

Ref: ML/SGX/2019-20/53

December 09, 2019

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: Intimation of 35th Annual General Meeting

Dear Sir/Madam,

We hereby inform that the 35th Annual General Meeting of the Company will be held on Tuesday, December 31, 2019 at 3:00 p.m. at 4th Floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.

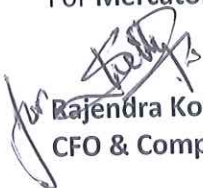
Further, pursuant to Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), we are enclosing herewith a copy of Annual Report which inter-alia includes Notice of the 35th Annual General Meeting of the Company.

The Annual Report is also available on the website of the company www.mercator.in.

Please take the same on your record.

Thanking You,

For Mercator Limited


Rajendra Kothari
CFO & Compliance Officer



Encl.: as above



MERCATOR LIMITED

35TH ANNUAL REPORT

2018-19

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FORWARD-LOOKING STATEMENT

This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



Corporate Information

Board of Directors

Mr. H. K. Mittal

(Executive Chairman)

Mrs. Archana Mittal

(upto July 03, 2019)

Mr. M. M. Agrawal

Mr. Anil Khanna

Mr. Chetan Desai

(w.e.f. April 27, 2018)

Mr. Paritosh Kakkad

(w.e.f. April 27, 2018; upto September 27, 2018)

Mr. Gunender Kapur

(upto May 28, 2018)

Mrs. Ameeta Trehan

(w.e.f. July 01, 2019)

Audit Committee

Mr. M. M. Agrawal

Chairman

Mr. H. K. Mittal

Member

Mr. Anil Khanna

Member

Mr. Chetan Desai

Member

Stakeholders' Relationship Committee

Mr. M. M. Agrawal

Chairman

Mr. Anil Khanna

Member

Mr. H. K. Mittal

Member

Chief Executive Officer

Mr. Shalabh Mittal

Chief Financial Officer & Compliance Officer

Mr. Rajendra Kothari

Company Secretary

Ms. Sangeetha Pednekar

(w.e.f. August 07, 2018 upto July 23, 2019)

Auditors

M/s. Singhi & Co.

Bankers

State Bank of India

ICICI Bank Ltd.

Axis Bank Ltd.

HDFC Bank Ltd.

Yes Bank Ltd.

Kotak Mahindra Bank Ltd.

IDBI Bank Ltd.

DBS Bank Ltd.

Export – Import Bank of India

Corporate Identification Number (CIN)

L63090MH1983PLC031418

Registered Office

83-87, 8th Floor, Mittal Tower, B-Wing,

Nariman Point, Mumbai- 400 021

Tel: +91-22-66373333/40373333

Fax: +91-22-66373344

Website: www.mercator.in

Email: secretarial@mercator.in/ investors@mercator.in

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.

C101, 247 Park, L.B.S. Marg,

Vikroli (West), Mumbai- 400 083

Tel: +91-22-49186000 Fax: +91-22-49186060

Email: rnt.helpdesk@linkintime.co.in

Route Map to the Venue of 35th Annual General Meeting:



Notice

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the members of Mercator Limited will be held on Tuesday, December 31, 2019 at 3.00 pm at 4th floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 together with the Report of Auditors thereon.
2. To appoint a Director in place of Mr. H K Mittal (DIN: 00007690) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with provisions of Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other approvals, permissions and sanctions, as may be required, subject to the approval of the members of the Company, consent of the Board be and is hereby accorded for the re-appointment of Mr. H K Mittal (DIN: 00007690) as Executive Chairman of the Company without any remuneration for a further period of three years with effect from August 1, 2019 to July 31, 2022 and he shall have the right to manage the day-to-day business affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company.

RESOLVED FURTHER THAT Mr. H K Mittal shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time.

RESOLVED FURTHER THAT CEO/ CFO be and are hereby authorized to do all such acts, deeds and things as may be required in this connection to give effect to this resolution.”

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Ameeta Trehan (DIN:07087510), a Non-Executive Independent Director of the Company who was appointed as an Independent Director by the Board of Directors of the Company to hold office up to the ensuing Annual General Meeting and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from the member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from July 01, 2019.”

Regd. Office:

83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021

By Order of the Board For Mercator Limited

H. K. Mittal
Executive Chairman
DIN:00007690

Dated: November 13, 2019

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
2. A relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted at the Meeting is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
5. The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2009-10, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of unclaimed dividend lying with the Company as on September 26, 2018 (date of last Annual General Meeting) has been uploaded on Company's website www.mercator.in in accordance with the Rule 5(8) of Investor Education and Protection Authority

(Accounting, Audit, Transfer and Refund) Rules, 2016 and the same has also been uploaded on Ministry of Corporate Affairs website www.mca.gov.in.

Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF.

In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.

6. Members are requested to notify immediately any changes in their address to the Company/ Registrar & Share Transfer Agents. In case their shares are held in dematerialized form, the information should be passed on to their respective Depository Participants without any delay.
7. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
8. The Company had issued Postal Ballot Notice dated April 26, 2019 ("Postal Ballot Notice") for the purpose of seeking members' approval by way of Special Resolution for amendment of the existing terms and conditions of the US \$ 16,000,000 4.75% Unsecured Foreign Currency Convertible Bonds ("FCCBs") issued by the Company. The members of the Company should take note of the following typographical correction to the text of the first paragraph of Point 4 on Page 9 under the head Explanatory statement in the Postal Ballot Notice - The text appearing as "The

Company paid interest up to 13th February, 2019” should be read as “The Company paid interest for and up to the Financial Year 2017-18”.

The Company issued a Corrigendum informing the same vide nationwide publication in Financial Express and Mumbai Lakshadeep Newspaper on August 31, 2019. It was also communicated to all the members on September 12, 2019 whose email address was registered with the Company. This corrigendum to be read in continuation of and in conjunction with the Postal Ballot Notice. This corrigendum to the Postal Ballot Notice is also being placed on Company's Website – www.mercator.in besides being communicated to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed. All other contents of the Postal Ballot Notice remain unchanged.

9. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email IDs with their respective depository participants or with the Registrar and Share Transfer Agent of the Company, unless any member has requested for a physical copy of the same. Members who have not registered

their email address so far are requested to register their email address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically. In case you wish to get a physical copy of the Annual Report, you may send your request to investors@mercator.in mentioning your Folio / DP ID & Client ID.

10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting. Relevant details in terms of the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment and re-appointment at the Annual General Meeting is provided and forms part of the Notice.
11. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.
12. In case of joint holders attending the Meeting, the member whose name appears as first holder in the order of names as per Register of Members of the Company will be entitled to vote.

The relevant details of Director(s) seeking appointment / re-appointment at the Annual General Meeting as required under Regulation 36 (3) of the Listing Regulations and Secretarial Standard 2 issued by the Institute of Company Secretaries of India are as under:

Name of the Director	Mr. H K Mittal*	Mrs. Ameeta Trehan*
Date of Birth	19/02/1949	10/12/1962
Date of First Appointment on the Board	23/05/1988	01/07/2019
Qualifications	Masters from Indian Institute of Technology (IIT), Roorkee	Master's in commerce from Mumbai University and a Certified Associate of Indian Institute of Bankers
Expertise in specific functional area	Overall business strategies/management	Overall 39 years of experience of which 22 years been a Banker with Corporation Bank specialising in Corporate Finance. Her specialisation in stressed asset resolution comes from work experience with Premier ARC , Asset Reconstruction Company (India) Ltd. and newly established ARC, CFM Asset Reconstruction Private Ltd. with whom she was associated in key Managerial position (President) responsible for establishment of ARC, business development, Corporate Governance and compliance
Directorship in other Companies	▶ Mercator Offshore Logistics Private Limited (Formerly known as Mercator Dredging Private Limited) ▶ Ankur Fertilizers Private Limited ▶ Vaitarna Marine Infrastructure Limited ▶ Mercator Oil & Gas Limited ▶ AHM Investments Private Limited ▶ HK Sons Realtors Private Limited ▶ Premputli Realtors Private Limited ▶ Sisouli Realtors Private Limited	▶ Bheema Cements Limited ▶ Steelco Gujarat Limited ▶ Galada Power and Telecommunication Limited ▶ Steelco Colour Coating Limited ▶ Astraea Alternate Asset Private Limited
Membership/ Chairmanship of Committees in other Companies	▶ Mercator Oil & Gas Limited	▶ Steelco Gujarat Limited ▶ Galada Power and Telecommunication Limited
No. of shares held in the Company	2,11,93,700	NIL
Number of Meetings of the Board Attended	5/5	3/3
Relationship Between Director inter-se	Father of Mr. Shalabh Mittal, CEO	N.A.

(*details given hereinabove are as on November 13, 2019)

13. In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to members holding shares as on December 20, 2019 being the cutoff date ("cutoff date" for the purpose of Rule 20(4)(v)(f) (D) & 20(4)(vii) of the said Rules) fixed for determining voting rights of members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL). The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Saturday, December 28, 2019 and will end at 5.00 p.m. on Monday, December 30, 2019. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Sunil Zore, Practicing Company Secretaries (Membership No. ACS 22144) to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure for voting through electronic mode:

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the

Companies (Management and Administration) Rules, 2014, the Members are provided with the facility to cast their vote electronically, through the e-Voting Services provided by CDSL on all resolutions set forth in this Notice. Members are requested to follow the instructions for e-voting as under:

- a) The voting period begins on Saturday, December 28, 2019 at 9:00 a.m. and ends on Monday, December 30, 2019 at 5:00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of December 20, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b) The members should log on to the e-voting website www.evotingindia.com.
- c) Click on "Shareholders" tab to cast your vote.
- d) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e) Next enter the Image Verification as displayed and Click on Login.
- f) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- g) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ► Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.
Date of Birth (DOB)	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ► Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- h) After entering these details appropriately, click on "SUBMIT" tab.
- i) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k) Click on the EVSN for the relevant <MERCATOR LIMITED> on which you choose to vote.
- l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- q) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- r) Shareholders can also cast their vote using CDSL' smobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- s) Note for Non – Individual Shareholders and Custodians
- ▶ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ▶ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ▶ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - ▶ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ▶ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- t) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other instructions:

- a. The voting rights of Members shall be in proportion to their shares of the paid up share capital of the Company as on the closing hours of business on December 20, 2019.
- b. The Company has appointed Mr. Sunil Zore, Practicing Company Secretary (Membership No. ACS 22144), to act as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner and to complete physical ballot at the Meeting.
- c. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer’s report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company www.mercator.in and the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.

Regd. Office:

83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021

**By Order of the Board
For Mercator Limited**

H. K. Mittal
Executive Chairman
DIN:00007690

Dated: November 13, 2019

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, ANNEXED TO AND FORMING PART OF THE NOTICE.

ITEM NO. 3:

The Board of Directors of the Company in its meeting held on July 30, 2019 extended the term of appointment of Mr. H. K. Mittal as Executive Chairman of the Company without remuneration for a period of 3 years from August 1, 2019 to July 31, 2022 as recommended by the Nomination and Remuneration Committee.

Brief particulars of the terms of re-appointment of and remuneration payable to Mr. H. K. Mittal are as under:

- a) Remuneration: Nil
- b) The Executive Chairman shall have the right to manage the day-to-day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company.
- c) The Executive Chairman shall act in accordance with the Articles of Association, of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- d) The Executive Chairman shall adhere to the Company's Code of Conduct for Directors and Senior Management Personnel.
- e) Mr. H. K. Mittal satisfies all the conditions set out in Part-I of Schedule V of the Act and also conditions set out under Section 196 (3) of the Act for being eligible for his reappointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. H. K. Mittal under Section 190 of the Act. Brief resume of Mr. H K Mittal is given below:

Mr. H. K. Mittal, the Executive Chairman of the company. Having received masters from Indian Institute of Technology (IIT), Roorkee; he started his tryst with enterprise by forming a proprietorship firm; way back 1975, which was later converted into a limited company. This Company was primarily into the manufacturing of Sulphuric Acid and Ferric Alum. Expansion of businesses both vertically and horizontally, soon became his passion that still continues to be a major driving force backed up by more than three decades of entrepreneurial experience.

Mr. Mittal acquired Mercator Ltd. in 1988 and with his vision and keen insight transformed the Company from a barging company to diversified group into Shipping, Dredging, Oil and Coal.

The Board of Directors recommends the resolution for the approval of the shareholders. Except Mr. H. K. Mittal, being an appointee and Mr. Shalabh Mittal being the CEO of the Company and Son of Mr H. K. Mittal, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3. The Board of Directors recommend the resolution at Item No. 3 for approval of the Members.

ITEM NO. 4:

During the year, the Board appointed Mrs. Ameeta Trehan (DIN: 07087510) as Additional Director of the Company in the capacity of Independent Director w.e.f. July 1, 2019. Pursuant to Section 161 of the Companies Act, she would hold office of Director upto the date of ensuing Annual General Meeting of the Company. In terms of Section 160 of the Companies Act, 2013, the Company has received notice in writing from a member proposing the candidature of Mrs. Ameeta Trehan for appointment as an Independent Director as per the provisions of Sections 149 and 152 of the

Companies Act, 2013. Mrs. Ameeta Trehan (DIN: 07087510) have given declaration to the Board of Directors of the Company that she meet the criteria of Independence as required under Section 149(6) of the Companies Act, 2013. In the opinion of the Board of Directors, she fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as Independent Director of the Company. She is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Further, pursuant to the provisions of Section 149 (13) of the Companies Act, 2013, being Independent Director, she is not liable to retire by rotation.

Except Mrs. Ameeta Trehan, being appointee and her relatives, who are interested in the respective resolutions, none of the other Directors and Key Managerial Personnel

of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 4. The Board of Directors recommend the resolution at Item No. 4 for approval of the Membe.rs.

Regd. Office:

83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021

**By Order of the Board
For Mercator Limited**

**H. K. Mittal
Executive Chairman
DIN:00007690**

Dated: November 13, 2019

Directors' Report

To
The Members,
Mercator Limited

We take pleasure in presenting Thirty Fifth Annual Report of your Company for the year ended on March 31, 2019.

Financial Highlights:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Income from operations	867.35	974.21	311.96	405.67
Total Income	1034.22	1010.68	388.57	448.08
Operating Profit	(19.18)	141.89	(24.65)	99.15
Interest	(153.70)	(173.16)	(116.92)	(104.23)
Depreciation	(176.75)	(186.04)	(123.72)	(137.76)
Impairment	(53.45)	-	(53.45)	-
Exceptional Items	(108.89)	-	(181.38)	-
Profit/(Loss) before Tax & Minority Interest	(511.97)	(217.30)	(500.12)	(142.82)
Minority Interest	29.52	17.97	-	-
Other Comprehensive Income Adjustment	0.05	1.49	(0.12)	0.92
Taxes				
-Current Year	(33.24)	(58.12)	(11.33)	(42.17)
-Deferred Tax	0.76	(2.12)	-	-
Net Profit/(Loss) After Tax	(544.45)	(277.55)	(511.45)	(184.99)

During the year under review, the income from operations on a consolidated basis was Rs. 867.35 crores against Rs. 974.21 crores in the previous year. The consequential loss in revenue were on account of (i) reduction of coal trading activities (ii) Lower coal prices in spite of high volumes (iii) sale of one VLGC and one MR Tanker during the year and (iv) decline in dredging income during the year affected the revenue.

The consolidated EBIDTA is Rs. -19.18 crores against profit of Rs. 141.89 crores in the previous year. The consolidated loss before tax was Rs. 511.97 crores against previous year loss before tax of Rs. 217.30 crores After providing loss for the minority interest of Rs. 29.52 crores (previous year Rs. 17.97 crores); the loss after tax was Rs.544.45 crores as against loss after tax of Rs. 277.55 crores in the previous year.

On a standalone basis, the income from operations for the year under review was Rs. 311.96 crores (Rs. 405.67 crores

in the previous year). Depreciation was Rs. 123.72 crore against Rs. 137.76 crores in previous year and Interest was Rs. 116.92 crores against Rs. 104.23 crores in previous year; the Company had standalone loss after tax of Rs.511.45 crores (previous year loss after tax of Rs. 184.99 crores) after provision of tax of Rs. 11.33 crores (previous year Rs. 42.17 crores).

Operations & Finance:

Coal

Oorja Holdings Pte Ltd. ("Oorja Holdings"), a wholly owned subsidiary of the Company along with other investors owns an operational open cut thermal coal asset in the entity named PT Karya Putra Borneo (KPB) and logistics infrastructure services in coal business in another entity named PT Indo Perkasa (IPK). KPB is located in Butuah village, province of Kalimantan Timur, Indonesia covering

c.914 hectares of license area with all requisite licenses consisting of an operational coal mine since 2012 having c.26.30 MMT of present reserves with 3600/4200 GAR thermal coal. The local logistics infrastructure services business includes haul road logistics and load port handling supported by own logistics and infrastructure facilities.

During the year, the company bounced back from the temporary disruption in operations due to change in senior management and certain legal proceedings in the above-mentioned step-down subsidiary in Indonesia. Total production of coal for the month of September 2018 stands at 183,485 MT, which was record production level from the present mines. With this, the company had already achieved ~50% of its annual coal production guidance of approximately 2 million MT for FY19. 1.89 Mn MT coal sales recorded during FY19 against 1.02 Mn MT of PY. Additionally, the company has focused its efforts on higher production and Infrastructure throughput volumes going forward. The company has also surpassed its total internal monthly target with a record dispatch number of 378,312 MT through its coal handling infrastructure in September, including 3rd party dispatches. 3rd Party Logistics volume of 2.86 Mn MT in FY19 against 1.50 Mn MT of PY (all time high). Coal rates witnessing improvement amid strong global demand.

Subsequent to the year end, a minority shareholder of one of our step-down subsidiary, PT Karya Putra Borneo, based at Indonesia has raised a frivolous claim with respect to the shareholding of the said subsidiary Company. On account of frivolous claim filed by minority shareholder of KPB by allegedly accessing Legal Entity Accessibility System (LEAS) and resultant to that existing directors and shareholders have been changed in records of Ministry of Law and Human Rights (MoLHR) which was not in compliance with applicable mining law prescribed by Ministry of Energy and Mineral Resources (MEMR) seeking prior consent of the MEMR for any change in directors and/or shareholders of mining company. Despite such non-compliance, MoLHR has accepted the deed and corporate records were amended. This lead to scenario wherein the auditors of the said company were unable to audit until there is restoration of directors and shareholders in MoLHR records by AHU updation, Which lead delay in filing consolidated reporting the parent Company.

The Company had already initiated the necessary legal steps for the aforesaid dispute and expects to resolve this

matter at the earliest possible. Meanwhile the control of the operations are continuing normally under our management.

Since Coal prices are slowly ramping up during Q4, The Company decided to remove higher OB keeping small layer on the top which will help to avoid future constraints and mining works when Coal prices will be at higher level. And going forward, new MOUs will be signed with local firms for domestic sales. We plan to pursue opportunities of acquiring neighboring mines to strengthen portfolio and drive growth in the longer term.

Oil and Gas

Mercator Petroleum Limited ('MPL'), has Production Sharing Contracts with the Government of India for exploration of petroleum in two blocks viz. CB-ONN-2005/9 ('CB-9') and CB-ONN-2005/3 ('CB-3'), under the Seventh New Exploration Licensing Policy round (NELP-VII). MPL has 100% participating interest ('PI') in both the above blocks. These 'S-Type' blocks are situated onshore in the prolific Cambay Basin in Gujarat, India and together cover an area of 180.22 km².

Ministry of Petroleum and Natural Gas, Government of India vide their letter dated 24.10.2019 has issued a termination notice referring to Production Sharing Contract (PSC) dated 22.12.2008 for the Block CB-ONN-2005/3 executed between Government of India and Mercator Petroleum Limited. There was no oil discovery in the said Block CB-ONN-2005/3 ('CB-3'). However, PSC for the Block CB-ONN-2005/9 ('CB-9') remains in force.

In the Block CB-9:

Production from discovered well Jyoti – 1: The well was in operation upto 4th April 2019 under provisional permission hitherto granted by DGH. The Company is now awaiting a formal grant of Environmental clearance from the Ministry of Environment and Forest (MoEF) to resume production from this well;

Production from discovered well Jyoti – 2: Efforts are on to start the production from the second discovered well Jyoti 2 as soon as possible. The activation of Jyoti 2 has been delayed due to non-availability of work-over rig and also availability of finance. Provisional permission from DGH to operate the well for a period of 6 months is already available with the Company;

Implementation of Field Development Plan (FDP): MPL

is in active discussion with its existing lenders and other financial institutions for funding capital expenditure for its development campaign to help it ramp-up its production.

Environmental Clearance for implementation of FDP:

We have achieved the successful completion of Public hearing for Environmental Clearance for the development wells, submission & acceptance of the environment compliance report at MoEF and successful presentation of the Company's case before the MoEF. Subsequent to this, a visit by MoEF and GPCB officials was made on 30th October; where no adverse observation was made. We are following up with the said authorities for early approval of EC.

Completion of Minimum Work Program (MWP): DGH

is actively considering approval of MWP. The same is expected within Q3 of FY 2019-20.

Strategic Sale of Participating Interest in Oil Block CB-9:

MPL is actively looking for strategic sale of participating interest in Block CB-9 to investor(s)/buyer(s)/acquirer(s) due to following reasons

1. Overall debt of the Company at consolidated level would reduce by Rs. 225 Crores.
2. MPL would be able to fully repay its lender(s) and further proceeds, if any, realised from the sale of PI in the Oil Block CB-9 would be utilized to repay loans taken from holding companies.
3. Apart from the sale proceeds, there could be good potential for an upside for MPL in terms of revenue sharing arrangement with strategic investor(s)/buyer(s)/acquirer(s) after achieving certain production levels. This could result in a substantial upside for the parent Company.
4. Risk of Termination of PSC by Government of India on Block CB-9 due to unavailability of capex funding is a distinct possibility.
5. Deterioration of Asset value, due to delay/inability in raising capex funding.
6. Recall of loans by the lender(s) and initiation of action and
7. Ongoing Legal cases by operational creditors in NCLT or otherwise has the eventual possibility of termination of PSC by Government of India on Block CB-9.

Sagar Samrat Conversion Project

Mercator Oil & Gas Limited (MOGL) and Mercator Offshore (P) Pte. Limited (collectively 'Mercator Oil & Gas') were engaged in the execution of an EPC contract involving conversion of Sagar Samrat, a mobile offshore drilling unit into a mobile offshore production unit for ONGC. The said contract was awarded to a consortium comprising of Mercator Oil & Gas and Gulf Piping Co. WLL (GPC), a shipyard based out of Abu Dhabi.

On September 25, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project giving the consortium 14 days cure period as per the contract. At the same time, ONGC proceeded to encash the bank guarantees. MOGL had then challenged the invocation of Bank Guarantees and was granted a stay by Hon'ble Single Member Bench (SMB) of the Bombay High Court. Appeal in the Arbitration Petition before division bench of Hon'ble Bombay High Court in a 100% subsidiary of the Company was dismissed vide order in July-2019; By virtue of the above order, ONGC invoked bank guarantees worth INR 142 crores. This has increased the debt of MOGL by an equivalent amount. Parallely, on 15 December 2018, MOGL initiated arbitration proceedings against ONGC, raising claims of US \$ 173.36 Mn (Rs.1214 crores) which includes claims for wrongful invocation of the Bank Guarantees against ONGC on account of the following:

- ▶ Certified work but not invoiced
- ▶ Works completed and invoiced but unpaid
- ▶ Unpaid and/or unapproved variations
- ▶ Wrongful deduction of liquidated damages
- ▶ New Taxes
- ▶ Wrongful invocation of the Bank Guarantees
- ▶ Damages at large
- ▶ Wrongful termination

MOGL in its pleadings had alleged fraud and collusion by and between ONGC & GPC for illegally terminating the contract and subsequently awarding it to GPC which was ultra vires (a) the Contract signed between ONGC & the Consortium, (b) Contract signed between the Consortium parties inter se and (c) Guidelines laid down by the Central Vigilance Commission (CVC) for PSUs mandating policies for awarding contracts.

Shipping

The Indian tanker market appetite for MR tankers is steady and whilst there is no additional demand the current requirement has not gone down.

Status of Vessels:

Vessel Prem Mala is fixed on a Charter to IOCL for a period of 4 + 4 + 4 months since Jan 2019 and the 2nd extension has been granted. We expect the complete charter of 12 months to go through smoothly and expected to complete the charter by Jan 2020 after which she is due for her drydocking. The charter hire is fixed at a rate of USD 11125 / day

Vessel Hansa Prem is fixed with BPCL for a period of 8 months firm and an extension option of 3+3 months. The vessel went on hire on 20th May 2019 at a daily rate of USD 11,900. We expect BPCL to grant us both extensions as per Charter Party

Vessel M. T. Prem Pride is on Time Charter to BGEPIL and is a FSO at Panna Field and is performing well. Shell is winding up their operations and the Panna Field will be taken over by ONGC from Dec 2019. Owners participated in the expression of Interest floated by ONGC for supply of an FSO for the Panna field. Discussions are in progress with ONGC and Owners intend to take on board a partner to satisfy the financial qualification criterion of ONGC.

Additional expenses expected on account of the IMO 2020 sulphur limit in bunker fuels cap regulations which will be in force from Jan 2020. Charterers have confirmed they will supply the 2020 regulation compliant bunkers to vessels time chartered by them.

Monetization of Vessel:

The Company was able to successfully monetize the aged vessel during the year, Vessel Vedika Prem and Vessel Sisouli Prem were sold in the month of November and December 2018 respectively at a net loss of Rs 74 Crores in Q3.

Subsequent to the year end, your Company have taken approval of members for sale of Vessels FSO – Prem Pride and Vessel Prem Mala through postal ballot while the no objection from lenders is in process. Your Company is looking out for potential buyers for these vessels to reduce the debt burden. The rationale for the sale of FSO Prem Pride include: (a) sale enables to reduce the Debt in full

on the subject vessel; (b) expiry of the current contract in December 2019; (c) large capital expenditure of Rs 28-35 Crore required for Dry Dock of the Ship which is due in January 2020; (d) old age of the Ship and being a specialized Ship, there is a very limited market for such old Ships; and (e) delay in sale is likely to result in deterioration in value of the Ship. The rationale for the sale of Prem Mala include (a) sale enables to reduction of Debt by INR 32 crores; (b) old age of the Ship with growing demand for young Ships; (c) large capital expenditure of Rs 14 – 17.50 Crore required for Dry Dock of the Ship which is due in February 2020; (d) delay in sale is likely to result in deterioration in value of the Ship.

FSO vessel Prem Pride's contract with BG Exploration and Production India Ltd (BG) expires on 21st December 2019. Vessel Prem Mala's current contract expires in January 2020. Both these vessels are due for their dry docks which would entail a huge capital expenditure. Owing to their old age and expected capital expenditure, the Company proposes to sell its FSO 'Prem Pride' and MR Tanker 'Prem Mala' for which approval of shareholders has since been obtained and no objection from lenders is in process.

The Company shall continue to carry on the Shipping business and may capex light expansion at an opportune time subject to the market conditions and commercial viability.

Dredging

Slowdown of dredging business has been in place on account of business downturn contributed largely by majority stake buyout of DCI by government owned major ports. This specific development has dramatically altered the dredging market with almost every private player being forced to sell their dredging equipment and exit the business. The Company is in the process of concluding monetization of its fleet of dredgers while focusing on asset light model for dredging contracts wherein the work can be accomplished by chartering dredgers. Two such contracts are already under execution presently.

Project Highlights

During the year, the dredging division contributed for the revenue through works at New Mangalore Port Trust, Goa Mormugao Port, Mumbai Reclamation. Thus, the dredgers are working in ports where we have contracts during the year except the dredgers under breakdown / lay-up.

However, the overall volumes and revenues did not materialize due to various factors. MbPT tendered for reclamation of 7,44,000 cu.m. of rock and assorted material from Metro works and the Company was awarded the work for the reclamation project at Jawahar Dweep of Mumbai port. The work on the project for Rs 24 Crores for 18 months duration commenced in Nov. 2018 and is outsourced to vendors and managed by the Company is progressing well. Similarly, Maintenance dredging work at Goa, Indian Navy is progressing, albeit slower than expected on account of hard strata and frequent breakdown of vendor's equipment. Three of the dredging fleet was layed up. The Dredgers deployed for operations were anchored frequently due to technical glitches and cashflow mismatch issues resulting an average loss of 1.50 crores per operating month.

Dredger Status

Subsequent to the year end:

1. Dredger Vivek Prem has been fixed on a bare boat demise charter (BBCD) effective 15th May 2019.
2. In respect of Veera Prem, the crew abandoned the vessel on 29th April 2019. The company issued Notice of Abandonment in favour of the insurer on 21st May 2019. Necessary insurance proceedings are being initiated for filling an insurance claim for the total constructive loss of dredger Veera Prem and the same shall be recognized in books as per applicable accounting policy during subsequent quarters when reasonable certainty is established based on the accounting policy of the Company
3. Dredger TSHD Tridevi Prem developed a leak in the forward pump room leading to flooding and it capsized in early September 2019 whilst at New Mangalore Port Trust anchorage.
4. Dredger Omkara Prem, was beached at Alang on 01.10.2019 and sale process is in progress.
5. BL Dredger Vakul Prem sale process is in progress.
6. TSHD Bhagvati Prem was beached near Suratkal light House by DC, NMPT due to water ingress in Keelson on 28.10.2019 and the Company is trying to monetize the dredger.
7. All dredgers are without H&M Insurance or P&I cover.

Projects in Hand

For the current FY, the Company has existing Goa (Indian Navy) project and Mumbai Port reclamation project, with a total estimated revenue of Rs. 36 Cr. These are presently ongoing asset light dredging contracts. The Company shall continue to carry on the Dredging business and may do capex light expansion at an opportune time subject to the market conditions and commercial viability.

Finance:

During the year under review, the Company raised Rs. 30 Crores by issue of unlisted Non-Convertible Debentures from UTI Structures Debt Opportunities Fund I, which was pursuant to approval of members by way of postal ballot.

Subsequent to the year end, The FCCB's issued by the Company were due for redemption in the month of May, 2019. After due discussion with the Bond holders and pursuant to approval of shareholders, RBI and other statutory authorities, Deed of amendment was signed between the Company and the Bondholders further extending the redemption by a period of 3 years and modification of terms of FCCB issue in mutual understanding.

Discussions with lenders of Mercator Limited on the proposed Resolution Plan (RP) for restructuring of our loans are in process. Discussions have also been continuing with financial institution's and strategic investors for raising the requisite capex funding for CB9 block required for ramping up of the production to the peak level of ~6000 barrels/day. However, due to prevailing banking environment in the country, risk aversion to India (for foreign institutions) and parent company's poor financial health, no fund raising has materialized yet.

Share Capital:

The paid-up Equity Share Capital as at March 31, 2019 stood at 30.25 crore. During the year under review, the Company has not issued shares or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2019, none of the Directors except the Promoter Directors of the Company hold Equity Shares of the Company.

Transfer to Reserves:

In view of the losses incurred during the year, no amount is proposed to be transferred to the Reserves, including Debenture Redemption Reserve (as against Rs. Nil in the previous year).

Dividend:

In view of the losses suffered during the year under review, your Directors regret their inability to recommend any dividend for FY 2018-19.

Changes in board of directors and key managerial personnel:

Board of Directors:

During the year under review, Mr. Chetan Desai (DIN: 03595319) and Mr. Paritosh Kakkad (DIN: 02558443) were appointed as Additional Directors (Independent Non-Executive Directors) by the Board effective April 27, 2018. Mr. Chetan Desai (DIN: 03595319) and Mr. Paritosh Kakkad (DIN: 02558443) were appointed as Directors for a period of five years in the 34th Annual General Meeting held on September 26, 2018.

Mr. Gunender Kapur (DIN: 01927304) and Mr. Paritosh Kakkad (DIN: 02558443) resigned from the office of Directors of the Company with effect from the closure of business hours on May 28, 2018 and September 27, 2018 respectively. The Board of Directors placed on record its sincere appreciation for the support and contribution made by Mr. Gunender Kapur and Mr. Paritosh Kakkad during their tenure as Directors of the Company.

Subsequent to the year end, Mrs. Ameeta Trehan (DIN: 07087510) was appointed as Additional Director (Independent Non-Executive Director) of the company w.e.f. July 01, 2019. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Ameeta Trehan shall hold office up to the date of ensuing Annual General Meeting. The Company has received a notice from a member proposing appointment of Mrs. Trehan for the office of Director of the Company.

Further, Mrs. Archana Mittal (DIN: 00007972) resigned from the office of Director of the Company w.e.f. the closure of the working hours on July 03, 2019. The Board of Directors placed on record its sincere appreciation for

the support and contribution made by Mrs. Archana Mittal during her tenure as the Director of the Company.

Mr. Harish Kumar Mittal (DIN:00007690) shall be the Director liable to retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company; and being eligible, offers himself for re-appointment.

Additional information on Directors recommended for appointment / reappointment, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), is provided in the notice convening 35th Annual General meeting of the Company accompanying this report. Further, it is proposed to appoint Mr. H K Mittal as Executive Chairman effective from August 1, 2019 whose erstwhile tenure came to an end on July 31, 2019. His terms of appointment and remuneration have been approved by the Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on July 30, 2019. The same are detailed in the accompanying notice of Annual General Meeting.

The Company has received declarations from Mr. M. M. Agrawal, Mr. Anil Khanna, Mr. Chetan Desai and Mrs. Ameeta Trehan confirming that they meet with the criteria of Independence as prescribed under provisions of the Companies Act, 2013, Rules made thereunder and LODR.

Your Directors recommend the above appointment / reappointment for your approval.

Key managerial personnel:

Ms. Sangeetha Pednekar was appointed as Company Secretary of the Company w.e.f. August 7, 2018.

Further, subsequent to the end of FY 2018-19, Ms. Sangeetha Pednekar, Company Secretary resigned from the position of Company Secretary and Key Managerial Personnel of the Company w.e.f. the closure of business hours on July 23, 2019.

Board evaluation process:

Pursuant to the provisions of the Companies Act, 2013 & LODR, and guidance note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, the evaluation of every Director's performance was done by the Nomination and Remuneration Committee

at its meeting held on February 13, 2019. The performance evaluation of the Non-Independent Directors and the Board as a Whole, committees thereof and the Chairman of the Company was carried out by the Independent Directors. Evaluation of the Independent Directors was carried out by the Board. A structured questionnaire was prepared based on criteria approved by Nomination and Remuneration Committee and circulated to the Directors for evaluation process.

Subsidiary companies and consolidated financial statements:

As on March 31, 2019, your Company had total 27 subsidiaries/step-down subsidiaries. As per Section 134 of the Companies Act, 2013, your Company has provided the Audited consolidated financial statements for the year ended on March 31, 2019; together with Auditors' Report thereon forming part of this Annual Report, which includes financial information of all the subsidiaries. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement pursuant to the provisions of the Section 129 (3) of the Companies Act, 2013 read with relevant rules in the prescribed form AOC-1, showing financial highlights of the subsidiary companies is attached to the consolidated financial statements and therefore not repeated here for the sake of brevity. The Annual Report of your Company though does not contain full financial statements of the subsidiary companies; the audited annual accounts and related information of subsidiary companies is placed on its website and will be made available, upon request by any member of the Company.

Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s. Singhi and Co. (FRN: 302049E), were appointed as the Statutory Auditors for a period of five years by the Members in the 33rd Annual General Meeting held on September 15, 2017 to hold office from the 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting of the Company.

Auditors' report:

Statutory Auditors' Observations in Audit Report on Consolidated/ Standalone Financials and Directors' explanation thereto –

- a. In case of a Mercator Ltd. the auditors have given a Qualified opinion for the financial year ended March 31, 2019 on the following basis:
 - i) Regarding the preparation of the statement on going concern basis, for the reason stated therein. Consequently, the assets and liabilities are being carried at their book value. The Group has accumulated losses and has also incurred significant losses during the period resulting in substantial erosion of its net worth, in addition to defaults with lenders and credit downgrade and inability to meet its current liabilities which substantially exceeds its current assets. As on date, the Group has substantial disputed receivables, which are not readily realizable to service the Group's current liabilities. These conditions indicate the existence of an uncertainty that may cast a doubt on the Group's ability to continue as going concern. The appropriateness of assumption of going concern, and evaluation of recoverable value of its non-current assets is dependent upon the resolution of the debt of the Group, the Group's ability to raise requisite finance, achieve favorable orders in various ongoing litigations and generate cash flows in future to meet its obligations and to earn profits in future and currently there is not enough evidence to support this view.
 - ii) 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.
- Management Reply on Qualification:
 - i) Total claims of Rs. 1,440 crores receivable by the Company (at the consolidated level) are under litigation at various forums for which the Company expects favorable outcome in due course of time.

The Company has been continuing its discussion with financial institution's and strategic investors for raising the requisite capex funding for CB9 block required for ramping up of the production to the peak level of ~6000 barrels/day.

Discussions with lenders of Mercator Limited on the proposed Resolution Plan (RP) for restructuring of our loans are in process.

Given the various initiatives being undertaken, the management feels that the going concern concept is not vitiated.

- ii) The Company is reflecting current tax assets (net) of Rs. 88.87 crore as on March 31, 2019, which comprises of income tax receivables (including tax paid) of Rs. 111.26 crore and income tax provision of Rs. 52.79 crore which has not been settled due to on - going tax assessment for the period Assessment Year 2007-08 to Assessment Year 2015-16 at various judicial forums of the Income Tax Department. Considering the various judicial pronouncements and submissions made so far, the management is hopeful of a favorable outcome of these pending litigations.

b. In case of material stepdown Indonesian subsidiary

Regarding ongoing litigation in respect of ownership of a material step down Indonesian subsidiary. Should the claim by the minority shareholder of the step-down subsidiary hold valid, the Company is exposed to loss of ownership with net exposure of Rs.274.03 Crore (USD 39.62 Mn) as at the reporting date.

► Management Reply on Qualification:

Dispute raised by an erstwhile minority shareholder in one of the stepdown subsidiaries in Indonesia continues. The Company is taking all legal steps to protect its rights and interests expects a favorable outcome.

c. In case of Indian subsidiary

- i) Note 6 (iv) regarding notice received by a subsidiary 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 the subsidiary's stand is not accepted by the Ministry, the estimated financial impact would be to the tune of Rs.74.81 Crore.

► Management Reply on Qualification:

One of the Indian subsidiaries has 2 Oil Blocks. Production Sharing Contract (PSC) for the Block CB-ONN-2005/3 has been terminated by Ministry of Petroleum and Natural Gas vide their letter dated 24th October 2019 since there was no oil discovery in the said Block. The Company is confident of defending costs claimed by DGH and is hopeful of a favorable outcome. However, PSC for the producing Block CB-ONN-2005/9 (CB9) remains in force.

Secretarial audit report:

As required under the provisions of Section 204 of the Companies Act, 2013, your Company has obtained a Secretarial Audit Report for the financial year ended on March 31, 2019, from M/s. Makarand M. Joshi & Co. (FCS: 5533), Company Secretaries which is appended as 'Annexure I' and forms part of this report. The said report is self-explanatory and contain qualifications as follows:

1. The Company, under Section 77 of the Act, has not filed e-form CHG – 1. However, the Company has initiated the process of condonation for the same.

► Management Reply on Qualification:

The company had availed car loan from Yes Bank Limited, however, after constant follow up with bank, the company was unable to create a charge on the Vehicle. However subsequent to the year end, the car was sold and loan was paid in full.

2. The Company has made delay in submitting report on reconciliation of Share Capital under erstwhile Regulation 55A of Depository and Participants Act, 1996 for quarter ended June, 2018 with National Stock Exchange of India Limited.

► Management Reply on Qualification:

The Company had inadvertently missed out filing of the Report with National Stock Exchange of India Limited which was rectified and an announcement for the same was made to stock exchange.

Meetings of the board:

Six meetings of the Board of Directors were held during the year. The details are provided in the Corporate Governance Report forming part of this Report.

Committees of the board:

The details of the Committees of the Board constituted under the Companies Act, 2013 and LODR are given in the Corporate Governance Report forming part of this Report.

Particulars of employees:

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) and Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is appended as Annexure II and IIA respectively.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

Your Company operates offshore and onshore activities in environment friendly manner. The major activities carried by the Company are offshore and your Company work towards minimizing the impact of its operations on the environment including marine life. Several steps are taken for conservation of energy, some of which are listed below:

(A) Conservation of Energy:

(i) The steps taken or impact on conservation of energy:

- ▶ Having regular track on weather updates, M/E RPM and settings of the Auto Pilot System of Vessels are adjusted accordingly which in turn helps to save the fuel oil. Besides, the crews are properly trained to steer in bad weather using minimum Rudder movements.
- ▶ Cleaning of Hull and Polishing the propeller in afloat condition of some of the vessels was done
- ▶ To reduce the Hull Roughness and thereby fuel consumption.
- ▶ Using the latest Performance Monitoring Technology helps in maintaining engines and

generators of Vessels in good conditions; which leads higher operation efficiently and reduce consumption of energy considerably.

- ▶ Weekly inspection of entire vessels and providing training to Crew and Officers about preservation of resources by Master brings the consumption of energy down.
- ▶ Machineries are run efficiently by following the laid down procedures and following the PMS (Planned Maintenance Schedule) so that fuel consumption are kept under control.
- ▶ Machineries which are not required are immediately shut down, this reduces the load on generators which leads to fuel saving.
- ▶ Cargo Planning load and discharge is done in such a way so as to use relevant cargo gear to the optimum levels. Ballasting and De-ballasting is carried out by using gravity which shortens time frame to use pumping arrangements, this in turn helps us to reduce fuel consumption.

(ii) The steps taken by the company for utilizing alternate sources of energy:

Since your Company operates mostly from offshore; options for utilizing of alternate sources of energy options are minimal but your Company takes every necessary step to use alternate energy source as and when available.

(iii) The capital investment on energy conservation equipment's:

Your Company has not made any material capital investment on energy conservation equipment during the year. All vessels are equipped with Exhaust Gas Economizers, so that the hot exhaust gases which are going up the funnel are used to provide heat source, this piece of equipment undergoes regular repairs and maintenance.

(B) Technology Absorption:

Your Company has neither entered into technical collaboration with any entity, relating to technology absorption nor imported any technology during the year.

(C) Foreign Exchange Earnings and Outgo:

Your Company has earned foreign exchange of Rs. 66.00 crore (previous year Rs. 80.03 crore) and spent Rs.98.65 crore (previous year Rs. 150.34 crore) in foreign exchange, on account of import of stores & spares, capital goods, repairs / renovations of vessels, bunker, other vessel expenses, travelling and interests etc.

(D) Expenditure Incurred on Research & Development:

During the year, the Company has not incurred any expenditure on research and development.

Directors' responsibility statement:

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

- i. In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of loss for the year under review;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv. They have prepared the annual accounts on a going concern basis;
- v. They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of fraud reported by auditors:

No fraud was reported by Auditors of the company during the year under review pursuant to Section 143(12) of the Companies Act, 2013.

Corporate governance and management discussion and analysis reports:

The Company is committed to good corporate governance in compliance with the LODR; and the Philosophy of the Mercator Group. A report on Corporate Governance including the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in the LODR is annexed. Management Discussion and Analysis Report is also annexed.

Corporate social responsibility (CSR):

In compliance with regulations under the Companies Act, 2013; CSR Committee has been constituted and CSR policy has been adopted by the Company. During the year under review, the liability of the Company towards CSR was NIL. The details of the Committee and initiatives on CSR are set out in the Corporate Governance Report forming part of the Directors' Report. Reporting on CSR in format specified is forming part of this report as Annexure III.

Particulars of loans given, investments made, guarantees given and securities provided:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the financial year; were on an arm's length basis and in the ordinary course of business. The requirement of giving particulars of contracts/arrangement made with related parties, in Form AOC-2 are not applicable for the year under review. There were no materially significant related party transactions made by the Company with Promoters,

Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all such related party transactions is placed before the Audit Committee and the Board of Directors for their approval on quarterly basis. The Company has framed a Related Party Transactions policy to ensure proper identification, approval process and reporting of transactions. The policy on Related Party Transactions as approved by the Board is available on the Company's website.

<http://mercator.in/investors/index.aspx?id=7055>

Risk management policy:

The Company has a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Directors' Report. The Company has framed policy to identify, evaluate business risks and opportunities and to mitigate the risk. The policy defines the risk management approach at various levels including documentation and reporting. The policy helps in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

Internal control systems and their adequacy:

The Company has in place adequate internal financial controls. The Audit Committee of Directors periodically reviews the internal control systems with the top management and the Statutory and Internal Auditors. The Audit Committee also looks after adequacy of internal audit function, significant findings of the internal audit, and subsequent follow-up action on the same from time to time.

Vigil mechanism / whistle blower policy:

The Company has a Vigil Mechanism and Whistle Blower Policy for Directors and employees to deal with instance

of fraud and mismanagement. The policy facilitates reporting of genuine concern or grievances, unethical behavior, actual or suspected fraud, or violation of the Code of Conduct of the Company, or its ethics Policy. They provide adequate safeguards to Directors/employees who avail of the mechanism. The same is overseen by the Audit Committee. During the year under review, no personnel of the Company approached the Audit Committee on any issue falling under the Policy. The said Policy is posted on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

Familiarization program for independent directors:

The details of the training and familiarization program are provided in the Corporate Governance Report. Further at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his /her role, function, duties and responsibilities. The format of letter of appointment is available on the website at

<http://mercator.in/investors/Statutory%20Disclosures/Policies/TermsandConditions.pdf>.

Transfer of shares to investor education and protection fund:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the Demat account of the IEPF Authority.

The Company has also displayed details of shares so transferred to IEPF on the website of the Company at

<http://mercator.in/investors/index.aspx?id=7043>

Disclosures with respect to Demat suspense account/ unclaimed suspense account:

- a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; Nil
- b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year; 6
- c) number of shareholders to whom shares were transferred from suspense account during the year; Nil
- d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; (1,142 shareholders and 803,559 equity shares)
- e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. Yes

Material changes and commitments:

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on March 31, 2019 and the date of this report i.e. November 13, 2019.

Extract of annual return:

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2019 in Form No. MGT-9 is placed on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

General:

- ▶ During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 and rules made thereunder.
- ▶ During the year under review, there was no change in nature of business of the Company.
- ▶ The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is appended as Annexure IV.
- ▶ No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- ▶ The Company has in place policy as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no case was reported to the Committee constituted under the said Act.

Acknowledgements:

The Directors express their sincere thanks to all customers, suppliers, service providers, regulators, Governmental agencies and other statutory authorities for their continued whole hearted support to the Company during the year. We also acknowledge the support lent and confidence bestowed upon us by our bankers, stakeholders and all Mercatorians.

Regd. Office:

83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021

For and on behalf of the Board For Mercator Limited

H. K. Mittal
Executive Chairman
DIN:00007690

Dated: November 13, 2019

Annexure I

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Mercator Limited
83-87, 8th Floor Mittal Tower,
B – Wing Nariman Point,
Mumbai - 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mercator Limited** (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 (hereinafter called the ‘**Audit Period**’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the

extent of Overseas Direct Investment and External Commercial Borrowings (**Foreign Direct Investment Not Applicable to the Company**)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 notified on 11th September, 2018 (**Not applicable to the Company during the Audit Period**)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not applicable to the Company during the Audit Period**)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

(Not applicable to the Company during the Audit Period) and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified on 11th September, 2018 **(Not applicable to the Company during the Audit Period)**.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following law applicable specifically to the Company:

- ▶ The Merchant Shipping Act, 1958 and rules made there under.

Inland Vessels Act, 1917 (Subs by Act 35 of 1977, Sec 4 for Inland Steam- Vessels)

The Seamen's Provident Fund Act, 1966

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned herein under:

1. *The Company, under Section 77 of the Act, has not filed e-form CHG – 1. However, the Company has initiated the process of condonation for the same.*
2. *The Company has made delay in submitting report on reconciliation of Share Capital under erstwhile Regulation 55A of Depository and Participants Act, 1996 for quarter ended June, 2018 with National Stock Exchange of India Limited.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The composition of

the Board of Directors during the period under review was in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period the Company has

01. Approved the issue of Redeemable Non - Convertible Debentures amounting to 100,00,00,000/- (Rupees One Hundred Crores Only) and allotted 300, 12% Redeemable Non – Convertible Debentures amounting to Rs. 30,00,00,000/- (Rupees Thirty Crores Only) on preferential allotment basis.
02. Increased the limits, in excess of Section 186 of the Act, for granting loan, giving guarantee, providing security or making investment to Rs. 1000,00,00,000/- (Rupees One Thousand Crore Only).

