MERCATOR
www.mercator.in

December 7, 2020

To,
Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Company Code: 526235

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

Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Annual Report and AGM Notice of the Company for the financial year ended March 31, 2020

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report of Mercator Limited (the "Company") for the financial year ended March 31, 2020 along with notice of the Thirty-Sixth Annual General Meeting of the Company scheduled to be held on Tuesday, the 29th day of December, 2020 at 3:00 p.m. through video conference and other audio visual means.

This is for your information and record.

Thanking you.

Yours faithfully,

For **MERCATOR LIMITED**

RAJENDRA KUMAR KOTHARI
Digitally signed by RAJENDRA KUMAR KOTHARI
Date: 2020.12.07 13:23:28 +05'30'

RAJENDRA KOTHARI
CHIEF FINANCIAL OFFICER
Encl: a/a



MERCATOR LIMITED

36TH ANNUAL REPORT

2019-20

Read Inside

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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
(upto September 29, 2020)

Mr. Anil Khanna
(upto October 01, 2020)

Mr. Chetan Desai
(upto September 25, 2020)

Mrs. Ameeta Trehan
(w.e.f. July 01, 2019, upto September 01, 2020)

Mr. Jagmohan Talan
(w.e.f. September 23, 2020)

Mr. Sukhdarshan Singh Bedi
(w.e.f. September 23, 2020)

Mrs. Ritu Vats
(w.e.f. September 23, 2020)

Chief Executive Officer

Mr. Shalabh Mittal

Chief Financial Officer

Mr. Rajendra Kothari

Company Secretary

Mrs. Sangeeta Pednekar
(upto July 23, 2019)

Statutory Auditors

M/s. Singhi & Co.

Secretarial Auditors

MMJB & Associates LLP

Bankers

State Bank of India
ICICI Bank Ltd.
Axis 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

Notice

NOTICE is hereby given that the Thirty Sixth Annual General Meeting (AGM) of the members of Mercator Limited will be held on Tuesday, December 29, 2020, at 3.00 p.m. IST through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM'), to transact the following business. The venue of the meeting shall be deemed to be the registered office of the Company at 83-87, 8th Floor, Mittal Tower, B-wing, Nariman Point, Mumbai - 400 021.

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**
   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, 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, 2020 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 in terms of Section 152(6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **To approve the variation in the terms of the loans to the Wholly Owned Subsidiary Company, Mercator Oil & Gas Limited**

   To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**

   "RESOLVED THAT pursuant to the provisions of Section 188 and any other provisions of the Companies Act, 2013 and pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the consent of the members of the Company be and is hereby accorded to modify the due date for repayment of loans granted along with the accrued interest thereon to an extended bullet repayment due date of on or before June 30, 2022 with all other terms and conditions of the loans remaining unchanged with respect to the loan granted to Mercator Oil and Gas Limited, a material subsidiary and 'Related Party' of the Company as per the provisions of Regulation 2(1)(zb) of SEBI Listing Regulations.

   RESOLVED FURTHER THAT Mr. Shalabh Mittal, Chief Executive Officer of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party, communicate the revised terms and conditions and execute such agreements, documents and writings and to make such filings as may be necessary, expedient and desirable, in order to give effect to this Resolution in the best interest of the Company."

4. **To approve the variation in the terms of the loans to the Subsidiary Company, Mercator Petroleum Limited**

   To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**

   "**RESOLVED THAT** pursuant to the provisions of Section 188 and in partial modification to the approvals sought under Section 186 of the Companies Act, 2013 and any other provisions of the Companies Act, 2013 and pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the consent of the members of the Company be and is hereby accorded to modify the due date for repayment of loans granted along with accrued interest thereon and accrued interest on 6% Optionally Convertible Debentures issued by Mercator Petroleum Limited in various tranches to an extended bullet repayment due date of on or before June 30, 2022 with all other terms and conditions remaining unchanged with respect the loans granted to Mercator Petroleum Limited and 6% Optionally Convertible Debentures issued by Mercator Petroleum Limited to the Company, a material subsidiary and 'Related Party' of the Company as per the provisions of Regulation 2(1)(zb) of SEBI Listing Regulations.

   RESOLVED FURTHER THAT Mr. Shalabh Mittal, Chief Executive Officer of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party, communicate the revised terms and conditions and execute such agreements, documents and writings and to make such filings as may be necessary, expedient and desirable, in order to give effect to this Resolution in the best interest of the Company."

5. To appoint Mr. Jagmohan Talan (DIN: 08890353) as a Director in the capacity of Non-Executive Independent Director and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the relevant provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under ('the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Jagmohan Talan (DIN: 08890353), who was appointed as an Additional Director of the Company by the Board

of Directors, under Section 161 of the Act, to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a term of five consecutive years commencing from September 23, 2020."

6. To appoint Ms. Ritu Vats (DIN: 08890591) as a Director in the capacity of Non-Executive Independent Director and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the relevant provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under ('the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Ms. Ritu Vats (DIN: 08890591), who was appointed as an Additional Director of the Company by the Board of Directors, under Section 161 of the Act, to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, be and is her by appointed as Non-Executive Independent Director of the Company to hold office for a term of five consecutive years commencing from September 23, 2020."

7. To appoint Mr. Sukhdarshan Singh Bedi (DIN: 08889664) as a Director in the capacity of Non-Executive Independent Director and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the relevant provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under ('the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Sukhdarshan Singh Bedi (DIN: 08889664), who was appointed as an Additional Director of the Company by the Board of Directors, under Section 161 of the Act, to hold office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company to hold office for a term of five consecutive years commencing from September 23, 2020."

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

H. K. Mittal
Executive Chairman
DIN:00007690

Dated: November 12, 2020

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

NOTES:

1. In view of the continuing Covid-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 have permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue.

   Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, 36th AGM of the Company shall be conducted through VC/OAVM.

2. The relevant details pursuant to Regulation 26(4) and Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India in respect of director seeking appointment/re-appointment at this AGM forms part of the Notice.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, December 22, 2020 to Tuesday, December 29, 2020 (both days inclusive) for the purpose of the AGM

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to investors@mercator.in/secretarial@mercator.in with a copy marked to helpdesk.evoting@cdslindia.com.

DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs

6. In compliance with MCA Circular No. 20/2020 dated May 5, 2020 and SEBI Circular No. SEBI/HO/ CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and owing to the difficulties involved in dispatching of physical copies of the financial statements including Board's Report, Auditor's report or other documents required to be

attached therewith (together referred to as Annual Report), the Annual Report for FY 2019-20 and Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in. Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.

PROCEDURE FOR ATTENDING THE AGM THROUGH VC / OAVM:

8. Members will be able to attend the AGM through VC / OAVM by using their remote e-voting login credentials and selecting the EVSN for Company's AGM.

9. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system of CDSL.

10. Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.

11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

12. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

PROCEDURE TO RAISE QUESTIONS/SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

13. As the AGM is being conducted through VC/OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at investors@mercator.in or secretarial@mercator.in to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Tuesday, December 22, 2020 on the aforementioned e-mail id shall only be considered and responded to during the AGM.

14. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number at investors@mercator.in or secretarial@mercator.in on or before Tuesday, December 22, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

15. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM

16. In compliance with provisions of Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force); Regulation 44 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.

17. Members whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e., Monday, December 21, 2020 shall only be entitled to attend and vote at the AGM. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.

18. The remote e-voting shall commence on Saturday, December 26, 2020 (9:00 A.M. IST) and shall end on Monday, December 28, 2020 (5:00 P.M. IST) During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Monday, December 21, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently. In addition, the facility for voting

through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting.

19. The procedure and instructions for remote e-voting are given below:

The shareholders should log on to the e-voting website www.evotingindia.com.

(i) Click on "Shareholders" module.

(ii) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/ EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

(iii) Next enter the Image Verification as displayed and Click on Login.

(iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(v) If you are a first time user follow the steps given below:

	For Shareholders 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)
	• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) 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.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) 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.

(xvi) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at investors@mercator.in or secretarial@mercator.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

20. 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.

GENERAL INFORMATION FOR THE SHAREHOLDERS:

21. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on https://www.evoting.cdsl.com/ to reset the password.

22. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

    All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services

(India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

23. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., December 21 2020, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

24. The Company has appointed Mr. Sunil Zore, Practicing Company Secretary (Membership No. ACS 22144) to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

25. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting and e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

26. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: www.mercator.in and on CDSL's website: www.evotingindia.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

27. At the thirty-third AGM held on September 15, 2017 the Members approved appointment of Singhi & Co, Chartered Accountants (Firm Registration No. 302049E) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the thirty eighth AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the thirty-sixth AGM.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

28. All the documents referred to in the accompanying Notice shall be available for inspection through electronic mode, basis the request being sent on investors@mercator.in or secretarial@mercator.in.

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

H. K. Mittal
Executive Chairman
DIN:00007690

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item Nos. 3 and 4:

The Company had received a request from Mercator Oil and Gas Limited (MOGL) stating its inability to make loan payments and interest accrued on the loans. Similar request had also come from Mercator Petroleum Limited (MPL) stating its inability to make loan payments, redemption of 6% Optionally Convertible Debentures and interest accrued on the loans and debentures.

MOGL is wholly owned subsidiary of your Company and MPL is a subsidiary of your Company. Accordingly, both the Companies are 'Related Parties' of your Company in terms of Section 2(76) of the Companies Act, 2013 ("Act") and Regulation 2(1)(zb) of the SEBI LODR . Further, though loans issued to the wholly subsidiary company is exempted under Section 186 of the Companies Act, 2013, the above relaxation qualifies as a 'Material Related Party Transaction' as per Regulation 23(1) of SEBI LODR.

In terms of Section 185 of the Act (as amended by Companies (Amendment) Act, 2017 and notified by Ministry of Corporate Affairs vide notification dated May 7, 2018), the Proposed variation in the terms of the loan granted requires the approval of the members of the Company by way of a Special Resolution. Further, approval of the members of the Company shall not be required in terms of Section 186 of the Act, as the quantum of the loan is within the prescribed threshold and the above is only a variation in the terms of the loan.

The Audit Committee of the Company, at its meeting held on July 15, 2020, was pleased to approve the proposed variation in the terms of the loan subject to approval of the Board of Directors and fulfilment of other requirements, if any. Further, the Board of Directors of the Company, at its meeting held on July 15, 2020, also approved the proposed variation in the terms of the loan, subject to the approval of the members of the Company and other requisite approvals and requirements, if any.

The key particulars of the transaction are as under :

Particulars	Information	
Name of the Related Parties:	Mercator Oil and Gas Limited (MOGL)	Mercator Petroleum Limited (MPL)
Nature of relationship	MOGL is a wholly own subsidiary of the Company	MPL is a subsidiary of the Company
Purpose	For long term project related financial support in form of term as well as working capital requirement in addition to sanctioned facility from bank if any	For long term project related financial support in form of debt instrument, term as well as working capital requirement in addition to sanctioned facility from bank if any
Material terms of the transaction		
- Total limit	₹ 100 Crore	₹ 200 Crore
- Nature of loan	Long term loans and working capital loan as the case may be	Optionally Convertible Debentures (OCD), long term loans and working capital support as the case may be
- Tenure	Estimated tenor 8 years subject to annual review	Estimated tenor 10 years subject to annual review
- Interest	8.75% p.a.	Loan 10.25% OCD 6%
- Repayment date	after completion of subordination period subject to mutually agreed or callable on demand	OCD – 10 year from date of issuance Loan – after completion of subordination period subject to mutually agreed or callable on demand
- Variation in the repayment terms	Maturity Period to be extended to 31st March 2022 and interest will not be charged from 01st April 2019 until agreed by both the parties based on liquidity position of borrower. Lender will reserve its right to receive for aforesaid period where interest has not been charged.	Maturity Period to be extended to 31st March 2022 and interest will not be charged from 01st April 2019 until agreed by both the parties based on liquidity position of borrower. For OCD, interest will not be accrued for period as stated above and will be repaid as per mutually agreed terms to be notified in advance duly approved / agreed. Lender will reserve its right to receive for aforesaid period where interest has not been charged.

Item No. 4

Details of Director seeking re-appointment at the Annual General Meeting

Name of the Director	Mr. H K Mittal
Date of Birth	19/02/1949
Date of First Appointment on the Board	23/05/1988
Qualifications	Masters from Indian Institute of Technology (IIT), Roorkee
Expertise in specific functional area	Overall business strategies/management
Directorships held in other Companies	• Mercator Offshore Logistics Private Limited (Formally known as Mercator Dredging Private Limited) • Mercator Oil & Gas Limited • AHM Investments Private Limited • HK Sons Realtors Private Limited • Premputli Realtors Private Limited • Sisouli Realtors Private Limited
Membership/ Chairmanship of Committees in other Companies	• Mercator Oil & Gas Limited
No. of shares held in the Company	21,193,700 (7.01%)
Relationship Between Director inter-se	Father of Mr. Shalabh Mittal, CEO

For other details such as number of meetings of the board attended during the year, and remuneration drawn please refer to the corporate governance report which is a part of this Annual Report.

Item No. 5, 6 and 7:

Details of Director seeking appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations)

Name of the Director	**Mr. Jagmohan Talan (DIN: 08890353)**	**Mrs. Ritu Vats (DIN: 08890591)**	**Mr. Sukhdarshan Singh Bedi (DIN: 08889664)**
Date of Birth	15/07/1972	24/05/1976	03/07/1951
Date of First Appointment on the Board	23/09/2020	23/09/2020	23/09/2020
Qualifications	M.Com	B.A	M.A, LL.B
Expertise in specific functional area	He is presently associated with a proprietorship Trading Company Pandit Brothers which deals in various fertilizers and chemicals. Has experience of being associated with various sectors like chemical industry, transport and logistics sector to name a few.	Providing handling services/manpower supply to industries in various sectors.	Over 40 years experience in Sales, Marketing and service in the dealership of tractors. He is the proprietor of Bedi Tractors and is presently associated with Mahindra and Mahindra bagging a Dealership contract for serving them in several towns of Uttar Pradesh.
Directorships held in other Companies	• Mercator Oil & Gas Limited	• Mercator Oil & Gas Limited	N.A
Membership/ Chairmanship of Committees in other Companies	• Mercator Oil & Gas Limited	• Mercator Oil & Gas Limited	N.A
The number of meetings of the Board attended during the year	N.A	N.A	N.A
No. of shares held in the Company as on the date of the Notice	Nil	Nil	Nil
Relationship with other directors and Key Managerial Personnel of the Company	N.A	N.A	N.A

Directors' Report

To
The Members,
Mercator Limited

We hereby present the Thirty Sixth Annual Report of your Company for the year ended on March 31, 2020.

Financial highlights:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	Year ended		Year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Income from operations	638.61	867.35	132.16	311.96
Total Income	**653.99**	**1034.22**	**151.17**	**388.57**
Operating Profit	(300.88)	(19.18)	(237.63)	(24.65)
Interest	(260.75)	(153.70)	(220.13)	(116.92)
Depreciation	(141.59)	(176.75)	(41.05)	(123.72)
Impairment	(41.04)	(53.45)	(41.04)	(53.45)
Exceptional Items	(154.19)	(108.89)	(485.47)	(181.38)
Profit/(Loss) before Tax	**(898.45)**	**(511.97)**	**(1025.32)**	**(500.12)**
Taxes				
-Current Year	(11.18)	(33.24)	(0.45)	(11.33)
-Deferred Tax	0.13	0.76	–	–
Net Profit/(Loss) After Tax	**(909.50)**	**(544.45)**	**(1025.77)**	**(511.45)**
Minority Interest	13.63	29.52		
Other Comprehensive Income Adjustment	**(0.81)**	**0.05**	**0.63**	**(0.12)**

During the year under review, the income from operations on a consolidated basis was ₹ 638.61 crores against ₹ 867.35 crores in the previous year. The consequential loss in revenue were on account of (i) Lower coal prices in-spite of high volumes (ii) sale of VLCC and 2 ships during the financial year 2019-20 and (iii) sharp decline in dredging income during the year affected the revenue.

The consolidated EBIDTA is ₹ -300.88 crores against ₹ -19.18 in the previous year. The consolidated loss before tax was ₹ 898.45 crores against previous year loss before tax of ₹ 511.97 crores. The loss after tax was ₹909.50 crores as against loss after tax of ₹ 544.45 crores in the previous year.

On a standalone basis, the income from operations for the year under review was ₹ 132.16 crores (₹ 311.96 crores in the previous year). Depreciation was ₹ 41.05 crores against ₹ 123.72 crores in previous year and Interest was ₹ 220.13 crores against ₹ 116.92 crores in previous year; the Company had standalone loss after tax of ₹ 1025.77 crores (previous year loss after tax of ₹ 511.45 crores) after provision of tax of ₹ 0.45 crores (previous year ₹ 11.33 crores).

Following are the key financial highlights for the financial year 2019-20:

(i) Finance Costs Includes ₹ 95.21 crores for FY20 towards penal interest charged by the lenders;

(ii) During 9 months period ended December 31, 2019, impairment provision was ₹ 306.53 crores; Out of this during Q4 FY20, loss on sale of assets was accounted for ₹211.01 crores and loss on assets held for sale was accounted for ₹22.36 crores; Out of the balance impairment of ₹73.16 crores, impairment for ₹41.03crores is only retained as on 31st March 2020 and excess impairment provision of ₹32.14 crores caused by change in sale price estimates and depreciation have been reversed in Q4 FY20;

(iii) Loss on sale of assets in Q4 amounted to ₹ 211.01 crores; Loss on assets held for sale amounted to ₹22.36 crores;

(iv) At the consolidated level, Bad Debts written off amounted to ₹19.21Crores & Provision for Doubtful Debts amounted to ₹3.47Crores in FY20

(v) Expected Credit Loss (ECL) amounted to ₹18.39 Crores in FY20

(vi) At the consolidated level, loss on fair value of investments amounted to ₹105.47 crores;

(vii) At the standalone level, Exceptional Items representing impairment of intercompany investment in equity shares, NCRPS, other equity instruments and intercompany loans and advances amounted to ₹485.47 Crores. At the consolidated level, Exceptional Items representing write down of CWIP in Mercator Petroleum Ltd. (MPL), a material subsidiary, for the terminated oil block CB-3 amounted to ₹34.44 Crores and ₹12.75 Crores in the oil block CB-9 on account of

the proposed sale of the said oil block aggregating to ₹47.19 crores in Q4 FY20 and for the FY20 ₹154.18 crores (includes ₹106.99 crores towards invocation of bank guarantees (net) by ONGC in Mercator Oil and Gas Ltd. (MOGL), a material subsidiary.

(viii) Other Income included sundry balances written back amounting to ₹4.75 crores in FY20;

The Company has prepared its accounts for the year ended March 31, 2020 on going concern basis rather than on liquidation value basis. The Company believes that on the basis of existing business of capex light dredging at Mercator Limited, its running coal business and proven oil block at the subsidiaries level and claims receivable outstanding for ₹1618 crores at the consolidated level provides a reasonably sufficient opportunity for the repayment of loans from lenders at negotiated values and provide required resources for development of business opportunities for the revival of the Company even during and after the IBC proceedings.

The Company has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Company has impaired all its assets to fair value which is equivalent to net realizable values basis the transactions concluded and market estimates. The Company has also provided for the bad and doubtful receivables and advances. The core management team will continue to focus on developing low capex businesses in the existing verticals of Shipping Business and Dredging Business. An example of asset light model for dredging contracts could be wherein the work can be accomplished by chartering dredgers. One of such contracts was under execution with Mumbai Port Trust.

The Company through its step down subsidiaries owns an operational open cut thermal coal asset and logistics infrastructure services in coal business in 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.

The Company has accordingly prepared its accounts for the year ended March 31, 2020 on going concern basis rather than on liquidation value basis.

NCLT UPDATE:

Two of the financial creditors filed petitions in The National Company Law Tribunal (NCLT), Mumbai Bench. The petition filed by a financial Creditor is under 'Reserved for Orders' (RFO) status since March 2, 2020 and is pending for pronouncement of Order. The Company is defending petitions filed by certain operational creditors and another financial creditor in NCLT, Mumbai Bench.

Updates on Debts Position:

Total Debts at standalone levels and consolidated levels as on March 31, 2020 stands at ₹ 949 crores and ₹ 1602 crores respectively. We have further deleveraged Long-term debts by selling the Floating Storage and Offloading Unit (FSO) 'Prem Pride' on January 16, 2020 for ₹49.54 crores and Vessel M. T. Hansa Prem on March 23, 2020 through an e-auction process for a consideration of USD 3.60 Mn plus taxes and subsequent to March 31, 2020, sold the Vessel M. T. Prem Mala vide Hon'ble Bombay High Court's order dated May 26, 2020, confirmed the sale of the Vessel under the auction process to the highest bidder at a consideration of ₹36.40 Crores.

Company's subsidiary Mercator Petroleum Ltd plans to sell its Oil Block asset, proceeds of which is likely to reduce the debt further by around ₹230 Cr at the consolidated level.

At the consolidated level, there are total claims of ₹1,618 crores as on date receivable by the Company which are summarized below:

(i) DCI Batch Arbitration Matters: ₹ 56 crores (₹ 47.92 crores as per award plus interest till March 31, 2020 ₹ 8.42 crores); In the process of getting an execution order from Hon'ble Delhi High Court;

(ii) Total loss claim for Dredger Veera Prem: ₹ 133 crores (US$ 17.78 Mn) The Company is in the process of filing a claim;

(iii) Insurance claim for Vessel 'Divya Prem': ₹129 crores (Claim of ₹ 54 crores plus interest till 31.12.2019 ₹75 crores); the matter is under final hearing in National Commission;

(iv) Sagar Samrat Arbitration Matter: ₹1,300 crores (US$ 173.36 Mn); Binding Arbitration commenced in Dec-18 raising claims against ONGC; likely to conclude by Sep 2020 and award expected in Jan 2021.

The Company believes that the above mentioned claims are of a substantial value and its realization over a period of time holds the key for a successful resolution leading to full pay out of the principle dues of the lenders.

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.

Total production of coal for the year 2019-20 stands at 2,133,355 MT against 1,912,299 MT of PY. The company has made dispatches of 6,951,765 MT in the year 2019-20 against 4,799,475 MT in PY through its coal handling infrastructure including 3rd party dispatches. Coal rates have witnessed a crash due to Covid-19 pandemic. However, the operations of coal business are running at the usual operational levels. The business is trying its best to reduce costs.

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.

The Company had already initiated the necessary legal steps for the aforesaid dispute and expects to resolve this matter at the earliest possible. The Company is taking all legal steps to protect its rights and interests. Meanwhile the control of the operations are continuing normally under our management.

Loss on fair value of investments amounted to ₹105.47 crores in the year 2019-20. Panther Resources Pte Ltd (Panther) is a step down subsidiary of Mercator International Pte Ltd. (MIPL), the Singapore based holding company. Panther has invested in coal companies in Indonesia. The valuation of underlying investment has been conducted by an independent valuation firm from Indonesia

Some of the key risks for the coal business going forward are:

1) Coal prices have always been volatile. As on July 2020 amongst several reasons including Covid Pandemic have causes the coal prices to crash threatening sustainable cash flows
2) Coal subsidiaries have a running default on their loan obligations and lenders are now seeking legal recourse
3) Legal cases continue to distract management and incur high expenses
4) Internationally most countries are encouraging move to cleaner energy sources and this remains a threat for the long term price sustainability of the coal prices.
5) India opening mining sector to private sector does pose a threat to coal prices as India may reduce import of coal over a period of time.
6) Change of regulations in Indonesia with respect to taxes, annual production and exports poses an unseen risk

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 October 24, 2019 has issued a termination notice referring to Production Sharing Contract (PSC) dated December 22, .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.

Minutes of Meeting (MoM) of the 5th Expert Appraisal Committee (EAC) for the Environmental Clearance (EC) presentation held on March 27, 2019 were issued of 3rd April 2019 recommending grant of EC for Development of PML area of the Block CB-ONN-2005/9. Work over rig was deployed at Jyoti-2 from March 25, 2019 to 7th May 2019 for cement repairs but the operations had to be terminated because of technical problems. The well Jyoti-1 was also closed because of non-grant of (EC) which has since been granted on January 7, 2020. Management Committee has approved completion of Minimum Work Program (MWP) of Exploration Phase-I which is a pre-requisite for transfer of PI. Formal communication to this effect is awaited.

Monetization of the Block CB-ONN-2005/9:

During the year, MPL made efforts to Farm-out (in full or in part) its Participating Interest (PI) in the Block CB-ONN-2005/9. To this effect, MPL signed a Sale Purchase Agreement (SPA) with an identified buyer on December 26, 2019. Further, Deed of Assignment for transfer of 100% PI was signed on January 14, 2020. Application for transfer of PI along with requisite documents has been submitted to DGH for approval and the same is being reviewed by DGH.

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. Parallelly, on December 15, 2018, MOGL initiated arbitration proceedings against ONGC, raising claims of US $ 173.36 Mn (₹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 was fixed on a Charter to IOCL for a period of 4 + 4 + 4 months since Jan 2019 and the extensions were granted. The charter expired by Jan 2020 after which she was due for her drydocking. The charter hire was fixed at a rate of USD 11125 / day.

Vessel Hansa Prem was fixed with BPCL for a period of 8 months firm and an extension option of 3+3 months. The vessel went on hire on May 20, 2019 at a daily rate of USD 11,900. BPCL granted us both extensions as per Charter Party and the charter expired in February 2020.

Vessel M. T. Prem Pride was on Time Charter to BGEPIL and is a FSO at Panna Field and performed well. Shell has wound up their operations and the Panna Field has been 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 were held with ONGC and Owners initially intended to take on board a partner to satisfy the financial qualification criterion of ONGC. However, the said activity could not be taken forward since the lenders of the Company to whom the FSO was charged were keen on the Company selling it off and reduce/repay debts.

Sale of Vessels:

(a) As a part of strategic plan, the Company has concluded the sale of its Floating Storage and Offloading Unit (FSO) 'Prem Pride' (Built 1999) on January 16, 2020 for ₹ 49.54 crores plus taxes and the proceeds have been used to reduce debts; entire debt against this vessel was paid off from proceeds of the sale.

(b) A lender invoked its right as mortgagee under Section 51 of the Merchant Shipping Act 1958 and sold the Vessel M. T. Hansa Prem (Built 2001) on March 23, 2020 through an e-auction process for a consideration of USD 3.60 Mn plus taxes and the proceeds of the same have been used for reduction of debt and other liabilities of the Company;

(c) A lender had arrested the Vessel M. T. Prem Mala (Built 2000) in persuasion to Event of Default recognized under Debenture Trust Deed Dated March 26, 2018. The Hon'ble Bombay High Court vide its order dated May 26, 2020, confirmed the sale of the Vessel under the auction process to the highest bidder at a consideration of ₹ 36.40 Crores. The sale proceeds will be deposited to the Court and utilized under their instruction as per claims filed which will reduce liability of the charge holders on the said vessel including reimbursement of essential services supplied in the past/to be supplied by the Plaintiff during the pendency of the sale process.

The Company shall endeavor to continue to carry on the Shipping business and may engage in 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. 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 were under execution during the FY 2019-20.

Project Highlights

During the year, the dredging division contributed for the revenue through works at Mumbai Port Trust and Goa (Indian Navy).

However, the overall volumes and revenues did not materialize due to various factors. The revenue of the division fell from ₹ 128 crores to ₹ 24 crores, a drop of 81%. Owing to the high cost asset nature of the business, the Company continued to incur huge standing costs for the dredgers, which was not sustainable. During FY 2019-20, the Company has executed contracts at Goa (Indian Navy) and Mumbai Port.

Dredger Status

Subsequent to the year end:

1. Dredger Vivek Prem was fixed on a bare boat demise charter (BBCD) effective May 15, 2019 since terminated. However, the said dredger has been arrested by an operational creditor.

2. In respect of Veera Prem, the crew abandoned the vessel on April 29, 2019. The company issued Notice of Abandonment in favour of the insurer on May 21, 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 October 1, 2019 and sale has been concluded in FY 2019-20.
5. BL Dredger Vakul Prem sale has been concluded in FY 2019-20.
6. TSHD Bhagvati Prem was beached near Suratkal light House by DC, NMPT due to water ingress in Keelson on October 28, 2019 and the Port intends to auction the vessel.
7. Yukti Prem has been under arrest by an Operational Creditor.
8. Uma Prem sale through court conducted auction/sale was confirmed vide orders dated November 28, 2019 for ₹2.70 crores.
9. Darshini Prem is under arrest by a few operational creditors.
10. All dredgers are without H&M Insurance or P&I cover.

Projects in Hand

For the current FY, the Company has been working on Mumbai Port reclamation project, which is an asset light dredging contract. 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.

SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2020 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.

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 ₹ 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 2019-20.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board of Directors:

I. Appointments:

During the year under review, Mrs. Ameeta Trehan (DIN: 07087510) was appointed as an Additional Director (Non-Executive Independent Director) of the Company w.e.f. July 1, 2019. Her appointment was regularized in the 35th Annual General Meeting held on December 31, 2019 where she was appointed as an Independent Director for a term of five years commencing from July 1, 2019.

II. Resignations:

Mrs. Archana Mittal (DIN: 0007972) resigned from the office of Director of the Company with effect from the closure of business hours on July 3, 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.

III. Directors retirement by rotation:

Pursuant to Section 152(6) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Harish Kumar Mittal (DIN: 00007690) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Key managerial personnel:

During the year under review, Ms. Sangeetha Pednekar 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. Post her resignation, the Company has not appointed Company Secretary. There has been no change in the Chief Executive Officer and Chief Financial Officer of the Company.

Board evaluation process:

The Board of Directors of the Company comprises of one Executive Director and all the remaining four directors are Non-Executive Independent Directors. During the FY 2019-20, the Independent Directors of the Company meeting did not take place. However as per the per the General Circular No. 11/2020 of the Ministry of Corporate Affairs dated March 24, 2020, the Companies have been given a relaxation from convening the Independent Directors Meeting for the financial year 2019-20.

Subsidiary companies and consolidated financial statements:

As on March 31, 2020, 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, 2020; 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 requirement of Section 139(1) of the Companies Act, 2013, at the Annual General Meeting held on September 15, 2017, the Members had accorded their

approval for the appointment of M/s. Singhi and Co. (FRN: 302049E), Chartered Accountants, Mumbai as the Statutory Auditors of the Company to examine and audit the accounts of the Company for the Financial Years 2017-18 to 2021-22. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for re-appointment as Auditors of the Company. As required under Regulation 33(1) (d) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The amended provision of Section 139(1) of the Companies Act, 2013, has dispensed with the ratification of appointment of Statutory Auditors each year by the Members.

Auditors' report:

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

STANDALONE FINANCIAL STATEMENTS

Sr. No.	Auditor's Observations	Company Reply
1	During the year the Company's financing arrangements expired and the amount outstanding was payable on March 31, 2020. The Company has been unable to conclude re-negotiations or obtain replacement financing for repayment of its overdue financing arrangements. The company has accumulated losses and has incurred significant losses during the current financial year. The Company has substantial investments and loans and advances receivable from subsidiary companies and other disputed receivables, which are not readily realizable to service the Company's current liabilities and the Company's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Company. The Company has disposed off a substantial portion of its Property, Plant and Equipment in order to repay its liabilities. Further, the management has not shared a revival plan for the company to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Standalone Financial Statements / Financial Results have however been prepared on a going concern basis by the management.	The financial results of the Company have been prepared on a going concern basis by the management. The Company has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and downgrading in credit rating of the Company. The current liabilities substantially exceed the current assets and large sums of money receivable are in dispute, which is not readily realisable. Further, few operational creditors and financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of one of the financial creditor, NCLT has kept order reserved after hearing. During the year, the Company has also disposed off the substantial part of the Property, Plant and Equipment (PPE). As on March 31, 2020 the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors. The management is of the view that they are making best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets and is making efforts to revive operations. Further, the Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and claims receivable for Rs. 1,618 crore at the group level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Company has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Company has impaired several of its assets to fair value which is equivalent to net realizable value basis the transactions concluded and market estimates. In view of these efforts, the management feels that the going concern assumption considered for the preparation of financial results has not been vitiated.
2	The Company's investments in its wholly owned foreign subsidiary Mercator International Pte Ltd. (MIL) which has been impaired in full amounting to Rs. 426.31crore (excluding investment in equity shares – Rs. 0.29crore). The significant investment of MIL is in its coal mines and related infrastructure in Indonesia and the valuation of these assets was conducted on December 31, 2019 by an independent valuer, and the same has been considered as on March 31, 2020. Due to the onset of COVID-19, we are unable to comment on the impact on the valuation and consequently the financial statements, had the valuation been done as on March 31, 2020.	During the quarter ended March 31, 2020, the Company has provided impairment loss amounting to Rs 426.31 crore on investment in Non Cumulative Redeemable Preference Shares (NCRPS) of its wholly owned subsidiary Mercator International Pte Ltd, Singapore (MIPL). The step down Subsidiary Company has carried out valuation of coal business taking cut off date December 31, 2019 for the purpose local reporting requirement and the same has been considered for financial reporting as on March 31, 2020 as well. The valuation may get impacted due to COVID19 scenario, variable cost escalation, reduction in absolute value of coal infrastructure service fees of major customer, terminal value assumption, exchange rate variation, assumption of automatic renewal of license etc. during this tenure.

Sr. No.	Auditor's Observations	Company Reply
3	Regarding unprovided current tax demands under dispute to the tune of Rs. 63.18crore pending at various judicial forums of the Income Tax department, which are treated as contingent liabilities. In the absence of the required supporting documents justifying the stand of the Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.	Current Tax Assets (net) as on March 31, 2020 includes Rs. 69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs. 63.18 crore has been received and contested by the Company. The management is taking steps to resolve the cases with the income tax department.
4	Regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The Company has investments in equity amounting to Rs. 0.15 crore, which has been fully impaired as on March 31, 2020 and loans amounting to Rs. 85.70 crore (which includes un-serviced interest amounting to Rs. 21.62 crore, excluding impairment of Rs. 32.16 crore), and the balance as per the financial results net of impairment amounts to Rs. 53.54 crore as at March 31, 2020 in MOGL, which in the view of the management is recoverable. In view of the pending outcome of the arbitration and also basis the audit report of the auditor of the Subsidiary, we are unable to comment on the recoverability of such investment and loan amount.	Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project work. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. Considering involvement of time in the arbitration proceedings, being conservative, the Company has impaired amount of Rs. 32.16 crore towards the loan given and Rs 0.15 crore towards investment in MOGL. In the view of the management and based on legal advice, a claim of Rs 1,306.89 crore (USD 173.36 Mn) has been made by the subsidiary company on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings.
5	Regarding the Company's investments in its Indian subsidiary Mercator Petroleum Ltd. (hereinafter referred to as "MPL") amounting to Rs. 47.93crore, (excluding impairment of Rs. 16.17 crore during the year)and loan (including Debentures) given amounting to Rs. 104.31 crore (including un-serviced interest of Rs. 31.55 crore and excluding impairment of Rs. 6.05 crore) as on March 31, 2020, and the balance as per the financial results including investments and loans amounts to Rs.130.02 crore, which are considered recoverable. The Company has entered into a Sale Agreement for its oil block, subject to fulfillment of certain conditions and the management is confident of being able to conclude this transaction and have estimated the impairment for the investment and advances accordingly. As per the information and explanations provided to us and also basis the audit report of the auditor of the Subsidiary, we are unable to obtain sufficient appropriate evidence about the recoverability of such investment and loan given.	During the quarter ended March 2020, the Company has provided impairment of Rs 16.17 crore towards the investment and Rs 6.06 crore towards the loan of Mercator Petroleum Limited (MPL) evaluating following criteria – In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The management of MPL and the Company is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact on the Company would be approx. Rs 35.80 Crore. The Board of Director has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs. 252 crore. The Company is hopeful that it will be able to successfully conclude the transaction.
6	Regarding balance confirmations not been received in respect of certain trade receivables, trade and other payables, and loans and advances as a result of which reconciliation process and consequential adjustments, if any, has not been carried out. The Company has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available to us.	The Company has not been able to obtain confirmations from various debtors, loans and advances, trade and other payables on account of ongoing lockdown situation resulting from the Covid-19 pandemic. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back a substantial amount of these receivables/ payables/ loans and advances.

CONSOLIDATED FINANCIAL STATEMENTS

Sr. No.	Auditor's Observations	Company Reply
1	During the year the financing arrangements for the Holding Company of the group expired and the amount outstanding was payable on March 31, 2020. The Group has been unable to conclude re-negotiations or obtain replacement financing for repayment of its overdue financing arrangements. The Group has accumulated losses and has incurred significant losses as a result of substantial impairment of several assets during the current financial year. The Group also has substantial disputed receivables, which are not readily realizable to service the Company's current liabilities and the Group's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Holding Company and few subsidiaries. Auditors of several subsidiary companies have also issued modified reports relating to the Going Concern assumption for preparation of the financial statements. The management has not shared a revival plan for the Group to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Consolidated Financial Statements have however been prepared on a going concern basis by the management.	The financial results of the Group have been prepared on a going concern basis by the management. The Group has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and credit downgrades. The current liabilities substantially exceed the current assets (excluding Asset Held for Sale) and large sums of money are in dispute, which is not readily realisable. Few operational creditors and two financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of ICICI Bank Limited, NCLT has kept order reserved after hearing. The Holding company has disposed off substantial part of PPE so as to meet its liabilities and subsequent to sale, the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors. Some of the other assets in the group are also in the process of being sold. The management is making its best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets. The management of the Parent Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and gross claims receivable for Rs. 1,618 crore at the consolidated level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Group has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Group has impaired several of its assets to fair value, which is equivalent to net realizable value basis the transactions concluded, and market estimates. In view of these efforts, the management feels that the going concern assumption considered for the preparation of financial results has not been vitiated.
2	Regarding the Group's investment carried at Fair Value through Profit and Loss Account pertaining to its coal mining and related infrastructure assets in Indonesia which have been which have been substantially impaired basis an independent valuation report conducted on December 31, 2019 instead of March 31, 2020. Due to the onset of COVID-19, the subsidiary auditors are unable to comment on the impact on the fair valuation of these financial assets as at March 31, 2020.	The Group has carried out valuation of underlying investment in coal mining and logistic company situated in Indonesia for determining of fair valuation of these financial assets as per local regulations as on December 31, 2019 instead of March 31, 2020. The Group has recognised reduction in fair value of such financial instrument amounting to Rs 105.47 Crore (USD 14.84 Mn). Reduction in value is on account of sharp fall in coal prices, reduction in absolute realisation of coal handling fees for one of major customer, cost of production and change in assumption of terminal value based on extension of mining license. The fair value as on March 31, 2020 can be substantially different in view of the COVID19 scenario and due to other valuation factors.
3	Regarding unprovided current tax demands under dispute, pertaining to Holding Company, to the tune of Rs. 63.18 crore pending at various judicial forums of the Income Tax department. In the absence of the required supporting documents justifying the stand of the Holding Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.	Current Tax Assets (net) as on March 31, 2020 includes Rs. 69.19 crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of Rs. 63.18 crore has been received and contested by the Holding Company. The management is taking steps to resolve the cases with the income tax department.

Sr. No.	Auditor's Observations	Company Reply
4	Regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The amount standing under Other Financial Assets is Rs. 204.61 crore. The amount of recoverability and ultimate impairment would depend on the outcome of the arbitration proceedings, which is uncertain as at the balance sheet date. Regarding one of the consortium partners in SSCP ('GPC') has filed a claim against the MOGL in Abu Dhabi First Instance Court wherein the Court after review sought for work undertaken and change of assessment base, ordered MOGL to pay USD 5.7 million and interest @ 5% p.a. from date of case filed until actual payment. However MOGL has not accepted the claim and recognized Rs. 22.97 crore as contingent liability on the subject matter. In the view of the auditor of MOGL, since MOGL has not appealed against the Court order and further in absence any document which provides evidence that MOGL is planning to pursue the matter with higher forum, potential financial impact of the same on the Consolidated Financial Results is not known.	Regarding Mercator Oil & Gas Limited ('MOGL'), a subsidiary : MOGL was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to Rs. 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. In the view of the management and based on legal advise, a claim of Rs 1306.89 crore (USD 173.36 Mn) has been made by the subsidiary on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings. The Group has accordingly not impaired the other receivable under said contract amounting to Rs. 204.61 crore, pending completion of the arbitration proceedings. MOGL has an ongoing dispute with its consortium partner M/s Gulf Piping Co Ltd (GPC) and based on an order of the Abu Dhabi Court a final liability of USD 5.7Mn (Rs. 22.97 crore) along with interest at 5% interest p.a. is payable to them. MOGL has filed scheme of arrangement in NCLT for deferring payment of all creditors and has considered the same as a contingent liability.
5	Regarding notice received by a subsidiary company (Mercator Petroleum Limited / MPL) from the Ministry of Petroleum and Natural Gas (MOPNG) for termination of Production Sharing Contract (PSC) for one of its non-operative oil Block and has demanded costs and other dues to be determined as per terms and conditions of PSC. As per the auditor's of the subsidiary, in case of MPL's stand is not accepted by MOPNG, the estimated financial impact would be to the tune of Rs. 35.80 crore. Regarding the fact that one of Subsidiary Company, (Mercator Petroleum Limited / MPL), has entered into a Farm-in Farm-out ('FIFO') agreement and deed of assignment with one of the prospective buyer for sale of participating interest ('PI') in oil block CB-9. As per the FIFO agreement, the estimated sale price for PI in CB-9 is approximately Rs. 252 crore. MPL on the basis of the aforesaid agreement has re-valued its non-current asset and provided impairment loss aggregating to Rs. 12.75 crore in the current financial year. As per Ind AS 105, an entity should value its non-current asset held for sale at the lower of carrying amount or fair value. As per the auditor of the subsidiary, MPL has not been able to provide any valuation report with respect to fair value of oil block CB-9 on which reliance can be placed.	Regarding Mercator Petroleum Limited (MPL), a subsidiary: In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The subsidiary is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact would be approx Rs 35.80 Crore. The Board of Directors has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of Rs. 252 crore. The Group is hopeful that it will be able to successfully conclude the transaction and has accordingly considered the amount of Rs. 252 Crore under capital work in progress as Asset Held for Sale.

Sr. No.	Auditor's Observations	Company Reply
6	Regarding balance confirmations not been received in respect of certain trade receivables, trade and other payables, and loans and advances as a result of which reconciliation process and consequential adjustments, if any, has not been carried out. The Group has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available for audit verification.	Due to impediments created due to Covid lockdown, the Holding Company and some of its subsidiaries have not been able to obtain confirmations from various debtors, loans and advances, trade and other payables. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back a substantial amount of these receivables/ payables/ loans and advances.
7	As reported by the statutory auditor of subsidiary companies viz MOGL, regarding resignation of one of the director on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MOGL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MOGL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. Further, as stated in Note No. 4(viii) of the Consolidated Financial Results, as reported by the statutory auditor of MPL, regarding resignation of one of the directors on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MPL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MPL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. Additionally, Chief Financial Officer and Company Secretary have also resigned on July 5, 2019 and July 24, 2019 respectively. MPL has failed to fill-up these vacancies within the stipulated timeline mentioned under Section 203(4) of the Companies Act, 2013. As per the auditor of the subsidiary, the Financial Statement of the subsidiary has not been signed in compliance with Section 134 of the Companies Act, 2013.	Compliance under section 134 and 149 of Companies Act 2013: In case of MPL, Independent Director, Chief Financial Officer and Company secretary has resigned during the year. The management has not filled the said vacancy until date of reporting. In case of MOGL, Independent Director has resigned during the year. The management has not filled the said vacancy until date of reporting.
8	One of the subsidiary company has made provision of Potential cargo claims amounting to USD 1,308,412 (Rs. 9.86 crore) and due to lack of sufficient supporting documents and information available from the subsidiary company; sufficient appropriate audit evidence on the basis, completeness and accuracy of provision amount recorded by the subsidiary company couldn't be obtained by the auditor of the subsidiary. Further as reported, trade receivables amounting to USD 1,308,412 (Rs. 9.86 crore) is due from a debtor and as per the management of the subsidiary company, the debtor has retained the amount in lieu of the potential claims and hence no expected credit loss ("ECL") provision is recognized. Accordingly, potential financial impact of the same on the Consolidated Financial Results is not known.	MT Nerissa (the Vessel) was operated in a pool arrangement with Seawolf (Heidmar Pool). There was a delay in discharge of cargo at the two discharge ports of Qingdao and Tianjin of PRC. The cargo could be finally discharged only in April 2019. The delay in discharge of cargo at both the discharge port could give rise to potential cargo claim from the ultimate receiver which will ultimately fall back through the Pool on the Company. The Company's agreement with Pool is subject to the Hague-Visby Rules or the Hague Rules or the Hamburg Rules. The Rule provides a period of one year from the date of discharge within which claims can be made. Claim will be time barred unless proceedings have been started within 12 months from the date of discharge. The Company estimates the claim to be in the range of Rs 9.86 Crore (USD 1,308,412) and has provided for the same on prudence.

REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has obtained a Secretarial Audit Report for the financial year ended on March 31, 2020, from M/s. MMJB & Associates LLP, Company Secretaries which is appended as Annexure I and forms part of this report.

The responses of your Directors on the observations made by the Secretarial Auditor are as follows:

Response to Point 1:

The Company had tried rigorously to appoint a Company Secretary but due to the current situation viz. financial stress and several legal issues, the Company was unable to find a suitable candidate for the position of Company Secretary.

Response to Point 2:

The Company had been constantly in touch with the bankers and its Registrar and Share Transfer Agents for the data and proposes to file the Form IEPF-2 for statement of unpaid and unclaimed amounts of dividend of last seven financial years under Companies Fresh Start Scheme on or before September 30, 2020.

Response to Point 3:

During the financial year under review, the Company had for operational convenience shifted the registered office of the Company from 3rd Floor of Mittal Towers, B Wing, Nariman Point, Mumbai to the 8th Floor of the same building. The Company's subsidiary Companies also have the same registered office hence when the Company had shifted the registered office from 3rd floor to 8th floor and the necessary formalities of seeking the approvals from the Board members for shifting the registered office was done by default the same had to be also done for its subsidiary companies. Since the subsidiary companies also have the same registered office granting No Objection from the Holding Company for using the registered office only is a procedural matter. The approval for shifting of the registered office of the Company was sought by way of circular resolution hence the grant of No Objection to the subsidiary companies were also done by way of circular resolution at the same time. The Secretarial Standards only states that according sanctions for the related party transactions which are not in the ordinary course of business should not be done by way of a circular resolution. The above sanction of granting the NOC for using the registered office to the subsidiary companies is in the ordinary course of business hence it can be done by way of circular resolution. Besides, all the circular resolutions passed by the Board of Directors get noted in the next Board Meeting.

