21.96 Crore (US\$ 3.39 Mn)) paid in the past to acquire 70% equity interests in companies which own coal mining concessions.		
	b	Type of Audit Qualification: Qualified Opinion		
	c	Frequency of qualification: a) Repetitive b) Repetitive;		
	d	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
	a.	i) The Management is reasonably confident of the recovery of these receivables amounting to Rs.126.01 Crore (US\$ 19.37 Mn), (Previous Year Rs.72.97 Crore, US\$ 11.25 Mn).		
		ii) Once the Amount is ascertained and after the settlement agreement is executed, the required liability shall be recognized by us in the books of accounts		
	b.	The Management is reasonably confident of the recoverability of those advances amounting to Rs.22.03 Crore (USD 3.39 Mn.)		
	e	For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable		
	(i)	Management's estimation on the impact of audit qualification:		
	(ii)	If management is unable to estimate the impact, reasons for the same:		
	(iii)	Auditors' Comments on (i) or (ii) above:		
III. Signatories:				
	For Mercator Limited		For Mercator Limited	
				
	H. K. Mittal Executive Chairman		Rajendra Kothari Chief Financial Officer	
	For Mercator Limited		For Singhi & Co.,	
			Chartered Accountants	
	M. M. Agrawal Audit Committee Chairman			
			Nikhil Singhi Partner Membership No.061567	
Place: Mumbai				
Date: 28/05/2018				

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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