For **Makarand M. Joshi & Co.**
Practising Company Secretaries

Makarand Joshi
Partner

FCS No: 5533

CP No. 3662

UDIN: F005533A000371547

Place: Mumbai

Date: December 7, 2019

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To
The Members,
Mercator Limited
83-87, 8th Floor Mittal Tower,
B – Wing Nariman Point,
Mumbai – 400001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Makarand M. Joshi & Co.**
Practising Company Secretaries

Makarand Joshi
Partner

FCS No: 5533
CP No.: 3662
UDIN: F005533A000371547

Place: Mumbai
Date: December 7, 2019

Annexure II

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure	
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Name	Ratio
		Mr. H. K Mittal	1:0.05
		Mr. M. M. Agarwal	-
		Mr. Gunender Kapur*	-
		Mr. Paritosh Kakkad*	-
		Mrs. Archana Mittal*	-
		Mr. Anil Khanna	-
		Mr Chetan Desai*	-
		Ms Ameeta Trehan*	-
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year.	► No remuneration is paid to Independent Directors and Non- Executive Directors. ► During the FY 2018-19, there was no increase in remuneration of Directors, Chief Financial Officer, Chief Executive Officer and Company Secretary of the Company.	
3.	The percentage increase in the median remuneration of employees in the financial year.	6%	
4.	The number of permanent employees on the rolls of the Company.	80	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	6%	
6.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes	

***Note:** Mr. Gunendar Kapur upto 28.05.2018
 Mr. Chetan Desai w.e.f. 27.04.2018
 Mr. Paritosh Kakkad w.e.f. 27.04.2018 upto 27.09.2018
 Mrs. Ameeta Trehan w.e.f. 01.07.2019
 Mrs. Archana Mittal upto 03.07.2019
 Ms. Sangeetha Pednekar w.e.f. 07.08.2018 upto 23.07.2019

Annexure - IIA

Details pertaining to remuneration as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	Age	Qualification	Experience in years	Date of joining	Designation	Total Remuneration (Rs in lakhs)	Last employment held
Mr. Romie Umrigar**	58	Marine Engineer	35	15-Jan-14	Advisor	78.57	Solitaire Marine & Offshore Pvt Ltd.
Mr. H.K Mittal	70	M. Tech	45	23-May-88	Executive Chairman	148.5	Natraj Organics Limited
Dr. G.Y.V. Victor	48	Doctrate in Science & Physics	28	11-Sep-17	President Dredging	77.18	Honey Brook Energy
Capt. Mandeep Singh Wadhwa	54	Master - FG	37	28-Nov-17	Vice President - Marine HR	66	Inchcape Shipping Services
Mr. Shalabh Mittal	40	PGDBA - Business Administration	19	27-May-16	Chief Executive Officer (CEO)	97.74	Mercator Lines Singapore
Mr. Gurpreet Malhi	44	Master - FG	25	15-Oct-18	Chief Operating Officer (COO)	60.85	Alba Asia Pvt.Ltd.
Mr. Rajendra Kothari	56	FCA, ACS	31	1-Feb-18	Chief Financial Officer (CFO)	61.77	Bombay Gas Ltd. Co.

Note:

1. *Employed for part of the year
2. *Nature of employment is contractual for others
3. Mr. H. K. Mittal, Executive Chairman of the Company is relative of Mrs. Archana Mittal, Director of the Company.
4. Mr. Shalabh Mittal, Chief Executive Officer of the Company is Son of Mr. H. K. Mittal & Mrs. Archana Mittal, Directors of the Company.
4. None of the other employees is related to any Director of the Company
5. Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961

Annexure III

Annual Report on CSR Activities pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy:

Mercator Limited Company has initiated its own CSR policy and appointed Prem Punita Foundation as implementing agency. Prem Punita Foundation is a Mumbai based Non-Government Organization (NGO) registered in the year 2005 under Bombay Public Trust Act, 1950. The Foundation re-engineered itself in the year 2010 with a promise to help the under privileged without looking into their caste, creed, colour or religion. As a step forward, it seeks to create an alignment between the rich and poor so that individual aspirations find a place to come closer.

The Foundation is committed to undertake social welfare projects amongst different groups enabling them to improve their perspective towards their lives. In the last couple of years, Prem Punita Foundation has been working with the slums of south Mumbai, especially in the Colaba area. They work closely with the inhabitants of Machhimar Nagar, Ambedkar Nagar and Geeta Nagar in the pursuit of elevating the lot of those who are socially and financially challenged.

Prem Punita Foundation has segregated its activities in five projects which aim at helping the poorest of poor in the areas served by them. Major projects as outlined by them are as follows:

- ▶ Project Prem Pravah: To support individuals, groups, education institutions, vocational training institutes through the means of financial assistance and /or materials as deemed fit by the committee.
- ▶ Project Prem Sarita: Poverty alleviation program through self-help groups and awareness about governmental schemes.
- ▶ Project Prem Sukhada: Betterment of Health conditions of beneficiaries through medical check-up, mobile medical van, awareness programs on health concerns.

- ▶ Project Prem Kshamata: Skill-based training program such as spoken English, personality development, self-defence for eligible and interested candidates from virtually adopted communities.
- ▶ Project Prem Sagar: Job – oriented training in the field of Retail Management, house-keeping, hospitality and skilled jobs such as gardener, welder, fitter, electrician, plumber etc.

The Board of Directors framed and adopted CSR Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, which is available on the Company's website viz. www.mercator.in.

During the year under review, the Board of Directors, based on the recommendation of CSR Committee, revised the CSR Policy. It now includes all such major activities as are specified under Schedule VII of the Companies Act, 2013 with a liberty to do such CSR Activities with the help of other external implementing agencies or registered trust or registered foundations or registered society or section 8 company or through other permitted agencies etc. or may do it in one or more combination of the above ways, as may be permitted.

Section 135 of the Companies Act, 2013 provides that every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more outstanding deposits > Rs 25 crore in the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee. Basis the Audited Financial Statements as on March 31, 2019, the Company is no longer required to constitute a CSR Committee, as we no longer meet any of the aforesaid criteria's under Sec 135 of the Act. However, as a matter of prudence the Company proposed to continue with the Committee though not mandatorily required to follow the provisions of Companies Act or LODR.

2. Composition of the CSR Committee:

During the year under review, the composition of the Committee underwent several changes on account of

changes in the Board of Directors. Presently, the CSR Committee of the Board consists of

1. Mr. H. K. Mittal Chairman;
2. Mr. M. M. Agrawal Member;
3. Mr. Anil Khanna Member

3. Average Net Profit of the Company for last three financial years: Rs. (224.17)Cr.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. (4.48)Cr.

5. Details of CSR Spent during the financial year:

- a) Total amount to be spent for the financial year : Nil
- b) Amount spent :Nil
- c) Amount unspent :Nil
- d) Manner in which amount spent during the financial year : None

6. In case the Company has failed to spend the two per cent of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report :

In respect of financial year 2016-17, the Company's liability for spending on CSR activities was determined as Rs. 0.27 Cr., against which the Company could not spend any amount. Further, in respect of financial year 2015-16, Company's liability to spend towards CSR was Rs. 0.53 cr. against which Rs. 0.05 Cr. was spent during the year 2016-17. The Balance amount of Rs. 0.48 Cr to be spend during the financial year 2017-18 as well as liability towards CSR for the year 2016-17 were to be met by spending during the financial year 2017-18.

On account of losses made during the year, and due to cash flow mismatch, the Company could not spare any additional amount on CSR activities, but the Company is committed to spend the said amount in years to come.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objective and Policy of the Company.

The implementation and monitoring of CSR policy, is in compliance with CSR objective and Policy of the Company.

Statement of CSR Expenditure - Nil

(₹ in crore)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs -wise	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) Over heads	Cumulative expenditure upto the reporting period	Amount spent Direct through implementing agency

For Mercator Limited

Shalabh Mittal

Chief Executive Officer

Place: Mumbai

Date: November 13, 2019

H. K. Mittal

Chairman of CSR Committee

Annexure IV

Policy for Selection and appointment of Director(s) to the Mercator Limited board

Policy

The company's primary objective in relation to the composition of the Board is to have a well-balanced group with a variety of backgrounds, skills and experience. The priority in the nomination of a proposed board member is to identify their respective skills that will add value to the company and which may not exist in the present composition of board members. The appointment should also be in accordance to the Diversity policy of the company

The Mercator Limited (ML) board is responsible for the long-term success of a company and its first responsibility is to provide direction and leadership within a framework of prudent and effective controls. The purpose of this policy is to promote practical guidelines for the selection and nomination of directors ensuring a formal and transparent process.

The Context

The starting point for ML board in the recruitment of new directors is a review of the company's strategy and business. It is important to review the context for each new appointment as strategy changes.

Size of the ML Board

The company's constitution normally sets out the size of the Board. The number of Board members depends on the size and complexity of the organization, the type of business, industry and the operating environment. The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors. The company has an executive Chairman/promoter; therefore at least half of the Board should comprise independent directors. Independent director shall mean a Non-Executive Director who satisfies the criteria defined under the Companies Act, 2013 ("the Act") and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Conflicts of Interest

When selecting directors, the ML Board would be conscious of shareholder and public perceptions and seek to avoid situations where there might be a perceived or

real conflict of interest. Candidates who have conflicting interests to the company should not be short listed.

Diversity

Diversity in Board demographics provides with competitive advantage. Diversity would be factored into the equation when considering the selection and nomination of a new director.

Criteria for determining qualifications and attributes of a Director:

Age:

Any person to be appointed as a Director should be more than 21 years of age and less than 68 years.

Education:

Generally, it is desirable that a candidate should hold a graduate degree from a respected college or university. It is further desirable for the candidate to have earned a masters or doctoral degree.

Qualifications:

Any person to be appointed as a Director on the Board of Director of the Company, including but not limited to, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

Experience:

Any person to be appointed as a Director on the Board of ML shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment. A candidate should have sufficient applicable experience to fully understand the legal and financial aspects (should be able to read and understand a financial statement) of an independent director. International experience (such as living and working outside India) in many cases

is considered as a significant positive characteristic in a Board candidate's profile. A Director must also possess experience at policy-making and operational levels in large organizations.

Individual Characteristics:

The candidate should have the personal qualities to be able to make a substantial active contribution to board deliberations. These qualities include intelligence, self-assuredness, a high ethical standard, inter-personal skills, independence, courage, a willingness to ask the difficult question, good communication skills and commitment.

A Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interests and concerns of all the company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

Availability:

The candidate should have sufficient time available to discharge the duties and responsibilities of board membership, including time to gain knowledge of the industry, to prepare for board meetings, and to participate in committees.

Other requirements:

The Candidate is expected to have:

- ▶ Practical wisdom and good judgment.
- ▶ An understanding of key technologies.
- ▶ Decision making – exploring options and choosing those that have the greatest benefit to the organization and its performance.
- ▶ Interpersonal sensitivity – a willingness to keep an open mind and recognize other perspectives.
- ▶ Ability to mentor other directors.
- ▶ Innovator - a willingness to challenge management and challenge assumptions, stimulate board discussion with new, alternative insights and ideas.
- ▶ Willingness to deal with tough situations.
- ▶ Vision, imagination and foresight.

Responsibilities/Functions:

Upon appointment, a Director is expected to perform his role and duties under the act and the Listing Agreement.

Tenure:

An independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years. He shall be eligible for appointment after the expiration of three years of ceasing to become an independent director and shall not be appointed in or be associated with the company in any other capacity, either directly or indirectly, during the said period of three years.

Any person to be appointed as Director shall not possess any of the disqualifications as mentioned below:

- a. He/she shall not be of unsound mind nor stand so declared by a competent court.
- b. He/she shall not be an undercharged insolvent.
- c. He/she has not applied to be adjudicated as an insolvent and his/her application is pending.
- d. He/she has not been convicted of an offense, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- e. He/she has not been issued an order by a court or Tribunal disqualifying him/her for appointment as a director and the order is in force;
- f. He/she has not paid any calls in respect of any shares of the company held by him/her whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. He/she has not been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years;

Resignation and Removal:

The resignation or removal of an Independent Director shall be in the same manner as is provided in Section 168 and 169 of the Act. An Independent Director who resigns or is removed from the Board of the Company would be replaced by a new Director within a period of one hundred eighty days from the date of such resignation or removal, as the case may be.

Vacation of office:

The office of a director shall become vacant in case:

- a. He/she incurs any of the disqualifications as specified above;
- b. He/she absents himself/herself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- c. He/she acts in contravention of the provisions of section 184 of the act relating to entering into contracts or arrangements in which he/she is directly or indirectly interested;
- d. He/she fails to disclose his/her interest in any contract or arrangement in which he/she is directly or indirectly interested, in contravention of the provisions of section 184;
- e. He/she becomes disqualified by an order of a court or the Tribunal;
- f. He/she has been issued an appeal or convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months;
- g. He/she is removed in pursuance of the provisions of this Act;
- h. He/she, having been appointed a director by virtue of his/her holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

Letter of appointment

Upon appointment, a Director would be issued letter of appointment in format as specified in our website <http://mercator.in/investors/index.aspx?id=7055>

Process of Performance evaluation of directors:

Need for Evaluation Process

The recent failures of corporate throughout the world have led the investors, regulators and the general public at large to question the effective functioning of the board of any company. The investors have started questioning the collective decision making competency in terms of quality, skills and even the individual capabilities and capacities of individual directors who hold the position in any company.

There is also emphasis on the director's responsibilities at the same time and the directors themselves should undertake a formal and regular objective based evaluation of their own performance in terms of strategies, monitoring control, statutory compliance and corporate governance and as well on the obligation of the whole board to reevaluate the mix of skill and experience.

Evaluation Mechanism

The assessment carried on the basis of following criteria

- ▶ Valuable Input Provided;
- ▶ Dedication and Commitment;
- ▶ Industry Knowledge;
- ▶ Overall contribution; and
- ▶ Compliances under Companies Act;
- ▶ Independence;
- ▶ Independent views and judgement;
- ▶ Integrity;
- ▶ Ability to function as Team

Report on Corporate Governance

(Forming part of Directors' Report for the year ended on March 31, 2019)

Company's philosophy:

The Company strongly believes in ethical way of conducting business and in maintaining the highest standards of corporate governance. Corporate Governance is practiced at all levels of the Company and not restricted only to the Board of Directors. The Company upholds its relationship with the society and its social responsibility for environmental safety and human welfare. Corporate governance to the company is not just a compliance issue but central guiding principle for everything it does. It's a way of thinking, way of conducting business and a way to steer the organization to take on challenges for now and for the future. The following report on the implementation of the Corporate Governance Code is a sincere effort of the Company to follow the Corporate Governance Principles in its letter and spirit.

I. Board of directors:

As at the year end March 31, 2019, the Board of Directors of the Company comprised of Five Directors; One Executive Director and Four Non-Executive Directors, out of which three are Independent Directors and one is Non-Executive Woman Director. The Company is in compliance with the requirement of at least half of the Board comprising of Independent Directors as the Chairman of the Board is an Executive Director and a Promoter. There is no Nominee Director on the Board of the Company.

During the year on April 27, 2018, Mr. Chetan Desai (DIN: 03595319) and Mr. Paritosh Kakkad (DIN: 02558443) were appointed as Additional Directors (Independent) of the Company and regularised as Directors in the last Annual General Meeting. Further on September 27, 2018, Mr. Paritosh Kakkad (DIN: 02558443) resigned from the office of Director of the Company.

Subsequent to the year end, Ms. Ameeta Trehan (DIN: 07087510) was appointed with effect from July 1, 2019 and Mrs. Archana Mittal (DIN: 00007972) resigned from the office of director w.e.f. July 3, 2019.

The Company has issued letter of appointment to the Independent Directors as per Schedule IV of the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on its website.

<http://mercator.in/about/index.aspx?id=7002>

Changes in Board Composition during the financial year:

During the year, Mr. Chetan Desai (DIN: 03595319) and Mr. Paritosh Kakkad (DIN: 02558443), were appointed as an Additional Directors (Independent Director) by the board w.e.f. April 27, 2018 and regularised at the Annual General Meeting. Mr. Gunender Kapur (DIN: 01927304) have resigned from the Board w.e.f. May 28, 2018, Further Mr. Paritosh Kakkad (DIN: 02558443) resigned from the office of Director of the Company w.e.f. September 27, 2018. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he/she is Director; and necessary disclosures to this effect has been received by the Company from all the Directors.

During the year, in all, Six Board Meetings were held i.e. on April 27, 2018, May 28, 2018, June 29, 2018, August 07, 2018, November 13, 2018 and February 13, 2019. The time interval between any two consecutive meetings was not more than 120 days. The details of Directors and their attendance record at Board Meetings held during the year, at last Annual General Meeting and number of other Directorships and Chairmanships / membership of Committees are given below:

Sr. No	Name of Director & DIN	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships in Indian Public Companies*	No. of committee membership in other Companies**	No. of committee Chairmanship in other Companies**
1	Mr. H. K. Mittal (DIN: 00007690)	Executive Chairman & Promoter	6	Yes	3	0	0
2	Mr. M. M. Agrawal (DIN: 00681433)	Non-Executive Independent	6	No	1	1	1
3	Mr. Gunender Kapur (DIN: 01927304) (Upto May 28, 2018)	Non-Executive Independent	0	NA	0	0	0
4	Mrs. Archana Mittal (DIN: 00007972)	Non-Executive Non Independent	6	Yes	3	0	0
5	Mr. Anil Khanna (DIN: 0199924)	Non- Executive Independent	5	Yes	3	3	0
6	Mr. Chetan Desai (DIN: 03595319) (w.e.f April 27, 2018)	Non-Executive Independent	4	Yes	4	4	2
7	Mr. Paritosh Kakkad (DIN: 02558443) (w.e.f April 27, 2018) Up to September 27, 2018)	Non-Executive Independent	1	No	1	0	0

*Other directorships does not include One Person Company, Private Companies, Companies registered u/s 8 of the Companies Act, 2013, Alternate directorships and foreign Companies.

**In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships / Chairmanships of only the Audit Committees and Stakeholders' Relationship Committees of all Public Limited Companies have been considered.

All the information required to be furnished to the Board as mentioned under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) was placed before the Board. Your Company's Board plays an important role in ensuring good governance and functioning of the Company. The Board consists of professionals from diverse fields who have vast experience in their respective areas. The Board's role, functions, responsibility are clearly defined. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board reviews periodical compliance reports of all laws applicable to the Company, presented by Chief Executive Officer at the meeting.

Independent Directors' Meeting:

During the year, a separate meeting of the Independent Directors was held on February 13, 2019, without the attendance of non-independent directors and members of the management. All Independent Directors were present at the meeting.

Familiarisation Programme:

The Company has a familiarisation programme for Independent Directors to keep them familiarised and updated about the business and the operations of the Company and the same is available on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company, which has been posted on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

The said Code of Conduct also incorporated the duties of independent directors as laid down in the Companies Act, 2013. All Board Members and Senior Management Personnel have affirmed compliance with the code for the year ended

on March 31, 2019. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2019 has been included elsewhere in this annual report.

II. Audit committee:

Composition:

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with relevant rules and the Listing Regulations, the Company has a qualified and Independent Audit Committee.

On April 27, 2018, the committee was reconstituted. Mr. Gunender Kapur (DIN: 01927304) stepped down as a member of the committee, Mr. Chetan Desai (DIN: 03595319) and Mr. Paritosh Kakkad (DIN: 02558443), were appointed by the board as member of the Committee. Further, Mr. Paritosh Kakkad (DIN: 02558443) ceased to be member of the committee due to his resignation from the Office of Director of the Company w.e.f. September 27, 2018.

As at March 31, 2019, the Committee comprised of three Independent Non-Executive Directors and one Executive Promoter Director. Mr. M. M. Agrawal (DIN: 00681433), Bachelor of Engineering and having vast experience in Banking and Finance Industry is the Chairman of the Committee; other members being Mr. H. K. Mittal (DIN: 00007690), Master from Indian Institute of Technology-Roorkee, Executive Chairman of the Company, Mr. Chetan Desai (DIN: 03595319) Chartered Accountant and Mr. Anil Khanna (DIN: 00199924) Chartered Accountant, all having a sound accounting knowledge. Chief Financial Officer along with the Internal Auditors and Statutory Auditors are invitees to the Audit Committee Meetings. All other Functional Heads/Managers are invited to attend the meeting, as and when necessary.

The Committee is vested, inter alia, with following powers and terms of references as prescribed under relevant provisions of the Companies Act, including the rules made there under, and Listing Regulations.

The Audit committee is vested with following Powers:

- a) To investigate any activity within its terms of reference.
- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference:

The Audit Committee reviews the reports of the Internal Auditors and the Statutory Auditors periodically and discusses their findings and suggests the corrective measures.

The role of the Audit Committee is as follows: -

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management.
 - d. Significant adjustments made in the financial statements arising out of the audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice (if any), and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
20. Such other functions / powers as may be assigned / referred to the Committee by Board from time to time. The minutes of the Audit Committee meeting are always presented to the Board for its discussion and taking on record.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

Meetings:

During the year, in all 4 meetings of the Audit Committee were held i.e. on May 28, 2018, August 07, 2018, November 13, 2018 and February 13, 2018. The time intervals between two meetings of the Committee were not more than 120 days.

Attendance of each member at the Audit Committee

Name of Director	No. of Meetings attended out of Four Meetings held
Mr. H. K. Mittal (DIN: 00007690)	4
Mr. M. M. Agrawal (DIN: 00681433)	4
Mr. Anil Khanna (DIN: 00199924)	3
Mr. Chetan Desai (DIN: 03595319) (w.e.f. April 27, 2018)	3
Mr. Paritosh Kakkad (DIN: 02558443) (w.e.f. April 27, 2018) (upto September 27, 2018)	2

Statutory Auditors, Internal Auditors, Chief Financial Officer and Other functional heads attended the meetings as and when called for. The Company Secretary acted as the Secretary to the Committee.

Mr. M. M. Agrawal (DIN: 00681433), Chairman of the Committee was not present at the 34th Annual General Meeting due to some personal reasons, Mr. Chetan Desai (DIN: 03595319) attended to the Queries of the Shareholders.

Review of Information:

The Audit Committee was presented with necessary information from time to time for its review as required under the Listing Regulation and Section 177 of the Companies Act, 2013. There was no instance of management letter/letter of internal control weaknesses issued by the Statutory Auditors during the year under review.

III. Nomination and remuneration committee: -

Composition:

During the year, the Board on April 27, 2018, reconstituted Committee by appointing Mr. Anil Khanna (DIN:00199924), member of Committee as Chairman. Further Mr. Gunender Kapur (DIN:01927304) the Chairman and member and Mr. M.M. Agrawal (DIN: 00681433) member stepped down from the committee. Mr. Chetan Desai (DIN:03595319) and Mr. Paritosh Kakkad (DIN: 02558443) were appointed as members of the Committee. On September 27, 2019, Mr. Paritosh Kakkad (DIN: 02558443) ceased to be a member of the Committee due to his resignation from the Board. Further on February 13, 2019 the Committee was reconstituted to be in line with Regulation 19 of Listing Regulations ("LODR").

As at March 31, 2019, the Committee comprised of Two Non-Executive Independent Directors and One Non-Executive Non-Independent Director. Mr. Anil Khanna (DIN: 00199924), was the Chairman of the Committee with Mr. Chetan Desai (DIN: 03595319) and Mrs. Archana Mittal (DIN: 00007972) being other members.

Subsequent to the year end, Mrs. Archana Mittal (DIN: 00007972) resigned w.e.f. July 3, 2019 from the board and Mr. M. M. Agrawal (DIN: 00681433) was appointed as the member of the Committee vide Circular Resolution dated July 03, 2019.

Mr. Anil Khanna (DIN: 00199924), Chairman of the Committee as on March 31, 2018 was present at the 34th Annual General Meeting held on September 26, 2018 to reply to the Queries of the Shareholders.

Terms of Reference:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulation the role of the Nomination and Remuneration Committee includes the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

Remuneration Policy:

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Company has adopted and implemented Remuneration Policy to recommend to the Board matters relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The objective of this Policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Committee, on behalf of the Board and the members, determines, with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors, Key Managerial Personnel and Senior Management Personnel including pension rights and any compensation payment.

Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of

Independent Directors and other Directors, Board of Directors and Committees of the Board of Directors. The assessment was carried on the basis of following criteria:

1. Provides Valuable Input;
2. Dedication and Commitment;
3. Industry Knowledge;
4. Overall contribution;
5. Compliances under Companies Act 2013, Companies Rules 2014 and its necessary applicable amendments;
6. Independence;
7. Independent views and judgement;
8. Integrity, and
9. Ability to function as team

Meetings:

During the year, in all 2 meetings of the Nomination and Remuneration Committee which were held i.e. on August 07, 2018 and February 13, 2019 and necessary quorum was present at the meeting. Attendance of each member at the Nomination and Remuneration Committee Meetings:

Attendance of each member at the Nomination and Remuneration Committee Meetings:

Name of Director	No. of Meetings attended out of Two Meetings held
Mr. H. K. Mittal (DIN: 00007690) (upto February 13, 2019)	2
Mrs. Archana Mittal (DIN:00007972)	2
Mr. Anil Khanna (DIN:00199924)	2
Mr. Paritosh Kakkad (DIN: 02558443) (w.e.f. April 27, 2018) (upto September 27, 2018)	1
Mr. Chetan Desai (DIN: 03595319) (w.e.f. April 27, 2018)	1

IV. Stakeholders relationship committee:

As at March 31, 2019 the Committee comprises of one Executive Director and two Non-Executive Directors to look after share transfer and other related matters,

including the shareholders' grievances. Mr. M. M. Agrawal (DIN: 00681433), is the Chairman of the Committee with the other members being, Mr. H. K. Mittal (DIN: 00007690) and Mrs. Archana Mittal (DIN:00007972).

Subsequent to the year end, Mrs. Archana Mittal (DIN: 00007972) have resigned from the Committee and Mr. Anil Khanna (DIN: 00199924) replaced her w.e.f. July 03, 2019.

The Committee normally meets fortnightly. Authority to deal with Investor Grievance and other allied matters has been delegated to Registrar and Transfer Agent and Compliance Officer of the Company. The terms of reference of the Committee are as under:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Twenty Five (25) Meetings of the Committee were held during the year. All the members attended all the meetings.

Ms. Sangeetha Pednekar – Company Secretary (w.e.f. August 7, 2018) acted as Compliance Officer.

During the year, the Company received 5 complaints from the members all of which were duly resolved. There were no pending complains on scores website of SEBI as on March 31, 2019

Further, during the year requests for Duplicate Shares of 4500, Transfer of 7500 shares, Transfer (Exchange) of 2400 shares, and Name Deletion of 2500 shares were received and processed.

V. Corporate Social Responsibility Committee:

As at March 31, 2019, the Corporate Social Responsibility Committee of the Company comprised of three Directors. Mr. H. K. Mittal (DIN: 00007690) as its Chairman with Mrs. Archana Mittal (DIN:00007972) and Mr. M. M. Agrawal (DIN: 00681433) being other members.

Subsequent to the year end, Mrs. Archana Mittal (DIN: 00007972) resigned from the Committee and Mr. Anil Khanna (DIN: 00199924) replaced her w.e.f. July 03, 2019

The Company has framed and amended the CSR Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Committee is authorized to plan, approve the operational procedures and supervise / monitor implementation of CSR policy.

No Meeting of Corporate Social Responsibility Committee was held during the year.

VI. Risk Management Committee:

As at March 31, 2019, the Risk Management Committee comprised of Mr. M. M. Agrawal (DIN: 00681433), who was the Chairman of the Committee and other members being Mr. Chetan Desai (DIN:03595319), Independent Director, and Mr. Shalabh Mittal, Chief Executive Officer of the Company. The Company has laid down the procedure to inform Board members about risk assessment and minimization procedures. The Board periodically monitors the risk management plan.

VII. Subsidiary companies:

As at March 31, 2019; the Company had total 27 subsidiaries out of which following are material subsidiaries –

- a) Mercator Petroleum Limited
- b) Mercator Oil and Gas Limited
- c) PT Karya Putra Borneo
- d) PT Indo Perkasa
- e) Offshore Holding Company Pte Ltd

The Indian Subsidiaries viz. Oorja Resources India Private Limited, Mercator Offshore Logistics Private Limited (formerly Mercator Dredging Private Limited) and Mercator Oceantransport Limited were neither listed nor material as at March 31, 2019.

During the year FY 2018-19, following step down subsidiaries have been closed or ceased to be subsidiary of the Company –

- a) PT Mincon Indo Resources – Liquidation order received during the year FY 2018-19
- b) Mercator Projects Pte Ltd – Liquidation order received during the year FY 2018-19
- c) Mercator Okoro FPU Pte Ltd – Liquidation order received during the year FY 2018-19
- d) Mercator Okwok FPU Pte Ltd – Liquidation order received during the year FY 2018-19
- e) Brio Resources Pte Ltd – strike off from Accounting and Corporate Regulatory Authority Singapore dated 6th April 2019
- f) Oorja 3 Pte. Ltd – strike off from Accounting and Corporate Regulatory Authority Singapore dated 6th April 2019
- g) MCS Investment and Trading Limited - de-registered from Jebel Ali Free Zone Authority has been received effective from 10th December 2018

Except stated above, the Company has not disposed any shares that reduces shareholding to less than 50% or ceases the exercise of control over any of these subsidiaries

The Company has contracted for sale of vessel “Nerissa” in March 2019 pursuant to committed financial payment default in its subsidiary company Offshore Holding Company Pte Ltd. The transaction has been completed dated April 26, 2019. Except otherwise stated above, the Company has not sold, disposed or leased the assets amounting to more than twenty percent of the assets of these subsidiaries.

The Audit Committee reviews the financial statements including investments of all the subsidiary companies from time to time. The Minutes / resolutions of the Board Meetings of all the subsidiary companies (including step down subsidiary companies) are placed before the Board periodically for noting and taking on record. The Board periodically reviews a statement of all significant transactions, if any, entered into by any of the subsidiary companies. The Company has formulated a policy for determining “Material Subsidiaries”, and the same is available on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

VIII. Disclosures:**A. Basis of related party transactions:**

- a. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- b. At the beginning of every financial year, proposal for omnibus approval is placed before the Audit Committee for related party transactions with necessary details in compliance with relevant provisions of the Listing Regulation. All related party transactions were within prescribed limit and as per the Related Party Transaction Policy of the Company.
- c. Details of material individual transaction with related parties are placed before the Audit Committee, whenever applicable.
- d. During the year, there was no material individual transaction with related parties or others which was neither in ordinary course of business nor on an arms -length basis.

B. Disclosure of accounting treatment:

In the preparation of Financial Statements for the year ended on March 31, 2019; All accounting treatment are as prescribed in an Accounting Standard and applicable laws and regulations.

C. Proceeds from public issues, rights issues, preferential issues etc.

During the year, the Company raised fund through private placement basis by way of issue and allotment of 300 Secured Non-convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 30 Crore. Besides these; the Company did not raise any funds through public / rights issues.

D. Remuneration of directors:

The Nomination and Remuneration Committee recommended the increase in remuneration of Executive Chairman, which was approved by the Board of Directors at its meeting held on August 07, 2018, Further the reappointment of Mr. H. K. Mittal (DIN: 00007690), Executive Chairman is being made for a period of three year with Board approval dated July 30, 2019, subject to approval of members at the ensuing Annual General Meeting.

Details of remuneration paid to Directors for the financial year ended March 31, 2019:**Executive Directors:**

(₹ in crore)

Name	Salary	Bonus	Stock options	Perquisites	Commission	Total
Mr. H. K. Mittal Executive Chairman (DIN: 00007690)*	1.49	--	--	0.12	--	1.61

*In view of ongoing default in repayment of loans from Banks and Financial Institutions / Non-Banking Finance Companies in September 2018 and onwards, the managerial remuneration paid to a promoter director was in excess of the prescribed limits to the extent of Rs.1.16 Crore as per Companies Amendment Act 2017 (effective from 12th September 2018), in the absence of requisite approval as on 31st March 2019. The excess payout has been reversed and the same is recoverable from him as on 31-03-2019. As per sub clause (9) of Section 197, such excess managerial remuneration paid should be recovered within a maximum period of two years.

The remuneration to the Executive Directors is governed by the agreements executed with them as approved by the members of the Company at their General Meeting held on July 30, 2016. As per the agreement, salary and perquisites are a fixed component and the commission is based on the performance of the Company, i.e. on the net profit

of the year. However, the aggregate remuneration shall not exceed 5% of net profit calculated as per the provisions of the Companies Act, 2013; per Executive Director with payment of minimum remuneration to them in case of loss or inadequacy of profit in any financial year during the tenure, subject however, to the ceiling prescribed under Companies Act, 2013;

and approval of the Central Government, if required. The present terms and conditions of appointment agreement of Executive Chairman will expire on July 31, 2019. The tenure of office of the Executive Chairman is for three years from his date of appointment and can be terminated by either party by giving 6 months' notice in writing. Before the expiration of the tenure of office of Executive Chairman is entitled by way of compensation for the loss of office, the amount equivalent to the remuneration which he would have earned if he had been in the office for the unexpired residue of his term or for three years whichever is shorter, calculated on the basis of average remuneration actually earned by him during the period of three years immediately preceding the date on which he ceased to hold office or where he held the office for a lesser period than three years, during such period. No stock option was issued to the Executive Director during the year. Further, Mr. H. K. Mittal is appointed as Executive Chairman for a period of three years in Board Meeting dated July 30, 2019, subject to approval of shareholders at the ensuing Annual General Meeting.

Non-Executive Directors:

The Board decides the payment of commission within the limits approved by members of the Company in their Annual General Meeting not exceeding 1% of its net profit to Non-executive Directors. During the year no commission was paid to the non-executive Directors of the Company.

Remuneration by way of sitting fees for attending Board meetings and Committee meetings are paid to Non-executive Directors.

Details of sitting fees paid to Non-Executive Directors during the year are as follows:

Name of the Director	Amount (₹)
Mr. M. M Agrawal (DIN: 00681433)	5,50,000/-
Mrs. Archana Mittal (DIN:00007972)	4,00,000/-
Mr. Anil Khanna (DIN: 00199924)	5,50,000/-
Mr. Chetan Desai (DIN: 03595319)	4,50,000/-
Mr. Paritosh Kakkad (DIN: 02558443)	1,50,000/-

All the Non-Executive Directors have disclosed their shareholdings as at March 31, 2019 to the Company which is as under:

Name of the Director	No. of equity shares held	% of total share capital
Mr. M. M Agrawal (DIN: 00681433)	Nil	Nil
Mrs. Archana Mittal (DIN:00007972)	2,70,27,400	8.94
Mr. Anil Khanna (DIN:00199924)	3,36,247	0.11
Mr. Chetan Desai (DIN: 03595319)	Nil	Nil

No convertible instrument was held by any of the above Non-executive Directors.

The Company did not have any pecuniary relationship or transaction with any of the Non- Executive Directors.

No stock options were issued to the Non-Executive Directors during the year.

E. Management:

A Management Discussion and Analysis Report forming part of this Directors' Report is attached herewith and forms part of this Report. Based on the disclosures received from the Senior Management Personnel, during the year, there was no material financial and commercial transaction by any of the Senior Management Personnel that may have a potential conflict with the interest of the Company at large.

F. Shareholders:

Your Company recognizes rights of shareholders and protects and facilitates their rights and gives equitable treatment to all shareholders. Your Company practices and believes in sharing adequate and timely information with all the stakeholders of the Company.

G. General body meetings:

Details of General Meetings held during last three years are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2017-18 (AGM)	26/09/2018	3:30 pm	4th Floor, Walchand Hirachand Hall, IMC Bldg., IMC Marg, Churchgate, Mumbai - 400 020	1) Appointment of Mr. Anil Khanna (DIN: 0199924) 2) Appointment of Mr. Chetan Desai (DIN: 03595319) 3) Appointment of Mr. Paritosh Kakkad (DIN: 02558443)
2016-17 (AGM)	15/09/2017	3.00 pm	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to achivalaya Gymkhana, Mumbai – 400 021	1) Appointment of Mr. Desh Raj Dogra (DIN: 00226775) 2) Payment of Remuneration to Mr. Shalabh Mittal to hold office or place of profit in Mercator Limited as chief executive officer 3) Issue of securities up to an aggregate amount not exceeding USD 50 million or equivalent Indian currency or in any other foreign currency
2015-16 (AGM)	30/07/2016	3.00 pm	Rangaswar Hall, 4th Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021	1) Appointment of Mr. H. K. Mittal as Executive Chairman 2) Appointment of Mr. Atul Agarwal as Executive Vice Chairman 3) Issue of Securities upto aggregate amount not exceeding Rs. 2,000,000,000/- (Rupees Two Hundred Crore Only) or equivalent amount thereof in any other foreign currency.

Postal ballot

During the year ended March 31, 2019, the Company passed Two special resolution by way of Postal Ballot as per provisions of Section 110 of the Companies Act, 2013.

Details of special resolution passed through postal ballot by requisite majority

- ▶ Issuance of Secured/Unsecured Non-Convertible Debentures to the tune of Rs. 100 Crore.
- ▶ Granting Loan, giving guarantee, providing security or making investment in excess of limits specified in Section 186 of the Companies Act, 2013

Subsequent to the year end, the Company conducted 2 Postal Ballots for approval of members. The details of the same of provided herein below:

Details of special resolution passed through postal ballot: (April-May, 2019)

The postal ballot notice and form had been circulated to all the members on April 30, 2019 and the last day for voting was May 30, 2019. The result were to be declared on or before June 1, 2019 and was declared on May 31, 2019 for the following resolutions:

- ▶ Reclassification of authorised share capital and consequent alteration of the capital clause in the Articles of Association of Company.
- ▶ To reappoint Mr. M. M. Agrawal (DIN: 00681433) as an Independent Director of the Company for a second consecutive term of five years.
- ▶ Amendment of existing terms and conditions of the US\$16,000,000 4.75% Unsecured Foreign Currency Convertible Bonds (FCCB's) issued by the Company.

Details of special resolution passed through postal ballot: (October-November, 2019)

The postal ballot notice and form had been circulated to all the members on October 10, 2019 and the last day for voting was November 10, 2019. The result were to be declared on or before November 12, 2019 and was declared on November 11, 2019 for the following resolutions:

- ▶ Sale of Ship - FSO Prem Pride
- ▶ Sale of Ship - Prem Mala

i. Procedure for postal ballot

Upon receiving approval of the Board of Directors and consent from the Scrutinizer, the notice of the Postal Ballot containing text of the Resolution to be passed and the relevant Explanatory Statement, postal ballot form, pre-paid self-address postage envelope are sent to the shareholders to enable them to vote on the Resolutions within a period of 30 days from the date of dispatch. The Company also provides e- voting facility to the members to cast their vote by electronic means. A notice is published in the local newspapers regarding dispatch of the Postal Ballot notice. After the last date of receipt of ballots, the Scrutinizer submits his report. Thereafter the results are declared. The Scrutinizer's report is submitted to the Stock Exchange and also displayed on the Company's website.

ii. Disclosures:

- a) During the year, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large and was not in ordinary course of business or not on an arm's length basis. All related party transactions with related parties are disclosed in Note No. 3.6 of notes forming part of the Annual Accounts for the year under review. The Company has formulated a policy on materiality of Related Party Transactions as well as on dealing with Related Party Transactions. During the year there were no material transactions with related parties. The policy is also available on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

- b) There were no instances of non-compliance and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the past three years except, penalty imposed by Stock Exchanges for delay in filing Audited Consolidated Accounts and Financial Result for the quarter / year ended March 31, 2019 and Unaudited Consolidated Financial Result for the quarter ended June 30, 2019 the same is due to be paid. Moreover, there was a delay in submission of Reconciliation of Share Capital Audit Report for the quarter ended June 30, 2018 on National Stock Exchange of India Limited due to inadvertence. However the same was rectified as soon as it was brought to the notice of the Company.
- c) The Company has updated the Vigil Mechanism / Whistle Blower Policy as per new amendments in SEBI Listing Obligation and Disclosure Requirements (LODR) 2015 and the same is available on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>
- d) Every employee and Director has access to the Audit Committee on any matter and is free to report any unethical behavior, improper practice and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. No person has been denied the access to the Audit Committee.
- e) During the year the Company has not entered into Commodity Hedging activities. For Commodity Price Risk refer to Management Discussion and Analysis Report.
- f) In preparation of financial statements, the Company has followed the Accounting Standards as prescribed under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') 'prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

- g) The Board in its report have confirmed that the annual accounts for the year ended March 31, 2019 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.
- h) The details of fees paid to M/s Singhi & Co, Chartered Accountants, Statutory Auditors by the Company and its subsidiaries during the year ended March 31, 2019 are as follows

Particulars	Amount (₹ in Crore)
Audit Fees	0.28

- i) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As reported by Internal Complaint Committee, the details of Complaints are as under:

Sr. No.	Particulars	Details
1	Number of complaints filed during the financial year	Nil
2	Number of complaints disposed of during the financial year	Nil
3	Number of complaints pending as on end of the financial year	Nil

J. Policy on prohibition of Insider Trading

The Company has formulated the "Code Of Conduct For Prohibition Of Insider Trading And Unpublished Price Sensitive Information Of Mercator Limited" (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, from time to time. The Board has appointed Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code under the

overall supervision of the Board. The Company's Code, inter-alia, prohibits purchase and / or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the website of the Company.

<http://mercator.in/investors/index.aspx?id=7055>

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Trading Window for dealing in the securities of the Company by the designated persons shall remain closed during the period from end of every quarter / year till the expiry of 48 hours from the declaration of quarterly / yearly financial results of the Company.

K. Means of communication:

Quarterly / yearly results are normally published in Financial Express or Hindu Business Line in English Language and Mumbai Lakshadeep in Vernacular Language (Marathi). The audited annual accounts are posted/E-mailed to every member of the Company. Quarterly shareholding distribution and quarterly/ yearly results submitted to the Stock Exchanges are posted on the website of the Company i.e. www.mercator.in. The Company also displays official news releases on its website i.e. www.mercator.in. The Company has created an email id investors@mercator.in to facilitate redressal of investors'/ shareholders' grievances.

The presentations if any, made to institutional investors / analysts through personal meetings are also displayed on website of the Company and submitted to the Stock Exchanges simultaneously.

All price sensitive, material and relevant information from the shareholders'/investors' point of view are promptly informed to the stock exchanges.

L. Annual general meeting:

Thirty Fifth Annual General Meeting is scheduled to be held on Tuesday, December 31, 2019 at 3.00 PM at 4th floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400020.

M. Re-appointment of directors:

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. H. K. Mittal (DIN: 00007690) is liable to retire by Rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible has offered himself for re-appointment.

Brief resume of Mr. H. K. Mittal (DIN: 00007690), whose re-appointment is to be considered at the ensuing Annual General Meeting along with his expertise in specific functional areas and names of the Companies in which he holds Directorship, Chairmanship and membership of committees of the Board, are provided in the accompanying Notice of the ensuing Annual General Meeting scheduled to be held on December 31, 2019.

N. Corporate Social Responsibility

During the year, in requirement of section 135 of Companies Act, 2013, the gross amount required to be spent for Corporate Social Responsibility expenses are NIL and hence the company has not allocated any resources for the same.

O. Financial Calendar for the Year 2019-20 (tentative and subject to change):

First Quarter Results (June, 30)	Mid of August 2019
Mailing of Annual Reports	End of November, 2019
Annual General Meeting	December, 2019 (Extension approval granted by MCA)
Second Quarter Results (September, 30)	Mid of November, 2019
Third Quarter Results (December, 31)	Mid of February, 2020
Fourth Quarter/ Annual Results	May 2020.

P. Dividend:

In view of losses suffered during the year under review, your Board of Directors regret their inability to recommend any dividend for the Financial Year ended on March 31, 2019.

Q. Listing of shares, non-convertible debentures:

The Equity Shares of the Company are listed on BSE Limited (Scrip Code: 526235); National Stock Exchange of India Ltd. (Scrip Code: MERCATOR) and the annual listing fees in respect of the year 2018-2019 have been paid to the exchanges.

The monthly high-low quotations of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited during the financial year 2018-19 vis-à-vis Sensex performance of Bombay Stock Exchange is given below:

Month	BSE Share Price (Rs.)		NSE Share Price (Rs.)		SENSEX Performance	
	High	Low	High	Low	High	Low
April-18	35.90	25.00	35.85	24.65	35,213.30	32,972.56
May-18	29.55	21.10	29.65	21.10	35,993.53	34,302.89
June-18	26.40	19.80	26.40	19.70	35,877.41	34,784.68
July-18	22.60	18.80	22.65	18.75	37,644.59	35,106.57
August-18	23.65	19.90	23.80	19.70	38,989.65	37,128.99
September-18	22.75	15.60	22.80	15.55	38,934.35	35,985.63
October-18	18.30	09.55	18.35	09.95	36,616.64	33,291.58
November-18	18.50	13.56	18.45	13.50	36,389.22	34,303.38
December-18	14.05	11.43	14.10	11.35	36,554.99	34,426.29
January-19	12.30	07.74	12.15	07.85	36,701.03	35,375.51
February-19	09.69	06.01	09.70	06.05	37,172.18	35,287.16
March-19	08.52	06.31	08.50	06.35	38,748.54	35,926.94

Annual Custody fee for the year 2019-20 have been paid by the Company to NSDL and CDSL.

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:

As on March 31, 2019; the Company had 160, 4.75% Foreign Currency Convertible Bonds (FCCBs) of USD 100,000 each aggregating to US \$16,000,000 (US Dollar Sixteen Million) outstanding with an initial conversion price of Rs. 38.30 per

share (with a fixed rate of exchange on conversion of Rs. 58,5740 per USD 1.00). The said FCCBs are listed on Singapore Stock Exchange. The FCCB's are due May 27, 2019. The FCCB holders can exercise their option to convert the Bonds into Equity at any time before their redemption, by following the prescribed procedure. Assuming all FCCB holders exercise their option to convert the Bonds into Equity, there will be increase in the paid-up capital of the Company by 2,44,69,556 shares. Till date none of the FCCB holders has exercised the option.

Subsequent to the year ended March 2019, the Company passed a Special Resolution by the means of Postal Ballot for the roll-over/extension of FCCB's. The term of FCCB's due on May 27, 2019 was further extended by a period of 3 years in mutual understanding between the FCCB Holder and the Company. The Company

has obtained approval of all the statutory and other authorities as and when required.

R. Registrar and transfer agents and share transfer system:

M/s. Link Intime India Private Limited having registered office at C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400083 (Tel: 022 – 49186000) are the Registrar and Transfer Agents (RTA) as also the Registrar for Electronic Connectivity. Entire functions of Share Registry, both for physical transfer and in de-mat form; as well as demat/remat of shares, issue of duplicate/split/consolidation of Certificates along with registry function of Debentures is being carried out by the RTA at their registered office address. The correspondence regarding query of unpaid dividends shall be addressed to Compliance Officer at the registered office of the Company.

S. Distribution of Shareholding as on March 31, 2019:

Shareholding of nominal value of	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Capital
UPTO 500	58,947	71.21	1,05,81,546	3.50
501 - 1000	10,070	12.16	85,99,404	2.84
1001 - 2000	5,649	6.82	89,52,623	2.96
2001 - 3000	2,687	3.24	69,73,324	2.31
3001 - 4000	974	1.18	35,73,056	1.18
4001 - 5000	1,186	1.43	57,30,163	1.90
5001 - 10000	1,664	2.01	1,26,67,123	4.19
10001 and above	1,606	1.94	24,53,82,096	81.12
Total	85,024	100.00	30,24,59,335	100.00

T. Shareholding Pattern as on March 31, 2019:

Sr. No	Category	No. of Shares	% to Capital	No. of Holders
1	Promoters / Directors and their Relatives	8,97,83,600	29.68	16
2	Mutual Funds / UTI	75,000	0.02	1
3	Banks; FIs etc.	2,42,180	0.08	17
4	FIs/FPIs	4,12,88,202	13.65	14
5	Private Corporate Bodies	4,92,76,769	16.29	719
6	Central Government/State Government	1,000	0.00	1
7	Indian Public	11,29,16,181	37.33	80,694
8	NRIs / OCBs	38,28,771	1.27	1,087
9	Non-promoter Independent Directors and their relatives	1,56,501	0.05	2
10	Clearing members	48,91,131	1.62	232
	Total	30,24,59,335	100.00	82,783

U. Dematerialisation of shares & liquidity:

The equity shares of the Company are under compulsory trading in demat form. Out of total capital of 30,24,59,335 equity shares; 300919556 equity shares representing 99.49% were held in demat form and balance 1539779 equity shares representing 0.51% were in physical form as on March 31, 2019. The ISIN of the equity shares of the Company is INE934B01028. The shares are actively traded on BSE and NSE and the turnover data during the financial year 2018-19; was as under:

Particulars	BSE	NSE	Total
No of shares	63250842	228147341	291398183
Value (Rs. In lakh)	11090.93	44596.30	55687.23

IX. Appointment of Director in material subsidiary company

According to Regulation 24(1) of SEBI (Listing Obligation and Disclosure Requirement) Amendment Regulation 2018 effective from 01st April 2019, an independent director of the Company to be appointed as director of the material subsidiary. As on the date of reporting, none of the independent Director of the Company has been appointed on Board of the material subsidiary.