Response to Point 4:

The observation pertains to the sale of two of the Company's dredgers viz. Sale of Vakul Prem and Omkara Prem. Both these dredgers were sold as scrap and hence the transaction cannot be considered as a material transaction. Besides, the Board of Directors had already been briefed about this transaction in its meeting held on May 29, 2019 wherein the Board members were updated on the dredging business performance and in-principle approval for the sale of these dredgers were already sought in the Board Meeting. Further the circular resolutions were noted in the next board meeting.

Response to Point 5:

The Company has a list of designated persons and the same has been tabled at the Meeting. Except the Chief Executive Officer, no other KMPs and designated persons hold any shares in the Company so it is very easy to track and manage the same.

Response to Point 6:

One of the minority shareholders of the Indonesian based foreign subsidiary, PT Karya Putra Borneo had made a frivolous claim against the Company in the Ministry of Law and Human Rights. The subsidiary company had made several representations to the Ministry of Law and Human Rights and the management of PT Karya Putra Borneo had also been closely coordinating with the local advocates for resolving the issue. However, the Auditors of PT Karya Putra Borneo had reserved the right of signing the Auditors Report due to the ongoing dispute due to which there was a delay in submitting the consolidated financials of the Company during the financial year 2018-19 and the consolidated financials for the quarter ended June 2019. This was also reported in the Corporate Governance Report forming a part of the Annual Report 2018-19. The penalty for delay in filing the consolidated financials for the year ended March 31, 2019 and the un-audited consolidated financials for the quarter ended June 30, 2019 had also been paid by the Company.

Response to Point 7:

The intimation of the appointment of the Independent Director, Ms. Ameeta Trehan was filed with the Stock Exchanges however the statement pertaining to disclosure of relationships with the directors was inadvertently missed out in the intimation to the Stock Exchanges. The disclosure of relationships with directors inter-se was however incorporated in the Notice of the Annual General Meeting and the same has also been circulated to the Stock Exchanges.

Response to Point 8:

None of the material subsidiaries of the Company have atleast one of the Independent Director of the Company on their Board. This has been noted by the Board of Directors in their Meeting as well.

Response to Point 9:

The chart or a matrix setting out the skills of the board of directors of the Company under Schedule V was inadvertently missed out in the last year's Annual Report however the management has ensured that all the disclosures have formed a part of the current year's Directors Report keeping in mind all the recent amendments of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Response to Point 10:

The Company has paid Late Submission Fees under RBI guidelines and filed the same. The above delays were

unavoidable however the management ensures to take care in the future.

Response to Point 11:

There was delay in filing the Annual Performance Report for the FY 2018-19. The management ensures to take care in the future.

Response to Point 12:

Due to change of procedural requirements by RBI and several changes in position of company due to financial stress, it has not been filed. The same will be complied in due course of time under delayed compliance.

Response to Point 13:

Various dredgers of the Company have been non-operational on account of non-availability of dredging contracts in hand and have been arrested by port authorities or operational creditors for recovery of their dues. The said dredgers do not have required insurance cover. In view of this, Compliance Certificate under provisions of Merchant Shipping Act, 1958 could not be renewed after its expiry from May 1, 2019 onwards.

Response to Point 14:

Vessel 'Bhagwati Prem' was under e-auction process by New Mangalore Port Trust. Vessel 'Uma Prem' was sold through court conducted auction/sale was confirmed vide orders dated November 28, 2019 for ₹ 2.70 crores. The sale proceeds have been deposited by the buyer in the Court and the process of settlement is ongoing. Vessel 'Darshini Prem' is under arrest by a few operational creditors and port authorities. The vessel might get auctioned in days to come. All dues of these vessels including maritime dues which cover provident fund dues of crew members shall be discharged out of the sale proceeds as per the provisions of the Merchant Shipping Act, 1958.

ANNUAL SECRETARIAL COMPLIANCE REPORT:

Pursuant to circular No. CIR/ CFD/ CMD1/ 27/ 2019 dated February 8, 2019, issued by Securities and Exchange Board of India (SEBI), the Company has obtained Secretarial Compliance Report, from M/s MMJC & Co., Company Secretaries on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder and the copy of the same shall be submitted with the Stock Exchanges within the prescribed due date.

MEETINGS OF THE BOARD:

During the year, Eight Board Meetings were held, details of which are given in the Report on Corporate Governance forming a 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 under 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 ₹69.12 crores (previous year ₹ 66.00 crore) and spent ₹14.13 crores (previous year ₹ 98.65 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(3)(c) of the Companies Act, 2013, the Directors hereby confirm that:

i. In preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

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 as at March 31, 2020 and of loss of the Company for the year ended on that date;

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 for the financial year ended March 31, 2020 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.

REPORT ON CORPORATE GOVERNANCE:

As per Regulation 34 read with Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, a separate section on Report on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance is attached.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS:

As required under Regulation 34 read with Schedule V (B) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, report on "Management Discussion and Analysis" is attached and forms a part of this Report.

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 Report on Corporate Governance 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; Nil

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 were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

Extract of annual return:

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2019-20 is given in Annexure IV in the prescribed Form No. MGT-9, which is a part of this report. The same is available on 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 V.
- 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.

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Maintenance of Cost Records

The Central Government has not specified maintenance of cost records, for any of the products of the Company, under Section 148(1) of the 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.

For and on behalf of the Board
For Mercator Limited

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

Dated: July 15, 2020

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

Annexure I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

[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-400021

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, 2020 (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. ("PIT Regulations")

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 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, 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 *except as mentioned below*:

- 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 has not appointed a Company Secretary from 23rd July, 2019 till date.
2. The Company has not filed form IEPF 2 for statement of unpaid and unclaimed amounts of dividend of last seven financial years.
3. The Company has approved related party transaction for grant of NOC for use of registered office by its subsidiaries by passing a circular resolution which is not allowed under secretarial standard 1.
4. The Company has sold its material tangible assets by passing a circular resolution which is not allowed under secretarial standard 1.
5. The Company does not have structural digital data base as required under PIT Regulations, also the Company could not provide weekly Benpos of designated person and therefore we can not comment on compliances of PIT Regulations.
6. The Company has submitted consolidated financial results for the financial year ended 31st March, 2019 and for the quarter ended June, 2019 beyond sixty days from the end of financial year and forty-five days from the end of the quarter respectively.
7. Disclosure of relationships with the directors was not mentioned in the intimation given to the stock exchange for appointment of Ms. Ameeta Trehan.
8. The Company has not appointed its independent director on the board of its material subsidiaries.
9. A chart or a matrix setting out the skills of the board of directors of the Company under Schedule V is inadvertently missed out to include in annual report for financial year ended March, 2019.
10. ECB Return for the Month of May 2019 and January 2020 have not been filed within the due date.
11. Annual Performance Report (APR) for financial year 2018-19 has not been filed within due date.
12. Foreign Liabilities Assets (FLA) for financial year 2018-19 is yet not filed.
13. Compliance certificate issued under provisions of Merchant Shipping Act for dredgers of the Company is valid till 1st May, 2019 and for audit review period Company has not renewed the same.
14. The Company has not paid provident fund of the crew member of its Vessels Bhagwati Prem, Uma Prem and Darshini Prem for financial year 2019-2020 under Seamen's Provident Fund Act, 1966.

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;

- Reclassified its Authorised Share Capital and consequent to it has altered its Memorandum and Articles of Association
- Amended the existing terms and conditions of the US$ 16,000,000, Unsecured Foreign Currency Convertible Bonds ("FCCBs")
- Has passed a resolution under section 180(1)(a) for sale of Ship FSO Prem Pride and Prem Mala
- Has passed a resolution under section 180(1)(a) for approval of Strategic sale of Participating Interest of Oil Block in its Material Subsidiary.

We further report that due to Covid-19 Pandemic, we could not verify some of the acknowledgements of Notices & Agendas and draft & signed minutes of Board & Committee meetings, circular resolutions and Statutory & Attendance registers.

For **MMJB & Associates LLP**
Practicing Company Secretaries

Deepti Kulkarni
Designated Partner
ACS No: 34733
CP No. 22502
UDIN: A034733B000457133

Place: Mumbai
Date: July 15, 2020

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-400021

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 **MMJB & Associates LLP**
Practicing Company Secretaries

Deepti Kulkarni
Designated Partner
ACS No: 34733
CP No. 22502
UDIN: A034733B000457133

Place: Mumbai
Date: July 15, 2020

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 Mr. M. M. Agarwal 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 2019-20, 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.	–8 %
4.	The number of permanent employees on the rolls of the Company.	As on 31.3.20 19 Employees were on roll.
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.	NIL %
6.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

***Note:** Mrs. Ameeta Trehan w.e.f 01.07.2019

Mrs. Archana Mittal upto 03.07.2019

Ms. Sangeetha Pednekar 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	Date of Leaving	Total Remuneration (₹ in lakhs)	Last employment held
Mr. H.K Mittal	71	M. Tech	45	23-May-88	Executive Chairman	NA	NIL	Natraj Organics Limited
Dr. G.Y.V. Victor *	48	Doctrate in Science & Physics	28	11-Sep-17	President Dredging	31-Jul-19	31.84	Honey Brook Energy
Capt. Mandeep Singh Wadhwa *	55	Master - FG	37	28-Nov-17	Vice President - Marine HR	28-Feb-20	70.43	Inchcape Shipping Services
Mr. Shalabh Mittal	41	PGDBA - Business Administration	19	27-May-16	CEO	NA	97.08	Mercator Lines Singapore
Mr. Gurpreet Malhi	45	Master - FG	25	15-Oct-18	Chief Operating Officer	NA	130.45	Alba Asia Pvt.Ltd.
Mr. Rajendra Kothari	57	FCA, ACS	31	1-Feb-18	Chief Financial Officer	NA	62.32	Bombay Gas Co. Ltd.

Note:

1. * Employed for part of the year
2. Mr. H. K. Mittal, Executive Chairman of the Company is relative of Mrs. Archana Mittal, Director of the Company.
3. 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 perquishites as defined under the Income Tax Act, 1961

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 > ₹ 25 crore in the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee. Basis the Audited Financial Statements as on March 31, 2020, 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:

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	Average of 3 years
Net Profit or (Loss) as per standalone audited financial statements	(184.99)	(511.45)	(1,025.77)	(574.07)

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

Pursuant to continuous losses incurred by the company as per audited financial statements on standalone basis and liquidity stress in financial position, the Company has neither allocated any funds nor spent any money for the same.

5. Details of CSR Spent during the financial year:

a) **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 ₹ 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 ₹ 0.53 cr. against which ₹ 0.05 Cr. was spent during the year 2016-17. The Balance amount of R.s 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 over the past few years, 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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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

H. K. Mittal
Chairman of CSR Committee

Place: Mumbai
Date: July 15, 2020

Annexure IV

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. Registration & other details:

1.	CIN	L63090MH1983PLC031418
2.	Registration Date	24/11/1983
3.	Name of the Company	Mercator Limited
4.	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	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: investors@mercator.in/secretarial@mercator.in Website: www.mercator.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

II. Principal business activities of the company

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Sea and coastal freight water transport	5012	55.75
2	Renting and operational leasing of water-transport equipment without operator	77306	44.25

III.Particulars of holding, subsidiary and associate companies

Sr. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
1	Mercator Oil & Gas Ltd.	83-87, 8th Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai - 400 021	U63033MH2005PLC154014	Subsidiary	100%	2(87)(ii)
2	Mercator Petroleum Ltd.	83-87, 8th Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai - 400 021	U11102MH2007PLC170562	Subsidiary	87.75%	2(87)(ii)
3	Mercator Dredging Pvt. Ltd. (Formerly Mercator FPSO Pvt. Ltd.)	83-87, 8th Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai - 400 021	U11100MH2011PTC223593	Subsidiary	100%	2(87)(ii)
4	Oorja Resources India Pvt. Ltd.	83-87, 8th Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai - 400 021	U51109MH2009PTC195418	Subsidiary	100%	2(87)(ii)
5	Mercator Oceantransport Limited	83-87, 8th Floor, Mittal Towers, B-Wing, Nariman Point, Mumbai - 400 021	U63090MH2018PLC304443	Subsidiary	100%	2(87)(ii)
6	Mercator International Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200700869N	Subsidiary	100%	2(87)(ii)
7	Offshore Holdings Company Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200903321Z	Subsidiary	100%	2(87)(ii)
8	Mercator Energy Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	201403140M	Subsidiary	75%	2(87)(ii)
9	Oorja Holdings Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200712044H	Subsidiary	100%	2(87)(ii)

Sr. No	Name	Address of Company	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
10	Oorja 1 Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200712154R	Subsidiary	100%	2(87)(ii)
11	Oorja 2 Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square, Singapore 409051	200714713N	Subsidiary	100%	2(87)(ii)
12	Marvel Value International Ltd.	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Island.	1894487	Subsidiary	100%	2(87)(ii)
13	Panther Resources Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square, Singapore 409051	201416148G	Subsidiary	100%	2(87)(ii)
14	Oorja Mozambique Limitada	Av. Guerra Popular, 1028, 2º Andar, Maputo, Mozambique	100027828	Subsidiary	100%	2(87)(ii)
15	Broadtec Mozambique Minas Limiteda	Av. Guerra Popular, 1028 2º Andar, Maputo, Mozambique	100022230	Subsidiary	85%	2(87)(ii)
16	PT Oorja Indo Petangis Four	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	C-04214 HT.01.01.TH.2007	Subsidiary	100%	2(87)(ii)
17	PT Oorja Indo Petangis Three	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	C-05514 HT.01.01.TH.2007	Subsidiary	100%	2(87)(ii)
18	PT Oorja Indo KGS	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	AHU-17598 AH.01.01. TH.2008	Subsidiary	100%	2(87)(ii)
19	MCS Holdings Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200704423E	Subsidiary	100%	2(87)(ii)
20	PT Mincon Indo Resources	Menara Prima, 15th Floor Units A& B, Jl. Lingkar, Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100%	2(87)(ii)
21	Mercator Offshore (P) Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	200923384E	Subsidiary	76.25%	2(87)(ii)
22	Oorja (Batua) Pte. Ltd.	60 Paya Lebar Road, #13-05D, Paya Lebar Square,Singapore 409051	201025814N	Subsidiary	100%	2(87)(ii)
23	PT Bema Gema Permata	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	C-17032 HT.01.01.TH.2005	Subsidiary	100%	2(87)(ii)
24	PT Nuansa Sakti Kencana	Menara Prima, 15th Floor Units B, Jl. Lingkar Mega Kuningan Blok 6.2, Jakarta, Indonesia 12950	NA	Subsidiary	100%	2(87)(ii)
25	PT Karya Putra Borneo	Menara Prima II, 20th floor Unit A&B Jl. Lingkar Mega Kuningan No. 6.2, Jakarta, Indonesia 12950	C-03412 HT.01.01.TH.2007	Subsidiary	45%	2(87)(i)
26	PT Indo Perkasa	Bl-7-8, Citraland, Jl. D.I. Panjiaitan Komp. Roko, Samarinda	C-00836 HT.01.01.TH.2003	Subsidiary	51%	2(87)(i)
27	Mercator Offshore Assets Holding Pte. Ltd.	8 Shenton Way, AXA Tower, #12-02, Singapore 068811	201403178W	Subsidiary	75%	2(87)(ii)

IV. Share holding pattern (equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Sr. No	Category of Shareholders	No. of shares held at the beginning of the year April 1, 2019				No. of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	71,016,100	–	71,016,100	23.48	40,408,900	–	40,408,900	13.36	(10.12)
(b)	Central Government / State Government(s)	–	–	–	–	–	–	–	–	–
(c)	Financial Institutions / Banks	–	–	–	–	–	–	–	–	–
(d)	Any Other (Specify)									
	Bodies Corporate	18,406,250	–	18,406,250	6.08	18406250	–	18406250	6.09	0.01
	Sub Total (A)(1)	**89,422,350**	**–**	**89,422,350**	**29.56**	**58,815,150**	**–**	**58,815,150**	**19.45**	**(10.11)**

Sr. No	Category of Shareholders	No. of shares held at the beginning of the year April 1, 2019				No. of shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	361250	–	361250	0.12	361250	–	361250	0.12	–
(b)	Government	–	–	–	–	–	–	–	–	–
(c)	Institutions	–	–	–	–	–	–	–	–	–
(d)	Foreign Portfolio Investor	–	–	–	–	–	–	–	–	–
(e)	Any Other (Specify)	–	–	–	–	–	–	–	–	–
	Sub Total (A)(2)	361,250	–	361,250	0.12	361250	–	361250	0.12	–
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**89,783,600**	**–**	**89,783,600**	**29.68**	**59,176,400**	**–**	**59,176,400**	**19.57**	**(10.11)**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	–	–	–	–	–	–	–	–	–
(b)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(c)	Alternate Investment Funds	–	–	–	–	–	–	–	–	–
(d)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(e)	Foreign Portfolio Investor	41,288,202	–	41,288,202	13.65	12,459,452	–	12,459,452	4.12	(9.53)
(f)	Financial Institutions / Banks	62,388	–	62,388	0.02	7,434	–	7,434	0.00	(0.02)
(g)	Insurance Companies	–	–	–	–	–	–	–	–	–
(h)	Provident Funds/ Pension Funds	–	–	–	–	–	–	–	–	–
(i)	Any Other (Specify) - UTI	–	75,000	75,000	0.03	–	75,000	75,000	0.03	–
	Sub Total (B)(1)	**41,350,590**	**75,000**	**41,425,590**	**13.70**	**12,466,886**	**75,000**	**12,541,886**	**4.15**	**(9.55)**
[2]	Central Government/ State Government(s)/ President of India									
	Central Government / State Government(s)	2,500	–	2,500	0.00	2,500	–	2,500	0.00	–
	Sub Total (B)(2)	**2,500**	**–**	**2,500**	**0.00**	**2,500**	**–**	**2,500**	**0.00**	**–**
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	83,214,856	14,09,279	84,624,135	27.98	35,557,544	–	35,557,544	11.76	(16.22)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	22,247,726	–	22,247,726	7.36	3,209,729	–	3,209,729	1.06	(6.30)
(b)	NBFCs registered with RBI	1,79,792	–	1,79,792	0.06	2,274,338	–	2,274,338	0.75	0.69
(c)	Employee Trusts	–	–	–	–	–	–	–	–	–
(d)	Overseas Depositories(holding D₹) (balancing figure)	–	–	–	–	–	–	–	–	–
(e)	Any Other (Specify)	64,140,492	55,500	64,195,992	21.22	60,440,840	55,500	60,496,340	20.00	(1.22)
	IEPF	803,559	–	803,559	0.27	803,559	–	803,559	0.27	–
	Foreign Nationals	154	–	154	0.00	154	–	154	0.00	–
	Hindu Undivided Family	6,191,371	–	6,191,371	2.05	8,809,623	–	8,809,623	2.91	0.86
	Non Resident Indians (Non Repat)	1,124,932	–	1,124,932	0.37	1,553,790	–	1,553,790	0.51	0.14
	Non Resident Indians (Repat)	2,650,185	53,500	2,703,685	0.89	3,863,986	53,500	3,917,486	1.30	0.41
	Office Bearers	7,950	–	7,950	0.00	–	–	–	–	–
	Clearing Member	4,891,131	–	4,891,131	1.62	1,759,410	–	1,759,410	0.58	(1.04)
	Bodies Corporate	48,471,210	2,000	48,473,210	16.03	13,532,544	–	13,532,544	4.48	(11.58)
	Sub Total (B)(3)	**169,782,866**	**1,520,279**	**171,247,645**	**56.62**	**229,333,490**	**1,09,000**	**230,738,549**	**76.29**	**(19.67)**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**211,135,956**	**1,520,279**	**212,675,735**	**70.32**	**241,802,876**	**1,480,059**	**243,282,935**	**80.43**	**(10.11)**
	Total (A)+(B)	**300,919,556**	**1,595,279**	**302,459,335**	**100**	**300,979,276**	**1,480,059**	**302,459,335**	**100**	**–**
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	–	–	–	–	–	–	–	–	–
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total (A)+(B)+(C)	**300,919,556**	**1,595,279**	**302,459,335**	**100**	**300,979,276**	**1,480,059**	**302,459,335**	**100**	**–**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2019			Shareholding at the end of the year March 31, 2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	
1	Mr. H. K. Mittal	43,908,700	14.52	85.63	21,193,700	7.01	69.68	(7.51)
2	Mrs. Archana Mittal	27,027,400	8.94	72.64	19,135,200	6.33	60.83	(2.61)
3	AHM Investments Pvt Ltd	18,406,250	6.09	90.63	18,406,250	6.09	90.63	–
4	Mr. Shalabh Mittal*	3,61,250	0.12	–	3,61,250	0.12	0.00	–
5	Mr. Adip Mittal*	80,000	0.03	–	80,000	0.03	0.00	–

(* Forms part of the Promoter Group)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.	Name	Shareholding at the beginning of the year April 1, 2019		Date	Increase/ Decrease in shareholding (No. of shares)	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. H. K. Mittal	43,908,700	14.52	05-Apr-19	(50,000)	Invocation of pledge		
				08-Apr-19	(500,000)	Invocation of pledge		
				10-Apr-19	(1,500,000)	Invocation of pledge		
				12-Apr-19	(1,000,000)	Invocation of pledge		
				15-Apr-19	(3,015,000)	Invocation of pledge		
				22-Apr-19	(2,000,000)	Invocation of pledge		
				30-Apr-19	(500,000)	Invocation of pledge		
				03-May-19	(1,250,000)	Invocation of pledge		
				14-May-19	(500,000)	Invocation of pledge		
				09-May-19	(1,800,000)	Invocation of pledge		
				21-May-19	(10,600,000)	Invocation of pledge	21,193,700	7.01
2	Mrs. Archana Mittal	27,027,400	8.94	07-May-19	(1,000,000)	Invocation of pledge	19,13,5200	6.33
				14-May-19	(500,000)	Invocation of pledge		
				20-May-19	(4,000,000)	Invocation of pledge		
				22-May-19	(750,000)	Invocation of pledge		
				23-May-19	(1,000,000)	Invocation of pledge		
				27-May-19	(635,000)	Invocation of pledge		
				28-May-19	(7,200)	Invocation of pledge		
3.	AHM Investments Private Limited	18,406,250	6.09	–	–	–	18,406,250	6.09
4.	Mr. Shalabh Mittal*	361,250	0.12	–	–	–	361,250	0.12
5.	Mr. Adip Mittal*	80,000	0.03	–	–	–	80,000	0.03

(* Forms part of the Promoter Group)

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs

Sl No.	Top Ten Shareholders	Shareholding at the beginning of the year April 1, 2019		Cumulative Shareholding at the end of the year March 31, 2020	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Kitara PIIN 1101	8,159,363	2.70	8,159,363	2.70
2	Sharekhan BNP Paribas Financial Services Limited	3,036,065	1.00	3,736,401	1.24
3	Abhishek Kishore Mittal	1,23,451	0.04	3,209,727	1.06
4	Blue Diamond Properties Pvt. Ltd.	–	–	3,010,000	1.00
5	Bhawana Mittal	210,356	0.07	2,970,000	0.98
6	Meenu Bhanushali	2,700,218	0.89	2,700,218	0.89
7	Sandesh Prabhu MS	825,975	0.27	2,599,975	0.86
8	Resonance Opportunities Fund	4,206,325	1.39	2,406,325	0.80
9	Nomura Singapore Limited ODI	3,651,428	1.21	724,823	0.24
10	Ivory Consultants Private Limited	5,700,000	1.88	700,000	0.23

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year April 1, 2019		Cumulative Shareholding at the end of the year March 31, 2020	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Directors							
1	Mr. H. K. Mittal	01-Apr-19		43,908,700	14.52		
		05-Apr-19	Invocation	(50,000)			
		08-Apr-19	Invocation	(500,000)			
		10-Apr-19	Invocation	(1,500,000)			
		12-Apr-19	Invocation	(1,000,000)			
		15-Apr-19	Invocation	(3,015,000)			
		22-Apr-19	Invocation	(2,000,000)			
		30-Apr-19	Invocation	(500,000)			
		03-May-19	Invocation	(1,250,000)			
		14-May-19	Invocation	(500,000)			
		09-May-19	Invocation	(1,800,000)			
		21-May-19	Invocation	(10,600,000)			
		31-Mar-20				21,193,700	7.01
2	Mr. M. M Agrawal	01-Apr-19		–	–	–	–
		31-Mar-20		–	–	–	–
3	Mr. Anil Khanna	01-Apr-19		336,247	0.11		
		31-Mar-20				45,272	0.01
4	Mr. Chetan Desai	01-Apr-19		–	–	–	–
		31-Mar-20		–	–	–	–
5	Mrs. Ameeta Trehan	01-Apr-19		–	–	–	–
		31-Mar-20		–	–	–	–
Key Managerial Personnel							
1	Mr. Shalabh Mittal						
		01-Apr-19		3,61,250	0.12	3,61,250	0.12
		31-Mar-20				3,61,250	0.12
2	Mr. Rajendra Kothari	01-Apr-19		–	–	–	–
		31-Mar-20		–	–	–	–
3	Mrs. Sangeetha Pednekar	01-Apr-19		–	–	–	–
		31-Mar-20		–	–	–	–

figures have been entered wrongly please delete and put -

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

₹ In crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1195.13	6.71	–	1201.83
ii) Interest due but not paid	13.00	–	–	13.00
iii) Interest accrued but not due	9.57	–	–	9.57
Total (i+ii+iii)	**1217.70**	**6.71**	**–**	**1224.40**
Change in Indebtedness during the financial year				
* Addition	224.24	10.21	–	234.45
* Reduction	(330.03)	(2.00)	–	(332.03)
Net Change	**(105.80)**	**8.21**	**–**	**(97.59)**
Indebtedness at the end of the financial year				
i) Principal Amount	934.06	14.92	–	948.98
ii) Interest due but not paid	177.84	–	–	177.84
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**1111.90**	**14.92**	**–**	**1126.82**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ In crore

Sl No.	Particulars of Remuneration	Name of MD/ WTD/ Manager Mr. H. K. Mittal	Total Amount
1	Gross salary	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission		
	- as percentage of profit		
	- others, specify...	NIL	NIL
5	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act		

B. Remuneration to other directors

(₹ In crore)

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. M. M. Agrawal	Mr. Anil Khanna	Mr. Chetan Desai	Mrs. Ameeta Trehan (w.e.f. 1.7.2019)	Mrs. Archana Mittal (upto 3.7.2019)	
1	Independent Directors						
	Fee for attending board committee meetings	0.075	0.065	0.085	0.020	0.020	0.245
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (1)	**0.075**	**0.065**	**0.085**	**0.020**	**0.020**	**0.245**
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	–	–	–	–	0.03	0.03
	Commission	–	–	–	–	-	-
	Others, please specify	–	–	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**	**–**	**–**
	Total (B)=(1+2)	**0.075**	**0.065**	**0.085**	**0.020**	**0.020**	**0.245**
	Total Managerial Remuneration	NIL					
	Overall Ceiling as per the Act	The Company has paid only sitting fees to Non-Executive Directors which is below the ceiling of ₹ 1,00,000/- per meeting as prescribed under the Companies Act, 2013.					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ In crore)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO	CFO	CS	
		Mr. Shalabh Mittal	Mr. Rajendra Kothari	Mrs. Sangeetha Pednekar (upto July 23, 2019)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.968	0.623	0.062	1.653
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.003	–	–	0.003
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2	Stock Option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission	–	–	–	–
	- as percentage of profit	–	–	–	–
	others, specify...	–	–	–	–
5	Others, please specify	–	–	–	–
	Total	**0.971**	**0.623**	**0.062**	**1.656**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Annexure V

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 Regulations.

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, 2020)

I. 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.

II. Board of directors:

(a) The Constitution of the Board and other relevant details are given below:

As at the year end March 31, 2020, the Board of Directors of the Company comprised of Five Directors; One Executive Director and Four Non-Executive Directors, out of which all of the four Non-Executive Directors are Independent Directors and one of them is a 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. 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. None of the Independent Director has any other material pecuniary relationship or transaction with the Company, its Promoters, or Directors, or Senior Management which, in their judgment, would affect their independence. The Board confirms that based on the written affirmations from each Independent Director, all Independent Directors fulfill the conditions specified for independence as stipulated in the Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment), Regulations, 2018 ("Listing Regulations) w. e. f . October 1, 2018 and are independent of the Management.

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

(b) Changes in Board Composition during the financial year:

During the year on July 1, 2019, Ms. Ameeta Trehan (DIN: 07087510) was appointed as an Additional Director (Independent) of the Company and regularised as Director in the last Annual General Meeting. Further on July 3, 2019, Mrs. Archana Mittal (DIN: 00007972) resigned from the office of Director of the Company.

(c) Board Meetings :

During the year 2019-20, Eight Board Meetings were held on April 26, 2019, May 29, 2019, July 30, 2019, August 13, 2019, September 30, 2019, November 13, 2019, December 5, 2019 and February 13, 2020. 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 including the details of directorships held in other listed entities and Chairmanships / membership of Committees are given below:

Sr. No	Name of Director & DIN	Category	No. of Board Meetings Attended	Attendance at last AGM held on December 31, 2019	Total number of Director-ships*	Directorships & category of directorships held in other Listed entity	No. of Board Committee membership held in Public Companies as on 31.03.2020**	
							Chairman	Member
1	Mr. H. K. Mittal (DIN: 00007690)	Executive Chairman & Promoter	8	Yes		None	0	0
2	Mr. M. M. Agrawal (DIN: 00681433)	Non-Executive Independent	8	Yes	1	None	1	0
3	Mr. Anil Khanna (DIN: 0199924)	Non- Executive Independent	6	Yes	1	Non-Executive Independent Director in Zicom Electronic Security Limited	0	1
4	Mr. Chetan Desai (DIN: 03595319)	Non-Executive Independent	8	Yes	6	Non-Executive Non-Independent Director in Delta Corp Limited	3	4

Sr. No	Name of Director & DIN	Category	No. of Board Meetings Attended	Attendance at last AGM held on December 31, 2019	Total number of Directorships*	Directorships & category of directorships held in other Listed entity	No. of Board Committee membership held in Public Companies as on 31.03.2020**	
							Chairman	Member
5	Mrs. Ameeta Trehan (DIN: 07087510) (w.e.f. July 1, 2019)	Non-Executive Independent	4	No	4	Non-Executive Independent Director in Bheema Cements Limited, Steelco Gujarat Limited and Galada Power and Telecommunication Limited	3	1
1	Mrs. Archana Mittal (DIN: 00007972) (Up to July 3, 2019)	Non-Executive Non Independent	2	NA	1	None	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 (Listing Regulation) 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.

(d) Core Skills / Expertise / Competencies available with the Board

The Board comprises highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees. Pursuant to the amended Listing Regulations, the list of core skills / expertise / competencies identified by the Board in the context of the Company's business and sector in which it operates and those available with the Board are given as under:

Skills	Availability of skills, expertise and competence with the Directors
Industry knowledge	Yes
Understanding of financials	Yes
Familiarity with the laws applicable to the business	Yes
Corporate Governance	Yes

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

Key Board qualifications:

Name of the Director	Area of expertise			
	Industry knowledge	Understanding of financials	Familiarity with the laws applicable to the business	Corporate Governance
Mr. H. K. Mittal Executive Chairman	✓	✓	✓	✓
Mr. M. M. Agrawal Independent Director	✓	✓	✓	✓
Mr. Anil Khanna Independent Director	✓	✓	✓	✓
Mr. Chetan Desai Independent Director	✓	✓	✓	✓
Mrs. Ameeta Trehan Independent Director	✓	✓	✓	✓

(e) Independent Directors' Meeting:

Pursuant to para VII (1) of Schedule IV to the Act, the Independent Directors are required to hold at least one meeting without the attendance of Non-independent directors and members of management. Generally, the Independent Directors meeting is convened in the last quarter of the financial year. For the financial year 2019-20, the Independent Directors meeting could not be convened by the Board. However, as per the General Circular No. 11/2020 of the Ministry of Corporate Affairs dated 24th March, 2020, the Companies have been given a relaxation from convening the Independent Directors Meeting for the financial year 2019-20.

(f) 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

(g) 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, 2020. Declaration to this effect signed by the Chief Executive Officer for the year ended on March 31, 2020 has been included elsewhere in this annual report.

III. 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.

As at March 31, 2020, 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 Six meetings of the Audit Committee were held i.e. on May 29, 2019, August 13, 2019, September 30, 2019, November 13, 2019, December 5, 2019 and February 13, 2020. 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 Six Meetings held
Mr. H. K. Mittal (DIN: 00007690)	6
Mr. M. M. Agrawal (DIN: 00681433)	6
Mr. Anil Khanna (DIN: 00199924)	5
Mr. Chetan Desai (DIN: 03595319)	6

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. Post resignation of the Company Secretary, Assistant Company Secretary acted as the Secretary to the Committee.

Mr. M. M. Agrawal (DIN: 00681433), Chairman of the Committee was present at the 35th Annual General Meeting to reply 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.

IV. Nomination and Remuneration committee: -

Composition:

During the year, Mrs. Archana Mittal resigned from the Board w.e.f July 3, 2019 and so the Board on July 30, 2019, reconstituted Committee by appointing Mr. Anil Khanna (DIN:00199924), member of Committee as Chairman and Mr. M.M Agrawal (DIN: 00681433) and Mr. Chetan Desai (DIN: 03595319) were appointed as members of the Committee. The Committee was reconstituted to be in line with Regulation 19 of Listing Regulations ("LODR").

As at March 31, 2020, the Committee comprised of Three Non-Executive Independent Directors. Mr. Anil Khanna (DIN: 00199924), was the Chairman of the Committee Mr. M.M Agrawal (DIN: 00681433) and Mr. Chetan Desai (DIN: 03595319) being other members.

Mr. Anil Khanna (DIN: 00199924), Chairman of the Committee as on March 31, 2020 was present at the 35th Annual General Meeting held on December 31, 2019 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; and
5. Compliances under Companies Act
6. Independence
7. Independent views and judgement
8. Integrity
9. Ability to function as team

Meetings:

During the year, in all three meetings of the Nomination and Remuneration Committee which were held i.e. on April 26, 2019, May 29, 2019 and July 30, 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 Three Meetings held
Mrs. Archana Mittal (DIN:00007972) (Upto July 3, 2019)	2
Mr. Anil Khanna (DIN:00199924)	2
Mr. Chetan Desai (DIN: 03595319)	3
Mr. M.M. Agrawal (DIN: 00681433) (w.e.f July 30, 2019)	1

V. Stakeholders Relationship committee:

During the year, Mrs. Archana Mittal resigned from the Board w.e.f July 3, 2019 and so the Board on July 30, 2019, reconstituted Committee by appointing Mr. Anil Khanna (DIN:00199924) as the member of Committee in her place.

As at March 31, 2020 the Committee comprises of one Executive Director and two Non-Executive Independent 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 Mr. Anil Khanna (DIN:00199924). 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.

    a) 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.

24 Meetings of the Committee were held during the year. All the members attended all the meetings.

Ms. Sangeetha Pednekar – Company Secretary acted as Compliance Officer till July 23, 2019. In view of the resignation of the Company Secretary, Mr. Rajendra Kothari, CFO of the Company was appointed as the Compliance Officer of the Company w.e.f August 13, 2019. Mr. Rajendra Kothari resigned as the Compliance Officer of the Company w.e.f. March 30, 2020.

During the year, the Company received 18 complaints from the members all of which were duly resolved. There were no pending compliants on scores website of SEBI as on March 31, 2020

Further, during the year requests for Duplicate Shares of 16,500, Transfer of 4,300 shares and dematerization request of 27,370 shares were received and processed.

VI. Corporate Social Responsibility Committee:

During the year, Mrs. Archana Mittal resigned from the Board w.e.f July 3, 2019 and so the Board on July 30, 2019, reconstituted Committee by appointing Mr. Anil Khanna (DIN:00199924) as the member of Committee in her place.

As at March 31, 2020, the Corporate Social Responsibility Committee of the Company comprised of three Directors. Mr. H. K. Mittal (DIN: 00007690) as its Chairman with Mr. Anil Khanna (DIN:00199924) and Mr. M. M. Agrawal (DIN: 00681433) being other members.

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.

VII. Risk Management Committee:

As at March 31, 2020, 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.

VIII. Subsidiary companies:

As at March 31, 2020; 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, 2020.

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

IX. 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, 2020; All accounting treatment are as prescribed in an Accounting Standard and applicable laws and regulations.

Details of remuneration paid to Directors for the financial year ended March 31, 2020:

Executive directors: (₹ in crore)

Name	Salary	Bonus	Stock options	Perquisites	Commission	Total
Mr. H. K. Mittal Executive Chairman (DIN: 00007690)	–	–	–	–	–	–

The Company has recognized excess remuneration paid amounting to ₹ 1.62 Crore to Mr H K Mittal as receivable as at Balance Sheet date which has been recovered / adjusted subsequent to balance sheet date with adequate approval of Board of Directors and based on an opinion taken by the Company from practicing company secretary; against obligation discharged on behalf of company as well as other payable to him.

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)	7,50,000/-
Mr. Anil Khanna (DIN: 00199924)	6,50,000/-
Mr. Chetan Desai (DIN: 03595319)	8,50,000/-
Mrs. Ameeta Trehan (DIN: 07087510) (w.e.f July 1, 2019)	2,00,000/-
Mrs. Archana Mittal (DIN: 00007972) (Up to July 3, 2019)	2,00,000/-

All the Non-Executive Directors have disclosed their shareholdings as at March 31, 2020 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. Ameeta Trehan (DIN: 07087510)	Nil	Nil
Mr. Anil Khanna (DIN:00199924)	45,272	0.02
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.

C. 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.

D. 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.

X. General Body Meetings:

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2018-19 (AGM)	31/12/2019	3:00 p.m.	4th Floor, Walchand Hirachand Hall, IMC Bldg., IMC Marg, Churchgate, Mumbai - 400 020	1) Re-appointment of Mr. H K Mittal (DIN: 00007690) as Executive Chairman without remuneration for a period of three years with effect from August 1, 2019 to July 31, 2022 2) Appointment of Mrs. Ameeta Trehan (DIN: 0087510) as an Independent Director for a term of five years commencing from July 1, 2019
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 Sachivalaya 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

(ii) Postal ballot

During the year ended March 31, 2020, the Company passed special resolutions 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

The details of all the special resolutions by way of Postal Ballot are as under:

(a) The Company had issued Postal Ballot Notice along with Postal Ballot form on April 30, 2019 in terms of Section 110 of the Act and the last day for the voting was May 30, 2019. The results were to be declared on or before June 1, 2019 and result thereof was announced on May 31, 2019.

Details of the resolutions passed were as under:

Details of the Resolution passed	Type of Resolution	No. of votes polled	No of votes – in favour	No. of votes - against	% of Votes cast in favour	% of Votes cast against
Reclassification of authorised share capital and consequent alteration of the capital clause in the Memorandum of Association of Company	Ordinary	108136121	108136111	10	99.997%	0.002%
Reclassification of authorised share capital and consequent alteration in the Articles of Association of Company	Special	108139058	108135901	3157	99.997%	0.002%
Re-appointment of Mr. M. M. Agrawal (DIN: 00681433) as an Independent Director of the Company for a second consecutive term of five years.	Special	108140058	84602582	23537476	78.234%	21.766%

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	Special	108140058	108135729	4329	99.996%	0.004%

(b) The Company had issued Postal Ballot Notice along with Postal Ballot form on October 10, 2019 in terms of Section 110 of the Act and the last day for the voting was November 10, 2019. The results were to be declared on or before November 12, 2019 and result thereof was announced on November 11, 2019.

Details of the resolutions passed were as under:

Details of the Resolution passed	Type of Resolution	No. of votes polled	No of votes – in favour	No. of votes - against	% of Votes cast in favour	% of Votes cast against
Sale of Ship – FSO Prem Pride	Special	61015101	60996314	18787	99.97%	0.03%
Sale of Ship – Prem Mala	Special	61015101	60996305	18796	99.97%	0.03%

(c) The Company had issued Postal Ballot Notice along with Postal Ballot form on December 11, 2019 in terms of Section 110 of the Act and the last day for the voting was January 10, 2020. The results were to be declared on or before January 12, 2020 and result thereof was announced on January 10, 2020.

Details of the resolutions passed were as under:

Details of the Resolution passed	Type of Resolution	No. of votes polled	No of votes – in favour	No. of votes - against	% of Votes cast in favour	% of Votes cast against
Approval for strategic sale of participating interest of oil block in material subsidiary	Special	61347215	61319609	27606	99.95%	0.05%

Mr. Sunil Zore, Partner of M/s SPZ & Associates, Company Secretaries was appointed as Scrutinizer for conducting all of the above Postal Ballot voting process in fair and transparent manner. All of the above resolutions mentioned in points (a), (b) and (c) were passed with requisite majority. The Company had complied with the procedure for Postal Ballot in terms of the provision of Section 110 of the Act, read with Companies (Management and Administration) Rules, 2014 and amendments thereto from time to time.

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.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

(iii) 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___ 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 has been 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) **Review of Directors Responsibility Statement:** The Board in its report have confirmed that the annual accounts for the year ended March 31, 2020 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

h) **Payment to Statutory Auditors:**

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, 2020 are as follows:

Particulars	Amount (₹ in Crore)
Audit Fees	0.18

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) **Statement of Declaration on Independence given by Independent Directors :** All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations.

k) **Details of utilisation of funds :** During the year, the Company has not raised any funds through Preferential allotment or qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

(iv) 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.

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.

(v) 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 an email id secretarial@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.

(vi) Annual general meeting:

Thirty Sixth Annual General Meeting is scheduled to be held on Tuesday, December 29, 2020 at 3.00 P.M. IST

(vii) 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 forthcoming Annual General Meeting (AGM) of the Company 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 Wednesday, September 30, 2020.

(viii) Non-appointment of Company Secretary and Compliance Officer of the Company:

During the year 2019-20, Ms. Sangeetha Pednekar resigned from the position of Company Secretary and Key Managerial Personnel of the Company w.e.f July 31, 2019. Post her resignation as Company Secretary, Mr. Rajendra Kothari, Chief Financial Officer was designated as the Compliance Officer of the Company. However, as on March 30, 2020, Mr. Rajendra Kothari resigned from the position of Compliance Officer of the Company. As on March 31, 2020 the Company does not have a Company Secretary and Compliance Officer.

(ix) Financial Calendar for the Year 2020-21 (tentative and subject to change):

First Quarter Results (June, 30)	Mid of August 2020
Mailing of Annual Reports	End of August,2020
Annual General Meeting	End of September, 2020
Second Quarter Results (September, 30)	Mid of November, 2020
Third Quarter Results (December, 31)	Mid of February, 2021
Fourth Quarter/ Annual Results	May 2021

(x) 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, 2020.

(xi) Listing of shares, non-convertible debentures:

The Equity Shares of the Company are listed on Bombay Stock Exchange (Scrip Code: 526235); National Stock Exchange (Scrip Code: MERCATOR) and the annual listing fees in respect of the year 2020-21 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 2019-20 vis-à-vis Sensex performance of Bombay Stock Exchange is given below:

Month	BSE Share Price (₹)		NSE Share Price (₹)		SENSEX Performance	
	High	Low	High	Low	High	Low
April-19	7.15	4.34	7.10	4.40	39,487.45	38,460.25
May-19	4.63	2.19	4.45	2.30	40,124.96	36,956.10
June-19	2.50	1.14	2.45	1.35	40,312.07	38,870.96
July-19	2.96	1.36	2.70	1.45	40,032.41	37,128.26
August-19	2.31	1.29	2.20	1.30	37,807.55	36,102.35
September-19	1.55	1.10	1.45	1.15	39,441.12	35,987.80
October-19	1.15	0.70	1.15	0.65	40,392.22	37,415.83
November-19	1.38	0.93	1.35	0.90	41,163.79	40,014.23
December-19	1.07	0.72	1.05	0.65	41,809.96	40,135.37
January-20	0.93	0.67	0.95	0.65	42,273.87	40,476.55
February-20	1.01	0.69	1.05	0.65	41,709.30	38,219.97
March-20	0.73	0.42	0.75	0.35	39,083.17	25,638.90

Annual Custody fee for the year 2020-21 have been paid by the Company to CDSL however the payment is yet to be made to NSDL.

(xii) 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 Chief Executive Officer and/or Chief Financial Officer at the registered office of the Company.

(xiii) Distribution of Equity Shareholding as on March 31, 2020:

Shareholding of nominal value of	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Capital
UPTO 500	58,240	67.60	10,447,919	3.45
501 - 1000	10,739	12.47	9,240,916	3.06
1001 - 2000	6,297	7.31	10,021,702	3.31
2001 - 3000	3,067	3.56	7,984,339	2.64
3001 - 4000	1,267	1.47	4,641,342	1.54
4001 - 5000	1,551	1.80	7,500,131	2.48
5001 - 10000	2,363	2.74	18,331,144	6.06
10001 AND ABOVE	2,627	3.05	234,291,842	77.46
TOTAL	**86,151**	**100.00**	**302,459,335**	**100.00**

(xiv) Category of Equity Shareholding as on March 31, 2020:

Sr. No	Category	No. of Shares	% of holding
1	Promoters & Promoter Group	59,176,400	19.57
2	Mutual Funds / UTI	75,000	0.02
3	Banks; FIs etc.	7,434	0.00
4	FIIs/FPIs	12,459,452	4.12
5	Private Corporate Bodies	43,607,016	14.42
6	Central Government/State Government	2500	0.00
7	Indian Public and others	178,935,361	59.16
8	NRIs / OCBs	5,471,430	1.81
9	Non-promoter Independent Directors and their relatives	161,773	0.05
10	Clearing members	1,759,410	0.59
11	IEPF	803,559	0.26
	Total	**30,24,59,335**	**100.00**

(xv) 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; 300,979,276 equity shares representing 99.51% were held in demat form and balance 14,80,059 equity shares representing 0.49% were in physical form as on March 31, 2020. 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 2019-20; was as under:

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

XI. 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, 2020 has been annexed to this report.

XII. Compliance:

The Company has complied with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereof. During the financial year 2019-20, penalty was imposed by the Stock Exchanges for delay in filing the Annual Consolidated Accounts and Financial Results for the quarter/year ended March 31, 2020 and Unaudited Consolidated Financial Results for the quarter ended June 30, 2019 and the same has been 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.