X. CEO / CFO Certification:

The necessary certification from Mr. Shalabh Mittal - Chief Executive Officer and Mr. Rajendra Kothari - Chief Financial Officer in respect of the financial year ended on March 31, 2019 has been annexed to this report.

XI. Compliance:

The Company has complied with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereof. Necessary Information, Certificates and returns as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were submitted to Stock Exchanges within the prescribed time except for Reconciliation of Share Capital Audit Report for the quarter ended June 30, 2018 which was not submitted to NSE within prescribed time due to inadvertence, but the same was submitted to BSE within prescribed time and Penalty to be imposed by Stock Exchanges for delay in filing Audited Consolidated Accounts and Financial Result for the quarter/year ended March 31, 2019 and Unaudited Consolidated Financial Result for the quarter ended June 30, 2019 the same is due to be paid. The Company has complied with all the mandatory requirements of Corporate Governance requirements 17 to 27 and clauses (b) to (i) of sub regulations (2) of

regulations 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Subsequent to the date of reporting, there is delay in filing of limited review quarterly consolidated financials for the quarter ended June 30, 2019 and penalty for the same is due to be paid.

XII. Compliance with discretionary requirements

The Company also endeavors to follow Non Mandatory requirements. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to the Directors' Report.

a. The Board

Our Chairman is an executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

b. Modified opinion(s) in Audit Report

The Statutory Auditors of the Company have issued modified opinion in their audit report for the financial year ended March 31, 2019 due to -

(a) Basis of Disclaimer opinion

- Material uncertainty relating to going concern on account of significant losses resulting in substantial erosion of its net worth, in addition to defaults with lenders and credit downgrade and inability to meet its current liabilities which substantially exceeds its current assets.
- Ongoing litigation in one of material subsidiary company at Indonesia where the Company has exposure of Rs 274.03 Crore on total net assets.

- iii. Unprovided current tax demands under disputes at various tax judicial forums
 - iv. One of the material subsidiary has received notice of termination of Production Sharing Contract for one of the non operative oil block and demand to pay dues related to the same. This amounts to exposure of Rs 74.81 Crore.
- (b) Emphasis of matters
- i. Termination of Sagar Samrat Conversion Project (SSCP) contract undertaken by a subsidiary Mercator Oil and Gas Ltd. and invocation of certain bank guarantees by ONGC.
 - ii. receivable from an insurance company amounting to Rs. 54.28 Crore.
- (c) The Statutory auditor has issued disclaimer opinion for compliance of internal financial control upon non providing appropriate documentation for evaluation and testing of the same for companies incorporated in India.

c. Reporting of Internal Audit

The Internal Auditor is directly reporting to audit committee of the Company. During the year, M/s Aneja & Associates have resigned who has given report for the period April 2018 to June 2018 and M/s Daksh D And Associates have been appointed as internal auditor who has given report for the quarter September 2018 till year end March 31, 2019. which has been placed to the audit committee and Board for consideration.

The management has taken necessary steps and initiations for improving liquidity and discharge obligations as well as recovery of various current assets.

d. Observation of Statutory auditor on Going concern and material weakness

During the year, the management of the Parent Company and subsidiaries incorporated In India

have not provided appropriate audit documents for evaluation and testing of internal financial control and hence the statutory auditor has given disclaimer opinion. The statutory auditor has also raised concern on material weakness and its impact on going concern aspect of the company as well as functioning of the various Companies at Group level.

e. Disclosure of Delay and Default of borrowings and downgrade of external credit rating

The Company has committed payment default in case of long term loans and short term loans from banks and financial institutions from end of September 2018 and based on which external credit rating agency Credit Analysis and Research Limited (CARE) has downgraded externa rating for long term loan from CARE BBB (negative) to CARE D and short term loan from CARE A3 to CARE D. The company has not committed any default in repayment of obligation related to Non-Convertible Debenture (NCD). Details has been disclosed in financial statements and audit report of the independent auditor.

Subsequent to reporting period, several financial lenders have recalled their credit facilities, issued notices u/s 138 of Negotiable Instrument Act, 1881, issued demand letter to borrower as well as guarantor and one of the financial lender has issued notice u/s 13(2) of SARFEASI Act 2002 for necessary proceedings. There are several cases filed by operational creditors in National Company Law Tribunal (NCLT) for which hearings are in process and none of the claim has been admitted as on date of the reporting.

XIII. Plant locations:

The Company does not have any plant.

Address for correspondence:

Mercator Limited

83-87, 8th Floor, Mittal Tower, B-wing,
Nariman Point, Mumbai - 400 021.

Tel Nos: 91-22-66373333

Fax Nos: 91-22-66373344

E-mail: secretarial@mercator.in /investors@mercator.in

Website: www.mercator.in

Regd. Office:

83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021

**For and on behalf of the Board
For Mercator Limited**

**H. K. Mittal
Executive Chairman
DIN:00007690**

Dated: November 13, 2019

CEO & CFO CERTIFICATION

To,
The Board of Directors,
Mercator Limited
Mumbai

This is to certify that:

- (a) We have reviewed financial statements for the financial year ended on March 31, 2019 and the cash flow statement for the year (consolidated and standalone) and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended March 31, 2019 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control during over financial reporting the year, whenever applicable;
 - (ii) that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- (e) We further declare that all Board members and Senior Management personnel have affirmed compliance with the Code of conduct for the current year.

For Mercator Limited

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Place: Mumbai
Dated: November 13, 2019

Independent Auditor's Certificate on Corporate Governance

To

The Members of

Mercator Limited

1. We have examined the Compliance of Conditions of Corporate Governance by Mercator Limited ("the Company"), for the year ended on March 31, 2019, as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended March 31, 2019 except as stated by management in para VIII (I) "Disclosures" in their Report on Corporate Governance with respect to penalty imposed by Stock Exchanges for delay in filing Audited Consolidated Accounts and Financial Result for the quarter/year ended March 31, 2019 and unaudited Consolidated Financial Result for the quarter ended June 30, 2019 the same is due to be paid. Moreover, there was a delay in submission of Reconciliation of Share Capital Audit Report for the quarter ended June 30, 2018 on National Stock Exchange of India Limited due to inadvertence. However, the same was rectified as soon as it was brought to the notice of the Company.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

9. This certificate is addressed to and provided to the members of the Company pursuant to requirement of the Schedule V (paragraph E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"). Our certificate should not be used for any other person or for any other purpose. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Singhi & Co.

Chartered Accountants

Firm Registration No. 302049E

Nikhil Singhi

Partner

Place: Mumbai

Date : November 13, 2019

Membership No. 061567

Management Discussion & Analysis

Review of performance

We are a diversified group with business operations spread across several key industries like shipping, dredging, coal mining and logistics, and oil & gas exploration and production. We own and operate a fleet of oil tankers, serving Indian and international waters, along with dredgers in Indian ports. We have coal mines and logistics infrastructure services in Indonesia, a mining license in Mozambique and oil blocks in India's Cambay basin. The Company had an EPC project for ONGC which was wrongly terminated by the contractor last year. Our projects span across India and Indonesia.

The consolidated revenue from operations (continuing business) for FY19 stood at Rs. 867.35 Crore compared to Rs. 974.21 Crore in FY18. The consolidated EBIDTA is Rs. -19.18 crores against profit of Rs. 141.89 crores in the previous year. The consolidated loss before tax was Rs. 511.97 crores against previous year loss before tax of Rs. 217.30 crores. After providing loss for the minority interest of Rs. 29.52 crores (previous year Rs. 17.97 crores); the loss after tax was Rs. 544.45 crores as against loss after tax of Rs. 277.55 crores in the previous year.

In FY19, we have raised Rs 30 Crores as second tranche of Non-Convertible Debentures (NCD) issued to UTI Capital Private Limited which is an alternative investment fund. The proceeds from this fund raising was used for strengthening operations across all business segments and the repayment of installment of installments of existing debt obligation.

Deleveraging status

At the group level, your company achieved a debt reduction in FY19 by 3.75% at a group level despite slowdown in the business of dredging. We have further deleveraged Long-term debts by selling the loss making Ship, VLCC, for Rs. 174 subsequent to the year end. However, the oil & gas segment has seen an increase in its overall debt level by Rs. 36 Crore, which was used for the development of the oil blocks Jyoti I and II.

The core management team will continue to focus on further reduction in the consolidated debt levels going forward in FY20 and developing low capex businesses in the existing verticals. This debt reduction will primarily be achieved using

internal accruals and sales of non-core/aged assets held by the Company. We were expecting a significant chunk of funds to be released, in FY19, from the working capital accounts of Sagar Samrat, the EPC project mandated by Oil and Natural Gas Corporation Limited (ONGC). However, ONGC abruptly and wrongly terminated the Contract and arbitration proceedings is underway.

Discussions with lenders of the Company on the proposed Resolution Plan (RP) for restructuring of our loans are in process.

Global Economy

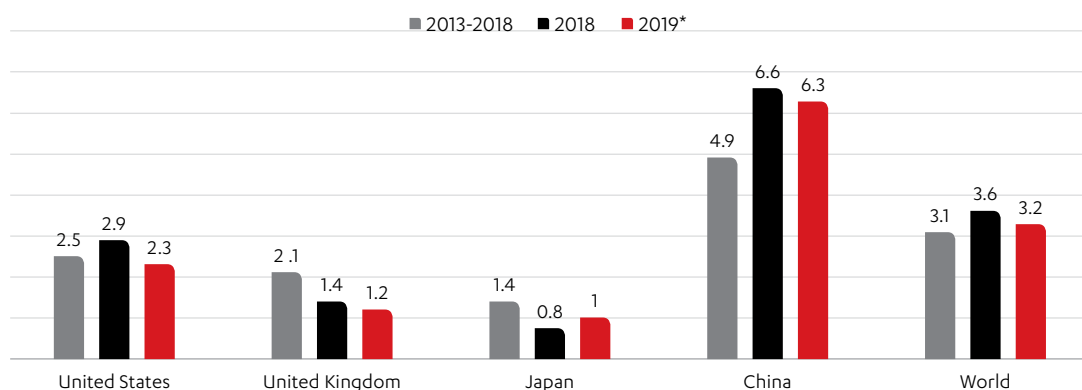
The year 2018 began on a positive note for the global economy which benefitted from the improvement in global manufacturing and trade in 2017. Impacted by several other factors during the year, the global economy grew at 3.6%. The growth, however, slowed down due to application of tariffs by the US on China during the ongoing trade war, which resulted in increase in the prices of imported goods. The brunt of trade war was not only borne by China but also led to an increase in prices for the American consumers and businesses. Further, the trade tensions resulted in the uncertainty of trade policies. US dollar appreciated against the currencies of various economies such as Argentina, Turkey, South Africa and Mexico which augmented the borrowing costs in these countries. The value of dollar increased due to the increase in interest rates supported by tax cuts and rise in the purchasing power of the people.

In addition, the oil prices remained volatile in the second half of the year due to reduction in supply as production in the major oil producing countries were affected by trade conflicts. Commodity prices of metals and agricultural products also witnessed a significant decline. Among the developing countries, the East and South East Asian countries showed maximum growth and led to an increase in demand for goods and services. The world economy is expected to grow at 3.2 % in 2019 and 3.5% in 2020. An ongoing buildup of stimulus in China, improvements in global financial market sentiment, the weakening of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies is anticipated to boost the growth in later half of 2019. (Source- IMF, World Bank and United Nations)

Indonesia's GDP rose to 5.17% from 5.07% in the previous year, growing at the fastest rate in last 5 years. The growth was largely driven by the domestic demand, influenced primarily by household consumption as well as consumption by non-profit institutions serving households. Java Island contributed the most to the country's GDP followed by Sumatra Island. While private consumption slowed down a bit, the government consumption maintained the balance. Further, the government took several steps to keep a control on the cost of goods and tried to boost private

consumption, which accounts for more than half of GDP, by giving additional bonuses to public servants and retirees. In the coming year, the growth of the economy is estimated at 5.3%. Private consumption is expected to remain robust in the near term as formal employment continues to expand, the government scales up its social assistance programs, and inflation remains modest. (Source- The Ministry of Finance, the Republic of Indonesia, the World Bank, Indonesia-Investments)

GDP Growth (in %)



(Source- The Conference Board)

Indian Economy

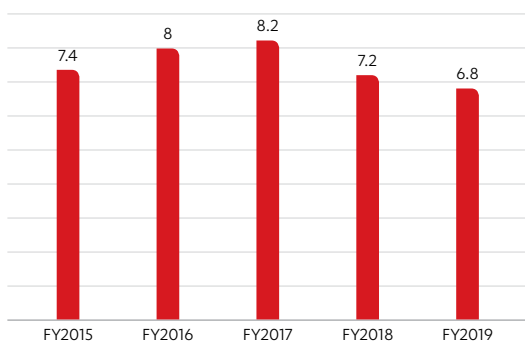
Indian economy grew at 6.8% owing to recovery in investment and private consumption. Besides this, the major driver behind the growth was improvement in the performance of agriculture and manufacturing sectors. With the help of strong expansion in corporate earnings, the manufacturing sector expanded to 6.9%. Other sectors such as construction, mining, trade, financial services and public administration also started improving in the later part of the year. The construction sector grew with increase in the government expenditure on infrastructure through various initiatives taken during the year. The country also faced several headwinds in terms of weakening of currency with appreciation of US dollar due to increase in oil prices.

This resulted in widening of current account deficit and reducing foreign investment flows in the country. India's international reserve holdings also dropped by \$22 billion in FY 2018-19 reaching \$398 billion.

Despite these headwinds, the economic growth is anticipated to pick up to 5.8% in FY 2019-20 with improvement in investments, especially in the private sector with improved bank and corporate balance sheets and revived rural consumption. Consumer Price Inflation is expected to average at ~4% in FY 2019-20 and FY 2020-21 as the market prices firm up and domestic demand strengthens. In addition, stable oil prices will help moderate import growth, while the non-oil imports are likely to grow at a slightly faster pace as growth inches up.

Further, in FY 2020-21 is anticipated to inch up on being benefitted by recent reforms which aimed to improve the business climate, strengthen banks, and alleviate agricultural distress. (Source- ADO, Economic Times)

India's GDP growth rate (in %)



Dredging

Global dredging industry

Dredging is an excavation activity performed predominantly underwater, in harbors and shallow seas. The global dredging industry is expected to grow at a CAGR of 2.62% during 2019-2026. With increase in population especially in the coastal areas, it has become imperative to reclaim and protect the coastal lands from floods and erosion, which in turn, provides boost to the dredging market. The market is also growing on account of rising need to prevent natural disasters taking place due to rising sea levels resulting in floods. Also, the market is driven by exploration of energy resources as the demand for oil and gas is increasing globally.

Indian ports & dredging industry

In recent times, dredging has emerged as a distinct industry in itself and is growing on account of increase in dredging requirements at Indian ports and inland waterways. Presently, India has 12 major ports which handles 61% of the country's total cargo traffic. In addition to this, the country also has 200 non major ports. The 12 major ports witnessed a growth of 2.90% in cargo handling, at 699.10 million tons in FY 2018-19.

However, Indian ports are currently facing the challenge of handling larger vessels. The absence of proper draft depth has made Indian ports incapable of handling large vessels at its major locations which is significantly hampering trade. A lot of new projects expected as a result of Government's focus on marine infrastructure were delayed and hence the expected growth in market size was lower than expected. Also a big shift in the business scenario with sale of government controlled Dredging Corporation of India (DCI). As much as 76 per cent of the ₹ 700 crore maintenance dredging market at India's state-run major Port Trusts will be out of bounds for private dredging contractors after a consortium of four port trusts—Visakhapatnam, Deendayal, Paradip and Jawaharlal Nehru—buys the Centre's 74.44 per cent stake in the Dredging Corporation of India Ltd (DCI). This is because the four port trusts as the new owners of DCI will favour giving maintenance dredging contracts to DCI on nomination basis (without a tender) at their own ports. Private dredging contractors will be left with nothing if the four port trusts influence the other seven port trusts and one state-run corporate port (Kamarajar Port) to opt for the nomination route to award contracts. This specific development has dramatically altered the dredging market with almost every private player being forced to sell their dredging equipment and exit the business. The Company has also accordingly decided to sell off its dredging fleet and focus on asset light dredging contracts only.

Operational Highlights

The revenue of the division fell from 166.5 crores to 127.68 crores, a drop of 23%. Owing to the high cost asset nature of the business, the Company continued to incur huge standing costs of Rs. 10.65 Cr for the dredgers, which is not sustainable.

After due consideration of the business opportunities and other governing factors, the Company decided to revamp its strategy in respect of the dredging division. With a view to reduce and eliminate the standing cost of the dredgers, the Company is moving towards an asset light model by monetizing the dredgers owned by it. The Company continues to explore suitable opportunities in the asset light model, where the experience and expertise of the Company can be leveraged.

For FY 2019-20, as of date, the Company has contracts at Goa (Indian Navy) and Mumbai Port with a total estimated revenue of Rs. 36 Cr. These are presently ongoing asset light dredging contracts. The Company shall continue to carry on the Dredging business and may do capex light expansion at an opportune time subject to the market conditions and commercial viability.

An injunction order against Dredging Corporation of India (DCI) in the matter of execution/enforcement order was passed by Hon'ble Delhi High Court in April 2019 followed by directions in the last hearing held on October 31, 2019 to DCI to deposit the entire award amount (for ~ Rs.48 crores) along with up to date interest with the Court within 6 weeks. Matter is listed for next hearing on January 23, 2020.

Shipping

Global shipping industry

The shipping industry witnessed an unexpected surge in shipments from July till December 2018. This was on account of accelerated shipments by importers, for the purpose of protecting themselves from paying higher duties as a result of possible higher tariff amounts in 2019. During the year, the industry was seen gradually recovering from the effects of trade war that took place between the US and China. In 2018, the world's ship building activities were majorly led by countries like China, Japan and Republic of Korea, accounting for 90.5% of the entire global deliveries. Fleet ownership was headed by countries like Greece, Japan, China and Germany. These countries cumulatively accounted for 44.2% of the world's fleet. India and its neighbouring countries led the intensive work of ship scrapping across the world due to the availability of labour. Chinese seaborne imports also went down during the first 10 months of 2018 due to the shift in the steel mills from iron ore to scrap metal. (Source: Shipping and Freight Resource)

The growth in the advanced economies like China, Japan etc. are declining due to geopolitical conflicts, ageing demography and depreciating currencies. Therefore, the majority of shipping demand is expected to come from the

emerging and developing countries in the next five years. Further, demand from developing economies is favourable for the dry bulk sector, but is not helpful for container shipping. Fleets carrying crude oil tankers is expected to grow by 2% in 2019 largely on the back of new oil refineries coming up in China and improvement in the US exports. Global seaborne trade is estimated to increase by 3.8% during the period 2018 to 2023. Capacity is expected to grow in all the sectors of the shipping industry, especially in the container and dry bulk segments. As China is a major country in terms of shipping activities, the decisions taken by China under the influence of the trade war will leave a major impact on the future of this industry. The shipping industry is expected to reach a value of USD 210 billion by 2021.

Indian Shipping industry

India's trade is largely dependent upon maritime. The country holds the position of being the sixteenth largest maritime country in the world and the government initiatives in this industry play an important role in driving the growth of the industry. The fiscal year gone by proved to be a significant year for the Ministry of Shipping, as major ports maintained their performance in terms of adding more capacity and improving efficiency as past 4 years. Around 95% of the trading volume and 70% by value is done through maritime transport. India has 12 major ports and 200 non major ports, while capacity expansion plans are further being made for 6 new port locations in order to handle more cargo. In addition, the port connectivity has also improved over the year.

The improvement in infrastructure and enhancement in port connectivity is expected to allow the ports to handle more traffic and eventually benefit the trade and commerce of the country. Increment in the capacity and the implementation of various initiatives taken by the Government of India will further enable the industry to handle increasing number of exports and imports. Further, there are major technological improvements taking place along with major technological advancements all over the world, such as the introduction of block chain technology, elastic logistics and smart ships which are likely to boost the growth of the industry.

Government Initiatives

- ▶ Policy implementations such as amendment of Model Concession Agreement along with various revisions of guidelines has made conducting business easier.
- ▶ Under the National Perspective Plan for Sagarmala, 89 projects were completed and 443 projects are being implemented and undergoing continuous development.
- ▶ The Government is aiming to make all the major ports run on renewable energy. By 2019, the GoI plans to install 200 MW wind and solar power generation capability at the major ports.
- ▶ There are ongoing plans to develop the maritime sector by around US\$ 11.8 billion and to increase capacity by around 3200 MMT to meet growing imports and increasing traffic due to it.
- ▶ All the 12 major ports have been integrated with PCS. The PCS is a centralised single window platform, which serves as a message exchange gateway for port community stakeholders. Besides improving efficiency of ports, it provides a secure data exchange medium between ports and various related stakeholders.
- ▶ Port connectivity projects at Vishakhapatnam will help in developing the ports

(Source - Ministry of Shipping)

Operational Highlights

The shipping segment for FY 2018-19 recorded revenues of Rs. 200.43 Crore, a dip vis-à-vis the last year. Shipping segment profitability was affected mainly due to a one-time impact of Rs. 73.50 Crore on account of an overall loss on sale of two vessels in FY 2018-19. In view of huge expenses expected, new regulations coming in place and the age of the vessels, the Company sold the VLGC Sisouli Prem and a tanker 'M.T. Vedika Prem' in the year under review FY 2018-19.

FSO vessel Prem Pride's contract with BG Exploration and Production India Ltd (BG) expires on 21st December 2019. Vessel Prem Mala's current contract expires in January 2020. Both these vessels are due for their dry docks which would entail a huge capital expenditure. Owing to their old age and expected capital expenditure, the Company proposes to sell its FSO 'Prem Pride' and MR Tanker 'Prem Mala' for which approval of shareholders has since been obtained and no objection from lenders is in process.

The Company shall continue to carry on the Shipping business and may incur capex light expansion at an opportune time subject to the market conditions and commercial viability.

Oil & Gas

Global oil & gas industry

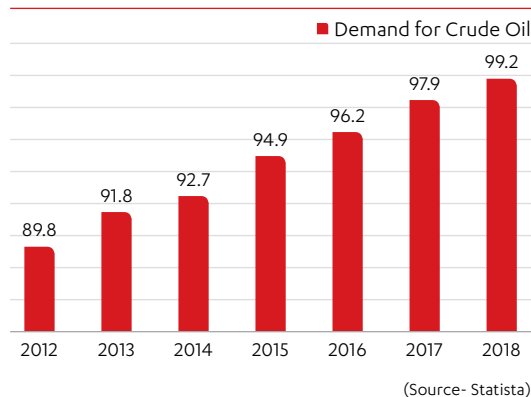
Oil and Gas industry is the largest industry in the world in terms of value. It is a global powerhouse and provides employment to a huge number of people. In 2018, the demand for oil reached 100 MMbbl/d which accounted to be highest but excess supply continued to dampen prices. While natural gas continued to gain share in the market, the oil prices remained volatile throughout the year ranging between US\$ 85/bbl. to US\$ 50/bbl. Price volatility and a misbalance in the supply and demand led to the increase in inventories.

The crude oil prices dropped in Q3 2018 on account of increase in US shale production, exemptions in Iranian exports and increased production from the OPEC countries. Further, capital availability tightened due to the increase in US interest rates and concerns for the US shale profitability. However, the deal between OPEC and Russia in regards to cutting down of production by 1.2 million barrels per day and reduction in Venezuelan outputs due to US sanctions has started to bring back the market on track. In Q4 global demand for crude oil reached 99.89 million b/d. The average output was 98.76 million b/d in 2018 as

against 97.29 million b/d in 2017. There was a steady growth in almost all regions except in the Pacific and Middle East countries. (Source: McKinsey & Company)

The oil and gas industry is heading towards a supply crunch while the demand is expected to reach 104.7 mb/d by 2023. Nearly 50% of the global demand will be contributed by China and India. Despite this, the major contribution is expected from India, while China is likely to witness a fall in demand. Political conflicts across the world will also increase production tension in the major resource producing regions. The prices of Brent crude oil is expected to come down to \$63.37/b in 2019 from \$71.19/b in 2018. While the US WTI prices will average \$5.50/b less than Brent prices in 2020. (Source: Energy Dais, EIA)

Demand for Crude Oil worldwide 2012-2018 (in million barrels)



Indian Oil and Gas Industry

India is the second largest refiner in Asia and the third largest energy consumer in the world. The country's total refining capacity in 2018 was 5.01 million barrels per day. During the year, India's crude oil prices went down by 4% after failure of major companies in meeting their targets. Companies belonging to public and private sector faced several issues at its oil fields which cumulatively brought down the oil production of India to 34.2 million tons in FY 2018-19 from 35.7 million tons in FY 2017-18. Production from the private sector also witnessed a dip by 2% to 9.8 million tons due to the unsatisfactory performance of the Rajasthan oil fields. However, natural gas output grew by

0.69% to 32.9 billion cubic meter in FY 2018-19 from 32.6 BCM in FY 2017-18. Production from fields owned by private companies dropped by 16.22%. (Source: Economic Times)

India's GDP growth, inflation and current account deficit will be affected by rising oil prices as oil and gas is one of the prime industries that contribute to the GDP growth. Refining capacity of India is set to hit 6.525 million barrels per day by 2023. The refining capacity of India is projected to grow at an average annual growth rate of 5.3% by 2023 in order to meet the growing demand. India's share in Asia's total crude oil refining capacity will continue to remain 15% which holds India at the second position after China.

Opportunities

- ▶ Growing demand in the domestic market both for oil and natural gas is making conditions favorable for business owners which would give them the confidence to invest more.
- ▶ There is a significant amount of resources and skilled labor available in the industry which is attracting new investors. Investment opportunities in refining capacity is also increasing.
- ▶ The Government is taking major steps in advancing the sector by allowing 100% FDI and business friendly policies. The country's most of the areas, though, are yet to be explored.
- ▶ Coastal shipping is being encouraged by the government as it is expected to drastically reduce the cost of logistics. Coastal shipping has been growing faster than the overseas trade shipping and is expected to continue of the growth voyage over the next 5 years.

Threats

- ▶ Production of crude oil is gradually decreasing and making the market more dependent on crude oil imports, thereby, resulting in increase in crude oil prices.
- ▶ Several geopolitical conflicts can squeeze the supply of crude oil further, causing more volatility in the oil prices. It is estimated that every \$10 per barrel increase in the oil price affects the country's growth and reduces it by 0.2%.

(Source- The Economic Times, Financial Express, Rigozone)

Operational Highlights

The Company owns two onshore oil blocks in Gujarat's Cambay basin. Production Sharing Contract (PSC) for the Block CB-ONN-2005/3 has been terminated by Ministry of Petroleum and Natural Gas vide their letter dated 24th October 2019 since there was no oil discovery in the said Block. However, PSC for the producing Block CB-ONN-2005/9 (CB9) remains in force. The CB9 block have high-quality crude reserves and are in close proximity to refineries. It has achieved significant progress in developing these oil blocks and during the year under review. The Company began mobilizing the Jyoti-1 well in August 2018, after receiving the mining lease in June 2018 for a period of 20 years. MPL has signed a MoU with the Indian Oil Corporation for sales of its crude oil, at benchmarked rates. In the Block CB-9, the discovered well Jyoti – 1 was in operation up to 4th April 2019 under provisional permission hitherto granted by DGH. The Company is now awaiting a formal grant of Environmental clearance from the Ministry of Environment and Forest (MoEF) to resume production from this well. MPL has an approved Field Development Plan for 23.79 million barrels of proven high-quality oil in the highly prolific the Cam bay basin. The oil block produces light sweet crude oil. The Company expects the reserves to increase significantly as it enters the second phase of exploration. MPL is in active discussion with the banks and other financial institution for raising funds for capital expenditure for the development

campaign to help it to ramp-up its production. The Company is looking towards monetizing the participating interest in Oil Blocks with a larger view to reduce debt at a group level.

EPC contract/Sagar Samrat: Mercator Oil & Gas Limited (MOGL) and Mercator Offshore (P) Pte. Limited (collectively 'Mercator Oil & Gas') were engaged in the execution of an EPC contract involving conversion of Sagar Samrat, a mobile offshore drilling unit into a mobile offshore production unit for ONGC. The said contract was awarded to a consortium comprising of Mercator Oil & Gas and Gulf Piping Co. WLL (GPC), a shipyard based out of Abu Dhabi. On September 25, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project giving the consortium 14 days cure period as per the contract. At the same time ONGC proceeded to encash the bank guarantees. MOGL had then challenged the invocation of Bank Guarantees and was granted a stay by Hon'ble Single Member Bench (SMB) of the Bombay High Court. Appeal in the Arbitration Petition before division bench of Hon'ble Bombay High Court in a 100% subsidiary of the Company was dismissed vide order in July-2019; By virtue of the above order, ONGC invoked bank guarantees worth INR 142 crores. This has increased the debt of MOGL by an equivalent amount. Parallely, on 15 December 2018, MOGL initiated arbitration proceedings against ONGC, raising claims of US\$ 173 million against ONGC on account of the following:

- i. Certified work but not invoiced
- ii. Works completed and invoiced but unpaid
- iii. Unpaid and/or unapproved variations
- iv. Wrongful deduction of liquidated damages
- v. New Taxes
- vi. Wrongful invocation of the Bank Guarantees
- vii. Damages at large
- viii. Wrongful termination

MOGL in its pleadings had alleged fraud and collusion by and between ONGC & GPC for illegally terminating the contract and subsequently awarding it to GPC which was ultra vires (a) the Contract signed between ONGC & the Consortium, (b) Contract signed between the Consortium parties inter se and (c) Guidelines laid down by the Central Vigilance Commission (CVC) for PSUs mandating policies for awarding contracts.

Coal

Global coal industry

The year began on a positive note for the coal industry demonstrating a growth of 3-5% on account of implementation of tariffs on China by the U.S., which is the largest coal producer and consumer. The reduction in their production due to the ongoing trade war led to the increase in imports. The decline in production of coal along with the strike of miners led to the soaring of coal prices in 2018. Coal production has been growing rapidly over the last few years. Coal production was maximum in India, Indonesia and Russia. In 2017, coal production increased by 2.8% while in 2018 it grew by further 0.1%. In spite of the increase in production, coal imports increased in countries like China, India and Southeast Asia in 2018 due to higher demand. Trade in the coal industry in Europe declined due to the generation of renewable energy sources.

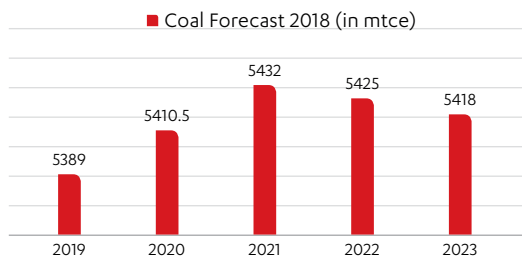
Several major players in the coal industry have scaled down their capacity by withdrawing from several mining projects either partially or completely. In 2022 production is expected to grow to up to at least 7.6 billion tons, while the production capacity in India and Indonesia is anticipated to grow at a CAGR of 3.9% and 10.9% respectively between 2018 to 2022. Further, between 2019 and 2022 there will be more than 300 coal projects starting off, out of which

92 are already under construction. Of the total 300, 57 are located in Australia, 55 in India, 54 in China, 30 in South Africa, 18 each in Canada and Indonesia and 15 in the US. Moreover, coal consumption is expected to grow at the rate of 2.5% every year for the next 20 years.

Indonesia's coal production industry

Coal production in Indonesia touched 528 million tons in 2018, which marks around 14.5% increase from the previous year. This took place mainly due to the rise in coal production by several companies. The production achieved was higher than the target set by the Government, which was 506.9 Mt in 2018.

Global Coal Demand Forecast



(Source- International Energy Agency)

Operational Highlights

During FY 2018-19, company showed outstanding performance and achieved highest ever performance on all parameters since start of operations in 2012. The brief highlights as below;

Highlights Performance KPB & IPK Year 2018-19

S.N	KPIs	Unit	Highest Ever 2018-19	2017-18	Previous Best 2016-17
1	KPB Dispatch	Million MT	1.94	0.983	1.74
2	3rd Party Dispatch	Million MT	2.85	1.498	2.29
3	Total Dispatch	Million MT	4.79	2.48	4.03
4	KPB Coal Production	Million MT	1.91	0.978	1.65
5	OB Removal	Million BCM	10.57	5.48	6.86

The Company on realizing the opportunity of additional logistics through put in jetty, upgraded the Jetty capacity by installing an additional crusher of 600TPH and also upgraded the feeders to increase the loading rate. This has helped company to achieve logistics through put capacity from 5.0 Million MT per year to 7.0-7.5 Million MT per year. The company further upgraded the existing hauling road by making all weather road to increase KPB's coal production capacity to 2.5 Million MT per year.

In FY 2018-19, the coal business saw a sharp decline in revenues due to the above-mentioned issues. Income from operations for the year under review stood at Rs.534.89 Crore.

FY 2019-20 the Company is striving to improve the mine plan and pit working to optimize the efficiency, productivity and reducing specific fuel consumptions leading to further reduced cost of operations.

Legal Issues associated with coal business and its update

A. Disruption of Business

In September 2017, the group had changed its directors and senior management, which has led to certain disruption of operation of the business for approximately 5 months. Following the change of the subsidiaries directors and senior management, certain proceedings have been filed by new management of the subsidiaries, ultimate parent company and shareholder of the said subsidiaries in Singapore and Indonesia against some of the former directors of the said subsidiaries, who have in turn initiated various

proceedings against the company, shareholders of the Group and ultimate parent company. The subsidiaries have resumed its operation on 15 January 2018.

In October 2018, all the parties concerned entered into a settlement without cost and pursuant to that both the parties have withdrawn all legal cases filed at Singapore and Indonesia. Pursuant to the said settlement, the subsidiaries have write-off the outstanding receivables amounting to Rs.3.52 Crore (USD 0.50) from these parties.

B. Legal matter for ownership dispute

Minority shareholder of PT Karya Putra Borneo (Step Down Subsidiary at Indonesia) has filed a frivolous claim as shareholder of said company by allegedly accessing Legal Entity Administration System (LEAS) of Ministry of Law and Human Rights (MoLHR) and filed Deed of Charge of Board of Directors, Board of Commissioner and Shareholders (Akta) dated 5th March, 2019 which was on execution of the Circular Resolution based on misinterpretation of existing decision of Supreme Court No 1332K/Pid/2017 dated 11th January 2018. Subsequent to two joint hearings at MoLHR between all parties, one of the shareholder of PT Karya Putra Borneo has filed court case with the State Administrative Court (PTUN).

As per information available until date of reporting, matter is sub-judice and under review cum discussion at court. Management of the Company is anticipating positive outcome as per their judgment and other compliance under applicable Mining Law in Indonesia.

Financial Highlights

During the year under review, Mercator witnessed a weakened performance on account of challenges in operating environment. The table below highlights the key performance indicators of the Company. Going forward, the Company will take various steps that will be directed towards increasing its revenue and profitability.

Particulars	FY 2018-19	FY 2017-18	YoY Change (in %)
Total Revenue (₹ in crore)	1034.22	968.49	6.8
EBITDA (₹ in crore)	(72.63)	126.94	(157.2)
EPS (in ₹)	(30.04)	(10.42)	188.3
Debtor Turnover (in time)	0.13	0.34	(61.8)
Inventory Turnover (in time)	0.02	0.02	-

Particulars	FY 2018-19	FY 2017-18	YoY Change (in %)
Interest coverage Ratio (in time)	0.65	1.44	(54.9)
Current Ratio (in time)	0.43	0.92	(53.3)
Debt Equity Ratio (in time)	49.55	1.81	26.37x
Operating Profit Margin (in %)	40.16	33.84	18.7
Net Profit Margin (in %)	(85)	(27.46)	209.5

Risk & Concerns

Risk	Definition and Potential Impact	Our Response
Economic Risk	Our operations are spread across many countries in the world. Any slowdown in the economy as well as local headwinds might have adverse impact on Company's operations.	The Company is periodically monitors various developments in areas of its presence to identify the risk, if any, arising from such developments.
Legal Risk	Involvement in legal cases may lead to slowdown of operations and loss of consumer confidence in Company's operations. Mercator's involvement in two legal cases might have adverse impact on its functioning. Some cases have since been filed by operational creditor(s) in National Company Law Tribunal (NCLT) against the Company and its few subsidiaries in India under the Insolvency and Bankruptcy Code 2016. The cases have not been admitted yet and the hearings are in process.	The Company has been stringently fighting against the lawsuit and is optimistic of coming out of it not guilty and regaining its consumer's confidence as well as resuming normal course of operation. None of the cases filed in NCLT by operational creditor(s) has been admitted yet. The Company has been defending the same.
Competition Risk	Competition from domestic, as well as international markets could affect market presence and market share of the company	Building economies of scale in shipping business and upgradation of capacities leading to maintain cost advantage. Moreover, strengthening long-term relationships with key customers, by offering better quality and service know-how. This has enabled the Company to stay ahead of its competitors
Operating Risk	Inability to manage customer relationships could impact revenues	The Company has been successful in retaining customer relationships, leading to organisational stability and predictability, despite stringent business environment. It enjoys enduring relationships with major global and Indian company, ensuring revenue stability.
Forex Risk	Fluctuation of currency prices against local currency may have adverse impact of Company's profitability	Adoption of natural hedge against forex fluctuation enables the Company to mitigate any adverse impact of currency rate fluctuation.

Risk	Definition and Potential Impact	Our Response
Environmental Risk	With rising awareness of effects of Climate change, unable to adhere to environmental norms may lead to negative impact on the Company. This may impact the long term demand for coal leading to lowering of coal prices	Given the nature of business of Mercator, environmental protection measures are taken concurrently with coal operations for maintaining acceptable levels of environmental pollution. The company has a strict HSE policy in place to ensure business excellence as well as customer satisfaction.
Human Capital Risk	In ability to recruit and retain professionals of the required calibre and the required number, affecting the company's prospects of being able to scale the business in line with its growing order book and marketplace realities	The Company's workforce contains employees belonging from diverse background and culture boosting a culture of innovation and efficiency. Further, it has a strong HR team which efficiently take care of human resource management.

Quality, Safety and Environment

The Company is committed to the policy of 'Zero Accidents and Zero Spills'. It believes that maintaining strict quality standards ensures full safety of all stakeholders and adherence to environmental norms is a critical component for business excellence and client satisfaction. The Company believes in ensuring the health, safety and security of its team, as well as those associated with it. All equipment and assets are regularly monitored and serviced to guard against any mishaps. All employees go through a thorough training programme to equip them with full awareness and understanding of all quality, safety and environmental norms. The Company practice the 'Stop Work' culture in case of any unsafe activity. It flexible Health, Safety, Security & Environment (HSSE) culture adapts to the changing external demands and ensures 100% compliance to all relevant national and international rules and regulations. The Company are happy to report that we delivered '100 accident free days' in FY 2018-19 as a result of our initiatives to ensure full safety for our employees. We continue to remain committed towards this goal and are hopeful of reporting such victories in future as well.

Internal control system and their adequacy

To ensure adherence to and adequacy of all internal control systems, we utilise the services of external auditors. They evaluate the efficacy and sustainability of our internal control systems and provide suggestions or improvements. The Audit Committee constituted by the Board of Directors reviews their findings consistently.

Human resource policy

The Company believe that the team is the soul of our organisation and hence, take every measure to empower and motivate them. Our core focus is to provide growth and nurture our people, encouraging them to perform to the best of their abilities. We believe enabling cross-functional teams across levels help enhance productivity and efficiencies. We also recognise the importance of providing equal opportunities to women. Our Company remains focused on strengthening our human resources policies and internal processes where employees seek continual improvement, greater accountability and responsibility. As on March 31, 2019, there were 80 permanent employees and 18 contract employees with Mercator India. Globally, the Mercator group had 379 employees as on March 31, 2019.

Cautionary Statement

The Statement in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include demand-supply conditions, changes in Government and international regulations, tax regimes, economic developments within and outside India and other factors such as litigation and labour relations.

Standalone Financial Statements

Independent Auditor's Report

To
The Members of
Mercator Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the Standalone financial statements of **Mercator Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive expense), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

As detailed in Note No. 3.17 of the Standalone financial statements, the Company's tax receivables (net) under financial assets are carried in the Balance Sheet at Rs. 88.87 crore. As per the information and explanations given to us, tax assessments are under process for the period AY 2007-08 to AY 2015-16 at different forums and demand amounting to Rs. 63.18 crore has been reflected as contingent liability. The company has not made an estimate of the potential financial impact of these pending litigations which will impair the recoverability of the Income Tax Assets. Hence, we are unable to comment on the impact of these proceedings on the standalone financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Material Uncertainty Relating to Going Concern

Note No. 3.25 to the Standalone financial statements regarding the preparation of the statement on going concern basis, for the reason stated therein. Consequently, the assets and liabilities are being carried at their book value and the management is of the view that no further impairment of its non-current assets is required. The Company has accumulated losses and has also incurred significant losses during the year ended March 31, 2019. As on date, the Company has substantial investments and loans and advances receivable from subsidiary companies and other disputed receivables, which are not readily realizable to service the Company's current liabilities and the Company's net worth has also been substantially eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. The appropriateness of assumption of going concern, and evaluation of recoverable value of its noncurrent assets is critically dependent upon the resolution of the debt of the Company, the Company's ability to raise requisite finance, achieve favourable orders in various ongoing litigations and generate cash flows in future to meet its obligations and to earn profits in future.

Emphasis of Matter

We draw attention to :

- Note 3.25 Standalone financial statements regarding an ongoing litigation relating to shareholding of a step down subsidiary, PT Karya Putra Borneo (KPB) (a material subsidiary), where a minority shareholder has raised a claim relating to the entire shareholding of the entity. The total investments and advances to KPB from a subsidiary entity amount to Rs.94.90 Crore (USD 13.72 Mn) and Rs. 71.45 Crore (USD 10.33 Mn) respectively. As a result of this dispute in the shareholding, the management has not been able to provide audited financial statements of KPB for our review. Hence, we are unable to comment on the impact if any arising from this litigation and from the audit of the said subsidiary, which may impact the investment value of the direct subsidiary Mercator International Pte Ltd.
- Note 3.26 of the Standalone financial statements 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 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 (including other receivables) amounting to Rs. 0.15crore and Rs.79.59 crore respectively in MOGL (in addition to guarantees given/company's shares pledged), the recoverability of which/and any further liability thereon would depend on the outcome of this litigation.

- Note 3.27 of the Standalone financial statements regarding receivable from an insurance company amounting to Rs.54.28 crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	Provisions, write offs and write backs Refer Note 3.18 to the financial statements. The company has provided for an amount of Rs.95.60 crore pertaining to its receivables and advances and has written back an amount of Rs. 41.04 crore pertaining to its payables during the year. This has been done basis a detailed evaluation conducted by the management during the year of its receivables and payables. These items are material and non recurring adjustments carried out in the financial statements basis management judgements and estimates requiring specific audit procedures to be conducted by us.	Principal audit procedures Our audit approach was a combination of review of controls and substantive procedures which included the following: 1. Reviewed the policies of the company with respect to provisions and write backs. 2. Obtained the list of accounts and amounts that were provided or written back along with the rationale for the same and appropriate approvals. 3. Read the minutes of the Audit committee and Board of Directors approving the same. 4. Tested on sample basis the correspondence and documentation relating to these provisions/ write backs, wherever available. We have also reviewed whether appropriate disclosures are made in the financial statements

Sr. No.	Key audit matters	How our audit addressed the key audit matter
2.	Recoverability of Investment and loans/ advances to subsidiaries The company has significant investments and loans given to its subsidiaries amounting to Rs. 474.48 crore and Rs. 329.32 crore respectively. The amounts are material to the financial statements of the company. The recoverability of these loans and value of these investments would depend on the financial performance of these entities, on which there is extensive reliance on management estimates and other subjective factors.	Principal Audit procedures: Our audit approach was a combination of review of controls and substantive procedures which included the following: 1. Obtained the list of investments and loans given to each subsidiary 2. Read the audited/ unaudited financial statements for these entities. 3. Held discussions with the management about the recoverability of the loans 4. Obtained external valuations, where available of the major assets of the subsidiary and discussed the equity value realizable to the company, as assessed by the management.
3.	Revenue Recognition The Company has different revenue streams for vessels and dredgers. Each contract, contains various clauses which impact the determination of the transaction price of the identified performance obligation of the company including qualitative factors basis which deductions may be carried by the customers. The estimation of the completion of performance obligations and determination of the revenue to be recognized and deductions to be accounted involves high level of judgments and estimation.	Principal audit procedures: Our audit approach was a combination of review of controls and substantive procedures which included the following: 1. Review of controls for recognizing revenue. 2. Selected a sample of the continuing and new contracts and tested the effectiveness of the controls, relating to identification of the distinct performance obligations and the determination of the transaction price. 3. Selected a sample of the continuing and new contracts and performed the following procedures: • Read, analysed and identified the distinct performance obligations • Compared these performance obligations with that identified and recorded by the company • Considered terms of the contract to identify the transaction price • Tested sample transactions to assess whether the revenue has been appropriately accounted including any under performance claims for time charters • Performed analytical procedures for reasonableness of revenue accounted and disclosed
4.	Impairment of Assets The company has Vessels and Dredgers with a carrying value of Rs. 301.23 crore. There are impairment indicators in the company given the current market conditions in shipping and availability of contracts in dredging business. The company has carried out independent assessment of value of each of the vessels and dredgers and has also estimated the Value in Use. Assessment of the Value in Use involves making several assumptions pertaining to sales pricing, future cost estimation, the discount rate to be applied, the scrap value at the end of the life and other subjective factors. The company has estimated a total impairment provision of Rs 150.61 crore for the year which has been provided in the financial statements.	We addressed this key audit matter as under: 1. Reviewed the impairment policy of the company 2. Obtained the list of Cash Generating Units (Vessels and Dredgers) and their carrying values 3. We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. 4. Obtained the latest independent valuation reports, as available for Vessel(s) and had compared value in use with carrying value in case of Dredger, due to non – availability of the latest valuation reports. 5. We tested the arithmetical accuracy of the models Evaluated the Value in Use calculation prepared by the management and the reasonableness of the key assumptions applied in the impairment calculation.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in Corporate Governance, Management Discussion and Analysis and Directors' Report including Annexure to Directors' Report. In view of the matters described in the Emphasis of Matter Paragraph above, we have not received these reports as on date, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standard specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none

of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- g) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, excess remuneration of Rs. 1.16 crore was paid by the company to its director during the current year with respect to the provisions of Section 197 of the Act (Refer Note No. 3.21). The excess amount paid, owing to the event of default, i.e. repayment of interest and installments to the Banks and Public Financial Institutions, has been reversed and recoverable from the director, to comply with the provision of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,

2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements - Refer Note 3.05 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Singhi & Co.