XIII Certificate from Company Secretary in Practice:

None of the directors on the board of the company have been debarred or disqualified from being appointed or

continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any other statutory authority. A certificate to this effect, duly signed by the Practicing Company Secretaries, M/s Makarand M. Joshi & Co is annexed to this Report,

XIV. Compliance with discretionary requirements:

The status of compliance with non-mandatory recommendations of the Listing Regulations:

(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) Shareholders' Rights: As the quarterly and half yearly, financial results are published in the newspapers and are also posted on the Company's website, the same are not being sent separately to the shareholders.

(c) Separate posts of Chairman and CEO: The Company maintains separate posts of an Executive Chairman and the Chief Executive Officer (CEO).

(d) Reporting of Internal Auditor The Internal Auditors of the Company directly report to the Audit Committee of the Company.

(e) A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to the Directors' Report.

XV. List of credit ratings obtained:

The ratings given by Credit Analysis and Research Limited (CARE) both for short-term borrowings and long-term borrowings of the Company are CARE D. There was no revision in the said ratings from the ones reported in the Annual Report 2018-19.

During the year, on account of non payment of surveillance fees to external credit rating agency M/s CARE Ratings Limited (herewith called CARE), CARE vide their announcement dated 11th July 2019; has reported external credit rating of the Company as CARE D (ISSUER NON COOPERATING) in compliance with SEBI (CRA) Regulations 2017 as amended. XVI.
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
Website: www.mercator.in

DECLARATION ON CODE OF CONDUCT

In compliance with the requirements of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2020.

For and on behalf of the Board
For Mercator Limited

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

Dated: July 15, 2020

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

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, 2020 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, 2020 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: July 15, 2020

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Mercator Limited

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) to **Mercator Limited** having **CIN L63090MH1983PLC031418** and having registered office at **83-87, 8th floor, Mittal Tower, B Wing, Nariman Point Mumbai - 400021** (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and based on the disclosures of the Directors, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority for the period ended as on March 31, 2020.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Harish Mittal Kumar	00007690	23rd May, 1988
2.	Anil Khanna	00199924	24th September, 2014
3.	Man Mohan Agrawal	00681433	21st November, 2017
4.	Chetan Desai	03595319	27th April, 2018
5.	Ameeta Trehan	07087510	1st July, 2019

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

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: July 23, 2020

UDIN- F005533B000496661

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 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 FY20 stood at ₹638.61 Crores compared to ₹867.35 Crores in FY19. The consolidated EBIDTA is ₹-300.88 crores against ₹-19.18 crores in the previous year. The consolidated loss before tax was ₹898.45 crores against previous year loss before tax of ₹511.97 crores. The loss after tax was ₹909.50 crores as against loss after tax of ₹544.45 crores in the previous year.

UPDATES ON NCLT PETITIONS:

The petition filed in The National Company Law Tribunal (NCLT), Mumbai Bench by a financial Creditor is under 'Reserved for Orders' (RFO) status since March 2, 2020 after filing of the written submissions by both the parties and is pending for pronouncement of Order. The Company is defending petitions filed by certain operational creditors and another financial creditor in NCLT, Mumbai Bench.

Debt status

At the group level, your company achieved a debt reduction in FY20 by 5.43% as compared to the previous financial year at a group level despite slowdown in the business of shipping and dredging. We have further deleveraged Long-term debts by selling the Floating Storage and Offloading Unit (FSO) 'Prem Pride' on January 16, 2020 for ₹49.54 crores and Vessel M. T. Hansa Prem on March 23, 2020 through an e-auction process for a consideration of USD 3.60 Mn plus taxes and subsequent to the year end sold the Vessel M. T. Prem Mala vide Hon'ble Bombay High Court's order dated May 26, 2020, confirmed the sale of the Vessel under the auction process to the highest bidder at a consideration of ₹36.40 Crores.

Company's subsidiary Mercator Petroleum Ltd plans to sell its Oil Block asset, proceeds of which is likely to reduce the debt further by around 230 Cr at the consolidated level.

At the consolidated level, there are total claims of ₹1,618 crores as on date receivable by the Company which are summarized below:

(i) DCI Batch Arbitration Matters: ₹ 56 crores (₹ 47.92 crores as per award plus interest till March 31, 2020 ₹ 8.42 crores); In the process of getting an execution order from Hon'ble Delhi High Court;

(ii) Total loss claim for Dredger Veera Prem: ₹ 133 crores (US$ 17.78 Mn) The Company is in the process of filing a claim;

(iii) Insurance claim for Vessel 'Divya Prem': ₹129 crores (Claim of ₹ 54 crores plus interest till December 31, 2019 ₹75 crores); the matter is under final hearing in National Commission;

(iv) Sagar Samrat Arbitration Matter: ₹1,300 crores (US$ 173.36 Mn); Binding Arbitration commenced in Dec-18 raising claims against ONGC; likely to conclude by Sep 2020 and award expected in Jan 2021.

The core management team will continue to focus on developing low capex businesses in the existing verticals of Shipping Business and Dredging Business.

Global Economy

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. The COVID-19 pandemic is impacting emerging markets through an unprecedented mix of domestic and external shocks whose combined effects are very hard to predict. Among these, emerging markets are confronting a sharp tightening in global financial conditions. As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

Indian Economy

The International Monetary Fund (IMF) further slashed India's growth estimate for FY21 to 1.9% from 5.8% estimated in January 2020, warning that the "worst recession since the Great Depression" will dwarf the economic damage caused by the global financial crisis a decade back. It also said that India and China would be the only two major economies likely to register growth, with all others contracting. According to the latest release of April 2020 update by IMF in its World Economic Outlook (WEO) after the magnitude of the outbreak became clear, the Covid-19 pandemic will shrink world output by 3% in 2020, This report says that The growth forecast is marked down by more than 6 percentage points relative to the October 2019 WEO and January 2020 WEO Update projections—an extraordinary revision over such a short period of time Until February 2020, India was relatively less affected by COVID-19 than other countries. After the World Health Organization declared it as a pandemic, the Indian government imposed several

restrictions[1] and subsequently announced a nationwide lockdown on March 24, 2020 that ended on May 31 and Unlock -1 began in 3 phases of reopening of the Indian economy.

Overall, the COVID-19 pandemic will require immense financial strength for the companies to overcome this difficult period and management bandwidth to pivot corporate strategy and operations as economic activity resumes under the shadow of social distancing. All of the company's business are negatively affected by the Pandemic. Virtual stalling of trade, demand fall of all commodities, routing of oil prices, delays in legal proceedings have all affected the Company adversely.

Dredging

Indian ports & dredging industry

India has 12 major ports -- Kandla, Mumbai, JNPT, Marmugao, New Mangalore, Cochin, Chennai, Ennore, V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia) which handle approximately 61 per cent of the country's total cargo traffic. According to Niti Aayog, India needs to open up its dredging market to boost trade by its major ports which at present cannot handle very large vessels in absence of deep draft (depth). More competition mainly from global players in dredging activities would help increase and maintain draft depth at ports and attract large vessels, enabling them to become hub ports. At present, the Dredging Corporation of India (DCI) and a limited set of private vendors serve the Indian dredging market, limiting competition. Foreign players will be attracted to the market if the government takes measures such as consolidating dredging contracts across cohorts of ports and withdrawing, at least temporarily, the right to first refusal given to Indian vendors. To enable major ports to handle large vessels, the government has already made an action plan to increase the draft depth of ports. Most major ports have already achieved a draft depth of 14 metres or more except Kolkata Port, where deeper draft has not been feasible because of the riverine nature of the port. Some major ports are striving to achieve deeper drafts up to 18 metres. The outer harbour in Visakhapatnam has very deep draft of more than 18 metres. Work is in progress to create a draft of more than 18 metres in Mormugao and Kamarajar Port.

Dredging is an integral part of port and maritime sector, but at the same time it is a capital intensive activity, which calls for an innovative approach to dredging to keep a check on cost. There is huge potential available in terms of maintenance, capital dredging works, flood control management, coastal defence works, dredging and training of the inland waterways. If the government decides to desilt dams and reservoirs that shall require additional capacity of inland dredgers to desilt dams and reservoirs as well the national waterways. Investors need to take a close look at the market predictions in the last two decades to understand the shortage of dredging capacity in the Indian market which shall prove the viability and potential in the dredging.

Indian dredging industry is about 6.85 per cent of the global dredging market, but for long the dredging industry in India had experienced a hard time with very little fresh investment pouring into the sector. Though ambitious projects like inland waterways, river linking and Sagarmala generated some interest amid investors in the dredging sector but many of these projects hardly moved beyond announcement.

The picture looks gloomier after the sale of entire equity of the government in 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 is now out of bounds for private dredging contractors after a consortium of four port trusts—Visakhapatnam, Deendayal, Paradip and Jawaharlal Nehru—bought 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 are likely to 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.

Operational Highlights

The revenue of the division fell from ₹ 128 crores to ₹ 24 crores, a drop of 81%. Owing to the high cost asset nature of the business, the Company continued to incur huge standing costs for the dredgers, which was 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.

During FY 2019-20, the Company has executed contracts at Goa (Indian Navy) and Mumbai Port. These are asset light dredging contracts. Owing to its experience and qualifications 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 ~ H 48 crores) along with up to date interest with the Court within 6 weeks. On February 10, 2020, Hon'ble Delhi High Court has simpliciter adjourned the final hearing scheduled on April 13, 2020 on account of Covid -19 lockdown.

Shipping

Global shipping industry

The international shipping industry is responsible for the carriage of around 90% of world trade. Shipping is the lifeline of the global economy. Without shipping, intercontinental trade, the bulk transport of raw materials, and the import/export of affordable food and manufactured goods would simply not be possible.

Seaborne trade continues to expand, bringing benefits for consumers across the world through competitive freight costs. Thanks to the growing efficiency of shipping as a mode of transport and increased economic liberalisation, the prospects for the industry's further growth continue to be strong.

Because of its inherently international nature, the safety of shipping is regulated by various United Nations agencies. The International Maritime Organization (IMO) in particular has developed a comprehensive framework of global maritime safety regulations, which are enforced on a worldwide basis. IMO regulations to reduce sulphur oxides (SOx) emissions from ships first came into force in 2005, under Annex VI of the International Convention for the Prevention of Pollution from Ships (known as the MARPOL Convention). Since then, the limits on sulphur oxides have been progressively tightened. From January 1, 2020, the limit for sulphur in fuel oil used on board ships operating outside designated emission control areas is reduced to 0.50% m/m (mass by mass). This will significantly reduce the amount of sulphur oxides emanating from ships and should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts.

The rapid spread of coronavirus has had a major impact on global shipping markets, with the slump in demand for goods from China having a ripple effect on everything from container ships to oil tankers. Prosperity within the shipping sector has long been strongly tied to China, a major trade partner for several countries and a key leader in shipbuilding. The outbreak came at a time when shipping companies are used to lower demand due to the Chinese New Year (CNY) and had already planned for this, for example by blanking sailings in the container shipping industry, The situation largely deteriorated as January passed by and the CNY holidays were extended. After a passenger tested positive for Covid-19 onboard a Princess Cruises ship off the coast of Japan, ports started limiting – and eventually banning – cruise traffic at their terminals. Asian ports in countries including South Korea, Taiwan and Singapore also started introducing screening procedures at their hubs, putting Chinese crews under quarantine and working to limit the spread of the virus. From the very beginning, these initiatives caused significant setbacks for both the cruise and shipping sectors, which found themselves dealing with orders and trips cancellations, spikes in costs and a drop in trade opportunities. In addition, Chinese shipping was hit by a nationwide ban on all non-essential travel, a largely reduced workforce and the closure of production and shipbuilding facilities. According to figures from Chinese think-tank the Shanghai International Shipping Institute, this led to reduced capacity utilisation – which fell between 20% and 50% at the biggest Chinese ports – and a sharp increase in the use of port storage facilities.

Meanwhile, demand for oil tankers is currently on the rise as the breakdown of the OPEC+ alliance – which triggered a very sharp fall in oil prices and a potential price war amongst world leaders – is supporting Arabian crude oil exports. Nevertheless, Covid-19 is expected to heavily damage oil demand for 2020, something that will negatively affect oil freight rates in the coming months.

Spot rates for crude tankers are expected to be negatively impacted later this year and into 2021, though tanker supply fundamentals can offer a positive counterbalance. As global oil supply and demand adjust, we may see a period of oil inventory destocking emerge, which may dampen tanker demand in the medium term. However, tanker supply fundamentals offer a counterbalance with a much lower tanker order book than in previous cycles. The tanker order book, measured as a percentage of the existing fleet, is currently at a 23-year low of around 8%. This compares to an order book of around 20% at the peak of the last market cycle in 2015 and just under 50% in 2008. New vessel ordering remains low due to financing constraints and uncertainty over what type of fuel and propulsion system to choose given new technology developments and future environmental legislation, such as IMO 2030. Finally, the global tanker fleet is aging, with 370 mid-size tankers, or 19% of the fleet, currently 15 years of age or older, and thus likely to face scrapping in the coming years. Taking all of these factors into account, net tanker fleet growth is expected to be very low for at least the next two years. In the near term, it is anticipated that the rates will remain volatile due to a continued mismatch between oil supply and demand and an ongoing need for floating storage.

Indian Shipping industry

According to the Ministry of Shipping, around 95 per cent of India's trading by volume and 70 per cent by value is done through maritime transport. India has 12 major and 205 notified minor and intermediate ports. Under the National Perspective Plan for Sagarmala, six new mega ports will be developed in the country. The Indian ports and shipping industry play a vital role in sustaining growth in the country's trade and commerce. India is the sixteenth largest maritime country in the world, with a coastline of about 7,517 km. The Indian Government plays an important role in supporting the ports sector. It has allowed Foreign Direct Investment (FDI) of up to 100 per cent under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports.

During FY19, cargo traffic at major ports in the country was reported at 699.05 million tonnes (MT). Cargo traffic handled stood at 585.72 million tonnes in 2019 (till Jan 2020). Cargo traffic at non-major ports was estimated at 529.6 million tonnes FY18 and grew at 10 per cent CAGR between FY07-18 and 447.21 million tonnes in FY20P (up to Dec 19). The major ports had a capacity of 1,514.09 million tonnes per annum by FY19P. The Maritime Agenda 2010-20 has a 2020 target of 3,130 MT of port capacity. The government has taken several measures to improve operational efficiency through mechanization, deepening the draft and speedy evacuations.

Investments/Developments

- In November 2019, JSW Infrastructure commissioned a new iron ore terminal at the Paradip port in Odisha with a capacity to handle up to 18 million tonnes of cargo per annum.

- In November 2019, first ever movement of container cargo on Brahmaputra (National Waterway -2), focused on improving the connectivity to North Eastern Region (NER).
- In October 2019, Ease of Doing Business- Implementation of Radio Frequency Identification (RFID) based Port Access Control System (PACS) at Kolkata Dock System (KDS) was introduced.
- JSW Infrastructure enter into built, operate and transfer agreement with Paradip Port Trust at an investment of ₹ 750 crore (US$ 107.31 million) to operate Paradip port.
- In August 2019, India became the first country in the world to issue Biometric Seafarer Identity Document (BSID), capturing the facial bio-metric data of seafarers.
- Adani Port and Special Economic Zone (APSEZ) became the first Indian port operator to handle cargo movement of 200 million tonnes (MT) in 2018-19.
- Essar Ports will invest US$ 70 million in Hazira port by 2020.
- The Indian Minister for Shipping, Road Transport and Highways, Mr Nitin Gadkari, announced a massive investment in India's ports and roads sector, which is likely to help boost the country's economy. The Indian government plans to develop 10 coastal economic regions as part of plans to revive the country's Sagarmala (string of ports) project.
- The zones would be converted into manufacturing hubs, supported by port modernization projects, and could span 300–500 km of the coastline. The government is also looking to develop the inland waterway sector as an alternative to road and rail routes to transport goods to the nation's ports and hopes to attract private investment in the sector.
- Ports sector in India has received a cumulative FDI of US$ 1.64 billion between April 2000 and December 2019.
- Indian ports and shipping sector witnessed three M&A deals worth US$ 29 million in 2017.

Government Initiatives

Some of the major initiatives taken by the government to promote the ports sector in India are as follows:

- As of November 2019, a number of projects with total project cost of ₹ 13,308.41 crore (US$ 1.90 billion) have been awarded in the last three years on upgradation of the major ports.
- As per Union Budget 2020-21, the total allocation for the Ministry of Shipping stands at ₹ 1,800 crore (US$ 257.22 million).
- Major Port Authorities Bill 2020 was introduced in the Lok Sabha which seek to provide for regulation, operation and planning of Major Ports in India and to vest the administration, control and management of such ports upon the Boards of Major Port Authorities and for matters connected therewith or incidental thereto.
- Net profit at major ports has increased from ₹ 1,150 crore (US$ 178.4 million) in FY13 to ₹ 3,413 crore (US$ 529.6 million) in FY18 while operating margin increased from 23 per cent to 44 per cent.
- In May 2018, Ministry of Shipping allowed foreign flagged ships to carry containers for transshipment.
- In March 2018, a revised Model Concession Agreement (MCA) was approved to make port projects more investor-friendly and make investment climate in the sector more attractive.

Operational Highlights

The shipping segment for FY 2019-20 recorded revenues of ₹108 Crores, as against ₹184 crores recorded in FY 2018-19, a dip vis-à-vis the last year. Drop in revenues are due to sale of VLCC in April-19 followed by sale of 2 ships in standalone business, the proceeds of which used for reducing Debts and liabilities.

Charter hire for FSO 'Prem Pride' (Built 1999) expired on December 22, 2019. As a part of strategic plan, the Company has concluded its sale on January 16, 2020 for ₹49.54 crores plus taxes and the proceeds have been used to reduce debts. A lender invoked its right as mortgagee under Section 51 of the Merchant Shipping Act 1958 and sold the Vessel M. T. Hansa Prem (Built 2001) on March 23, 2020 through an e-auction process for a consideration of USD 3.60 Mn plus taxes and the proceeds of the same have been used for reduction of debt and other liabilities of the Company. Another lender had arrested the Vessel M. T. Prem Mala (Built 2000) in persuasion to Event of Default recognized under Debenture Trust Deed Dated March 26, 2018. The Hon'ble Bombay High Court vide its order dated May 26, 2020, confirmed the sale of the Vessel under the auction process to the highest bidder at a consideration of ₹36.40 Crores. The sale proceeds will be deposited to the Court and utilized under their instruction as per claims filed which will reduce liability of the charge holders on the said vessel including reimbursement of essential services supplied in the past/to be supplied by the Plaintiff during the pendency of the sale process.

The Company shall endeavour 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.

The outbreak of the new coronavirus (COVID-19) has added a major layer of uncertainty to the oil market outlook. In

2020, global oil demand is expected to contract for the first time since the global recession of 2009. The situation remains very fluid, however, making it extremely difficult to assess the full impact of the virus. Containment measures imposed in North America, Europe and elsewhere are expected to have a smaller impact on oil demand than those in China. However, demand from the aviation sector will continue to suffer from the contraction in global air travel. Oil demand in China suffers the most in the first quarter, with a year-on-year fall of 1.8 million barrels per day (mb/d). Global demand drops by 2.5 mb/d. In the second quarter, an improving situation in China offsets deteriorating demand elsewhere. A progressive recovery takes place through the second half of 2020. For 2020 as a whole, the magnitude of the drop in the first half leads to a decline in global oil demand of around 90,000 barrels a day compared with 2019.

The arrival of the coronavirus is rattling a global oil market that was already facing challenges. On the demand side, growth in 2019 was significantly weaker than expected and new vehicle efficiency measures have started to weigh on transport fuels. Refining capacity additions in recent years have outstripped demand growth, bringing tough competition for an industry already challenged by tightening product specifications, most notably the new International Maritime Organisation (IMO) bunker rules introduced at the beginning of 2020.

On the supply side, geopolitics remain a wild card. Production losses from Iran, Libya and Venezuela have reached a combined 3.5 mb/d since the start of 2018. Even before the coronavirus, markets had been over-supplied, leading OPEC+ producers to cut output. Looking beyond the short term, the oil market looks comfortably supplied through 2025.

With uncertainties over demand, supply, investment strategies and business models, the global oil industry faces major challenges. While ensuring it is able to continue to meet growing demand, it must also address the need to curb emissions and improve sustainability.

Global oil demand will grow by 5.7 mb/d over the 2019-25 period at an average annual rate of 950 kb/d. This is a sharp reduction on the 1.5 mb/d annual pace seen in the past 10-year period. Following a difficult start in 2020 (-90 kb/d) due to the coronavirus, growth rebounds to 2.1 mb/d in 2021 and decelerates to 800 kb/d by 2025 as transport fuels demand growth stagnates.

Oil demand growth slows because demand for diesel and gasoline nears a plateau as new efficiency standards are applied to internal combustion engine vehicles and electric vehicles hit the market. Petrochemical feedstocks LPG/ethane and naphtha will drive around half of all oil products demand growth, helped by continued rising plastics demand and cheap natural gas liquids in North America.

Global Demand Growth 2011-2025 charts- Data and Statistics are available in the link below:

https://www.iea.org/data-and-statistics/charts/global-oil-demand-growth-2011-2025

Indian Oil and Gas Industry

The Indian Oil & Gas (O&G) industry is notable in the global context. It contributes to 5.2% of the global oil demand, is among the top three large markets in demand growth and 4th in the world in refining capacity (~249 MTPA). India is also very imports-dependent, with oil imports at 84% and gas imports at 53% of their respective annual demands. Incidentally, O&G imports constituted ~25% of India's import bill in FY'19. Therefore the impact of COVID-19, whether due to the wide-spread demand destruction, or the downward spiral of crude prices, is of enormous concern for all of the Indian O&G industry participants.

COVID-19 has definitely made the O&G industry in India sit-up and review what should go into business continuity plans. However, leaders who seize this opportunity to equally start thinking of pervasive changes that are needed for their operating models, using a combination of an agile operations mind set, long-term view, and partner ecosystems, faster than others, are likely to emerge stronger as the dust settles.

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 October 24, 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. Minutes of Meeting (MoM) of the 5th Expert Appraisal Committee (EAC) for the Environmental Clearance (EC) presentation held on March 27, 2019 were issued of April 3, 2019 recommending grant of EC for Development of PML area of the Block CB-ONN-2005/9. Work over rig was deployed at Jyoti-2 from March 25, 2019 to May 7, 2019 for cement repairs but the operations had to be terminated because of technical problems. The well Jyoti-1 was also closed because of non-grant of (EC) which has since been granted on January 7, 2020.

Monetization of the Block CB-ONN-2005/9:

During the year, MPL made efforts to Farm-out (in full or in part) its Participating Interest (PI) in the Block CB-ONN-2005/9. To this effect, MPL signed a Sale Purchase Agreement (SPA) with an identified buyer on December 26, 2019. Further, Deed of Assignment for transfer of 100% PI was signed on January 14, 2020. Application for transfer of PI along with requisite documents has been submitted to DGH for approval and the same is being reviewed by DGH. Management Committee has approved completion of Minimum Work Program (MWP) of Exploration Phase-I which is a pre-requisite for transfer of PI. Formal communication to this effect is awaited.

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, 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. 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 MOGL (a 100% subsidiary of the Company) was dismissed vide order in July-2019; By virtue of the above order, ONGC invoked bank guarantees worth ₹142 crores. This had increased the debt of MOGL by an equivalent amount. Parallely, on December 15, 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

Global coal production is expected to grow only marginally in 2020, from 8.13 billion t in 2019 to 8.17 billion t in 2020 a growth of only 0.5% after three consecutive yearly increases, due to the disruptions caused by the coronavirus pandemic. Coal production in China is expected to recover over the remainder of 2020 and decline by only 1.2% on an annual basis. Overall global production of coal is expected to increase to 8.17 billion tonnes (Bnt) from 8.13Bnt in 2019, a growth of 0.5%. Within this, thermal coal production is expected to grow by 0.5% to 7.05Bnt, while metallurgical coal production is forecast to be flat at 1.1Bnt.

Over the next four years, production of thermal coal is expected to grow by 2.5% CAGR to reach 7.60Bnt by 2023, due principally to increasing demand from India and China. However, while demand is growing, coal is declining as proportion of power generated. At present 67% and 75% of the electricity in China and India is generated from coal. However, they both have environmental commitments to reduce carbon emissions, for which they have targeted to reduce these shares to 58.5% and 50% by 2030 respectively. Demand from other parts of the world is already declining as countries shift away from coal-fired power and to renewables and cleaner forms of energy. While globally 38% of electricity was generated from coal in 2019, this is expected to fall to 25% by 2040 as countries pursue targets to reduce greenhouse gas emissions, with the share of electricity generated from renewables expected to increase to 44% in 2040 from 23.4% in 2018.

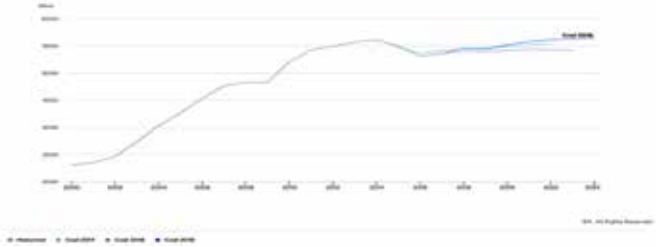
For metallurgical coal, a decline in construction activity and automotive production in 2020 will significantly impact demand for steel in China, leading to a 1.5% decline in metallurgical coal demand in the country. Already, many producers in China are running at low capacities as inventories rise. However, robust demand from India is expected to offset the decline from China, resulting in a flat growth rate of 0.07% to 1,054.4Mt in the global demand for coking coal. Looking ahead, as activity picks up once the crisis has abated, demand growth will strengthen and consumption of coking coal is forecasted to reach 1,093Mt by 2023, a 1.2% compound annual growth rate.

Indonesia's coal production industry

Indonesia exported 456.36mn t of all types of coal in 2019. This was 6.4pc higher than in 2018 and was a likely all-time high, with the increase driven by firm demand from China and India, as well as growing demand from Southeast Asia. Thermal coal accounted for 428.83mn t of last year's exports, up by 35.2mn t from 2018. But Indonesian exports could contract by around 15mn t this year amid a slowdown in demand in the Asia-Pacific region, coal production remained on track to reach its 550mn t target for 2020, with output during January-March 2020 at 137.31mn t, or around 25pc of the target.

A number of Indonesian coal mining firms are considering cutting production amid expectations that Asia-Pacific demand will be heavily affected by the coronavirus pandemic. Reduced economic activity because of the pandemic could result in a global oversupply of coal of around 30mn t this year, with Indonesian exports possibly falling by around 15mn t compared with 2019 as a result of weaker demand. While there has been a reduction in coal demand over the past two months, coal production has been unaffected as most coal mining companies sell their coal under offtake contracts. Despite the weaker demand outlook, Indonesian mining companies may not look to cut output immediately, especially given the recent slump in crude prices that has reduced their coal production costs significantly. But this could potentially add to a potential supply glut further ahead, if demand falls sharply in the coming months.

Global coal demand by forecast, 2000-2024



Operational Highlights

Coal process have crashed due to Covid-19 pandemic. However, the operations of coal business at Indonesia are running normally. The business is trying its best to reduce costs. During FY 2019-20, the company showed a reasonable performance against all odds on all parameters since start of operations in 2012.

Total production of coal for the year 2019-20 stands at 2.13 Mn MT against 1.91 Mn MT in PY. Coal Sales were recorded at 2.15 Mn MT during the year 2019-20 against 1.89 Mn MT of PY. The company has made dispatches of 6.95 Mn MT in the year 2019-20 against 4.80 Mn MT in PY through its coal handling infrastructure including 3rd party dispatches. 3rd Party Logistics volume stood at 4.80 Mn MT in the year 2019-20 against 2.86 Mn MT of PY.

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 January 15, 2018.

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 March 5, 2019 which was on execution of the Circular Resolution based on misinterpretation of existing decision of Supreme Court No 1332K/Pid/2017 dated January 11, 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. The Company is taking all legal steps to protect its rights and interests.

Some of the key risks for the coal business going forward are:

1) Coal prices have always been volatile. As on July 2020 amongst several reasons including Covid Pandemic have caused the coal prices to crash threatening sustainable cash flows
2) Coal subsidiaries have a running default on their loan obligations and lenders are now seeking legal recourse
3) Legal cases continue to distract management and incur high expenses
4) Internationally most countries are encouraging move to cleaner energy sources and this remains a threat for the long term price sustainability of the coal prices.
5) India opening mining sector to private sector does pose a threat to coal prices as India may reduce import of coal over a period of time.
6) Change of regulations in Indonesia with respect to taxes, annual production and exports poses an unseen risk

Financial Highlights

During the year under review, Mercator witnessed a weakened performance on account of challenges in operating environment and the Company undergoing attempts for debt resolution prior to one of the financial creditor's petition being placed under 'Reserved for Orders' (RFO) status which is pending for pronouncement of orders. The table below shows financial highlights of the Company. Going forward, the Company will take various steps that will be directed towards assets light business models in shipping and dredging businesses.

₹ in Crore

Particulars	Consolidated		Standalone	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Income from operations	638.61	867.35	132.16	311.96
Total Income	**653.99**	**1034.22**	**151.17**	**388.57**
Operating Profit	(300.88)	(19.18)	(237.63)	(24.65)
Interest	(260.75)	(153.70)	(220.13)	(116.92)
Depreciation	(141.59)	(176.75)	(41.05)	(123.72)
Impairment	(41.04)	(53.45)	(41.04)	(53.45)
Exceptional Items	(154.19)	(108.89)	(485.47)	(181.38)
Profit/(Loss) before Tax	**(898.45)**	**(511.97)**	**(1025.32)**	**(500.12)**
Taxes				
-Current Year	(11.18)	(33.24)	(0.45)	(11.33)
-Deferred Tax	0.13	0.76	-	-
Net Profit/(Loss) After Tax	**(909.50)**	**(544.45)**	**(1025.77)**	**(511.45)**
Minority Interest	13.63	29.52		
Other Comprehensive Income Adjustment	(0.81)	0.05	0.63	(0.12)

Risk & Concerns

Risk	Definition and Potential Impact	Company's plan
Economic Risk	Our operations are spread across many countries in the world. Any slowdown in the economy in general & due to Covid-19 pandemic as well as local headwinds might have adverse impact on Company's operations.	The Company periodically monitors various developments in areas of its presence to identify the risk, if any, arising from such developments. The Company has implemented SOPs for taking care of safety and health of employees and visitors in its offices with a view to contain the spread of the pandemic.
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 financial and 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. However, the petition filed against the Company by a financial creditor in NCLT under Section 7 of IBC, 2016 is under 'Reserved for Orders' status and the pronouncement of order is pending.	The Company has been stringently fighting against the lawsuit and is optimistic of positive results. None of the cases (other than filed against the Company by a financial creditor in NCLT under Section 7 of IBC, 2016 which is under 'Reserved for Orders' status and the pronouncement of order is pending) filed in NCLT by financial/operational creditor(s) has been admitted yet. The Company has been defending the same. At business levels, the Company is sincerely fighting its cases to recover its dues.
Operating Risk	Inability to manage customer relationships could impact revenues	The Company has been successful in retaining customer relationships despite stringent business environment. It enjoys enduring relationships with major global and Indian companies.
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.
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.

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. The Company has put in place standard operating procedures in its premises for the employees and visitors to be followed strictly in order to contain the spread of covid-19 pandemic. 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. 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 internal 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, 2020, there were 19 permanent employees and 20 contract employees with Mercator India. Globally, the Mercator group had 247 permanent employees and 147 contract employees as on March 31, 2020.

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.

For and on behalf of the Board
For Mercator Limited

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

Regd. Office:
83-87, 8th Floor, Mittal Tower,
B-wing, Nariman Point,
Mumbai - 400 021
Dated: July 15, 2020

Independent Auditor's Report

To the Members of Mercator Limited

Report on the Audit of the Standalone Financial Statements

Adverse Opinion

We have audited the accompanying Standalone Financial Statements of Mercator Limited (hereinafter referred as "the Company"), which comprise the Balance Sheet as at March 31 2020, the Statement of Profit and Loss, [including Other Comprehensive Income], the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of 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, because of the significance of the matter(s) described in the 'Basis for Adverse Opinion' section of our report, the accompanying Standalone Financial Statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss [including other comprehensive income], its cash flows and the statement of changes in equity for the year ended on that date.

Basis for Adverse Opinion

We draw attention to-

a. Note No. 3.23 of the Standalone Financial Statements, regarding preparation of the Financial Statements on a going concern basis. During the year, the Company's financing arrangements expired and substantial amounts outstanding were due and payable on March 31, 2020. The Company has been unable to conclude re-negotiations or obtain replacement financing against the same. The Company has accumulated losses and has incurred significant losses during the current financial year. The Company has substantial investments and loans and advances receivable from subsidiary companies and other disputed receivables, which are not readily realizable to service the Company's current liabilities and the Company's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides, certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Company. The Company has disposed off a substantial portion of its Property, Plant and Equipment in order to repay its liabilities. Further, the management has not shared a revival plan for the Company to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Standalone Financial Statements have however been prepared on a going concern basis by the management.

b. Note No. 3.25 of the Standalone Financial Statements, regarding the Company's investments in its wholly owned foreign subsidiary Mercator International Pte Ltd. (MIL) which has been impaired in full amounting to ₹ 426.31 crore (excluding investment in equity shares – ₹ 0.29 crore). The significant investment of MIL is in its coal mines and related infrastructure in Indonesia and the valuation of these assets was conducted on December 31, 2019 by an independent valuer, and the same has been considered as on March 31, 2020. Due to the onset of COVID-19, we are unable to comment on the impact on the valuation and consequently the financial statements, had the valuation been done as on March 31, 2020.

c. Note No. 3.05(iii) of the Standalone Financial Statements, regarding unprovided current tax demands under dispute to the tune of ₹ 63.18 crore pending at various judicial forums of the Income Tax department, which are treated as contingent liabilities. In the absence of the required supporting documents justifying the stand of the Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.

d. Note No. 3.26 of the Standalone Financial Statements, regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The Company has investments in equity amounting to ₹ 0.15 crore, which has been fully impaired as on March 31, 2020 and loans amounting to ₹ 85.70 crore (which includes un-serviced interest amounting to ₹ 21.62 crore, excluding impairment of ₹ 32.16 crore), and the balance as per the financial statements net of impairment amounts to ₹ 53.54 crore as at March 31, 2020 in MOGL, which in the view of the management is recoverable. In view of the pending outcome of the arbitration and also basis the audit report of the auditor of the Subsidiary, we are unable to comment on the recoverability of such investment and loan amount.

e. Note No. 3.27 of the Standalone Financial Statements, regarding the Company's investments in its Indian subsidiary Mercator Petroleum Ltd. (hereinafter referred to as "MPL") amounting to ₹ 47.93 crore, (excluding impairment of ₹ 16.17 crore during the year) and loan (including Debentures) given amounting to ₹ 104.31 crore (including un-serviced interest of ₹ 31.55 crore and excluding impairment of ₹ 6.05 crore) as on March 31, 2020, and the balance as per financial statements including investments and loans amounts

to ₹130.02 crore, which are considered recoverable. MPL has entered into a Farm in Farm out (FIFO) Agreement for sale of its participating interest in its Oil Block CB-ONN-205/9 (CB-9), subject to fulfillment of certain conditions and the management is confident of being able to conclude this transaction and have estimated the impairment for the investment and advances accordingly. As per the information and explanations provided to us and also basis the audit report of the auditor of the MPL, we are unable to obtain sufficient appropriate evidence about the recoverability of such investment and loan given.

f. Note No. 3.28 of the Standalone Financial Statements, regarding balance confirmations not been received in respect of certain trade receivables, trade and other payables, and loans and advances as a result of which reconciliation process and consequential adjustments, if any, has not been carried out. The Company has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available to us.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards 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 adverse opinion on the Standalone Financial Statements.

Emphasis of Matter

We draw attention to –

a. Note No. 3.29 of the Standalone Financial Statements, regarding receivable from an insurance company amounting to ₹ 54.28 crore, pertaining to total loss claim on a vessel pertaining to the year 2012-13, which is under litigation and has been considered fully recoverable by the management and is supported by a legal opinion.

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

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. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be key audit matters to be communicated in our report.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Provisions for Impairment of investments, Loans and advances, Receivables** Refer Note No. 2.3, 2.6 and 2.8 to the Standalone Financial Statements. The Company has provided for an amount of ₹ 447.64 crore pertaining to impairment of its investments in its subsidiaries, ₹ 42.31 crore pertaining to impairment of loans and advances to its subsidiaries, ₹ 20.94 crore pertaining to its receivables and advances and has written back an amount of ₹ 3.85 crore pertaining to its payables during the year. This has been done basis evaluation conducted by the management and developments in its various lines of business during the year of its investments, loans and	**Our Audit Approach** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: 1. Gained an understanding the key controls operations around testing of recoverability of investments, loans and advances and receivables. 2. Obtained the list of investments, loans and advances and accounts with amounts that were impaired/ provided or written back along with the rationale for the same and appropriate approvals. 3. Read the audited/ unaudited Financial Statements for these entities. 4. Held discussions with the management about the recoverability of the loans and also significant changes that has took place since last reporting. 5. Read the minutes of the Audit committee and Board of Directors approving the same. 6. Reviewed the work and relied on reports or evaluation by experts wherever applicable.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
	advances, receivables and payables. These items are material and non-recurring adjustments carried out in the Standalone Financial Statements basis management judgements and estimates requiring specific audit procedures to be conducted by us.	7. Tested on sample basis the correspondence and documentation relating to these provisions/ write backs, wherever available. We have assessed the appropriateness of provision based on the assumptions considered by the management and above-mentioned audit procedures conducted by us and elaborated our findings in "Basis for Adverse Opinion" and "Emphasis of Matter" section of our report. We have also reviewed whether appropriate disclosures are made in the Standalone Financial Statements.
2.	**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.	**Our Audit Approach** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: 1. Evaluation of the design of internal control for recognizing revenue. 2. Selected a sample of the continuing and new contracts and tested the operating effectiveness of the internal 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, analyzed 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** The Company has Vessels and Dredgers with a carrying value of ₹ 15.81 crore (net of impairment of ₹ 41.04 crore done during the year) as on March 31, 2020. 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 ₹ 41.04 crore for the year which has been provided in the Standalone Financial Statements.	**Our Audit Approach** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: 1. Obtained the list of Cash Generating Units (Vessels and Dredgers) and their carryi.ng values 2. We discussed the 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. 3. Considered the case wise scenario of each vessel including its present status. 4. Evaluated the Value in Use calculation prepared by the management and the reasonableness of the key assumptions applied in the impairment calculation. 5. We tested the arithmetical accuracy of the models. We have assessed the appropriateness of impairment provision based on the assumptions considered by the management and above-mentioned audit procedures conducted by us and elaborated our findings in "Basis for Adverse Opinion". We have also reviewed whether appropriate disclosures are made in the Standalone Financial Statements.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor 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 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.

When we read the Other Information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

Responsibilities of the Management for the Standalone Financial Statements

The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 is 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.

Those Board of Directors are 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 system 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 and Board of Directors.

- Conclude on the appropriateness of management and Board of Director 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. Our

conclusions are elaborated in the 'Basis of Adverse Opinion' section of our report, and are based on the audit evidence obtained up to the date of our auditor's report.

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

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 for the financial year ended March 31, 2020 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 (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and except for the possible effects of the matters described in the Basis for Adverse Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) Except for the possible effects of the matter described in the Basis for Adverse Opinion paragraph above, 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;

   (d) Due to the matters described in the Basis for Adverse Opinion paragraph above, in our opinion, the aforesaid Standalone Financial Statements do not comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matters described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received on email (due to nationwide lockdown), by the Company from the directors as on March 31, 2020 and basis the certificate of non – disqualification of directors issued pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 by Independent Company Secretary, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (g) The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph above;

   (h) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report; which expresses an adverse opinion on the adequacy of and operating effectiveness of the Company's internal financial controls for the reasons stated therein.

   (i) In our opinion, and to the best of our information and according to the explanations given to us, excess remuneration of ₹ 1.62 crore (including ₹ 0.46 crore for

the current year) was paid to the Managing Director, which exceeded the limits applicable under section 197 of the Act, read with Schedule V thereto. The amount is due for recovery as at March 31, 2020. Refer Note No. 3.21 of the Standalone Financial Statements.

(j) 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, as amended 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 on its financial position in its Standalone Financial Statements – Refer Note No. 3.05 to the Standalone Financial Statements;

ii. The Company did not have any material 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
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567
UDIN No: 20061567AAAAAF4900

Place: Mumbai
Date: July 15, 2020

Annexure A to the Independent Auditor's Report

Annexure A referred to in paragraph 1 of the Independent Auditors 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, 2020 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) As per the information and explanations provided to us, no physical verification of fixed assets of the Company has been done during the year. Hence, we are unable to comment on the reasonableness on the periodicity of such activity and any impact on the Standalone Financial Statements.

(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 Company doesn't hold any inventory as on March 31, 2020. Accordingly, provisions of the paragraph 3(ii) of the Order are not applicable to the Company.

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 at the time these were granted. The Company has however impaired Rs.37.83 crore during the year towards the loans granted in earlier period and interest thereon.

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 and hence we are unable to comment on whether the repayment of principal or interest amounts are regular.

c. As the loans granted are repayable on demand and have not been recalled, we are unable to comment on whether any amounts are overdue 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 compiled with the provisions of Section 185 and Section 186 of the Companies Act, 2013, with respect to Loans and Advances made, guarantee given and investments made. However, since the Company has impaired substantial part of its investments and loans and advances, hence the interest accrued on such loans and advances has been impaired on account of threat of recoverability.

v. According to the information and explanations gives to us, 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. Therefore, the provisions of clause (v) of the Order is not applicable.

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, Goods and Service 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, there are no undisputed amounts payable which are deducted/accrued in the books of accounts in respect of Provident Fund, Employees' State Insurance, Income Tax, and any other statutory dues which were outstanding, at March 31, 2020 for a period of more than six months from the date they become payable except as under:

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	8.92 (excluding Input Tax Credit)	May 2018 to March 2019	Various Due dates	Not paid until date of signing of Financial Statements	

(c) According to the information and explanations given to us, the dues of, Income Tax, 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, 2020 are as under:

Name of the Statue	Nature of Dues	Amount (Rs. 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 (A)
		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 (A)

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.

A) Delays in repayment of loans or borrowings:

Sr. No.	Name of Lender	Borrowings		Interest	
		Amount (Rs. in crore)	Period (in days)	Amount (Rs. in crore)	Period (in days)
Long Term					
1	Axis Bank Limited	15.81	Ranging between 122 to 183 days	1.43	Ranging between 36 to 50 days
2	Export and Import Bank of India	27.69	256	6.92	256
3	ICICI Bank Limited	0.23	30	0.18	30
4	Yes Bank Limited	0.01	30	-	-
5	IDBI Bank Limited	-	-	4.04	50
Short Term					
6	ICICI Bank Limited	14.00	235	-	-
7	Other Financial Lenders #	10.61	92	-	-
8	State Bank of India	181.99	Ranging between 30 to 39 days	0.88	30
9	Yes Bank Limited	-	-	3.50	335

Delays w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

B) Defaults in repayment of loans or borrowings:

Sr. No.	Name of Lender	Borrowings		Interest	
		Amount (Rs. in crore)	Period (in days)	Amount (Rs. in crore)	Period (in days)
Long Term					
1	Axis Bank Limited	234.32	366	31.51	Ranging between 91 to 366 days
2	Export and Import Bank of India	63.11	19	-	-
3	ICICI Bank Limited	183.41	366	19.76	366
4	AION Direct Private Limited	-	-	12.89	301
5	UTI Capital Private Limited	-	-	73.17	399
Short Term					
6	ICICI Bank Limited	3.06	131	4.27	366.00
7	Other Financial Lenders #	29.17	366	7.99	366.00
8	State Bank of India	151.29	Ranging between 327 to 336 days	27.78	Ranging between 327 to 336 days
9	Yes Bank Limited	24.12	143	0.36	1

Defaults w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

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 during the year 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 in the previous year. The excess amount paid amounting to Rs. 1.62 crore (including Rs. 0.46 crore in FY 2019-

2020), which represents the remuneration paid after the event of default, i.e. repayment of interest and installments to the Banks and Public Financial Institutions, was treated as an advance recoverable from director and still continuing to be reflected in similar manner as on March 31, 2020.

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
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567
UDIN No: 20061567AAAAAF4900

Place: Mumbai
Date: July 15, 2020

Annexure - B to the Independent Auditor's Report

(Referred in paragraph 2(h) 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 with reference to the financial statements of **MERCATOR LIMITED** ("**the Company**") as of March 31, 2020 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 with reference to the financial statements 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 with reference to the financial statements 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 with reference to the financial statements 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the financial statements.

Meaning of Internal Financial Controls with reference to the financial statements

A Company's internal financial control with reference to the financial statements 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 with reference to the financial statements 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 with Reference to The Financial Statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, 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 with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ADVERSE OPINION

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control with reference to the financial statements as at March 31, 2020:

a) The Company did not have adequate internal financial controls to test and assess the fundamental going concern assumption, basis which the Standalone Financial Statements have been prepared. This control deficiency has a pervasive impact on the control framework of the Standalone Financial Statements.

b) The Company did not have appropriate internal control systems

- for maintaining documentation, review and impairment related to the advances given and outstanding and
- for obtaining confirmations and reconciliation of balances of trade receivables, trade and other payables and loans and advances,
- for the documentary evidence with respect to the provision / adjustments created during the year on the investments, loans, advances and receivable balances accounted by the Company.

which could potentially result in the Company carrying advances/ assets at either higher or lower amounts than what may be appropriate.

c) The Company did not provide any evidence of conducting an operating effectiveness test of its controls. This control deficiency has a pervasive impact on the financial controls of the entity.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial controls with reference to the financial statements, such that there is a reasonable possibility that a material misstatement of the Company's Standalone Financial Statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects of the material weaknesses described above, the Company has not maintained, adequate and effective internal financial controls with reference to the financial statements as of March 31, 2020, based on the internal control with reference to the financial statements 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.

We have considered the material weaknesses identified and reported above in determining the nature timing and extent of audit tests applied in our audit of March 31, 2020 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567
UDIN No: 20061567AAAAAF4900

Place: Mumbai
Date: July 15, 2020

Balance Sheet

as at March 31, 2020

₹ in crore

Particulars	Note	As at 31-Mar-2020	As at 31-Mar-2019
A ASSETS			
1 Non- Current Assets			
(a) Property, Plant and Equipment	2.1	16.85	451.84
(b) Investment Property	2.2	–	0.96
(c) Financial assets			
(i) Investments	2.3	63.65	474.48
(ii) Loans	2.4	1.40	6.26
(iii) Other Financial Assets	2.5	0.03	15.30
(d) Other Non Current Assets	2.6	–	19.45
(e) Income Tax Assets (net)		75.58	88.87
Total Non-Current Assets		**157.51**	**1,057.16**
2 Current Assets			
(a) Inventories	2.7	–	3.74
(b) Financial Assets			–
(i) Trade Receivables	2.8	45.95	67.71
(ii) Cash and Cash Equivalents	2.9(i)	0.90	7.42
(iii) Bank Balances other than (ii) above	2.9(ii)	0.12	21.31
(iv) Loans	2.10	120.19	329.42
(v) Other Financial Assets	2.11	59.35	71.36
(c) Other Current Assets	2.12	13.50	30.28
Non Current Assets classified as Asset Held for Sale		36.68	–
Total Current Assets		**276.69**	**531.24**
TOTAL ASSETS		**434.20**	**1,588.40**
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	2.13	30.25	30.25
(b) Other Equity	2.14	(801.51)	222.65
Total Equity		**(771.26)**	**252.90**
2 Non - Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.15	–	473.73
(ii) Other Financial Liablities	2.16	0.03	0.18
(b) Provisions	2.17	–	1.16
Total Non-Current Liabilities		**0.03**	**475.07**
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.18	219.57	381.49
(ii) Trade Payables	2.19		
– total outstanding dues of micro enterprises and small enterprises		0.35	0.31
– total outstanding dues of creditors other than micro enterprises and small enterprises		47.70	84.96
(iii) Other Financial Liablities	2.20	927.50	369.34
(b) Other Current Liabilities	2.21	10.12	23.72
(c) Provisions	2.22	0.19	0.61
Total Current Liabilities		**1,205.43**	**860.43**
Total Liabilities		**1,205.46**	**1,335.50**
TOTAL EQUITY AND LIABILITIES		**434.20**	**1,588.40**
Basis of Preparation & Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements			

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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Rajendra Kothari
Chief Financial Officer

Shalabh Mittal
Chief Executive Officer

Place : Mumbai
Date: July 15, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

₹ in crore

	Particulars	Note	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	CONTINUING OPERATIONS			
	INCOME			
	(a) Revenue from Operations	2.23	132.16	311.96
	(b) Other Income	2.24	19.01	76.61
1	**Total Revenue**		**151.17**	**388.57**
	EXPENSES:			
	(a) Operating Expenses	2.25	94.85	212.76
	(b) Employee Benefit Expenses	2.26	9.23	17.41
	(c) Finance Costs	2.27	220.13	116.92
	(d) Depreciation and Amortisation expenses	2.1 & 2.2	41.05	123.72
	(e) Impairment	2.1	41.04	53.45
	(f) Loss on Sale / Discard of Assets	2.28	233.43	73.50
	(g) Other Expenses	2.29	51.29	109.55
2	**Total Expenses**		**691.02**	**707.31**
3	**Profit/(loss) before exceptional items and tax from continuing operations (1 - 2)**		**(539.85)**	**(318.74)**
4	Less: Exceptional Items	3.08	(485.47)	(181.38)
5	**Profit/(loss) before tax from continuing operations (3- 4)**		**(1,025.32)**	**(500.12)**
6	**Tax expense:**			
	(a) Current tax	2.30	(0.45)	(5.20)
	(b) Deferred Tax		–	–
	(c) Excess/(Short) provision of earlier years		–	(6.13)
	Profit /(Loss) for the period from continuing operations(5 - 6)		**(1,025.77)**	**(511.45)**
7	**Other comprehensive income**			
	Items that will not be reclassified to Statement of Profit and Loss			
	(a) Remeasurements of defined employee benefit plans		0.63	(0.12)
8	**Total Loss for the year**		**(1,025.14)**	**(511.57)**
9	**Earnings per share (Equity share of Re. 1/- Each)**			
	Basic (In Rupees)	3.01	(33.91)	(16.91)
	Diluted (In Rupees)		(33.91)	(16.91)
Basis of Preparation & Significant Accounting Policies		1		
The accompanying notes are an integral part of the financial statements				

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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Rajendra Kothari
Chief Financial Officer

Shalabh Mittal
Chief Executive Officer

Place : Mumbai
Date: July 15, 2020

Statement of Cash Flow

for the year ended March 31, 2020

₹ in crore

	Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) before taxes	(1,025.32)	(500.12)
	Adjustment for:		
	Depreciation and Amortisation	41.05	123.72
	Provision for doubtful debts/advances	38.00	97.32
	Credit balances written back	(4.75)	(41.04)
	Finance Costs	220.13	116.92
	(Profit)/Loss on sale / discard of Property, Plant and Equipments (net)	233.43	73.50
	Impairment of Investments and loans to subsidiaries (Exceptional items)	485.47	181.38
	Impairment of Property, Plant and Equipments	41.04	53.45
	Notional Income on Corporate guarantee	(0.07)	(0.62)
	Interest income	(12.96)	(28.58)
	Remeasurements of net defined benefit plans	0.63	(0.12)
	Unrealised foreign exchange (gain) / loss (Net)	12.11	9.31
	Operating profit before Working Capital changes	**28.76**	**85.12**
	Adjustment for:		
	(Increase) / Decrease in Non Current Financial Loans	4.86	(93.43)
	Decrease/(Increase) in Inventories	3.74	6.27
	Decrease/(Increase) in Other Current Assets	19.03	30.20
	Decrease/(Increase) in Trade receivables	(4.93)	16.73
	(Decrease)/Increase in Long term provisions	(1.16)	(0.02)
	(Decrease)/Increase in Trade payables	(41.97)	9.01
	(Decrease)/Increase in Other current liabilities	(13.60)	(44.56)
	(Decrease)/Increase in Other financial liabilities	1.12	(28.31)
	(Decrease)/Increase in Short term provisions	(0.42)	0.08
	Net Cash from Operating Activities	**(4.58)**	**(18.91)**
	Direct taxes paid (Net of refund)	12.84	(5.53)
	Total cash from / (used in) operating activities	**8.26**	**(24.44)**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets including capital work in progress	–	(0.49)
	(Increase) / Decrease in Capital Advances	2.47	19.33
	Proceeds from Sale of Fixed Assets	81.52	82.26
	Loan realisation from / (given) to Subsidiaries	4.05	(15.50)
	(Increase) / Decrease in Current Financial Loans	–	(17.60)
	(Increase) / Decrease in Current Intercorporate deposits	–	(2.93)
	(Purchase) / Sale of Investments	(1.67)	(8.34)
	Bank deposits (Placed) / redeemed with banks (Net)	14.98	(1.04)
	Interest Received	2.28	1.27
	Net Cash from Investing Activities	**103.63**	**56.96**
C	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	79.18	197.48
	Repayment of Borrowings	(139.70)	(163.58)
	Interest paid	(57.90)	(77.44)
	Dividend Paid (Including Dividend Distribution tax)	–	(0.01)
	Net Cash from Financing Activities	**(118.42)**	**(43.55)**
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**(6.53)**	**(11.03)**
	Cash and Cash Equivalents as at beginning of the year	7.42	18.45
	Cash and Cash Equivalents as at end of the year	**0.89**	**7.42**
	Cash and Cash equivalent	**0.90**	**7.42**

Statement of Cash Flow (Contd..)

for the year ended March 31, 2020

₹ in crore

Notes:

1 The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 , 'Statement of Cash Flows".

2 Cash and cash equivalents include Unclaimed Dividend accounts of ₹ Nil (Previous Year ₹Nil) which are not available for use by the company.

3 The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balance held in unpaid dividend bank accounts.

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, 2019	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2020
			Fair Value Changes	Foreign Exchange Movement	Other non cash movements	Amortised Cost (including premium on redemption of NCD)	
Non Convertible Debenture (NCD)	135.54	(3.55)	–	–	(5.54)	13.27	139.72
Rupee Term loan from Bank	0.33	(0.33)	–	–	–	–	–
Foreign currency term loan from Bank	442.13	(8.08)	–	22.99	(22.89)	–	434.15
External Commercial Borrowing	120.26	(77.82)	–	3.85	0.41	–	46.70
Foreign Currency Convertible Bonds (FCCB)	108.74	–	–	9.94	1.93	–	120.61
Rupee Term loan from Financial Institution	35.28	–	–	–	(8.11)	–	27.17
Rupee Term loan from others	7.71	–	–	–	7.71	–	15.42
Working capital Loan	79.96	(7.52)	–	–	28.18	–	100.62
Rupee Short Term loan form Banks	266.34	(0.00)	–	–	(188.48)	–	77.86
Total	**1,196.29**	**(97.30)**	**–**	**36.78**	**(186.79)**	**13.27**	**962.25**

PARTICULARS	As at March 31, 2018	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2019
			Fair Value Changes	Foreign Exchange Movement	Other non cash movements	Amortised Cost (including premium on redemption of NCD)	
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)	–	–	–	0.00	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	74.80	–	–	174.47	–	266.33
Total	**952.76**	**33.91**	**–**	**40.70**	**174.47**	**(5.53)**	**1,196.29**

"Other Non cash movement" includes invocation of Letter of Comfort in previous year and subsequent realisation by way of sale of assets by subsidiary Company (Refer Note 3.30), IND AS movement and accrual of redemption premium

4 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

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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Rajendra Kothari
Chief Financial Officer

Shalabh Mittal
Chief Executive Officer

Place : Mumbai
Date: July 15, 2020

Statement of Changes in Equity

for the year ended March 31, 2020

a) Equity Share Capital

(₹ in crore)

Particulars	As At 31-Mar-2020	As At 31-Mar-2019
Balance at the beginning of reporting period	30.25	30.25
Add: Changes in Equity Share Capital during the year	–	–
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	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 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)**
	42.89	**40.00**	**590.75**	**25.00**	**(643.15)**	**167.62**	**–**	**5.96**	**0.36**	**0.16**	**229.59**
Increase /(decrease) during the year	–	–	–	–	–	–	–	(6.95)	–	–	**(6.95)**
Balance at 31st March 2019	42.89	40.00	590.75	25.00	(643.15)	167.62	–	(0.99)	0.36	0.16	**222.64**
Balance at 1st April 2019	**42.89**	**40.00**	**590.75**	**25.00**	**(643.15)**	**167.62**	**–**	**(0.99)**	**0.36**	**0.16**	**222.64**
Profit / (Loss) for the Year	–	–	–	–	(1,025.77)	–	–	–	–	–	**(1,025.77)**
Other Comprehensive Income	–	–	–	–	–	–	–	–	–	0.63	**0.63**
	42.89	**40.00**	**590.75**	**25.00**	**(1,668.92)**	**167.62**	**–**	**(0.99)**	**0.36**	**0.79**	**(802.50)**
Increase /(decrease) during the year	–	–	–	–	–	–	–	0.99	–	–	**0.99**
Balance at 31st March 2020	**42.89**	**40.00**	**590.75**	**25.00**	**(1,668.92)**	**167.62**	**–**	**–**	**0.36**	**0.79**	**(801.51)**

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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Rajendra Kothari
Chief Financial Officer

Shalabh Mittal
Chief Executive Officer

Place : Mumbai
Date: July 15, 2020

Notes forming part of 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. In addition to that, Foreign Currency Convertible Bonds (FCCB) of the Company are listed on debt segment of Singapore Stock Exchange (SGX).

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 IndAS standalone financial statements for the year ended March 31, 2020 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 July 15, 2020.

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

Estimation of uncertainties relating to the global health pandemic from Covid-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial

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statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

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:

(i) 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

(ii) 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 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

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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

Cost of assets not ready for intended use as on the balance sheet date, is shown as Capital work-in-progress.

Capital work-in-progress and property, plant and equipment are 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, 2015measured 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 or year of built:

Tankers, Dry Bulk carriers, Cutters, Dredgers 25 years except for two dredgers considered as 42 years and 60 years. For Gas Carriers, age considered is 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. Residual value in case of vessels is estimated based on the closing rate for steel / metal rate published on London Metal Exchange (LME).

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) 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-ora part of a building) held either to earn rental income

Notes forming part of the financial statements

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.

c) Voyage Charter

Revenue from voyage charters is recognised as income, by reference to the voyage progress on load-to-discharge basis, which has been assessed by management to be an appropriate measure of progress towards complete satisfaction of the performance obligations over time under IND-AS 115. Judgement is involved in estimating days to reach the load port and discharge port destinations impacting the calculation of income to be accrued for incomplete voyage.

d) Dividend Income

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

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 realisation of the claim amount.

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

h) 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.

1.12 Operating Expenses

a) Fleet direct operating expenses are charged to the Statement of Profit and Loss on accrual basis.

Notes forming part of the financial statements

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.

1.13 Inventories

Inventories of Bunker and Lubes on vessels are valued at the 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.

1.14 Leases

Transition to IND-AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified IND-AS 116 Leases which replaces the existing lease standard, IND-AS 17 leases, and other interpretations. IND-AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single on-balance sheet lease accounting model for leases.

The Company has adopted IND-AS 116, Leases, as a lessee, using modified retrospective approach with the right-to-use getting measured at an amount equal to the lease liability immediately before the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. From recognition and measurement perspective, the adoption of the standard did not have any material impact on these financial results.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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. 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.

1.15 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).

Notes forming part of the financial statements

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.

1.16 Borrowing costs

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. 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.. All other borrowing costs are expensed in the period in which they occur..

1.17 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 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.

1.18 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:

- o The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- o 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.

Notes forming part of the financial statements

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 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.

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

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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 is 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.

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.

1.19 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

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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 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.

1.20 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. Fixed deposit having residual maturity up to twelve months from the reporting period is considered as part of bank balances other than cash and cash equivalent. Fixed deposit with residual maturity more than twelve months from reporting period is classified under other non-current assets. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.21 Cash flow statement

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

1.22 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.

Notes forming part of the financial statements

1.23 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.

1.24 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.

1.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification, which would have been applicable from 1 April 2020.

Notes forming part of the financial statements

2.1 Property, Plant and Equipment

₹ in Crore

PARTICULARS	Cost					Depreciation / Impairement						Net Block	
	As at 01/04/2019	Reclassification	Addition	Disposal /Adjustments	As at 31/03/2020	As at 01/04/2019	Reclassification	Addition	Impairment	Disposal/ Adjustments	As at 31/03/2020	As at 31/03/2020	As at 31/03/2019
Freehold Land	0.11	–	–	–	0.11	–	–	–	–	–	–	0.11	0.11
Office Premises	–	1.62	–	–	1.62		0.69	0.09	–	–	0.78	0.84	–
Vessels	912.55	–	5.47	790.97	127.05	461.29	–	40.84	41.04	431.93	111.24	15.81	451.26
Furniture & Fittings	–	–	–	–	–	–	–	–	–	–	–	–	–
Vehicles	0.41	–	–	0.36	0.05	0.11	–	0.03	–	0.13	0.01	0.04	0.30
Office Equipment	0.14	–	–	0.14	0.00	0.08	–	–	–	0.08	–	–	0.06
Computer Equipments	0.20	–	–	–	0.20	0.09	–	0.06	–	–	0.15	0.05	0.11
Total	**913.41**	**1.62**	**5.47**	**791.47**	**129.03**	**461.57**	**0.69**	**41.02**	**41.04**	**432.14**	**112.18**	**16.85**	**451.84**

PARTICULARS	Cost					Depreciation / Impairement						Net Block	
	As at 01/04/2018	Reclassification	Addition	Disposal/ Adjustments	As at 31/03/2019	As at 01/04/2018	Reclassification	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**

Note:

i Vessels having Net book value of ₹ 15.81 Crore (PY ₹ 451.26 Crore) has been charged / mortgaged to the lenders (Refer Note 2.15.). As per information and explanation given to us, all the vessels have been arrested by the operational creditors under Commercial Admiralty Suit and are not operational.

ii During the year, vessel namely "Uma Prem" has been arrested and sold under court proceedings at Hon'ble High Court of Bombay. The operational and financial creditors have filed Commercial Admiralty Suit for allocation cum appropriation of sale proceeds for which final order is yet to be pronounced until date of reporting. Similarly the vessel "Prem Mala" has also been arrested and sale proceedings have been initiated by Hon'ble High Court of Bombay which has been disclosed separately under Asset Held for Sale.

iii During the year, vessel namely "Veera Prem" has been removed as wreck by Protection and Indemnity (P & I) Club, The North of England Protection and Indemnity Association (NEPIA), against which the Company is in process of filing appropriate insurance claim.

iv During the year, one of the financial lender has exercised its right u/s 51 of Merchant Shipping Act 1958 for invocation of deed of mortgage in relation to vessel namely "Hansa Prem" and sold the vessel through public tendering. The entire sale proceeds has been appropriated for repayment of interest liability until year end and partial due towards principal.

v During the year, on account of repossession of Office premises by Company for its own usage, the same has been classified from Investment Properties to Property, Plant and Equipment. It is having restriction on title as they are pledged to secure long term borrowings of the Subsidiary of the Company. The lender of the subsidiary company has issued notice u/s 13(2) of SARFAESI Act 2002 and further to that until date of reporting, no further action has been taken post expiry of notice period under the law and reserved their right.

Notes forming part of the financial statements

vi **Impairment testing for fleets**
The Company has assessed 'recoverable amount' of each fleet by estimating their "Net Realisable Value (NRV)", in terms of Ind-AS 36 "Impairment of Assets". NRV has been determined as Scrap value less estimated cost of arriving NRV / sale in ordinary course of business. Based on the aforementioned assessment, the Company has made a provision for impairment loss of ₹41.04 crore (PY ₹150.48 crore) during the year for its fleets.

vii Subsequent to balance sheet date, one of vessel "Bhagwati Prem" which has been anchored at the New Mangalore Port, the port authorities have placed the same under e-auction in public interest to recover port dues pursuant to default by the Company in fulfilling of agreement empowered under provision of Indian Ports Act 1908 and Major Ports Act, 1963. Ministry of Shipping, Govt of India has accorded approval for the same vide their letter dated 24.12.2019. The sale price and port dues have not been quantified until date of reporting.

viii During the previous year, the Company has entered into Bare Boat Charter and Demise (BBCD) agreement for one the vessel "Vivek Prem" where the Company could not complete condition for transfer of ownership at the end of the agreement and said vessel has been arrested by one of operational creditors. This has resulted into discontinuation of agreement and contracting party has called for an arbitration seeking demand of ₹ 6.50 Crore as compensation. The party has also taken injunction against invocation of bank guarantee of ₹ 2.50 Crore. The vessel has been charged to one of financial creditor who has filed petition under NCLT which is under status of Reserve for Order (RFO). The Arbitration proceedings have not been initiated.

ix During the year, the Company has undertaken an commitment for creation of charge on its vessel "Yukti Prem" in favour of Trustee for Foreign Currency Convertible Bonds (FCCB) which has not been completed in due course of time. This has resulted into event of default under Trust Deed and the Bondholder has called off entire FCCB and made immediate due and payable subsequent to balance sheet date.

x During the year, the Company has sold / discarded substantial part of its PPE and has accounted loss on such sale / discard amounting to ₹ 233.43 crore. As on March 31, 2020, the Company has four non-operational dredgers, which has been valued at realisable scrap value resulting in Impairment amounting to ₹ 41.04 crore (PY ₹ 150.48 Crore) in the books of accounts. The details of such transactions are as under -

Name of Vessel	Type of Vessel	Date of Sale / delivery	Nature	Impair-ment of vessels	Loss on Sale / Discard	Impair-ment of vessels	Loss on Sale / Discard	Method of sale / discard
				₹ in Crore FY 2019-20	₹ in Crore FY 2019-20	₹ in Crore FY 2018-19	₹ in Crore FY 2018-19	
Prem Pride	Tanker	16.01.20	Sold	–	102.63	–	–	By Company
Prem Mala	Tanker	26.05.20	Sold	–	22.37	–	–	Court sale
Hansa Prem	Tanker	23.03.20	Sold	–	20.73	–	–	By Bank
Bhagwati Prem	Dredger	---	---	19.57	–	7.28	–	NA
Darshani Prem	Dredger	---	---	17.51	–	4.38	–	NA
Omkara Prem	Dredger	07.10.19	Scrap	–	15.27	5.88	–	Scrap Sale
Tridevi Prem	Dredger	02.08.19	Sunk	–	22.81	4.51	–	Sunk at Port
Uma Prem	Dredger	09.01.20	Sold	–	12.91	5.33	–	Court Sale
Vakul Prem	Dredger	05.12.19	Scrap	–	29.54	22.91	–	Scrap Sale
Veera Prem	Dredger	31.12.19	Wreck	–	7.17	97.16	–	Wreck
Vivek Prem	Dredger	---	---	1.71	–	3.03	–	NA
Yukti Prem	Dredger	---	---	2.25	–	–	–	NA
Sisouli Prem	Tanker	20.12.18	Sold			–	69.40	By Company
Vedika Prem	Tanker	22.11.18	Sold			–	4.11	By Company
Total				**41.04**	**233.43**	**150.48**	**73.50**	

Note: During the previous year, provision of impairment on vessel amounting to ₹ 97.16 Crore had been classified as exceptional item.

Notes forming part of the financial statements

2.2 Investment Property

₹ in Crore

PARTICULARS	Cost					Depreciation / Impairement						Net Block	
	As at 01/04/2019	Reclassifi-cation	Addition	Disposal /Adjust-ments	As at 31/03/2020	As at 01/04/2019	Reclassifi-cation	Addition	Impair-ment	Disposal/ Adjust-ments	As at 31/03/2020	As at 31/03/2020	As at 31/03/2019
Office Premises	1.62	1.62	–	–	–	0.66	0.69	0.03		–	–	–	0.96
Total	**1.62**		**–**	**–**	**–**	**0.66**		**0.03**		**–**	**–**	**–**	**0.96**

₹ in Crore

PARTICULARS	Cost					Depreciation / Impairement						Net Block	
	As at 01/04/2018	Reclassifi-cation	Addition	Disposal/ Adjust-ments	As at 31/03/2019	As at 01/04/2018	Reclassifi-cation	Addition	Impair-ment	Disposal/ Adjust-ments	As at 31/03/2019	As at 31/03/2019	As at 31/03/2018
Office Premises	1.62		–	–	1.62	0.52		0.14		–	0.66	0.96	1.10
Total	**1.62**		**–**	**–**	**1.62**	**0.52**		**0.14**		**–**	**0.66**	**0.96**	**1.10**

₹ in Crore

		Year Ended	
(a)	**Income and expenditure of Investment property:**	**31/03/2020**	**31/03/2019**
	Rental income from investment property:	0.19	0.60
	Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.01	0.05
	Income arising from Investment Properties before depreciation	0.18	0.55
	Less: Depreciation	0.03	0.14
	Income from Investment Properties (net)	**0.15**	**0.41**

(b) During the year, the rent agreement has been terminated and the Company has taken repossession of the Investment Property for its own usage from July 2019 and hence the same has been reclassified as Property, Plant and Equipment.

(c) Investment properties have restriction on title as they are pledged to secure long term borrowings of the Subsidiary of the Company.

(d) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements as on March 31, 2020.

(e) The fair value of the Company's Investments properties as at March 31, 2019 was 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 valuation process 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

	Fair Value	
Fair Value of Investment Properties:	**31/03/2020**	**31/03/2019**
Office Premises	N/A	13.39
	N/A	**13.39**

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

₹ in Crore

	31/03/2020		31/03/2019	
Fair Value of Investment Properties:	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Office Premises	–	N/A	–	13.39

Notes forming part of the financial statements

2.3 Non - Current Investments

₹ in Crore

PARTICULARS	Face Value per Unit	Numbers as at		Value - As at	
		31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Investment in Equity Instruments (Unquoted valued at cost)					
Subsidiaries					
Mercator Oil and Gas Limited	10.00	1,50,000	1,50,000	0.15	0.15
Mercator International Pte Ltd (MIPL)		1,00,000	1,00,000	0.29	0.29
Offshore Holding Company Pte. Ltd (formerly known as Mercator Offshore Holding Pte Ltd) * ##		2	2	0.00	0.00
Mercator Petroleum Limited **	10.00	1,53,00,000	1,53,00,000	47.93	47.93
Mercator Offshore (P) Pte Ltd #		13,992	13,992	0.04	0.04
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 Offshore Logistic Private Limited (formerly known as Mercator Dredging Private Limited) ##	10.00	10,000	10,000	0.01	0.01
Sub-Total				**48.50**	**48.50**
Less: Impairment of Investment in Equity Instruments				(16.46)	–
Total (A)				**32.04**	**48.50**
Investment in Preference Instruments (Unquoted valued at cost)					
Subsidiary					
6.51% Non Cumulative Redeemable Preference Shares in Mercator International Pte Ltd ***	USD 1 each	5,65,49,515	5,65,49,515	426.31	391.17
Less: Impairment of Investment in Preference Instrument				(426.31)	–
Total (B)				**–**	**391.17**
Other Equity Investment - (fair value of financial guarantee given for)					
Capital Contribution subsidiary - Corporate Guarantee					
Offshore Holdings Pte. Limited				–	–
Mercator International Pte Ltd				3.47	3.47
Mercator Oil and Gas Limited				0.33	0.33
Mercator Petroleum Limited				1.07	1.07
Sub-Total				**4.87**	**4.87**
Less: Impairment of Investment in Equity- Other				(4.87)	–
Total (C)				**–**	**4.87**
Investment in Debentures					
Subsidiaries:					
6% Optionally Convertible Unsecured Debentures of Mercator Petroleum Limited	10	3,16,06,800	2,99,41,800	31.61	29.94
Less: Impairment of Investment in Debentures				–	–
Total (D)				**31.61**	**29.94**
Others					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1,250	1,250	0.00	0.00
Less: Impairment in Investment in Equity Shres				(0.00)	–
Total (E)				**–**	**0.00**
Investment at Gross value				**511.29**	**474.48**
Less: Impairment in Investments				(447.64)	–
Investment net of impairment provision				**63.65**	**474.48**

Notes forming part of the financial statements

* Cost ₹ 51

** Shares of Mercator Petroleum Limited has been pledged for non-convertible debentures issued by the Company as collateral security.

*** In the previous year, the Company had converted the loan receivable amounting to ₹ 391.16 crore (USD 55.65 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. During the year, entire amount of ₹ 426.31 Crore (equivalent and underlying currency USD 55.65 million) has been impaired.

\# Subsequent to the reporting period, the management of subsidiary company has filed voluntary liquidation under applicable Companies Law at Singapore with Accounting and Corporate Regulatory Authority (ACRA).

\## the companies are dormant and non-operative in nature and in absence of satisfactory compliance of criteria of Cash Generating Unit and foresightedness for its future going concern, the management has provided impairment on the investment.

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019
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	511.29	474.48
Aggregate amount of impairment in value of investments	(447.64)	–

(b) **Details on Impairment of investment (including loans and advances in relation to subsidiaries)**

During the year, the Company has carried out impairment testing on the investment and loans and advances given to wholly owned subsidiaries / subsidiaries based on their future cash generating capacity and have accounted ₹ 485.47 crore as impairment provision, which has been classified as exceptional item. Details are as under -

₹ in Crore

Name of Subsidiary	Impairment of Investment	Impairment of Loans and Advances (net of reversal)	Total
Equity Instrument			
Mercator Petroleum Limited (Refer Note 3.27)	16.17	6.06	22.23
Mercator Oil and Gas Limited (Refer Note 3.26)	0.15	32.16	32.31
Mercator Offshore Logistic Private Limited	0.01	2.03	2.04
Oorja Resources India Private Limited	0.03	–	0.03
Mercator Offshore (P) Pte Ltd	0.05	1.43	1.48
Mercator Oceantransport Limited	0.05	–	0.05
Offshore Holding Company Pte Ltd	–	(3.85)	(3.85)
Preference Instrument			
Mercator International Pte Ltd (Refer Note 3.25)	426.31	–	426.31
Capital Contribution – pursuant to the Corporate Guarantee given by the Company			
Mercator International Pte Ltd (Refer Note 3.25)	3.47	–	3.47
Mercator Petroleum Limited (Refer Note 3.27)	1.07	–	1.07
Mercator Oil and Gas Limited (Refer Note 3.26)	0.33	–	0.33
Other Equity Investment			
Investment in Equity Shares (others)	–	–	–
Total	**447.64**	**37.83**	**485.47**

Notes forming part of the financial statements

₹ in Crore

	As at 31-Mar-2020	As at 31-Mar-2019

2.4 Loans (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

Security & Judicial deposits	1.40	6.26
	1.40	**6.26**

2.5 Other Financial Assets (Non-Current)

(Unsecured, Considered Good, unless otherwise stated)

Fixed Deposits with bank with maturity more than 12 months (a)	–	7.79
Deposits with government and semi government bodies	0.03	0.05
Financial Guarantee Contract Premium	–	7.46
	0.03	**15.30**

(a) As on March 31, 2019, the amount was held as lien for margin money & maintaining Debt Service Reserve Account (DSRA) for Long Term Borrowings and during the year, the same has been adjusted against debt obligation on account of default of in repayment of debt obligation by the Company.

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

Capital Advances		
Capital Advances to related parties (a)	14.32	14.65
Capital Advances to Others	2.00	4.80
Capital Advances to Others, considered doubtful	–	5.40
Less: Provision made during the year	(16.32)	(5.40)
	–	**19.45**
(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	14.32	14.65
Less: Provision made during the year	(14.32)	–
	–	**14.65**

2.7 Inventories

(valued at lower of cost and net realisable value)

At Cost (Valued at lower of cost and net realisable value)		
Bunker and lubes	–	3.74
	–	**3.74**

2.8 Trade Receivables

(Unsecured)

Unsecured, Considered Good	48.23	69.91
Credit Impaired	3.47	101.91
Total Trade Receivables	**51.70**	**171.82**
Unsecured, Considered Doubtful	–	–
Less Allowance for bad and doubtful debt	(3.47)	(101.91)
Less:Expected Credit Loss on Trade Receivables (Refer Note 3.15(b))	(2.28)	(2.20)
	45.95	**67.71**

Notes forming part of the financial statements

₹ in Crore

	As at 31-Mar-2020	As at 31-Mar-2019

2.9 (i) Cash and Cash Equivalents

Cash on hand	–	0.01
Balances with bank		
Current Accounts (a)	0.90	6.94
Fixed Deposits with bank with maturity less than 3 months (b)	–	0.47
	0.90	**7.42**

(a) Balances with banks includes amount in escrow account	0.10	0.59
(b) Held as lien for margin money & DSRA for borrowings		

2.9 (ii) Other Bank Balances

Fixed Deposits with bank with maturity more than 3 months but less than 12 months (a)	–	4.16
Margin Money Deposit (a)	–	3.03
Earmarked Balances with Banks	–	14.00
Balances with banks in unpaid dividend accounts	0.12	0.12
	0.12	**21.31**
Balances with banks held as margin money deposits against guarantees	–	4.16

(a) Held as lien for margin money & DSRA for borrowings

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

Loans and advances to -		
Related Parties (a)		
Considered good	77.88	329.42
Credit impaired	42.31	–
	120.19	**329.42**
(a) Loans and advances to related parties -		
Mercator Offshore (P) Pte Limited	1.43	1.31
Mercator Offshore Logistic Private Limited (formerly known as Mercator Dredging Private Limited)	2.03	2.03
Mercator Petroleum Limited	72.70	65.12
Mercator Oil & Gas Limited *	85.71	79.59
MCS Holdings Pte Limited	–	6.80
Oorja Resouces India Private Limited	0.63	0.10
Offshore Holdings Pte Ltd	–	174.47
Less: Provision made during the year (Refer Note 2.3(b))	(42.31)	–
	120.19	**329.43**

* Subsequent to the year end, the Subsidiary Company has executed an undertaking in favour of a financial lender of the Subsidiary Company in view of litigation funding support provided by them wherein the Lender has certain priorities towards recovery of dues upon settlement of arbitration proceedings.

Notes forming part of the financial statements

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unotherwise stated)

Unsecured		
Considered good		
Insurance Claim Receivable	59.35	63.32
Unbilled Revenue	–	4.09
Security Deposits	–	0.02
Accrued interest on fixed deposit with banks	–	0.92
Financial Guarantee Contract Obligation	–	3.01
Considered doubtful	–	–
Inter corporate deposits to others, considered Doubtful	–	18.00
Less: Provision for doubtful advances	–	(18.00)
	59.35	**71.36**

2.12 Other Current Assets

Prepaid Expenses	0.49	10.39
Advance to Employees	–	0.23
Advance to Suppliers	4.32	16.40
Other Advances	8.69	3.26
	13.50	**30.28**

2.13 Equity Share Capital

Authorised		
135,00,00,000 (Previous Year - 35,00,00,000) Equity shares of Re 1/- par value each	135.00	35.00
100,00,000 (Previous Year - 200,00,000) Preference shares of ₹ 100/- par value each	100.00	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
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

During the year, the Company has reclassified authorised share capital of ₹ 100,00,00,000/- from Preference Share capital to Equity Share capital in order to increase its authorised equity share capital base so that any commitment of conversion of Foreign Currency Convertible Bonds (FCCB) based on exercise of an option vested to Bond holder can be honored.

(a) Rights, preferences, rectrictions attached to Shares

The company has two classes of authorised shares - (i) as equity shares having a face value of Re.1/- and (ii) 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.

Notes forming part of the financial statements

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

	2019-2020		2018-2019	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	30,24,59,335	30.25	30,24,59,335	30.25
Equity shares allotted in Qualified Institutional Placement	–	–	–	–
Equity shares outstanding at the end of the period	**30,24,59,335**	**30.25**	**30,24,59,335**	**30.25**

(c) 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.

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

	As at March 31, 2020		As at March 31, 2019	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	2,11,93,700	7.01	4,39,08,700	14.52
Archana Mittal	1,91,35,200	6.33	2,70,27,400	8.94
AHM Investments Private Limited	1,84,06,250	6.09	1,84,06,250	6.09
Goverment of Singapore	–	0.00	1,73,36,959	5.73

Out of above 25,500,000 no of shares (PY 64,811,250 no of shares) (43.09% (PY 72.19%) of promoter holding) has been pledged against loan taken by the Company amounting to ₹ 16.50 Crore (PY ₹ 36.29 Crore) 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 for credit facility amounting to ₹ 36 Crore (PY ₹ 36 Crore) taken by one of its wholly owned subsidiary Mercator Oil and Gas Limited wherein pledge is outstanding as on date of reporting.

Out of the promoters' holding -

(i) 65,79,175 no. of shares (PY 47,00,000 no of shares) have been invoked by the financial lenders during the year and 2,55,00,000 No of shares (PY 2,27,78,025 no of shares) subsequent to the balance sheet date against which total external loans liabilities amounting to ₹ 4.84 Crore (PY ₹ 7.73 Crore) have been discharged.

(ii) 85,89,050 no of shares are pledged with various lenders wherein there are no financial liabilities outstanding as on March 31, 2020. Out of this, 49,39,050 No of shares have been released from pledge after balance sheet date."

(f) In respect of year ended March 31, 2020, the Board of Directors of the Company has recommended not to pay any dividend (Previous Year Nil per share) on the fully paid up equity shares.

(g) The Company has rolled over Foreign Currency Convertible Bonds of USD 16 Mn on its maturity during the year with an agreed terms of conversion of liability at exchange rate of USDINR = 58.5740 and face value of share price of ₹ 10 each or such conversion price as may be calculated in compliance with applicable SEBI guidelines whichever is higher. There is a probability of dilution of promoter holding if such conversion happens, i.e. by fresh issuance of 9,37,18,400 shares. The bondholder preserves right to exercise such option at every anniversary commencing from 27th May 2019 for period of 3 years. Pursuance to default in creation of charge on Vessel "Yukti Prem" and pending approval from the bondholder for sale of asset of material subsidiary, until date of reporting, as per available information the bondholder has not yet exercised its right of conversion.

Notes forming part of the financial statements

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019

2.14 Other Equity

A.	Summary Of Other Equity (Refer Statement of Changes in Equity for detailed movement)		
	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	167.63
	Foreign Currency Monetary Item Translation Difference Account	–	(1.00)
	Retained earnings	(1,668.92)	(643.14)
	Deemed Equity component on FCCB	0.36	0.36
	Other Comprehensive Income	0.79	0.16
		(801.51)	**222.65**

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

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. In view of the loss for the year, the Company has not created the Debenture Redemption Reserve for ₹ 7.50 Crore (Previous Year ₹ 7.50 Crore) 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 borowings 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

Notes forming part of the 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.

Deemed Equity

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

2.15 Borrowings (Non-current)

₹ in Crore

	Non-current Portion		Current Maturities*		Total	
	As at		As at		As at	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Secured						
Debentures						
Secured Non Convertible Debentures - (a)	–	135.54	139.72	–	139.72	135.54
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	434.14	179.33	434.14	442.13
External Commercial Borrowings - (c) and (e)(i)	–	73.63	46.70	46.63	46.70	120.26
From Financial Institutions						
Rupee Term Loans - (e)(ii)	–			6.30		6.30
Unsecured						
From Financial Institutions			–	–	–	–
Rupee Term Loans	–	1.50	1.50	–	1.50	1.50
Foreign Currency Convertible Bonds - (d) and (e)(i)	–	–	120.62	108.75	120.62	108.75
	–	**473.73**	**742.68**	**341.08**	**742.68**	**814.81**

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

(a) Debentures comprise of following:

₹ in Crore

PARTICULARS	As At				Original Redemption Date
	March 31, 2020		March 31, 2019		
	Gross	Carrying Value	Gross	Carrying Value	
1300 (PY 1000) (12.00)% Secured Unlisted Unrated Non Convertible Debentures of ₹ 10,00,000 each *	126.45	139.72	130.00	135.54	Quarterly installment starting from June 2020
Total (A)	**126.45**	**139.72**	**130.00**	**135.54**	

* Non Convertible Debentures are secured by first pari-pasu charge on specified vessels and subservient charge on specified vessel of the Company. The same is further collaterally secured by first pari-passu charge on specified moveable & immoveable assets, pledge of shares & hypothecation of all loans whether secured or unsecured given to 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% (for first two years) & 7% (subsequent residual tenor) on every redemption installment or any prepayment as per terms of Debenture Trust Deed. The carrying value includes ₹ 14.88 Crore (PY ₹ 6.73 Crore) for redemption premium on cumulative accrual basis.

Notes forming part of the financial statements

During the year, significant part of the block of the vessels have been sold and proceeds have been used to discharge debt obligation except for vessel "Prem Mala" where Commercial Admiralty Suit has been filed in Hon'ble High Court of Bombay for court sale and allocation of proceeds between maritime lien and two charge holders. Subsequent to reporting period, the vessel has been sold under court proceedings and the Company has disclosed the same as Asset Held for Sale in financials.

The Debenture Trustee has informed vide letter dated 1st October 2019 with retrospective reference of initial default date 4th October, 2018 as per terms and conditions specified in Debenture Trust Deed (DTD) dated 26th March 2018 and amendment thereto and has required immediate payment being due and payable. Pursuant to that, penal interest @ 2.5% p.m. has been levied and the same has been recognised amunting to ₹ 72.93 Crore. Mercator Petroleum Limited (A subsidiary of the Company) is in process of sale of participating interest (PI) of CB-9 oil block owned by Mercator Petroleum Limited (subsidiary company) to recover due which is still under execution on date of reporting.

(b) Foreign Currency term loan comprise of following:

The Rupee term loans from banks of ₹ Nil (PY ₹ 0.33 Crore) (gross) was 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 the following:

i. The foreign currency term loans from various banks of ₹ 434.14 Crore (PY 442.13 Crore) (gross) are secured by a first ranking or exclusive charge / mortgage / security interest in respect of specified vessels. In view of the same all the lenders have recognised event of default. All the lenders have recognised event of default. One of the Lender has filed petition u/s 7 of IBC 2016 with National Company Law Tribunal (NCLT) Mumbai and the matter has been reserved for order. Another Lender has exercised its right under mortgage deed and Sec 51 of the Merchant Shipping Act, 1958 and sold the asset. Proceeds have been utilised to recover debt obligation. Rest all other Lenders have recognised the account under Non Performing Asset (NPA) but has not taken any action under event of default or any other provision applicable to them for security invocation.

ii The External Commercial Borrowings (ECB) of ₹ 46.70 Crore (PY ₹ 120.26 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. The Lender has recognised event of default and classified the account under Non Performing Asset (NPA) but has not taken any action under event of default or any other provision applicable to them for security invocation.

(d) Foreign Currency Convertible Bonds (FCCB) of USD 16 Mn outstanding amounting to ₹ 120.62 Crore (PY ₹ 108.75 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. The revised 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 ₹ 38.30 per share to ₹ 10 per share (with a fixed rate of exchange on conversion of ₹ 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."

In view of non creation of charge (as the vessel has been arrested by operational creditors) as per terms and condition of Trust Deed, the Bondholder has triggered event of default. In addition to that, the Company was required to seek prior approval for sale of oil blocks or other material events of Mercator Petroleum Limited,

Notes forming part of the financial statements

which has also not been taken until date of reporting. The Bondholder has not yet exercised its right under put option wherein there is commitment of conversion share price at ₹ 10 per share. Correspondingly, the company has not paid annual interest as well due subsequent to reporting period. The Bondholder has exercised its right for repayment and treat entire facility callable on demand.

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

₹ in Crore

	Currency	Unpaid Install-ments	Rate of Interest	As at 31/03/2020 Gross	As at 31/03/2020 Carrying Value	As at 31/03/2019 Gross	As at 31/03/2019 Carrying Value	Original End of Tenure **	Remarks
External Commercial Borrowing	USD		Libor+3.40%	–	–	7.07	7.07	2022	payment by way of sale of asset unpaid since Sept 2018
External Commercial Borrowing	USD		Libor+3.40%	–	–	70.74	70.34	2022	
External Commercial Borrowing	USD	15	Libor+3.40%	46.70	46.70	42.85	42.85	2022	
Total (B)				**46.70**	**46.70**	**120.67**	**120.26**		
Foreign Currency Term Loan	USD		Libor+5.00%	–	–	9.51	9.36		
Foreign Currency Term Loan	USD	15	Libor+4.50%	34.07	34.07	31.26	30.73	2022	
Foreign Currency Term Loan	USD	7	Libor+4.50%	23.56	23.56	21.62	20.97	2020	
Foreign Currency Term Loan	USD	5	Libor+4.50%	16.35	16.35	21.30	21.30	2020	
Foreign Currency Term Loan	USD	15	Libor+5.20%	113.64	113.64	104.28	101.73	2022	
Foreign Currency Term Loan	USD	13	Libor+4.50%	63.11	63.11	85.60	85.05	2025	
Foreign Currency Term Loan	USD	17	MCLR+3.55%	27.96	27.96	27.05	25.50	2023	
Foreign Currency Term Loan	USD	17	MCLR+3.55%	39.15	39.15	37.86	35.67	2023	
Foreign Currency Term Loan	USD	5	Libor+5.00%	18.19	18.19	17.29	17.22	2020	
Foreign Currency Term Loan	USD	13	Libor+5.00%	98.11	98.11	95.11	94.60	2022	
Total (C)				**434.14**	**434.14**	**450.88**	**442.13**		
Foreign Currency Convertible Bonds (FCCB) (D)	USD	Bullet Payment	5.75%	120.62	120.62	110.67	108.75	2022	put and call option exercisable annually
Total (B + C + D)					**601.46**		**671.14**		

** all these loans have been recalled.

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

Rupee term loan from Financial Institution (E)	INR	Bullet Payment	10% & 14.5%	1.50	1.50	7.80	7.80	2022	
Rupee term loan from Banks (F)	INR		10.20%	–	–	0.33	0.33		Loan repaid by way of sale of asset
Total (E + F)					**1.50**		**8.13**		
Total (A + B + C + D + E + F)					**742.68**		**814.82**		

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

₹ in Crore

	Nature	Rate of Interest	March 31, 2020 Gross	March 31, 2020 Carrying Value	March 31, 2019 Gross	March 31, 2019 Carrying Value	Remarks
Financial Institution	Long Term	10% & 14.5%	–	–	6.30	6.30	Lender has sold pledged shares and recovered full amount

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

"The CARE Ratings Limited (CARE) has downgraded the rating assigned to the Company for Long Term Credit facilities from CARE C (Single C) to CARE D (Single D) and Short Term Credit facilities from CARE A4 to CARE D and further upon non payment of surveillance fees for the rating exercise as per Rating Agreement during the year, the Rating has been denoted as CARE D (Issuer not cooperating). There had been delays / defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions / Non Banking FInance Companies (NBFC) since September 2018.

During the year, the Company has committed breach of other applicable financial covenants including payment default in interest and instalment due to various Banks / financial institutions (FIs) which are still continuing in nature, resulting in several banks / FIs recalling their loans.