Chartered Accountants

Firm Registration No. 302049E

S. Chandrasekhar

Partner

Place: Mumbai

Date: 29th May 2019

Membership No. 007592

Annexure A to the Independent Auditor's Report

Annexure A referred to in paragraph 1 of the Independent Auditor's Report of even date to the members of Mercator Limited (the "Company") in the Standalone financial statements as of and for the year ended March 31, 2019 under the heading "Report on other legal and regulatory requirements".

i. In respect of the company's Property, plant & equipment:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of the fixed assets, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of the examination of the records of the company, the title deeds of the immovable properties included in fixed assets are held in the name of the Company.

ii. As per the information and explanations given to us, the inventories (excluding inventories in transit) have been physically verified by the management at reasonable intervals during the year and no material discrepancies has been noticed on such verification.

iii. The Company has granted loans, secured or unsecured to Body Corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'):

a. In our opinion, the rate of interest and other terms and conditions on which loans had been granted to the bodies corporate listed in the register maintained u/s 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

b. According to the information and explanations given to us, in case of the loans granted to the bodies corporate listed in register maintained u/s 189 of the Act, these loans are repayable on demand, which have not been recalled in lieu of which no instance of default of the borrowers in the payment of principal and interest.

c. As the loans granted are repayable on demand and have not been recalled, there are no overdue amounts in respect of the loans granted to a body corporate listed in the register maintained u/s 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, with respect to Loans and Advances made, guarantee given and investments made.

v. The Company has not accepted any deposit from the public within the meaning of section 73 to 76 of the Act and Rules framed thereunder to the extent notified.

vi. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records by the company u/s 148 (1) of the Companies Act 2013.

vii. According to the information and explanations given to us, in respect of Statutory dues:

(a) Basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Service Tax, Duty of customs, Duty of excise, Goods and Service Tax, Value Added Tax, Cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

- (b) Basis of our examination of the records of the company, undisputed amounts payable which are deducted/accrued in the books of accounts in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Goods and Service Tax, Excise Duty and any other statutory dues which were outstanding, at March 31, 2019 for a period of more than six months from the date they become payable are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in crore)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Goods and Service Tax (Various States)	CGST / SGST	3.76	May 2018 to August 2018	Various Dates	Not yet paid	
Income Tax	Tax Deducted at Source	3.92	July to Sept 2018	7th of the subsequent month	24th May 2019	

- (c) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Duty of Customs, Duty of Excise, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on March 31, 2019 are as under:

Name of the Statute	Nature of Dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the disputes are pending
Service Tax under Finance Act, 1994	Service Tax	64.03	2006-07 to 2015-16	CESTAT & CCE(A), Mumbai
Income Tax	Income Tax	0.44	AY 2003 – 04	Commissioner of Income Tax (Appeals)
		4.16	AY 2007 – 08	ITAT
		23.63	AY 2008 – 09	ITAT
		12.22	AY 2009 – 10	ITAT
		0.54	AY 2010 – 11	ITAT
		2.74	AY 2011 – 12	ITAT
		1.55	AY 2012 – 13	ITAT
		4.36	AY 2013 – 14	ITAT
		4.29	AY 2014 – 15	ITAT
		9.25	AY 2015 – 16	Commissioner of Income Tax (Appeals)

- viii. Based on our audit procedures and as per the information and explanations provided to us, the Company has delayed as well as defaulted in repayment of loans or borrowings to financial institutions, banks or government. The company has not defaulted in repayment of dues to the debenture holders during the year.

- A) Delays in repayment of loans or borrowings:

Sr. No	Name of Lender	Borrowings		Interest	
		Amount (₹ in Crore)	Period (in days)	Amount (₹ in Crore)	Period (in days)
Long Term					
1	Axis Bank Limited	6.13	105	0.65	83
2	Export and Import Bank of India.	3.96	74	1.57	48

Sr. No	Name of Lender	Borrowings		Interest	
		Amount (₹ in Crore)	Period (in days)	Amount (₹ in Crore)	Period (in days)
3	ICICI Bank Limited	59.29	50	8.19	41
4	IDBI Bank Limited	9.43	60	2.31	60
5	Axis Finance Limited	17.50	23	0.58	89
Short Term					
1	ICICI Bank Limited	17.07	365	0.00	0
2	Other Financial Lenders [#]	1.5	14	0.00	0

B) Default in repayment of loans or borrowings as at Balance Sheet date:

Sr. No	Name of Lender	Borrowings		Interest	
		Amount (₹ in Crore)	Period (in days)	Amount (₹ in Crore)	Period (in days)
Long Term					
1	Axis Bank Limited	49.00	85	8.95	84
2	Export and Import Bank of India	1.23	88	1.63	58
3	ICICI Bank Limited	9.01	11	2.42	6
4	IDBI Bank Limited	4.72	3	1.06	3
Short Term					
1	Other Financial Lenders#	35.29	1	0	0

[#]Other financial lenders represents loan from various NBFC's / financial institutions for which borrower wise details of default as required by Schedule III is not disclosed or provided to us.

- ix. In our opinion and according to the information and explanations given to us no amounts are raised by way of initial public offer or further public offer and term loan and thus reporting under paragraph 3 (ix) relating to utilization of the same is not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or

reported during year nor have been informed of any such case by the Management.

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The excess amount of Rs.1.16 Crore paid, owing to the event of default, i.e. repayment of interest and installments to the Banks and Public Financial Institutions, has been reflected as recoverable from the director.

- xii. The company is not a Nidhi Company, hence the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. Based on our audit procedures and as per the information and explanations given by the management, all transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of the paragraph 3(xiv) of the order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For Singhi & Co.

Chartered Accountants

Firm Registration No. 302049E

S. Chandrasekhar

Partner

Place: Mumbai

Date: 29th May 2019

Membership No. 007592

Annexure B to the Independent Auditor's Report

(Referred in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MERCATOR LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over

financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

In view of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion

During the year the Company was unable to update and provide us the necessary documentation for evaluation and testing of internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of

Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). Hence, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

For Singhi & Co.

Chartered Accountants
Firm Registration No. 302049E

S. Chandrasekhar

Place: Mumbai
Date: 29th May 2019

Partner
Membership No. 007592

Balance Sheet

As at 31st March 2019

(₹ in Crore)

Particulars	Note	As at 31-Mar-2019	As at 31-Mar-2018
A ASSETS			
1 Non- Current Assets			
(a) Property, Plant and Equipment	2.1	451.84	846.07
(b) Capital Work-in-Progress		-	6.42
(c) Investment Property	2.2	0.96	1.10
(d) Financial assets			
(i) Investments	2.3	474.48	74.97
(ii) Loans	2.4	73.41	428.64
(iii) Other Financial Assets	2.5	15.30	19.81
(e) Other Non Current Assets	2.6	19.45	41.47
(f) Income Tax Assets (net)		88.87	94.66
Total Non-Current Assets		1,124.31	1,513.14
2 Current Assets			
(a) Inventories	2.7	3.74	10.01
(b) Financial Assets			
(i) Trade Receivables	2.8	67.71	162.32
(ii) Cash and Cash Equivalents	2.9(i)	7.42	18.45
(iii) Bank Balances other than (ii) above	2.9(ii)	21.31	22.70
(iv) Loans	2.10	262.27	77.31
(v) Other Financial Assets	2.11	71.36	76.46
(c) Other Current Assets	2.12	30.28	35.36
Non Current Assets classified as Held for Sale		-	26.28
Total Current Assets		464.09	428.89
TOTAL ASSETS		1,588.40	1,942.03
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	2.13	30.25	30.25
(b) Other Equity	2.14	222.65	741.16
Total Equity		252.90	771.41
2 Non - Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.15	473.73	637.13
(ii) Other Financial Liabilities	2.16	0.18	12.78
(b) Provisions	2.17	1.16	1.17
Total Non-Current Liabilities		475.07	651.08
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.18	381.49	125.26
(ii) Trade Payables	2.19		
- total outstanding dues of micro enterprises and small enterprises		0.31	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		84.96	135.32
(iii) Other Financial Liabilities	2.20	369.34	216.44
(b) Other Current Liabilities	2.21	23.72	41.99
(d) Provisions	2.22	0.61	0.53
Total Current Liabilities		860.43	519.54
Total Liabilities		1,335.50	1,170.62
TOTAL EQUITY AND LIABILITIES		1,588.40	1,942.03
Basis of Preparation & Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2 to 3.30		

As per our report of even date

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

S. Chandrasekhar

Partner
Membership No : 007592

Place: Mumbai

Date: 29th May 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman
(DIN:00007690)

Rajendra Kothari

Chief Financial Officer

Place: Mumbai

Date: 29th May 2019

M.M Agrawal

Director
(DIN:00681433)

Sangeetha Pednekar

Company Secretary

Shalabh Mittal

Chief Executive Officer

Statement of Profit & Loss

for the Year Ended 31st March 2019

(₹ in Crore)

Particulars	Note	Year ended 31-Mar-2019	Year ended 31-Mar-2018
CONTINUING OPERATIONS			
INCOME			
(a) Revenue from Operations	2.23	311.96	405.67
(b) Other Income	2.24	76.61	42.41
1 Total Revenue		388.57	448.08
EXPENSES:			
(a) Operating Expenses	2.25	212.76	244.28
(b) Employee Benefit Expenses	2.26	17.41	17.69
(c) Finance Costs	2.27	116.92	104.23
(d) Depreciation and Amortisation expenses	2.1	123.72	137.76
(e) Impairment Losses	2.1	53.45	-
(f) Other Expenses	2.28	183.05	86.94
2 Total Expenses		707.31	590.90
3 Profit/(loss) before exceptional items and tax (1 - 2)		(318.74)	(142.82)
4 Less: Exceptional Items	3.08	181.38	-
5 Profit/(loss) before tax (3- 4)		(500.12)	(142.82)
6 Tax expense:			
(a) Current tax	3.13		
(b) Deferred Tax	2.29	(5.20)	(2.00)
(c) Excess/(Short) provision of earlier years		(6.13)	(40.17)
Profit/(Loss) for the period from continuing operations (5 - 6)		(511.45)	(184.99)
7 Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss			
(a) Remeasurements gain / (loss) on defined employee benefit plans		(0.12)	0.92
8 Total Comprehensive Loss for the year		(511.57)	(184.07)
9 Earnings per share (Equity share of Re. 1/- Each)			
Basic (In ₹)	3.01	(16.91)	(6.55)
Diluted (In ₹)		(16.91)	(6.55)
Basis of Preparation & Significant Accounting Policies			
The accompanying notes are an integral part of the financial statements	1 2 to 3.30		

As per our report of even date

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

S. Chandrasekhar

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Date: 29th May 2019

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Director
(DIN:00681433)

Sangeetha Pednekar

Company Secretary

Shalabh Mittal

Chief Executive Officer

Statement of Cash Flow

for the year ended 31st March, 2019

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
A Cash Flow from Operating Activities		
Net Profit / (Loss) before taxes	(500.12)	(142.82)
Adjustment for:		
Depreciation, Amortisation & Impairment	123.72	137.76
Provision for doubtful debts/advances	97.32	7.48
Balances written back	(41.04)	-
Finance Costs	116.92	104.23
(Profit)/Loss on fixed assets sold / discarded (net)	73.50	65.35
Impairment of investments in subsidiaries	53.45	-
Notional Income on Corporate guarantee	(0.62)	(7.12)
Interest income	(28.58)	(26.39)
Dividend income	-	(0.07)
Remeasurements of net defined benefit plans	(0.12)	0.92
Unrealised foreign exchange (gain) / loss (Net)	9.31	7.31
Operating profit before Working Capital changes	(96.26)	146.65
Adjustment for:		
(Increase) / Decrease in Non Current Financial Loans	(267.89)	(1.69)
Decrease/(Increase) in Inventories	6.27	0.14
Decrease/(Increase) in Other Current Assets	30.20	14.07
Decrease/(Increase) in Trade receivables	16.73	0.45
(Decrease)/Increase in Long term provisions	(0.02)	(0.62)
(Decrease)/Increase in Trade payables	9.01	(54.68)
(Decrease)/Increase in Other current liabilities	(44.56)	33.15
(Decrease)/Increase in Other financial liabilities	(28.31)	7.52
(Decrease)/Increase in Short term provisions	0.08	(0.61)
Net Cash from Operating Activities	(374.75)	144.38
Direct taxes paid / (refunded) - Net	(5.53)	(12.05)
	(380.28)	132.33
Less: Exceptional items	181.38	-
Total cash from / (used in) operating activities	(198.90)	132.33
B Cash Flow from Investing Activities		
Purchase of fixed assets including capital work in progress	(0.49)	(68.02)
(Increase) / Decrease in Capital Advances	19.33	11.52
Proceeds from Sale of Fixed Assets	82.26	72.37
Loan given to Subsidiaries	(15.50)	(197.46)
Proceeds received from repayment of loan from Subsidiaries	-	69.49
(Increase) / Decrease in Current Financial Loans	(17.60)	(12.32)
(Increase) / Decrease in Non Current Financial Loans	-	(13.26)
(Increase) / Decrease in Current Intercompany deposits	(2.93)	5.37
Purchase of Investments	(8.34)	(5.98)
Bank deposits (Placed) / redeemed with banks (Net)	(1.04)	19.61
Interest Received	1.27	27.08
Dividend Received	-	0.07
Net Cash from Investing Activities	56.96	(91.53)

Statement of Cash Flow

for the year ended 31st March, 2019

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
C Cash Flow from Financing Activities		
Proceeds from Borrowings	371.94	231.71
Repayment of Borrowings	(163.58)	(305.10)
Interest paid	(77.44)	(110.78)
Dividend Paid (Including Dividend Distribution tax)	(0.01)	(1.62)
Proceeds from issue of equity shares (net of issue expenses)	-	126.99
Net Cash from Financing Activities	130.91	(58.81)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(11.03)	(18.01)
Cash and Cash Equivalents as at beginning of the year (Refer Note 2.9)	18.45	36.46
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	-	-
Cash and Cash Equivalents as at end of the year (Refer Note 2.9)	7.42	18.45
Cash and Cash equivalent (Refer Note 2.9 (i))	7.42	18.45

Notes:

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".
- Cash and cash equivalents include Unclaimed Dividend accounts of ₹ Nil crore (Previous Year ₹ Nil crore) which are not available for use by the company.
- This includes ₹ 0.47 Crore (Previous Year ₹ 4.11 Crore) primarily on account of bank balances held as margin money deposits against guarantees and Debt Service Reserve Account for loans.
- Reconciliation of changes in liabilities arising from financing activities including both changes arising from cash flows and non cash changes as per the requirement of amendment of Ind AS 7 :

Particulars	As at March 31, 2018	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2019
			Fair Value Changes	Foreign Exchange Movement	Acquisition	Amortised Cost	
Non Convertible Debenture (NCD)	99.22	30.78	-	-	-	5.54	135.54
Rupee Term loan from Bank	-	0.33	-	-	-	-	0.33
Foreign currency term loan from Bank	473.88	(49.90)	-	26.90	-	(8.75)	442.13
External Commercial Borrowing	148.12	(34.65)	-	7.20	-	(0.41)	120.26
Foreign Currency Convertible Bonds (FCCB)	96.28	7.79	-	6.60	-	(1.93)	108.75
Rupee Term loan from Financial Institution	74.36	(39.08)	-	-	-	-	35.29
Rupee Term loan from others	-	7.71	-	-	-	-	7.71
Working capital Loan	43.83	36.13	-	-	-	-	79.96
Rupee Short Term loan form Banks	17.07	249.26	-	-	-	-	266.33
Total	952.76	208.36	-	40.71	-	(5.54)	1,196.29

- Previous Year's figures have been regrouped wherever necessary to conform to the current year's classification.

Basis of Preparation and Significant Accounting Policies

1

The accompanying notes are integral part of the financial statements

2 to 3.30

As per our report of even date

For and on behalf of the Board

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

H.K. Mittal

Executive Chairman
(DIN:00007690)

M.M Agrawal

Director
(DIN:00681433)

Shalabh Mittal

Chief Executive Officer

S. Chandrasekhar

Partner
Membership No : 007592

Rajendra Kothari

Chief Financial Officer

Sangeetha Pednekar

Company Secretary

Place: Mumbai

Date: 29th May 2019

Place: Mumbai

Date: 29th May 2019

Statement of Changes in Equity

for the year ended 31st March, 2019

(a) Equity Share Capital

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Balance at the beginning of reporting period	30.25	26.99
Add: Changes in Equity Share Capital during the year	-	3.26
Balance at the end of the reporting period	30.25	30.25

(b) Other Equity

(₹ in Crore)

Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Hedging Reserve	Foreign Currency Monetary Item Translation Difference Account	Deemed Equity Component	Other Comprehensive Income Actuarial Gain (Loss) on Defined Benefit Obligation	Total
Balance at 1st April 2017	42.89	40.00	460.83	25.00	46.40	152.24	15.38	-	12.16	0.36	(0.64)	794.62
Profit / (Loss) for the Year	-	-	-	-	(184.99)	-	-	-	-	-	-	(184.99)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	0.92	0.92
Total Comprehensive Loss for the Year	42.89	40.00	460.83	25.00	(138.59)	152.24	15.38	-	12.16	0.36	0.28	610.55
Payment of Dividends (including Dividend Distribution Tax)	-	-	-	-	(1.63)	-	-	-	-	-	-	(1.63)
Transfer to General Reserve	-	-	-	(25.00)	-	40.38	(15.38)	-	-	-	-	-
Transfer from General Reserve	-	-	-	25.00	-	(25.00)	-	-	-	-	-	-
Increase / (decrease) during the year	-	-	-	-	-	-	-	-	(6.20)	-	-	(6.20)
Issuance of equity shares through Qualified Institutional Placement	-	-	142.15	-	-	-	-	-	-	-	-	142.15
Amortisation of Financial Guarantee Obligation	-	-	-	-	8.52	-	-	-	-	-	-	8.52
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement	-	-	(12.23)	-	-	-	-	-	-	-	-	(12.23)
Balance at 31st March 2018	42.89	40.00	590.75	25.00	(131.70)	167.62	-	-	5.96	0.36	0.28	741.16
Balance at 1st April 2018	42.89	40.00	590.75	25.00	(131.70)	167.62	-	-	5.96	0.36	0.28	741.16
Profit / (Loss) for the Year	-	-	-	-	(511.45)	-	-	-	-	-	-	(511.45)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(0.12)	(0.12)
Balance at 31st March 2019	42.89	40.00	590.75	25.00	(643.15)	167.62	-	-	(0.99)	0.36	0.16	222.65

As per our report of even date

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

S. Chandrasekhar

Partner
Membership No : 007592

Place: Mumbai

Date: 29th May 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman
(DIN:00007690)

Rajendra Kothari

Chief Financial Officer

Place: Mumbai

Date: 29th May 2019

M.M Agrawal

Director
(DIN:00681433)

Sangeetha Pednekar

Company Secretary

Shalabh Mittal

Chief Executive Officer

Notes to the Financial Statements

1. Basis of Preparation and Significant Accounting Policies

Corporate Information:

Mercator Limited (the "Company") is a public limited Company registered in India under the provisions of the Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India.

1.1 Basis for Preparation

The standalone financial statements of Mercator Limited ("the Company") have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting generally accepted in India.

Items included in the Ind AS financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's Ind AS financial statements are presented in Indian Rupee (INR), which is also the Company's functional and presentation currency. All amounts in these Ind AS financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in Crore.

These Ind AS standalone financial statements for the year ended March 31, 2019 were approved by the Board of Directors and were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on May 29, 2019.

1.2 Historical cost convention

The Ind AS financial statements have been prepared on a historical cost convention, except for the following –

1. Certain financial assets and liabilities including derivative instruments are measured at fair value.
2. Assets held for sale- measured at fair value less costs to sell
3. Defined benefit plans- plan assets measured at Fair value.

1.3 Use of estimates

The preparation of the Ind AS financial statements in conformity with the recognition and measurement principles of the Ind-AS that requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at date of financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Ind AS financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Critical estimates and judgements

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Ind AS financial statements.

The major areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation – refer note 3.03
- Estimation of current tax expenses and Payable – refer note 3.13
- Scrap Value and Useful lives of property, plant and equipment – refer note 1.6
- Impairment of property, plant and equipment – refer note 1.7

Notes to the Financial Statements

- Impairment of Investments, Loans and Advances and Current Assets.
- Provisions for litigations, insurance claim receivables and claim of underperformance by client.

1.4 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

All the assets and liabilities have been classified as current/non-current, as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

Based on the nature of services rendered by the Company and the normal time between the rendering of the services and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Foreign Currency translation

(i) Functional and presentation currency

The Company's Ind AS financial statements are presented in Indian Rupee (INR), which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currency are recorded at functional currency using the exchange rate at the date of accounting of the transaction. Non monetary items, which are measured in terms of historical costs denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the year-end are translated at closing rates. The difference in translation of long term monetary assets acquired and liabilities incurred prior to April 1, 2016 and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset; and in other cases, accumulated in a Foreign Currency

Monetary Item Translation Difference Account and amortised over the balance period of such long term asset / liability, by recognition as income or expense. The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognised in the Statement of Profit and Loss. They are deferred in Other Equity, if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively). Exchange differences relating to Long term foreign currency monetary items incurred prior to April 1, 2016 are accounted in terms of para D13AA of Ind- AS 101 as under:

- In so far as they relate to the acquisition of a depreciable capital asset, such differences are added to/ deducted from the cost of such capital asset and depreciated over the balance useful life of the asset
- In other cases, such differences are accumulated in "Foreign currency Monetary Items Translation differences account" and amortised in the statement of Profit and loss over the balance useful life of the long-term foreign currency monetary item.

1.6 Property, Plant and Equipment & Depreciation

Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment

Notes to the Financial Statements

losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including exchange difference capitalised as per para 1.5 (ii) above, brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Drydocks are considered as component of fleet with estimated useful lives different than the main component of fleet. Cost relating to drydock which is mandatorily required to be carried out as per the Classification Rules and Regulations is recognized in the carrying amount of ship and is depreciated/ amortised over 2.5 years. On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and equipment.

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of Vessels, where depreciation is provided on Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of Vessels, where useful life is considered as under based on technical evaluation:

Tankers, Dry Bulk carriers, Cutters, Dredgers 25 years
except for two dredgers considered as 42 and 60 years.

Gas Carriers 30 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets costing less than ₹ 25,000/- are fully depreciated in the year of capitalisation.

Intangible Assets & Amortization

Intangible assets are stated at acquisition cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives.

1.7 Impairment of non-financial assets

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash- Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss, if any, is recognized in the statement of profit and loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit)

Notes to the Financial Statements

is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

1.8 Investment Property

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP. Ind AS financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment Property is property (land or a building - or a part of a building) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 30 years from the date of original purchase.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.9 Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for

immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Property, plant and equipment classified as held for sale are not depreciated.

1.10 Investment in subsidiaries

Non-current Investments in equity shares and preference shares in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

1.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company recognises revenue when the specific criteria have been met for each of the Company's activities as described below:

a) Cargo Handling

Where loading of the cargo is not completed before the close of the year, revenue is not recognized, and the corresponding expenses are also carried forward to the next year.

b) Charter Hire Income

Income from charter hire and demurrage earnings is recognized on accrual basis as per the terms of agreement.

Notes to the Financial Statements

c) Dividend Income

Dividend on investments is recognised when the right to receive the same is established.

d) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate.

e) Insurance Claims

Claims including insurance claims are accounted when there is a reasonable certainty of the realisation of the claim amount.

f) Income from other services is accounted on accrual basis as per the terms of the relevant agreement.

g) Vessel Demurrage income due as per contractual terms is recognized. A provision on estimated basis is made towards deduction from demurrage based on past experience of settlements.

New and amended standards adopted by the Company

The Company has applied IND AS 115 Revenue from Contracts with Customers for the first time for annual reporting period commencing from April 01, 2018

The core principle of the standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

(b) Cumulative catch - up approach - Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application.

The Company adopted IND AS 115 using the modified retrospective method of adoption i.e. cumulative catch-up approach. The Standard is applied retrospectively only to contracts that are not completed as of 01st April 2018 and the cumulatives have not been restated. The adoption of the standard did not have any material impact on the financial statements of the Company.

1.12 Incomplete Voyages

In case of incomplete voyages, freight earnings are recognised pro rata on the basis of direct operating expenses incurred as compared to total estimated direct operating expenses for the voyage.

1.13 Operating Expenses

- a) Fleet direct operating expenses are charged to the Statement of Profit and Loss on accrual basis.
- b) Bunker consumption cost, which is part of direct operating expenses, is charged to the Statement of Profit and Loss on consumption.
- c) Stores and spares delivered on board the ships are charged to the Statement of Profit and Loss.

1.14 Inventories

Bunker and Lubes on vessels are valued at lower of cost and Net Realisable Value ascertained on First in First out basis. The cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

1.15 Leases

a) Finance Lease

Leases are classified as finance leases, if substantially all of the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

b) Operating Lease

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers

Notes to the Financial Statements

substantially all the risks and rewards incidental to ownership to Company is classified as a finance lease. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Bonds. The remainder of the proceeds is attributable to the equity portion of

the compound instrument, this is recognised and included in shareholder's equity, net of income tax effect, and not subsequently re measured.

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

1.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use for sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Notes to the Financial Statements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market that can be accessed by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.19 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Notes to the Financial Statements

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income. However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. However, currently the Company does not have any financial instruments in this category.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified at FVTPL.

For all other equity instruments, the Company decides to classify the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other

Comprehensive Income to Statement Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit or loss.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognized and accumulated in Other Comprehensive Income are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Notes to the Financial Statements

- b) Financial assets measured at fair value through other comprehensive income.

In case of other assets (listed as a above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition.

B) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortized such as loans and borrowings are initially recognized at fair value, net

of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C) Financial guarantee obligation

The Company's investments include the effect of notional income from financial guarantee obligations.

D) Derivative financial instruments

Initial recognition and subsequent measurement
The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instrument is initially recognised at fair value on the date on which derivative contract is entered into and is subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken through other comprehensive income.

Notes to the Financial Statements

E) Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBs based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.20 Employee Benefits

a) Short – term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) Post – employment benefits

i. Defined Contribution Plans

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

ii. Defined Benefit Plans

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

c) Other Long – term employee benefits

Other Long – term employee benefit viz. leave encashment is recognised as an expense in the other comprehensive income as it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date.

Actuarial gain / loss, comprising of experience adjustments and the effects of changes in actuarial assumptions is recognized in the Statement of Other Comprehensive Income except for Long-term compensated absences where the same is immediately recognized in the Statement of Profit and Loss.

1.21 Cash and Cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand and at bank in current and foreign currency accounts, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.22 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items

Notes to the Financial Statements

and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.23 Taxes on Income

Tax expenses comprise both current and deferred tax.

(a) Current tax

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with section 115VG (3) of chapter XII-G of the Income Tax Act, 1961.

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set and presented as net.

Further, the Company is paying taxes on the basis of deemed tonnage income, hence there is no impact on deferred tax.

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic

benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

1.24 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for which a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Ind AS financial statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset. Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Notes to the Financial Statements

1.25 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive

potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Notes to the Financial Statements

2.1 Property, Plant and Equipment

(₹ in Crore)

Description of Assets	Gross Carrying Amount				Depreciation / Impairment				Net Carrying Amount		
	As at 01/04/2018	Addition	Disposal /Adjustments	As at 31/03/2019	As at 01/04/2018	Addition	Impairment	Disposal /Adjustments	As at 31/03/2019	As at 31/03/2019	As at 31/03/2018
Freehold Land	0.11	-	-	0.11	-	-	-	-	-	0.11	0.11
Vessels	1,217.20	22.81	327.46	912.55	371.38	123.55	150.48	184.12	461.29	451.26	845.82
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-
Vehicles	0.04	0.37	-	0.41	-	0.11	-	-	0.11	0.30	0.04
Office Equipment	0.14	-	-	0.14	0.06	0.02	-	-	0.08	0.06	0.08
Computer Equipments	0.07	0.13	-	0.20	0.05	0.04	-	-	0.09	0.11	0.02
Total	1,217.56	23.31	327.46	913.41	371.49	123.72	150.48	184.12	461.57	451.84	846.07

(₹ in Crore)

Description of Assets	Gross Carrying Amount				Depreciation / Impairment				Net Carrying Amount		
	As at 01/04/2017	Addition	Disposal /Adjustments	As at 31/03/2018	As at 01/04/2017	Addition	Impairment	Disposal /Adjustments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017
Freehold Land	0.11	-	-	0.11	-	-	-	-	-	0.11	0.11
Vessels	1,326.40	66.56	175.76	1,217.20	273.40	137.47	-	39.49	371.38	845.82	1,053.00
Furniture & Fittings	0.23	-	0.23	-	0.07	-	-	0.07	-	-	0.16
Vehicles	0.70	-	0.66	0.04	0.44	0.07	-	0.51	-	0.04	0.26
Office Equipment	0.18	-	0.04	0.14	0.03	0.05	-	0.02	0.06	0.08	0.15
Computer Equipments	0.17	-	0.10	0.07	0.07	0.02	-	0.04	0.05	0.02	0.10
Total	1,327.79	66.56	176.79	1,217.56	274.01	137.61	-	40.13	371.49	846.07	1,053.78

Note:

i Vessels and Vehicle of Net book value of ₹ 448.86 Crore and ₹ 0.29 Crore respectively has been charged/mortgaged to the lenders (Refer Note 2.15.)

ii Impairment testing for fleet

The Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of Ind-AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, the Company has made a provision for impairment loss of ₹ 150.48 Crore as on 31/03/2019 for its fleet out of which ₹ 97.16 Crore related to Vessel Veera Prem has been grouped into exception expenses.

2.2 Investment Property

(₹ in Crore)

Description of Assets	Gross Carrying Amount				Depreciation / Impairment				Net Carrying Amount		
	As at 01/04/2018	Addition	Disposal /Adjustments	As at 31/03/2019	As at 01/04/2018	Addition	Disposal /Adjustments	As at 31/03/2019	As at 31/03/2019	As at 31/03/2018	As at 31/03/2018
Office Premises	1.62	-	-	1.62	0.52	0.14	-	0.66	0.96	1.10	1.10
Total	1.62	-	-	1.62	0.52	0.14	-	0.66	0.96	1.10	1.10

(₹ in Crore)

Description of Assets	Gross Carrying Amount				Depreciation / Impairment				Net Carrying Amount		
	As at 01/04/2017	Addition	Disposal /Adjustments	As at 31/03/2018	As at 01/04/2017	Addition	Disposal /Adjustments	As at 31/03/2018	As at 31/03/2018	As at 31/03/2017	As at 31/03/2017
Office Premises	1.62	-	-	1.62	0.37	0.15	-	0.52	1.10	1.25	1.25
Total	1.62	-	-	1.62	0.37	0.15	-	0.52	1.10	1.25	1.25

Notes to the Financial Statements

2.2 Investment Property (Contd..)

(₹ in Crore)

Particulars	Year ended 31/03/2019	Year ended 31/03/2018
(a) Income and expenditure of Investment property:		
Rental income from investment property:	0.60	0.60
Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.05	0.05
Income arising from Investment Properties before depreciation	0.55	0.55
Less: Depreciation	0.14	0.15
Income from Investment Properties (net)	0.41	0.40

- (b) All of the Company's Investment Properties are held under freehold interest. Investment properties have restriction on title as they are pledged to secure long term borrowings of the Subsidiary of the Company (Refer to Note 3.11 (vi)).
- (c) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (d) The fair value of the Company's Investments properties as at March 31, 2019 & March 31, 2018 have been arrived at on the basis of valuation carried out as at March 31 2017 by an external, independent valuer registered with the authority which govern the valuers in India. The fair value measurement for all the investments properties has been categorised as Level 1/Level 2 fair value on the inputs to the valuation technique used.

(₹ in Crore)

Particulars	Fair Value 31/03/2019	Fair Value 31/03/2018
Fair Value of Investment Properties:		
Office Premises	13.39	13.39
	13.39	13.39

- (e) Details of Company's investment properties and information about the fair value hierarchy are given below:

(₹ in Crore)

Particulars	Fair Value 31/03/2019		Fair Value 31/03/2018	
	Level 1	Level 2	Level 1	Level 2
Fair Value of Investment Properties:				
Freehold land	-	-	-	-
Office Premises	-	13.39	-	13.39

2.3 Non - Current Investments

(₹ in Crore)

Particulars	Face Value per Unit	Numbers - As at		As at	
		31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
Investment in Equity Instruments					
(Unquoted valued at cost)					
Subsidiaries					
Mercator Oil and Gas Limited	10.00	150,000	150,000	0.15	0.15
Mercator International Pte Limited		100,000	100,000	0.29	0.29
Offshore Holding Company Pte. Limited* (formerly known as Mercator Offshore Holding Pte Ltd)		2	2	0.00	0.00

Notes to the Financial Statements

2.3 Non - Current Investments (Contd..)

(₹ in Crore)

Particulars	Face Value per Unit	Numbers - As at		As at	
		31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
Mercator Petroleum Limited **	10.00	47,929,994	15,300,000	47.93	15.30
Mercator Offshore (P) Pte Limited		13,992	13,992	0.05	0.05
Oorja Resources India Private Limited	10.00	25,000	25,000	0.03	0.03
Mercator Oceantransport Ltd**	10.00	50,000	50,000	0.05	0.05
Mercator Dredging Private Limited (formerly known as Mercator FPSO Private Ltd)	10.00	10,000	10,000	0.01	0.01
Investment in Preference Instruments					
(Unquoted valued at cost)					
6.51% Non Cumulative Redeemable Preference Shares in Mercator International Pte Ltd ***	USD 1 each	56,549,515	-	391.16	-
Other Equity Investment -					
(fair value of financial guarantee given for)					
Capital Contribution subsidiary - Corporate Guarantee					
Offshore Holdings Pte. Limited				-	18.42
Mercator International Pte Ltd				3.47	3.46
Mercator Oil and Gas Limited				0.33	0.33
Mercator Petroleum Limited				1.07	1.07
Investment in Debentures					
Subsidiaries:					
6% Optionally Convertible Unsecured Debentures of Mercator Petroleum Limited	10	29,941,800	35,810,000	29.94	35.81
Sub Total (A)					
				474.48	74.97
Others					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1,250	1,250	0.00	0.00
Sub Total (B)					
		1,250	1,250	0.00	0.00
Total					
				474.48	74.97

* Cost ₹ 51

** Shares of Mercator Petroleum Limited and Mercator Oceantransport Limited have been pledged for non-convertible debentures as collateral

*** During the year, the Company has converted the loan receivable amounting to ₹ 391.16 crore (USD 56.55 million) from one of its wholly owned Singapore based subsidiary, Mercator International Pte Ltd., into 6.51% Non- Cumulative Redeemable Preference Shares (NCRPS) to the extent of the amount outstanding as on March 30, 2019 as a part of its restructuring exercise at group level.

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Non Current Investments		
(a) Aggregate amount of investments and market value are given below:		
Aggregate Cost of quoted investments	-	-
Aggregate Market Value of quoted investments	-	-
Aggregate Cost of unquoted investments	474.48	74.97
Aggregate amount of impairment in value of investments	-	-

Notes to the Financial Statements

2.4 Loans (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Loans and advances to related parties (a)	67.15	421.08
Security & Judicial deposits	6.26	7.56
	73.41	428.64
(a) Loans and advances to related parties		
Mercator Dredging Private Limited (formerly known as Mercator FPSO Private Limited)	2.02	2.01
Mercator International Pte Limited	-	357.88
Mercator Petroleum Limited	65.13	61.19
	67.15	421.08

2.5 Other Financial Assets (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Debenture Application Money - pending allotment (a)	-	0.75
Fixed Deposits with bank with maturity more than 12 months (b)	7.79	8.53
Deposits with government and semi government bodies	0.05	0.06
Financial Guarantee Contract Premium	7.46	10.47
	15.30	19.81

- (a) During FY 2017-18, the Company had subscribed for 6% Optionally Convertible Unsecured Debentures of Mercator Petroleum Limited for ₹ 0.75 crores, which have been allotted in the month of April 2018.
- (b) Held as lien for margin money & maintaining Debt Service Reserve Account (DSRA) for Long Term Borrowings

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Security Deposit		
Capital Advances		
Capital Advances to related parties (a)	14.65	18.77
Capital Advances to Others	4.80	22.70
Capital Advances to Others, considered doubtful	5.40	2.70
Less: Provision held	(5.40)	(2.70)
	19.45	41.47
(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	14.65	18.77
Less: Provision held	-	-
	14.65	18.77

Notes to the Financial Statements

2.7 Inventories

(valued at lower of cost and net realisable value)

Particulars	(₹ in Crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
At Cost (Valued at lower of cost and net realisable value)		
Bunker and lubes	3.74	10.01
	3.74	10.01

2.8 Trade Receivables (Unsecured)

Particulars	(₹ in Crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Considered Good	69.91	164.30
Credit Impaired	101.91	25.62
Total Trade Receivables	171.82	189.92
Less:		
Allowances for bad and doubtful debts	(101.91)	(25.62)
Expected Credit Loss on Trade Receivables (Refer Note 3.15(b))	(2.20)	(1.98)
	67.70	162.32

2.9 (i) Cash and Cash Equivalents

Particulars	(₹ in Crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Cash on hand	0.01	0.01
Balances with bank		
Current Accounts (a)	6.94	14.33
Fixed Deposits with bank with maturity less than 3 months (b)	0.47	4.11
	7.42	18.45
(a) Balances with banks includes amount in escrow account	0.59	0.14
(b) Held as lien for margin money & DSRA for borrowings		

2.9 (ii) Other Bank Balances

Particulars	(₹ in Crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Fixed Deposits with bank with maturity more than 3 months but less than 12 months (a)	4.16	2.60
Margin Money Deposit (placed with Banks under lien against the facilities given by the Banks (a))	3.03	2.82
Earmarked Balances with Banks	14.00	17.17
Balances with banks in unpaid dividend accounts	0.12	0.11
	21.31	22.70
Balances with banks held as margin money deposits against guarantees	4.16	7.29
(a) Held as lien for margin money & DSRA for borrowings		

Notes to the Financial Statements

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Loans and advances to -		
- Related Parties (a)	262.27	77.31
(a) Loans and advances to related parties -		
Mercator Offshore (P) Pte Limited*	1.31	1.23
Mercator Oil & Gas Limited	79.59	63.25
MCS Holdings Pte Limited*	6.80	5.73
Oorja Resouces India Private Limited*	0.10	-
Offshore Holding Company Pte Ltd	174.47	7.10
	262.27	77.31

* Denominates Reimbursement of Expenses

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Unsecured		
Considered good		
Inter Corporate Deposits to others	-	5.71
Insurance Claim Receivable	63.32	61.85
Unbilled Revenue	4.09	2.25
Security Deposits	0.02	0.03
Others	-	2.93
Accrued interest on fixed deposit with banks	0.92	0.69
Financial Guarantee Contract Obligation	3.01	3.00
Considered doubtful		
Inter corporate deposits to others	18.00	9.36
Less: Provision for doubtful advances	(18.00)	(9.36)
	71.36	76.46

2.12 Other Current Assets

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Prepaid Expenses	10.39	3.81
Advance to Employees	0.23	0.10
Advance to Suppliers	16.40	29.08
Other Advances	3.26	2.37
	30.28	35.36

Notes to the Financial Statements

2.13 Equity Share Capital

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Authorised		
35,00,00,000 (Previous Year - 35,00,00,000) Equity shares of Re 1/- par value each	35.00	35.00
200,00,000 (Previous Year - 200,00,000) Preference shares of ₹ 100/- par value each	200.00	200.00
	235.00	235.00
Issued Capital		
30,24,59,335 share (Previous Year - 30,24,59,335) Equity shares of Re 1/- each	30.25	30.25
	30.25	30.25
Subscribed and Fully Paid Up Capital		
30,24,59,335 share (Previous Year - 30,24,59,335) Equity shares of Re 1/- each	30.25	30.25
	30.25	30.25

(a) Rights, preferences, restrictions attached to Shares

The Company has two class of shares, referred to as equity shares having a face value of Re.1/- and preference shares having a face value of ₹ 100/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(₹ in Crore)

Particulars	2018-2019		2017-2018	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	302,459,335	30.25	269,892,073	26.99
Equity shares allotted in Qualified Institutional Placement	-	-	32,567,262	3.26
Equity shares outstanding at the end of the period	302,459,335	30.25	302,459,335	30.25

- (c) On 13th Nov 2017, the Company had issued and allotted 32,567,262 Equity Shares of Re 1/- each at an issue price of ₹ 44.65 per share to raise ₹ 145.41 Crore by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities Rules, 2014). Expenses related to the issue amounting to ₹ 12.31 Crore have been adjusted against Securities Premium Reserves. The net proceeds of the Qualified Institutional Placement has been utilised for repayment / prepayment of debt, working capital and general corporate purpose.

- (d) The Company during the preceeding five years :

- Has not allotted shares pursuant to contracts without payment received in cash.
- Has not issued shares by way of bonus shares.
- Has not bought back any shares.

Notes to the Financial Statements

2.13 Equity Share Capital (Contd..)

(e) Details of shareholders holding more than 5% Equity Shares in the Company on reporting date:

(₹ in Crore)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	43,908,700	14.52	47,066,700	15.56
Archana Mittal	27,027,400	8.94	27,027,400	8.94
AHM Investments Private Limited	18,406,250	6.09	18,406,250	6.09
Government of Singapore	17,336,959	5.73	17,336,959	5.73

"Out of above 64,811,250 no of shares (PY 43,623,401 no of shares) (72.19% (PY 46.94%) of promoter holding) has been pledged against loan taken by the Company outstanding as on 31st March 2019 amounting to ₹ 36.29 Crores (PY ₹ 74.50 Crores) as stated in Schedule 2.18

In addition to above, 90,00,000 no of shares (PY 90,00,000 no of shares) held by AHM Investments Private Limited has been pledged during the year for credit facility amounting to ₹ 36 Crores (PY ₹ 36 Crores) taken by one of its wholly owned subsidiary Mercator Oil and Gas Limited."

Out of the promoters' holding 2,27,78,025 no of shares have been invoked by the financial lenders until date of reporting against which external loans liabilities of ₹ 7.73 crore have been settled.

- (f) In respect of year ended March 31, 2019, the Board of Directors of the Company has not recommended any dividend (Previous Year Nil per share) on the fully paid up equity shares.

2.14 Other Equity

A. Summary Of Other Equity

(Refer Statement of Changes in Equity for detailed movement)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Capital Reserve	42.89	42.89
Capital Redemption Reserve	40.00	40.00
Securities Premium	590.75	590.75
Tonnage Tax Reserve	-	-
Debenture Redemption Reserve	25.00	25.00
General Reserve	167.62	167.62
Foreign Currency Monetary Item Translation Difference Account	(0.99)	5.96
Retained earnings	(643.15)	(131.70)
Deemed Equity component on FCCB	0.36	0.36
Other Comprehensive Income	0.16	0.28
	222.65	741.16

B. Nature of Reserves

Capital Reserve

Capital Reserve is utilised in accordance with provisions of the Companies Act, 2013.

Capital Redemption Reserve

Capital Redemption reserve (CRR) is being created as per Section 80 (d) of the Companies Act, 2013.

Notes to the Financial Statements

2.14 Other Equity (Contd..)

Securities Premium

Securities Premium Reserve is used to record the premium on issue of securities of the Company. This reserve is created and utilised as per the provisions of the Companies Act, 2013.

Tonnage Reserve

These reserves are mandatory under the Income Tax Act, 1961 for companies who opt for the Tonnage Tax scheme prescribed under the said Act.

Debenture Redemption reserve

The Company is required to create a Debenture Redemption Reserve out of the profits which is available for redemption of debentures.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to Shareholders.

Foreign Currency Monetary Item Translation Difference Account

Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognised are amortised in the statement of profit and loss over remaining maturity of related borrowings.

Hedging reserve

This records the movement in the value of cash flow hedges

Retained earnings

Retained earnings represents surplus/ accumulated earnings of the Company less any transfers to General Reserve, Tonnage Tax Reserves, dividend or other distribution paid to Shareholders.

Deemed Equity

Represents deemed equity portion of Foreign Currency Convertible Bonds (FCCB) as per IND AS.

2.15 Borrowings (Non-current)

(₹ in Crore)

Particulars	Non-current Portion		Current Maturities*		Total	
	As at 31-Mar-2019	As at 31-Mar-2018	As at 31-Mar-2019	As at 31-Mar-2018	As at 31-Mar-2019	As at 31-Mar-2018
Secured						
Debentures						
Secured Non Convertible Debentures - (a)	135.54	99.22	-	-	135.54	99.22
Term Loans						
From Banks						
Rupee Term Loans - (b) and (e)(ii)	0.26	-	0.07	-	0.33	-
Foreign Currency Term Loans - (c) and (e)(i)	262.80	358.36	179.33	115.52	442.13	473.88
External Commercial Borrowings - (c) and (e)(i)	73.63	81.27	46.63	66.85	120.26	148.12
From Financial Institutions						
Rupee Term Loans - (e)(ii)	-	2.00	6.30	8.00	6.30	10.00
Unsecured						
From Financial Institutions						
Rupee Term Loans	1.50	-	-	-	1.50	-
Foreign Currency Convertible Bonds - (d) and (e)(i)	-	96.28	108.75	-	108.75	96.28
	473.73	637.13	341.08	190.37	814.81	827.50

* Current maturities of non-current borrowings have been disclosed under "Other Financial Liabilities (Current)".

Notes to the Financial Statements

2.15 Borrowings (Non-current) (Contd..)

(a) Debentures comprise of following:

(₹ in Crore)

Particulars	As at 31/03/2019		As at 31/03/2018		Redemption Date
	Gross	Carrying Value	Gross	Carrying Value	
1300 (PY 1000) (12.00)% Secured Unlisted Unrated Non Convertible Debentures of ₹ 10,00,000 each*	130.00	135.54	100.00	99.22	Quarterly installment starting from June 2020
Total (A)	130.00	135.54	100.00	99.22	

*Non Convertible Debentures are secured by first paripasu charge on specified vessels and first pari- passu charge on the specified immovable property of the Company. The same has further collaterally secured on pledge of shares of Mercator Petroleum Limited held by the Company and its step down subsidiary. This will be redeemed at premium of 5% on every redemption installment or any prepayment as per terms of Debenture Trust Deed. Carrying value includes ₹ 6.31 Crore for redemption premium.

(b) Rupee term loan comprise of following:

The Rupee term loans from banks of ₹ 0.33 Crore (PY ₹ NIL) (gross) is exclusively secured against vehicle of the Company and in nature of car loan payable under monthly EMI structure for period of 60 months door to door.

(c) Foreign Currency term loan comprise of following:

- i. The foreign currency term loans from banks of ₹ 442.13 Crore (PY ₹ 473.88 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage / security interest in respect of specified vessels of the Company as well as charge on cash flows of specified vessels
- ii. The external commercial borrowings of ₹ 120.26 Crore (PY ₹ 148.12 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the Company as well as charge on cash flows of specified vessels.

(d) Foreign Currency Convertible Bonds (FCCB) of USD 16 Mn outstanding amounting to ₹ 108.75 Crore (PY ₹ 96.28 Crore) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 at initial conversion price of ₹ 38.30 Per Share (at a fixed rate of exchange on conversion of ₹ 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019 which is listed on Singapore Stock Exchange. This is fully unsecured in nature.

The Company has entered into financial commitment to rollover the said FCCB with existing Bondholder with major change in terms and conditions for which the Company is awaiting approval of Reserve Bank of India (RBI). Upon its receipt, as there is major change in valuation, this rollover will extinguish the underlying nomenclature of previous bond transaction and will amount to change in fair value under applicable IND AS.

The Company has entered into binding obligation with the Bondholder for rollover of FCCB with change in major terms and conditions and also applied with Reserve Bank of India for approval of the same. Revised new terms and conditions are as under:

- i. Maturity date of the FCCB's has been extended from May 27, 2019 to May 27, 2022 or such date as may be agreed by the Parties.
- ii. The Conversion Price of the FCCB's has been reset from Rs. 38.30 per share to Rs. 10 per share (with a fixed rate of exchange on conversion of Rs. 58.5740 per USD)
- iii. Earlier coupon of 4.75% per annum payable annually has been changed to 5.75% compounded annually.
- iv. The Company shall provide as security for the existing FCCBs a charge over the "Yukti Prem", which was unsecured as per earlier terms.
- v. Also, Put/Call/ Conversions options at various time frames and upon occurrence of certain events has been provided to respective parties which was not provided in earlier terms.