Notes to the Financial statements

(h) Details of delays and defaults in repayment of Borrowings and Interest thereon

₹ in Crore

Sr. No.	Name of Lender	Note	Base Currency	Type of Loan	Borrowings				Interest				Borrowings				Interest			
					Delay in repayment during the year ended Mar 2020		Default as at Mar 2020		Delay in repayment during the year ended Mar 2020		Default as at Mar 2020		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	
					₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days
A	**LONG TERM LOANS**																			
1	Axis Bank Limited	a	USD	ECB	-	-	-	-	0.41	50	-	-	0.94	60	0.47	3	0.23	60	0.11	3
2	Axis Bank Limited	f	USD	ECB	-	-	46.70	366	-	-	4.00	366	-	-	8.97	91	-	-	1.30	72
3	Axis Bank Limited	a	USD	FCNR	9.51	122	-	-	1.02	36	0.22	91	5.19	113	2.59	-	0.42	96	0.17	-
4	Axis Bank Limited	f	USD	FCNR	-	-	34.07	366	-	-	4.60	366	-	-	5.84	91	-	-	1.20	89
5	Axis Bank Limited	f	USD	FCNR	-	-	23.56	366	-	-	3.18	366	-	-	7.78	91	-	-	0.81	89
6	Axis Bank Limited	f	USD	FCNR	6.30	183	16.35	366	-	-	5.84	366	-	-	10.38	91	-	-	0.81	89
7	Axis Bank Limited	f	USD	FCNR	-	-	113.64	366	-	-	13.67	366	-	-	12.97	91	-	-	4.56	89
8	Export and Import Bank of India	j	USD	FCTL	27.69	256	63.11	19	6.92	256	-	-	3.96	74	1.23	88	1.57	48	1.63	58
9	ICICI Bank Limited		USD	ECB	-	-	-	-	-	-	-	-	17.29	54	-	-	0.32	-	-	-
10	ICICI Bank Limited	k	USD	FCNR	0.23	30	98.11	366	0.18	30	10.00	366	10.38	55	5.19	12	3.16	40	1.15	12
11	ICICI Bank Limited	k	USD	FCNR	-	-	18.19	366	-	-	2.10	366	6.92	30	-	-	1.83	50	0.18	1
12	ICICI Bank Limited	k	USD	FCNR	-	-	27.96	366	-	-	3.19	366	3.18	53	1.59	9	1.20	41	0.45	-
13	ICICI Bank Limited	k	USD	FCNR	-	-	39.15	366	-	-	4.47	366	4.45	53	2.23	9	1.68	41	0.63	-
14	IDBI Bank Limited	a	USD	ECB	-	-	-	-	4.04	50	-	-	9.43	60	4.72	3	2.31	60	1.06	3
15	AION Direct Private Limited	d	USD	FCCB	-	-	-	-	-	-	12.89	301	-	-	-	-	-		-	-
16	Axis Finance Limited		INR	TL	-	-	-	-	-	-	-	-	17.50	23	-	-	0.58	89	-	-
17	UTI Capital Private Limited	b	INR	NCD	-	-	-	-	-	-	73.17	399	-	-	-	-	-	-	-	-
18	Yes Bank Limited	c	INR	Car Loan	0.01	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total				**43.75**		**480.84**		**12.57**		**137.34**		**79.24**		**63.95**		**13.30**		**14.06**	
B	SHORT TERM LOANS																			
1	ICICI Bank Limited	e	INR	STL	14.00	235	3.06	131	-	-	4.27	366	17.07	365	-	-	-	-	-	-
2	Other Financial Lenders #		INR	ICD	10.61	92	29.17	366	-	-	7.99	366	1.50	14	35.29	1				
3	State Bank of India	h	INR	MTL	174.47	39	74.79	327	-	-	16.53	327								
4	State Bank of India	i	INR	CC	7.52	30	76.50	336	0.88	30	11.25	336								
5	Yes Bank Limited	g	INR	CC	-	-	24.12	143	3.50	335	0.36	1								
	Total				**206.60**		**207.64**		**4.38**		**40.40**		**18.57**		**35.29**					
	Grand Total				**250.34**		**688.49**		**16.95**		**177.73**		**97.81**		**99.25**		**13.30**		**14.06**	

Delays /defaults w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

Notes to the Financial statements

Additional Note

a The Bank has recognised event of default as per terms and condition of loan agreement and ECB has been fully paid off by sale of its underlying vessel "Prem Pride".

b During the year, the Debenture trustee has recognised event of default retrospectively from 4th October 2018 and charged penal interest as per terms and condition of Debenture Trust Deed which has been accrued and unpaid until balance sheet date.

c Pursuant to delay in repayment of installment, the Company has sold underlying asset and prepaid the debt obligation.

d Subsequent to rollover of FCCB dated 27th May 2019, the Trustee has recognised event of default dated 4th June 2019. Subsequent to balance sheet date, Bondholder has recalled the FCCB and sought payment immediately based on breach of negative covenant stated as per sanction terms.

e Pursuant to recognisition of NPA upon delay in payment of loan, the Bank has adjusted earmarked cash margin.

f The Bank has recognised account as NPA dated 28th feb 2019 and debt obligation is being outstanding during the year.

g The Bank has recalled loan dated 9th November 2019 and accouont has been classified as NPA

h The account has been classified as NPA since 9th May 2019 and the bank has filed petition u/s 7 of Insolvency and Bankruptcy Code 2019. The Bank has invoked personal guarantee of promoter director which has been undischarged on date of balance sheet.

i The account has been classified as NPA since 23rd April 2019 and the bank has filed petition u/s 7 of Insolvency and Bankruptcy Code 2019. There was a devolvement of LC and BG cumulative amounting to ₹ 24.32 Crore (PY ₹ 36.05 Crore) and converted into fund based utilisation.

j The Bank has recalled loan dated 13th Nov 2019 and exercised rights u/s 51 of Merchant Shipping Act 1958 for sale of underlying vessel "Hansa Prem". The Bank has recognised account as NPA on 1st July 2019.

k The Bank has recognised account as NPA dated 28th feb 2019 and debt obligation is being outstanding during the year. The Bank has converted part of loan in Indian Rupee (INR) at notional rate considering NPA provisioning norms and also filed petition u/s 9 of the Insolvency and Bankruptcy Code 2016. The National Company Law Tribunal has kept verdict as "Reserve for Order" at the end of reporting period.

Notes forming part of the financial statements

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019

2.16 Other Financial Liabilities (Non-Current)

Security Deposit	0.03	0.18
	0.03	**0.18**

2.17 Provisions (Non-Current)

Provision for employee benefits		
Gratuity	–	0.84
Compensated absences	–	0.32
	–	**1.16**

Pursuant to several resignation of employees and present employment contract which is short term in nature, there is no long term provision for gratuity and leave encashment outstanding at the end of the current financial year

2.18 Borrowings (Current)

Secured		
From Banks		
Cash Credit	100.62	79.96
Loan repayable on demand	74.79	249.26
From Financial Institution		
Other Loans (b)	27.68	29.99
Unsecured		
From Banks		
Loan repayable on demand	3.06	17.07
From Others		
Loan from Directors (including relative) (c)	13.42	3.21
Loan repayable on demand	–	2.00
	219.57	**381.49**

(b) (i) Cash Credit facilities from Scheduled Banks are secured by first charge on current assets (excluding specific charged if any) on pari-passu basis and second charge on specefied vessels.

(ii) Loan repayable on demand from banks are secured by promoter's personal guarantee. During the year, loan repayable on demand ₹ 17.07 Crore has been adjusted against cash collateral cum earmarked balance and hence balance amount has been classified as unsecured and reclassified disclosure accordingly.

(iii) Other loans are secured by pledge of shares and personal guarantee of promoters. In case of loan amounting to ₹ 16.50 Crore, the company has created pledge on shares of its one of the subsidiary company Mercator Petroleum Limited.

(iv) Unsecured loan repayable on demand from other party has novation right / put option to exercise from one of step down subsidiary of the Company. The same has been executed and discharged its obligation during the year.

(v) Loan from director has been stated at actual amount of invocation of shares to the extent of settlement of debt obligation of the financial lenders. The Company has taken a legal opinion for its legal implicaiton and right of director (including relative) to recover amount of net worth utilised for repayment of debt obligation of the Company.

Notes forming part of the financial statements

₹ in Crore

	Nature	Rate of Interest	March 31, 2020		March 31, 2019		Remarks
			Gross	Carrying Value	Gross	Carrying Value	
Financial Institution*	Short Term	16.00%	16.50	16.50	16.50	16.50	Subsequent to year end, lender has invoked pledged shares
Financial Institution*#	Short Term	18.00%	6.00	6.00	6.00	6.00	Subsequent to year end, lender has agreed for settlement with Guarantor
Financial Institution	Short Term	14.00%	4.68	4.68	6.49	6.49	Lender has sold all pledged shares and still outstanding
Financial Institution	Short Term	14.00%	0.50	0.50	1.00	1.00	
Total			**27.68**	**27.68**	**29.99**	**29.99**	

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

* Loans are further collaterally secured by Personal Guarantee of Promoters

subsequent to the year, the Lender, Borrower and Guarantor have entered into a settlement agreement whereby the Guarantor shall discharge the afiresaid liability at an amount of ₹ 1 Crore. The will be accounted in FY 2020-21 which will result in extinguishment of balance liability and interest accrued outstanding at the end of year.

(c) Repayment of short term loan by way of Invocation of pledged shares

Name of Director (including relative)	No of Shares Invoked	Price of Invocation	Loan Outstanding (₹ in Crore)
(i) H. K. Mittal	1,06,00,000	1.719	1.82
(ii) H. K. Mittal	90,65,000	4.715	4.27
(iii) H. K. Mittal	18,00,000	2.796	0.50
(iv) Archana Mittal	78,92,200	2.476	1.96
Total	**2,93,57,200**		**8.55**

Based on an indepenedent legal opinion, the Company has restated loan from directors arises on account of invocation of shares at actual price of such sale of shares by lenders and recovered debt obligation.

Invocation of Shares pledged for repayment of Short Term Loan, during previous year 2018-19

Name of Director (including relatives)	No of Shares Invoked	Price of Invocation	Price of Valuation	Loan Outstanding (₹ 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**			**3.21**	**1.66**

Methodology of Valuation

As approved by Board of Directors, a compensation from the Company to promoter(s) was computed on the basis of the closing traded price for the last two trading days preceding the said refund as on March 31, 2019. Accordingly ₹ 1.66 Crore was reversed and adjusted to finance cost. It had been disclosed as loan from directors in financial statements in Note No 2.18. However, during the year, the Board of Director basis a legal opinion has agreed to compensate promoter director and their relatives whose shares have been invoked by the financial lenders at the price of invocation and accordingly loan from promoters has been restated at ₹ 13.42 Crore and ₹ 10.83 Crore has been charged to finance cost.

Notes forming part of the financial statements

	Year Ended	
	31-Mar-2020	31-Mar-2019

₹ in Crore

2.19 Trade Payables

Total Outstanding of		
- Micro and small enterprises (Refer Note 3.09)	0.35	0.31
- Other than micro and small enterprises (a)	47.70	84.96
	48.05	**85.27**
(a) Includes payable to subsidiary companies	**6.77**	**8.69**

2.20 Other Financial Liabilities (Current)

Current maturities of long-term debt		
- Non Convertible Debentures (Refer Note 2.15)	139.72	–
- External commercial borrowings (Refer Note 2.15)	46.70	46.63
- Term loans from banks (Refer Note 2.15)	434.14	179.40
- Rupee Term Loan from Financial Institution (Refer Note 2.15)	1.50	6.30
- Foreign Currency Convertible Bonds (Refer Note 2.15)	120.62	108.75
Capital Creditors	1.96	4.13
Financial Guarantee Contract liability	–	0.07
Other payables	4.87	1.35
Interest accrued but not due on borrowings	–	9.57
Interest Accrued and Due	177.84	13.00
Unclaimed Dividend (a)	0.15	0.14
	927.50	**369.34**

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

Statutory dues payables	10.12	21.81
Advance from customers	–	1.90
	10.12	**23.72**

2.22 Provisions (Current)

Provision for employee benefits		
Gratuity	0.13	0.33
Compensated absences	0.06	0.28
	0.19	**0.61**

Notes forming part of the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2020	31-Mar-2019

2.23 Revenue from Operations

Revenue from -		
Freight and demurrage	–	49.32
Dredging	23.78	118.87
Charter hire	108.38	143.77
	132.16	**311.96**

2.24 Other Income

Rent Income	0.19	0.60
Interest income		
- Fixed Deposits and Inter corporate deposits	1.36	1.51
- Related Party	11.60	27.08
Profit on sale of Asset	0.04	–
Balances written back	4.75	41.04
Gain on Exchange Difference	–	3.95
Amortised Financial Guarantee Obligation	0.07	0.62
Other income	1.00	1.82
	19.01	**76.61**

Interest Income from Related Parties :		
Mercator Oil & Gas Ltd.	5.54	5.22
Mercator Petroleum Ltd	4.18	4.06
Mercator International Pte Ltd	–	15.80
Interest on 6% Debentures of Mercator Petroleum Ltd	1.88	2.00
	11.60	**27.08**

2.25 Operating Expenses

Bunker Consumed	10.80	78.79
Vessel /Equipment hire expenses	13.09	14.24
Crew Expenses	29.54	60.71
Agency, Professional and service expenses	2.61	3.57
Communication expenses	0.56	0.65
Commission	–	0.21
Insurance	6.02	7.50
Port expenses	4.27	3.36
Repairs and Maintenance	24.26	35.88
Stevedoring, transport and freight	0.50	0.96
Other Expenses	3.20	6.89
	94.85	**212.76**

2.26 Employee Benefits Expenses

Salaries, wages, bonus, etc. (Refer Note No 3.21)	8.69	16.00
Contribution to provident and other funds	0.44	0.94
Employee welfare expenses	0.10	0.47
	9.23	**17.41**

Notes forming part of the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2020	31-Mar-2019

2.27 Finance cost

Interest expense	95.96	88.66
Penal Interest (b)	92.79	0.53
Other finance cost	20.91	24.73
Amortised Financial Guarantee Obligation Premium (a)	10.47	3.00
	220.13	**116.92**

(a) Amortised Financial Guarantee Obligation Premium for Related Party Transaction		
Mercator Oceantransport Limited	5.23	1.50
Mercator Petroleum Limited	5.24	1.50
	10.47	**3.00**

(b) During the year, the Company has accrued penal interest amounting to ₹ 91.74 Crore in lieu of the contractual terms and condition of all the loans from external financial lenders. The Company has also provided interest of ₹ 0.92 Crore on delayed deposit of tax deducted at source (TDS) in compliance with Chapter XVII-B of Income Tax Act, 1961.

Amortisation of financial guarantee obligation premium represent de-recognisition of financial asset under provision of IND AS 109 pursuant to sale of vessel and its deemed assignment cum guarantee by one of its wholly owned subsidiary given to Debenture Holder. The guarantor does not have sufficient asset to discharge its obligation post sale of asset.

2.28 Loss on Sale / Discard of Asset (refer Note 2.1 (x))

Loss on Sale / Discard of Property, Plant and Equipment	211.08	73.50
Loss on Asset classified as Asset Held For Sale	22.35	–
	233.43	**73.50**

2.29 Other expenses

Rent	2.19	3.64
Payment to auditors		
As auditors	0.15	0.28
For other services (certification and other matters)	–	0.13
Repairs and Maintenance	0.39	1.27
Insurance	0.39	0.13
Legal, Professional and consultancy expenses	2.39	3.71
Donation	–	0.01
Expected Credit Loss (Refer Note 3.15(b))	17.06	0.22
Communication Expenses	0.10	0.18
Conveyance, Car Hire and Travelling	0.31	0.55
Loss on Exchange Difference	5.71	–
Bad Debts and other amounts written off/back (net) (Refer Note 3.15(b))	17.47	1.50
Provision for doubtful debts/advances (Refer Note 3.15(b))	3.47	95.60
Miscellaneous expenses	1.59	2.33
	51.29	109.55

2.30 Income Tax Expenses

Current tax		
Income tax for the year	0.45	5.20
Adjustments/(credits) related to previous years - Net (Refer Note 3.13)	–	6.13
Total current tax	**0.45**	**11.33**

Notes forming part of the financial statements

₹ in Crore

	Year Ended	
	31-Mar-2020	31-Mar-2019

3.01 Earnings per Share (EPS)

Basic EPS (in ₹)	(33.91)	(16.91)
Diluted EPS (in ₹)	(33.91)	(16.91)
Reconciliation of earnings used in calculating earning per share		
Total Profit/(loss) attributable to equity shareholders	(1,025.77)	(511.45)
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	30,24,59,335	30,24,59,335
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	**30,24,59,335**	**30,24,59,335**
Face Value per equity share (₹)	1.00	1.00

* Diluted EPS for the year ended March 31, 2020 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 defi ned 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 defi ned 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 benefi t 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)	0.29	0.52

(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:

Notes forming part of the financial statements

₹ in crore

Actuarial Assumptions	Gratuity		Leave Encashment	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(a) Discount Rate	6.84%	7.63%	6.84%	7.63%
(b) Salary Escalation Rate	2.00%	8.00%	2.00%	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 (2012-14) Ultimate	India Assurance Lives mortality (2006-08) Ultimate	India Assurance Lives mortality (2012-14) Ultimate	India Assurance Lives mortality (2006-08) Ultimate
(e) Expected average remaining service (in years)	14.00	14.00	14.00	14.00

(i) Changes in Defined Benefit Obligation

(₹ in Crore)

Particulars	Gratuity		Leave Encashment	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Defined Benefit Obligation at the beginning	1.16	1.09	0.61	0.61
Current Service Cost	0.05	0.18	0.01	0.12
Past Service Cost	–	–	–	–
(Gain) / Loss on settlements	–	–	–	–
Interest Expense	0.05	0.08	0.03	0.03
Benefit Payments from Plan Assets	–	–	–	–
Benefit Payments from Employer	(0.85)	(0.11)	(0.24)	(0.36)
Settlement Payments from Plan Assets	–	–	–	–
Settlement Payments from Employer	–	–	–	–
Other (Employee Contribution, Taxes, Expenses)	–	–	–	–
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	–	–	–	–
Increase / (Decrease) due to Plan combination	–	–	–	–
Remeasurements - Due to Demographic Assumptions	–	–	–	–
Remeasurements - Due to Financial Assumptions	(0.09)	(0.01)	(0.02)	(0.00)
Remeasurements - Due to Experience Adjustments	(0.19)	(0.07)	(0.33)	0.21
Defined Benefit Obligation at the end	**0.13**	**1.16**	**0.06**	**0.61**

(ii) Change in Fair Value of Plan Assets

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Fair Value of Plan Assets at the beginning	–	–	–	–
Interest Income	–	–	–	–
Employer Contributions	–	–	–	–
Employer Direct Benefit Payments	0.85	0.11	0.24	0.36
Employer Direct Settlement Payments	–	–	–	–
Benefit Payments from Plan Assets	–	–	–	–
Benefit Payments from Employer	(0.85)	(0.11)	(0.24)	(0.36)
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 the financial statements

(iii) Components of Defined benefit cost

₹ in Crore

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Current Service Cost	0.05	0.18	0.01	0.12
Past Service Cost	–	–	–	–
(Gain) / Loss on Settlements	–	–	–	–
Reimbursement Service Cost	–	–	–	–
Total Service Cost	**0.05**	**0.18**	**0.01**	**0.12**
Interest Expense on Defined benefit obligation	0.05	0.08	0.03	0.03
Interest (Income) on Plan Assets	–	–	–	–
Interest (Income) on Reimbursement Rights	–	–	–	–
Interest Expense on (Asset Ceiling) / Onerous Liability	–	–	–	–
Total Net Interest Cost	**0.05**	**0.08**	**0.03**	**0.03**
Reimbursement of Other Long Term Benefits	–	–	–	–
Defined Benefit Cost included in the Statement of Profit and Loss	0.10	0.26	0.04	0.15
Remeasurements - Due to Demographic Assumptions	–	–	–	–
Remeasurements - Due to Financial Assumptions	(0.09)	(0.01)	(0.02)	(0.00)
Remeasurements - Due to Experience Adjustments	(0.19)	(0.07)	(0.33)	0.21
(Return) on Plan Assets (Excluding Interest Income)	–	–	–	–
(Return) on Reimbursement Rights	–	–	–	–
Changes in Asset Ceiling / Onerous Liability	–	–	–	–
Total Remeasurements in Other Comprehensive Income	**(0.28)**	**(0.08)**	**(0.35)**	**0.21**
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	**(0.18)**	**0.18**	**(0.31)**	**0.36**

(iv) Net defined Benefit Liability/ (Asset) reconciliation

₹ in Crore

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Net Defined Benefit Liability / (Asset) at the beginning	1.16	1.09	0.61	0.61
Defined Benefit Cost included in the Statement of Profit and loss	0.10	0.26	0.04	0.15
Total Remeasurements included in Other Comprehensive Income	(0.28)	(0.08)	(0.35)	0.21
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	–	–	–	–
Amount recognized due to Plan Combinations	–	–	–	–
Employer Contributions	–	–	–	–
Employer Direct Benefit Payments	(0.85)	(0.11)	(0.24)	(0.36)
Employer Direct Settlement Payments	–	–	–	–
Credit to Reimbursements	–	–	–	–
Net Defined Benefit Liability / (Asset) at the end	**0.13**	**1.16**	**0.06**	**0.61**

(v) Amounts recognized in the Balance Sheet

₹ in Crore

Particulars	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Defined Benefit Obligation	0.13	1.16	0.06	0.61
Fair Value of Plan Assets	–	–	–	–
Funded Status	**0.13**	**1.16**	**0.06**	**0.61**
Effect of Asset Ceiling/Onerous Liability	–	–	–	–
Net Defined Benefit Liability/(Asset)	**0.13**	**1.16**	**0.06**	**0.61**
Of which, Short term Liability	**0.13**	**0.33**	**0.06**	**0.28**

Notes forming part of the financial statements

(vi) Experience Adjustments - Gratuity

Particulars	2016	2017	2018	2019	2020
Defined Benefit Obligation at the end of the period	1.36	2.10	1.08	1.16	0.13
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	1.22	–0.63	–0.82	–0.08	–0.28
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	0.00	0.02	0.01	0.01	0.03
Leave Encashment	0.01	0.01	0.01	0.01	0.03

(viii) Sensitivity Analysis

Present Value of Obligations	Discount Rate		Salary Escalation Rate	
	+1%	–1%	+1%	–1%
Gratuity	–8.90%	10.20%	11.20%	–9.80%
Leave Encashment	–4.20%	4.60%	5.40%	–5.00%

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.

Further, the pending directions from the EPFO on execution of the aforesaid order as well as revised guidance from Institute of Actuaries of India on assessment of liability under EPF & MP Act 1952, the impact for the past period, if any, has not been ascertainable and, consequently, no effect has been given in these financial statements.

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, 2020 ₹ NIL (Previous Year NIL).

3.05 Contingent Liabilities

₹ in Crore

Particulars	31-Mar-2020	31-Mar-2019
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	63.18
Service Tax Demands disputed by the Company	64.03	64.03
Contractual claims	0.96	–
Legal Cases - Shipping	8.15	2.62
Legal Cases - Dredging	46.84	12.63
	183.16	**142.45**
Guarantees :		
Counter Guarantee issued by Company for guarantees obtained from bank (net of margin)^	43.24	87.45
Corporate guarantees issued by the Company on behalf of subsidiaries	493.54	571.42
Counter Guarantees issued by company for Standby Letter of Credit on behalf of Step down Subsidiary	–	–
Letter of Comforts issued by the Company on behalf of Subsidiary	54.74	50.23
	591.52	709.09
* Against the above the Company has already adjusted / paid ₹59.34 Crore (Previous Year ₹ 59.34 Crore) ^ includes guarantees amounting to ₹ 1.63 Crore (PY ₹ 0.81 Crore) which has expired but the cancellation has not been done in records of the Bank.		
The Company expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:		
Legal Cases - Shipping	1.10	1.10
	1.10	**1.10**

Notes forming part of the financial statements

(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.

(iii) Current Tax Assets (net) as on March 31, 2020 includes ₹ 69.19 Crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003-04 to AY 2015-16 against which net tax demand of ₹ 63.18 Crore has been received and contested by the Company. The management is taking steps to resolve the cases with the income tax department.

There are certain current tax assets arises on account of overseas withholding tax receivable amoutning to ₹ Nil Crore (PY ₹ 6.13 Crore) which are non-realisable in view of the management in complaince with tax laws and ongoing assessment proceedings and hence the same has been written off as tax expenses for prior years during financial year ended March 31, 2019.

Income Tax Receivables and relative status of assessment / demands / refunds

Particulars	Amount (₹ in Crore)	
Income Tax Assets / Receivable	140.20	
MAT Credit entitlement	2.44	
Total Income Tax Receivable		**142.64**
income Tax Liabilities / Provision		(67.06)
Income Tax Assets (Net)		**75.58**
Comprises of		
(a) Refund granted but deposited in protest against existing appeals at various forums	46.53	
(b) Unutilised MAT Credit	2.44	
(c) Refund claimed under scrutiny assessment	23.80	
(d) TDS of the current financial year	2.81	
Income Tax Assets (Net)		**75.58**
(includes assets (net) - AY 2003-04 to AY 2015-16	69.19	
Contingent Liabilities (AY 2003-04 to AY 2015-16)		63.18

Notes forming part of the financial statements

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 Offshore Logistic Private Limited (erstwhile known as Mercator Dredging Private Limited). (MOLPL)	India	
5	Mercator Oceantransport Limited (MOTL)	India	
6	Mercator International Pte. Ltd (MIL)	Singapore	
7	Offshore Holdings Company Pte. Ltd (OHCPL) (Erstwhile known as Mercator Offshore Holding Pte Ltd)	Singapore	
8	Oorja Holdings Pte. Ltd (OHPL)	Singapore	
9	Mercator Energy Pte Ltd (MEPL)	Singapore	Note 4
10	Mercator Offshore Assets Holding Pte Ltd (MOAHPL)	Singapore	Note 4
11	Mercator Offshore (P) Pte Ltd (MOPPL)	Singapore	Note 4
12	Panther Resources Pte Ltd	Singapore	
13	Oorja (Batua) Pte. Ltd (OBPL)	Singapore	
14	Oorja 1 Pte. Ltd	Singapore	
15	Oorja 2 Pte. Ltd	Singapore	Note 2
16	Oorja 3 Pte. Ltd	Singapore	Note 3
17	Oorja Mozambique Minas Limitada	Mozambique	
18	MCS Holdings Pte. Ltd. (MCS)	Singapore	
19	PT Karya Putra Borneo (KPB)	Indonesia	
20	PT Indo Perkasa (IPK)	Indonesia	
21	PT Oorja Indo Petangis Four	Indonesia	
22	PT Oorja Indo Petangis Three	Indonesia	
23	PT Bima Gema Permata	Indonesia	
24	PT Oorja Indo KGS	Indonesia	
25	Broadtec Mozambique Minas Lda	Mozambique	
26	Brio Resources Pte Ltd.	Singapore	Note 3
27	Marvel Value International Limited	Singapore	Note 1
II	**Key Management Personnel**		
1	Mr. H.K Mittal - Executive Chairman		
2	Mr. Shalabh Mittal - Chief Executive Officer		
3	Mrs. Archana Mittal - Director (up to 03.07.2019)		
4	Mr. Rajendra Kothari - Chief Financial Officer (additionally designated as Compliance Officer dated 13.08.2019 and resigned as compliance officer dated 30.03.2020)		
5	Ms. Sangeetha Pednekar - Company Secretary (upto 23.07.2019)		
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)- Chartiable Trust		
5	HK Sons Realtors Private Limited		
6	Premputli Realtors Private Limited		

Notes forming part of the financial statements

Sr. No	Name of the Subsidiary Company	Country of Origin	Remarks
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		
13	Sisouli Sulphachem LLP		
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 Subsequent to the year end, the company has filed voluntary liquidation with Corporate registrar of British Virgin Island under BVI Business Companies Act 2004

2 During the year, the company has applied to strike off / voluntary wind with Accounting and Corporate Authority Singapore. Final confirmation is yet to receive.

3 Companies has been struck off in records of Accounting and Corporate Regulatory Authority Singapore dated 06.04.2019

4 Subsequent to the year end, the companies have filed voluntary liquidation with Accounting and Corporate Regulatory Authority Singapore and appointed liquidator for the same.

B. Details of transactions with the other parties

₹ in crore

Name of the Transaction	Subsidiary Companies		Key Managerial Personnel (including relatives)		Enterprises over which Key Management Personnel exercise significant control		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services Received								
Vaitarna Marine Infrastructure Limited	–	–			0.30	8.53	0.30	8.53
Total	**–**	**–**			**0.30**	**8.53**	**0.30**	**8.53**
Interest Income								
Mercator International Pte Limited @	–	15.80			–	–	–	15.80
Mercator Petroleum Limited	4.18	4.06			–	–	4.18	4.06
Mercator Oil & Gas Limited	5.54	5.22			–	–	5.54	5.22
Total	9.72	25.08			–	–	9.72	25.08
Interest on Debentures								
Mercator Petroleum Limited	1.88	2.00			–	–	1.88	2.00
Total	**1.88**	**2.00**			**–**	**–**	**1.88**	**2.00**
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								
Mercator Oil and Gas Limited	0.07	0.06			–	–	0.07	0.06
Mercator Petroleum Limited	–	0.56			–	–	–	0.56
Total	**0.07**	**0.62**	**–**	**–**	**–**	**–**	**0.07**	**0.62**

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Key Managerial Personnel (including relatives)		Enterprises over which Key Management Personnel exercise significant control		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	5.24	1.50			–	–	5.24	1.50
Mercator Petroleum Pvt. Ltd	5.23	1.50			–	–	5.23	1.50
Total	**10.47**	**3.00**	**–**	**–**	**–**	**–**	**10.47**	**3.00**
Investment made during the year								
6% Debentures in Mercator Petroleum Limited	1.67	26.76			–	–	1.67	26.76
6.51% Preference Shares in Mercator International Limited @	–	391.16					–	391.16
Total	**1.67**	**417.92**			**–**	**–**	**1.67**	**417.92**
Expenses incurred on behalf of								
Offshore Holdings Company Pte Ltd @	–	0.10			–	–	–	0.10
Mercator Oceantransport Limited	0.00	0.00			–	–	0.00	0.00
Oorja Resources India Private Limited	0.02	–			–	–	0.02	–
Mercator Dredging Private Limited	0.00	0.01			–	–	0.00	0.01
Mercator Oil & Gas Limited	0.00	0.00			–	–	0.00	0.00
Mercator Petroleum Limited	0.16	0.12			–	–	0.16	0.12
MCS Holdings Pte. Ltd. @	0.00	1.02			–	–	0.00	1.02
Vaitarna Marine Infrastructure Limited	–	–			0.01	0.00	0.01	0.00
Total	**0.18**	**1.25**			**0.01**	**0.00**	**0.19**	**1.25**
Expenses incurred repaid								
Vaitarna Marine Infrastructure Limited	–	–			0.34	–	0.34	–
Mercator International Pte Limited @	–	2.23			–	–	–	2.23
Oorja Resources India Private Limited.	0.80	–			–	–	0.80	–
Total	**0.80**	**2.23**			**0.34**	**–**	**1.14**	**2.23**
Loan given during the year								
Mercator Oil & Gas Limited	1.30	15.55			–	–	1.30	15.55
Mercator International Pte Limited @	–	12.46			–	–	–	12.46
Offshore Holding Company Pte Ltd@	–	249.26					–	249.26
Mercator Petroleum Limited	2.11	–					2.11	–
Oorja Resources India Private Limited	1.32	–					1.32	–
Total	**4.73**	**277.27**			**–**	**–**	**4.73**	**277.27**
Loan Repaid during the year								
Mercator Oil & Gas Limited	0.72	3.90			–	–	0.72	3.90
Mercator Petroleum Limited	0.57	–			–	–	0.57	–
Offshore Holding Company Pte Ltd@	178.03	–			–	–	178.03	–
Mercator International Pte Limited@	–	19.14			–	–	–	19.14
Total	**179.32**	**23.04**		**1.61**	**1.16**	**–**	**179.32**	**23.04**

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Key Managerial Personnel (including relatives)		Enterprises over which Key Management Personnel exercise significant control		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Return of Capital Advance								
Vaitarna Marine Infrastructure Limited	–	–			–	4.12	–	4.12
Total	**–**	**–**			**–**	**4.12**	**–**	**4.12**
Forfeiture of Advances received								
Oorja Resources India Private Limited	–	28.70			–	–	–	28.70
Total	**–**	**28.70**			**–**	**–**	**–**	**28.70**
Invocation of shares pledged by Promoters converted into Loan								
Mr H K Mittal	–	–	6.60	4.87	–	–	6.60	4.87
Mrs Archana Mittal	–	–	1.95	–			1.95	–
Total	**–**	**–**	**8.55**	**4.87**	**–**	**–**	**8.55**	**4.87**
Shares pledged for loan against shares								
Mr. H.K Mittal	–	–	0.75	25.38	–	–	0.75	25.38
Mrs. Archana Mittal	–	–	0.59	13.18			0.59	13.18
AHM Investments Private Limited	–	–	–	–	0.85	11.26	0.85	11.26
Total	**–**	**–**	**1.34**	**38.56**	**0.85**	**11.26**	**2.19**	**49.82**
Outstanding Balances as on reporting date								
Letter of Comfort (Promissory Note based)	-	-	-	-	-	-	-	-
Marvel Value International Limited #	54.74	50.23			–	–	54.74	50.23
Total	**54.74**	**50.23**			**–**	**–**	**54.74**	**50.23**
Corporate Guarantees given								
Mercator International Pte Limited #	90.46	83.01			–	–	90.46	83.01
Mercator Petroleum Limited	95.29	93.89			–	–	95.29	93.89
Mercator Oil and Gas Limited	133.49	234.43			–	–	133.49	234.43
MCS Holdings Pte. Ltd #	174.30	160.10			–	–	174.30	160.10
Total	**493.54**	**571.43**			**–**	**–**	**493.54**	**571.43**
Loan from directors								
Mr.H.K.Mittal	–	–	11.47	3.21	–	–	11.47	3.21
Mrs.Archan Mittal (resigned dated 03.07.2019)	–	–	1.95	–	–	–	1.95	–
Total	**–**	**–**	**13.42**	**3.21**	**–**	**–**	**13.42**	**3.21**
Securities Given for Loan Taken by Subsidiary								
Mercator Petroleum Limited	95.29	95.00			–	–	95.29	95.00
Total	**95.29**	**95.00**			**–**	**–**	**95.29**	**95.00**

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Key Managerial Personnel (including relatives)		Enterprises over which Key Management Personnel exercise significant control		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Guarantees / Securities Taken from Subsidiary for Loan taken by the Company								
Mercator Petroleum Limited	126.45	130.00			–	–	126.45	130.00
Total	**126.45**	**130.00**			**–**	**–**	**126.45**	**130.00**
Personal Guarantee given by Key Managerial Personnel								
Mr H K Mittal			192.58	201.72	–	–	192.58	201.72
Mrs Archana Mittal			16.50	16.50	–	–	16.50	16.50
AHM Investment Private Limited			–	–	16.50	16.50	16.50	16.50
Mr Shalabh Mittal			126.45	130.00	–	–	126.45	130.00
Total	**–**	**–**	**335.53**	**348.22**	**16.50**	**16.50**	**352.03**	**364.72**
Counter Guarantees								
Mercator Petroleum Limited	1.52	17.00			–	–	1.52	17.00
Total	**1.52**	**17.00**			**–**	**–**	**1.52**	**17.00**
Loans and Advances Receivable								
Offshore Holdings Company Pte Ltd #	–	174.47			–	–	–	174.47
Mercator Oil & Gas Limited	85.71	79.59			–	–	85.71	79.59
Mercator Petroleum Limited	72.70	65.12			–	–	72.70	65.12
Total	**158.41**	**319.18**			**–**	**–**	**158.41**	**319.18**
Capital Advances								
Vaitarna Marine Infrastructure Limited	–	–			14.32	14.65	14.32	14.65
Total	**–**	**–**			**14.32**	**14.65**	**14.32**	**14.65**
Loan and Other Receivable								
Mercator Offshore (P) Pte Limited #	1.43	1.31			–	–	1.43	1.31
MCS Holdings Pte. Ltd. #	–	6.80			–	–	–	6.80
Mercator Dredging Private Limited	2.03	2.02			–	–	2.03	2.02
Oorja Resources India Private Limited	0.63	0.10			-	-	0.63	0.10
Total	**4.09**	**10.23**			**-**	**-**	**4.09**	**10.23**
Loan and Other Payables								
PT Karya Putra Borneo #	–	8.69			–	–	–	8.69
Vaitarna Marine Infrastructure Limited	–	–			–	0.96	–	0.96
MCS Holdings Pte. Ltd. #	6.75	–			–	–	6.75	–
Mercator Oceantransport Limited	0.02	–			–	–	0.02	–
Total	**6.77**	**8.69**			**–**	**0.96**	**6.77**	**9.65**
Managerial Remuneration Receivable from Director (Refer Note 3.21)								
H K Mittal	–	–	1.62	1.16	–	–	1.62	1.16
Total	**–**	**–**			**–**	**–**	**1.62**	**1.16**

Notes forming part of the financial statements

Name of the Transaction	Subsidiary Companies		Key Managerial Personnel (including relatives)		Enterprises over which Key Management Personnel exercise significant control		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration paid to key Management Personnel								
Mr Shalabh Mittal	0.97	0.98					0.97	0.98
Mr Rajendra Kothari	0.62	0.62					0.62	0.62
Ms Sangeeta Pednekar	0.06	0.08					0.06	0.08
Mr Gurpreet Malhi	1.31	0.61					1.30	0.61
Mr H K Mittal	0.00	0.36					0.00	0.36
Total	**2.95**	**2.65**	**–**	**–**	**–**	**–**	**2.95**	**2.65**

C) Compensation of key management personnel of the company

Particulars	Current Year	Previous Year
Short Term employee benefits	2.95	2.65
Post employment benefits	–	–
Termination benefits	–	–
Share-based payments	–	–
Total compensation of key management personnel	**2.95**	**2.65**

Key Managerial Personnel and Relatives of Promotors 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.

@ includes impact of revaluaiton of underlying foreign currency transaction at average exchange rate of respective year.

includes impact of revaluaiton of underlying foreign currency transaction at closing exchange rate of respective year end.

Transactions with foreign subsidiaries includes unrealised foreign exchange gain/loss.

Figures stated above for receivables are gross outstanding and provision of impairment wherveer provided in financials have not been considered while reporting related party transaction.

@@ The amount reported is net of the amount reflected as amount to be recovered, since paid in excess to the limits applicable u/s 197 of the Companies Act 2013. Refer Note 3.13

D) Sitting Fees Paid to Non-Executive Directors ₹ in Crore

Particulars	Current Year	Previous Year
Directors Sitting Fees	0.27	0.25

3.07 Lease:

Effective April 1, 2019, the Company has adopted IND-AS 116 "Leases" on all material lease arrangement existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment amounting to Rs. 0.34 crore to retained earnings, on the date of initial application.

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

		As at	
		31-Mar-2020	31-Mar-2019
(i)	Lease payments recognized in the Statement of Profit and Loss	2.19	3.64
(ii)	Significant leasing arrangement		
	The Company has given refundable interest free security deposits under the agreements.	1.08	3.29
	The lease agreements were executed for a door to door period up to 36 months which have been terminated by the Company during the year and hence the proportionate period has been considered for reporting. For earluy termination cost under the agreement in compliance with notice period, the Company is under dispute with Lessor.		
(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

Notes forming part of the financial statements

(B) Operating Lease (as Lessor):

Disclosures in respect of cancellable agreements for office given on lease

		As at	
		31-Mar-2020	31-Mar-2019
(i)	Lease receipt recognized in the Statement of Profit and Loss	0.19	0.60
(ii)	Future minimum lease receivable under non-cancellable agreements		
	Not later than one year	Nil	0.18
	Later than one year and not later than five years	Nil	0.00
	Later than five years	Nil	Nil

3.8 During the year ended March 31, 2020, the Company has recognized exceptional items as follows (Refer Note 2.3(b), 3.25, 3.26 & 3.27):

a. The Company has provided impairment loss on all major investments amounting to ₹ 447.64 Crore, significant amount of which has been impaired on account of business valuations obtained by independent valuer report and non - realisibility of investment and intercompany borrowing.

b. Impairment of loans given to subsidiaries amounting to ₹ 37.83 Crore on account of reduction in cash generating capabilities in compliance to testing criteria of IND-AS 36.

During the year ended March 31, 2019, the Company has recognized following as exceptional items -

a. Liability of invocation of Letter of Comfort issued by the Company to one of the financial lender of step down subsidiary company which had 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 had been impaired as on March 31, 2019.

b. 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.

3.9 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 identify ed on the basis of information available with the Company:

₹ in Crore

		As at	
		31-Mar-2020	31-Mar-2019
(i)	Principal amount outstanding	0.35	0.31
(ii)	Interest on Principal amount due #	0.19	0.11
(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 specific ed 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.	0.19	0.11

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 then 45 days), then buyer shall be liable to pay compunded 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 ₹ Nil (Previous Year ₹ NIL) to Tonnage Tax Reserve as company has incurred a book loss of ₹ 1,025.32 Crore (Previous Year Loss ₹ 500.12 Crore).

Notes forming part of the financial statements

3.11 Details of loans given, investment made and guarantee given covered under section 186(4) of the Companies Act. 2013 (without considering the impairment):

(i) Loans and Advances

₹ in Crore

Name of the Company	Relationship	Nature of Transaction	As at	
			31-Mar-2020 *	31-Mar-2019 *
Mercator Offshore Logistic Private Liimited (Erst-while known as Mercator Dredging Private Limited)	Subsidiary	Loans & Advances	2.03	2.02
Mercator Petroleum Limited #	Subsidiary	Loans & Advances	72.70	65.12
Mercator Offshore (P) Pte. Limited*	Subsidiary	Loans & Advances	1.43	1.31
Mercator Oil and Gas Limited	Subsidiary	Loans & Advances	85.71	79.59
MCS Holdings Pte. Limited*	Subsidiary	Loans & Advances	–	6.80
Oorja Resouces India Private Limited	Subsidiary	Loans & Advances	0.63	0.10
Offshore Holdings Company Pte. Limited (Erstwhile known as Mercator Offshore Holding Pte Ltd)*	Subsidiary	Loans & Advances	–	174.47
Mercator Oceantransport Limited	Subsidiary	Loans & Advances	–	0.01

All the above loans are utilized by respective companies for their business activities.

The particulars of company's investment in wholly - owned subsidiaries are disclosed in Note - 2.3

*Includes exchange fluctuation on reinstatement / repayment of Loans

addition includes invocation of Bank Guarantee ₹ 1.39 Crore issued by utilising non fund based facility of parent company which has been invoked by beneficiary. Interest accrued on loan and optionally convertible debenture is also added in balance of loan receivable.

(ii) Investments during the year 2019-20

₹ in Crore

Name of Subsidiaries	Opening Balance	Additions	Deletions	Closing Balance
Mercator Petroleum Limited	77.87	1.67	–	79.54
Mercator International Limited @	394.92	31.68	–	426.60

@ In the previous 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. Addition represents revaluation impact during the year due to change of exchange rate.

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 Limited @	3.76	391.16	–	394.92

(iii) Guarantees given

Corporate guarantees issued by the company on behalf of wholly owned Subsidiaries

₹ in Crore

Guarantee given on behalf of	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019
Mercator International Pte. Limited*	90.46	83.01
MCS Holdings Pte Limited*	174.30	160.10
Mercator Oil and Gas Limited*	133.49	234.43
Mercator Petroleum Limited*	95.29	93.89
Total	**493.54**	**571.43**

*Parent Company guarantees issued in favor of Banks for Loans availed by the subsidiaries for their Business activities

Notes forming part of the financial statements

(iv) Letter of Comfort (Promissory Note based)

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019
Letter of Comfort is issued in favour of Bank for the Loan availed by subsidiary for its business activity.	54.74	50.23

(v) Security Given

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019
Charge created on investment property of the company (Refer Note 2.1(v))	95.29	95.00

(vi) Security Taken

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019
Charge on fixed assets and cash flows of a subsidiary incorporated in India for non- convertible debenture issued by company (Refer Note No 2.15 (a))	126.45	130.00
Pledge on shares of a Subsidiary incorporated in India for loans against shares taken by the Company	16.50	–

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-2020	Maximum outstanding during 2019-20	As at 31-Mar-2019	Maximum outstanding during 2018-19
Mercator International (Pte) Ltd.	–	–	–	21.21
Mercator Oil and Gas Limited	85.71	86.43	79.59	81.78
Mercator Petroleum Limited	72.70	72.70	65.12	65.12
Mercator Dredging Private Limited (Formerly known as Mercator FPSO Private Limited)	2.03	2.03	2.02	2.02
Offshore Holdings Pte. Ltd.	–	174.47	174.47	256.36
Mercator Offshore (P) Pte. Ltd.	1.43	1.43	1.31	1.38
MCS Holdings Pte Limited	–	–	6.80	6.98
Mercator Oceantransport Limited	–	–	0.01	0.01
Oorja Resouces India Private Limited	0.63	0.63	0.10	1.24

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	0.45	5.20
Excess/(Short) provision for tax of earlier years	–	6.13
Total Current tax expense (A)	**0.45**	**11.33**
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 amount written off w.r.t. withholding tax for which credit is not available or availed by the Company.

Notes forming part of the financial statements

(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	(1,025.32)	(500.12)
Indian statutory income tax rate	34.94%	33.06%
Expected income tax expense	0.00	0.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Gain attributable to tonnage tax activity	0.45	5.05
Non Qualifying Income & Expense under Tonnage Tax	0.00	0.15
Others (net)		
Total income tax expense	**0.45**	**5.20**

* 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.

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 (PY ₹ 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.

₹ in Crore

Exposure to Interest rate risk	As at	
	31-Mar-2020	31-Mar-2019
Total Borrowings	962.25	1,196.29
% of Borrowings out of above bearing variable rate of Interest	70.28%	67.85%

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, 2020 would increase/decrease by ₹3.38 Crore (Previous Year ₹ 4.06 Crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Notes forming part of the financial statements

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. The Company is having exposure of various specific compliance of renewal of non-operational vessels, payment of provident funds, TDS in relation to crew members etc which are pending on account of liquidity crisis. The Company has disclosed all such liabilities due and payable. In addition to that, during the year, one of the Company's vessel "Tridevi Prem" has sunk at New Mangalore Port anchorage, the werchage has not yet been removed. This has an exposure of damage of sea environment and there is a possibility of liability under applicable provision of Environment Laws.

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 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, 2020. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade in these investments.

Equity price sensitivity analysis:

During the year, the share price of the company has sharpely fallen and pursuant to that several financial creditors who has given loan against shares have sold pledged shares of promoters in market at various prices. This has further impacted on volatility and columes in market and reduced prices. During the year, the Company has faced few block deals on stock exchanges for offloading of shares. There is a change of capital structure for holding of promoters as well as holding of Foreign Institutional Investors (FII).

v) Foreign currency risk

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Pursuant to sale of vessels and discontinuation of several charter hire contracts, the exposure to foreign currency risk has been changed considerably. Presently the company is having partial arbitrage advantage to extent of USD 56.545 Mn on account of intercompany loans outstandng with its wholly owned subsidiary company situated at Singapore and exposure mitigated by natural hedges of matching revenues and costs. In addition to that for incremental exposure, the financials will have an impact on fluctuation of foreign currency rates. The company does not have perfect arbitration and hedging facility sanctioned from banks due to ongoing defaults in financial dues.

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 (excluding impairment provision) 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-2020	31-Mar-2019
Trade Receivables		
- USD	–	13.94
Cash and Cash equivalents		
- USD	0.00	0.00
Other Financial Assets		
- USD	431.71	399.28
Borrowings		
- USD*	446.16	671.13

Notes forming part of the financial statements

₹ in Crore

Details / Currency	As at	
	31-Mar-2020	31-Mar-2019
Other Financial Liabilities		
- USD	63.58	9.23
- SGD	0.13	0.19
- AED	0.08	0.03
- Euro	0.02	0.06
- JPY	0.01	0.03

*Borrowings includes USD Loan of ₹ 109.37 Crore (Previous year ₹183.06 Crore) where exchange fluctuation impact on Revaluation amounting to ₹ 5.47 Crore (PY ₹ 22.81 Crore) are capitalised as per IND-AS 101 to Cost of Vessel.

(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 31st March 2020	As at 31st March 2019
Less than 180 days	1.56	21.79
More than 180 days	44.39	45.92

Financial assets are considered to be of good quality and there is no significant increase in credit risk

The details of other provisions and its movement included in Note 2.29 is as under:

Provision / Bad Debt

₹ in Crore

Particulars	Trade Receivables	Capital Advances	Loans and Advances	Inter Corporate Deposit	Total
Opening Balance 01.04.2019	101.91	5.40	19.32	18.00	144.63
Transaction during the year	3.47	–	17.47	–	20.94
Bad Debt written off against opening provision	(101.91)	(5.40)	(19.32)	(18.00)	(144.63)
Closing Balance 31.03.2020	**3.47**	**–**	**17.47**	**–**	**20.94**
Opening Balance 01.04.2018	25.62	2.70	11.35	9.36	49.03
Transaction during the year	77.79	2.70	7.97	8.64	97.10
Bad Debt written off against opening provision	(1.50)	–	–	–	(1.50)
Closing Balance 31.03.2019	**101.91**	**5.40**	**19.32**	**18.00**	**144.63**

Notes forming part of the financial statements

Expected Credit Loss

₹ in Crore

Particulars	Trade Receivables	Capital Advances	Loans and Advances	Inter Corporate Deposit	Total
Opening Balance 01.04.2019	2.20	–	–	–	2.20
Provision During the year	0.08	16.32	0.66	–	17.06
Reversal of provision	–	–	–	–	–
Closing Balance 31.03.2020	**2.28**	**16.32**	**0.66**	**–**	**19.26**
Opening Balance 01.04.2018	1.98	–	–	–	1.98
Provision During the year	0.22	–	–	–	0.22
Reversal of provision	–	–	–	–	–
Closing Balance 31.03.2019	**2.20**	**–**	**–**	**–**	**2.20**

(c) Liquidity Risk

The Company is under hearing with National Company Law Tribunal (NCLT) for several insolvency petition filed by operational and financial creditors. The Company depends upon operational deployment of its vessels and timely receipt thereto as well as vendor payments (including settlement and litigations) can severely impact the current level of operation. Liquidity crises had led to default in repayment of principal and interest to lenders. In addition to that, subsidiary of the Company are under financial stress as well as litigated processes.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations and deployment of assets for its economic use. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; intrinsic to its business operations, availability of contractual obligation, affecting its credit rating, positive outcome of existing litigations filed by subsidiiaries and realisaiton of their assets, or unexpected cash outflows. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long-term perspective and future net cash flows on a day-by-day basis in order to assess liquidity risk."

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, 2020	Contractual Cash Flows				
	Up to 1 year	1-3 years	3-5 years	More than 5 years	Total
Financial Instruments					
Borrowings	962.25	–	–	–	962.25
Trade Payables	48.05	–	–	–	48.05
Other financial liabilities	184.82	0.03	–	–	184.85
	1,195.12	**0.03**	**–**	**–**	**1,195.15**

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**	**–**	**1,309.70**

(d) Legal Risk

In view of the financial position and corresponding various payment defaults, the Group is exposed to a large number of litigation risks. The Group has also filed several cases or counter claims directly or through its subsidiaries where significant amount is involved in litigation or may be recovered upon settlement. The various litigations are in process which have been covered in notes of the consolidated financial statement and in the view of the uncertainties involved it is not possible to estimate the possible impact of the same on the Financial Statements.

Notes forming part of the financial statements

3.16 a. The Company has won Foreign Arbitration Award dated March 15, 2018 wherein arbitration tribunal has directed Dredging Corporation of India (DCI) to discharge obligation under arbitral award of Rs 55 Crore approx. The Company has filed its execution and enforcement. However, DCI has filed an application of dispensation from depositing decretal amount along with interest and has also asked for review under Arbitration and Conciliation Act 1996. The matter is under hearing and pursuant to COVID19 pandemic, the same is getting delayed.

b. The Company had initiated arbitration against Dredging Corporation of India (DCI) for unlawful termination, wrongful invocation of performance bank guarantee and for recovery of outstanding hire payments under the charter party agreement dated September 23, 2009 for deepening of approach channel at Paradip Port with a claim of Rs 37.96 Crore wherein counterclaim has been received from Paradip Port amounting to Rs 45.46 Crore. Hearing is in process. The Company has received such other counterclaim in other cases.

3.17 Capital Management

For the purpose of 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 2020, 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:

	As at	
	31-Mar-2020	31-Mar-2019
Borrowings (₹ in Crore) - (A)	962.25	1,196.29
Total Equity (₹ in Crore) - (B)	(771.26)	252.90
Debt Equity Ratio (A/B)	(1.25)	4.73

3.18 During the year, the Company has identified and made provision for doubtful debts and advances of ₹ 3.47 Crore (PY ₹ 54.56 Crore) for balances outstanding more than 6 months and which are doubtful for recoveries.

3.19 During the year, the Company has provided expected credit loss amounting to ₹ 17.06 Crore on capital advances given to few parties pending realisation / adjustment end of the year and remote visibility of any recoverability on account of their financial position.

3.20 The Company does not have any long term contracts including derivative contracts as at March 31, 2020 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 precribed limits to the extent of ₹ 1.62 Crore (including previous year ₹ 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 March 31, 2020. As per sub clause (9) of Section 197, such excess managerial remuneration paid should be recovered within a maximum period of two years from date of payout.

Notes forming part of the financial statements

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 (excluding impairment provision) of financial instruments by categories is as follows -

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	0.90	7.42
Bank balances other than Cash and cash equivalents	0.12	21.31
Loans	121.59	335.68
Trade receivables	45.95	67.71
Investment in Debentures of Subsidiary	31.61	29.94
Investment in Non Redeemable Preferrence Shares of Subsidiary	426.31	391.17
Other Financial assets	59.38	86.66
Measured at Cost		
Investment in Equity Shares of Subsidiaries	53.37	53.37
Investment in Equity Shares-Others	0.00	0.00
Total	**739.23**	**993.26**

Financial liabilities:		
Measured at amortised cost		
Borrowings	962.25	1,196.29
Other financial liabilities	184.85	28.47
Trade and other payables	48.05	85.27
Total	**1,195.15**	**1,310.03**

Carrying amounts of trade receivables, cash and cash equivalents and trade payables as at March 31, 2020 and March 31, 2019 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.

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 year and previous year.

Notes forming part of the financial statements

3.23 Going Concern Assumption

The financial results of the Company have been prepared on a going concern basis by the management. The Company has incurred significant losses and its net worth is substantially eroded in addition to delay, defaults with lenders and downgrading in credit rating of the Company. The current liabilities substantially exceed the current assets and large sums of money receivable are in dispute, which is not readily realisable. Further, few operational creditors and financial creditors have filed petition under Insolvency and Bankruptcy Code (IBC) 2016 respectively in National Company Law Tribunal (NCLT) against the Company. In case of one of the financial creditor, NCLT has kept order reserved after hearing. During the year, the Company has also disposed off the substantial part of the Property, Plant and Equipment (PPE). As on March 31, 2020 the Company has only four non-operating dredgers of which three dredgers have been arrested by operational creditors.

The management is of the view that they are making best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets and is making efforts to revive operations. Further, the Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and claims receivable (which are under litigation) for ₹ 1,618 Crore at the group level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Company has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Company has impaired several of its assets to fair value which is equivalent to net realizable value basis the transactions concluded and market estimates.

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

3.24 In case of a material step-down subsidiary of the Company, PT Karya Putra Borneo (KPB) held through its wholly owned subsidiary Mercator International Pte Ltd (MIPL)- Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.

3.25 During the year, the Company has provided impairment loss amounting to ₹ 426.31 Crore on investment in Non Cumulative Redeemable Preference Shares (NCRPS) of its wholly owned subsidiary Mercator International Pte Ltd, Singapore (MIPL).

The step down Subsidiary Company has carried out valuation of coal business taking cut off date December 31, 2019 for the purpose local reporting requirement and the same has been considered for financial reporting as on March 31, 2020 as well. The valuation may get impacted due to COVID19 scenario, variable cost escalation, reduction in absolute value of coal infrastructure service fees of major customer, terminal value assumption, exchange rate variation, assumption of automatic renewal of license etc. during this tenure.

3.26 Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project work. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to ₹ 142.19 Crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. Considering involvement of time in the arbitration proceedings, being conservative, the Company has impaired amount of ₹ 32.16 Crore towards the loan given and ₹ 0.15 Crore towards investment in MOGL.

In the view of the management and based on legal advice, a claim of ₹ 1,306.89 Crore (USD 173.36 Mn) has been made by the subsidiary company on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings.

3.27 During the year, the Company has provided impairment of ₹ 16.17 Crore towards the investment and ₹ 6.06 Crore towards the loan of Mercator Petroleum Limited (MPL) evaluating following criteria –

a. In October, 2019, MPL has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non-operative oil Block (CB-3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The management of MPL and the Company is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH).

Notes forming part of the financial statements

In event of rejection of subsidiary's contention, estimated financial impact on the Company would be approx. ₹ 35.80 Crore.

b. The Board of Director has approved strategic sale of participating interest in oil block CB-ONN-205/9 (CB-9) of MPL. The subsidiary company has executed Farm in Farm Out agreement dated December 26, 2019 with a prospective buyer at a sale price of ₹ 252 Crore. The Company is hopeful that it will be able to successfully conclude the transaction."

3.28 The Company has not been able to obtain confirmations from various debtors, loans and advances, trade and other payables on account of ongoing lockdown situation resulting from the Covid-19 pandemic. Accordingly, adjustments if any arising out of reconciliation with these parties is not readily available. The Company has carried out its internal assessment and provided/ written off/ back a substantial amount of these receivables/ payables/ loans and advances.

3.29 The Company has an insurance claim amounting to ₹ 54.28 Crore, pertaining to total loss claim on a vessel "Prem Divya" pertaining to the year 2012-13, which has been considered fully recoverable by the management and is supported by a legal opinion.

3.30 During the previous year ended March 31, 2019, financial lender of a one of step down foreign subsidiary has invoked Letter of Comfort (LOC) amounting to ₹ 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 ₹ 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.

3.31 During the year, Axis Bank Limited and Bank of Baroda have appointed independent firm as forensic auditor in case of the Company and MPL respectively. The reports for the same are not available with the Company.

3.32 During the year, the subsidiary companies namely Mercator Oil and Gas Limited and Mercator Petroleum Limited has approached the Company for seeking waiver in charging interest on loan and debenture outstanding in respective companies on account of contingencies in case of arbitration claim of ONGC and delayed realisation and completion of sale of oil blocks respectively. The Company continues to maintain its claim of interest and has accounted for interest from its subsidiaries amounting to ₹ 11.60 Crore (Refer Note 2.24) during the year and consequently impaired the same based on the assessment of the financial position of the subsidiaries.

3.33 The Company Secretary of the Company has resigned dated July 23, 2019 and vacancy is yet to be filled in

3.34 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.

3.35 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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT , 2013

(pursuant to first provisio to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART A: Subsidiaries

₹ in Crores

Sr. No.	Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital*	Reserves & Surplus*	Total Assets*	Total Liabilities*	Investments (except in subsidiaries)*	Turnover**	Profit/(Loss) before Tax**	Provisions for Tax**	Profit/(Loss) after Tax**	Proposed Dividend**	% of Shareholding
1	Mercator Oil & Gas Limited	3/31/2020	INR	0.15	(227.28)	219.30	446.43	–	–	(160.21)	–	(160.21)	–	100.00%
2	Mercator Petroleum Limited	3/31/2020	INR	62.63	(115.10)	265.31	317.78	–	2.01	(108.77)	–	(108.77)	–	94.13%
3	Mercator Offshore Logistic Private Limited (Formerly Mercator Dredging Private Limited)"	3/31/2020	INR	0.01	(2.03)	0.01	2.03	–	–	(1.97)	–	(1.97)	–	100.00%
4	Oorja Resources India Private Limited	3/31/2020	INR	0.03	(0.00)	0.67	0.64	–	–	(0.06)	(0.00)	(0.05)	–	100.00%
5	Mercator Oceantransport Limited	3/31/2020	INR	0.05	(0.01)	0.04	0.00	–	–	(0.00)	–	(0.00)	–	100.00%
6	Mercator International Pte Ltd	3/31/2020	USD	0.45	(795.65)	3.09	798.28	–	–	(344.33)	(0.08)	(344.24)	–	100.00%
7	Oorja Holdings Pte Ltd	3/31/2020	USD	0.00	(350.93)	180.08	531.00	–	–	(110.95)	–	(110.95)	–	100.00%
8	"Offshore Holdings Company Pte Ltd Formerly Mercator Offshore Holding Pte Ltd)"	3/31/2020	USD	22.62	(32.98)	9.88	20.24	–	–	(2.93)	–	(2.93)	–	100.00%
9	Mercator Energy Pte Ltd	3/31/2020	USD	3.96	(279.44)	3.50	278.98	–	–	(95.09)	–	(95.09)	–	75.00%
10	Marvel Value International Limited	3/31/2020	USD	0.00	(38.35)	22.06	60.41	–	–	(10.84)	–	(10.84)	–	100.00%
11	Mercator Offshore Assets Holding Pte Ltd	3/31/2020	USD	1.81	(68.61)	0.01	66.81	–	–	(0.01)	–	(0.01)	–	75.00%
12	Panther Resources Pte Ltd	3/31/2020	USD	0.00	85.68	86.04	0.36	86.03	–	(105.51)	–	(105.51)	–	100.00%
13	Oorja 1 Pte Ltd	3/31/2020	USD	0.00	(0.01)	0.00	0.01	–	–	(0.01)	–	(0.01)	–	100.00%
14	Oorja 2 Pte Ltd	3/31/2020	USD	–	0.00	–	(0.00)	–	–	0.00	–	0.00	–	100.00%
15	Oorja (Batua) Pte Ltd	3/31/2020	USD	130.42	(106.25)	99.55	75.38	–	–	(56.94)	–	(56.94)	–	100.00%
16	MCS Holdings Pte Ltd	3/31/2020	USD	7.54	(30.91)	186.38	209.75	–	7.48	(211.41)	–	(211.41)	–	100.00%
17	Oorja Mozambique Minas Limitada	3/31/2020	MZM	0.00	(0.04)	2.19	2.23	–	–	(0.09)	–	(0.09)	–	100.00%
18	Mercator Offshore (P) Pte Ltd	3/31/2020	USD	1.51	(23.73)	28.94	51.16	–	–	(0.64)	–	(0.64)	–	76.25%
19	PT Karya Putra Borneo	3/31/2020	USD	45.56	102.37	285.64	137.72	–	377.51	26.12	6.62	19.50	–	45.00%
20	Broadtec Mozambique Minas Limiteda	3/31/2020	MZM	0.00	(0.14)	1.49	1.62	–	–	(0.11)	–	(0.11)	–	85.00%
21	PT Oorja Indo KGS	3/31/2020	USD	2.19	(5.68)	35.16	38.65	–	258.71	1.73	–	1.73	–	100.00%
22	PT Oorja Indo Petangis Three	3/31/2020	USD	24.50	(24.46)	0.04	–	–	–	(0.01)	–	(0.01)	–	100.00%
23	PT Oorja Indo Petangis Four	3/31/2020	USD	23.75	(23.39)	0.35	–	–	–	(0.05)	–	(0.05)	–	100.00%
24	PT Indo Perkasa	3/31/2020	USD	4.16	113.95	229.92	111.81	–	155.20	15.35	4.06	11.29	–	22.95%
25	PT Bema Gema Permata	3/31/2020	USD	4.32	(4.14)	0.18	–	–	–	(0.11)	–	(0.11)	–	100.00%

USD	Closing Rate	75.3859
USD	Average Rate	71.0629
MZM	Closing Rate	66.2485

Exchange Rate: *1USD= ₹ 75.3859 , **1USD=₹71.0629, # 1USD= 66.2485 Mozambican Meticals (MZM),

1 Subsidiaries which are yet to commence operations

Marvel Value International Limited

2 Subsidiaries which have been liquidated or sold/ceased during the year -

Oorja 2 Pte Ltd

Oorja 3 Pte Ltd

Brio Resources Pte Ltd

3 Subsidiaries initiated for voluntary liquidation or sale / cease subsequent to year end before sign of financials -

Marvel Value International Limited

Mercator Enery Pte Ltd

Mercator Offshore Asset Holdings Pte Ltd

Mercator Offshore (P) Pte Ltd

Part B: Associates and Jont Ventures

Sr. No.	Name of Associates/ joint ventures	Audited Balancesheet Date	Shares held by the Company on the year end			Description of significant influence	Reason for non consolidation	Networth attributable to shareholding	Profit /loss fot the year	
			No.	Amount of Investment	Extent of Holding %				Consider in Consolidation	Not Consider in Consolida-tion
NIL										

1 Associates or Jont Ventures which are yet to commence operations - NIL

2 Associates or Jont Ventures which have been liquidated or sold during the year - NIL

Independent Auditor's Report

To the Members of Mercator Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

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"), which comprise the Consolidated Balance Sheet as at March 31 2020, the Consolidated Statement of Profit and Loss, [including Other Comprehensive Income], the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of 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, because of the significance of the matter(s) described in the 'Basis for Adverse Opinion' section of our report, the accompanying Consolidated Financial Statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, of consolidated loss [including other comprehensive income], its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for Adverse Opinion

We draw attention to –

a. As more detailed in Note No. 3.07 of the Consolidated Financial Statements, regarding preparation of the Consolidated Financial Statements on a going concern basis. During the year the financing arrangements for the Holding Company of the group expired and the amount outstanding was payable on March 31, 2020. The Group has been unable to conclude re-negotiations or obtain replacement financing for repayment of its overdue financing arrangements. The Group has accumulated losses and has incurred significant losses as a result of substantial impairment of several assets during the current financial year. The Group also has substantial disputed receivables, which are not readily realizable to service the Group's current liabilities and the Group's net worth has also been fully eroded, in addition to defaults with lenders and inability to meet its current liabilities which substantially exceeds its current assets. Besides certain cases have been filed by operational creditors and financial creditors in National Company Law Tribunal (NCLT) against the Holding Company and few subsidiaries. Auditors of several subsidiary companies have also issued modified reports relating to the Going Concern assumption for preparation of the financial statements. The management has not shared a revival plan for the Group to continue as a going concern and hence in the absence of the same we conclude that the going concern assumption has been vitiated. The Consolidated Financial Statements have however been prepared on a going concern basis by the management.

b. Note No. 2.3(c) of the Consolidated Financial Statements, regarding the Group's investment carried at Fair Value through Profit and Loss Account pertaining to its coal mining and related infrastructure assets in Indonesia on which reduction in fair value of ₹ 105.47 crore has been recognized basis an independent valuation report conducted on December 31, 2019 instead of March 31, 2020. Due to the onset of COVID-19, the subsidiary auditors are unable to comment on the impact on the fair valuation of these financial assets as at March 31, 2020.

c. Note No. 3.06(iii) of the Consolidated Financial Statements, regarding unprovided current tax demands under dispute, pertaining to Holding Company, to the tune of ₹ 63.18 crore pending at various judicial forums of the Income Tax department. In the absence of the required supporting documents justifying the stand of the Holding Company we are unable to comment on final outcome of such assessments and the potential financial impact of the same.

d. Note No. 3.10(a) of the Consolidated Financial Statements, regarding notice received by a subsidiary company Mercator Petroleum Limited (hereinafter referred to as "MPL") from the Ministry of Petroleum and Natural Gas (MOPNG) for termination of Production Sharing Contract (PSC) for one of its non-operative oil Block and has demanded costs and other dues to be determined as per terms and conditions of PSC. As per the auditor of the subsidiary, in case MPL's stand is not accepted by MOPNG, the estimated financial impact would be to the tune of ₹ 35.80 crore.

e. Note No. 3.10(b) of the Consolidated Financial Statements, regarding the fact that MPL, has entered into a Farm-in Farm-out ('FIFO') agreement and deed of assignment with one of the prospective buyer for sale of participating interest ('PI') in oil block CB-9. As per the FIFO agreement, the estimated sale price for PI in CB-9 is approximately ₹ 252 crore. MPL on the basis of the aforesaid agreement has re-valued its non-current asset and provided impairment loss aggregating to ₹ 12.75 crore in the current financial year. As per Ind AS 105, an entity should value its non-current asset held for sale at the lower of carrying amount or fair value. As per the auditor of the subsidiary, MPL has not been able to provide any valuation report with respect to fair value of oil block CB-9 on which reliance can be placed.

f. Note No. 3.11(a) of the Consolidated Financial Statements, regarding termination of Sagar Samrat Conversion Project (SSCP), undertaken by a subsidiary Mercator Oil & Gas Ltd. (hereinafter referred as "MOGL" or "subsidiary"), by ONGC, which is currently under arbitration. The amount standing under Other Financial Assets is ₹ 204.61 crore. The amount of recoverability and ultimate impairment would depend on the outcome of the arbitration proceedings, which is uncertain as at the balance sheet date.

g. Note No. 3.11(b) of the Consolidated Financial Statements, regarding one of the consortium partners in SSCP ('GPC') has filed a claim against the MOGL in Abu Dhabi First Instance Court wherein the Court after review sought for work undertaken and change of assessment base, ordered MOGL to pay USD 5.7 million and interest @ 5% p.a. from date of case filed until actual payment. However, MOGL has not accepted the claim and recognized ₹ 22.97 crore as contingent liability on the subject matter. In the view of the auditor of MOGL, since MOGL has not appealed against the Court order and further in absence any document which provides evidence that MOGL is planning to pursue the matter with higher forum, potential financial impact of the same on the Consolidated Financial Statements is not known.

h. Note No. 3.30 of the Consolidated Financial Statements, regarding balance confirmations not been received in respect of various trade receivables, trade and other payables, and loans and advances for several entities of the group as a result of which reconciliation process and consequential adjustments, if any, has not been carried out in these entities. The Group has adjusted / provided significant amounts basis its internal estimates, against which necessary supporting documentation has not been made available for audit verification.

i. Note No. 3.33 of the Consolidated Financial Statements, as reported by the statutory auditor of MOGL, regarding resignation of one of the directors on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MOGL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MOGL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. As reported by the statutory auditor of MPL, regarding resignation of one of the directors on February 26, 2020. As per Section 168 (1) of the Companies Act 2013 read with Rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the management of MPL has not filed e-form DIR-12 relating to the resignation of such Director within the stipulated time. Further as a result of this resignation, composition of Board of Directors of MPL is not in compliance with the provisions of Section 149(1) of the Companies Act, 2013. Additionally, Chief Financial Officer and Company Secretary have also resigned on July 5, 2019 and July 24, 2019 respectively. MPL has failed to fill-up these vacancies within the stipulated timeline mentioned under Section 203(4) of the Companies Act, 2013. As per the auditor of the subsidiary, the Financial Statement of the subsidiary has not been signed in compliance with Section 134 of the Companies Act, 2013.

j. Note No. 3.23(c) of the Consolidated Financial Statements, one of the subsidiaries company has made provision of Potential cargo claims amounting to USD 1,308,412 (₹ 9.86 crore) and due to lack of sufficient supporting documents and information available from the subsidiary company; sufficient appropriate audit evidence on the basis, completeness and accuracy of provision amount recorded by the subsidiary company couldn't be obtained by the auditor of the subsidiary. Further as reported, trade receivables amounting to USD 1,308,412 (₹ 9.86 crore) is due from a debtor and as per the management of the subsidiary company, the debtor has retained the amount in lieu of the potential claims and hence no expected credit loss ("ECL") provision is recognized. Accordingly, potential financial impact of the same on the Consolidated Financial Statements in not known.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group 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 Consolidated 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for adverse opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to –

a. Note No. 3.12 of the Consolidated Financial Statements, regarding receivable from an insurance company 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.

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

Key Audit Matters

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. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters of Holding Company

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	**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.	**Our Audit Approach** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: 1. Evaluation of the design of internal control for recognizing revenue. 2. Selected a sample of the continuing and new contracts and tested the operating effectiveness of the internal 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, analyzed 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.
2.	**Impairment of Assets** Refer Note 2.1 of the Consolidated Financial Statements The Company has Vessels and Dredgers with a carrying value of ₹ 15.81 crore (net of impairment of ₹ 41.04 crore done during the year) as on March 31, 2020. 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	**Our Audit Approach** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: 1. Obtained the list of Cash Generating Units (Vessels and Dredgers) and their carryi.ng values 2. We discussed the 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. 3. Considered the case wise scenario of each vessel including its present status. 4. Evaluated the Value in Use calculation prepared by the management and the reasonableness of the key assumptions applied in the impairment calculation. 5. We tested the arithmetical accuracy of the models.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
	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 41.04 crore for the year which has been provided in the Standalone Financial Statements.	We have assessed the appropriateness of impairment provision based on the assumptions considered by the management and above-mentioned audit procedures conducted by us and elaborated our findings in "Basis for Adverse Opinion". We have also reviewed whether appropriate disclosures are made in the Standalone Financial Statements.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 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.

When we read the Other Information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

Responsibilities of the Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, consolidated financial performance including other comprehensive income, cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each 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 the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 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 Holding Company has adequate internal financial controls with reference to the consolidated financial statements 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 and Board of Directors.

- Conclude on the appropriateness of management and Board of Directors 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 Group's ability to continue as a going concern. Our conclusions are elaborated in the 'Basis for Adverse Opinion' section of our report, and are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the Consolidated 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 Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Consolidated Financial Statement of which we are the independent auditors. For the other entities included in the Consolidated Financial Statement, which have been audited by 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in subparagraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

We communicate with those charged with governance of the Holding Company 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 for the financial year ended March 31, 2020 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

a. The accompanying Consolidated Financial Statements includes the audited financial statements and other financial information, in respect of –

   - 5 domestic subsidiaries and 13 foreign subsidiaries, whose financial statements reflect total assets of ₹ 1,574.46 crore as at March 31, 2020, total revenues of ₹ 827.16 crore, total net loss after tax (including from discontinued operations) of ₹ 1,070.66 crore, total comprehensive income of ₹ 0.18 crore for the year ended on that date and net cash inflows of ₹ 21.08 crore for the year ended March 31, 2020, as considered in the Consolidated financial statements which have been audited by their respective auditors.

   The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely

on the reports of such auditors and the procedures performed by us as stated in paragraph above. Certain of these subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

b. The accompanying Consolidated Financial Statements includes unaudited financial statements in respect of

- 7 foreign subsidiaries whose financial statements have been incorporated based on management certified accounts received and reflects total assets of ₹ 58.19 crore as at March 31, 2020 and total revenue of ₹ 5.34 crore and total net loss after tax of ₹ 106.77 crore for the year ended March 31, 2020 and net cash inflow of ₹ 3.65 crore for the year ended March 31, 2020

These unaudited financial statements have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and 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

1. 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 of subsidiaries referred to in the Other Matters section above, we report, to the extent applicable, that:

(a) We have sought and except for the possible effects of the matters described in the Basis for Adverse Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) Except for the possible effects of the matter described in the Basis for Adverse Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept 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 Statement of Cash Flow and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;

(d) Due to the matters described in the Basis for Adverse Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements do not comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matters described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received on email (due to nationwide lockdown), by the Holding Company from the directors as on March 31, 2020 and basis the certificate of non – disqualification of directors issued pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 by Independent Company Secretary, taken on record by the Board of Directors of the Holding Company and basis the reports of the Statutory Auditors' of its Indian subsidiary companies, none of the directors of the Group Companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act, except as stated below -

As stated by the statutory auditor of Mercator Petroleum Limited (MPL), a subsidiary, MPL has requested its debenture holder which is their holding company to grant waiver in charging interest as well as additional period for payment of accrued interest until successful completion of sale of oil block, which in-principally agreed and assured that appropriate approval of Board of Directors as well as shareholder will be taken in

due course of time. Additionally, MPL has obtained an independent legal opinion for classification and application of provision of Section 164(2) of the Companies Act, 2013 and based on that MPL has recognized that none of the director of the company is disqualified under said provision. Accordingly, in the opinion of management of MPL's, as also discussed and taken on record in the board of Directors meeting held to adopt the financial statements of the MPL and further as represented by each of the Directors, none of the Directors of the Company are disqualified as on March 31, 2020 in terms of sub–section (2) of the Section 164 of the Act. In view of the above legal opinion taken by the MPL and the Board, statutory auditor of MPL is unable to comment on whether the Directors of the Company are disqualified under sub–section (2) of Section 164 of the Act as required by us to state so.

(g) The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph above;

(h) With respect to the adequacy of the internal financial controls of the Holding Company and its Subsidiaries incorporated in India with reference to these Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report; which expresses an adverse opinion on the adequacy of and operating effectiveness of such controls with reference to financial statements for the reasons stated therein.

(i) In our opinion, and to the best of our information and according to the explanations given to us, excess remuneration of ₹ 1.62 crore (including ₹ 0.46 crore for the current year) was paid to the Managing Director of the Holding Company, which exceeded the limits applicable under section 197 of the Act, read with Schedule V thereto. The amount is due for recovery as at March 31, 2020. Refer Note 3.13 of the Consolidated Financial Statements.

(j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The management has disclosed the impact of pending litigations on the financial position in its Consolidated Financial Statements, refer Note 3.06, to the Consolidated Financial Statements;

ii. The Group did not have any material 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 Holding Company and its Subsidiary Companies incorporated in India.

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567
UDIN No: 20061567AAAAAG6808

Place of Signature: Mumbai
Date: July 15, 2020

Annexure - A to the Auditors' Report

(Referred in paragraph 1(h) 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 the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to the Consolidated Financial Statements of the Mercator Limited (hereinafter referred as "Holding Company") and its Subsidiary Companies incorporated in India (together referred to as 'Group'), 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, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to the financial statements is applicable, are responsible for establishing and maintaining internal financial controls based on the internal control 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 Holding Company's internal financial controls with reference to Consolidated Financial Statement 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 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 with reference to Consolidated Financial Statement and their operating effectiveness. Our audit of internal financial controls included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statement, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning Of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to Consolidated Financials Statement 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 with reference to Consolidated Financials Statement 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 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 Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ADVERSE OPINION

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial control with reference to Consolidated Financials Statement as at March 31, 2020:

a) The Holding Company and such companies incorporated in India which are its subsidiaries companies did not have adequate internal financial controls to test and assess the fundamental going concern assumption for the Group, basis which the Consolidated Financial Statements have been prepared. This control deficiency has a pervasive impact on the control framework of the Consolidated Financial Statements.

b) The Holding Company and such companies incorporated in India which are its subsidiaries company did not have appropriate internal control systems

- for maintaining documentation, review and impairment related to the advances given and outstanding and
- for obtaining confirmations and reconciliation of balances of trade receivables, trade and other payables and loans and advances,
- for the documentary evidence with respect to the provision / adjustments created during the year on the investments, loans, advances and receivable balances accounted by the Company

which could potentially result in the Group carrying advances/ assets at either higher or lower amounts than what may be appropriate.

c) The Holding Company and such companies incorporated in India which are its subsidiaries company did not provide any evidence of conducting an operating effectiveness test of its controls. This control deficiency has a pervasive impact on the financial controls of the entity.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Consolidated Financial Statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects of the material weaknesses described above, the Group has not maintained, adequate and effective internal financial controls with reference to Consolidated Financials Statement as of March 31, 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported above in determining the nature timing and extent of audit tests applied in our audit of March 31, 2020 Consolidated Financial Statements of the company, and these material weaknesses do not affect our opinion on the Consolidated Financial Statements of the Company.

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 financial statements in so far as it relates to five Indian subsidiaries which are companies incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

Our opinion is not qualified in respect of this matter.

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567
UDIN No: 20061567AAAAAG6808

Place of Signature: Mumbai
Date: July 15, 2020

Consolidated Balance Sheet

as at March 31, 2020

₹ in crore

Particulars	Note	As at 31-Mar-2020	As at 31-Mar-2019
A ASSETS			
1 Non- Current Assets			
(a) Property, Plant and Equipment	2.1	331.67	840.36
(b) Capital Work-in-Progress		3.18	281.47
(c) Investment Properties	2.2	–	0.96
(d) Other Intangible Assets	2.1	0.04	0.11
(e) Deferred Tax Asset	3.21	1.49	1.30
(f) Financial assets			
(i) Investments	2.3(a)	–	0.00
(ii) Loans	2.4	3.37	6.91
(ii) Other Financial Assets	2.5	204.64	212.45
(g) Other Non Current Assets	2.6	37.73	66.07
(h) Income Tax Assets (net)		80.38	92.73
Total Non-Current Assets		**662.50**	**1,502.36**
2 Current Assets			
(a) Inventories	2.7	9.48	15.20
(b) Financial Assets			
(i) Investment	2.3(b)	86.03	180.38
(ii) Trade Receivables	2.8	100.55	110.30
(iii) Cash and Cash Equivalents	2.9(i)	31.49	13.29
(iv) Bank Balances other than (iii) above	2.9(ii)	0.68	24.63
(v) Loans	2.10	16.06	23.38
(vi) Other Financial Assets	2.11	59.35	70.58
(c) Other Current Assets	2.12	38.72	66.33
Non Current Assets classified as Held for Sale		288.69	185.69
Total Current Assets		**631.05**	**689.78**
TOTAL ASSETS		**1,293.55**	**2,192.14**
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	2.13	30.25	30.25
(b) Other Equity	2.14	(1,088.45)	(86.85)
Equity attributable to Owners		(1,058.20)	(56.60)
Non Controlling Interest		104.14	90.50
Total Equity		**(954.06)**	**33.90**
2 Non - Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.15	–	514.48
(ii) Other Financial Liablities	2.16	35.04	32.15
(b) Provisions	2.17	4.41	5.49
(c) Deferred Tax Liabilities (Net)		–	–
Total Non-Current Liabilities		**39.45**	**552.12**
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.18	669.54	670.10
(ii) Trade Payables	2.19		
- total outstanding dues of micro enterprises and small enterprises		0.35	0.31
- total outstanding dues of creditors other than micro enterprises and small enterprises		185.63	213.18
(iii) Other Financial Liablities	2.20	1,279.81	586.95
(b) Other Current Liabilities	2.21	72.64	134.94
(c) Provisions	2.22	0.19	0.64
Total Current Liabilities		**2,208.16**	**1,606.12**
Total Liabilities		**2,247.61**	**2,158.24**
TOTAL EQUITY AND LIABILITIES		**1,293.55**	**2,192.14**
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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer
(DIN:00007919)

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

₹ in crore

	Particulars	Note	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	INCOME			
	(a) Revenue from Operations	2.23	638.61	867.35
	(b) Other Income	2.24	15.38	166.87
1	**Total Income**		**653.99**	**1,034.22**
	EXPENSES:			
	(a) Operating Expenses	2.25	468.05	618.88
	(b) Employee Benefit Expenses	2.26	33.72	41.63
	(c) Finance Costs	2.27	260.75	153.70
	(d) Depreciation and Amortisation expenses	2.1 & 2.2	141.42	176.89
	(e) Impairment of Assets	2.1	41.04	53.32
	(f) Loss on Sale / Discard of Assets	2.28	233.87	73.56
	(g) Other Expenses	2.29	219.43	319.30
2	**Total Expenses**		**1,398.28**	**1,437.28**
3	**Profit/(loss) before exceptional items and tax (1 - 2)**		(744.29)	(403.06)
4	Less: Exceptional items	3.18	154.19	108.89
5	**Profit/(loss) before tax from Continuing Operations (3-4)**		**(898.48)**	**(511.95)**
6	**Tax expense:**			
	(a) Current tax	2.30	(11.18)	(33.24)
	(b) Deferred Tax	2.30	0.13	0.76
7	**Profit /(Loss) for the period from Continuing Operations (5 - 6)**		**(909.53)**	**(544.43)**
8	**Discontinued Operation**			
	Profit/(loss) before tax from discontinued Operation (Refer Note 3.24)		(2.93)	(336.08)
	Tax (expenses) / benefit of discontnued operation		–	1.42
9	**Profit/(loss) after tax from Discontinued Operation**		**(2.93)**	**(334.66)**
10	**Profit/(loss) after tax (7 + 9)**		**(912.46)**	**(879.09)**
11	Other comprehensive income for the year (net of tax)			
	Items that will not be reclassified to Profit or Loss,			
	(a) Remeasurements of net defined benefit plans "		0.81	(0.05)
	(b) Other comprehensive income/(loss) arising from discontinued operations		–	–
12	**Total Comprehensive Income for the year (10 + 11)**		**(911.65)**	**(879.15)**
13	**Profit /(Loss) attributable to :**			
	Owners		(926.09)	(908.61)
	Non-Controlling Interest		13.63	29.52
			(912.46)	**(879.09)**
14	Other Comprehensive Income attributable to:			
	Owners		0.81	(0.05)
	Non-Controlling Interest		–	–
			0.81	**(0.05)**
15	**Total Comprehensive Income / (Loss) attributable to the owner of the Company**			
	Owners		(925.28)	(908.66)
	Non-Controlling Interest		13.63	29.52
			(911.65)	**(879.14)**
16	**Total Comprehensive Income / (Loss) attributable to the owner of the Company**			
	Continuing Operation		(908.72)	(544.48)
	Discontinued Operation		(2.93)	(334.66)
			(911.65)	**(879.14)**
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	(30.52)	(18.98)
	Diluted (In Rupees)		(30.52)	(18.98)
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	(0.10)	(11.06)
	Diluted (In Rupees)		(0.10)	(11.06)
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	(30.62)	(30.04)
	Diluted (In Rupees)		(30.62)	(30.04)
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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer
(DIN:00007919)

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020

Statement of Consolidated Cash Flow

for the year ended March 31, 2020

₹ in crore

	Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) Before Tax - continuing business	(898.48)	(511.95)
	Net Profit / (Loss) Before Tax - discontinued business	(2.93)	(334.66)
	Adjustment for:		
	Depreciation & Amortisation	141.42	195.87
	Impairment of Assets - continuing operation	41.04	53.45
	Impairment of Assets - discontinued operation	–	301.86
	Provision for doubtful debts/advances	3.48	95.60
	Remeasurements of net defined benefit plans	–	–
	Finance Costs	260.75	153.70
	(Profit)/Loss on fixed assets sold / discarded (net)	233.87	73.50
	Other income on account of accrual written back	(4.76)	(157.93)
	Recycled through other equity	(92.85)	(113.78)
	Interest income	(1.82)	(2.58)
	Exceptional Item	154.19	108.89
	Bad Debts and other amounts written off/(back)	37.59	117.07
	Unrealised (gain) / loss on Fair Value of Investment	105.47	40.50
	Unrealised foreign exchange (gain) / loss (Net)	3.16	61.77
	Operating profit before working capital changes	**(19.87)**	**81.31**
	Adjustment for:		
	Decrease/(Increase) in Non Current Financial Assets - Loans	3.54	3.90
	Decrease/(Increase) in Non Current Other Financial Assets	7.81	9.39
	Decrease/(Increase) in Other Non Current Assets	21.02	1.77
	Decrease/(Increase) in Inventories	5.72	1.41
	Decrease/(Increase) in Trade Receivables	(33.04)	(1.23)
	Decrease/(Increase) in Current Financial Assets - Loans	7.32	(20.20)
	Decrease/(Increase) in Current Other Financial Assets	10.31	4.11
	Decrease/(Increase) in Other current assets	27.13	8.63
	(Decrease)/Increase in Non Current Other financial liabilities	2.89	(9.85)
	(Decrease)/Increase in Non Current provisions	(1.08)	1.94
	(Decrease)/Increase in Trade Payables	(32.27)	(51.80)
	(Decrease)/Increase in Current Other Financial Liabilities	10.23	52.51
	(Decrease)/Increase in Other current liabilities	(21.14)	49.17
	(Decrease)/Increase in Current provisions	(0.45)	0.08
	Net Cash from Operating Activities	**(11.88)**	**131.13**
	Direct taxes paid (Net of refund)	(23.22)	(21.53)
	Net Cash from Operating Activities	**(35.10)**	**109.61**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets including capital work in progress	(45.88)	(118.49)
	(Increase) / Decrease in Capital advances	7.32	46.21
	Proceeds from Sale of Fixed Assets	262.13	82.23
	(Increase) / Decrease in Current Intercorporate deposits	-	5.71
	Bank deposits (Placed) / redeemed with banks (Net)	44.16	84.74
	Interest Received	2.74	2.49
	Net Cash from Investing Activities	**270.47**	**102.89**
C	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	250.96	383.67
	Repayment of Borrowings	(335.85)	(489.89)
	Changes in the Non-Controliing Interest	(0.01)	(0.02)
	Interest paid	(132.27)	(115.42)
	Net Cash from Financing Activities	**(217.17)**	**(221.66)**
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**18.20**	**(9.16)**
	Cash and Cash Equivalents as at beginning of the year	13.29	22.46
	Add: Unrealised Foreign Exchange Fluctuation on cash and cash equivalents	-	(0.01)
	Cash and Cash Equivalents as at end of the year	**31.49**	**13.29**
	Cash and Cash Equivalents comprise of:		
	Cash and Bank Balances (Refer Note 2.9(i))	31.49	13.29

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 (Previous Year ₹Nil) which are not available for use by the company.

The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balance held in unpaid dividend bank accounts.

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 :

₹ in crore

Particulars	As at March 31, 2019	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2020
			Fair Value Changes	Foreign Exchange Movement	Other non cash movements	Amortised Cost (including premium on redemption of NCD)	
Non Convertible Debenture (NCD)	135.54	(3.55)	–	–	(5.54)	13.27	139.72
Rupee Term loan from Bank	10.07	(10.07)	–	–	–	–	–
Foreign currency term loan from Bank	627.50	(18.46)	–	31.83	(4.17)	–	636.70
External Commercial Borrowing	120.26	(77.82)	–	3.85	0.41	–	46.70
Foreign Currency Convertible Bonds (FCCB)	108.75	–	–	9.94	1.93	–	120.62
Rupee Term loan from Financial Institution	35.28	–	–	–	(8.11)	–	27.17
Rupee Term loan from others	7.71	–	–	–	7.71	–	15.42
Working capital Loan	368.58	(7.68)	–	19.34	28.18	–	408.42
Rupee Short Term loan form Banks	266.34	(32.27)	–	–	(14.00)	–	220.05
Total	**1,680.02**	**(149.87)**	**–**	**64.96**	**6.41**	**13.27**	**1,614.79**

₹ in crore

Particulars	As at March 31, 2018	Cash Flows (Net)	Non - Cash Changes				As at March 31, 2019
			Fair Value Changes	Foreign Exchange Movement	Other non cash movements	Amortised Cost (including premium on redemption of NCD)	
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	(82.57)	–	37.96	(249.27)	(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	–	(1.92)	108.75
Rupee Term loan from Financial Institution	74.36	(39.08)	–	–	–	0.00	35.28
Rupee Term loan from others	–	7.71	–	–	–	–	7.71
Working capital Loan	341.18	14.54	–	12.86	–	–	368.58
Rupee Short Term loan form Banks	17.07	–	–	–	249.27	–	266.34
Total	**1,728.02**	**(106.21)**	**–**	**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 Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Nikhil Singhi
Partner
Membership No : 061567

Place : Mumbai
Date: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer
(DIN:00007919)

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

EQUITY SHARE CAPITAL

(a) Equity Shares

Particulars	As atMarch 31, 2020		As at March 31, 2019	
	No of Share	₹ in Crore	No of Share	₹ in Crore
Balance at the beginning of Reporting Period	30,24,59,335	30.25	30,24,59,335	30.25
Add: Changes in Equity Share Capital during the year	–	–	–	–
Balance at the end of Reporting Period	**30,24,59,335**	**30.25**	**30,24,59,335**	**30.25**

(b) Other Equity

₹ in crore

	Deemed Equity	Reserves and Surplus							Other Reserves			Total equity	Non Controlling Interest	Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Debenture Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Exchange differences on translating the financial statements of foreign operations	Other Comprehensive Income	Other Reserve			
Balance at 1st April 2018	**0.36**	**42.89**	**40.00**	**590.75**	**25.00**	**(67.14)**	**167.63**	**(0.00)**	**9.42**	**113.53**	**–**	**922.43**	**60.97**	**983.41**
Profit/ (Loss) for the year	–	–	–	–	–	(908.61)	–	–	–	(0.05)	–	(908.66)	29.52	(879.14)
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)		0.00	12.19	0.99		13.15	0.01	13.16
Dividends												–		–
Transfer from General Reserve												–		–
Issuance of equity shares through Qualified Institutional Placement												–		–
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement												–		–
Transfer to General Reserve												–		–
Balance at 31st March 2019	**0.36**	**42.89**	**40.00**	**590.75**	**25.00**	**(975.78)**	**167.63**	**–**	**21.61**	**0.69**	**–**	**(86.85)**	**90.50**	**3.65**

(₹ in crore)

	Deemed Equity	Reserves and Surplus							Other Reserves			Total equity	Non Controlling Interest	Total
		Capital Reserve	Capital Redemption Reserve	Securities Premium	Debenture Redemption Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve	Exchange differences on translating the financial statements of foreign operations	Other Comprehensive Income	Other Reserve			
Profit/ (Loss) for the year	–	–	–	–	–	(926.09)	–	–	–	0.81	–	(925.28)	13.63	(911.65)
Adjustment for the year	–	–	–	–	–	(38.23)	–	–	–	–	–	–	–	–
Other Comprehensive Income recycled through Statement of Profit & Loss *	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase / (decrease) during the year						–		–	(38.09)	–		(76.32)	0.01	(76.31)
Dividends												–		–
Transfer from General Reserve												–		–
Issuance of equity shares through Qualified Institutional Placement												–		–
Adjustment of expenses for issuance of equity shares through Qualified Institutional Placement												–		–
Transfer to General Reserve												–		–
Balance at 31st March 2020	**0.36**	**42.89**	**40.00**	**590.75**	**25.00**	**(1,940.10)**	**167.63**	**–**	**(16.48)**	**1.50**	**–**	**(1,088.45)**	**104.14**	**(984.31)**

*Represents the resultant impact w.r.t. entities deconsolidated and routed through OCI in the earlier year pending receipt of confirmation from the official liquidator, has recycled through the Statement of Profit & Loss in preivious 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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer
(DIN:00007919)

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020

Notes to the Financial statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020

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. In addition to that, Foreign Currency Convertible Bonds (FCCB) of the Company are listed on debt segment of Singapore Stock Exchange (SGX). 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 financial statements of Mercator Limited ("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 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 Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's IND AS financial statements are presented in Indian Rupee (INR), which is also the Group'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.