Notes to the Financial Statements

2.15 Borrowings (Non-current) (Contd..)

(e)(i) Foreign Currency term from bank and Financial Institutions comprise of following:

(₹ in Crore)

Particulars	Currency	Balance Installments as on 31.03.2019	Rate of Interest	As at 31/03/2019		As at 31/03/2018		End of tenure
				Gross	Carrying Value	Gross	Carrying Value	
External Commercial Borrowing	USD	9	Libor+3.40%	7.07	7.07	7.98	7.98	2022
External Commercial Borrowing	USD	9	Libor+3.40%	70.74	70.33	79.83	79.14	2022
External Commercial Borrowing	USD	12	Libor+3.40%	42.85	42.85	43.11	43.11	2022
External Commercial Borrowing	USD	-	Libor+5.00%	-	-	17.89	17.89	2019
				120.66	120.26	148.81	148.12	
Foreign Currency Term Loan	USD	2	Libor+5.00%	9.51	9.36	16.26	15.41	2020
Foreign Currency Term Loan	USD	12	Libor+4.50%	31.26	30.73	31.22	30.38	2022
Foreign Currency Term Loan	USD	4	Libor+4.50%	21.62	20.97	22.77	20.79	2020
Foreign Currency Term Loan	USD	2	Libor+4.50%	21.30	21.30	23.29	23.29	2020
Foreign Currency Term Loan	USD	12	Libor+5.20%	104.28	101.73	102.12	98.18	2022
Foreign Currency Term Loan	USD	21	Libor+4.50%	85.60	85.05	87.81	87.09	2025
Foreign Currency Term Loan	USD	16	MCLR+3.55%	27.05	25.50	29.92	27.69	2023
Foreign Currency Term Loan	USD	16	MCLR+3.55%	37.86	35.67	41.89	38.74	2023
Foreign Currency Term Loan	USD	5	Libor+5.00%	17.29	17.22	29.27	29.03	2020
Foreign Currency Term Loan	USD	12	Libor+5.00%	95.11	94.60	104.07	103.28	2022
				450.88	442.13	488.62	473.88	
Foreign Currency Convertible Bonds (FCCB) (D)	USD	Bullet payment	4.75%	110.67	108.75	104.07	96.28	2020
Total (B + C + D)					671.14		718.28	

(e)(ii) Rupee Term Loan from bank and Financial Institutions comprise of following:

(₹ in Crore)

Particulars	Currency	Balance Installments as on 31.03.2019	Rate of Interest	As at 31/03/2019		As at 31/03/2018		End of tenure
				Gross	Carrying Value	Gross	Carrying Value	
Rupee term loan from Financial Institution	INR	Bullet payment	10% & 14.5%	6.30	7.80	10.00	10.00	2019
Rupee term loan from Banks	INR	49	8% - 9%	0.33	0.33	-	-	2023
Total (E + F)					8.13		10.00	
Total (A + B + C + D + E + F)					814.81		827.50	

(f) Rupee term loan from financial institution comprise of following:

(₹ in Crore)

Particulars		Rate of Interest	As at 31/03/2019		As at 31/03/2018		End of Tenor
			Gross	Carrying Value	Gross	Carrying Value	
Long Term Loans							
Financial Institution	Long Term	10% & 14.5%	6.30	6.30	10.00	10.00	Apr-19
Short Term Loans							
Financial Institution*	Short Term	13.50%	-	-	17.50	17.50	
Financial Institution*	Short Term	16.00%	16.50	16.50	20.00	20.00	
Financial Institution	Short Term	18.00%	6.00	6.00	-	-	
Financial Institution	Short Term	14.50%	-	-	5.00	5.00	
(refer note no g(i) & (iii))							
Financial Institution (refer note no g(ii))	Short Term	14.00%	-	-	7.00	7.00	
Financial Institution	Short Term	18.00%	6.49	6.49	-	-	
Financial Institution	Short Term	18.00%	1.00	1.00	-	-	
Financial Institution*	Short Term	14.00%	-	-	15.00	15.00	
			29.99	29.99	64.50	64.50	

The above loans are secured against pledge of shares held by promoters.

* Loans are further collaterally secured by Personal Guarantee of Promoters

Notes to the Financial Statements

2.15 Borrowings (Non-current) (Contd..)

(g) External Credit Rating under disclosure of SEBI (Credit Rating Agency) Regulation 2017

The Credit Analysis & Research Limited (CARE) has downgraded the rating assigned to the Company for Long Term Credit facilities from CARE BBB (negative) to CARE D (Single D) and Short Term Credit facilities from CARE A3 to CARE D during the year. Further, there have been delays / defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions / Non Banking Finance Companies (NBFC).

(h) Invocation of Shares pledged for Short Term Loan Stated in Note No (e) above

Name of Promoter	No of Shares Invoked	Price of Invocation	Price of Valuation	Loan Outstanding (₹ in Crore)	Fair Valuation Gain / (Loss)
(i) H. K. Mittal	444,440	10.965	6.825	0.30	0.18
(ii) H. K. Mittal	3,750,000	10.829	6.825	2.56	1.50
(iii) H. K. Mittal	505,560	6.472	6.825	0.35	(0.02)
Total	4,700,000	10.373	6.825	3.21	1.67

Valuation of Methodology

As approved by Board of Directors, a compensation from the Company by promoter(s) will be on on the basis of the closing traded price for the last two trading days preceding the said refund. It has been disclosed as loan directoirs in financial statement in Note No 2.18. Said loan amount has been revalued on the basis the last two closing trading prices available at NSE and reversal of ₹ 1.67 Crore has been adjusted to finance cost

Notes to the Financial Statements

2.15 (i) - Details of delays and defaults in repayment of Borrowings and Interest thereon

Sr. No.	Name of Lender	Base Currency	Type of Loan	Borrowings			Interest			Borrowings			Interest		
				Delay in repayment during the year ended Mar 2019		Default as at Mar 2019	Delay in repayment during the year ended Mar 2019		Default as at Mar 2019	Delay in repayment during the year ended Mar 2018		Default as at Mar 2018	Delay in repayment during the year ended Mar 2018		Default as at Mar 2018
				₹ in Crore	No of Days	₹ in Crore	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	₹ in Crore	No of Days	₹ in Crore	No of Days
A LONG TERM LOANS															
1	Axis Bank Limited	USD	ECB	0.94	60	3	0.23	60	0.11	3	-	-	-	-	-
2	Axis Bank Limited	USD	ECB	-	-	91	-	-	1.30	72	-	-	-	-	-
3	Axis Bank Limited	USD	FCNR	5.19	113	-	0.42	96	0.17	-	-	-	-	-	-
4	Axis Bank Limited	USD	FCNR	-	-	91	-	-	1.20	89	-	-	-	-	-
5	Axis Bank Limited	USD	FCNR	-	-	91	-	-	0.81	89	-	-	-	-	-
6	Axis Bank Limited	USD	FCNR	-	-	91	-	-	0.81	89	-	-	-	-	-
7	Axis Bank Limited	USD	FCNR	-	-	91	-	-	4.56	89	-	-	-	-	-
8	Export and Import Bank of India	USD	FCTL	3.96	74	88	1.57	48	1.63	58	-	-	-	-	-
9	ICICI Bank Limited	USD	ECB	17.29	54	-	0.32	-	-	-	-	-	-	-	-
10	ICICI Bank Limited	USD	FCNR	10.38	55	12	3.16	40	1.15	12	-	-	-	-	-
11	ICICI Bank Limited	USD	FCNR	6.92	30	-	1.83	50	0.18	1	-	-	-	-	-
12	ICICI Bank Limited	USD	FCNR	3.18	53	9	1.20	41	0.45	-	-	-	-	-	-
13	ICICI Bank Limited	USD	FCNR	4.45	53	9	1.68	41	0.63	-	-	-	-	-	-
14	IDBI Bank Limited	USD	ECB	9.43	60	3	2.31	60	1.06	3	-	-	-	-	-
15	Axis Finance Limited	INR	TL	17.50	23	-	0.58	89	-	-	-	-	-	-	-
	Total			79.24			13.31		14.06						
B SHORT TERM LOANS															
1	ICICI Bank Limited	INR	STL	17.07	365	-	-	-	-	-	-	-	-	-	-
2	Other Financial Lenders#	INR	ICD/LAS	1.50	14.00	1.00	-	-	-	-	-	-	-	-	-
	Total			18.57											
	Grand Total (A+B)			97.81											

*Delays / defaults w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

Additional Note

Letter of Credit (LC) amounting to Rs 21.81 Crore and Bank Guarantee (BG) amounting to Rs 14.24 Crore issued from State Bank of India within non fund based limits of the bank have been devolved / invoked and converted into fund based utilisation which has been covered as part of cash credit balance in Note No 2.18.

Notes to the Financial Statements

2.16 Other Financial Liabilities (Non-Current)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Security Deposit	0.18	0.18
Liability towards cash flow hedge	-	-
Financial Guarantee Contract liability	-	12.60
	0.18	12.78

2.17 Provisions (Non-Current)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Provision for employee benefits		
Gratuity	0.84	0.81
Compensated absences	0.32	0.36
	1.16	1.17

2.18 Borrowings (Current)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Secured		
From Banks		
Cash Credit	59.70	24.40
Other Loans	266.33	16.93
From Financial Institution		
Other Loans (Refer Note No 2.15(f))	29.99	64.50
Unsecured		
From Banks		
Loan repayable on demand	20.26	19.43
From Others		
Loan from Director (Refer Note No 2.15(h))	3.21	-
Loan repayable on demand	2.00	-
	381.49	125.26

Cash Credit facilities from Scheduled Banks are secured by first charge on all receivables on pari-passu basis and second charge on specified vessels. Loan repayable on demand from banks are secured by cash collateral cum earmarked balances and promoter's personal guarantee. Other loans are secured by pledge of shares and personal guarantee of promoters. Unsecured loan repayable on demand from other party has novation right / put option to exercise from one of step down subsidiary of the Company.

2.19 Trade Payables

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Total Outstanding of		
- Micro and small enterprises (Refer Note 3.09)	0.31	-
- Other than micro and small enterprises (a)	84.96	135.32
	85.27	135.32
(a) Includes payable to subsidiary companies	8.69	37.64

Notes to the Financial Statements

2.20 Other Financial Liabilities (Current)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Current maturities of long-term debt		
- External commercial borrowings (Refer Note 2.15)	46.63	66.85
- Term loans from banks (Refer Note 2.15)	179.40	115.52
- Rupee Term Loan from Financial Institution (Refer Note 2.15)	6.30	8.00
- Foreign Currency Convertible Bonds (Refer Note 2.15)	108.75	-
Capital Creditors	4.13	16.50
Financial Guarantee Contract liability	0.07	3.57
Other payables	1.35	1.20
Interest Accrued but not due on borrowings	9.57	4.69
Interest Accrued and Due on borrowings	13.00	-
Unclaimed Dividend (a)	0.14	0.11
	369.34	216.44

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Statutory dues payables	21.82	15.14
Advance for Asset classified as Held For Sale	-	26.28
Advance from customers	1.90	0.57
	23.72	41.99

2.22 Provisions (Current)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Provision for employee benefits		
Gratuity	0.33	0.27
Compensated absences	0.28	0.26
	0.61	0.53

2.23 Revenue from Operations

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Revenue from -		
Freight and demurrage	49.32	55.48
Dredging	118.87	170.69
Charter hire	143.77	179.50
	311.96	405.67

The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch up transition method. The effect on adoption of IND AS 115 was insignificant on the financial statements and hence no retrospective adjustment being made.

Notes to the Financial Statements

2.24 Other Income

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Dividend Income	-	0.07
Rent Income	0.60	0.60
Interest income		
- Fixed Deposits and Inter corporate deposits	1.51	3.50
- Related Party	27.08	22.89
Balances written back (Refer Note 3.18)	41.04	0.23
Gain on Exchange Difference	3.95	5.07
Amortised Financial Guarantee Obligation	0.62	7.12
Other income	1.82	2.93
	76.61	42.41
Interest Income from Related Parties :		
Mercator Oil & Gas Ltd.	5.22	4.28
Mercator Petroleum Ltd	4.06	4.06
Mercator International Pte Ltd	15.80	12.57
Interest on 6% Debentures of Mercator Petroleum Ltd	2.00	1.98
	27.08	22.89

2.25 Operating Expenses

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Bunker Consumed	78.79	78.62
Vessel /Equipment hire expenses	14.24	7.95
Crew Expenses	60.71	79.87
Agency, Professional and service expenses	3.57	6.09
Communication expenses	0.65	1.73
Commission	0.21	0.38
Insurance	7.50	9.63
Port expenses	3.36	11.71
Repairs and Maintenance	35.88	39.72
Stevedoring, transport and freight	0.96	1.66
Other Expenses	6.89	6.92
	212.76	244.28

2.26 Employee Benefits Expenses

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Salaries, wages, bonus, etc.	16.00	15.94
Contribution to provident and other funds	0.94	1.49
Employee welfare expenses	0.47	0.26
	17.41	17.69

Notes to the Financial Statements

2.27 Finance cost

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Interest expense	89.19	81.38
Other finance cost	24.73	22.79
Amortised Financial Guarantee Obligation Premium(a)	3.00	0.06
	116.92	104.23
(a) Mercator Oceantransport Limited	1.50	0.03
Mercator Petroleum Limited	1.50	0.03
	3.00	0.06

2.28 Other expenses

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Rent	3.64	3.55
Payment to auditors		
As auditors	0.28	0.28
For other services (certification and other matters)	0.13	0.11
Repairs and Maintenance	1.27	0.92
Insurance	0.13	0.13
Legal, Professional and consultancy expenses	3.71	4.80
Donation	0.01	-
Expected Credit Loss	0.22	1.98
Communication Expenses	0.18	0.28
Conveyance, Car Hire and Travelling	0.55	1.25
Advertisement	0.06	0.06
Loss on Sale / Discard of Fixed Asset (Refer Note 3.19)	73.50	37.59
Impairment of Asset classified as Held For Sale (Refer Note 3.19)	-	27.76
Bad Debts and other amounts written off/back (net)	1.50	-
Provision for doubtful debts/advances (Refer Note 3.18)	95.60	5.50
Miscellaneous expenses	2.27	2.73
	183.05	86.94

2.29 Income Tax Expenses

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Current tax		
Income tax for the year	5.20	2.00
Adjustments/(credits) related to previous years - Net (Refer Note 3.17)	6.13	40.17
Total tax expense	11.33	42.17

Notes to the Financial Statements

3.01 Earnings per Share (EPS)

(₹ in Crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
Basic EPS (in Rs)	(16.91)	(6.55)
Diluted EPS (in Rs)	(16.91)	(6.55)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(511.45)	(184.99)
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	302,459,335	282,294,400
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	302,459,335	282,294,400
Face Value per equity share (₹)	1.00	1.00

* Diluted EPS for the year ended March 31, 2019 is considered as same as Basic EPS, since the effect is antidilutive.

3.02 Segment Reporting

In accordance with Accounting standard Ind AS 108 'Operating Segment', segment information has been given in the consolidated Ind AS financial statements of Mercator Limited, and therefore, no separate disclosure on segment information is given in the Standalone financial statements.

3.03 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits

Defined benefit plans expose the Company to actuarial risks such as: Interest Rate Risk, Salary Risk and Demographic Risk.

- i. **Interest Rate Risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yield falls, the defined benefit obligation will tend to increase.
- ii. **Salary risk:** Higher than expected increases in salary will increase the defined benefit obligation.
- iii. **Demographic risk:** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee

(A) Defined Contribution Plans:

The Company has recognised the following amounts in the Statement of Profit and Loss for the year

(₹ in Crore)

Particulars	Current Year	Previous Year
Contribution to Employees' Provident Fund (excluding Contribution to Seamen's Provident Fund)	0.52	0.54

Notes to the Financial Statements

3.03 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits (Contd..)

(B) Defined Benefit Plans and Other Long Term Benefits:

Valuations in respect of Gratuity and Leave Encashment have been carried out by an independent actuary as at the Balance Sheet date under the Projected Unit Credit method, based on the following assumptions:

(₹ in Crore)

Actuarial Assumptions	Gratuity		Leave Encashment	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
(a) Discount Rate	7.63%	7.50%	7.63%	7.50%
(b) Salary Escalation Rate	8.00%	8.00%	8.00%	8.00%
(c) Staff Turnover Rate	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale
(d) Mortality Table	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2006-08) Ultimate
(e) Expected average remaining service (in years)	14.00	15.00	10.77	10.77

(i) Changes in Defined Benefit Obligation

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Defined Benefit Obligation at the beginning	1.09	2.10	0.61	0.83
Current Service Cost	0.19	0.18	0.12	0.12
Past Service Cost	-	0.11	-	-
(Gain) / Loss on settlements	-	-	-	-
Interest Expense	0.08	0.13	0.03	0.05
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.11)	(0.62)	(0.36)	(0.30)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions	(0.01)	-	-	-
Remeasurements - Due to Experience Adjustments	(0.07)	(0.82)	0.21	(0.09)
Defined Benefit Obligation at the end	1.16	1.08	0.61	0.61

Notes to the Financial Statements

3.03 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits (Contd..)

(ii) Change in Fair Value of Plan Assets

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Fair Value of Plan Assets at the beginning	-	-	-	-
Interest Income	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	0.11	0.62	0.36	0.30
Employer Direct Settlement Payments	-	-	-	-
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.11)	(0.62)	(0.36)	(0.30)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-	-	-
Fair Value of Plan Assets at the end	-	-	-	-

(iii) Components of Defined benefit cost

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Current Service Cost	0.19	0.18	0.12	0.12
Past Service Cost	-	0.11	-	-
(Gain) / Loss on Settlements	-	-	-	-
Reimbursement Service Cost	-	-	-	-
Total Service Cost	0.19	0.29	0.12	0.12
Interest Expense on Defined benefit obligation	0.08	0.13	0.03	0.05
Interest (Income) on Plan Assets	-	-	-	-
Interest (Income) on Reimbursement Rights	-	-	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-	-	-
Total Net Interest Cost	0.08	0.13	0.03	0.05
Reimbursement of Other Long Term Benefits	-	-	-	-

Notes to the Financial Statements

3.03 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits (Contd..)

(iii) Components of Defined benefit cost (Contd..)

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Defined Benefit Cost included in the Statement of Profit and Loss	0.26	0.42	0.15	0.17
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions	(0.01)	-	(0.00)	-
Remeasurements - Due to Experience Adjustments	(0.07)	(0.82)	0.21	(0.09)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
Total Remeasurements in Other Comprehensive Income	(0.08)	(0.82)	0.21	(0.09)
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	0.18	(0.40)	0.36	0.08

(iv) Net defined Benefit Liability/ (Asset) reconciliation

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Net Defined Benefit Liability / (Asset) at the beginning	1.09	2.10	0.61	0.83
Defined Benefit Cost included in the Statement of Profit and loss	0.26	0.42	0.15	0.17
Total Remeasurements included in Other Comprehensive Income	(0.08)	(0.82)	0.21	(0.09)
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	-	-	-	-
Amount recognized due to Plan Combinations	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	(0.11)	(0.62)	(0.36)	(0.30)
Employer Direct Settlement Payments	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	1.16	1.08	0.61	0.61

Notes to the Financial Statements

3.03 Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits (Contd..)

(v) Amounts recognized in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Defined Benefit Obligation	1.16	1.08	0.61	0.61
Fair Value of Plan Assets	-	-	-	-
Funded Status	1.16	1.08	0.61	0.61
Effect of Asset Ceiling/Onerous Liability	-	-	-	-
Net Defined Benefit Liability/ (Asset)	1.16	1.08	0.61	0.61
Of which, Short term Liability	0.33	0.27	0.28	0.26

(vi) Experience Adjustments - Gratuity

Particulars	2015	2016	2017	2018	2019
Defined Benefit Obligation at the end of the period	2.20	1.36	2.10	1.08	1.16
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	0.07	1.22	-0.63	-0.82	-0.08
Experience adjustments on Plan Assets	NA	NA	NA	NA	NA

(vii) Maturity Profile of Defined Benefit Obligation :

Present Value of Obligations	Year 1	Year 2	Year 3	Year 4	Year 5 to Year 10
Gratuity	0.33	0.04	0.06	0.09	0.66
Leave Encashment	0.28	0.05	0.06	0.06	0.20

(viii) Sensitivity Analysis

Present Value of Obligations	Discount Rate		Salary Escalation Rate	
	+1%	-1%	+1%	-1%
Gratuity	-6.20%	7.10%	7.00%	-6.30%
Leave Encashment	-2.70%	3.00%	3.70%	-3.40%

Note on impact of Hon'ble Supreme Court judgment on computation of provident fund contribution:

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company. Considering the above and uncertainty involved in the above matter, the Company has not made any adjustments in these Financial Statements and will continue to monitor the same.

3.04 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2019 ₹ NIL (Previous Year NIL).

Notes to the Financial Statements

3.05 Contingent Liabilities

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Claims against the Company not acknowledged as debts in respect of the following items		
Income Tax Demands for various Assessment Years disputed by the Company*	63.18	135.41
Service Tax Demands disputed by the Company	64.03	64.03
Legal Cases - Shipping	2.62	28.70
Legal Cases - Dredging	12.63	12.63
	142.45	240.77
* Against the above the Company has already paid ₹ 59.34 Crore (Previous Year ₹ 40.75 Crore)		
Guarantees :		
Counter Guarantee issued by Company for guarantees obtained from bank (net of margin)	87.45	94.57
Corporate guarantees issued by the Company on behalf of subsidiaries	571.42	585.58
Counter Guarantees issued by Company for Standby Letter of Credit on behalf of Step down Subsidiary	-	251.21
Letter of Comforts issued by the Company on behalf of Subsidiary	50.23	48.13
	709.09	979.49
The Company expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:		
Legal Cases - Shipping	-	9.17
	-	9.17

- (i) It is not practical for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums / authorities.
- (ii) The Company's pending litigations comprise of claims pertaining to proceedings pending with Income Tax, Service Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions were required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 " Related Party Disclosures

A List of Related Parties

I Subsidiaries - Fellow/ Step down subsidiaries

Sr. no	Name of the Subsidiary Company	Country of origin	Remarks
1	Mercator Oil and Gas Limited. (MOGL)	India	
2	Mercator Petroleum Limited. (MPL)	India	
3	Oorja Resources India Private Limited.	India	
4	Mercator Dredging Private Limited. (FPSO)	India	
5	Mercator Oceantransport Limited	India	

Notes to the Financial Statements

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 “ Related Party Disclosures (Contd..)

Sr. no	Name of the Subsidiary Company	Country of origin	Remarks
6	Mercator International Pte. Limited (MIL)	Singapore	Note 1
7	Offshore Holdings Company Pte. Limited. (OHCPL)	Singapore	
8	Oorja Holdings Pte. Limited. (OHPL)	Singapore	
9	Mercator Energy Pte Limited. (MEPL)	Singapore	
10	Mercator Offshore Assets Holding Pte Limited (MOAHPL)	Singapore	
11	Mercator Offshore (P) Pte Limited. (MOPPL)	Singapore	
12	Panther Resources Pte Limited.	Singapore	
13	Oorja (Batua) Pte. Limited.	Singapore	
14	Oorja 1 Pte. Limited.	Singapore	
15	Oorja 2 Pte. Limited.	Singapore	
16	Oorja 3 Pte. Limited.	Singapore	
17	Oorja Mozambique Minas Limitada	Mozambique	
18	MCS Holdings Pte. Ltd.	Singapore	
19	PT Karya Putra Borneo	Indonesia	
20	PT Indo Perkasa	Indonesia	
21	PT Oorja Indo Petangis Four	Indonesia	Note 3
22	PT Oorja Indo Petangis Three	Indonesia	
23	PT Mincon Indo Resources	Indonesia	
24	PT Bima Gema Permata	Indonesia	
25	PT Oorja Indo KGS	Indonesia	
26	Broadtec Mozambique Minas Limitada	Mozambique	Note 1
27	Brio Resources Pte Ltd.	Singapore	
28	Marvel Value International Limited	Singapore	Note 2
29	MCS Investment and Trading Limited	Dubai UAE	
30	Mercator Projects Pte Ltd	Singapore	Note 4
31	Mercator Okoro FPU Pte Ltd	Singapore	Note 4
32	Mercator Okwok FPU Pte Ltd	Singapore	Note 4
II	Key Management Personnel		
1	Mr. H.K Mittal - Executive Chairman		
2	Mrs. Archana Mittal - Director		
3	Mr. Shalabh Mittal - Chief Executive Officer		
4	Mr. Rajendra Kothari - Chief Financial Officer		
5	Ms. Sangeetha Pednekar - Company Secretary		
6	Mr. Gurpreet Malhi - Chief Operating Officer		
III	Enterprises over which Key Management Personnel exercise significant control		
1	Ankur Fertilizers Private Limited		
2	AHM Investments Private Limited		
3	MHL Healthcare Limited		
4	Prem Punita Foundation (India)- Chartiabale Trust		
5	HK Sons Realtors Private Limited		
6	Preputli Realtors Private Limited		
7	Sisouli Realtors Private Limited		
8	Vaitarna Marine Infrastructure Limited		
9	Rishi Holding Private Limited		
10	Mac Maritime Training and Research Institute		
11	Harish Mittal Family Trust		
12	Urban Pod Private Limited		

Notes to the Financial Statements

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 “ Related Party Disclosures (Contd..)

Sr. no	Name of the Subsidiary Company	Country of origin	Remarks
IV	Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence. (With whom transaction have taken place)		
1	MLL Logistics Private Limited		

Notes

- 1 The Companies are under voluntary liquidation / strike off and we have received confirmation for strike off from Accounting and Corporate Regulatory Authority Singapore dated 6th April 2019
- 2 The Company is under process of de-registration and confirmation of the same from Jebel Ali Free Zone Authority has been received effective from 10th December 2018
- 3 The Company has received liquidation order during the year under the prevailing law of Indonesia
- 4 The Company has received liquidation order during the year under the prevailing law of Singapore from The High Court of Singapore

B. Details of transactions with the other parties

(₹ in Crore)

Particulars	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	8.53	8.52	-	-	8.53	8.52
Total	-	-	8.53	8.52	-	-	8.53	8.52
Interest Income								
Mercator International Pte Limited	15.79	12.57	-	-	-	-	15.79	12.57
Mercator Petroleum Limited	4.06	4.06	-	-	-	-	4.06	4.06
Mercator Oil & Gas Limited	5.22	4.28	-	-	-	-	5.22	4.28
Mercator Offshore (P) Pte. Limited.	-	-	-	-	-	-	-	-
MLL Logistics Private Limited	-	-	-	-	-	-	-	-
Total	25.08	20.91	-	-	-	-	25.08	20.91
Interest on Debentures								
Mercator Petroleum Limited	2.00	1.98	-	-	-	-	2.00	1.98
Total	2.00	1.98	-	-	-	-	2.00	1.98
Sundry Balance Written off								
Mercator International Pte Limited	4.99	-	-	-	-	-	4.99	-
Total	4.99	-	-	-	-	-	4.99	-
Interest Income on Corporate Guarantee given to subsidiaries								
Offshore Holding Company Pte Ltd	-	2.94	-	-	-	-	-	2.94
Mercator International Pte Limited	-	3.47	-	-	-	-	-	3.47
Mercator Oil & Gas Limited	0.06	0.27	-	-	-	-	0.06	0.27
Mercator Petroleum Pvt Ltd	0.57	0.44	-	-	-	-	0.57	0.44
Total	0.63	7.12	-	-	-	-	0.63	7.12

Notes to the Financial Statements

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 “ Related Party Disclosures (Contd..)

B. Details of transactions with the other parties (Contd..)

(₹ in Crore)

Particulars	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/ Relative of Directors/Key Management Personnel/ Relative of Key Management Personnel exercise significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Interest expense on Corporate Guarantee given to subsidiaries								
Mercator Oceantransport Limited	1.50	0.03	-	-	-	-	1.50	0.03
Mercator Petroleum Pvt. Ltd	1.50	0.03	-	-	-	-	1.50	0.03
Total	3.00	0.06	-	-	-	-	3.00	0.06
Shares pledged for loan against shares								
Mr. H.K Mittal	-	-	25.38	85.45	-	-	25.38	85.45
Mrs. Archana Mittal	-	-	13.18	63.20	-	-	13.18	63.20
AHM Investments Private Limited	-	-	11.26	33.17	-	-	11.26	33.17
Total	-	-	49.83	181.82	-	-	49.83	181.82
Investment made during the year								
6% Debentures in Mercator Petroleum Limited	26.76	5.18	-	-	-	-	26.76	5.18
6% Debentures in Mercator Petroleum Limited - pending allotment	-	0.75	-	-	-	-	-	0.75
Investment in shares of Mercator Oceantransport Limited	-	0.05	-	-	-	-	-	0.05
6.51% Preference Shares in Mercator International Pte Ltd (converted from loan to Non Cumulative Redeemable Preference Shares (NCRPS)) (Refer Note No 3.11(ii))	391.16	-	-	-	-	-	391.16	-
Total	417.92	5.98	-	-	-	-	417.92	5.98
Expenses incurred on behalf of								
Offshore Holdings Company Pte Ltd	0.10	6.30	-	-	-	-	0.10	6.30
Mercator Oceantransport Limited	-	0.01	-	-	-	-	-	0.01
Mercator Dredging Private Limited	0.01	-	-	-	-	-	0.01	-
Mercator Oil & Gas Limited	-	0.07	-	-	-	-	-	0.07
Mercator Petroleum Limited	0.12	0.11	-	-	-	-	0.12	0.11
MCS Holdings Pte. Ltd.	1.02	0.35	-	-	-	-	1.02	0.35
Ankur Fertilizers Private Limited	-	-	-	0.02	-	-	-	0.02
Total	1.25	6.84	-	0.02	-	-	1.25	6.86
Expenses incurred repaid								
Mercator Petroleum Limited	-	0.07	-	-	-	-	-	0.07
Ankur Fertilizers Private Limited	-	-	-	0.02	-	-	-	0.02
Mercator International Pte Limited	2.23	-	-	-	-	-	2.23	-
Total	2.23	0.07	-	0.02	-	-	2.23	0.09
Loan given during the year								
Mercator Oil & Gas Limited	15.55	38.14	-	-	-	-	15.55	38.14
Mercator International Pte Limited	12.46	159.32	-	-	-	-	12.46	159.32
Mercator Offshore (P) Pte Limited (Refer Note No 3.28)	249.26	-	-	-	-	-	249.26	-
Total	277.27	197.46	-	-	-	-	277.27	197.46

Notes to the Financial Statements

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 “ Related Party Disclosures (Contd..)

B. Details of transactions with the other parties (Contd..)

(₹ in Crore)

Particulars	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/ Relative of Directors/Key Management Personnel/ Relative of Key Management Personnel exercise significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan Repaid during the year								
Mercator Oil & Gas Limited	3.90	36.08	-	-	-	-	3.90	36.08
Mercator International Pte Limited	19.14	33.42	-	-	-	-	19.14	33.42
Total	23.04	69.50	-	-	-	-	23.04	69.50
Return of Capital Advance								
Vaitarna Marine Infrastructure Limited	-	-	4.12	8.82	-	-	4.12	8.82
Total	-	-	4.12	8.82	-	-	4.12	8.82
Forfeiture of Advances received								
Oorja Resources India Private Limited	28.70	-	-	-	-	-	28.70	-
Total	28.70	-	-	-	-	-	28.70	-
Loan from Director								
Mr H K Mittal	3.21	-	-	-	-	-	3.21	-
Total	3.21	-	-	-	-	-	3.21	-
Outstanding Balances as on 31.03.2019								
Letter of Comfort (Promissory Note based)								
Marvel Value International Limited	50.23	48.13	-	-	-	-	50.23	48.13
Total	50.23	48.13	-	-	-	-	50.23	48.13
Corporate Guarantees								
Mercator International Pte Limited	83.01	95.94	-	-	-	-	83.01	95.94
Mercator Petroleum Limited	93.89	92.55	-	-	-	-	93.89	92.55
Mercator Oil and Gas Limited	234.43	223.12	-	-	-	-	234.43	223.12
MCS Holdings Pte. Ltd	160.10	173.97	-	-	-	-	160.10	173.97
Total	571.42	585.58	-	-	-	-	571.42	585.58
Letter of Comfort (LoC)								
Offshore Holding Company Pte Ltd	-	251.21	-	-	-	-	-	251.21
Total	-	251.21	-	-	-	-	-	251.21
Securities Given for Loan Taken by Subsidiary								
Mercator Petroleum Limited	95.00	95.00	-	-	-	-	95.00	95.00
Total	95.00	95.00	-	-	-	-	95.00	95.00
Securities Taken from Subsidiary for Loan taken by the Company								
Mercator Petroleum Limited	130.00	100.00	-	-	-	-	130.00	100.00
Total	130.00	100.00	-	-	-	-	130.00	100.00
Personal Guarantee given by Key Managerial Personnel								
Mr H K Mittal	179.22	363.71	-	-	-	-	179.22	363.71
Mrs Archana Mittal	16.50	20.00	-	-	-	-	16.50	20.00
Mr Shalabh Mittal	130.00	100.00	-	-	-	-	130.00	100.00
Total	325.72	483.71	-	-	-	-	325.72	483.71
Counter Guarantees								
Mercator Petroleum Limited	17.00	17.00	-	-	-	-	17.00	17.00
Total	17.00	17.00	-	-	-	-	17.00	17.00

Notes to the Financial Statements

3.06 Related Party Disclosures as per Accounting Standard (Ind AS) 24 “ Related Party Disclosures (Contd..)

B. Details of transactions with the other parties (Contd..)

(₹ in Crore)

Particulars	Subsidiary Companies		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/ Relative of Directors/Key Management Personnel/ Relative of Key Management Personnel exercise significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans and Advances								
Mercator International Pte Limited	-	374.76	-	-	-	-	-	374.76
Offshore Holdings Company Pte Ltd	174.47	7.10	-	-	-	-	174.47	7.10
Mercator Oil & Gas Limited	79.59	63.25	-	-	-	-	79.59	63.25
Mercator Petroleum Limited	65.12	61.19	-	-	-	-	65.12	61.19
Total	319.18	506.30	-	-	-	-	319.18	506.30
Capital Advances								
Vaitarna Marine Infrastructure Limited	-	-	14.65	18.77	-	-	14.65	18.77
Total	-	-	14.65	18.77	-	-	14.65	18.77
Loan and Other Receivable								
Mercator Offshore (P) Pte Limited	1.31	1.24	-	-	-	-	1.31	1.24
MCS Holdings Pte. Ltd.	6.80	5.73	-	-	-	-	6.80	5.73
Mercator Dredging Private Limited	2.02	2.02	-	-	-	-	2.02	2.02
Oorja Resources India Private Limited	0.10	-	-	-	-	-	0.10	-
Total	10.25	8.99	-	-	-	-	10.25	8.99
Loan and Other Payables								
Mercator International Pte Limited	-	16.89	-	-	-	-	-	16.89
Oorja Resources India Private Limited.	-	28.70	-	-	-	-	-	28.70
Vaitarna Marine Infrastructure Limited	-	-	0.96	0.88	-	-	0.96	0.88
Rishi Holding Private Limited	-	-	-	-	-	-	-	-
Total	-	45.59	0.96	0.88	-	-	0.96	46.47
Managerial Remuneration Recoverable from Director								
H K Mittal	1.16	-	-	-	-	-	1.16	-
Total	1.16	-	-	-	-	-	1.16	-
Remuneration paid to key Management Personnel								
	2.64	2.85	-	-	-	-	2.64	2.85
Total	2.64	2.85	-	-	-	-	2.64	2.85

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Ind AS financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with foreign subsidiaries includes unrealised foreign exchange gain/loss.

C) Sitting Fees Paid to Non-Executive Directors

(₹ in Crore)

Particulars	Current Year	Previous Year
Directors Sitting Fees	0.25	0.27

Notes to the Financial Statements

3.07 Disclosure as per Ind AS 17 “Leases”:

(A) Operating Lease (as Lessee):

Disclosures in respect of cancellable agreements for office premises taken on lease

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
(i) Lease payments recognized in the Statement of Profit and Loss	3.64	3.47
(ii) Significant leasing arrangements		
The Company has given refundable interest free security deposits under the agreements.	3.29	3.29
The lease agreements are up to 4 to 36 months. These agreements also provided for periodical increase in rent.		
(iii) Future minimum lease payments under non-cancellable agreements		
Not later than one year	NIL	NIL
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

(B) Operating Lease (as Lessor):

Disclosures in respect of cancellable agreements for office given on lease

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
(i) Lease receipt recognized in the Statement of Profit and Loss	0.60	0.60
(ii) Future minimum lease receivable under non-cancellable agreements		
Not later than one year	0.18	0.60
Later than one year and not later than five years	-	1.35
Later than five years	-	-

3.08 During the year ended March 31, 2019, the Company has recognized exceptional items as follows :

- Referring to Note No 3.29, liability of invocation of Letter of Comfort issued by the Company to one of the financial lender of step down subsidiary company which has already entered into agreement to sale for Vessel to discharge financial obligation. Vessel has been delivered on April 26, 2019 and hence balance amount ₹ 84.22 crore (net of sale proceeds) receivable from said step down subsidiary has been impaired.

Notes to the Financial Statements

3.08 During the quarter ended March 31, 2019, the Company has recognized exceptional items as follows : (Contd..)

2. Impairment loss amounting to ₹ 97.16 crore for one of its Hopper Dredger ""Veera Prem"" which has been grounded due to natural calamities. The Company has initiated necessary actions with insurance authorities and the claim recoverable will be recognised when reasonable certainty is established based on the accounting policy of the Company.

3.09 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Information related to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
(i) Principal amount outstanding	0.31	Nil
(ii) Interest on Principal amount due [#]	0.11	Nil
(iii) Interest and Principal amount paid beyond appointment day	Nil	Nil
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	0.11	Nil

[#] The Interest due has been computed basis the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, wherein it has been stated that if the buyer fails to pay MSME registered supplier within agreed timelines (if not agreed than 45 days), then buyer shall be liable to pay compounded interest with monthly rests to the supplier on that amount from the appointed date or as the case may be from the date immediately following the date agreed upon, at three times of the Bank rate notified by the Reserve Bank of India. The rate considered for above calculation is 20.09% per annum.

3.10 Tonnage Tax Reserve

In terms of section 115VT of the Income Tax Act, 1961, the Company is required to transfer a minimum of 20% of book profits from the tonnage tax activities in tonnage tax reserve which are to be utilised for acquiring new ships within 8 years of such transfer. The Company has transferred Rs. Nil (Previous Year Rs. NIL) to Tonnage Tax Reserve as company has incurred a book loss of Rs. 500.12 crore (Previous Year Rs. 142.84 crore). During the financial year 2017-18, the Company has transferred the utilised Tonnage Tax Reserve to General Reserve, which had been utilised for the purchase of dredgers in the earlier years.

Notes to the Financial Statements

3.11 Details of loans given, investment made and guarantee given covered under section 186(4) of the Companies Act, 2013:

(i) Loans and Advances given below:

(₹ in Crore)

Name of the Company	Relationship	Nature of Transaction	As at 31-Mar-2019*	As at 31-Mar-2018*
Mercator Dredging Private Limited (Erstwhile known as Mercator FPSO Private Limited)	Subsidiary	Loans & Advances	2.02	2.01
Mercator International Pte. Limited	Subsidiary	Loans & Advances	-	357.88
Mercator Petroleum Limited	Subsidiary	Loans & Advances	65.12	61.19
Mercator Offshore (P) Pte. Limited	Subsidiary	Loans & Advances	1.31	1.24
Mercator Oil and Gas Limited	Subsidiary	Loans & Advances	79.59	63.25
MCS Holdings Pte. Limited	Subsidiary	Loans & Advances	6.80	5.73
Oorja Resouces India Private Limited	Subsidiary	Loans & Advances	0.10	-
Offshore Holdings Company Pte. Limited (Erstwhile known as Mercator Offshore Holding Pte Ltd)	Subsidiary	Loans & Advances	174.47	7.10
Mercator Oceantransport Limited	Subsidiary	Loans & Advances	0.01	0.01

All the above loans are utilized by respective companies for their business activities.

The particulars of the Company's investment in wholly - owned subsidiaries are disclosed in Note - 2.3

*Includes exchange fluctuation on reinstatement / repayment of Loans

(ii) Investments during the year 2018-19

(₹ in Crore)

Name of Subsidiary	Opening Balance	Additions	Deletions	Closing Balance
Mercator Petroleum Limited	51.11	26.76	-	77.87
Mercator International Pte Limited@	3.75	391.16	-	394.92

@ During the year, the Company has converted the loan receivable amounting to Rs. 391.16 crore (USD 56.55 million) from one of its wholly owned Singapore based subsidiary, Mercator International Pte Ltd., into 6.51% Non- Cumulative Redeemable Preference Shares (NCRPS) to the extent of the amount outstanding as on March 30, 2019 as a part of its restructuring exercise at group level.

Investments during the year 2017-18

(₹ in Crore)

Name of Subsidiary	Opening Balance	Additions	Deletions	Closing Balance
Mercator Petroleum Limited	45.93	5.18	-	51.11
Mercator Oceantransport Limited	-	0.05	-	0.05

(iii) Guarantees given

Corporate guarantees issued by the Company on behalf of wholly owned Subsidiaries

Guarantee given on behalf of	Outstanding as at 31st March 2019 (₹ in Crore)	Outstanding as at 31st March 2018 (₹ in Crore)
Mercator International Pte. Limited*	83.01	95.94
MCS Holdings Pte Limited*	160.10	173.97

Notes to the Financial Statements

3.11 Details of loans given, investment made and guarantee given covered under section 186(4) of the Companies Act. 2013: (Contd..)

Guarantee given on behalf of	Outstanding as at 31st March 2019 (₹ in Crore)	Outstanding as at 31st March 2018 (₹ in Crore)
Mercator Oil and Gas Limited*	234.43	223.12
Mercator Petroleum Limited*	93.89	92.55
Total	571.42	585.58

*Parent Company guarantees issued in favor of Banks for Loans availed by the subsidiaries for their Business activities

(ii) Letter of Comfort

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Letter of Comfort is issued in favour of Bank for the Loan availed by step-down subsidiary for its business activity.	-	251.21

During the quarter ended March 31, 2019, financial lender of a step down foreign subsidiary has invoked Letter of Comfort (LOC) amounting to Rs. 244.61 crore (USD 35.20 million) issued to local lender by the Company, which has resulted in a claim of debt of such amount with interest on the Company as on March 31, 2019.

(iii) Letter of Comfort (Promissory Note Based)

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Letter of Comfort is issued in favour of Bank for the Loan availed by subsidiary for its business activity.	50.23	48.13

(iv) Security Given

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Charge created on investment property of the Company (Refer Note 2.2(b))	95.00	95.00

(v) Security Taken

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Charge on fixed assets and cash flow of one of subsidiary incorporated in India for non- convertible debenture issued by the Company during the year (Refer Note No 2.15 (a))	130.00	100.00

Notes to the Financial Statements

3.12 Disclosure as required under Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ in Crore)

Name of the Company	As at 31-Mar-2019	Maximum outstanding during 2018-19	As at 31-Mar-2018	Maximum outstanding during 2017-18
Mercator International (Pte) Ltd.	-	21.21	357.88	357.88
Mercator Oil and Gas Limited	79.59	81.78	63.25	74.89
Mercator Petroleum Limited	65.12	65.12	61.19	61.19
Mercator Dredging Private Limited (Formerly known as Mercator FPSO Private Limited)	2.02	2.02	2.01	2.01
Offshore Holdings Pte. Ltd.	174.47	256.36	7.10	7.23
Mercator Offshore (P) Pte. Ltd.	1.31	1.38	1.24	1.27
MCS Holdings Pte Limited	6.80	6.98	5.73	5.73
Mercator Oceantransport Limited	0.01	0.01	-	0.18
Oorja Resources India Private Limited	0.10	1.24	-	0

3.13 Income Tax expense

(A) Tax Expenses recognized in the Statement of Profit & Loss

(₹ in Crore)

Particulars	Current Year	Previous Year
Current tax		
Current tax on taxable income for the year	5.20	2.00
Excess/(Short) provision for tax of earlier years	6.13	40.17
Total Current tax expense (A)	11.33	42.17
Effective Tax Rate	N.A.	N.A.

Effective tax rate is not applicable as the Company is paying tax under tonnage tax provision under section 115V of Income Tax Act 1961. Other tax of earlier years represent write off of withholding tax for which credit is not available or taken in respective financial year.

(B) Reconciliation between statutory Income Tax Rate applicable to the Company and the effective Income Tax rate is as follows :

(₹ in Crore)

Particulars	Current Year	Previous Year
Profit before Tax	(500.12)	(142.82)
Indian statutory income tax rate	33.06%	33.06%
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Gain attributable to tonnage tax activity	5.05	0.80
Non Qualifying Income & Expense under Tonnage Tax	0.15	1.20
Others (net)		
Total income tax expense	5.20	2.00

* Note: In case of Indian shipping companies, tax expense is computed based on the gross tonnage of the vessels for the income subject to tonnage tax. In case of income not subject to tonnage tax, the same is calculated based on the taxable profits calculated in accordance with the local tax laws.

Notes to the Financial Statements

3.14 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Company as per section 135 of the Companies Act 2013, during the year ₹ NIL.

3.15 Financial Risk Management Objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Risk Management committee.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables and Loans and borrowings.

The Company manages market risk through Risk Management committee, which evaluates and exercises independent control over the entire process of market risk management. The committee recommends risk management objectives and policies, which are approved by Risk Management and Board.

(a) Market Risk

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in interest rates.

Exposure to Interest rate risk

Particulars	(₹ in Crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Total Borrowings	1,196.29	952.76
% of Borrowings out of above bearing variable rate of Interest	67.85%	65.28%

The Company is exposed to interest rate risk as it borrows funds at floating interest rates. The interest rate risk is managed by monitoring the Company's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended March 31, 2019 would increase/decrease by ₹ 4.06 crore (Previous Year ₹ 3.11 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

ii) Maritime Risk

The operations of the Company may be exposed to piracy, war, sabotage and terrorism risk at sea which could potentially disrupt the operations of the Company. Also, the Company's vessels are susceptible to arrests by maritime claimants which could result in significant loss for the Company. In times of emergency or wars, the Government could demand the Company's vessels without adequate compensation.

iii) Price Risk

The Company is engaged in the business of commodity transportation of crude oil, petroleum products, coal, iron-ore etc which involves a high level of dependence on the production of oil and gas. Thus, demand in these sectors

Notes to the Financial Statements

3.15 Financial Risk Management Objectives and Policies (Contd..)

will have a direct impact on the business of the Company. A decline in the demand for oil, coal or iron etc. will adversely affect the business of the company. Thus, often, the factors affecting the supply and demand for the vessel are beyond the control of the Company as the nature, timing and degree of changes in the industry conditions cannot be foreseen and are unpredictable.

iv) Other price risk:

The Company is not exposed to any significant equity price risks arising from equity investments, as on March 31, 2019. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade in these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

v) Foreign currency risk

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is mitigated by natural hedges of matching revenues and costs.

Since the majority of the revenues of the Company are denominated in US dollars, there is a translation risk as the Company has to report its financial performance in INR.. The carrying amounts of the Company's financial assets and financial liabilities denominated in foreign currencies at the reporting date in INR are as follows:

(₹ in Crore)

Details / Currency	As at 31-Mar-2019	As at 31-Mar-2018
Trade Receivables		
- USD	13.94	14.35
Cash and Cash equivalents		
- USD	0.00	0.46
Other Financial Assets		
- USD	399.29	385.98
- SGD	-	0.06
- Euro	-	2.34
- GBP	-	0.02
- JPY	-	0.00
Borrowings		
- USD*	671.13	718.28
Other Financial Liabilities		
- USD	9.23	25.60
- SGD	0.19	0.20
- AED	0.03	0.04
- Euro	0.06	0.08
- GBP	-	0.21
- JPY	0.03	0.04

*Borrowings includes USD Loan of ₹ 183.06 Crore (Previous year ₹ 323.12 crore) where exchange fluctuation impact on revaluation are capitalised as per Ind AS 101 to Cost of Vessel.

Sensitivity Analysis:

A 5% strengthening / weakening of Indian Rupee against key currencies to which the Company is exposed (net of hedge, if any), with all other variables being held constant, would have led to approximately a gain / loss of Rs.13.37 crore (Previous Year : Rs.9.10 crore).

Notes to the Financial Statements

3.15 Financial Risk Management Objectives and Policies (Contd..)

(b) Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when where there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. When such recoveries are made, these are then recognized as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates.