The financial statements of the subsidiary companies used in the preparation of the Consolidated IND AS Financial Statements have been drawn upto the same reporting date as that of Mercator Limited, i.e, March 31, 2020.

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.

Authorization of Financial Statements:

The Consolidated IND AS Financial statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on July 15, 2020.

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 Crore.

1.2 Historical cost convention:

The IND AS financial statements have been prepared on a historical cost basis, 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 financial statements

Notes to 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.

Estimation of uncertainties relating to the global health pandemic from Covid-19

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

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 activities of the Company and the normal time between acquisition of assets and their realization 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, 2020	% of holding either directly or through subsidiary as at March 31, 2019
1	Mercator Oil and Gas Limited	India	100.00%	100.00%
2	Mercator Petroleum Limited	India	94.13%	94.13%
3	Oorja Resources India Private Limited	India	100.00%	100.00%
4	Mercator Offshore Logistic Private Limited (formerly Mercator Dredging 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 (formerly Mercator Offshore Holding Pte Ltd)	Singapore	100.00%	100.00%
8	Brio Resources Pte Ltd @	Singapore	-	100.00%
9	Oorja Holdings Pte. Ltd	Singapore	100.00%	100.00%
10	Mercator Energy Pte Ltd @@	Singapore	75.00%	75.00%
11	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%
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%

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Sr. no	Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiary as at March 31, 2020	% of holding either directly or through subsidiary as at March 31, 2019
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 Limiteda	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 April 6, 2019.

During the year, the company has applied to strike off / voluntary wind with Accounting and Corporate Authority Singapore. Final confirmation is yet to receive.

@@ Subsequent to the year end,

1. the company has filed voluntary liquidation with Corporate registrar of British Virgin Island under BVI Business Companies Act 2004
2. the companies have filed voluntary liquidation with Accounting and Corporate Regulatory Authority Singapore and appointed liquidator for the same.

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 asets of the subsidiaries that are not, directly or indirectly owned or controlled by the company are excluded.

1.6 Foreign Currencies:

(i) 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 Crore.

(ii) Transaction 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

Notes to the Financial statements

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:

(i) 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

(ii) 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.

(iii) 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 & 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 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 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

Cost of assets not ready for intended use as on the balance sheet date, is shown as Capital work-in-progress.

Capital work-in-progress and Property, Plant and Equipment are 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

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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 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, the following cases where useful life is considered as under based on technical evaluation:

A) Vessels

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

ii) Gas Carriers
30 years

B) Coal Crusher is depreciated on Unit of Production Basis considering estimated production of 30,000,000 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. Residual value in case of vessels is estimated based on the closing rate for steel / metal rate published on London Metal Exchange (LME).

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

1.8 Intangible Assets & Amortisation:

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.

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 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 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.

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. Property, Plant and Equipment classified as held for sale are not depreciated.

1.10 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 Group 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) 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

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recognized immediately in the statement of profit and loss.

1.11 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 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.

1.12 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 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.

1.13 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.

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.

1.14 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,

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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.

1.15 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.

Proven and probable reserves are estimates of the amount of output that can be economically and legally exploited from the Company's mining properties. In order to estimate mineral reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transportation costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or mineral content of mineral reserves requires the size, shape and depth of mineral bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments to interpret the data. Because the economic assumptions used to estimate reserves change from period to period and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in the reported reserves may affect the Company's financial results and financial position in a number of ways, including the following:

a. Assets carrying values may be affected due to changes in the estimated future cash flows.

b. Depreciation, depletion and amortisation charged to consolidated profit or loss may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change.

c. Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

d. The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

The Company's accounting policy for the recognition of mine closure and rehabilitation provisions requires significant estimates and assumptions, such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure that differs from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at that time.

1.16 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

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costs that are directly attributable to:

- o acquisition of rights to explore;
- o topographical, geological, geochemical and geophysical studies;
- o exploratory drilling;
- o trenching and sampling; and
- o 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.

1.17 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. Fixed deposit having residual maturity up to twelve months from the reporting period is considered as part of bank balances other than cash and cash equivalent. Fixed deposit with residual maturity more than twelve months from reporting period is classified under other non-current assets. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

1.18 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit /(loss) before 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 Group are segregated based on the available information.

1.19 Leases:

Transition to IND-AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified IND-AS 116 Leases which replaces the existing lease standard, IND-AS 17 leases, and other interpretations. IND-AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single on-balance sheet lease accounting model for leases.

The Company has adopted IND-AS 116, Leases, as a lessee, using modified retrospective approach with the right-to-use getting measured at an amount equal to the lease liability immediately before the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. From recognition and measurement perspective, the adoption of the standard did not have any material impact on these financial results.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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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.

1.20 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.

1.21 Borrowing costs:

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. 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. All other borrowing costs are expensed in the period in which they occur.

1.22 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

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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.

1.23 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.

1.24 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.

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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. 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:

Notes to the Financial statements

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.

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 Group'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.

1.25 Provisions and Contingent Liabilities:

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.

If the effect of the time value of money is material,

Notes to the Financial statements

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.

1.26 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.

1.27 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) Voyage Charter

Revenue from voyage charters is recognised as income, by reference to the voyage progress on load-to-discharge basis, which has been assessed by management to be an appropriate measure of progress towards complete satisfaction of the performance obligations over time under IND-AS 115. Judgement is involved in estimating days to reach the load port and discharge port destinations impacting the calculation of income to be accrued for incomplete voyage.

c) 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.

d) Charter Hire Income

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

e) Dividend Income

Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.

f) Interest Income

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

Notes to the Financial statements

g) Insurance Claims

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

h) 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.

i) 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.

j) 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.

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

1.28 Tax 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.

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 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.

(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.

1.29 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.

d) Revenue from jetty operations are recognized as and when the services are rendered. Expenses are recognized when they are incurred.

1.30 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification, which would have been applicable from April 1, 2020.

2.1 Property, Plant and Equipment

(₹ in crore)

	Gross Carrying Amount					Depreciation /Amortisation						Net Carrying Amount	
	As at 01/04/2019	Translation / Adjustment / Reclassification	Addition	Disposal /Adjustments	As at 31/03/2020	As at 01/04/2019	Translation / Adjustment / Reclassification	Depreciation during the year	Impairment	Disposal /Adjustments	As at 31/03/2020	As at 31/03/2020	As at 31/03/2019
Property Plant and Equipment													
Land	123.31	8.58	0.02	–	131.91	20.03	2.02	3.57	–	–	25.62	106.29	103.29
Vessels	912.65	–	5.47	(790.97)	127.15	461.39	–	40.84	41.04	(431.93)	111.34	15.81	451.26
Furniture & Fittings	6.44	0.71	1.66	(0.89)	7.92	5.30	0.50	0.54	–	(0.83)	5.51	2.41	1.14
Vehicles	6.00	0.57	0.92	(0.53)	6.96	3.81	0.40	1.41	–	(0.30)	5.32	1.64	2.19
Office Building	11.63	1.17	1.43	–	14.23	5.19	0.57	1.16	–	–	6.92	7.31	6.44
Computer Equipments	0.36	–	–	(0.03)	0.33	0.23	–	0.06	–	(0.01)	0.28	0.05	0.13
Mines	103.46	6.84	–		110.30	48.32	6.00	55.98	–	–	110.30	–	55.14
Oil Well	40.36	–	–	(40.36)	–	0.06	–	–	–	(0.06)	–	–	40.30
Mining Equipment	257.14	11.56	36.38	17.22	305.08	76.66	9.72	37.76	–	–	124.14	198.16	180.48
	1,461.35	**29.43**	**45.88**	**(815.56)**	**721.10**	**620.99**	**19.21**	**141.32**	**41.04**	**(433.13)**	**389.43**	**331.67**	**840.36**
Other Intangible Assets					-								
Computer Software	0.46	–	–	(0.34)	0.12	0.35	–	0.07	–	(0.34)	0.08	0.04	0.11
Total	**1,461.81**	**29.43**	**45.88**	**(815.90)**	**721.22**	**621.34**	**19.21**	**141.39**	**41.04**	**(433.47)**	**389.51**	**331.71**	**840.47**

	Gross Carrying Amount					Depreciation /Amortisation						Net Carrying Amount	
	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 31/03/2019	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	(7.75)	24.87	–	(0.22)	76.66	180.47	146.66
	1,643.99	**27.02**	**118.46**	**(328.12)**	**1,461.35**	**477.43**	**1.02**	**176.70**	**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**	**1.02**	**176.75**	**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**	**1.02**	**195.87**	**431.06**	**(575.93)**	**621.34**	**840.47**	**1,640.98**

^ Gross Carrying amount and accumulated depreciation as on April 01, 2018 is after adjusting ₹ 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.

Notes to the Financial statements

Notes:

i Vessels having Net book value of ₹ 15.81 Crore (PY ₹ 451.26 Crore) has been charged / mortgaged to the lenders (Refer Note 2.15.). As per information and explanation given to us, all the vessels have been arrested by the operational creditors under Commercial Admiralty Suit and are not operational.

ii During the year, vessel namely Uma Prem has been arrested and sold under court proceedings at Hon'ble High Court of Bombay. The operational and financial creditors have filed Commercial Admiralty Suit for allocation cum appropriation of sale proceeds for which final order is yet to be pronounced until date of reporting. Similarly the vessel Prem Mala has also been arrested and sale proceedings have been initiated by Hon'ble High Court of Bombay which has been disclosed separately under Asset Held for Sale.

iii During the year, vessel namely Veera Prem has been removed under wreck by Protection and Indemnity (P & I) Club The North of England Protection and Indemnity Association (NEPIA) against which the Company is in process of filing appropriate insurance claim.

iv During the year, one of the financial lender has exercised its right u/s 51 of Merchant Shipping Act 1958 for invocation of deed of mortgage in relation to vessel namely Hansa Prem and sold the vessel through public tendering. The entire sale proceeds has been appropriated for repayment of interest liability until year end and partial due towards principal.

v During the year, on account of repossession of Office premises by Company for its own usage, the same has been classified from Investment Properties to Property, Plant and Equipment. It is having restriction on title as they are pledged to secure long term borrowings of the Subsidiary of the Company. The lender of the subsidiary company has issued notice u/s 13(2) of SARFAESI Act 2002 and further to that until date of reporting, no further action has been taken post expiry of notice period under the law and reserved their right.

vi **Impairment Testing & Financial Impact**

a. The Company has assessed 'recoverable amount' of each fleet by estimating their "Net Realizable Value (NRV)", in terms of Ind-AS 36 "Impairment of Assets". NRV has been determined as Scrap value less estimated cost of arriving NRV / sale in ordinary course of business. Based on the aforementioned assessment, the Company has made a provision for impairment loss of ₹ 41.04 crore (PY ₹ 150.48 crore) during the year for its fleets.

b. 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.

c. Cost of Mines includes ₹ 55.14 Crore (previous year ₹ 71.62 crore) incurred by the subsidiary company having controlling interest in the step down subsidiary owning Mining assets in Indonesia which has been impaired in current financial year.

vii Subsequent to balance sheet date, one of vessel Bhagwati Prem which has been anchored at the New Mangalore Port, the port authorities have placed the same under e-auction in public interest to recover port dues pursuant to default by the Company in fulfilling of agreement empowered under provision of Indian Ports Act 1908 and Major Ports Act, 1963. Ministry of Shipping, Govt of India has accorded approval for the same vide their letter dated 24.12.2019. The sale price and port dues have not been quantified until date of reporting.

viii During the previous year, the Company has entered into Bare Boat Charter and Demise (BBCD) agreement for one the vessel Vivek Prem where the Company could not complete condition for transfer of ownership at the end of the agreement and said vessel has been arrested by one of operational creditors. This has resulted into discontinuation of agreement and contracting party has called for an arbitration seeking demand of ₹ 6.50 Corre as compensation. The party has also taken injunction against invocation of bank guarantee of ₹ 2.50 Crore. The vessel has been charged to one of financial creditor who has filed petition under NCLT which is under status of Reserve for Order (RFO). The Arbitration proceedings have not been initiated.

ix During the year, the Company has undertaken an commitment for creation of charge on its vessel Yukti Prem in favour of Trustee for Foreign Currency Convertible Bonds (FCCB) which has not been completed in due course of time.

Notes to the Financial statements

This has resulted into event of default under Trust Deed and the Bondholder has called off entire FCCB and made immediate due and payable subsequent to balance sheet date.

x During the year, the Company has sold / discarded substantial part of its PPE and has accounted loss on such sale / discard amounting to ₹ 233.43 crore. Also, the company has four non-operational dredgers, which has been valued at realisable scrap value resulting in Impairment amounting to ₹ 41.04 crore in the books of accounts. The details of such transactions are as under -

Name of Vessel	Type of Vessel	Date of Sale / delivery	Nature	Impairment of vessels	Loss on Sale / Discard	Impairment of vessels	Loss on Sale / Discard	Method of sale / discard
				₹ in Crore				
				FY 2019-20	FY 2019-20	FY 2018-19	FY 2018-19	
Prem Pride	Tanker	16.01.20	Sold	–	102.63	–	–	By Company
Prem Mala	Tanker	26.05.20	Sold	–	22.37	–	–	Court sale
Hansa Prem	Tanker	23.03.20	Sold	–	20.73	–	–	By Bank
Bhagwati Prem	Dredger	---	---	19.57	–	7.28	–	NA
Darshani Prem	Dredger	---	---	17.51	–	4.38	–	NA
Omkara Prem	Dredger	07.10.19	Scrap	–	15.27	5.88	–	Scrap Sale
Tridevi Prem	Dredger	02.08.19	Sunk	–	22.81	4.52	–	Sunk at Port
Uma Prem	Dredger	09.01.20	Sold	–	12.91	5.33	–	Court Sale
Vakul Prem	Dredger	05.12.19	Scrap	–	29.54	22.91	–	Scrap Sale
Veera Prem	Dredger	31.12.19	Wreck	–	7.17	97.16	–	Wreck
Vivek Prem	Dredger	---	---	1.71	–	3.03	–	NA
Yukti Prem	Dredger	---	---	2.25	–	–	–	NA
Sisouli Prem	Tanker	20.12.18	Sold			–	69.40	By Company
Vedika Prem	Tanker	22.11.18	Sold			–	4.11	By Company
Total				**41.04**	**233.43**	**150.48**	**73.50**	

Note: During the previous year, provision of impairment on vessel amounting to ₹ 97.16 Crore had been classified as exceptional item.

(₹ in crore)

2.2 Investment Property

Depreciation on office premises as Investment Property for the Period 1.7.2019 to 31.03.2020

	Cost					Depreciation /Amortisation						Net Block	
	As at 01/04/2019	Translation / Adjustment/ Reclassification	Addition	Disposal / Adjustments	As at 31/03/2020	As at 01/04/2019	Translation / Adjustment/ Reclassification	Depreciation during the year	Impairment	Disposal / Adjustments	As at 31/03/2020	As at 31/03/2020	As at 31/03/2019
Office Premises	1.62	(1.62)	–	–	–	0.66	(0.69)	0.03	–	–	(0.00)	0.00	0.96
	1.62	**(1.62)**	**–**	**–**	**–**	**0.66**	**(0.69)**	**0.03**	**–**	**–**	**(0.00)**	**0.00**	**0.96**

Investment Property

	Cost					Depreciation /Amortisation						Net Block	
	As at 01/04/2018	Translation / Adjustment/ Reclassification	Addition	Disposal / Adjustments	As at 31/03/2019	As at 01/04/2018	Translation / Adjustment/ Reclassification	Depreciation during the year	Impairment	Disposal / Adjustments	As at 31/03/2019	As at 31/03/2019	As at 31/03/2018
Office Premises	1.62	–	–	–	1.62	0.52		0.14	–	–	0.66	0.96	1.10
Total	**1.62**	**–**	**–**	**–**	**1.62**	**0.52**	**–**	**0.14**	**–**	**–**	**0.66**	**0.96**	**1.10**

		Year Ended	
(a)	Income and expenditure of Investment property:	31/03/2020	31/03/2019
	Rental income from investment property:	0.19	0.60
	Direct operating expenses (including repairs and maintenance) on properties generating rental income	0.01	0.05
	Income arising from Investment Properties before depreciation	0.18	0.55
	Less: Depreciation	0.03	0.14
	Income from Investment Properties (net)	**0.15**	**0.41**

(b) During the year, the rent agreement has been terminated and the Company has taken repossession of the Investment Property for its own usage from July 2019 and hence the same has been reclassified as Property, Plant and Equipment.

(c) Investment properties have restriction on title as they are pledged to secure long term borrowings of the Subsidiary of the Company.

(d) The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements as on March 31, 2020.

(e) The fair value of the Company's Investments properties as at March 31, 2019 was 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 valuation process 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.

	Fair Value	
Fair Value of Investment Properties:	31/03/2020	31/03/2019
Office Premises	N/A	13.39
	N/A	**13.39**

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

	31/03/2020		31/03/2019	
Fair Value of Investment Properties:	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Office Premises	–	N/A	–	13.39

Notes to the Financial statements

2.3 Investments

₹ in Crore

Particulars	Face Value per Unit	Numbers – As at		Value – As at	
		31–Mar–2020	31–Mar–2019	31–Mar–2020	31–Mar–2019
a) Non Current Investments – At cost					
Investment in Equity Shares					
Marg Swarnabhoomi Port Private Limited	10	1250	1250	0	0
Less: Impairment	10			0	0
				–	**0.00**
Aggregate cost of Unquoted investments				0.00	0.00
Aggregate amount of impairment in value of investments				0.00	–
				–	**0.00**
b) Current Investments – At fair value					
Quoted					
Investment in Mutual Fund (Investment in Rights of Mining (FVTPL))				86.03	180.38
				86.03	**180.38**
Aggregate amount of Current investments				**86.03**	**180.38**

Current Investment at FVTPL are investment in a closely held mutual fund which has invested in underlying unlisted coal mining companies. The step down subsidiary Company has obtained valuation of coal mining and logistic company, taking cut off dated December 31, 2019 for the purpose of local reporting requirement, by an Independent Valuer which has been considered for the financial reporting as on March 31, 2020 as well. The Group has recognized reduction in fair value of such financial instrument amounting to ₹ 105.47 crore (USD 14.84 million). The valuation may further get impacted due to COVID–19 scenario, variable cost escalation, reduction in value is on account of sharp fall in coal prices, reduction in absolute realization of coal handling fees for one of major customer, cost of production and change in assumption of terminal value based on extension of mining license. The cost escalation, reduction in absolute value of coal infrastructure service fees of major customer. terminal value assumption, exchange rate variation, assumption of automatic renewal of license etc., during the tenure.

2.4 Loans (Non–Current)

(Unsecured, Considered Good, unless otherwise stated)

	As at	
	31–Mar–2020	31–Mar–2019
Security & Judicial deposits	1.40	6.26
Other deposits	1.97	0.65
	3.37	**6.91**

2.5 Other Financial Assets (Non Current)

(Unsecured, Considered Good, unless otherwise stated)

Fixed Deposits with bank with maturity more than 12 months (a)	–	7.79
Deposits with government and semi government bodies	0.03	0.05
Contract work in progress (Refer No 3.11)	204.61	204.61
	204.64	**212.45**

(a) As on March 31, 2019, the amount was held as lien for margin money & maintaining Debt Service Reserve Account (DSRA) for Long Term Borrowings and during the year, the same has been adjusted against debt obligation on account of default of in repayment of debt obligation by the Company.

Notes to the Financial statements

₹ in Crore

	As at 31-Mar-2020	As at 31-Mar-2019

2.6 Other Non-Current Assets

(Unsecured, Considered Good, unless otherwise stated)

(a) Capital Advances to Others		
Capital Advances to related parties (a)	14.32	14.65
Capital Advances to Others	29.49	36.50
Capital Advances to Others, considered doubtful	0.02	–
Less Provision held	(43.81)	(28.83)
(b) Advances Other than Capital Advances		
Deposits with government and semi government bodies	15.24	11.70
(c) Other Advances		
Deferred – Legal Permission Expenses	0.41	1.27
Advances Recoverable	22.06	30.79
	37.73	**66.07**

(a) Capital Advances to related parties		
Vaitarna Marine Infrastructure Limited	14.32	14.65
Less: Provision held	(14.32)	–
	–	**14.65**

2.7 Inventories

(valued at lower of cost and net realisable value)

Coal	8.65	9.07
Bunker and lubes	0.65	5.54
Stores	0.18	0.59
	9.48	**15.20**

2.8 Trade Receivables

(Unsecured)		
Considered Good	102.82	112.51
Credit Impaired	93.81	185.26
Total Trade Receivables	**196.63**	**297.77**
Less:		
Allowance for bad and doubtful debts	(93.81)	(185.26)
Expected credit loss on Trade Receivables (Refer Note 3.25(b))	(2.27)	(2.21)
	100.55	**110.30**

2.9 (i) Cash and Cash Equivalents

Cash in hand	0.96	0.88
Balances with banks		
Current Accounts (a)	22.18	11.94
Fixed Deposits with bank with maturity less than 3 months (b)	8.35	0.47
	31.49	**13.29**

(a) Balances with banks includes amount in escrow account	0.10	0.59
(b) Held as lien for margin money & DSRA for borrowings		

Notes to the Financial statements

₹ in Crore

	As at	
	31–Mar–2020	31–Mar–2019

2.9 (ii) Other Bank Balances

Fixed Deposits with bank with maturity more than 3 months but less than 12 months (b)	0.07	10.14
Earmarked Balances with Banks (a)	–	14.00
Restricted Cash and cash equivalents (c)	0.49	0.37
Balances with banks in unpaid dividend accounts	0.12	0.12
	0.68	**24.63**

(a) Balances with banks held as margin money deposits against guarantees	4.16	4.16

(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,

2.10 Loans (Current)

(Unsecured, Considered Good, unless otherwise stated)

Other Loans and Advances	15.83	11.68
Les : Provision	–	(1.65)
Security Deposits	0.23	13.35
	16.06	**23.38**

2.11 Other Financial Assets (Current)

(Unsecured, Considered Good, unless otherwise stated)

Accrued interest on fixed deposit with banks	–	0.92
Insurance Claim Receivable	59.35	64.07
Security Deposits	–	0.02
Unbilled Revenue	–	5.57
Inter corporate deposits to others, considered Doubtful	–	9.36
Less: Provision for doubtful advances	–	(9.36)
	59.35	**70.58**

2.12 Other Current Assets

Unamortised finance charges	–	0.48
Prepaid Expenses	3.41	12.05
Advance to Employees	0.32	0.24
Advance to Suppliers	18.90	38.80
Other Advances	13.45	8.48
GST / Service Tax Receivable	2.64	6.28
	38.72	**66.33**

2.13 Equity Share Capital

Authorised		
135,00,00,000 Equity shares (Previous Year –35,00,00,000) of Re 1/– par value each	135.00	35.00
100,00,000 Preference shares (Previous Year –200,00,000) of ₹ 100/– par value each	100.00	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 to the Financial statements

During the year, the Company has reclassified authorised share capital of ₹ 100,00,00,000/– from Preference Share capital to Equity Share capital in order to increase its authorised equity share capital base so that any commitment of conversion of Foreign Currency Convertible Bonds (FCCB) based on exercise of an option vested to Bond holder can be honoured.

(a) Rights, preferences, restrcitions attached to Shares

The company has two classes of authorised shares – (i) as equity shares having a face value of Re.1/– and (ii) 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

	2019–2020		2018–2019	
	Numbers	₹ in crore	Numbers	₹ in crore
Equity shares outstanding at the beginning of the period	30,24,59,335	30.25	30,24,59,335	30.25
Equity shares allotted in Qualified Institutional Placement		–		
Equity shares outstanding at the end of the period	30,24,59,335	30.25	30,24,59,335	30.25

(c) 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.

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

	As at March 31,2020		As at March 31,2019	
	No of shares held	% of holding	No of shares held	% of holding
H. K. Mittal	2,11,93,700	7.01	4,39,08,700	14.52
Archana Mittal	1,91,35,200	6.33	2,70,27,400	8.94
AHM Investments Private Limited	1,84,06,250	6.09	1,84,06,250	6.09
Goverment of Singapore	–	0.00	1,73,36,959	5.73

Out of above 25,500,000 no of shares (PY 64,811,250 no of shares) (43.09% (PY 72.19%) of promoter holding) has been pledged against loan taken by the Company amounting to ₹ 16.50 Crore (PY ₹ 36.29 Crore) 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 for credit facility amounting to ₹ 36 Crore (PY ₹ 36 Crore) taken by one of its wholly owned subsidiary Mercator Oil and Gas Limited wherein pledge is outstanding as on date of reporting.

Out of the promoters' holding –

(i) 65,79,175 no. of shares (PY 47,00,000 no of shares) have been invoked by the financial lenders during the year and 2,55,00,000 No of shares (PY 2,27,78,025 no of shares) subsequent to the balance sheet date against which total external loans liabilities amounting to ₹ 4.84 Crore (PY ₹ 7.73 Crore) have been discharged. (ii) 85,89,050 no of shares are pledged with various lenders wherein there are no financial liabilities outstanding as on March 31, 2020. Out of this, 49,39,050 No of shares have been released from pledge after balance sheet date.

(f) In respect of year ended March 31, 2020, the Board of Directors of the Company has not recommended any dividend (Previous Year Nil per share) on the fully paid up equity shares.

(g) The Company has rolled over Foreign Currency Convertible Bonds of USD 16 Mn on its maturity during the year with an agreed terms of conversion of liability at exchange rate of USDINR = 58.5740 and face value of share price of ₹ 10 each or such conversion price as may be calculated in compliance with applicable SEBI guidelines whichever is higher. There is a probability of dilution of promoter holding if such conversion happens, i.e. by fresh issuance of 9,37,18,400 shares. The bondholder preserves right to exercise such option at every anniversary commencing from 27th May 2019 for period of 3 years. Pursuance to default in creation of charge on Vessel Yukti Prem and pending approval from the bondholder for sale of asset of material subsidiary, until date of reporting, as per available information the bondholder has not yet exercised its right of conversion.

Notes to the Financial statements

₹ in crore

	As at	
	31–Mar–2020	31–Mar–2019

2.14 Other Equity

A. Summary Of Other Equity (Refer Statement of Changes in Equity for detailed movement)		
Capital Reserve	42.89	42.89
Capital Redemption Reserve	40.00	40.00
Securities Premium Account	590.75	590.75
Debenture Redemption Reserve	25.00	25.00
General Reserve	167.63	167.63
Retained Earnings	(1,940.10)	(975.78)
Other Comprehensive Income (OCI)	1.50	0.69
Deemed Equity Component of FCCB	0.36	0.36
Foreign Currency Monetary Item Translation Difference Account	(16.48)	21.61
	(1,088.45)	**(86.85)**

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 ₹ 7.50 Crore (Previous Year ₹ 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 borowings 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.

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 FCCB as per Ind AS

Notes to the Financial statements

2.15 Borrowings (Non–current)

₹ in Crore

	Non–current Portion		Current Maturities*		Total	
	As at		As at		As at	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Secured						
Debentures						
Secured Non Convertible Debentures – (a)	–	135.54	139.72	–	139.72	135.54
Term Loans						
From Banks						
Rupee Term Loans – (b) & (e)(ii)	–	41.01	95.29	52.35	95.29	93.36
Foreign Currency Term Loans – (c) & (e)(i)	–	262.80	541.42	281.41	541.42	544.21
External Commercial Borrowings (c) & (e)(i)	–	73.63	46.70	46.63	46.70	120.26
From Financial Institutions						
Rupee Term Loans – (b) &(e)(ii)	–	–	–	6.30	–	6.30
Unsecured						
From Financial Institutions						
Rupee Term Loans	–	1.50	1.50		1.50	1.50
Foreign Currency Convertible Bonds (d)	–	–	120.62	108.75	120.62	108.75
	–	**514.48**	**945.25**	**495.44**	**945.25**	**1,009.92**

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

₹ in Crore

(a) Debentures comprise of following:	As at 31/03/2020 Gross	As at 31/03/2020 Carrying Value	As at 31/03/2019 Gross	As at 31/03/2019 Carrying Value	Redemption Date
1300 (PY 1000) (12.00)% Secured Unlisted Unrated Non Convertible Debentures of ₹ 10,00,000 each *	126.45	139.72	130.00	135.54	Quarterly installment starting from June 2020
Total (A)	**126.45**	**139.72**	**130.00**	**135.54**	

* Non Convertible Debentures are secured by first pari–pasu charge on specified vessels and subservient charge on on specified vessel of the Company. The same has further collaterally secured on first pari–passu charge on specified moveable & immoveable assets, pledge of shares & hypothecation of all loans whether secured or unsecured given to 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% (for first two years) & 7% (subsequent residual tenor) on every redemption installment or any prepayment as per terms of Debenture Trust Deed. Carrying value includes ₹ 14.88 Crore for redemption premium on cumulative accrual basis.

During the year, all the vessels have been sold and proceeds have been used to discharge debt obligation except for vessel "Prem Mala" where Commercial Admiralty Suit has been filed in Hon'ble High Court of Bombay for court sale and allocation of proceeds between maritime lien and two charge holders. Subsequent to reporting period, the vessel has been sold under court proceedings and the Company has disclosed the same as Asset Held for Sale in financials.

The Debenture Trustee has informed vide letter dated 01st October 2019 with retrospective reference of initial default date 04th October 2018 as per terms and condition specified in Debenture Truste Deed dated 26th March 2018 and amendment thereto wherein event of default has been recognised. Pursuant to that, penal interest @ 2.5% p.m. has been levied and the same has been recognised as well. Debenture Holder is in process of sale of asset of subsidiary company Mercator Petroleum Limited to recover their due which is still under execution on date of reporting. The Company has classified as current maturity of long term loan.

(b) Rupee Term Loan comprise of following:

i The Rupee term loans from banks of ₹ Nil (PY ₹ 0.33 Crore) (gross) was exclusively secured against vehicle of the company which has been preaid during the year.

Notes to the Financial statements

ii The Rupee term loans from banks of ₹ 95.29 Crore (PY ₹ 93.03 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, parent company and investment property of the Company (Refer Note 2.2). The Lender has classified account as Non Performing Asset (NPA) and also initiated process of sale of oil blocks. The lender has given an undertaking in NCLT to supervise such sale. During the year, the bank has converted sub limit of FCNR amounting to USD 12 Mn into INR facility pursuant to NPA and utilised forward contract on maturity for sich conversion. The entire facility is in INR denominated at the end of the year. The Bank has issued notice u/s 13(2) of SARFAESI Act 2002 dated September 7, 2020 and issue dnotice against borrower, corporate guarantor cum security provider and personal guarantor.

(c) Foreign Currency term loan comprise of following:

i The foreign currency term loans from banks of ₹ 541.42 crore (PY ₹ 544.21 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 ₹ 107.28 Crore (Previous Year ₹ 102.09 Crore) are secured on cash flow from mining properties and pledge of shares of said companies including intercompany corporate guarantees.

Out of above, the foreign currency term loans from banks of ₹ 434.14 Crore (PY 442.13 Crore) (gross) which are secured by a first ranking or exclusive charge/ mortgage / security interest in respect of specified vessels of the parent company as well as charge on cash flows of specified vessels. All the lenders of parent company have recognised event of default. One of the Lender has filed petition u/s 7 of IBC 2016 with National Company Law Tribunal (NCLT) Mumbai and the matter has been reserved for order. Another Lender has exercised its right under mortgage deed and Sec 51 of the Merchant Shippign Act 1958 and sold the asset. Proceeds have been utilised to recover debt obligation. Rest all other Lenders have recognised the account under Non Performing Asset (NPA) but has not taken any action under event of default or any other provision applicable to them for security invocation.

In addition to above, in case of foreign currency term loan of ₹ 90.46 Crore (PY ₹ 83.01 Crore), the lender has filed case in Singapore High Court against borrower and singapore guarantor wherein the summary judgment has been pronounced subsequent to balance sheet date and borrower is obliged to pay due installments along with interest. For remaining amount, either parties have right to proceed for trials. Upon non payment on execution, the lender has right to take shelter under local laws for other means of recovery including wind up of borrower. Singapore guarantor has filed voluntary liquidation subsequent to balance sheet date which amounts to breach of terms and confition as per facility agreement and lender has right to take further course of action.

ii The external commercial borrowings of ₹ 46.70 Crore (PY ₹ 120.26 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. The Lender has recognised event of default and classified the account under Non Performing Asset (NPA) but has not taken any action under event of default or any other provision applicable to them for security invocation.

(d) Foreign Currency Convertible Bonds (FCCB) of USD 16 Mn outstanding amounting to ₹ 120.62 Crore (PY ₹ 108.75 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. RThe bondholder evised 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 ₹ 38.30 per share to ₹ 10 per share (with a fixed rate of exchange on conversion of ₹ 58.5740 per USD)

Notes to the Financial statements

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.

The Bondholder has recognised event of default based on pending creation of charge on specified vessel as the vessel is arrested by operational creditors. In addition to that, the company has agreed upon a negative covenant for seeking prior approval for sale of oil blocks or other material events of Mercator Petroleum Limited which has also not been taken until date of reporting. The sale is yet not completed. The Bondholder has not yet exercised its right under put option wherein there is commitment of conversion share price at ₹ 10 per share. Correspondingly, the company has not paid interest annual interest as well due subsequent to reporting period. The Bondholder has exercised its right for repayment and recognised entire facility callable on demand, due & payable immediate on event of default."

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

₹ in Crore

Particulars	Currency	Balance Installments as on 31/03/2020	Rate of Interest	As at				End of tenure	Remarks
				31/03/2020		31/03/2019			
				Gross	Carrying Value	Gross	Carrying Value		
External Commercial Borrowing	USD		Libor+3.40%	–	–	7.07	7.07	2022	payment by way of sale of asset
External Commercial Borrowing	USD		Libor+3.40%	–	–	70.74	70.33	2022	
External Commercial Borrowing	USD	15	Libor+3.40%	46.70	46.70	42.85	42.85	2022	unpaid since Sept 2018
Total (B)				**46.70**	**46.70**	**120.67**	**120.26**		
Foreign Currency Term Loan	USD	0	Libor+5.00%	–	–	9.51	9.36	2020	
Foreign Currency Term Loan	USD	15	Libor+4.50%	34.07	34.07	31.26	30.73	2022	
Foreign Currency Term Loan	USD	7	Libor+4.50%	23.56	23.56	21.62	20.97	2020	
Foreign Currency Term Loan	USD	5	Libor+4.50%	16.35	16.35	21.30	21.30	2020	
Foreign Currency Term Loan	USD	15	Libor+5.20%	113.64	113.64	104.28	101.72	2022	
Foreign Currency Term Loan	USD	13	Libor+4.50%	63.11	63.11	85.60	85.05	2025	
Foreign Currency Term Loan	USD	17	MCLR+3.55%	27.96	27.96	27.05	25.50	2023	
Foreign Currency Term Loan	USD	17	MCLR+3.55%	39.15	39.15	37.86	35.67	2023	
Foreign Currency Term Loan	USD	5	Libor+5.00%	18.19	18.19	17.29	17.22	2020	
Foreign Currency Term Loan	USD	13	Libor+5.00%	98.11	98.11	95.11	94.60	2022	
Foreign Currency Term Loan	USD	10	Libor+5.00%	90.46	90.46	83.01	83.01	2021	Account is NPA as per applicable norms
Foreign Currency Term Loan	USD	1	Libor+6.00%	16.82	16.82	19.08	19.08	2019	
Total (C)				**541.42**	**541.42**	**552.97**	**544.21**		
Foreign Currency Convertible Bonds (FCCB) (D)	USD	Bullet Payment	4.75%	120.62	120.62	110.67	108.75	2022	put and call option exercisable at every year
Total (B + C + D)					**708.74**		**773.22**		

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

Rupee term loan from Financial Institution (E)	INR	Bullet Payment	10% & 14.5%	1.50	1.50	7.80	7.80	2019	
Rupee term loan from Bank	INR	49	8% – 9%	–	–	0.33	0.33	2023	Loan repaid by way of sale of asset
Rupee term loan from Bank	INR	9	1Y MCLR + 4.60%	95.29	95.29	93.89	93.03	2021	
Total (F)					**95.29**		**93.36**		
Total (E + F)					**96.79**		**101.16**		
Total (A + B + C + D + E + F)					**945.25**		**1,009.92**		

Notes to the Financial statements

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.

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

₹ in Crore

Particulars	Rate of Interest		As at				Remarks
			31/03/2020		31/03/2019		
			Gross	Carrying Value	Gross	Carrying Value	
Financial Institution	10% & 14.5%	Long Term	–	–	6.30	6.30	Lender has sold pledged shares and recovered full amount

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

The CARE Ratings Limited (CARE) has downgraded the rating assigned to the Company for Long Term Credit facilities from CARE C (Single C) to CARE D (Single D) and Short Term Credit facilities from CARE A4 to CARE D. Further during the year, on non payment of surveillance fees for the rating exercise as per Rating Agreement during the year, the Rating has been denoted as CARE D (Issuer not cooperating). There had been delays / defaults in repayment of Loans instalments and Interest to Banks / Financial Institutions / Non Banking Finance Companies (NBFC) since September 2018.

During the year, the Company has committed breach of other applicable financial covenants including payment default in interest and instalment due to various Banks / financial institutions (FIs) which are still continuing in nature, resulting in several banks / FIs recalling their loans.

Notes to the Financial statements

(h) Details of delays and defaults in repayment of Borrowings and Interest thereon

₹ in Crore

Sr. No.	Name of Lender	Note	Base Currency	Type of Loan	Borrowings				Interest				Borrowings				Interest			
					Delay in repayment during the year ended Mar 2020		Default as at Mar 2020		Delay in repayment during the year ended Mar 2020		Default as at Mar 2020		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	
					₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days	₹ in Crore	No of Days
A	**LONG TERM LOANS**																			
1	Axis Bank Limited	a	USD	ECB	–	–	–	–	0.41	50	–	–	0.94	60	0.47	3	0.23	60	0.11	3
2	Axis Bank Limited	f	USD	ECB	–	–	46.70	366	–	–	4.00	366	–	–	8.97	91	–	–	1.30	72
3	Axis Bank Limited	a	USD	FCNR	9.51	122	–	–	1.02	36	0.22	91	5.19	113	2.59	–	0.42	96	0.17	–
4	Axis Bank Limited	f	USD	FCNR	–	–	34.07	366	–	–	4.60	366	–	–	5.84	91	–	–	1.20	89
5	Axis Bank Limited	f	USD	FCNR	–	–	23.56	366	–	–	3.18	366	–	–	7.78	91	–	–	0.81	89
6	Axis Bank Limited	f	USD	FCNR	6.30	183	16.35	366	–	–	5.84	366	–	–	10.38	91	–	–	0.81	89
7	Axis Bank Limited	f	USD	FCNR	–	–	113.64	366	–	–	13.67	366	–	–	12.97	91	–	–	4.56	89
8	Export and Import Bank of India	j	USD	FCTL	27.69	256	63.11	19	6.92	256	–	–	3.96	74	1.23	88	1.57	48	1.63	58
9	ICICI Bank Limited		USD	ECB	–	–	–	–	–	–	–	–	17.29	54	–	–	0.32	–	–	–
10	ICICI Bank Limited	k	USD	FCNR	0.23	30	98.11	366	0.18	30	10.00	366	10.38	55	5.19	12	3.16	40	1.15	12
11	ICICI Bank Limited	k	USD	FCNR	–	–	18.19	366	–	–	2.10	366	6.92	30	–	–	1.83	50	0.18	1
12	ICICI Bank Limited	k	USD	FCNR	–	–	27.96	366	–	–	3.19	366	3.18	53	1.59	9	1.20	41	0.45	–
13	ICICI Bank Limited	k	USD	FCNR	–	–	39.15	366	–	–	4.47	366	4.45	53	2.23	9	1.68	41	0.63	–
14	IDBI Bank Limited	a	USD	ECB	–	–	–	–	4.04	50	–	–	9.43	60	4.72	3	2.31	60	1.06	3
15	AION Direct Private Limited	d	USD	FCCB	–	–	–	–	–	–	12.89	301	–	–	–	–	–		–	–
16	Axis Finance Limited		INR	TL	–	–	–	–	–	–	–	–	17.50	23	–	–	0.58	89	–	–
17	UTI Capital Private Limited	b	INR	NCD	–	–	–	–	–	–	73.17	399	–	–	–	–	–	–	–	–
18	Yes Bank Limited	c	INR	Car Loan	0.01	30	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Bank of Baroda	l	INR	TL	–	–	95.29	366	–	–	15.91	366	–	–	10.43	11	–	–	–	–
20	ICICI Bank Limited	m	USD	TL	–	–	90.46	366	–	–	9.54	366	6.92	69	83.01	1	1.71	72	–	–
21	ICICI Bank Limited	n	USD	TL	3.65	30	16.82	366	–	–	1.90	366	11.24	5	18.16	112	0.92	130	–	–
22	State Bank of India	o	USD	TL	–	–	–	–	–	–	–	–	20.75	26	238.64	4	–	–	5.97	4
	Total				**47.39**		**683.41**		**12.57**		**164.68**		**118.15**		**414.20**		**15.93**		**20.03**	
B	**SHORT TERM LOANS**																			
1	ICICI Bank Limited	e	INR	STL	14.00	235	3.06	131	–	–	4.27	366	17.07	365	–	–	–	–	–	–
2	Other Financial Lenders #		INR	ICD	10.61	92	29.17	366	–	–	7.99	366	1.50	14	35.29	1	–	–	–	–
3	State Bank of India	h	INR	MTL	174.47	39	74.79	327	–	–	16.53	327	–	–	–	–	–	–	–	–
4	Axis Bank Limited	s	INR	STL	–	–	142.19	245	–	–	13.64	245	–	–	–	–	–	–	–	–
	Total				**199.08**		**249.21**		**–**		**42.43**		**18.57**		**35.29**		**–**		**–**	
C	**WORKING CAPITAL LOANS**																			
1	State Bank of India	i	INR	CC	7.52	30	76.50	336	0.88	30	11.25	336								
2	Yes Bank Limited	g	INR	CC	–	–	24.12	143	3.50	335	0.36	1								
3	ICICI Bank Limited	p	USD	WC	–	–	151.90	366	–	–	20.79	366	–	–	139.37	242	–	–	–	–
4	DBS Bank Limited	q	USD	WC	–	–	22.41	366	0.17	306	1.38	366			20.72	273	–	–	–	–
5	Axis Bank Limited	r	INR	WC	–	–	133.49	366	–	–	20.31	366	–	–	–	–	2.15	90	–	–
	Total				**7.52**		**408.42**		**4.55**		**54.09**		**–**		**160.09**		**2.15**		**–**	
D	**OTHER PROMISSORY NOTE BASED FACILITY**																			
1	DBS Bank Limited	t	USD	WC	–	–	54.74	366	–	–	–	–	–	–	12.31	213	–	–	–	–
	Total				**–**		**54.74**		**–**		**–**		**–**		**12.31**		**–**		**–**	
	Grand Total				**253.99**		**1,395.78**		**17.12**		**261.20**		**136.72**		**621.89**		**18.08**		**20.03**	

Delays /defaults w.r.t. loan from various NBFCs / Financial Institutions have been consolidated under "Other Financial Lender" and not disclosed case wise.

Notes to the Financial statements

Additional Note

a The Bank has recognised event of default as per terms and condition of loan agreement and ECB has been fully paid off by sale of its underlying vessel "Prem Pride".

b During the year, the Debenture trustee has recognized event of default retrospectively from October 4, 2018 and charged penal interest as per terms and condition of Debenture Trust Deed. The same has been accrued and is unpaid as on Balance Sheet date.

c Pursuant to delay in repayment of installment, the Company has sold underlying asset and prepaid the debt obligation.

d Subsequent to rollover of FCCB dated May 27, 2019, the Trustee has recognized event of default dated 4th June 2019. Subsequent to balance sheet date, Bondholder has recalled the FCCB and sought payment immediately based on breach of negative covenant stated as per sanction terms.

e Pursuant to classification of NPA upon delay in payment of loan, the Bank has adjusted earmarked cash margin.

f The Bank has classified account as NPA dated February 28, 2019 and debt obligation is being outstanding during the year.

g The Bank has recalled loan dated November 9, 2019 and account has been classified as NPA

h The account has been classified as NPA on May 9, 2019 and the Bank has filed petition u/s 7 of Insolvency and Bankruptcy Code 2019. The Bank has invoked personal guarantee of promoter director which has been undischarged on date of balance sheet.

i The account has been classified as NPA on April 23, 2019 and the bank has filed petition u/s 7 of Insolvency and Bankruptcy Code 2019. There were devolvement of LC's and BG's cumulative amounting to Rs 24.32 Crore (PY Rs 36.05 Crore) and converted into fund based utilization.

j The Bank has recalled loan dated November 13, 2019 and exercised rights u/s 51 of Merchant Shipping Act 1958 for sale of underlying vessel "Hansa Prem". The Bank has classified account as NPA on July 1, 2019.

k The Bank has classified account as NPA on February 28, 2019 and debt obligation is outstanding as on March 31, 2020. The Bank has converted part of loan in Indian Rupee (INR) at notional rate considering NPA provisioning norms and also filed petition u/s 9 of the Insolvency and Bankruptcy Code 2016. The National Company Law Tribunal has kept verdict as "Reserve for Order" as on the Balance Sheet date.

l The Bank has classified account as NPA dated June 18, 2019 and issued notice u/s 13 of SARFAESI Act 2002 against borrower, guarantor and personal guarantor. The Bank has also converted USD FCNR loan into INR Term Loan. The debt obligation is outstanding during the year.

m The Bank has invoked loan and guarantee of singapore guarantor dated May 13, 2019 and May 21, 2019 respectively. The debt obligation is outstanding and the bank has filed case in High Court of Singapore against borrower and singapore guarantor where hearing is in process on date of balance sheet. The Bank has also sent letter of demand to Indonesian Guarantor against which civil case has been filed in district court of south jakarta. Hearing of the case is in progress.

n The Bank has invoked loan and guarantee of singapore guarantor dated May 13, 2019 and May 21, 2019 respectively. The debt obligation is outstanding. The Bank has also sent letter of demand to Indonesian Guarantor against which civil case has been filed in district court of south jakarta. Hearing of the case is in progress.

o The Bank had invoked letter of comfort dated March 29, 2019 issued by State Bank of India, Mumbai Branch and the Bank has issued NOC for sale of asset. The sale proceeds has been utilised to repay loan dated May 9, 2019 and remaining loan is outstanding at State Bank of India Mumbai in name of Parent Company.

p The Bank has invoked loan and guarantee of Singapore Guarantor dated May 13, 2019 and May 21, 2019 respectively. The debt obligation is outstanding.

q The Bank has invoked loan and issued letter of demand dated August 29, 2019 and statutory demand notice dated October 10, 2019 to borrower. The debt obligation is outstanding.

r The Bank had classified account as NPA dated February 28, 2019 and debt obligation is outstanding at Balance Sheet date. The Bank has additionally sanctioned litigation funding for arbitration hearing and subsequent to balance sheet date, the subsidiary Company has executed undertaking for recovery of debt obligation from realisation of claim under arbitration.

s Pursuant to the order of High Court of Bombay in relation to invocation of Bank Guarantee under Sagar Samrat Conversion Project (SSCP), the bank has discharged its obligation towards beneficiary. The short term loan is outstanding at the end of the year and interest has been unpaid until date of reporting.

t The Bank has invoked loan and issued letter of demand dated August 29, 2019 and statutory demand notice dated October 10, 2019 to borrower as well as guarantor. The debt obligation is outstanding.