Ageing of Accounts Receivables

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Less than 180 days	21.79	68.69
More than 180 days	45.92	93.62

Financial assets are considered to be of good quality and there is no significant increase in credit risk

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following tables detail the Company's remaining contractual maturity for its non derivative financial liabilities, based on contractually agreed discounted cash flows:

Maturity Analysis of Significant Financial Liabilities

(₹ in Crore)

As at March 31, 2019	Contractual Cash Flows				
	Up to 1 year	1-3 years	3-5 years	More than 5 years	Total
Financial Instruments					
Borrowings	722.56	392.71	81.02	-	1,196.29
Trade Payables	84.96	-	-	-	84.96
Other financial liabilities	28.27	0.18	-	-	28.45
	835.79	392.89	81.02	-	1309.70

Notes to the Financial Statements

3.15 Financial Risk Management Objectives and Policies (Contd..)

(₹ in Crore)

As at March 31, 2018	Contractual Cash Flows				
	Up to 1 year	1-3 years	3-5 years	More than 5 years	Total
Financial Instruments					
Borrowings	315.64	389.71	226.86	20.55	952.76
Trade Payables	135.32	-	-	-	135.32
Other financial liabilities	26.07	12.78	-	-	38.85
	477.03	402.49	226.86	20.55	1,126.93

(d) Legal Risk

Several cases have been filed in National Company Law Tribunal (NCLT) against the Company and its few subsidiaries in India under the Insolvency and Bankruptcy Code 2016. The cases have not been admitted yet and the hearings are in process.

3.16 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at 31st March 2019, the Company has only one class of equity shares and has debt, consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution of dividend or re-investment into business based on its long term financial plans.

The debt equity for the year is as under:

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Borrowings (₹ in crore) - (A)	1,196.29	952.76
Total Equity (₹ in crore) - (B)	252.90	771.42
Debt Equity Ratio (A/B)	4.73	1.24

3.17 Current Tax Assets (net) as on March 31, 2019 includes Rs. 58.47 Crore (Net of Provision of ₹ 52.79 Crore) which has not been settled due to ongoing tax assessment for the various Assessment Years up to AY 2015-16 against which net tax demand of Rs. 63.18 Crore has been received and contested by the Company. Considering the various judicial pronouncements and submissions made so far, the management is hopeful of a favourable outcome of these pending litigations.

There are certain deferred tax assets arises on account of overseas withholding tax receivable amounting to ₹ 6.13 Crore (₹ 40.17 Crore) which are non-realizable in view of the management in compliance with tax laws and ongoing assessment proceedings and hence the same has been written off as tax expenses for prior years during financial current financial year ended.

3.18 During the year, the Company has identified and made provision for doubtful debts and advances of ₹ 54.56 Crores (net of balance written back) for balances outstanding more than 6 months and which are doubtful for recoveries.

Notes to the Financial Statements

3.19 During the year, the Company had entered into an agreement for sale of VLGC “Sisouli Prem”, built in 1991 vide Memorandum of Agreement (MOA) dated November 30, 2018, which was delivered / sold to the buyer on December 20, 2018. Also, one Tanker “M.T. Vedika Prem” built in 1992 was 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 has been recognised in the financial statements.

3.20 The Company does not have any long term contracts including derivative contracts as at March 31, 2019 wherein the Company is required to make provision towards any foreseeable losses.

3.21 In view of ongoing default in repayment of loans from Banks and Financial Institutions / Non Banking Finance Companies in September 2018 and onwards, the managerial remuneration paid to a promoter director was in excess of the prescribed limits to the extent of Rs.1.16 Crore as per Companies Amendment Act 2017 (effective from 12th September 2018), in the absence of requisite approval as on 31st March 2019. The excess payout has been reversed and the same is recoverable from him as on 31-03-2019. As per sub clause (9) of Section 197, such excess managerial remuneration paid should be recovered within a maximum period of two years.

3.22 Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1 to the financial statements.

(a) The carrying value of financial instruments by categories is as follows -

(₹ in Crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	7.42	18.45
Bank balances other than Cash and cash equivalents	21.31	22.70
Loans	335.68	505.95
Trade receivables	67.70	162.32
Investment in Debentures of Subsidiary	29.94	35.81
Investment in Non Redeemable Preference Shares of Subsidiary	391.16	-
Other Financial assets	86.66	96.27
Measured at Cost		
Investment in Equity Shares of Subsidiaries	53.37	39.16
Investment in Equity Shares-Others	0.00	0.00
Total	993.27	880.66
Financial liabilities:		
Measured at amortised cost		
Borrowings	1,196.29	952.76
Other financial liabilities	28.45	38.85
Trade and other payables	85.27	135.32
Total	1,310.01	1126.93

Carrying amounts of trade receivables, cash and cash equivalents and trade payables as at March 31, 2019 and March 31, 2018 approximate the fair values because of their short term nature. Difference between carrying amounts and fair values of other bank balances, borrowings, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Notes to the Financial Statements

3.22 Financial Instruments (Contd..)

(b) Fair Value Hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a) The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
- b) Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

However, none of the financial assets and liabilities have been fair valued during the current and previous financial year.

3.23 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective

Ind AS 116, Leases : On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlined asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition :

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as :

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at the lessee's incremental borrowing rate at the date of initial application, or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS immediately before the date of initial application.

Notes to the Financial Statements

3.23 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective (Contd..)

Certain practical expedients are available under both the methods. The Company is currently evaluation the effect of this amendment on the standalone financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives

The effective date of adoption of Ind AS 12, Appendix C is annual periods beginning on or after April 1, 2019. The Company does expect any material impact of this standard.

The Company is currently evaluation the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 12, Income taxes : On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluation the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19, plan amendments, curtailment or settlement : On March 31, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date of application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any material impact of this standard.

3.24 Going Concern

The financial statement have been prepared on a going concern basis. The Group has incurred significant losses and its net worth is substantially eroded in addition to defaults with lenders and credit downgrades. The current liabilities substantially exceeds the current assets and large sums of money are in disputed receivables which are not readily realisable. The

Notes to the Financial Statements

management is making its best efforts to achieve resolution with the lenders, to restructure its business activities and to achieve favourable order in the ongoing litigations in order to protect the value of its assets. In view of these efforts, the management feels that the going concern basis of preparation of financial statements is appropriate.

3.25 In case of a material step-down subsidiary, PT Karya Putra Borneo (KPB) operating Coal mines in Indonesia, a minority shareholder has raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company which has resulted into shareholders' disputes. The total investments and advances to KPB on consolidated basis from its step down subsidiary entity amounts to Rs. 94.90 Crore (USD 13.72 Mn) and Rs. 71.45 Crore (USD 10.33 Mn) respectively. The Company has exposure of Rs. 0.29 crore as equity share investment and Rs. 391.16 crore as Non Cumulative Redeemable Preference Share (NCRPS) in wholly owned subsidiary Mercator International Pte Ltd which has an impact to that extent. The said subsidiary has already initiated the necessary legal steps for the aforesaid dispute and expects to resolve this matter at the earliest possible. Meanwhile, the control of the operations are continuing normally under existing management.

3.26 Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company 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 giving the consortium 14 days cure period as per the contract and simultaneously proceeded to encash the bank guarantees. The performance of the Petitioner Company was adversely impacted due to illegal termination of the by ONGC after the Company successfully completed almost 96% of the Project. MOGL has since then initiated arbitration proceedings against ONGC and appointed its arbitrator and a tribunal has been formed. As on March 31, 2019, the Company has exposure of Rs 0.15 Crore as investment, Rs 79.59 Crore as loan, Rs 5.22 Crore as other receivable, corporate guarantee issued on behalf of the subsidiary Rs. 234.43 Crore and pledge of promoters' shares amounting to Rs. 6.08 Crore.

3.27 The Company has an insurance claim amounting to Rs. 54.28 crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion. The next hearing for the matter is scheduled on September 17, 2019.

3.28 During the year ended March 31, 2019, financial lender of a one of step down foreign subsidiary has invoked Letter of Comfort (LOC) amounting to Rs. 244.61 crore (USD 35.20 million) issued to local lender by the Company, which has resulted in a claim of debt of such amount with interest on the Company as on March 31, 2019. A part of such loan, amounting to Rs. 174.47 crore, has been recovered by the lender on May 9, 2019 from the sales proceeds of sale of vessel "Nerissa" in the step down subsidiary and balance amount has been recognised as a loan by the Company.

3.29 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements except otherwise stated in above notes wherever applicable depends on its ability to determine material financial impact and appropriateness.

3.30 Previous year's figures have been regrouped / restated wherever necessary to conform to current year's classification.

As per our report of even date

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

S. Chandrasekhar

Partner
Membership No : 007592

Place: Mumbai

Date: 29th May 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman
(DIN:00007690)

Rajendra Kothari

Chief Financial Officer

Place: Mumbai

Date: 29th May 2019

M.M Agrawal

Director
(DIN:00681433)

Sangeetha Pednekar

Company Secretary

Shalabh Mittal

Chief Executive Officer

Consolidated Financial Statements

Independent Auditor's report

To
The Members of
Mercator Limited

Report on the audit of the Consolidated financial statements

Disclaimer of Opinion

1. We have audited the accompanying Consolidated financial statements of Mercator Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").
2. We do not express an opinion on the accompanying Consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated financial statements.

Basis for Disclaimer of Opinion

3. We draw your attention to below referred Notes
 - i) Note 4 below regarding Material Uncertainty Relating to Going Concern, given that the Group has incurred significant losses resulting in substantial erosion of its net worth, in addition to defaults with lenders and credit downgrade and inability to meet its current liabilities which substantially exceeds its current assets. In view of conditions indicated therein, there exists material uncertainty that may cast a doubt on the Group's ability to continue as going concern.
 - ii) Note 3.08 to the Consolidated financial statements regarding ongoing litigation in respect of ownership of a material step down Indonesian subsidiary. Should the claim by the minority shareholder of

the step-down subsidiary hold valid, the Group is exposed to loss of ownership with net exposure of Rs.274.03 Crore (USD 39.62 Mn) as at March 31, 2019.

- iii) Note 3.09 to the Consolidated financial statements 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.
- iv) Note 3.10 to the Consolidated financial statements regarding notice received by a subsidiary 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 the subsidiary's stand is not accepted by the Ministry, the estimated financial impact would be to the tune of Rs.74.81 Crore.

Material Uncertainty Relating to Going Concern

4. Note 3.07 to the Consolidated financial statements regarding the preparation of the Consolidated financial statements on going concern basis, for the reason stated therein. Consequently, the assets and liabilities are being carried at their book value and the management is of the view that no further impairment of its assets is required. The Group has accumulated losses and has also incurred significant losses during the year resulting in substantial erosion of its net worth, in addition to defaults with lenders and credit downgrade and inability to meet its current liabilities which substantially exceeds its current assets. As on date, the Group has substantial disputed receivables, which are not readily realizable to service the Group's current liabilities. These conditions indicate the existence of an uncertainty that may cast a doubt on the Group's ability to continue as going concern. The appropriateness of assumption of going concern, and evaluation of recoverable value of its non-current assets is dependent upon the resolution of the debt of the Group, the Group's ability to raise requisite finance, achieve favourable orders in various ongoing

litigations and generate cash flows in future to meet its obligations and to earn profits in future and currently there is not enough evidence to support this view.

Emphasis of matters

5. We draw your attention to the following matters:

- i) Note 3.11 to the Consolidated financial statements regarding termination of Sagar Samrat Conversion Project (SSCP) contract undertaken by a subsidiary Mercator Oil and Gas Ltd. and invocation of certain bank guarantees by ONGC. The matter is currently under dispute. However, reported financials will have an adverse impact of Rs. 204.61 Crore on net assets in case the arbitration petition is decided against the subsidiary.
- ii) Note 3.12 to the Consolidated financial statements 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.

- iii) Note 2.15 (g) & (i) to the Consolidated financial statements regarding delays and default in repayment and breach of financial covenants with respect to various Short term and Long term borrowings from Banks, financial institutions, NBFCs and debentures.

Our opinion is not modified in respect of above matters.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. With respect to subsidiaries not audited by us, we have relied on the report of the other auditors for reporting the Key audit matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	Provisions, write offs and write backs The Group has provided for an amount of Rs. 212.67 Crore pertaining to its receivables and advances and has written back an amount of Rs. 157.93 Crore pertaining to its payables during the year. This has been done basis a detailed evaluation conducted by the management during the year of its receivables and payables. These items are material and non recurring adjustments carried out in the financial statements basis management judgements and estimates requiring specific audit procedures to be conducted by us.	Principal audit procedures Our audit approach was a combination of review of controls and substantive procedures which included the following: 1. Reviewed the policies of the Company with respect to provisions and write backs. 2. Obtained the list of accounts and amounts that were provided or written back along with the rationale for the same and appropriate approvals. 3. Read the minutes of the Audit committee and Board of Directors approving the same. 4. Tested on sample basis the correspondence and documentation relating to these provisions/ write backs, wherever available. We have also reviewed whether appropriate disclosures are made in the financial statements

Sr. No.	Key audit matters	How our audit addressed the key audit matter
2.	Revenue Recognition : The Group has different revenue streams for vessels and dredgers. Each contract, contains various clauses which impact the determination of the transaction price of the identified performance obligation of the company including qualitative factors basis which deductions may be carried by the customers. The estimation of the completion of performance obligations and determination of the revenue to be recognized and deductions to be accounted involves high level of judgments and estimation.	Principal audit procedures: Our audit approach was a combination of review of controls and substantive procedures which included the following: 1. Review of controls for recognizing revenue. 2. Selected a sample of the continuing and new contracts and tested the effectiveness of the controls, relating to identification of the distinct performance obligations and the determination of the transaction price. 3. Selected a sample of the continuing and new contracts and performed the following procedures: • Read, analysed and identified the distinct performance obligations • Compared these performance obligations with that identified and recorded by the company • Considered terms of the contract to identify the transaction price • Tested sample transactions to assess whether the revenue has been appropriately accounted including any under performance claims for time charters • Performed analytical procedures for reasonableness of revenue accounted and disclosed
3.	Impairment of Assets – (a) Vessels & Dredgers The Group has Vessels and Dredgers with a carrying value of Rs. 451.26 Crore. There are impairment indicators in the company given the current market conditions in shipping and availability of contracts in dredging business. The company has carried out independent assessment of value of each of the vessels and dredgers and has also estimated the Value in Use. Assessment of the Value in Use involves making several assumptions pertaining to sales pricing, future cost estimation, the discount rate to be applied, the scrap value at the end of the life and other subjective factors. The company has estimated a total impairment provision of Rs. 150.48 Crore for the year which has been provided in the financial statements.	We addressed this key audit matter as under: 1. Reviewed the impairment policy of the group 2. Obtained the list of Cash Generating Units (Vessels and Dredgers) and their carrying values 3. We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. 4. Obtained the latest independent valuation reports, as available for Vessel(s) and had compared value in use with carrying value in case of Dredger, due to non – availability of the latest valuation reports. 5. We tested the arithmetical accuracy of the models Evaluated the Value in Use calculation prepared by the management and the reasonableness of the key assumptions applied in the impairment calculation.

Sr. No. Key audit matters	How our audit addressed the key audit matter
(b) Coal Mines As at March 31, 2019, the carrying amount of mining properties amounted to Rs. 235.62 Crore which represents sizeable quantum of the Group's Non Current assets and its revenues. Due to the sustained volatility in coal prices, there is a risk that the recoverable amounts of the mining properties are lower than the carrying amounts, resulting in potential impairment to be recognised. Management has prepared the impairment assessment testing and determining the recoverable amounts of the mining properties, determined based on the Value in use calculations of the underlying mines, is a judgemental process which requires the estimation of the forecasted coal prices, projected production volumes and discount rates. Inappropriate management estimates made, if any, in the impairment assessment may result in a significant impact on the carrying amounts of the mining properties.	We addressed this key audit matter as under: - Evaluated the design and implementation of management's controls over the impairment assessment process, including the identification of indicators of impairment, determination of Cash Generating Units ("CGU") and estimation of recoverable amounts of each CGU. - Evaluated the competency and experience of the person preparing the impairment assessment process. - Obtained and challenged the assumptions used in the Value in use calculations of the underlying coal mines (forecasted coal prices projected production volumes and discount rates) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data.

Information Other than the Consolidated financial statements and Auditor's Report thereon

7. The Holding Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in Corporate Governance, Management Discussion and Analysis and Board's Report including Annexure to Board's Report. but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements

8. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Indian Accounting Standards prescribed under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its subsidiaries are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group and its subsidiaries are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its subsidiaries are responsible for overseeing the financial reporting process of the Group and its subsidiaries.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of entities included in the Consolidated financial statements of which we are the Independent auditors. For the other entities included in the Consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably

be expected to outweigh the public interest benefits of such communication.

Other Matters

10. We did not audit the financial statements of 22 subsidiaries included in the Consolidated financial statements, whose financial statements reflect total assets of Rs.813.09 Crore as at March 31 2019, total revenues of Rs. 665.57 Crore, total net profit / (loss) after tax of Rs.(348.75) Crore, total comprehensive income/ (loss) of Rs. (348.75) Crore for the year ended on that date, as considered in the Consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated financial statements, 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.
11. The Consolidated financial statements include the financial statements of 5 subsidiaries which have not been audited by their auditors, whose financial statements reflect total assets of Rs. 34.03 Crore as at March 31, 2019 and total revenue of Rs. NIL and total net profit/(loss) after tax of Rs. (7.21) Crore for the year ended March 31, 2019 as considered in the Consolidated financial statements. According to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of subsidiaries referred to in the Other Matters section above, we report, to the extent applicable, that:
 - (a) We have, except to the extent described in the Basis for Disclaimer of Opinion paragraph, sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.

- (b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other Comprehensive Income) the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account maintained for the purpose of preparation of the Consolidated financial statements.
- (d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, the aforesaid consolidated financial statements comply with the Accounting Standards (including mandated disclosures specified under Section 133 of the Act.)
- (e) Matters described under the Basis for Disclaimer of Opinion paragraph and Material Uncertainty Related to Going Concern paragraph above in our opinion, may have an adverse effect on functioning of the Group and on the amounts disclosed in Consolidated Financial Statements of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Companies incorporated in India, none of the directors of the respective Companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Subsidiary Companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"
- (h) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, excess remuneration of Rs. 1.16 Crore was paid by the Parent company to its director during the current year with respect to the provisions of Section 197 of the Act (Refer Note No. 3.13). The excess amount paid, owing to the event of default, i.e. repayment of interest and installments to the Banks and Public Financial Institutions, has been reversed and recoverable from the director, to comply with the provision of Section 197 of the Act.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 3.06 to the Consolidated financial statements.
 - ii) The Group periodically assesses the foreseeable losses on all its Long term contracts including derivative contracts, if any. As at the end of the year under report, as confirmed by the management, there were no such material foreseeable losses which the Group needs to provide; and
 - iii) During the year ended March 31, 2019, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies incorporated in India.

For Singhi & Co.

Chartered Accountants
Firm Registration No. 302049E

Nikhil Singhi

Partner

Place: Mumbai

Date : November 13, 2019

Membership No. 061567

Annexure - A to the Independent Auditor's Report

(Referred in paragraph 12 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated financial statements of MERCATOR LIMITED ("the Holding Company") as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's and the covered entities internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal

financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

In view of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company and the covered entities.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of

Consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion

During the year the Holding Company and its subsidiary companies incorporated in India, were unable to update and provide us the necessary documentation for evaluation and testing of internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). Hence, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company and its subsidiary companies incorporated in India had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements of the Group, and the disclaimer does not affect our opinion on the Consolidated financial statements of the Group.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated financial statements insofar as it relates to subsidiary companies incorporated in India, is based on the corresponding report of the auditors of such subsidiary companies.

For Singhi & Co.

Chartered Accountants

Firm Registration No. 302049E

Nikhil Singhi

Partner

Place: Mumbai

Membership No. 061567

Date : November 13, 2019

Consolidated Balance Sheet

as at March 31, 2019

Particulars	Note	As at 31-Mar-2019	As at 31-Mar-2018
A ASSETS			
1 Non- Current Assets			
(a) Property, Plant and Equipment	2.1	840.36	1,640.44
(b) Capital Work-in-Progress		281.47	292.31
(c) Investment Properties	2.2	0.96	1.10
(d) Other Intangible Assets	2.1	0.11	0.54
(e) Deferred Tax Asset		1.30	-
(f) Financial assets			
(i) Investments	2.3	0.00	0.00
(ii) Loans	2.4	6.91	10.81
(ii) Other Financial Assets	2.5	212.45	15.13
(g) Other Non Current Assets	2.6	66.07	114.05
(h) Income Tax Assets (net)		92.73	82.50
Total Non-Current Assets		1,502.36	2,156.88
2 Current Assets			
(a) Inventories	2.7	15.20	16.61
(b) Financial Assets			
(i) Investment	2.3	180.38	205.73
(ii) Trade Receivables	2.8	110.30	321.74
(iii) Cash and Cash Equivalents	2.9(i)	13.29	22.46
(iv) Bank Balances other than (iii) above	2.9(ii)	24.63	105.98
(v) Loans	2.10	23.38	3.18
(vi) Other Financial Assets	2.11	70.58	74.61
(c) Other Current Assets	2.12	66.33	282.36
Non Current Assets classified as Held for Sale		185.69	26.28
Total Current Assets		689.78	1,058.95
TOTAL ASSETS		2,192.14	3,215.83
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	2.13	30.25	30.25
(b) Other Equity	2.14	(86.85)	922.43
Equity attributable to Owners		(56.60)	952.68
Non Controlling Interest		90.50	60.97
		33.90	1,013.65
2 Non - Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.15	514.48	1,012.60
(ii) Other Financial Liabilities	2.16	32.15	42.00
(b) Provisions	2.17	5.49	3.55
(c) Deferred Tax Liabilities (Net)		-	0.72
Total non-current liabilities		552.12	1,058.87
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.18	670.10	422.61
(ii) Trade Payables	2.19		
- total outstanding dues of micro enterprises and small enterprises		0.31	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		213.18	265.29
(iii) Other Financial Liabilities	2.20	586.95	324.42
(b) Other Current Liabilities	2.21	134.94	130.43
(c) Provisions	2.22	0.64	0.56
Total Current Liabilities		1,606.12	1,143.31
Total Liabilities		2,158.24	2,202.18
TOTAL EQUITY AND LIABILITIES		2,192.14	3,215.83
Basis of Preparation & Significant Accounting Policies			1
The accompanying notes are an integral part of the financial statements			2 to 3.35

As per our report of even date
For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

Nikhil Singhi

Partner
Membership No 061567

Place: Mumbai

Date: 13th November, 2019

For and on behalf of the Board
H.K. Mittal

Executive Chairman
(DIN:00007690)

Shalabh Mittal

Chief Executive Officer
(DIN:00007919)

Place: Mumbai

Date: 13th November, 2019

M.M Agarwal

Director
(DIN:00681433)

Rajendra Kothari

Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crore)

Particulars	Note	Year ended 31-Mar-2019	Year ended 31-Mar-2018
INCOME			
(a) Revenue from Operations	2.23	867.35	932.02
(b) Other Income	2.24	166.87	36.47
1 Total Income		1,034.22	968.49
EXPENSES:			
(a) Operating Expenses	2.25	618.88	647.53
(b) Employee Benefit Expenses	2.26	41.63	29.60
(c) Finance Costs	2.27	153.70	144.09
(d) Depreciation and Amortisation expenses	2.1	176.75	154.46
(e) Impairment of Assets	2.1	53.45	-
(f) Other Expenses	2.28	392.87	164.38
2 Total Expenses		1,437.28	1,140.06
3 Profit/(loss) before exceptional items and tax (1 - 2)		(403.06)	(171.57)
4 Less: Exceptional items	3.18	108.89	-
5 Profit/(loss) before tax from Continuing Operations (3-4)		(511.95)	(171.57)
6 Tax expense:			
(a) Current tax	2.29	(33.24)	(58.12)
(b) Deferred Tax	2.29	0.76	(2.12)
7 Profit/(Loss) for the period from Continuing Operations (5 - 6)		(544.43)	(231.81)
8 Discontinued Operation			
Profit/(loss) before tax from discontinued Operation (Refer Note No 3.24)		(336.08)	(45.73)
Tax (expenses) / benefit of discontinued operation		1.42	-
9 Profit/(loss) after tax from Discontinued Operation		(334.66)	(45.73)
10 Profit/(loss) after tax (7 + 9)		(879.09)	(277.54)
11 Other comprehensive income for the year (net of tax)			
Items that will not be reclassified to Profit or Loss,		(0.05)	1.49
(a) Remeasurements of net defined benefit plans		-	-
(b) Other comprehensive income/(loss) arising from discontinued operations		-	-
12 Total Comprehensive Income for the year (10 + 11)		(879.14)	(276.05)
13 Profit/(Loss) attributable to:			
Owners		(908.61)	(295.26)
Non-Controlling Interest		29.52	17.72
		(879.09)	(277.54)
14 Other Comprehensive Income attributable to:			
Owners		(0.05)	1.24
Non-Controlling Interest		-	0.25
		(0.05)	1.49
15 Total Comprehensive Income / (Loss) attributable to the owner of the Company			
Owners		(908.66)	(294.01)
Non-Controlling Interest		29.52	17.97
		(879.14)	(276.05)
16 Total Comprehensive Income / (Loss) attributable to the owner of the Company			
Continuing Operation		(544.48)	(230.32)
Discontinued Operation		(334.66)	(45.73)
		(879.14)	(276.05)
17 Earnings per share (Equity share of Re. 1/- Each) for profit / (loss) from continuing operation attributable to Owners of the Company			
Basic (In Rupees)	3.1	(18.98)	(8.84)
Diluted (In Rupees)		(18.98)	(8.84)
18 Earnings per share (Equity share of Re. 1/- Each) for profit / (loss) from discontinued operation attributable to Owners of the Company			
Basic (In Rupees)	3.1	(11.06)	(1.62)
Diluted (In Rupees)		(11.06)	(1.62)
19 Earnings per share (Equity share of Re. 1/- Each) for profit / (loss) from continuing and discontinued operations attributable to Owners of the Company			
Basic (In Rupees)	3.1	(30.04)	(10.46)
Diluted (In Rupees)		(30.04)	(10.46)

As per our report of even date

For Singhi & Co.

Chartered Accountants

Firm registration No: 302049E

Nikhil Singhi

Partner

Membership No 061567

Place: Mumbai

Date: 13th November, 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman

(DIN:00007690)

Shalabh Mittal

Chief Executive Officer

(DIN:00007919)

Place: Mumbai

Date: 13th November, 2019

M.M Agarwal

Director

(DIN:00681433)

Rajendra Kothari

Chief Financial Officer

Statement of Consolidated Cash Flow Statement

for the year ended 31st March, 2019

(₹ in crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
A Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax - continuing business	(511.95)	(171.57)
Net Profit / (Loss) Before Tax - discontinued business	(334.66)	(45.73)
Adjustment for:		
Depreciation & Amortisation	195.87	186.04
Impairment of Assets - continuing operation	53.45	-
Impairment of Assets - discontinued operation	301.86	-
Provision for doubtful debts/advances	95.60	6.14
Remeasurements of net defined benefit plans	-	1.49
Finance Costs	153.70	173.16
(Profit)/Loss on fixed assets sold / discarded (net)	73.50	65.42
Other income on account of accrual written back	(157.93)	-
Recycled through other equity (Refer SOCE)	(113.78)	-
Interest income	(2.58)	(3.98)
Exceptional Item	108.89	-
Bad Debts and other amounts written off/(back)	117.07	11.18
Unrealised (gain) / loss on Fair Value of Investment	40.50	(18.12)
Unrealised foreign exchange (gain) / loss (Net)	61.77	36.99
Operating profit before working capital changes	81.31	241.02
Adjustment for:		
Decrease/(Increase) in Non Current Financial Assets - Loans	3.90	(1.09)
Decrease/(Increase) in Non Current Other Financial Assets	9.39	(2.75)
Decrease/(Increase) in Other Non Current Assets	1.77	(39.29)
Decrease/(Increase) in Inventories	1.41	1.24
Decrease/(Increase) in Trade Receivables	(1.23)	51.82
Decrease/(Increase) in Current Financial Assets - Loans	(20.20)	(3.77)
Decrease/(Increase) in Current Other Financial Assets	4.11	(10.85)
Decrease/(Increase) in Other current assets	8.63	71.93
(Decrease)/Increase in Non Current Other financial liabilities	(9.85)	(0.46)
(Decrease)/Increase in Non Current provisions	1.94	(0.84)
(Decrease)/Increase in Trade Payables	(51.80)	75.63
(Decrease)/Increase in Current Other Financial Liabilities	52.51	(58.27)
(Decrease)/Increase in Other current liabilities	49.17	24.66
(Decrease)/Increase in Current provisions	0.08	(8.12)
Net Cash from Operating Activities	131.14	340.86
Direct taxes paid (Net of refund)	(21.53)	(16.02)
Net Cash from Operating Activities	109.61	324.84
B Cash Flow from Investing Activities		
Purchase of fixed assets including capital work in progress	(118.49)	(225.35)
(Increase) / Decrease in Capital advances	46.21	17.60
Proceeds from Sale of Fixed Assets	65.26	72.37
(Increase) / Decrease in Current Intercompany deposits	5.71	5.37
Purchase/(Sale) of Investments	-	(1.74)
Bank deposits (Placed) / redeemed with banks (Net)	84.74	(80.31)
Interest Income	2.49	4.63
Net Cash from Investing Activities	102.89	(207.43)

Statement of Consolidated Cash Flow Statement

for the year ended 31st March, 2019

(₹ in crore)

Particulars	Year ended 31-Mar-2019	Year ended 31-Mar-2018
C Cash Flow from Financing Activities		
Proceeds from Borrowings	383.67	297.22
Repayment of Borrowings	(489.89)	(423.30)
Changes in the Non-Controlling Interest	(0.02)	(14.93)
Proceeds from issue of shares QIP (Net of Expenses)	-	133.18
Dividend Paid (Including Dividend Distribution tax)	-	(1.62)
Interest paid	(115.42)	(179.37)
Net Cash from Financing Activities	(221.66)	(188.82)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	(9.16)	(71.41)
Cash and Cash Equivalents as at beginning of the year (Refer Note 2.9(i))	22.46	93.88
Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	(0.01)	(0.01)
Cash and Cash Equivalents as at end of the year (Refer Note 2.9(i))	13.29	22.46
Cash and Cash Equivalents comprise of:		
Cash and Bank Balances (Refer Note 2.9(i))	13.29	22.46

Notes:

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 , 'Statement of Cash Flows'

Reconciliation of changes in liabilities arising from financing activities including both changes arising from cash flows and non cash changes as per the requirement of amendment of Ind AS 7 :

Particulars	As at March 31, 2018	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2019
			Fair Value Changes	Foreign Exchange Movement	Acquisition	Amortised Cost	
Non Convertible Debenture (NCD)	99.22	30.78	-	-	-	5.54	135.54
Rupee Term loan from Bank	21.66	(10.73)	-	-	-	(0.86)	10.07
Foreign currency term loan from Bank	930.13	(331.84)	-	37.96	-	(8.75)	627.50
External Commercial Borrowing	148.12	(34.65)	-	7.20	-	(0.41)	120.26
Foreign Currency Convertible Bonds (FCCB)	96.28	7.79	-	6.60	-	(1.93)	108.75
Rupee Term loan from Financial Institution	74.36	(39.08)	-	-	-	0.00	35.29
Rupee Term loan from others	-	7.71	-	-	-	-	7.71
Working capital Loan	341.18	14.54	-	12.85	-	-	368.57
Rupee Short Term loan form Banks	17.07	249.26	-	-	-	-	266.33
Total	1,728.02	(106.22)	-	64.62	-	(6.40)	1,680.02

Previous Year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For Singh & Co.

Chartered Accountants
Firm registration No: 302049E

Nikhil Singh

Partner
Membership No 061567

Place: Mumbai
Date: 13th November, 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman
(DIN:00007690)

Shalabh Mittal

Chief Executive Officer
(DIN:00007919)

Place: Mumbai
Date: 13th November, 2019

M.M Agarwal

Director
(DIN:00681433)

Rajendra Kothari

Chief Financial Officer

Consolidated Statement of Changes In Equity

For the year ended 31st March 2019

Equity Share Capital

(a) Equity Shares

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Share	₹ in Crore	No of Share	₹ in Crore
Balance at the beginning of Reporting Period	30,24,59,335	30.25	26,98,92,073	26.99
Add: Changes in Equity Share Capital during the year	-	-	3,25,67,262	3.26
Balance at the end of Reporting Period	30,24,59,335	30.25	30,24,59,335	30.25

(b) Other Equity

(₹ in crore)														
Particulars	Deemed Equity	Reserves and Surplus						Other Reserves			Non Controlling Interest	Total		
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Debt Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Exchange differences on translating the financial statements of a foreign operation	Other Comprehensive Income			Other Reserve	
Balance at 1st April 2017	0.36	42.89	40.00	460.83	25.00	229.99	152.25	15.38	(0.04)	(1.74)	-	964.92	57.93	1,022.85
Profit/ (Loss) for the year	-	-	-	-	-	(295.52)	-	-	-	-	-	(295.52)	1797	(277.55)
Other Comprehensive Income to be recycled through Statements of Profit & Loss *	-	-	-	-	-	-	-	-	-	113.78	-	113.78	-	113.78
Increase / (decrease) during the year	-	-	-	-	(25.00)	-	25.00	-	9.46	1.49	-	10.95	(14.93)	(3.98)
Dividends	-	-	-	-	-	(1.62)	-	-	-	-	-	(1.62)	-	(1.62)
Transfer from General Reserve	-	-	-	-	25.00	-	(25.00)	-	-	-	-	-	-	-
Issuance of equity shares through Qualified Institutional Placement	-	-	-	142.15	-	-	-	-	-	-	-	142.15	-	142.15
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement	-	-	-	(12.23)	-	-	-	-	-	-	-	(12.23)	-	(12.23)
Transfer to General Reserve	-	-	-	-	-	-	15.38	(15.38)	-	-	-	-	-	-
Balance at 31st March 2018	0.36	42.89	40.00	590.75	25.00	(67.15)	167.63	(0.00)	9.42	113.53	-	922.43	60.97	983.40

Consolidated Statement of Changes In Equity

For the year ended 31st March 2019

(b) Other Equity (Contd..)

Particulars	Deemed Equity	Reserves and Surplus					Other Reserves			Total equity	Non Controlling Interest	Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Debt Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Exchange differences on translating the financial statements of a foreign operation	Other Comprehensive Income	Other Reserve	
Profit/ (Loss) for the year	-	-	-	-	-	908.61	-	-	-	(0.05)	-	29.52
Adjustment for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income recycled through Statement of Profit & Loss *	-	-	-	-	-	-	-	-	(113.78)	(113.78)	-	(113.78)
Increase / (decrease) during the year	-	-	-	-	-	(0.03)	-	-	12.19	0.99	-	0.01
Balance at 31st March 2019	0.36	42.89	40.00	590.75	25.00	(975.78)	167.63	(0.00)	21.66	0.69	-	90.50
												3.65

(₹ in crore)

*Represents the resultant impact w.r.t. entities deconsolidated and routed through OCI in the previous year pending receipt of confirmation from the official liquidator, now recycled through the Statement of Profit & Loss during the year on receipt of the said confirmation.

As per our report of even date

For Singhi & Co.

Chartered Accountants
Firm registration No: 302049E

Nikhil Singhi

Partner
Membership No 061567

Place: Mumbai

Date: 13th November, 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman
(DIN:00007690)

Shalabh Mittal

Chief Executive Officer
(DIN:00007919)

Place: Mumbai

Date: 13th November, 2019

M.M Agarwal

Director
(DIN:00681433)

Rajendra Kothari

Chief Financial Officer

Notes forming part of Financial Statements

Significant Accounting Policies and Notes Forming Part of the Consolidated Ind-AS Financial Statements for year ended March 31, 2019

Corporate Information

Mercator Limited (the “Company”) is a public limited Company registered in India under the provisions of the Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The Company and its subsidiaries constitute the Group. The Group has diversified business verticals viz. Shipping (tankers, gas carriers and dry bulkers), Dredging, Oil and Gas, Coal (Mining, Procurement and Logistics).

1. Significant Accounting Policies

1.1 Basis for Preparation:

The consolidated Ind-AS financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified by Ministry of Corporate Affairs pursuant to section 133 of Companies Act, 2013 (‘Act’) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements of the subsidiary companies used in the preparation of the Consolidated Ind-AS Financial Statements have been drawn up to the same reporting date as that of Mercator Limited, i.e. 31st March 2019.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

Authorisation of financial statements:

The Consolidated Ind-AS Financial statements were authorised for issue in accordance with a resolution of the Board of Directors in its meeting held on 13th November, 2019.

The functional currency of the Company and its Indian Subsidiaries is Indian Rupees (“INR”) whereas the functional currency of foreign subsidiaries is USD (\$),

Mozambican Meticals. The Group’s Consolidated Ind-AS financial statements are presented in Indian Rupee (INR), which is also the Holding Company’s functional and presentation currency. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crores.

1.2 Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for the following:

1. Certain financial assets and liabilities including derivative instruments is measured at fair value.
2. Assets held for sale- measured at fair value less costs to sell
3. Defined benefit plans- plan assets measured at Fair value.

1.3 Use of estimates:

The preparation of the Ind AS financial statements in conformity with the recognition and measurement principles of the Ind-AS that requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at date of financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Ind AS financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Critical estimates and judgements

This note provides an overview of the areas that involved a higher degree of judgement or complexity,

Notes forming part of Financial Statements

and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

The major areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation – refer note 3.02
- Estimation of current tax expenses and Payable – refer note 3.21
- Scrap Value and Useful lives of property, plant and equipment – refer note 1.7
- Impairment of property, plant and equipment – refer note 1.7
- Impairment of Investments, Loans and Advances and Current Assets.
- Provisions for litigations, insurance claim receivables and claim of underperformance by client.

1.4 Current versus non-current classification:

The company presents assets and liabilities in the balance sheet based on current/ non-current classification.

All the assets and liabilities have been classified as current/ non-current as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 Principles of consolidation:

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Financial Statements of the subsidiaries are included in the Consolidated Ind-AS Financial Statements from the date on which Control commences until the date on which the Control ceases.

The following Subsidiary Companies are considered in the Consolidated Ind-AS Financial Statements

Sr. no	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2019	% of holding either directly or through subsidiary as at March 31, 2018
1	Mercator Oil and Gas Limited	India	100.00%	100.00%
2	Mercator Petroleum Limited	India	94.13%	87.75%
3	Oorja Resources India Private Limited	India	100.00%	100.00%
4	Mercator Dredging Private Limited (formerly Mercator FPSO Private Limited).	India	100.00%	100.00%
5	Mercator Oceantransport Limited	India	100.00%	100.00%
6	Mercator International Pte. Ltd	Singapore	100.00%	100.00%
7	Offshore Holding Company Pte Ltd	Singapore	100.00%	100.00%
8	Brio Resources Pte Ltd @	Singapore	100.00%	100.00%
9	Oorja Holdings Pte. Ltd	Singapore	100.00%	100.00%
10	Mercator Energy Pte Ltd	Singapore	75.00%	75.00%

Notes forming part of Financial Statements

Sr. no	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2019	% of holding either directly or through subsidiary as at March 31, 2018
11	Offshore Holding Company Pte Ltd (formerly known as Mercator Offshore Assets Holding Pte Ltd)	Singapore	75.00%	75.00%
12	Mercator Offshore (P) Pte Ltd	Singapore	76.25%	76.25%
13	Panther Resources Pte Ltd	Singapore	100.00%	100.00%
14	Oorja (Batua) Pte. Ltd	Singapore	100.00%	100.00%
15	Oorja 1 Pte. Ltd	Singapore	100.00%	100.00%
16	Oorja 2 Pte. Ltd	Singapore	100.00%	100.00%
17	Oorja 3 Pte. Ltd®	Singapore	100.00%	100.00%
18	Oorja Mozambique Minas Limitada	Mozambique	100.00%	100.00%
19	MCS Holdings Pte. Ltd	Singapore	100.00%	100.00%
20	PT Karya Putra Borneo*	Indonesia	45.00%	45.00%
21	PT Indo Perkasa*	Indonesia	22.95%	22.95%
22	PT Oorja Indo Petangis Four	Indonesia	100.00%	100.00%
23	PT Oorja Indo Petangis Three	Indonesia	100.00%	100.00%
24	PT Bima Gema Permata	Indonesia	100.00%	100.00%
25	PT Oorja Indo KGS	Indonesia	100.00%	100.00%
26	Broadtec Mozambique Minas Limitada	Mozambique	85.00%	85.00%
27	Marvel Value International Limited	British Virgin Islands	100.00%	100.00%

*Consolidated based on criteria of control over management and operations.

®The Companies are under voluntary liquidation / strike off and we have received confirmation for strike off from Accounting and Corporate Regulatory Authority Singapore dated 6th April 2019

Following companies are sold/closed / in process of liquidation during the year

Sr.	No	Name of the company	Date of Closure/sale/liquidation
1		Mercator Okwok FPU Pte Ltd	Liquidation order of the companies received during the year FY 2018-19
2		Mercator Okoro FPU Pte Ltd	Liquidation order of the companies received during the year FY 2018-19
3		Mercator Projects Pte Ltd	Liquidation order of the companies received during the year FY 2018-19
4		MCS Investment and Trading Limited	The Company has been de-registered in records of Jebel Ali Free Trade Zone dated 10.12.2018
5		PT Mincon Indo Resources	Liquidation order of the companies received during the year FY 2018-19

The Consolidated Ind-AS financial statements have been prepared on the following basis:

1. The Financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together book values of similar items of assets, liabilities, income, expenses, equity and cash flows of the parent with those of its subsidiaries. The intra-company balances and transactions including unrealised

gain/loss from such transactions are eliminated upon Consolidation.

2. Consolidated Ind-AS financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
3. Non-Controlling Interests(NCI) represents part of the net profit or loss and net assets of the subsidiaries that are not, directly or indirectly owned or controlled by the company are excluded.

Notes forming part of Financial Statements

1.6 Foreign Currencies:

(ii) Functional and presentation currency

The functional currency of the Company and its Indian Subsidiaries is Indian Rupees ("INR") whereas the functional currency of foreign subsidiaries is USD (\$), Mozambican Meticals. The Group's Consolidated Ind-AS financial statements are presented in Indian Rupee (INR), which is also the Holding Company's functional and presentation currency. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crores.

(iii) Transaction and balances

Monetary Items

Transactions in foreign currencies are initially recorded at their standard Exchange rates determined monthly.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognised in Consolidated Statement of Profit or loss as Borrowing costs to the extent regarded as an Adjustment to the borrowing costs. They are deferred in Equity if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operations.

Non-Monetary Items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on

the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

(iv) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as Foreign Currency Translation Reserve (FCTR).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.7 Property, plant, and equipment:

Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of Property, Plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including brokerage and start-up costs on making

Notes forming part of Financial Statements

the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, company depreciates them separately based on their specific useful lives.

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Dry docks are considered as component of fleet with estimated useful lives different than the main component of fleet. Cost relating to drydock which is mandatorily required to be carried out as per the Classification Rules and Regulations is recognized in the carrying amount of ship and is amortised over 2.5 years

The Company reviews the carrying value of property, plant and equipment annually or more frequently when there is indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and equipment.

Depreciation on fixed assets is provided to the extent of depreciable amount on the Written Down value (WDV) method, except in case of Vessels, where depreciation is provided on Straight Line Method (SLM). Depreciation is provided based on useful

life of the assets as prescribed in Schedule II of the Companies Act, 2013 except, the following cases where useful life is considered as under based on technical evaluation:

A) Vessels	
i) Tankers, Dry Bulk carriers, Cutters, Dredgers	25 years
ii) Gas Carriers	30 years

B) Coal Crusher is depreciated on Unit Production Basis considering estimated production of 3,00,00,000 MT

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.8 Intangible Assets:

Computer Software

Software meeting the recognition criteria are recognised as Intangible assets and amortised from the period the asset is available for use.

Costs associated with maintaining the software are recognised as expense as and when they are incurred.

1.9 Capital work in progress:

All expenditure and borrowings cost incurred during the asset acquisition period, are accumulated and shown under this head till the asset is put to commercial use.

1.10 Non-current assets (or disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered

Notes forming part of Financial Statements

principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal Company) and its sale is highly probable. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.11 Impairment of non-financial assets:

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash-Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.12 Investment Property:

Since there is no change in the functional currency, the Holding company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment Property is property (land or a building- or a part of a building) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Holding Company depreciates building component of investment property over 20 years from the date of original purchase.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.13 Exploration and evaluation expenditure:

Exploration Asset - Exploration activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Exploration expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- The exploration expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration asset is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the exploration asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been

Notes forming part of Financial Statements

determined had no impairment loss been recognised for the asset in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and where a decision is made to proceed with development, the exploration asset attributable to that area of interest are first tested for impairment and then reclassified to mining property within property, plant and equipment.

1.14 Inventories:

Bunker and Lubes on vessels are valued at lower of cost and net realisable value ascertained on first in first out basis.

Inventory of coal is valued at the lower of cost and net realisable value. Cost is determined based on the weighted average cost incurred during the period and includes an appropriate portion of fixed and variable overheads. Net realizable value is the estimated sales amount in the ordinary course of business less the costs of completion and selling expense.

1.15 Oil and Gas Assets:

The Company follows Ind AS 106 "Exploration for and Evaluation of Mineral Resources" and Guidance Note on Accounting for Oil and Gas Producing Activities (2016) both issued by the Institute of Chartered Accountants of India (ICAI).

Acquisition costs such as costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved are capitalised. Any pre-acquisition costs are expensed as and when incurred.

All costs which are directly attributable to the exploration and evaluation activities of Oil and Gas are capitalised. General and Administration costs including finance costs are included in the Exploration and Evaluation costs only to the extent that those costs can be directly attributable to the related exploration and evaluation assets. In all other cases, these costs are expensed as incurred.

The Company classifies the acquisition costs, exploration and evaluation assets as tangible assets or intangible assets according to nature of assets acquired.

Once the technical feasibility of extracting Oil and Gas is determinable, exploration and evaluation assets are classified as Development Properties. Exploration and Evaluation assets is assessed for impairment and impairment loss if any, is recognised, before such reclassification. Subsequent development costs are capitalised as and when incurred.

When a well is ready to commence commercial production, the capitalised costs referred above (including costs allocated to dry well) are reclassified as "completed wells or producing wells" from intangible assets under development to gross block of intangible assets.

When all wells identified in the block do not result in discovery of proved oil and gas resources, the capitalized costs as referred to above are charged as an expense.

Expenditure incurred on exploratory blocks which are written off in past and start producing subsequently are not reinstated.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Impairment test is performed in accordance with the procedures given below for impairment of non-financial assets. Impairment loss, if any is recognised as an expense.

The company allocates exploration and evaluation assets to cash generating units or a group of cash generating units for the purpose of assessing such assets for impairment.

The company is currently in the Exploratory Stage and accordingly all expenditures incurred for the said activities are transferred to Capital Work in Progress.

1.16 Mining Properties:

When mines are capable of operating in the manner intended by the management, exploration and evaluation assets are transferred to mining properties. Amortisation is charged using the units of production method.

Notes forming part of Financial Statements

1.17 Exploration and Evaluation Assets:

Exploration and evaluation activity involves the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation expenditures comprise of costs that are directly attributable to:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation assets related to an area of interest is written-off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

- (i) the costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- (ii) exploration activities in interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets are recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation

assets are also tested for impairment once commercial reserves are found, before the assets are transferred to mining properties.

1.18 Cash and Cash equivalents:

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand and at bank in current and foreign currency accounts, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.19 Cash Flow statement:

Cash flows are reported using the indirect method, whereby profit /(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.20 Leases:

a) Finance Lease

Leases are classified as finance leases, if substantially all of the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

b) Operating Lease

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes forming part of Financial Statements

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

As a lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.21 Assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Property, plant and equipment classified as held for sale are not depreciated.

1.22 Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument, this is recognised and included in shareholders equity, net of income tax effect, and not subsequently re measured.

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

1.23 Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use for sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange

Notes forming part of Financial Statements

differences to the extent regarded as an adjustment to the borrowing costs.

1.24 Employee Benefits:

a) Short – term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) Post – employment benefits

i. Defined Contribution Plans

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

ii. Defined Benefit Plans

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet

c) Other Long – term employee benefits

Other Long – term employee benefit viz. leave encashment is recognised as an expense in the Statement of Profit and Loss as it accrues. The company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the other comprehensive income.

1.25 Fair value measurement:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market that can be accessed by the company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes forming part of Financial Statements

1.26 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using

the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. However currently the company does not have any financial instruments in this category.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at FVTOCI or FVTPL. The company makes such election on an instrument-by-instrument basis.

Notes forming part of Financial Statements

The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognized and accumulated in OCI are not reclassified to profit or loss on de-recognition

Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets measured at fair value through other comprehensive income.

In case of other assets (listed as a) above), the company determines if there has been a significant increase in credit risk of the financial asset since initial recognition.

B) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit or loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Notes forming part of Financial Statements

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortized such as loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C) Financial guarantee obligation

The company's investments include the effect of notional income from financial guarantee obligations.

D) Derivative financial instruments

Initial recognition and subsequent measurement

The company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks.

Such derivative financial instrument is initially recognised at fair value on the date on which derivative contract is entered into and is subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken through other comprehensive income.

E) Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBs based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.27 Provisions and Contingencies:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Notes forming part of Financial Statements

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

1.28 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed

to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.29 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group recognises revenue when the specific criteria have been met for each of the Company's activities as described below:

a) Freight Income

Income on account of freight is recognised in all cases where loading of the cargo is completed before the close of the year. All corresponding direct expenses are also provided.

b) Cargo Handling

Where loading of the cargo is not completed before the close of the year, revenue is not recognised and the corresponding expenses are also carried forward to the next year.

c) Charter Hire Income

Income from charter hire and demurrage earnings is recognized on accrual basis as per the terms of agreement.

d) Dividend Income

Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.

Notes forming part of Financial Statements

e) Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate.

f) Insurance Claims

Claims including insurance claims are accounted when there is a reasonable certainty of the realisability of the claim amount.

g) Revenue from Sale of Coal

Revenue from coal mining and trading is recognized on transfer of risk, reward and ownership of the goods, and is recorded net of returns, trade allowance, and government duties.

h) Income from Construction Contracts

In case of a subsidiary, revenue from long-term construction contracts is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

i) Income from other services is accounted on accrual basis as per the terms of the relevant agreement.

New and amended standards adopted by the Company

The Company has applied IND AS 115 Revenue from Contracts with Customers for the first time for annual reporting period commencing from April 01, 2018

The core principle of the standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

(b) Cumulative catch - up approach - Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application.

The Company adopted IND AS 115 using the modified retrospective method of adoption i.e. cumulative catch-up approach. The Standard is applied retrospectively only to contracts that are not completed as of 01st April 2018 and the cumulatives have not been restated. The adoption of the standard did not have any material impact on the financial statements of the Company.

1.30 Incomplete Voyages

Incomplete voyages represent freight received and direct operating expenses on voyages which are not complete as at the Balance Sheet date

1.31 Provision for Taxation:

Tax expenses comprise both current and deferred tax

(a) Current tax

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with section 115VG (3) of chapter XII-G of the Income Tax Act, 1961.

In respect of subsidiary companies, provision for taxation is made as per the applicable local laws of the respective countries

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the

Notes forming part of Financial Statements

computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

Further, the company is paying taxes on the basis of deemed tonnage income therefore no impact on deferred tax

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Notes forming part of Financial Statements

2.1 Property, Plant and Equipment

	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount			(₹ in crore)	
	As at 01/04/2018	Translation / Adjustment	Addition	Disposal /Adjustments	As at 31/03/2019	As at 01/04/2018	Translation / Adjustment	Depreciation during the year	Impairment	Disposal /Adjustments	As at 31/03/2019		As at 31/03/2018
Property Plant and Equipment													
Land	112.24	7.22	3.85	-	123.31	14.52	2.16	3.35	-	-	20.03	103.28	97.72
Vessels ^	1,217.20	0.10	22.81	(327.46)	912.65	371.48	-	123.55	150.48	(184.12)	461.39	451.26	845.72
Furniture & Fittings	3.62	2.28	0.54	-	6.44	2.96	1.92	0.42	-	-	5.30	1.14	0.66
Vehicles	4.23	0.79	1.31	(0.33)	6.00	2.38	0.62	1.11	-	(0.30)	3.81	2.19	1.85
Office Building	3.19	7.65	0.79	-	11.63	0.89	2.93	1.37	-	-	5.19	6.44	2.30
Computer Equipments	0.45	(0.22)	0.13	-	0.36	0.42	(0.24)	0.05	-	-	0.23	0.13	0.03
Mines	96.64	6.82	-	-	103.46	25.02	1.38	21.92	-	-	48.32	55.14	71.62
Oil Well	-	-	40.36	-	40.36	-	-	0.06	-	-	0.06	40.30	-
Mining Equipment	206.42	2.38	48.67	(0.33)	257.14	59.76	(7.74)	24.86	-	(0.22)	76.66	180.48	146.66
	1,643.99	27.02	118.46	(328.12)	1,461.35	477.43	1.03	176.69	150.48	(184.64)	620.99	840.36	1,166.56
Other Intangible Assets													
Computer Software	0.42	-	0.04	-	0.46	0.30	-	0.05	-	-	0.35	0.11	0.12
Total - A	1,644.41	27.02	118.50	(328.12)	1,461.81	477.73	1.03	176.74	150.48	(184.64)	621.34	840.47	1,166.68
Discontinued Operation (Refer Note 3.24)													
Vessels	565.20	-	-	(565.20)	-	91.32	-	18.92	280.36	(390.60)	-	-	473.88
Computer Software	0.70	-	-	(0.70)	-	0.28	-	0.20	0.22	(0.69)	-	-	0.42
Total - B	565.90	-	-	(565.90)	-	91.60	-	19.12	280.58	(391.29)	-	-	474.30
Total	2,210.31	27.02	118.50	(894.02)	1,461.81	569.33	1.03	195.86	431.06	(575.93)	621.34	840.47	1,640.98

Notes forming part of Financial Statements

2.1 Property, Plant and Equipment (Contd..)

(₹ in crore)

Particulars	Cost			Depreciation /Amortisation			Net Block	
	As at 01/04/2017	Translation / Adjustment	As at 31/03/2018	Disposal /Adjustments	As at 31/03/2018	Disposal /Adjustments	As at 31/03/2018	As at 31/03/2017
Property Plant and Equipment								
Land	111.86	0.37	112.24	-	-	-	9772	100.79
Vessels	2,35,919	2.96	2,14,796	(280.75)	3.37	-	1,31,960	1,55,686
Furniture & Fittings	7.02	0.03	3.62	(3.45)	168.79	(143.42)	828.36	1.58
Vehicles	4.37	0.01	4.23	(1.21)	0.67	(3.31)	2.96	1.85
Office Premises	317	0.01	319	-	0.70	(0.95)	2.38	2.37
Computer Equipments	1.27	-	0.45	(0.82)	0.23	(0.03)	0.89	0.86
Mines	96.40	0.24	96.64	-	0.04	-	0.42	0.03
Mining Equipment	175.11	0.62	206.42	-	-	-	25.02	71.38
Other Intangible Assets	2,758.39	4.24	2,574.75	(286.23)	185.52	(147.71)	934.31	1,862.93
Computer Software	0.40	-	1.12	-	11.72	-	59.76	127.34
Total	2,758.79	4.24	2,575.87	(286.23)	1.04	(147.71)	934.89	1,863.12

*Gross Carrying amount and accumulated depreciation as on April 01, 2018 is after adjusting Rs. 365.56 Crore on account of presentation adjustment relating to disposal of Vessels in the FY-2016-17. This adjustment has no impact either on the Profit / (Loss) of the Group or the Net Carrying value of the Property, Plant and Equipment as on April 01, 2018 as well as March 31, 2019.

i Vessels and Vehicle of Net book value of Rs 448.86 Crore and Rs 0.29 Crore respectively has been charged/mortgaged to the lenders (Refer Note 2.15)

ii Impairment testing for fleet

The Group has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of Ind-AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, the Company has made a provision for impairment loss of Rs. 150.48 Crore as on 31/03/2019 for its fleet out of which Rs 97.16 Crore relates to Vessel MV Veera Prem which has been grounded and hence has been treated as an exceptional item.

iii Impairment testing for mining properties and Oil Blocks

The Group assessed 'recoverable amount' of each CGU (Cash Generating Unit) by determining the value in use, requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such CGU and a suitable discount rate in order to calculate the present value. It is believed that the assumptions used in the estimation of the value in use of CGU reflected in the financial statements are appropriate and reasonable.

iv Amortisation of mines

Cost of Mines includes Rs 71.62 Crore incurred by the subsidiary company having controlling interest in the step down subsidiary owning Mining assets in Indonesia which are amortised using the unit of production method.

Notes forming part of Financial Statements

2.2 Investment Property

Particulars	Cost			Depreciation /Amortisation			Net Block	
	As at 01/04/2018	Translation / Adjustment	Addition	As at 31/03/2019	Disposal /Adjustments	As at 31/03/2019	As at 31/03/2018	As at 31/03/2018
Office Premises	1.62	-	-	1.62	-	0.14	0.66	1.10
Total	1.62	-	-	1.62	-	0.14	0.66	1.10

Investment Property

Particulars	Cost			Depreciation /Amortisation			Net Block	
	As at 01/04/2017	Translation / Adjustment	Addition	As at 31/03/2018	Disposal /Adjustments	As at 31/03/2018	As at 31/03/2017	As at 31/03/2017
Office Premises	1.62	-	-	1.62	-	0.15	0.52	1.10
Total	1.62	-	-	1.62	-	0.15	0.52	1.10

Particulars	Year ended	
	31/03/2019	31/03/2018
(a) Income and expenditure of Investment property:		
Rental income from investment property:		
Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.60	0.60
Income arising from Investment Properties before depreciation	0.05	0.05
Less: Depreciation	0.55	0.55
Income from Investment Properties (net)	0.14	0.15
	0.41	0.40

(b) All of the Company's Investment Properties are held under freehold interest. Investment properties have restriction on title as they are pledged to secure long term borrowings of the Subsidiary of Company (Refer to Note 2.15).

(c) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Notes forming part of Financial Statements

2.2 Investment Property (Contd..)

- (d) The fair value of the Company's Investments properties as at March 31, 2019 & March 31, 2018 have been arrived at on the basis of valuation carried out as at March 31 2017 by an external, independent valuer registered with the authority which govern the valuers in India. The fair value measurement for all the investments properties has been categorised as Level 1/Level 2 fair value on the inputs to the valuation technique used.

(₹ in crore)

Particulars	Fair Value	
	31/03/2019	31/03/2018
Fair Value of Investment Properties:		
Office Premises	13.39	13.39

- (e) Details of Company's investment properties and information about the fair value hierarchy are given below:

(₹ in crore)

	31/03/2018		31/03/2017	
	Level 1	Level 2	Level 1	Level 2
Fair Value of Investment Properties:				
Freehold land	-	-	-	-
Office Premises	-	13.39	13.39	13.39

2.3 Investments

(₹ in crore)

Particulars	Face Value per Unit	Numbers At		Amount - As at	
		31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
a) Non Current Investments - At cost					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1250	1250	0.00	0.00
				0.00	0.00
Aggregate amount of Unquoted investments				0.00	0.00
b) Current Investments - At fair value					
Quoted					
Investment in Mutual Fund (Investment in Rights of Mining (FVTPL))				180.38	205.73
				180.38	205.73
Aggregate amount of Current investments				180.38	205.73

Current Investment at FVTPL are investment in a closely held mutual fund which has invested in underlying unlisted coal mining companies. The Fair Value of the same has been obtained from independent valuer.

2.4 Loans (Non Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Loans and Advances -Others	0.00	3.25
Other deposits	6.91	7.56
	6.91	10.81

Notes forming part of Financial Statements

2.5 Other Financial Assets (Non Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Fixed Deposits with bank with maturity more than 12 months (a)	7.79	11.18
Accrued interest on fixed deposit with banks	-	-
Deposits with government and semi government bodies	0.05	0.06
Contract work in progress (Refer No 3.11)	204.61	-
Unamortized finance charges	-	3.89
	212.45	15.13

(a) Held as lien for margin money & DSRA for borrowings

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
(a) Capital Advances to Others		
Capital Advances to related parties (a)	14.65	18.77
Capital Advances to Others	29.13	49.76
Capital Advances to Others, considered doubtful	7.36	2.70
Less Provision made	(28.83)	(2.70)
(b) Advances Other than Capital Advances		
Deposits with government and semi government bodies	11.70	9.87
(c) Other Advances		
Deferred - Legal Permission Expenses	1.27	-
Advances Recoverable	30.79	35.65
	66.07	114.05
(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	14.65	18.77
Less: Provision held	-	-
	14.65	18.77

2.7 Inventories

(valued at lower of cost and net realisable value)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Coal	9.07	3.71
Bunker and lubes	5.54	10.05
Stores	0.59	2.85
	15.20	16.61

Notes forming part of Financial Statements

2.8 Trade receivables

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
(Unsecured)		
Considered Good	112.51	323.72
Credit Impaired	185.26	25.62
Total Trade Receivables	297.77	349.34
Less:		
Allowance for bad and doubtful debts	(185.26)	(25.62)
Expected credit loss on Trade Receivables (Refer Note 3.25(b))	(2.21)	(1.98)
	110.30	321.74

2.9(i) Cash and cash equivalents

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Cash in hand	0.88	0.18
Balances with banks		
Current Accounts (a)	11.94	17.12
Fixed Deposits with bank with maturity less than 3 months (b)	0.47	5.16
	13.29	22.46
(a) Balances with banks includes amount in escrow account	0.59	0.14
(b) Held as lien for margin money & DSRA for borrowings		

2.9(ii) Other Bank Balances

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Fixed Deposits with bank with maturity more than 3 months but less than 12 months (b)	10.14	8.40
Earmarked Balances with Banks (a)	14.00	41.46
Restricted Cash and cash equivalents (c)	0.37	56.00
Balances with banks in unpaid dividend accounts	0.12	0.12
	24.63	105.98
(a) Balances with banks held as margin money deposits against guarantees	4.16	7.29
(b) Held as lien for margin money & DSRA for borrowings		
(c) Banks have frozen bank account in order to protect interest of shareholder and management until dispute being resolved, as detailed in Note 3.08. For previous year, restricted cash and cash equivalent represents bank accounts of one of the step-down subsidiary at Indonesia, which were frozen by the newly appointed directors of the subsidiaries on 6th September 2017.		

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Other Loans and Advances	11.68	0.24
Less : Provision	(1.65)	-
Security Deposits	13.35	2.94
	23.38	3.18

Notes forming part of Financial Statements

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unless otherwise stated)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Accrued interest on fixed deposit with banks	0.92	0.84
Inter Corporate Deposits to others	-	5.71
Insurance Claim Receivable	64.07	61.85
Security Deposits	0.02	1.03
Unbilled Revenue	5.57	2.25
Others	-	2.93
Inter corporate deposits to others, considered Doubtful	9.36	9.36
Less: Provision for doubtful advances	(9.36)	(9.36)
	70.58	74.61

2.12 Other current assets

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Contract Work in progress	-	206.71
Unamortised finance charges	0.48	1.18
Prepaid Expenses	12.05	16.79
Advance to Employees	0.24	0.12
Advance to Suppliers	38.80	44.22
Other Advances	8.48	7.75
GST / Service Tax Receivable	6.28	5.59
	66.33	282.36

2.13 Equity Share Capital

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Authorised		
35,00,00,000 Equity shares (Previous Year -35,00,00,000) of Re 1/- par value each	35.00	35.00
200,00,000 Preference shares (Previous Year -200,00,000) of Rs 100/- par value each	200.00	200.00
	235.00	235.00
Issued Capital		
30,24,59,335 (Previous Year - 30,24,59,335) Equity shares of Re 1/- each	30.25	30.25
	30.25	30.25
Subscribed and Fully Paid Up Capital		
30,24,59,335 (Previous Year - 30,24,59,335) Equity shares of Re 1/- each	30.25	30.25
	30.25	30.25

Notes forming part of Financial Statements

(a) Rights, preferences, restrictions attached to Shares

The company has two class of shares, referred to as equity shares having a face value of Re.1/- and preference shares having a face value of Rs.100/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(₹ in crore)

	2018-2019		2017-2018	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	30,24,59,335	30.25	26,98,92,073	26.99
Equity shares allotted in Qualified Institutional Placement			3,25,67,262	3.26
Equity shares outstanding at the end of the period	30,24,59,335	30.25	30,24,59,335	30.25

- (c) On 13th Nov 2017, the Company had issued and allotted 3,25,67,262 Equity Shares of Re 1/- each at an issue price of Rs. 44.65 per share to raise Rs. 145.41 Crore by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities Rules, 2014). Expenses related to the issue amounting to Rs. 12.31 Crore have been adjusted against Securities Premium Reserves. The net proceeds of the Qualified Institutional Placement has been utilised for repayment / prepayment of debt, working capital and general corporate purpose.

- (d) The company during the preceeding five years :

- (i) Has not allotted shares pursuant to contracts without payment received in cash.
- (ii) Has not issued shares by way of bonus shares.
- (iii) Has not bought back any shares.

(e) Details of shareholders holding more than 5% Equity Shares in the Company on reporting date:

	2018-2019		2017-2018	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	4,39,08,700	14.52	4,70,66,700	15.56
Archana Mittal	2,70,27,400	8.94	2,70,27,400	8.94
AHM Investments Private Limited	1,84,06,250	6.09	1,84,06,250	6.09
Government of Singapore	1,73,36,959	5.73	1,73,36,959	5.73

Out of above 64,811,250 no of shares (PY 43,623,401 no of shares) (72.19% (PY 46.94%) of promoter holding) has been pledged against loan taken by Parent Company outstanding as on 31st March 2019 amounting to Rs 36.29 Crores (PY Rs 74.50 Crores) as stated in Note 2.18.

In addition to above, 90,00,000 no of shares (PY 90,00,000 no of shares) held by AHM Investments Private Limited has been pledged during the year for credit facility amounting to Rs 36 Crores (PY Rs 36 Crores) taken by one of its wholly owned subsidiary Mercator Oil and Gas Limited.

Out of the above promoters' holding, 2,65,20,738 no of shares have been invoked by the financial lenders until date of reporting against which external loans liabilities of Rs 8.31 crore have been settled.

Notes forming part of Financial Statements

- (f) In respect of year ended March 31, 2019, the Board of Directors of the Company has not recommended any dividend (Previous Year Nil per share) on the fully paid up equity shares.

2.14 Other Equity

A. Summary Of Other Equity

(Refer Statement of Changes in Equity for detailed movement)

	As at 31-Mar-2019	As at 31-Mar-2018
Capital Reserve	42.89	42.89
Capital Redemption Reserve	40.00	40.00
Securities Premium Account	590.76	590.75
Debenture Redemption Reserve	25.00	25.00
General Reserve	167.63	167.63
Retained Earnings	(975.84)	(67.15)
Other Comprehensive Income (OCI)	0.69	113.53
Deemed Equity Component of FCCB	0.36	0.36
Foreign Currency Monetary Item Translation Difference Account	21.66	9.42
	(86.85)	922.43

B. Nature of Reserves

Capital Reserve

Capital Reserve is utilised in accordance with provisions of the Companies Act, 2013

Capital Redemption Reserve

Capital Redemption reserve (CRR) is being created as per Section 80 (d) of the Companies Act, 2013.

Security Premium Account

Securities Premium Reserve is used to record the premium on issue of securities of the Company. This reserve is created and utilised as per the provisions of the Companies Act, 2013.

Debenture Redemption reserve

The Company is required to create a Debenture Redemption Reserve out of the profits which is available for redemption of debentures.

In view of the loss for the year, the Company has not created the Debenture Redemption Reserve for Rs 7.50 Crore (Previous Year Rs Nil) in terms of section 71(4) of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debenture) Rules, 2014. The Company shall create the Debenture Redemption Reserve out of profits, if any, in the future years.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to Shareholders

Foreign Currency Monetary Item Translation Difference Account

Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognised are amortised in the statement of profit and loss over remaining maturity of related borrowings.

Notes forming part of Financial Statements

Retained earnings

Retained earnings represents surplus/ accumulated earnings of the company less any transfers to General Reserve, Tonnage Tax Reserves, dividend or other distribution paid to Shareholders.

Dividend : In respect of year ended March 31, 2018, the Board of Directors of the Company has recommended dividend amounting to Rs.Nil (Previous Year Rs. 0.05 per share) on the fully paid up equity shares.

Deemed Equity: Represents deemed equity portion of FCCB as per Ind AS

2.15 Borrowings (Non-current)

(₹ in crore)

	Non-current Portion		Current Maturities*		Total	
	As at		As at		As at	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Secured						
Debentures						
Secured Non Convertible	135.54	99.22	-	-	135.54	99.22
Debentures - (a)						
Term Loans						
From Banks						
Rupee Term Loans - (b) & (e)(ii)	41.01	21.66	52.35	-	93.36	21.66
Foreign Currency Term Loans - (c) & (e)(i)	262.80	712.17	281.41	217.96	544.21	930.13
External Commercial Borrowings (c) & (e)(i)	73.63	81.27	46.63	66.85	120.26	148.12
From Financial Institutions						
Rupee Term Loans - (b) & (e)(ii)	-	2.00	6.30	8.00	6.30	10.00
Unsecured						
From Financial Institutions						
Rupee Term Loans	1.50	-	-	-	1.50	-
Foreign Currency Convertible Bonds (d)	-	96.28	108.75	-	108.75	96.28
	514.48	1,012.60	495.44	292.81	1,009.92	1035.41

* Current maturities of non-current borrowings have been disclosed under "Other Financial Liabilities (Current)".

(a) Debentures comprise of following:

(₹ in crore)

	Non-current Portion		Total		Redemption Date
	31-Mar-19		31-Mar-18		
	Gross	Carrying Value	Gross	Carrying Value	
1300 (PY 1000) (12.00)% Secured Unlisted Unrated Non Convertible Debentures of Rs. 10,00,000 each *	130.00	135.54	100.00	99.22	Quarterly installment starting from June 2020
Total (A)	130.00	135.54	100.00	99.22	

*Non Convertible Debentures are secured by first pari passu charge on specified vessels and first pari passu charge on the specified immovable property of the company. The same are further collaterally secured on pledge of shares of Mercator Petroleum Limited held by the Company and its step down subsidiary & shares of Mercator Oceantransport Limited. This is further secured by personal guarantee of the promoter. This will be redeemed at premium of 5% on every redemption installment or any prepayment as per terms of Debenture Trust Deed. Carrying value includes Rs 6.31 Crore for redemption premium.

Notes forming part of Financial Statements

(b) Rupee Term Loan comprise of following:

- i The Rupee term loans from banks of Rs. 0.33 Crore (PY Rs NIL) (gross) is exclusively secured against vehicle of the company and in nature of car loan payable under monthly EMI structure for period of 60 months door to door.
- ii The Rupee term loans from banks of Rs. 93.03 Crore (PY Rs 21.66 Crore) is primarily secured against movable and immovable fixed assets of the Oil Block (CB/ONN/2005/9), project contracts and insurance policies. The loan is further collaterally secured by personal guarantee of promoter and investment property of the Company (Refer Note 2.2).

(c) Foreign Currency term loan comprise of following:

- i The foreign currency term loans from banks of Rs. 544.21 crore (PY Rs 930.14 Crore) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the Group as well as charge on cash flows of specified vessels. Also out of total loan amounting to Rs 102.09 Crore (Previous Year Rs 134.15 Crore) are secured on cash flow from mining properties and pledge of shares of said companies including intercompany corporate guarantees.
- ii The external commercial borrowings of Rs. 120.26 Crore (PY Rs 148.12 Crore) (gross) are secured by a first ranking or exclusive charge/ mortgage/ security interest in respect of specified vessels of the company as well as charge on cash flows of specified vessels.

(d) Foreign Currency Convertible Bonds (FCCB) of USD 16 Mn outstanding amounting to Rs. 108.75 Crore (PY Rs. 96.28 Crore) are convertible upon exercise of option during the period May 27, 2014 till April 27, 2019 at initial conversion price of Rs 38.30 Per Share (at a fixed rate of exchange on conversion of Rs 58.5740 per 1 USD). The maturity date of FCCB is May 27, 2019 which is listed on Singapore Stock Exchange. This is fully unsecured in nature

The Company has entered into financial commitment to rollover the said FCCB with existing Bondholder with major change in terms and conditions for which the Company is awaiting approval of Reserve Bank of India (RBI). Upon its receipt, as there is major change in valuation, this rollover will extinguish the underlying nomenclature of previous bond transaction and will amount to change in fair value under applicable IND AS.

The Company has entered into binding obligation with the Bondholder for rollover of FCCB with change in major terms and conditions and also applied with Reserve Bank of India for approval of the same. Revised new terms and conditions are as under:

- i. Maturity date of the FCCB's has been extended from May 27, 2019 to May 27, 2022 or such date as may be agreed by the Parties.
- ii. The Conversion Price of the FCCB's has been reset from Rs. 38.30 per share to Rs. 10 per share (with a fixed rate of exchange on conversion of Rs. 58.5740 per USD)
- iii. Earlier coupon of 4.75% per annum payable annually has been changed to 5.75% compounded annually.
- iv. The Company shall provide as security for the existing FCCBs a charge over the "Yukti Prem", which was unsecured as per earlier terms.
- v. Also, Put/Call/ Conversions options at various time frames and upon occurrence of certain events has been provided to respective parties which was not provided in earlier terms.

Notes forming part of Financial Statements

(e) (i) Foreign Currency Term Loan from bank and Financial Institutions comprise of following:

(₹ in crore)

	Currency	Balance Installments as on 31.03.2019	Rate of Interest	As at				End of tenure
				31/03/2019		31/03/2018		
				Gross	Carrying Value	Gross	Carrying Value	
External Commercial Borrowing	USD	9	Libor+3.40%	7.07	7.07	7.98	7.98	2022
External Commercial Borrowing	USD	9	Libor+3.40%	70.74	70.33	79.83	79.14	2022
External Commercial Borrowing	USD	12	Libor+3.40%	42.85	42.85	43.11	43.11	2022
External Commercial Borrowing	USD		Libor+5.00%	-	-	17.89	17.89	2019
Total (B)				120.68	120.26	148.80	148.12	
Foreign Currency Term Loan	USD	6	Libor+5.00%	9.51	9.36	16.26	15.41	2020
Foreign Currency Term Loan	USD	16	Libor+4.50%	31.26	30.73	31.22	30.38	2022
Foreign Currency Term Loan	USD	8	Libor+4.50%	21.62	20.97	22.77	20.79	2020
Foreign Currency Term Loan	USD	6	Libor+4.50%	21.30	21.30	23.29	23.29	2020
Foreign Currency Term Loan	USD	16	Libor+5.20%	104.28	101.72	102.12	98.18	2022
Foreign Currency Term Loan	USD	25	Libor+4.50%	85.60	85.05	87.81	87.09	2025
Foreign Currency Term Loan	USD	20	MCLR+3.55%	27.05	25.50	29.92	27.69	2023
Foreign Currency Term Loan	USD	20	MCLR+3.55%	37.86	35.67	41.89	38.74	2023
Foreign Currency Term Loan	USD	9	Libor+5.00%	17.29	17.22	29.27	29.02	2020
Foreign Currency Term Loan	USD	16	Libor+5.00%	95.11	94.60	104.07	103.28	2022
Foreign Currency Term Loan (Converted by Bank into Rupee Term Loan)	USD	9	Libor+5.00%	-	-	70.89	70.89	2021
Foreign Currency Term Loan	USD	14	Libor+5.00%	83.01	83.01	95.94	95.94	2021
Foreign Currency Term Loan	USD	21	Libor+3.80%	-	-	251.21	251.21	2023
Foreign Currency Term Loan	USD	3	Libor+6.00%	19.08	19.08	38.21	38.23	2018
Total (C)				552.97	544.21	944.87	930.14	
Foreign Currency Convertible Bonds (FCCB) (D)	USD	Bullet Payment	4.75%	110.67	108.75	104.07	96.28	2020
Total (B + C + D)					773.22		1,174.54	

(e) (ii) Rupee Term Loan from bank and Financial Institutions comprise of following:

(₹ in crore)

	Currency	Balance Installments as on 31.03.2019	Rate of Interest	As at				End of tenure
				31/03/2019		31/03/2018		
				Gross	Carrying Value	Gross	Carrying Value	
Rupee term loan from Financial Institution (E)	INR	Bullet Payment	10% & 14.5%	7.80	7.80	10.00	10.00	2019
Rupee term loan from Bank	INR	49	8% - 9%	0.33	0.33	-	-	2023
Rupee term loan from Bank	INR	9	1Y MCLR + 4.60%	93.89	93.03	21.66	21.66	2021
Total (F)					93.36		21.66	
Total (E + F)					101.16		31.66	
Total (A + B + C + D + E + F)					1,009.92		1,305.41	

External Commercial Borrowings referred in (c) above are secured by exclusive/first pari passu charge on specified vessels of the company as well as charge on cash flows of specified vessels.

Notes forming part of Financial Statements

(f) Rupee term loan from financial institution comprise of following:

(₹ in crore)

	Rate of Interest	Currency	As at				End of tenure
			31/03/2019		31/03/2018		
			Gross	Carrying Value	Gross	Carrying Value	
Financial Institution	10% & 14.5%	Long Term	6.30	6.30	10.00	10.00	Apr-19
Financial Institution*	13.50%	Short Term	-	-	17.50	17.50	
Financial Institution*	16.00%	Short Term	16.50	16.50	20.00	20.00	
Financial Institution	18.00%	Short Term	6.00	6.00	-	-	
Financial Institution (Refer Note h(i) & (iii))	14.50%	Short Term	-	-	5.00	5.00	
Financial Institution (Refer Note h(ii))	14.00%	Short Term	-	-	7.00	7.00	
Financial Institution	18.00%	Short Term	6.49	6.49	-	-	
Financial Institution	18.00%	Short Term	1.00	1.00	-	-	
Financial Institution*	14.00%	Short Term	-	-	15.00	15.00	
			29.99	29.99	64.50	64.50	

The above loans are secured against pledge of shares held by promoters and personal guarantees of promoters.

*Loans are further collaterally secured by Personal Guarantee of Promoters

(g) External Credit Rating under disclosure of SEBI (Credit Rating Agency) Regulation 2017

The Credit Analysis & Research Limited (CARE) has downgraded the rating assigned to the Company for Long Term Credit facilities from CARE BBB (negative) to CARE D (Single D) and Short Term Credit facilities from CARE A3 to CARE D during the year. Further, there have been delays / defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions / Non Banking Finance Companies (NBFC). The Company has incurred significant losses during the quarter and year. The Company is in the process of exploring various strategic initiatives, financing and debt resolution options to address these delays / defaults. The management is of the view that the Going concern assumption is not vitiated in view of the various initiatives being undertaken.

Subsequent to reporting period, Subsequent to reporting period, on 11th July 2019, CARE has revised rating of assigned to the long term and short term facilities of the Company from CARE D to CARE D (ISSUER NOT COOPERATING) Further to that, there is continuing payment default and delay in all the credit facilities.

(h) Invocation of Shares pledged for Short Term Loan Stated in Note No (f) above

(₹ in crore)

Name of Promoter	No of Shares Invoked	Price of Invocation	Price of Valuation	Loan Outstanding (Rs in Crore)	Fair Valuation Gain / (Loss)
(i) H. K. Mittal	4,44,440	10.965	6.825	0.30	0.18
(ii) H. K. Mittal	37,50,000	10.829	6.825	2.56	1.50
(iii) H. K. Mittal	5,05,560	6.472	6.825	0.35	(0.02)
Total	47,00,000	10.373	6.825	3.21	1.67

Valuation of Methodology

As approved by Board of Directors, a compensation from the Company by promoter(s) will be on on the basis of the closing traded price for the last two trading days preceding the said refund. It has been disclosed as loan from directors in financial statement in Note No 2.18. Said loan amount has been revalued on the basis the last two closing trading prices available at NSE and reversal of Rs 1.67 Crore has been adjusted to finance cost.

Notes forming part of Financial Statements

Note No 2.15 (i) - Delay / Default in repayment of Borrowing (Current and Non-current) and Interest

Sr. Name of Lender No.	Note	Base Currency	Type of Loan	Borrowings						Interest						Borrowings						Interest						(₹ in crore)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
				Delay in repayment during the year ended Mar 2019			Default as at Mar 2019			Delay in repayment during the year ended Mar 2019			Default as at Mar 2019			Delay in repayment during the year ended Mar 2018			Default as at Mar 2018			Delay in repayment during the year ended Mar 2018			Default as at Mar 2018																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
				Rs in Crore	No of	Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore		No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days	Rs in Crore	No of Days																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Notes forming part of Financial Statements

Note No 2.15 (i) - Delay / Default in repayment of Borrowing (Current and Non-current) and Interest (Contd..)

Sr. Name of Lender No.	Note	Base Currency	Type of Loan	Borrowings			Interest			Borrowings			Interest		
				Delay in repayment during the year ended Mar 2019		Default as at Mar 2019	Delay in repayment during the year ended Mar 2019		Default as at Mar 2019	Delay in repayment during the year ended Mar 2018		Default as at Mar 2018	Delay in repayment during the year ended Mar 2018		Default as at Mar 2018
				Rs in Crore	No of Days		Rs in Crore	No of Days		Rs in Crore	No of Days		Rs in Crore	No of Days	
C Working Capital Loans															
1 Axis Bank Limited	8	INR	WC	-	-	-	2.15	90	-	-	-	-	-	-	-
2 ICICI Bank Limited	6	USD	WC	-	-	139.37	242	-	-	-	-	-	-	-	-
3 DBS Bank Limited	9	USD	WC	-	-	20.72	273	-	-	-	-	-	-	-	-
Total				-	-	160.10	2.15	-	-	-	-	-	-	-	-
D Other promissory note based facility															
1 DBS Bank Limited	9	INR	WC	-	-	12.31	213	-	-	-	-	-	-	-	-
Total				-	-	12.31	-	-	-	-	-	-	-	-	-
Grand Total				136.72	-	621.88	18.09	-	20.03	-	-	-	-	-	-
Additional Notes															
1	Letter of Credit (LC) amounting to Rs 21.81 Crore and Bank Guarantee (BG) amounting to Rs 14.24 Crore issued from State Bank of India within non fund based limits of the bank have been devolved / invoked and converted into fund based utilisation which has been covered as part of cash credit balance in Note No 2.18.														
2	The Bank has converted all the loans into INR denomination and recalled the entire loan on October 10, 2019.														
3	The FCCB has been rolled over and necessary approvals were taken by the company by May 31, 2019. Subsequently on June 03, 2019, the Bond Holder has exercised their right to categorise it as event of default. As on date of reporting, no recall notice has been received.														
4	On October 01, 2019, the NCD holder has exercised its right for event of default defined under Debenture Trust Deed (DTD) and recalled the entire amount along with interest and penal interest.														
5	On September 07, 2019, the Bank has issued notice u/s 13(2) of SARFAESI Act 2002 for exercising their right under event of default and recalled entire facility along with interest.														
6	On May 13, 2019, the bank has exercised its rights under Facility Agreement and recalled the entire loan amount. The Bank has also issued demand letters to Guarantor under said facilities dated May 21, 2019. The jurisdiction of these notices are Singapore.														
7	The Bank has invoked Letter of Comfort (LOC) on March 28, 2019 (Refer Note No 2.18).														
8	The Bank has issued notice for overdue / overdrawn amount under working capital facilities.														
9	The Bank has issued statutory demand letter u/s 254 of the Singapore Companies Act and has recalled the entire amount along with interest as a part of event of default.														

*Delays / defaults w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

Notes forming part of Financial Statements

2.16 Other financial Liabilities (Non Current)

	As at 31-Mar-2019	As at 31-Mar-2018
Security Deposit	2.75	0.18
Other payables	29.40	41.82
	32.15	42.00

(₹ in crore)

2.17 Provisions (Non Current)

	As at 31-Mar-2019	As at 31-Mar-2018
Provision for employee benefits		
Gratuity	0.92	3.10
Compensated absences	4.57	0.45
	5.49	3.55

(₹ in crore)

2.18 Borrowings (Current)

	As at 31-Mar-2019	As at 31-Mar-2018
Secured		
From Banks		
Cash Credit	292.97	269.71
Rupee loan payable on demand*	266.33	16.93
Foreign Currency loan payable on demand	55.34	52.04
From Financial Institutions		
Other Loans (Refer Note No 2.15(e))	29.99	64.50
Unsecured		
From Banks		
Loan repayable on demand	20.26	19.43
From Others		
Loan from Director (Refer Note No 2.15(h))	3.21	-
Loan repayable on demand	2.00	-
	670.10	422.61

(₹ in crore)

Note:

Cash Credit facilities from Scheduled Banks are secured by first charge on all receivables on pari-passu basis and second charge on specified vessels. Loan repayable on demand from banks are secured by cash collateral cum earmarked balances and promoter's personal guarantee. Other loans are secured by pledge of shares and personal guarantee of promoters. Unsecured loan repayable on demand from other party has novation right / put option to exercise from one of step down subsidiary of the Company.

Foreign Currency Demand Loan is provided as a sublimit of the existing Overdraft limit for a tenure of one year, with a roll over to be undertaken after 6 months. Rate of Interest: 6 months LIBOR plus 5.5 % p.a. payable monthly

*During the year ended March 31, 2019, financial lender of a step down overseas subsidiary has invoked Letter of Comfort (LOC) amounting to Rs. 244.61 crore (USD 35.20 million) which has resulted in a claim of debt of such amount with interest on the Parent Company as on March 31, 2019. A part of such loan, amounting to Rs. 174.47 crore, has been recovered by the lender on May 9, 2019 from the sales proceeds of sale of vessel "Nerissa" in the step down subsidiary.

2.19 Trade Payables

	As at 31-Mar-2019	As at 31-Mar-2018
Total Outstanding of		
- Micro and small enterprises (refer Note 3.19)	0.31	-
- Other than micro and small enterprises	213.18	265.29
	213.49	265.29

(₹ in crore)

Notes forming part of Financial Statements

2.20 Other Financial Liabilities (Current)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Current maturities of long-term debt		
- External commercial borrowings (Refer Note 2.15)	46.63	66.85
- Rupee Term Loan from Financial Institution (Refer Note 2.15)	6.30	8.00
- Term loans from banks (Refer Note 2.15)	333.76	217.96
- Foreign Currency Convertible Bonds	108.75	
Capital Creditors	4.13	16.50
Interest accrued but not due on borrowings	12.90	4.70
Interest accrued and due on borrowings	13.42	1.90
Unpaid dividend (a)	0.15	0.11
For Other Liabilities		
Lease Payable	0.91	-
Other payables	60.00	8.40
	586.95	324.42

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Statutory dues payables	66.40	17.24
Advance for Asset classified as Held For Sale	-	26.28
Advance from customers	68.54	86.91
	134.94	130.43

2.22 Provisions (Current)

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Provision for employee benefits		
Gratuity	0.33	0.29
Compensated absences	0.31	0.27
Provision for Tax	-	-
	0.64	0.56

2.23 Revenue from Operations

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Revenue from		
Freight and demurrage	73.46	55.48
Dredging	118.87	170.69
Charter hire	143.77	179.50
Sale of Crude Oil	4.92	-

Notes forming part of Financial Statements

2.23 Revenue from Operations (Contd..)

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Coal Sales and support services	503.67	484.18
Cargo handling services	7.09	9.69
Income from project related activities	15.57	32.48
	867.35	932.02

(a) Details of Contract Revenue and Cost under IND AS 115

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Contract revenue recognised during the year	15.57	32.48
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	1,271.16	1,265.07
Advances received for contracts in progress	30.60	30.60
Retention money for contracts in progress	Nil	Nil
Gross amount due from customers for contract work (Asset)	204.61	206.78
Gross amount due to customers for contract work (Liability)	Nil	Nil

(b) Disaggregation of revenue

(₹ in crore)

	For the year ended 31 March 2019	
	Revenue recognised at point in time	Revenue recognised over time
Sale of Goods	420.53	-
Services rendered	-	446.82
Total	420.53	446.82

Note: The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch up transition method. The effect on adoption of IND AS 115 was insignificant on the financial statements and hence no retrospective adjustment being made.

2.24 Other Income

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Dividend Income	-	0.07
Rent Income	0.60	0.60
Interest income		
- Fixed Deposits and Inter corporate deposits	2.56	0.40
- Others	0.01	3.58
Balances written back / written off (net) (Refer Note 3.29)	157.93	1.37
Gains/ (Loss) on Exchange Differences (net)	3.95	5.26
Other Construction Income	-	0.64
Gain on fair value of current investment	-	18.12
Other income	1.82	6.43
	166.87	36.47

Notes forming part of Financial Statements

2.25 Operating Expenses

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Coal purchases, mining and handling expenses	376.04	362.00
Designing and other technical charges	5.23	22.17
Procurement of equipments and materials for Project related activities	12.77	16.62
Bunker Consumed	77.24	78.62
Vessel /Equipment hire expenses	24.25	7.95
Crew Expenses	60.71	79.87
Agency, Professional and service expenses	3.57	5.72
Communication expenses	0.65	1.73
Commission	0.21	0.38
Dispatch & Demurrage	-	0.24
Insurance	11.12	12.18
Port expenses	3.36	11.71
Repairs and Maintenance	35.88	39.72
Stevedoring, transport and freight expenses	0.96	1.66
Other Expenses	6.89	6.96
	618.88	647.53

2.26 Employee Benefits Expenses

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Salaries, wages, bonus, etc.	38.34	26.55
Contribution to provident and other funds	1.66	2.33
Employee welfare expenses	1.63	0.72
	41.63	29.60

Employee Costs amounting to Rs.115 Crore (P.Y. Rs. 1.99 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

2.27 Finance cost

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Interest expense	128.41	86.74
Other borrowing costs	25.29	57.35
	153.70	144.09

Finance Costs amounting to Rs.10.39 Crore (P.Y. Rs. 16.53 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

2.28 Other expenses

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Rent	4.40	4.06
Payment to auditors	-	-
As auditors	0.94	1.24

Notes forming part of Financial Statements

2.28 Other expenses (Contd..)

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
For other services (certification and other matters)	0.18	0.11
Repairs and Maintenance	3.71	1.56
Insurance	0.19	0.15
Net Loss on foreign currency transactions/translation	3.97	0.89
Legal, Professional and consultancy expenses	35.22	28.90
Donation	0.01	-
Communication Expenses	0.22	0.30
Conveyance, Car Hire and Travelling	0.20	3.79
Advertisement	1.96	0.06
Loss on Sale / Discard of Fixed Asset	0.06	37.66
Loss on value of Assets classified as Held For Sale	73.50	27.76
Loss on sale of Non-Current Investments	-	3.73
Loss on Fair Value of Investment (Refer Note 2.3)	40.50	-
Bad Debts and other amounts written off/back (net) (Refer Note 3.29)	117.07	9.34
Provision for doubtful debts/advances (Refer Note 3.29)	95.60	6.14
Miscellaneous expenses	15.14	38.69
	392.87	164.38

2.29 Income Tax Expenses

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Amount recognised in Statement of Profit & Loss		
Current Tax		
Income tax for the year	27.11	17.95
Adjustments/(credits) related to previous years - Net	6.13	40.17
Total current tax	33.24	58.12
Deferred tax		
Deferred tax for the year	(0.76)	2.12
	(0.76)	2.12
Total	32.48	60.24

3.1 Disclosure as per Ind AS 33 "Earnings Per Share"

(a) For Continuing Operation

(₹ in crore)

	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Basic EPS (in Rs)	(18.98)	(8.84)
Diluted EPS (in Rs)*	(18.98)	(8.84)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(573.95)	(249.78)
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	302,459,335	282,294,400
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-

Notes forming part of Financial Statements

3.1 Disclosure as per Ind AS 33 “Earnings Per Share” (Contd..)

(a) For Continuing Operation (Contd..)

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	302,459,335	282,294,400
Face Value per equity share (Rs.)	1.00	1.00

*Diluted EPS for the year ended March 31, 2019 is considered as same as Basic EPS, since the effect is antidilutive.

(b) For Discontinued Operation

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Basic EPS (in Rs)	(11.06)	(1.62)
Diluted EPS (in Rs)*	(11.06)	(1.62)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(334.66)	(45.73)
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	302,459,335	282,294,400
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	302,459,335	282,294,400
Face Value per equity share (Rs.)	1.00	1.00

*Diluted EPS for the year ended March 31, 2019 is considered as same as Basic EPS, since the effect is antidilutive.

(c) For Continuing and Discontinued Operation

	(₹ in crore)	
	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
Basic EPS (in Rs)	(30.04)	(10.46)
Diluted EPS (in Rs)*	(30.04)	(10.46)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(908.61)	(295.26)
Weighted average numbers of equity shares used in the calculation of EPS:		
Weighted average numbers of equity shares used in the calculation of Basic EPS	302,459,335	282,294,400
Dilutive impact of FCCB (Anti Dilutive, hence Nil)	-	-
Weighted average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	302,459,335	282,294,400
Face Value per equity share (Rs.)	1.00	1.00

*Diluted EPS for the year ended March 31, 2019 is considered as same as Basic EPS, since the effect is antidilutive.

Notes forming part of Financial Statements

3.2 Disclosures in accordance with Ind AS -19 on “Employee Benefits”:

- (i) Defined benefit plans expose the Company to actuarial risks such as: Interest Rate Risk, Salary Risk and Demographic Risk.
- Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yield falls, the defined benefit obligation will tend to increase.
 - Salary risk: Higher than expected increases in salary will increase the defined benefit obligation.
 - Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligations is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(A) Defined Contribution Plans:

The Group has recognised the following amounts in the Statement of Profit and Loss for the year:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Contribution to Employees' Provident Fund (Includes Contribution to Seamen's Provident Fund)	1.66	0.74

(B) Defined Benefit Plans:

Valuations in respect of Gratuity and Leave Encashment have been carried out by an independent actuary as at the Balance Sheet date under the Projected Unit Credit method, based on the following assumptions:

Actuarial Assumptions	Gratuity		Leave Encashment	
	As at	As at	As at	As at
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
(a) Discount Rate	7.00% to 8.75%	7.00% to 8.75%	7.00% to 8.75%	7.00% to 8.75%
(b) Salary Escalation Rate	8% to 9%	8% to 9%	8% to 9%	8% to 9%
(c) Staff Turnover Rate	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale	2% to 10% p.a. age related on graduated scale
(d) Mortality Table	India Assurance Lives mortality (2006-08) Ultimate & Table Mortality Indonesia 2011	India Assurance Lives mortality (2006-08) Ultimate & Table Mortality Indonesia 2011	India Assurance Lives mortality (2006-08) Ultimate & Table Mortality Indonesia 2011	India Assurance Lives mortality (2006-08) Ultimate & Table Mortality Indonesia 2011

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes forming part of Financial Statements

(i) Changes in Defined Benefit Obligation

(₹ in crore)

	Gratuity		Leave Encashment	
	Year Ended		Year Ended	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Defined Benefit Obligation at the beginning	3.39	4.68	0.72	0.86
Current Service Cost	0.22	0.63	1.08	0.20
Past Service Cost	-	0.14	0.89	-
(Gain) / Loss on settlements	(2.16)	-	2.49	-
Interest Expense	0.08	0.32	0.20	0.05
Foreign Exchange Difference	-	(0.05)	(0.03)	-
Benefit Payments from Plan Assets	-	(0.06)	-	-
Benefit Payments from Employer	(0.23)	(0.65)	(0.46)	(0.30)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Due to Demographic Assumptions	0.00	-	(0.00)	-
Remeasurements - Due to Financial Assumptions	(0.01)	-	(0.00)	-
Remeasurements - Due to Experience Adjustments	(0.04)	(1.62)	-	(0.09)
Defined Benefit Obligation at the end	1.24	3.39	4.88	0.72

(ii) Change in Fair Value of Plan Assets

(₹ in crore)

	Gratuity		Leave Encashment	
	Year Ended		Year Ended	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Fair Value of Plan Assets at the beginning	-	-	-	-
Interest Income	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	0.23	0.71	0.46	0.30
Employer Direct Settlement Payments	-	-	-	-
Benefit Payments from Plan Assets	-	-	-	-
Benefit Payments from Employer	(0.23)	(0.71)	(0.46)	(0.30)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	-	-	-	-
Fair Value of Plan Assets at the end	-	-	-	-

Notes forming part of Financial Statements

(iii) Components of Defined benefit cost

(₹ in crore)

	Gratuity		Leave Encashment	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Current Service Cost	0.22	0.88	1.08	0.20
Past Service Cost	-	0.16	0.89	-
(Gain) / Loss on Settlements	(2.16)	-	2.49	-
Reimbursement Service Cost	-	-	-	-
Foreign Exchange Difference	-	-	(0.03)	-
Total Service Cost	(1.94)	1.04	4.42	0.20
Interest Expense on Defined benefit obligation	0.08	0.24	0.20	0.05
Interest (Income) on Plan Assets	-	-	-	-
Interest (Income) on Reimbursement Rights	-	-	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-	-	-
Total Net Interest Cost	0.08	0.24	0.20	0.05
Reimbursement of Other Long Term Benefits	-	0.05	-	-
Defined Benefit Cost included in the Statement of Profit and Loss	(1.86)	1.33	4.62	0.25
Remeasurements - Due to Demographic Assumptions	0.00	-	(0.00)	-
Remeasurements - Due to Financial Assumptions	(0.01)	0.11	(0.00)	-
Remeasurements - Due to Experience Adjustments	(0.04)	0.36	-	(0.09)
(Return) on Plan Assets (Excluding Interest Income)	-	-	-	-
(Return) on Reimbursement Rights	-	-	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
Total Remeasurements in Other Comprehensive Income	(0.05)	0.47	(0.00)	(0.09)
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	(1.91)	1.80	4.62	0.16

(iv) Net defined Benefit Liability/ (Asset) reconciliation

(₹ in crore)

	Gratuity		Leave Encashment	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Net Defined Benefit Liability / (Asset) at the beginning	3.39	4.68	0.72	0.86
Defined Benefit Cost included in the Statement of Profit and loss	(1.86)	1.04	4.47	0.25
Total Remeasurements included in Other Comprehensive Income	(0.05)	(1.62)	0.15	(0.09)
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	-	-	-	-
Amount recognized due to Plan Combinations	-	-	-	-
Employer Contributions	-	-	-	-
Employer Direct Benefit Payments	(0.23)	(0.71)	(0.46)	(0.30)
Employer Direct Settlement Payments	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	1.25	3.39	4.88	0.72
	(0.88)	2.10	9.04	0.57

Notes forming part of Financial Statements

(v) Amounts recognized in the Balance Sheet

(₹ in crore)

	Gratuity		Leave Encashment	
	Year Ended		Year Ended	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Defined Benefit Obligation	1.25	3.39	4.88	0.72
Fair Value of Plan Assets	-	-	-	-
Funded Status	1.25	3.39	4.88	0.72
Effect of Asset Ceiling/Onerous Liability	-	-	-	-
Net Defined Benefit Liability/(Asset)	1.25	3.39	4.88	0.72
Of which, Short term Liability	0.33	0.29	0.31	0.27

(vi) Experience Adjustments - Gratuity

(₹ in crore)

Particulars	2015	2016	2017	2018	2019
Defined Benefit Obligation at the end of the period	2.20	1.36	2.10	1.08	1.16
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	0.07	1.22	(0.63)	(0.82)	(0.08)
Experience adjustments on Plan Assets	NA	NA	NA	NA	NA

(vii) Maturity Profile of Defined Benefit Obligation :

(₹ in crore)

Present Value of Obligations	Year 1	Year 2	Year 3	Year 4	Year 5 to Year 10
Gratuity	0.33	0.04	0.07	0.10	0.69
Leave Encashment	0.31	0.07	0.08	0.07	0.27

(viii) Sensitivity Analysis

Present Value of Obligations	Discount Rate		Salary Escalation Rate	
	+1%	-1%	+1%	-1%
Gratuity	-6.20%	7.10%	7.00%	-6.30%
Leave Encashment	-2.70%	3.00%	3.70%	-3.40%

(ii) Note on impact of Hon'ble Supreme Court judgment on computation of provident fund contribution applicable to Companies Incorporated in India:

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company. Considering the above and uncertainty involved in the above matter, the Company has not made any adjustments in these Financial Statements and will continue to monitor the same.

Notes forming part of Financial Statements

3.3 Disclosure as per Ind AS 108 “ Operating Segment ”

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group has two principal operating and reporting segments; viz. Shipping, Coal mining, trading and logistic.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

- Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocated”.
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocated”.

(b) Segment Revenue

(₹ in crore)

	Shipping		Coal Mining, Trading and Logistics		Others		Unallocated		Total Continuing Business		Discontinued Business	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue	311.96	405.66	534.89	493.88	20.50	32.48	-	-	867.35	932.02	47.01	42.19
Results												
Profit/(loss) before interest, exceptional items and tax	(201.82)	(38.61)	(101.76)	69.77	54.20	(58.65)	-	-	(249.38)	(27.48)	(307.21)	(16.67)
Less: Interest									153.70	144.09	28.87	29.06
Profit/(loss) before exceptional items and tax									(403.08)	(171.57)	(336.08)	(45.73)
Less: Exceptional Item (Refer Note No 3.12)									108.89	-		
Total Profit / (Loss) Before Tax									(511.97)	(171.57)	(336.08)	(45.73)
Provision for Tax												
Current Tax									(33.24)	(58.12)	1.42	-
Deferred Tax									0.76	(2.12)		
Net Profit / (Loss)									(544.45)	(231.81)	(334.66)	(45.73)
Other Information												
Assets	774.03	1,346.98	627.24	797.75	555.96	526.75	40.83	57.69	1,998.07	2,729.17	194.06	486.66
Liabilities	1,280.25	1,095.45	345.90	574.78	470.84	225.13	47.82	43.34	2,144.81	1,938.70	13.42	263.48
Capital Expenditure	22.81	66.56	48.67	31.79	47.02	0.72	-	-	71.48	99.07	-	-
Depreciation	123.55	169.36	46.79	16.54	6.41	0.14	-	-	170.33	186.04	19.12	-
Impairment	150.48	-	-	-	-	-	-	-	150.48	-	301.86	-

Notes forming part of Financial Statements

3.4 Additional Information pursuant to Para 2 to General Information for the Preparation of Consolidated Financial Statements

Sr. No.	Name of Entity	Relationship	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss) for the year		Share in Other Comprehensive Income / (Loss) for the year		Share in Total Comprehensive Income / (Loss) for the year	
			% of Consolidated net assets	Amount (₹ in Crores)	% of Consolidated Profit	Amount (₹ in Crores)	% of Consolidated other comprehensive income	Amount (₹ in Crores)	% of Consolidated total comprehensive income	Amount (₹ in Crores)
1	Mercator Limited	Parent Company	745.93%	252.89	48.38%	(425.33)	256.52%	(0.12)	48.39%	(425.45)
2	Mercator Oil & Gas Limited	Subsidiary - Indian	-197.82%	(67.07)	2.90%	(25.53)	-165.27%	0.08	2.90%	(25.45)
3	Mercator Petroleum Limited	Subsidiary - Indian	-26.72%	(9.06)	0.59%	(5.23)	8.74%	(0.00)	0.60%	(5.23)
4	Mercator Dredging Private Limited (Formerly Mercator FPSO Private Limited)	Subsidiary - Indian	-0.17%	(0.06)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
5	Oorja Resources India Private Limited	Subsidiary - Indian	0.14%	0.05	0.00%	0.00	0.00%	-	0.00%	0.00
6	Mercator Oceantransport Limited	Subsidiary - Indian	-15.47%	(5.24)	-0.17%	1.53	0.00%	-	-0.17%	1.53
7	Mercator International Pte Ltd	Subsidiary - Foreign	-1165.00%	(394.97)	3.22%	(28.35)	0.00%	-	3.22%	(28.35)
8	Oorja Holdings Pte Ltd	Subsidiary - Foreign	-614.55%	(208.35)	3.40%	(29.85)	0.00%	-	3.40%	(29.85)
9	Offshore Holdings Company Pte Ltd	Subsidiary - Foreign	41.58%	14.10	38.05%	(334.50)	0.00%	-	38.05%	(334.50)
10	Mercator Energy Pte Ltd	Subsidiary - Foreign	292.57%	99.19	0.67%	(5.86)	0.00%	-	0.65%	(5.72)
11	Marvel Value International Limited	Subsidiary - Foreign	-72.69%	(24.64)	0.82%	(7.22)	0.00%	-	0.82%	(7.22)
12	Mercator Offshore Assets Holding Pte Ltd	Subsidiary - Foreign	-180.75%	(61.28)	-13.79%	121.24	0.00%	-	-13.79%	121.24
13	Panther Resources Pte Ltd	Subsidiary - Foreign	353.20%	119.75	4.61%	(40.55)	0.00%	-	4.61%	(40.55)
14	Oorja 1 Pte Ltd	Subsidiary - Foreign	0.00%	(0.00)	1.34%	(11.78)	0.00%	-	1.34%	(11.78)
15	Oorja 2 Pte Ltd	Subsidiary - Foreign	-0.01%	(0.00)	1.36%	(11.96)	0.00%	-	1.36%	(11.96)
16	Oorja (Batua) Pte Ltd	Subsidiary - Foreign	-132.93%	(45.07)	2.48%	(21.79)	0.00%	-	2.48%	(21.79)

Notes forming part of Financial Statements

3.4 Additional Information pursuant to Para 2 to General Information for the Preparation of Consolidated Financial Statements

Sr. No.	Name of Entity	Relationship	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss) for the year		Share in Other Comprehensive Income / (Loss) for the year		Share in Total Comprehensive Income / (Loss) for the year	
			% of Consolidated net assets	Amount (₹ in Crores)	% of Consolidated Profit	Amount (₹ in Crores)	% of Consolidated other comprehensive income	Amount (₹ in Crores)	% of Consolidated total comprehensive income	Amount (₹ in Crores)
17	MCS Holdings Pte Ltd	Subsidiary - Foreign	543.70%	184.33	11.57%	(101.71)	0.00%	-	11.57%	(101.71)
18	Oorja Mozambique Minas Limitada	Subsidiary - Foreign	0.16%	0.05	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
19	Mercator Offshore (P) Pte Ltd	Subsidiary - Foreign	-58.30%	(19.77)	1.60%	(14.03)	0.00%	-	1.60%	(14.03)
20	PT Karya Putra Borneo	Subsidiary - Foreign	154.59%	52.41	-4.45%	39.09	0.00%	-	-4.44%	39.05
21	Broadtec Mozambique Minas Limitada	Subsidiary - Foreign	-0.04%	(0.01)	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
22	PT Oorja Indo KGS	Subsidiary - Foreign	-14.41%	(4.89)	0.32%	(2.84)	0.00%	-	0.32%	(2.84)
23	PT Oorja Indo Petangis Three	Subsidiary - Foreign	0.14%	0.05	0.02%	(0.22)	0.00%	-	0.02%	(0.22)
24	PT Oorja Indo Petangis Four	Subsidiary - Foreign	1.11%	0.38	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
25	PT Indo Perkasa	Subsidiary - Foreign	178.01%	60.35	-2.13%	18.76	0.00%	-	-2.12%	18.66
26	PT Bema Gema Permata	Subsidiary - Foreign	0.79%	0.27	-0.81%	711	0.00%	-	-0.81%	711
27	Oorja 3 Pte Ltd®	Subsidiary - Foreign	-	-	-	-	-	-	-	-
28	Brio Resources Pte Ltd®	Subsidiary - Foreign	-	-	-	-	-	-	-	-
	Non Controlling Interest		266.95%	90.50	0.00%	-	0.00%	-	0.00%	-
				33.90		(879.09)		(0.05)		(879.14)

®The Companies are under voluntary liquidation / strike off and we have received confirmation for strike off from Accounting and Corporate Regulatory Authority Singapore dated 6th April 2019.

Note Following subsidiary companies have been liquidated or strike off or closed or deregistered during the financial year and hence not forming part of above statements

- 1 PT Mincon Indo Resources
- 2 Mercator Okoro FPU Pte Ltd
- 3 Mercator Okwork FPU Pte Ltd
- 4 Mercator Projects Pte Ltd
- 5 MCS Investment and Trading Limited

Notes forming part of Financial Statements

3.5 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) as at March 31, 2019 ₹ 35.79 crore (P.Y. ₹ 43.08 crore).

3.6 Contingent Liabilities

Claims against the Group not acknowledged as debts in respect of the following items

	As at 31-Mar-2019	As at 31-Mar-2018
Income Tax Demands for various Assessment Years disputed by the Group*	63.99	136.22
Service Tax Demands disputed by the Group	64.03	64.03
Legal Cases - Shipping	2.62	28.70
Legal Cases - Dredging	12.63	12.63
Contractual claims	112.37	-
Others	-	8.56
	255.63	250.14

*Against the above the Parent Company has already paid ₹ 59.34 Crore (Previous Year ₹ 40.75 Crore)

Guarantees :

	As at 31-Mar-2019	As at 31-Mar-2018
Counter guarantee issued by Parent Company for guarantees obtained from bank (net of margin)	228.56	229.40

The Group expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:

	As at 31-Mar-2019	As at 31-Mar-2018
Legal Cases - Shipping	-	9.17
Legal Cases - Others	-	1.20
	-	10.37

- It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums / authorities.
- The Group's pending litigations comprise of claims pertaining to proceedings pending with Income Tax, Service Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions were required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

3.7 Going Concern

The financial statement have been prepared on a going concern basis. The Group has incurred significant losses and its net worth is substantially eroded in addition to defaults with lenders and credit downgrades. The current liabilities substantially exceeds the current assets and large sums of money are in disputed receivables which are not readily realisable. Further, in case of 7 subsidiaries / Stepdown subsidiaries, the respective auditors have given a disclaimer opinion and in case of 4 subsidiaries / step down subsidiaries the respective auditors have given a qualified opinion in their audit report expressing concerns about the financial statements being prepared on a going concern basis.

Notes forming part of Financial Statements

The management is making its best efforts to achieve resolution with the lenders, to restructure its business activities and to achieve favourable order in the ongoing litigations in order to protect the value of its assets. In view of these efforts, the management feels that the going concern basis of preparation of financial statements is appropriate.

3.8 In case of a material step-down subsidiary, PT Karya Putra Borneo (KPB) - Operating Coal mines in Indonesia, a minority shareholder has raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has contested the same and as on date of reporting, the State Administrative Court has given verdict in favour of the existing shareholders. However, the minority shareholder has preferred an Appeal against the said order and the matter is still pending. The mining site and corporate office are in possession of existing management and business operations are continuing smoothly.

If the claim of said minority shareholder holds valid, the Group is exposed to risk of loss of net assets to the tune of ₹ 274.03 Crore (USD 39.62 Mn) as on March 31, 2019.

3.9 Current Tax Assets (net) as on March 31, 2019 includes ₹ 58.47 Crore (Net of Provision of ₹ 52.79 Crore) which has not been settled due to ongoing tax assessment for the various Assessment Years up to AY 2015-16 against which net tax demand of ₹ 63.18 Crore has been received and contested by the Company. Considering the various judicial pronouncements and submissions made so far, the management is hopeful of a favourable outcome of these pending litigations.

Certain withholding tax receivables amounting to ₹ 6.13 Crore (₹ 40.17 Crore) are non-realizable in view of the management in compliance with tax laws and ongoing assessment proceedings and hence have been written off as excess/(short) provision of tax expenses for earlier years during the current financial year.

3.10 In the case of a subsidiary, during the financial year ended 2016-17, the Director General of Hydrocarbons (DGH) invoked a Bank Guarantee of ₹ 4.69 crore due to expiry of Phase -I of the Production Sharing Contract ('PSC') in relation to one of its non-operative oil Block

As per the subsidiary, the delay however has been attributable to the delays in grants of Environmental Clearance (EC) from the Ministry of Environment and Forests (MOEF) and Geo-Technical Data (GTD) from the Directorate General of Hydrocarbons (DGH) by 1,270 days, the subsidiary was unable to commence drilling operations in the said Block. The subsidiary has requested DGH to consider the work done by it as fulfilment of Minimum Work Programme in cognizance of delays in giving permissions and allow it to enter into the Phase -II of the PSC.

The subsidiary has obtained a legal opinion in this matter and on the basis of the said opinion, is confident that it has adequate grounds to contest the case as the PSC has provisions for the subsidiary to enter the Phase II of the PSC and accordingly no provision is required to be made in the financial statements.

Subsequent to reporting period, ie., in October, 2019, it has received a notice from the Ministry of Petroleum and Natural Gas (MoPNG) for termination of Production Sharing Contract (PSC) and 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 DGH. In case of rejection of Company's contention, the estimated financial impact would be to the tune of ₹ 74.81 Crore.

3.11 Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company engaged in EPC project ""Sagar Samrat Conversion Project (SSCP)"" 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 giving the consortium 14 days cure period as per the contract and simultaneously proceeded to encash the bank guarantees. The performance of the Petitioner Company was adversely impacted due to illegal termination of the contract by ONGC after the subsidiary successfully completed almost 96% of the Project and further refusal to pay an amount of ₹ 65.92 Crore (USD 9.53 Mn) which is due and owed by them in accordance with the milestones agreed in the Contract. MOGL has since then initiated arbitration proceedings against ONGC and appointed its arbitrator and a tribunal has been formed.

Notes forming part of Financial Statements

Subsequent to reporting period, by the virtue of an order of Hon'ble Bombay High Court dated July 29, 2019 ONGC has invoked Bank Guarantee amounting to ₹ 142.19 crore.

In view of legal counsel, the claim made by the company on ONGC holds good and the Company will be able to pay out all the dues from the receipt of claim. As on March 31, 2019, the subsidiary has an exposure of ₹ 204.61 Crore which is disclosed under Non Current Assets (Refer Note 2.5).

The Group had incurred additional cost of ₹ 18.59 crore in financial year 2017-18 on account of certain variations in the scope of the project. Following prudential accounting norms, the Group has recognized the above costs in its Consolidated Statement of Profit and Loss. Corresponding Revenue shall be recognized once the variations orders are settled.

3.12 The Company has an insurance claim amounting to ₹ 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.

3.13 In view of ongoing default by the Parent Company in repayment of loans from Banks and Financial Institutions / Non Banking Finance Companies in September 2018 and onwards, the managerial remuneration paid to a promoter director was in excess of the prescribed limits to the extent of ₹ 1.16 Crore as per Companies Amendment Act 2017 (effective from 12th September 2018), in the absence of requisite approval as on 31st March 2019. The excess payout has been reversed and the same is recoverable from him as on 31-03-2019. As per sub clause (9) of Section 197, such excess managerial remuneration paid should be recovered within a maximum period of two years.

3.14 During the year, step down subsidiary of the Company had executed settlement agreement with Hindustan Zinc Limited for a full and final additional cash settlement of ₹ 7.39 Crore (US\$ 1.13 Mn) which has been discharged and has been disclosed under exceptional items.

3.15 One of the step down subsidiaries had paid certain deposits in the past amounting to ₹ 22.03 Crore (USD 3.39 Mn,) (Previous Year ₹ 21.96 Crore (US\$ 3.39 Mn)) to acquire 70% equity interests in companies which own coal mining concessions situated at Indonesia. The management has assessed the possible recovery and prospects of the project. Basis the assessment, the subsidiary company has written off such deposits during the year.

3.16 Related Party Disclosures:

A List of Related Parties

I Key Management Personnel

A Parent Company

- 1 Mr. H.K Mittal - Executive Chairman
- 2 Mr. Shalabh Mittal - Chief Executive Officer
- 3 Mr. Rajendra Kothari - Chief Financial Officer
- 4 Ms. Sangeetha Pednekar - Company Secretary (since resigned w.e.f. 23.07.2019) (Refer Note 3.38)
- 5 Mr. Gurpreet Malhi - Chief Operating Officer
- 6 Ms. Archana Mittal

B Subsidiary Companies

- 1 Mr. Adip Mittal
- 2 Ms. Shruti Mittal
- 3 Mr. Aditya Desai
- 4 Ms. Parul Harlalka
- 5 Mr. Lalitkumar Bagayatkar

B Subsidiary Companies (Contd..)

Notes forming part of Financial Statements

3.16 Related Party Disclosures: (Contd..)

- 6 Mr. Santosh Kadam
- 7 Mr. Mahesh Rawat
- 8 Mr. Bantwal Subraya Prabhu
- 9 Mr. Bharat Kumar Jain
- 10 Mr. Radhey Shyam Bansal
- 11 Mr. Sagar Vats
- 12 Mr. Vinay Kumar Malik
- 13 Mr. Jaikishan Naraindas Dodani
- 14 Mr. Kennedy Prakash Nanik

II Enterprises over which Key Management Personnel exercise significant control

- 1 Ankur Fertilizers Private Limited
- 2 AHM Investments Private Limited
- 3 MHL Healthcare Limited
- 4 Prem Punita Foundation (India)- Chartiabale Trust
- 5 HK Sons Realtors Private Limited
- 6 Prempuuli Realtors Private Limited
- 7 Sisouli Realtors Private Limited
- 8 Vaitarna Marine Infrastructure Limited
- 9 Rishi Holding Private Limited
- 10 Urban Pod Private Limited
- 11 Lotusnest Private Limited
- 12 Sidus Infraprojects Private Limited
- 13 Whosejewellery Marketplace Portal LLP
- 14 Oilmax Energy Private Limited
- 15 Vector Shipping Services Private Limited
- 16 Target Ship Management India Private Limited
- 17 Indian National Shipowner Association
- 18 Mac Maritime Training and Research Institute
- 19 Harish Mittal Family Trust
- 20 Adip Mittal Family Trust

III Enterprises over which Directors/Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.(With whom transaction have taken place)

- 1 MLL Logistics Private Limited

Notes forming part of Financial Statements

3.16 Related Party Disclosures: (Contd..)

B. Details of transactions with the other parties

(₹ in Crore)

Name of the Transaction	Key Management Personnel(KMP)		Enterprises over which Key Management Personnel exercise significant control		Enterprises over which Directors/ Relative of Directors/Key Management Personnel/Relative of Key Management Personnel exercise significant influence.		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services Received								
Vaitarna Marine Infrastructure Limited	-	-	8.53	8.52	-	-	8.53	8.52
Total	-	-	8.53	8.52	-	-	8.53	8.52
Shares pledged for loan against shares								
Mr. H.K Mittal			25.38	85.45			25.38	85.45
Mrs. Archana Mittal			13.18	63.20			13.18	63.20
AHM Investments Private Limited			11.26	33.17			11.26	33.17
Total	-	-	49.82	181.82	-	-	49.82	181.82
Expenses incurred repaid								
Ankur Fertilizers Private Limited	-	-	-	0.02	-	-	-	0.02
Total	-	-	-	0.02	-	-	-	0.02
Return of Capital Advance								
Vaitarna Marine Infrastructure Limited	-	-	4.12	8.82	-	-	4.12	8.82
Total	-	-	4.12	8.82	-	-	4.12	8.82
Remuneration paid to key Management Personnel*	4.17	6.87					4.17	6.87
Total	4.17	6.87	-	-	-	-	4.17	6.87
Outstanding Balances as on 31.03.2019								
Personal Guarantee given by Key Managerial Personnel								
Mr H K Mittal	179.22	363.71	-	-	-	-	179.22	363.71
Mrs Archana Mittal	16.50	20.00					16.50	20.00
Mr Shalabh Mittal	130.00	100.00					130.00	100.00
Total	325.72	483.71	-	-	-	-	325.72	483.71
Loan from Director								
Mr H K Mittal	3.21	-	-	-	-	-	3.21	-
Total	3.21	-	-	-	-	-	3.21	-
Capital Advances								
Vaitarna Marine Infrastructure Limited	-	-	14.65	18.77	-	-	14.65	18.77
Total	-	-	14.65	18.77	-	-	14.65	18.77
Trade and Other Payables								
Vaitarna Marine Infrastructure Limited	-	-	0.96	0.88	-	-	0.96	0.88
Oil Max Energy Private Limited	-	-	-	-	-	2.00	-	2.00
Total	-	-	0.96	0.88	-	2.00	0.96	2.88
Managerial Remuneration Recoverable from Director								
H K Mittal	1.16	-	-	-	-	-	1.16	-
Total	1.16	-	-	-	-	-	1.16	-
Deposit Given								
Oil Max Energy Private Limited	-	-	-	0.50			-	0.50
Total	-	-	-	0.50	-	-	-	0.50

*Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Ind AS financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

C) Sitting Fees Paid to Non-Executive Directors

(₹ in crore)

Particulars	Current Year	Previous Year
Director Sitting Fees	0.27	0.31

Notes forming part of Financial Statements

3.17 Disclosure as per Ind AS 17 "Leases":

(A) Operating lease (as Lessee):

Disclosures in respect of cancellable agreements for office premises taken on lease

	As at 31-Mar-2019	As at 31-Mar-2018
Operating Leases		
Disclosures in respect of cancelable agreements for office premises taken on lease	0.00	0.00
(i) Lease payments recognized in the Statement of Profit and Loss	3.64	3.78
(ii) Significant leasing arrangements		
The Group has given refundable interest free security deposits under the agreements.	3.29	3.29
The lease agreements are up to 4 to 36 months. These agreements also provided for periodical increase in rent.	0.00	0.00
(iii) Future minimum lease payments under non-cancellable agreements	0.00	0.00
Not later than one year	NIL	0.24
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

(B) Operating lease (as Lessor):

Disclosures in respect of cancellable agreements for office given on lease

	As at 31-Mar-2019	As at 31-Mar-2018
(a) Operating Leases		
Disclosures in respect of cancellable agreements for office given on lease		
(i) Lease receipt recognized in the Statement of Profit and Loss	0.60	0.60
(ii) Future minimum lease receivable under non-cancellable agreements		
Not later than one year	0.18	0.84
Later than one year and not later than five years	0.00	1.35
Later than five years	0.00	NIL

General Description of leasing arrangement

- (i) Leased Assets: Premises, Godown
- (ii) Future lease rentals are determined on the basis of agreed terms

3.18 During the year ended March 31, 2019, the Company has recognized exceptional items as follows :

- (i) Two step down subsidiaries have entered into one time settlement agreement pertaining to legal disputes for past transactions for non active businesses with certain vendors. Accordingly such claims of ₹ 11.73 Crore has been considered as an exceptional item.
- (ii) Impairment loss amounting to ₹ 97.16 crore for one of its Hopper Dredger ""Veera Prem"" which has been grounded due to natural calamities. The Company has initiated necessary actions with insurance authorities and the claim recoverable will be recognised when reasonable certainty is established based on the accounting policy of the Company.

Notes forming part of Financial Statements

3.19 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Information related to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Group:

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
(i) Principal amount outstanding	0.31	Nil
(ii) Interest on Principal amount due [#]	0.11	Nil
(iii) Interest and Principal amount paid beyond appointment day	Nil	Nil
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	0.11	Nil

3.20 Tonnage Tax Reserve

In terms of section 115VT of the Income Tax Act, 1961, with respect to the shipping activities of the group in India, it is required to transfer a minimum of 20% of book profits from the tonnage tax activities in tonnage tax reserve which are to be utilised for acquiring new ships within 8 years of such transfer. The Group has transferred ₹ Nil (Previous Year ₹ Nil) to Tonnage Tax Reserve as parent company has incurred a book loss (on standalone basis).

3.21 Income Tax expense

(A) Tax Expenses recognized in the statement of Profit & Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Profit / (Loss) before Tax	(848.04)	(217.29)
Income Tax Expenses as respective jurisdiction corporate tax rate	(66.86)	(2.38)
Reconciliation Items / fiscal corrections		
Income not subject to tax	(3.72)	0.09
Difference in books and tax depreciation	0.23	13.38
Gain attributable to tonnage tax activity	5.05	0.80
Non Qualifying Income & Expense under Tonnage Tax	0.15	1.20
Non-deductible expenses	91.26	5.17
Others	0.33	1.81
Earlier year Tax Provision	6.04	40.17
Total Reconciliation Items	99.34	62.62
Income Tax & Deferred Tax Expenses	32.48	60.24
Effective Tax Rate	Please refer Note Below	

Notes forming part of Financial Statements

3.21 Income Tax expense (Contd..)

- (i) Effective tax rate for shipping segment is not applicable as the Company is paying tax under tonnage tax provision under section 115V of Income Tax Act 1961. Other tax of earlier years represent write of off withholding tax for which credit is not available or taken in respective financial year.
- (ii) Effective tax rate for coal business is 25% as per local prevailing tax laws in Indonesia
- (ii) Other business segments have effective tax rates of 34.608% in India and 17% in Singapore but do not have any taxable profit.

(B) Deferred Tax as per Ind AS 12 "Income Taxes "

(i) Deferred tax liability (net) included in the balance sheet comprises of the following:

(₹ in crore)

Particulars	Deferred tax (asset) / liability as at 31/03/2018	Charge/ (Credit) for the current year	Deferred tax (asset) / liability as at 31/03/2019
Deferred tax assets			
Depreciation	(0.23)	(0.075)	(0.31)
Employee Benefits	(0.55)	(0.44)	(0.99)
Deferred tax liabilities			
Long Term Provisions and Short Term Provisions	0.02	(0.02)	(0.00)
Foreign source Income yet to be remitted	1.48	(1.48)	(0.00)
Net deferred tax liability/ (asset)	0.72	(2.02)	(1.30)

(ii) Deferred tax liability (net) included in the balance sheet comprises of the following:

(₹ in crore)

Particulars	As at 31st March, 2018	Credit/ (charge) in Statement of Profit and Loss	Credit/ (charge) in Other Comprehensive income	As at 31st March, 2019
Deferred tax (assets)/liabilities				
Unabsorbed Depreciation	(0.23)	(0.02)	(0.06)	(0.31)
Provision for post retirement benefits	(0.53)	(0.43)	(0.03)	(0.99)
Fiscal Loss	0.00	-	-	0.00
Foreign source Income yet to be remitted / others	1.48	0.09	(1.57)	(0.00)
Total	0.72	(0.36)	(1.66)	(1.30)

(₹ in crore)

Particulars	As at 31st March, 2017	Credit/ (charge) in Statement of Profit and Loss	Credit/ (charge) in Other Comprehensive income	As at 31st March, 2018
Deferred tax (assets)/liabilities				
Unabsorbed Depreciation	(0.30)	0.06	-	(0.23)
Provision for post retirement benefits	(0.61)	(0.12)	0.20	(0.53)
Foreign source Income yet to be remitted / others	4.84	0.88	(4.24)	1.48
Total	3.93	0.81	(4.04)	0.72

Notes forming part of Financial Statements

3.22 Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Indian entities of the Group as per section 135 of the Companies Act 2013, during the year ₹ NIL.

3.23 During the year, the Group had entered into an agreement for sale of VLGC "Sisouli Prem", built in 1991 vide Memorandum of Agreement (MOA) dated November 30, 2018, which was delivered / sold to the buyer on December 20, 2018. Also, one Tanker "M.T. Vedika Prem" built in 1992 was delivered / sold on November 26, 2018 vide Agreement to Sale dated October 25 2018. Loss on sale of such asset is ₹ 73.50 crore.

3.24 Discontinuation of Business on sale of Vessel – (Cash Generating Unit Asset Sale)

On 17th December 2018 the members signed a resolution approving the sale of the vessel "Nerissa" held under Property, Plant & Equipment which is the only Cash Generating Unit (CGU) of the Company. As at 31st March 2019 the asset has been presented in the Balance Sheet as "Property, Plant and Equipment held for sale" and the results of the operations are presented in the Statement of Profit or Loss separately as "Loss from discontinued operations, net of tax". Subsequently a Memorandum of Agreement was signed on 08th April 2019 with a buyer agreeing to gross sale price of ₹ 197.14 Crore (USD 28.50 Mn) and the disposal was completed on 25th April 2019.

The Net Realizable Value (NRV) being less than the carrying value of the Vessel, Impairment loss has been recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(₹ in crore)

Balance Sheet Disclosure	As at 31 Mar 2019	As at 31 Mar 2018
Property, Plant and Equipment	-	474.29
Trade Receivables	8.34	2.92
Cash and Cash Equivalent	0.04	0.83
Non Current Asset held for sale	185.68	-
Other Current Assets	-	8.62
Total Assets of discontinued operation	194.06	486.66
Borrowings	-	220.10
Trade Payable	4.36	5.17
other current liabilities	9.06	38.21
Total Liabilities of discontinued operation	13.42	263.48

Statement of Profit or loss disclosure

The results of the discontinued operations for the year ended 31 March 2019 are as follows:

(₹ in crore)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue		
Disaggregation of revenue		
Type of service		
Charter hire income	47.01	42.19
Timing of transfer of service		
Over time	47.01	42.19
Add: Other Income	0.02	0.00
Total Income	47.03	42.19
Expenses		
Depreciation	(20.56)	(31.60)
Crew expenses	(10.00)	(9.51)
Insurance	(3.35)	(3.35)
Finance cost	(28.87)	(29.06)
Bank charges	(0.02)	(0.03)
Impairment loss	(301.86)	-

Notes forming part of Financial Statements

3.24 Discontinuation of Business on sale of Vessel – (Cash Generating Unit Asset Sale) (Contd..)

(₹ in crore)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Provision for claims	(9.16)	-
Other operating expenses	(9.30)	(14.38)
Total Expenses	(383.11)	(87.92)
(Loss) before tax	(336.08)	(45.73)
Tax expense	1.42	-
(Loss) from discontinued operations, net of tax	(334.67)	(45.73)
Cash Flow from -		
(a) from operating activities	2.49	13.25
(a) from investing activities	-	-
(a) from financing activities	(3.33)	(15.46)

Repayment of loan in relation to sale of vessel, please refer Note 3.14

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 and was finally discharged in April 2019. As per prevailing law, the ultimate user is entitled to raise any valid claim within a period of 12 months from the date of discharge. Hence, as a matter of prudence, the subsidiary has made an estimated provision of ₹ 8.99 Crore (USD 1.30 Mn) in this regard.

3.25 Financial risk Management objectives and policies

The Group financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Risk Management committee

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables and Loans and borrowings.

The Group manages market risk through Risk Management committee, which evaluates and exercises independent control over the entire process of market risk management. The committee recommends risk management objectives and policies, which are approved by Risk Management and Board.

a. Market Risk

i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in interest rates.

Exposure to Interest rate risk

(₹ in crore)

Particulars	As at 31st March 2019	As at 31st March 2018
Total Borrowings	1,680.02	1,728.02
% of Borrowings out of above bearing variable rate of Interest	82.88%	84.38%

Notes forming part of Financial Statements

The Group is exposed to interest rate risk as it borrow funds at floating interest rates. The interest rate risk is managed by monitoring the Group's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended March 31, 2019 would increase/decrease by ₹ 7.14 Crore (previous year ₹ 7.35 Crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

ii) Maritime Risk

The operations of the Group may be exposed to piracy, war, sabotage and terrorism risk at sea which could potentially disrupt the operations of the Group. Also, the Group's vessels are susceptible to arrests by maritime claimants which could result in significant loss for the Group. In times of emergency or wars, the Government could demand the Group's vessels without adequate compensation.

iii) Business Risk

i) Risk relating to Exploration, Development and production.

The Group has two oil blocks in the Cambay Basin and in one of them we have announced discovery of superior quality oil with oil flowing to surface at the time of testing of Wells. While the oil price has been volatile in the past, Brent Crude appears to have been stabilized between US\$ 50 to US\$ 60 per barrel over last year. Even otherwise, in subsidiary's context, the risk of fluctuations in Oil Price is contained since the quality of Oil discovered in subsidiary's blocks (light and sweet crude - 410 API) is better than that of Brent Crude (Brent Crude being 380 API) and therefore enjoys premium over Brent.

Project Specific Risk:

Currently, operations are underway to accomplish drilling and testing campaign in one of our Oil Blocks. With an increase in Oil Price, there are possibilities of non-availability of Drilling Rigs and associated services. Also pricing for such services may increase since many drilling companies' Oil Rigs are currently in a cold stack condition. However, this Risk is contained owing to the fact that subsidiary has entered into Long Terms contracts with its vendors to ensure availability of services till the drilling campaign is accomplished.

ii) Risk relating to Construction Contract

Currently we are operating One project and envisaging similar opportunities in near future.

Project Specific Risk

Mercator Oil & Gas Limited ('MOGL'), an Indian subsidiary of the Company was engaged in EPC project awarded by ONGC named 'Sagar Samrat Conversion Project' (SSCP). On September 25, 2018, MOGL received a notice of termination from ONGC and it simultaneously proceeded to encash the bank guarantees, as explained in detail in Note No. 3.11.

In view of the above dispute, the Project risk is presently very high. The subsidiary has initiated arbitration proceedings against illegal termination of contract by ONGC and its other rights and claims under the contract.

Notes forming part of Financial Statements

iv) Price Risk

The Group is engaged in the business of commodity transportation of crude oil, petroleum products, coal, iron-ore etc which involves a high level of dependence on the production of oil and gas. Thus, demand in these sectors will have a direct impact on the business of the Group. A decline in the demand for oil, coal or iron etc will adversely affect the business of the Group. Thus, often, the factors affecting the supply and demand for the vessel are beyond the control of the Group as the nature, timing and degree of changes in the industry conditions cannot be foreseen and are unpredictable.

Other price risk:

The Group is not exposed to any significant equity price risks arising from equity investments, as on 31st March 2018. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

v) Foreign currency risk

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is mitigated by natural hedges of matching revenues and costs.

The carrying amounts of the Group's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows:

Details / Currency	(₹ in crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Trade Receivables		
- USD	36.62	23.05
Cash and Cash equivalents		
- USD	0.98	3.38
Other Financial Assets		
- USD	13.94	36.31
- SGD	0.06	0.06
- Euro	2.36	2.34
- GBP	-	0.02
- JPY	-	0.00
Other non-current assets		
- USD	0.99	0.82
Borrowings		
- USD	988.65	1,400.55
Trade Payables		
- USD	60.24	62.33
Other Financial Liabilities		
- USD	64.32	43.92
- SGD	0.19	0.20
- AED	-	0.04
- Euro	-	0.08
- GBP	-	0.21
- JPY	0.12	0.04
- Others		

Notes forming part of Financial Statements

Sensitivity Analysis:

A 5% strengthening / weakening of Indian Rupee against key currencies to which the Group is exposed (net of hedge, if any), with all other variables being held constant, would have led to approximately a gain / loss of ₹ 23.52 crore (Previous Year : ₹ 23.79 crore).

b. Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when where there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When such recoveries are made, these are then recognized as income in the statement of profit and loss.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates.

Ageing of Accounts Receivables

Particulars	(₹ in crore)	
	As at 31-Mar-2019	As at 31-Mar-2018
Less than 180 days	64.38	123.79
More than 180 days	45.92	197.95

Financial assets are considered to be of good quality and there is no significant increase in credit risk

c. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

Maturity Analysis of Significant Financial Liabilities

As at March 31, 2019	Contractual Cash Flows				
	Total	Up to 1 year	1-3 years	3-5 years	More than 5 years
Financial Instruments					
Borrowings	1,680.01	1,165.54	433.46	81.02	0.00
Trade Payables	213.49	213.49	-	-	-
Other financial liabilities	-	-	-	-	-
	1,893.50	1,379.02	433.46	81.02	-

Notes forming part of Financial Statements

Maturity Analysis of Significant Financial Liabilities (Contd..)

(₹ in crore)

As at 31st March, 2018	Contractual Cash Flows				
	Total	Up to 1 year	1-3 years	3-5 years	More than 5 years
Financial Instruments					
Borrowings	1,728.02	975.42	525.74	226.86	-
Trade Payables	265.29	265.29	-	-	-
Liability towards cash flow hedge	-	-	-	-	-
Other financial liabilities	73.61	31.61	42.00	-	-
	2,066.92	1,272.32	567.74	226.86	-

d. Legal Risk

- Several cases have been filed in National Company Law Tribunal (NCLT) against the Company and its few subsidiaries in India under the Insolvency and Bankruptcy Code 2016. The cases have not been admitted yet and the hearings are in process.
- On 29 November 2018, one of the overseas subsidiary company has filed a complaint against its former managerial personnel with the Commercial Affairs Department, Singapore (the "CAD") for suspected siphoning of funds amounting to ₹ 11.76 Crore (USD 1.7 Mn) (approx.) from the said overseas subsidiary for their personal benefit at the time when they had the control over the operations and finances of the Company. On 30 November 2018, the CAD referred the said complaint to the Tanglin Division and the matter is pending as on the date of reporting.

3.26 Capital Management

For the purpose of Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at 31st March 2019, the Group has only one class of equity shares and has debt, consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution of dividend or re-investment into business based on its long term financial plans.

The debt equity for the year is as under:

(₹ in crore)

	As at 31-Mar-2019	As at 31-Mar-2018
Borrowings (₹ in crore) - (A)	1,680.02	1,728.02
Total Equity (₹ in crore) - (B)	33.90	1,013.64
Debt Equity Ratio (A/B)	49.55	1.70

3.27 In September 2017, the group had changed its directors and senior management, which has led to certain disruption of operation of the business for approximately 5 months. Following the change of the subsidiaries directors and senior management, certain proceedings have been filed by new management of the subsidiaries, ultimate parent company and shareholder of the said subsidiaries in Singapore and Indonesia against some of the former directors of the said subsidiaries, who have in turn initiated various proceedings against the company, shareholders of the Group and ultimate parent company. The subsidiaries have resumed its operation on 15 January 2018.

In October 2018, all the parties concerned entered into a settlement without cost and pursuant to that both the parties have withdrawn all legal cases filed at Singapore and Indonesia. Pursuant to the said settlement, the subsidiaries have write-off the outstanding receivables amounting to ₹ 3.52 Crore (USD 0.50) from these parties.

3.28 The Group does not have any long term contracts including derivative contracts as at March 31, 2019 wherein the Group is required to make provision towards any foreseeable losses.

Notes forming part of Financial Statements

3.29 During the year 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 ₹ 212.67 Crore in “Other Expenses”. The Group has also written back ₹ 157.93 Crore which majorly include the liability written back on account of liquidation completion of two of its step down subsidiaries and creditors, in “Other Income”.

3.30 Fair value measurements

Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1.26 to the financial statements.

(a) The carrying value of financial instruments by categories is as follows -

(₹ in crore)

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Financial assets:		
<u>Measured at amortised cost</u>		
Cash and cash equivalents	13.29	22.46
Bank balances other than Cash and cash equivalents	24.63	105.98
Loans	30.29	13.98
Trade receivables	110.30	321.74
Other Financial assets	283.03	89.74
Investment (Non current Assets)	0.00	0.00
At fair value through profit and loss		
Investment in Mutual Funds	180.38	205.73
Total	641.92	759.64
Financial liabilities:		
<u>Measured at amortised cost</u>		
Borrowings	1,680.02	1,728.03
Other financial liabilities	123.66	73.60
Trade and other payables	213.49	265.29
<u>At fair value through profit and loss</u>		
Derivatives	-	-
Total	2,017.16	2,066.91

Carrying amounts of trade receivables, cash and cash equivalents and trade payables as at March 31, 2018 and March 31, 2017 approximate the fair values because of their short term nature. Difference between carrying amounts and fair values of other bank balances, borrowings, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

(b) Fair Value Hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes forming part of Financial Statements

(b) Fair Value Hierarchy: (Contd..)

(₹ in crore)

At 31st March, 2019	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
Investments in mutual funds	-	-	180.38	180.38
Derivative financial liabilities	-	-	-	-
Total	-	-	180.38	180.38

(₹ in crore)

At 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
Investments in mutual funds	-	-	205.73	205.73
Derivative financial liabilities	-	-	-	-
Total	-	-	205.73	205.73

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
- Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

3.31 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective

Ind AS 116, Leases : On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlined asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition :

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as :

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at the lessee's incremental borrowing rate at the date of initial application, or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS immediately before the date of initial application.

Notes forming part of Financial Statements

3.31 Recent Indian Accounting Standards (Ind AS) - Issued but not yet effective (Contd..)

Certain practical expedients are available under both the methods. The Company is currently evaluation the effect of this amendment on the standalone financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives

The effective date of adoption of Ind AS 12, Appendix C is annual periods beginning on or after April 1, 2019. The Company does expect any material impact of this standard.

Amendment to Ind AS 12, Income taxes : On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluation the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19, plan amendments, curtailment or settlement : On March 31, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date of application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any material impact of this standard.

Notes forming part of Financial Statements

3.32 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements except otherwise stated in below notes wherever applicable.

- (i) On August 31, 2019, TSHD Tridevi Prem whilst at New Mangalore anchorage on account of developed leak in the forward pump room leading to flooding and despite repeated attempts to contain / arrest the leak, the dredger Tridevi Prem capsized. The master and crew have abandoned the ship on September 02, 2019. The Company has initiated steps including coordination with P & I Club and other suitable agencies for removal of wreck and oil to protect environment damage.
- (ii) Based on the management's decision in June 2019 to dispose off its fleet of dredgers (subject to consent from lenders) and carry on dredging business on asset light model, the Company has evaluated the impairment on these dredgers & certain ships and accordingly estimated an impairment loss of ₹ 328.89 Crore in June 2019.
- (iii) Board of Directors of the Company has approved sale of vessel namely FSO Prem Pride and MT Prem Mala and postal ballot & other necessary approvals for making such sale effective has been initiated by the management.

3.33 These consolidated financial statements have not been authenticated by the Company Secretary as mandated u/s 134 of The Companies Act, 2013 (as amended), owing to her resignation w.e.f 23rd July 2019. The company is in process of appointing another Company Secretary in her place. In the interim, the Chief Financial Officer has been designated as the Compliance Officer.

3.34 Figures for the current year are not comparable with those of the previous year in view of the deconsolidation impact given during the current year w.r.t. certain stepdown subsidiaries.

3.35 Previous year's figures have been regrouped / restated wherever necessary to conform to current year's classification.

As per our report of even date

For Singhi & Co.

Chartered Accountants

Firm registration No: 302049E

Nikhil Singhi

Partner

Membership No 061567

Place: Mumbai

Date: 13th November, 2019

For and on behalf of the Board

H.K. Mittal

Executive Chairman

(DIN:00007690)

Shalabh Mittal

Chief Financial Officer

M.M Agarwal

Director

(DIN:00681433)

Rajendra Kothari

Chief Financial Officer

NOTES

[illegible]



Registered Office:

83-87, 8th Floor, Mittal Tower, B-Wing,
Nariman Point, Mumbai - 400 021

Tel: +91-22-66373333

Fax: +91-22-66373344

Website: www.mercator.in

Email: secretarial@mercator.in/ investors@mercator.in





Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L63090MH1983PLC031418

Name of the Company: Mercator Limited

Registered Office: 83-87, 8th Floor, Mittal Tower, B-Wing, Nariman Point, Mumbai – 400021

Tel: 91-22-66373333/40373333; Email: secretarial@mercator.in; investors@mercator.in; Website: www.mercator.in

Name of Member(s):	
Registered Address:	
Email Id:	
Folio No/Client ID:	
DP ID:	

I/We being the member(s) of _____, shares of Mercator Ltd., hereby appoint

1. Name:.....
Address:.....
.....
Email ID:.....
Signature:....., or Failing him/her
2. Name:.....
Address:.....
.....
Email ID:.....
Signature:....., or Failing him/her
3. Name:.....
Address:.....
.....
Email ID:.....
Signature:....., or Failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company, to be held on Tuesday, December 31, 2019, at 3:00 PM at 4th floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400020 and at any adjournment thereof in respect of such resolutions as are indicated below

Resolutions	Vote (Optional See Note 5)	
	For	Against
1. Consider and adopt : a) Audited Standalone Financial Statement, Reports of the Board of Directors and Auditors b) Audited Consolidated Financial Statement and Auditors Report		
2. Re-appointment of Mr. H. K. Mittal (DIN: 00007690), retiring by rotation		
3. Regularization of Mr. H. K. Mittal (DIN: 00007690) as Executive Chairman		
4. Regularization of Mrs. Ameeta Trehan (DIN: 07087510) as Independent Director		

Signed this _____ day of December, 2019.

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix a
Revenue
Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.
3. For the Resolutions and Explanatory Statement, please refer to the Notice of the Thirty Fifth Annual General Meeting.
4. Please refer note no. 1 to the Notice for relevant provisions relating to Proxy.
5. It is optional to indicate your preference. Please put 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all of the Resolutions, your Proxy will be entitled to vote in the manner as he / she may deem appropriate.



Mercator Limited

CIN: L63090MH1983PLC031418

Registered Office: 83-87, 8th floor, Mittal Tower, B-Wing, Nariman Point, Mumbai – 400021

Tel: 91-22-66373333/40373333; Email: secretarial@mercator.in; Website: www.mercator.in

ATTENDANCE SLIP

Serial No.:

Name and Address of the Shareholder	
Regd. Folio/DP ID & Client ID	
No. of shares	

1. I hereby record my presence at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Company being held on Tuesday, December 31, 2019, at 3:00 p.m. at 4th floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai- 400020
2. Signature of the Shareholder/Proxy Present
3. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/Proxy holder desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.

Note: PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.

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ELECTRONIC VOTING PARTICULARS

EVEN (E-voting Event Number)	User ID	Password
191127001		

Note: Please read the instructions printed in the Notice dated November 13, 2019 of the 35th Annual General Meeting. The e-Voting period starts from 9.00 a.m. on Saturday, December 28, 2019 and ends at 5.00 p.m. on Monday, December 30, 2019. The voting module shall be disabled by CDSL for voting thereafter.