Notes to the Financial statements

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019

2.16 Other financial Liabilities (Non Current)

Security Deposit	11.87	2.75
Other payables	23.17	29.40
	35.04	**32.15**

2.17 Provisions (Non Current)

Provision for employee benefits		
Gratuity	–	0.92
Compensated absences	4.41	4.57
	4.41	**5.49**

2.18 Borrowings (Current)

Secured		
From Banks		
Cash Credit	490.29	292.97
Rupee loan payable on demand *	74.79	266.33
Foreign Currency loan payable on demand	60.31	55.34
From Financial Institutions		
Other Loans (Refer Note No 2.15(e))	27.68	29.99
Unsecured		
From Banks		
Loan repayable on demand	3.06	20.26
From Others		
Loan from Director (Refer Note No 2.15(h))	13.42	3.21
Loan repayable on demand	–	2.00
	669.54	**670.10**

Note:

Cash Credit facilities from Scheduled Banks are secured by first charge on all receivables on pari-passu basis and second charge on specefied 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 ₹ 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 ₹ 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.

Other loans are secured by pledge of shares and personal guarantee of promoters. In case of loan amounting to ₹ 16.50 Crore, the company has created pledge on shares of its one of the subsidiary company Mercator Petroleum Limited.

Loan repayable on demand from banks are secured by promoter's personal guarantee. During the year, loan repayable on demand ₹ 17.07 Crore has been adjusted against cash collateral cum earmarked balance and hence balance amount has been classified as unsecured and reclassified disclosure accordingly.

Loan from director has been stated at actual amount of invocation of shares by the financial lenders wherein the company has taken an external legal opinion for its legal implicaiton and right of director to recover amount of net worth utilised for repayment of debt obligation of the Company.

Notes to the Financial statements

₹ in Crore

	As at	
	31-Mar-2020	31-Mar-2019

2.19 Trade Payables

Total Outstanding of		
– Micro and small enterprises (Refer Note 3.19)	0.35	0.31
– Other than micro and small enterprises	185.63	213.18
	185.98	**213.49**

2.20 Other Financial Liabilities (Current)

Current maturities of long-term debt		
– Debentures (Refer Note 2.15)	139.72	–
– External commercial borrowings (Refer Note 2.15)	46.70	46.63
– Rupee Term Loan from Financial Institution (Refer Note 2.15)	1.50	6.30
– Term loans from banks (Refer Note 2.15)	636.71	333.76
– Foreign Currency Convertible Bonds	120.62	108.75
Capital Creditors	1.96	4.13
Interest accrued but not due on borrowings	–	12.90
Interest accrued and due on borrowings	261.32	13.42
Unpaid dividend (a)	0.15	0.15
Lease Payable	7.97	0.91
Other payables	63.17	60.00
	1,279.81	**586.95**

(a) There is no amount, due and outstanding, to be credited to Investor Education and Protection Fund.

2.21 Other Current Liabilities

Statutory dues payables	45.26	66.40
Advance from customers	27.38	68.54
	72.64	**134.94**

2.22 Provisions (Current)

Provision for employee benefits		
Gratuity	0.13	0.33
Compensated absences	0.06	0.31
Provison for Tax	–	–
	0.19	**0.64**

	Year Ended	
	31-Mar-2020	31-Mar-2019

2.23 Revenue from Operations

Revenue from		
Freight and demurrage	7.48	73.46
Dredging	23.63	118.87
Charter hire	108.53	143.77
Sale of Crude Oil	2.01	4.92
Coal Sales and support services	496.96	503.67
Cargo handling services	–	7.09
Income from project related activities (a)	–	15.57
	638.61	**867.35**

Notes to the Financial statements

(a) Details of Contract Revenue and Cost under IND AS 115

₹ in Crore

Particulars	For the year ended	
	31-Mar-2020	31-Mar-2019
Contract revenue recognised during the year	Nil	15.57
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	Nil	1,271.16
Advances received for contracts in progress	Nil	30.60
Retention money for contracts in progress	Nil	Nil
Gross amount due from customers for contract work (Asset)	204.61	204.61
Gross amount due to customers for contract work (Liability)	**Nil**	**Nil**

(b) Disaggregation of revenue

Type of Revenue		
Revenue recognised at point in time		
Sale of Goods	380.16	420.53
Services rendered		
Revenue recognised over time		
Sale of Goods	–	–
Services rendered	258.45	446.82
Total	**638.61**	**867.35**

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

	Year Ended	
	31-Mar-2020	31-Mar-2019
Rent Income	0.19	0.60
Interest income		
– Fixed Deposits and Inter corporate deposits	1.82	2.56
– others	–	0.01
Balances written back / written off (net) (Refer Note 3.29)	4.76	157.93
Gains/ (Loss) on Exchange Differences (net)	–	3.95
Other income	8.61	1.82
	15.38	**166.87**

2.25 Operating Expenses

Coal purchases, mining and handling expenses	369.88	376.04
Designing and other technical charges	–	5.23
Procurement of equipments and materials for Project related activities	–	12.77
Bunker Consumed	12.35	77.24
Vessel /Equipment hire expenses	14.87	24.25
Crew Expenses	29.54	60.71
Agency, Professional and service expenses	2.61	3.57
Communication expenses	0.56	0.65
Commission	–	0.21
Insurance	6.02	11.12
Port expenses	4.27	3.36
Repairs and Maintenance	24.26	35.88
Stevedoring, transport and freight expenses	0.50	0.96
Other Expenses	3.19	6.89
	468.05	**618.88**

Notes to the Financial statements

₹ in Crore

	Year Ended	
	31-Mar-2020	31-Mar-2019

2.26 Employee Benefits Expenses

Salaries, wages, bonus, etc.	32.32	38.34
Contribution to provident and other funds	0.54	1.66
Employee welfare expenses	0.86	1.63
	33.72	**41.63**

Employee Costs amounting to ₹NIL Crore (P.Y. ₹ 1.15 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

2.27 Finance cost

Interest expense	145.20	128.41
Other borrowing costs	115.55	25.29
	260.75	**153.70**

Finance Costs amounting to ₹NIL Crore (P.Y. ₹ 10.39 Crore) being directly attributable to the Exploration and Development Costs are included in Capital Work in Progress

During the year, the Company has provided penal interest as per contractual terms and condition of all the loans from external financial lenders irrespective whether the same has been charged or confirmed by them because few of the financial lenders are under arbitration proceedings and insolvency & bankruptcy proceedings. This also includes interest of ₹ 2.08 Crores on delayed deposit of tax deducted at source (TDS) in compliance with Chapter XVII-B of Income Tax Act 1961.

Amortisation of financial guarantee obligation premium represent de-recognisition of financial asset under provision of IND AS 109 pursuant to sale of vessel and its deemed assignment cum guarantee by one of its wholly owned subsidiary given to Debenture Holder. The guarantor does not have sufficient asset to discharge its obligation post sale of asset.

2.28 Loss on Sale / Discard of Asset

Loss on Sale / Discard of Fixed Asset (Refer Note 3.19)	211.52	0.06
Loss on Asset classified as Asset Held For Sale	22.35	73.50
	233.87	73.50

2.29 Other expenses

Rent	3.64	4.40
Payment to auditors		
As auditors	0.47	0.94
For other services (certification and other matters)	0.12	0.18
Repairs and Maintenance	0.39	3.71
Insurance	0.39	0.19
Net Loss on foreign currency transactions/translation	16.56	3.97
Legal, Professional and consultancy expenses	33.74	35.22
Donation	-	0.01
Communication Expenses	0.10	0.22
Conveyance, Car Hire and Travelling	1.67	0.20
Advertisement	0.03	1.96
Loss on Fair Value of Investment (Refer Note 2.3)	105.47	40.50
Bad Debts and other amounts written off/back (net) (Refer Note 3.29)	37.59	117.07
Provision for doubtful debts/advances (Refer Note 3.29)	3.48	95.60
Miscellaneous expenses	15.84	15.13
	219.43	**319.30**

Notes to the Financial statements

₹ in Crore

2.29 Income Tax Expenses

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Amount recognised in Statement of Profit & Loss		
Current Tax		
Income tax for the year	11.18	27.11
Adjustments/(credits) related to previous years – Net	–	6.13
Total current tax	**11.18**	**33.24**
Deferred tax		
Deferred tax for the year	(0.13)	(0.76)
	(0.13)	(0.76)
Total	**11.05**	**32.48**

3.01 Disclosure as per Ind AS 33 "Earnings Per Share"

(a)	**For Continuing Operation**		
	Basic EPS (in ₹)	(30.52)	(18.98)
	Diluted EPS (in ₹) *	(30.52)	(18.98)
	Reconciliation of earnings used in calculating earning per share		
	Total Profit/(loss) attributable to equity shareholders	(923.16)	(573.95)
	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	30,24,59,335	30,24,59,335
	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	30,24,59,335	30,24,59,335
	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.		
(b)	**For Discontinued Operation**		
	Basic EPS (in ₹)	(0.10)	(11.06)
	Diluted EPS (in ₹) *	(0.10)	(11.06)
	Reconciliation of earnings used in calculating earning per share		
	Total Profit/(loss) attributable to equity shareholders	(2.93)	(334.66)
	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	30,24,59,335	30,24,59,335
	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	30,24,59,335	30,24,59,335
	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.		
(c)	**For Continuing and Discontinued Operation**		
	Basic EPS (in ₹)	(30.62)	(30.04)
	Diluted EPS (in ₹) *	(30.62)	(30.04)
	Reconciliation of earnings used in calculating earning per share		
	Total Profit/(loss) attributable to equity shareholders	(926.08)	(908.61)
	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	30,24,59,335	30,24,59,335
	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	30,24,59,335	30,24,59,335
	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.

Notes to the Financial statements

3.02 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.

i. Interest Rate Risk: The defi ned 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 defi ned 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 defi ned 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	Current Year	Previous Year
Contribution to Employees' Provident Fund (Includes Contribution to Seamen's Provident Fund)	0.42	1.66

(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 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(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 (2012–14) Ultimate & Table Mortalita Indonesia 2011	India Assurance Lives mortality (2006–08) Ultimate & Table Mortalita Indonesia 2011	India Assurance Lives mortality (2012–14) Ultimate& Table Mortalita Indonesia 2011	India Assurance Lives mortality (2006–08) Ultimate & Table Mortalita Indonesia 2011

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(i) Changes in Defined Benefit Obligation (₹ in Crore)

	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Defined Benefit Obligation at the beginning	1.24	3.39	4.88	0.72
Current Service Cost	0.05	0.22	1.48	1.08
Past Service Cost	–	–	0.27	0.89
(Gain) / Loss on settlements	–	(2.16)	–	2.49
Interest Expense	0.06	0.08	0.34	0.20
Foreign Exchange Difference	–	–	(0.36)	(0.03)
Benefit Payments from Plan Assets	–	–	–	–
Benefit Payments from Employer	(0.94)	(0.24)	(1.61)	(0.46)
Settlement Payments from Plan Assets	–	–	–	–
Settlement Payments from Employer	–	–	–	–
Other (Employee Contribution, Taxes, Expenses)	–	–	–	–
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	–	–	–	–
Increase / (Decrease) due to Plan combination	–	–	–	–
Remeasurements – Due to Demographic Assumptions	0.00	–	(0.20)	(0.00)
Remeasurements – Due to Financial Assumptions	(0.09)	(0.01)	(0.33)	(0.00)
Remeasurements – Due to Experience Adjustments	(0.19)	(0.04)	–	–
Defined Benefit Obligation at the end	**0.13**	**1.24**	**4.47**	**4.88**

Notes to the Financial statements

₹ in Crore

(ii) Change in Fair Value of Plan Assets

	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Fair Value of Plan Assets at the beginning	–	–	–	–
Interest Income	–	–	–	–
Employer Contributions	–	–	–	–
Employer Direct Benefit Payments	0.94	0.24	1.61	0.46
Employer Direct Settlement Payments	–	–	–	–
Benefit Payments from Plan Assets	–	–	–	–
Benefit Payments from Employer	(0.94)	(0.24)	(1.61)	(0.46)
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

	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Current Service Cost	0.05	0.22	1.48	1.08
Past Service Cost	–	–	0.27	0.89
(Gain) / Loss on Settlements	–	(2.16)	–	2.49
Reimbursement Service Cost	–	–	–	–
Foreign Exchange Difference	–	–	(0.36)	(0.03)
Total Service Cost	**0.05**	**(1.94)**	**1.39**	**4.43**
Interest Expense on Defined benefit obligation	0.06	0.08	0.34	0.20
Interest (Income) on Plan Assets	–	–	–	–
Interest (Income) on Reimbursement Rights	–	–	–	–
Interest Expense on (Asset Ceiling) / Onerous Liability	–	–	–	–
Total Net Interest Cost	**0.06**	**0.08**	**0.34**	**0.20**
Reimbursement of Other Long Term Benefits	–	–	–	–
Defined Benefit Cost included in the Statement of Profit and Loss	**0.11**	**(1.86)**	**1.73**	**4.63**
Remeasurements – Due to Demographic Assumptions	0.00	0.00	(0.20)	(0.00)
Remeasurements – Due to Financial Assumptions	(0.09)	(0.01)	(0.33)	(0.00)
Remeasurements – Due to Experience Adjustments	(0.19)	(0.04)	–	–
(Return) on Plan Assets (Excluding Interest Income)	–	–	–	–
(Return) on Reimbursement Rights	–	–	–	–
Changes in Asset Ceiling / Onerous Liability	–	–	–	–
Total Remeasurements in Other Comprehensive Income	**(0.28)**	**(0.05)**	**(0.53)**	**(0.00)**
Total Defined Benefit Cost recognised in the Statement of Profit and Loss and Other Comprehensive Income	**(0.17)**	**(1.91)**	**1.20**	**4.63**

Notes to the Financial statements

₹ in Crore

(iv) Net defined Benefit Liability/ (Asset) reconciliation

	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Net Defined Benefit Liability / (Asset) at the beginning	1.24	3.39	4.88	0.72
Defined Benefit Cost included in the Statement of Profit and loss	0.11	(1.86)	1.73	4.47
Total Remeasurements included in Other Comprehensive Income	(0.28)	(0.05)	(0.53)	0.15
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	–	–	–	–
Amount recognized due to Plan Combinations	–	–	–	–
Employer Contributions	–	–	–	–
Employer Direct Benefit Payments	(0.94)	(0.23)	(1.61)	(0.46)
Employer Direct Settlement Payments	–	–	–	–
Credit to Reimbursements	–	–	–	–
Net Defined Benefit Liability / (Asset) at the end	**0.13**	**1.25**	**4.47**	**4.88**

(v) Amounts recognized in the Balance Sheet

	Gratuity		Leave Encashment	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Defined Benefit Obligation	0.13	1.25	4.47	4.88
Fair Value of Plan Assets	–	–	–	–
Funded Status	**0.13**	**1.25**	**4.47**	**4.88**
Effect of Asset Ceiling/Onerous Liability	–	–	–	–
Net Defined Benefit Liability/(Asset)	**0.13**	**1.25**	**4.47**	**4.88**
Of which, Short term Liability	**0.13**	**0.33**	**0.06**	**0.31**

(vi) Experience Adjustments – Gratuity

Particulars	2016	2017	2018	2019	2020
Defined Benefit Obligation at the end of the period	1.36	2.10	1.08	1.16	0.13
Plan Assets	NA	NA	NA	NA	NA
Surplus / (Deficit)	NA	NA	NA	NA	NA
Experience adjustments of Obligation [Gain/ (Loss)]	1.22	(0.63)	(0.82)	(0.08)	(0.28)
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	0.00	0.02	0.01	0.01	0.03
Leave Encashment	0.24	0.16	0.38	0.01	3.08

(viii) Sensitivity Analysis

Present Value of Obligations	Discount Rate		Salary Escalation Rate	
	+1%	–1%	+1%	–1%
Gratuity	–8.90%	10.20%	11.20%	–9.80%
Leave Encashment	–4.20%	4.60%	5.40%	–5.00%

Notes to the Financial statements

3.03 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.

a) 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".

b) 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".

(₹ in Crore)

(b) Segment Revenue	Shipping		Coal Mining, Trading and Logistics		Others		Unallocated		Total Continuing Business		Discontinued Business	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	132.16	311.96	504.44	534.89	2.01	20.50	-	-	638.61	867.35	-	47.01
Results												
Profit/(loss) before interest, exceptional items and tax	(319.71)	(201.82)	(114.22)	(101.76)	(49.61)	54.22	–	–	(483.54)	(249.36)	(2.93)	(307.21)
Less: Interest									(260.75)	(153.70)	-	(28.87)
Profit/(loss) before exceptional items and tax									(744.29)	(403.06)	(2.93)	(336.08)
Less: Exceptional Item (Refer Note No 3.18)									154.19	108.89		
Total Profit / (Loss) Before Tax									(898.48)	(511.95)	(2.93)	(336.08)
Provision for Tax												
Current Tax									(11.18)	(33.24)	–	1.42
Deferred Tax									0.13	0.76		
Net Profit / (Loss)									**(909.53)**	**(544.43)**	**(2.93)**	**(334.66)**
Other Information												
Assets	250.36	774.03	524.85	627.24	477.85	555.96	30.61	40.84	1,283.67	1,998.07	9.88	194.06
Liabilities	1,161.70	1,280.25	370.15	345.90	348.17	470.84	357.39	47.82	2,237.41	2,144.81	10.20	13.42
Capital Expenditure	5.47	22.81	36.38	48.67	4.03	47.02	–	–	45.88	118.50	–	–
Depreciation	41.05	123.55	100.27	46.79	0.10	6.41	–	–	141.42	176.75	–	19.12
Impairment	41.04	150.48	–	–	–	–	–	–	41.04	150.48	–	301.86

3.4 Additional Information pursuant to Para 2 to General Information for the Preparation of Consolidated Financial Statements

(₹ in Crore)

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 / (Loss)	Amount (₹ in Crores)	% of Consolidated other comprehensive income	Amount (₹ in Crores)	% of Consolidated total comprehensive income	Amount (₹ in Crores)
1	Mercator Limited	Parent Company	31.17%	(297.39)	58.35%	(532.43)	78.06%	0.63	58.33%	(531.77)
2	Mercator Oil & Gas Limited	Subsidiary – Indian	23.81%	(227.13)	17.56%	(160.21)	0.00%	–	17.57%	(160.21)
3	Mercator Petroleum Limited	Subsidiary – Indian	12.07%	(115.18)	5.79%	(52.83)	0.00%	–	5.80%	(52.83)
4	Mercator Offshore Logistic Private Limited (Formerly Mercator Dredging Private Limited)	Subsidiary – Indian	0.21%	(2.02)	0.22%	(1.97)	0.00%	–	0.22%	(1.97)
5	Oorja Resources India Private Limited	Subsidiary – Indian	0.00%	0.02	0.01%	(0.05)	0.00%	–	0.01%	(0.05)
6	Mercator Oceantransport Limited	Subsidiary – Indian	0.00%	0.04	0.00%	(0.00)	0.00%	–	0.00%	(0.00)
7	Mercator International Pte Ltd	Subsidiary – Foreign	43.64%	(416.36)	0.04%	(0.33)	0.00%	–	0.04%	(0.33)
8	Oorja Holdings Pte Ltd	Subsidiary – Foreign	–2.63%	25.08	0.87%	(7.90)	0.00%	–	0.87%	(7.90)
9	Offshore Holdings Company Pte Ltd	Subsidiary – Foreign	1.09%	(10.36)	0.32%	(2.90)	0.00%	–	0.32%	(2.93)
10	Mercator Energy Pte Ltd @	Subsidiary – Foreign	18.53%	(176.84)	0.23%	(2.10)	0.00%	–	0.23%	(2.10)
11	Marvel Value International Limited @	Subsidiary – Foreign	4.02%	(38.35)	1.19%	(10.84)	0.00%	–	1.19%	(10.84)
12	Mercator Offshore Assets Holding Pte Ltd @	Subsidiary – Foreign	7.00%	(66.80)	0.00%	(0.01)	0.00%	–	0.00%	(0.01)
13	Panther Resources Pte Ltd	Subsidiary – Foreign	–8.98%	85.68	11.56%	(105.51)	0.00%	–	11.57%	(105.51)
14	Oorja 1 Pte Ltd	Subsidiary – Foreign	0.00%	(0.01)	0.00%	(0.01)	0.00%	–	0.00%	(0.01)
15	Oorja 2 Pte Ltd	Subsidiary – Foreign	0.00%	0.00	0.00%	0.00	0.00%	–	0.00%	0.00
16	Oorja (Batua) Pte Ltd	Subsidiary – Foreign	–2.53%	24.17	6.24%	(56.94)	0.00%	–	6.25%	(56.94)
17	MCS Holdings Pte Ltd	Subsidiary – Foreign	2.45%	(23.38)	1.09%	(9.91)	0.00%	–	1.09%	(9.91)
18	Oorja Mozambique Minas Limitada	Subsidiary – Foreign	0.00%	(0.03)	0.01%	(0.09)	0.00%	–	0.01%	(0.09)
19	Mercator Offshore (P) Pte Ltd @	Subsidiary – Foreign	2.33%	(22.22)	0.07%	(0.64)	0.00%	–	0.07%	(0.64)
20	PT Karya Putra Borneo	Subsidiary – Foreign	–13.37%	127.53	–2.14%	19.50	7.87%	0.06	–2.15%	19.56
21	Broadtec Mozambique Minas Limiteda	Subsidiary – Foreign	0.01%	(0.13)	0.01%	(0.11)	0.00%	–	0.01%	(0.11)
22	PT Oorja Indo KGS	Subsidiary – Foreign	0.37%	(3.49)	–0.19%	1.73	0.00%	–	–0.19%	1.73
23	PT Oorja Indo Petangis Three	Subsidiary – Foreign	0.00%	0.04	0.00%	(0.01)	0.00%	–	0.00%	(0.01)
24	PT Oorja Indo Petangis Four	Subsidiary – Foreign	–0.04%	0.35	0.01%	(0.05)	0.00%	–	0.01%	(0.05)
25	PT Indo Perkasa	Subsidiary – Foreign	–8.22%	78.40	–1.24%	11.29	14.36%	0.12	–1.25%	11.41
26	PT Bema Gema Permata	Subsidiary – Foreign	–0.02%	0.18	0.01%	(0.11)	0.00%	–	0.01%	(0.11)
	Non Controlling Interest		–10.92%	104.14	–	–	–	–	–	–
				(954.07)		**(912.45)**		**0.81**		**(911.64)**

@ The Companies have been placed under voluntary liquidation / strike off.in accordance with local regulations subsequent to reporting period

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 Oorja 3 Pte Ltd

2 Brio Resources Pte Ltd

Notes to the Financial statements

3.05 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, 2020 ₹ 37.79 crore (P.Y. ₹35.79 crore).

3.06 Contingent Liabilities

Claims against the Group not acknowledged as debts in respect of the following items

(₹ in Crore)

	As at	
	31–Mar–2020	**31–Mar–2019**
Income Tax Demands for various Assessment Years disputed by the Group *	65.99	63.99
Service Tax Demands disputed by the Group	66.24	64.03
Legal Cases – Shipping	8.15	2.62
Legal Cases – Dredging	46.84	12.63
Contractual claims	45.11	112.37
Others	–	–
	230.57	**255.64**

* Against the above the Parent Company has already paid ₹59.34 Crore (Previous Year ₹59.34 Crore)

Guarantees :

Counter guarantee issued by Parent Company for guarantees obtained from bank (net of margin)	43.24	228.56

The Group expects the following reimbursements in respect of the above contingent liabilities from insurance companies and third parties.:

Legal Cases – Shipping	1.10	1.10
Legal Cases – Dredging	–	–
Legal Cases – Others	–	–
	1.10	**1.10**

(i) 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.

(ii) 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.

(iii) Current Tax Assets (net) as on March 31, 2020 includes ₹ 69.19 Crore which has not been settled due to ongoing tax assessment for the various Assessment Years from AY 2003–04 to AY 2015–16 against which net tax demand of ₹ 63.18 Crore has been received and contested by the Company. The management is taking steps to resolve the cases with the Income Tax department.

There are certain current tax assets on account of overseas withholding tax receivable amounting to ₹ Nil Crore (PY ₹ 6.13 Crore) and are non–realizable in view of the management in compliance with tax laws and ongoing assessment proceedings. Hence, the same has been written off as tax expenses for prior years during financial year ended March 31, 2019.

Notes to the Financial statements

Income Tax Receivables and relative status of assessment / demands / refunds of the Parent Company

Particulars	Amount (₹ in Crore)	
Income Tax Assets / Receivable	140.20	
MAT Credit entitlement	2.44	
Total Income Tax Receivable		**142.64**
income Tax Liabilities / Provision		(67.06)
Income Tax Assets (Net)		75.58
Comprises of		
(a) Refund granted but deposited in protest against existing appeals at various forums	46.53	
(b) Unutilized MAT Credit	2.44	
(c) Refund claimed under scrutiny assessment	23.80	
(d) TDS of the current financial year	2.81	
Income Tax Assets (Net)		**75.58**
(includes assets (net) – AY 2003–04 to AY 2015–16	69.19	
Contingent Liabilities (AY 2003–04 to AY 2015–16)		63.18

3.07 Going Concern Assumption

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

The Holding company has disposed off substantial part of PPE so as to meet its liabilities and subsequent to sale, the Company has only four non–operating dredgers of which three dredgers have been arrested by operational creditors. Some of the other assets in the group are also in the process of being sold. The management is making its best efforts to achieve favourable order in ongoing litigations in order to protect the value of its assets.

The management of the Parent Company believes that on the basis of existing business of capex light dredging at standalone level, its running coal business and proven oil block at the subsidiaries level and gross claims receivable for ₹ 1,618 crore at the consolidated level provides a reasonable sufficient opportunity for the repayment of loans from lenders and provide required resources for the development of business opportunities for the revival. The Group has monetized its fleet of ships and is in the process of concluding the monetization of its fleet of dredgers. Further, the Group has impaired several of its assets to fair value, which is equivalent to net realizable value basis the transactions concluded, and market estimates.

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

3.08 (a) In case of a material step–down subsidiary of the Company, PT Karya Putra Borneo (KPB) – Operating Coal mines in Indonesia, a minority shareholder had raised a frivolous claim with respect to the entire shareholding of the said subsidiary Company. The subsidiary has received favourable orders from the relevant Courts in this matter and the formalities for restoring the shareholding in the public records is in process.

(b) Pursuant to the requirement of Listing Regulation, the Group has not appointed one of the Independent Director of Parent Company on the board of the material subsidiaries incorporated in India and Outside India. In case of one of the material subsidiary, i.e. PT Karya Putra Borneo, due to litigation and block of corporate profile, unless MoLHR allowed, such change of Constitutional Documents is not permitted.

3.09 Ministry of Corporate Affairs (MCA) has issued amendment in Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 effective from April 1, 2020 wherein new provision of appointment of Company Secretary has been inserted. In case of a wholly owned subsidiary "Mercator Oil and Gas Limited (MOGL)", is having loans or borrowing from Bank more than Rs 100 Crore and hence, MOGL is required to appoint Company Secretary as Key Managerial Personnel. Presently, the Company does not have any employees and until the date of reporting, no such appointment of Company Secretary being done.

Notes to the Financial statements

3.10 a. In October, 2019, subsidiary company Mercator Petroleum Limited ("MPL") has received notice of termination from the Ministry of Petroleum and Natural Gas (MOPNG) in compliance with Production Sharing Contract (PSC) for its non–operative oil Block (CB–3) and also has demanded costs and other dues to be determined as per terms and conditions of PSC. The subsidiary is confident of defending the amounts claimed by Directorate General of Hydrocarbon (DGH). In event of rejection of subsidiary's contention, estimated financial impact would be approx. ₹ 35.80 Crore.

b. The Board of Directors has approved strategic sale of participating interest in oil block CB–ONN–205/9 (CB–9) of MPL. The subsidiary company has executed Farm in Farm Out (FIFO) agreement dated December 26, 2019 with a prospective buyer at a sale price of ₹ 252 crore. The Group is hopeful that it will be able to successfully conclude the transaction and has accordingly considered the amount of ₹ 252 Crore under capital work in progress as Asset Held for Sale. Such estimated sale price which is subject to change based on final negotiation, will be used for repayment of external liabilities, obligation as guarantor for NCD issued by parent company and operational creditors including statutory dues, if any. MPL has already received approval for approval of Minimum Work programme (MWP) from Ministry of Petroleum and Natural Gas (MoPNG) and has initiated further assessment cum procedure for completion of condition precedent associated with FIFO agreement. MPL has extended its CP Longstop date to 31st August 2020 and possibility of further extension, if any. MPL is pursuing for approval from MoPNG for further course of execution of sale of Participating Interest, which to the best of knowledge should receive in due course. There is an exposure of market cum price volatility associated with this transaction, which may change timelines for transfer. The Company is keeping all resources vested so as to achieve the target.

FIFO agreement provides revenue share provision as "based of attaining either milestone on whichever is later basis, (a) cumulative production from asset achieved 12.50 Million barrels or (b) accumulated sufficient cash surplus as defined in agreement, 5% revenue share between production 12.50 million barrels to 20 million barrels and 7% thereafter on rest of production.

3.11 a. Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company was engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project after completing almost 96% of the project work. MOGL has since initiated arbitration proceedings against ONGC and appointed its Arbitrator and a Tribunal was formed. The proceedings are underway. In addition to above, based on the order of Hon'ble Bombay High Court dated July 29, 2019, ONGC had invoked Bank Guarantee amounting to ₹ 142.19 crore which had been accounted in the books of the accounts of MOGL in the quarter ended June 30, 2019. In the view of the management and based on legal advise, a claim of Rs 1306.89 crore (USD 173.36 Mn) has been made by the subsidiary on ONGC and any impact of the settlement will be known only after completion of arbitration proceedings. The Group has accordingly not impaired the other receivable under said contract amounting to ₹ 204.61 crore, pending completion of the arbitration proceedings. In view of the company, supported by an opinion 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, 2020, the subsidiary has an exposure of Rs 204.61 Crore which is disclosed under Other Financial Assets (Refer Note 2.5).

b. MOGL has an ongoing dispute with its consortium partner M/s Gulf Piping Co Ltd (GPC) and based on an order of the Abu Dhabi Court a final liability of USD 5.7million along with interest at 5% interest p.a. is payable to them. MOGL has filed scheme of arrangement in NCLT for deferring payment of all creditors and has considered the same as a contingent liability.

c. MOGL has availed litigation funding to mitigate legal cost of above arbitration from the existing working capital lender. The company has also entered into an undertaking to offset any proceeds realized under such claim in order of –

1. Legal cost of arbitration
2. Loan exposure of the Bank including interest accrued and other unpaid cost associated
3. To transfer funds up to loan (including interest) and investment given by the Parent Company in specific account maintained with bank.

d. MOGL has filed Scheme of Arrangement or Compromise u/s 230 to 232 and other applicable provisions of the Companies Act 2013 with NCLT Mumbai dated 12th February 2019 with an intention of seeking deferment in payment

Notes to the Financial statements

of creditors on account of initiating arbitration proceedings against ONGC which is sole realization of assets of the Company. The scheme is under hearing and vide interim order dated 6th May 2020, it has been decided to take hearing along with other application of Insolvency and Bankruptcy Code 2016 (IBC) filed by operational creditor. e. Goods & Services Tax (GST) on bills issued to ONGC during the period 2018–19 which is aggregating to ₹ 2.12 crore and GST liability under Reverse Charge Mechanism, for Legal Services availed, for the month of July 2019 & March 2020 amounting to ₹ 0.21 crore (i.e. CGST ₹ 0.10 crore and SGST ₹ 0.10 crore) are not yet paid by MOGL.

MOGL has outstanding TDS liability of Rs 0.67 crore commencing from quarter ended December 2018 until March 2020 leading to delay & default in the payment of TDS to the Tax Authorities.

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 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 precribed limits to the extent of ₹0.45 Crore (previous year ₹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 In the previous 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. Tthe 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:

The Group's related parties principally consist of its key managerial personnel. Transactions and balances between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions and balances between the Group and other related parties, included in the financial statements, are disclosed below:

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 Additional designated as compliance officer dated 13.08.2019 and he has resigned as compliance officer dated 30.03.2020

5 Mr. Gurpreet Malhi – Chief Operating Officer

6 Ms. Archana Mittal

B Subsidiary Companies

1 Mr. Adip Mittal

2 Ms. Shruti Mittal (upto 31.05.2019)

3 Mr. Aditya Desai upto 05.07.2019 (CFO of Mercator Petroleum Ltd)

4 Ms. Parul Harlalka (up to 24.07.2019) (Company secretary of Mercator Petroleum Limited)

5 Mr. Lalitkumar Bagayatkar

Notes to the Financial statements

6 Mr. Santosh Kadam
7 Mr. Mahesh Rawat (up to 30th September 2019)
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
15 Mr. Jaikishan Naraindas Dodani
16 Mr. Kennedy Prakash Nanik
17 Mr. Vaibhav Chaudhary (w.e.f. 28.01.2020)
18 Mr. Anil Khanna

An Independent Director has resigned w.e.f. February 26, 2020 from subsidiaries namely Mercator Oil and Gas Limited (MOGL) and Mercator Petroleum Limited (MPL), however, company has neither received DIR–11 from the director not filed DIR–12 for such resignation). Due to above resignation, MOGL & MPL do not have adequate quorum of Board and have also not appointed any new Chief Financial Officer and Company Secretary in compliance with the provision of Companies Act 2013.

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)– Chartiable Trust
5 HK Sons Realtors Private Limited
6 Premputli 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 to the Financial statements

3.17 Lease:

Effective April 1, 2019, the Company has adopted IND–AS 116 "Leases" on all material lease arrangement existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment amounting to ₹ 0.34 crore to retained earnings, on the date of initial application.
With regards to application at overseas subsidiaries, IFRS 16 is applicable since 01.01.2020 and based on assessment of leasing contracts if any, the Group did not have any operating lease generating long term right to use so as to have impact on financials and hence no material impact has been recognised during the year.

Disclosure as per Ind AS 17 "Leases":

(A) Operating lease (as Lessee):

(₹ in Crore)

	Disclosures in respect of cancellable agreements for office premises taken on lease Operating Leases	As at 31–Mar–2020	 31–Mar–2019
	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	3.28	3.64
(ii)	Significant leasing arrangements		
	The Group has given refundable interest free security deposits under the agreements.	1.08	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	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		

		As at 31–Mar–2020	 31–Mar–2019
(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	0.19	0.60
(ii)	Future minimum lease receivable under non–cancellable agreements		
	Not later than one year	0.00	0.18
	Later than one year and not later than five years	0.00	0.00
	Later than five years	0.00	0.00

3.18 During the year ended March 31, 2020, the Group has recognized exceptional items as follows :

(i) Mercator Oil & Gas Limited ('MOGL'), a subsidiary of the Company is engaged in EPC project awarded by ONGC for conversion of their Mobile Offshore Drilling Unit (MODU) 'Sagar Samrat' into a Mobile Offshore Production Unit (MOPU). On September 25, 2018, MOGL received a notice of termination from ONGC for Sagar Samrat Conversion Project as per the contract and simultaneously proceeded to encash the bank guarantees. MOGL has since then initiated arbitration proceedings against ONGC considering this an illegal termination given against 96% of the project was completed. During the year, 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 the same has been disclosed as an Exceptional Item after neting of the advance received from ONGC.

(ii) During the year Mercator Petroleum Limited ('MPL'), a Subsidiary Company has entered into an agreement for the sale of its Oil Block .The Subsidiary has recognized the loss of Non Current assets held for sale as Exceptional Item of ₹ 47.20 crore after netting of the Intercompany cost which had been capitalized in the said Oil blocks since inception.

During the previous year ended March 31, 2019, the Group had 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.

Notes to the Financial statements

(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.

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-2020	31-Mar-2019
(i)	Principal amount outstanding	0.35	0.31
(ii)	Interest on Principal amount due #	0.16	0.11
(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 specifi ed 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.	0.16	0.11

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 then 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.

3.20 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) of ₹ 1,025.32 crore (Previous Year Loss ₹ 500.12 crore).

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	(901.41)	(848.04)
Income Tax Expenses as respective jurisdiction corporate tax rate	(22.58)	(66.86)
Reconciliation Items / fiscal corrections		
Income not subject to tax	(0.03)	(3.72)
Difference in books and tax depreciation	0.09	0.23
Gain attributable to tonnage tax activity	0.39	5.05
Non Qualifying Income & Expense under Tonnage Tax	0.06	0.15
Non-deductible expenses	33.18	91.26
Others	0.02	0.33
Earlier year Tax Provision	(0.08)	6.04
Total Reconciliaiton Items	**33.76**	**99.34**
Income Tax & Deferred Tax Expenses	**11.05**	**32.48**
Effective Tax Rate	**Please refer Note Below**	

(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.

Notes to the Financial statements

(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 31/03/2019	Charge/ (Credit) for the current year	Deferred tax (asset) / liability as at 31/03/2020
Deferred tax assets			
Depreciation	(0.31)	(0.090)	(0.40)
Employee Benefits	(0.99)	(0.100)	(1.09)
Deferred tax liabilities		–	
Long Term Provisions and Short Term Provisions	(0.00)	–	(0.00)
Foreign source Income yet to be remitted	(0.00)	–	(0.00)
Net deferred tax liability/ (asset)	(1.30)	(0.19)	(1.49)

(ii) Deferred tax liability (net) included in the balance sheet comprises of the following: (₹ in Crore)

Particulars	As at 31st March, 2019	Credit/(charge) in Statement of Profit and Loss	Credit/ (charge) in Other Comprehensive income	As at 31st March, 2020
Deferred tax (assets)/liabilities				
Unabsorbed Depreciation	(0.31)	(0.09)	–	(0.40)
Provision for post retirement benefits	(0.99)	(0.04)	(0.06)	(1.09)
Fiscal Loss	0.00	–	–	0.00
Foreign source Income yet to be remitted / others	(0.00)	–	–	(0.00)
Total	**(1.30)**	**(0.13)**	**(0.06)**	**(1.49)**

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	–	–	
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)**

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 Discontinuation of Business on sale of Vessel – (Cash Generating Unit Asset Sale)

a. On December 17, 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 March 31, 2019 the asset was classified in the Balance Sheet as "Property, Plant and Equipment held for sale" and the results of the operations were 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 April 8, 2019 with a buyer agreeing to gross sale price of Rs 197.14 Crore (USD 28.50 Mn) and the disposal was completed on April 25, 2019.

b. 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.

c. MT Nerissa (the Vessel) was operated in a pool arrangement with Seawolf (Heidmar Pool). There was a delay in discharge of cargo at the two discharge ports of Qingdao and Tianjin of PRC. The cargo could be finally discharged only in April 2019. The delay in discharge of cargo at both the discharge port could give rise to potential cargo claim from the ultimate receiver which will ultimately fall back through the Pool on the Company. The Company's agreement with Pool is subject to the Hague–Visby Rules or the Hague Rules or the Hamburg Rules. The Rule provides a period of one year from the date of discharge within which claims can be made. Claim will be time barred unless proceedings have been started within 12 months from the date of discharge. The Company estimates the claim to be in the range of Rs 9.86 Crore (USD 1,308,412) and has provided for the same on prudence.

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(₹ in Crore)

Balance Sheet Disclosure	As at	
	31-Mar-2020	31-Mar-2019
Property, Plant and Equipment	–	–
Trade Receivables	9.87	8.34
Cash and Cash Equivalent	0.01	0.04
Non Current Asset held for sale	–	185.68
Other Current Assets	–	–
Total Assets of discontinued operation	**9.88**	**194.06**
Borrowings	–	–
Trade Payable	0.34	4.36
other current liabilities	9.86	9.06
Total Liabilities of discontinued operation	**10.20**	**13.42**

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	For the year ended	
	31-Mar-2020	31-Mar-2019
Revenue		
Disaggregation of revenue		
Type of service		
Charter hire income	–	47.01
Timing of transfer of service		
Over time	–	47.01
Add: Other Income	–	329.74
Total Income	**–**	**0.02**
Expenses		
Depreciation	–	(20.56)
Crew expenses	(0.72)	(10.00)
Insurance	(0.22)	(3.35)
Finance cost	–	(37.19)
Bank charges	(0.01)	(0.02)
Impairment loss	–	(301.86)
Provision for claims	–	(9.16)
Other operating expenses	(1.98)	(9.30)
Total Expenses	**(2.93)**	**383.11**
(Loss) before tax	**(2.93)**	**(14.69)**
Tax expense	**–**	**1.42**
(Loss) from discontinued operations, net of tax	**(2.93)**	**3.33**
Cash Flow (Used) from –		
(a) from operating activities	(8.29)	2.49
(a) from investing activities	202.36	–
(a) from financing activities	**(194.11)**	**(15.46)**

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

Notes to the Financial statements

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 2020	31st March 2019
Total Borrowings	1,614.79	1,680.02
% of Borrowings out of above bearing variable rate of Interest	82.31%	82.88%

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, 2020 would increase/decrease by ₹ 6.65 Crore (previous year ₹ 7.14 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 Company. 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. The Group is having exposure of various specific compliance of renewal of non–operational vessels, payment of provident funds, TDS in relation to crew members etc. which are pending on account of liquidity crisis. The Group has disclosed all such liabilities due and payable. In addition to that, during the year, one of the Group's vessel "Tridevi Prem" has sunk at New Mangalore Port anchorage, the wreckage has not yet been removed. This has an exposure of damage of sea environment and there is a possibility of liability under applicable provision of Environment Laws.

iii) Business Risk

i) Risk relating to Exploration, Development and production.

The Group has two oil blocks namely CB–3 and CB–9 out of which there are two oil wells has been discovered in CB–9 (Jyoti 1 and Jyoti 2). For further wells drilling and technical requirement for oil discoveries as well as making production optimum from existing discoveries, the Group requires stable financial support. Pursuant to financial default, delay in oil discoveries & production, non execution of extension of existing funding, financial stress of parent company etc. have created pressure on its operation and hence the company has not operated its wells since last one year in its capacities. The Group may have to incur for cost of restart of operations.

Project Specific Risk:

The Group has discontinued drilling wells and exploration in CB–3 oil blocks and also not relinquishes their right on the same. This has resulted into termination and contingent liability on pending completion of minimum work program as determined by MoPNG. In addition to that for CB–9, the Group requires to

Notes to the Financial statements

continue drilling wells and identify new oil discoveries. The Group also needs operational and financial support for development of existing Jyoti–1 and Jyoti–2 oils wells, several clearances from government department requires and other procedural formalities to be completed as per Production Sharing Contract. The Group is passing through financial stress and litigation with vendors which is delaying project off take. The Group is pursuing for completion of sale of participating interest to non related external party. Thus project may be exposed for compliances of transfer & liquidity along with operational support for its off take.

Project Specific Risk – Construction Contract

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.

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 2020. 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:

₹ in crore

Details / Currency	As at	
Details	**31–Mar–2020**	**31–Mar–2019**
Trade Receivables		
– USD	3.89	36.62
Cash and Cash equivalents		
– USD	0.00	0.98
Other Financial Assets		
– USD	4.02	13.94
– SGD	–	0.06
– Euro	–	2.36
– GBP	–	–
– JPY	–	–
Other non–current assets		
– USD	–	0.99

Notes to the Financial statements

Details / Currency	As at	
Details	**31–Mar–2020**	**31–Mar–2019**
Borrowings		
– USD	506.47	937.05
Trade Payables		
– USD	44.63	60.24
Other Financial Liabilities		
– USD	71.11	64.32
– SGD	0.13	0.19
– AED	0.08	–
– Euro	0.02	–
– GBP	–	–
– JPY	0.01	0.12
– Others	0.14	

*Borrowings includes USD Loan of ₹ 109.37 Crore (Previous year ₹ 183.06 Crore) where exchange fluctuation impact on Revaluation amounting to Rs 5.47 Crore (PY Rs 22.81 Crore) are capitalized as per IND–AS 101 to the Cost of Vessel.

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 ₹30.73 crore (Previous Year : ₹ 23.52 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

₹ in crore

Particulars	As at 31st March 2018	As at 31st March 2017
Less than 180 days	19.48	64.38
More than 180 days	81.59	45.92

Financial assets are considered to be of good quality and there is no significant increase in credit risk

c. Liquidity Risk

The Parent Company and few of Subsidiaries incorporated in India are under hearing with National Company Law Tribunal (NCLT) for several insolvency petition filed by operational and financial creditors. The Group depends upon operational deployment of its vessels, mining plan, coal and jetty usage in optimum manner and timely receipt thereto as well as vendor payments (including settlement and litigations) can severely impact the current level of operation. Liquidity crisis had led to default in repayment of principal and interest to lenders. In addition to that, subsidiary of the Company are under financial stress as well as litigated processes.

Notes to the Financial statements

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations and deployment of assets for its economic use. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; intrinsic to its business operations, availability of contractual obligation, affecting its credit rating, positive outcome of existing litigations filed by subsidiaries and realization of their assets, or unexpected cash outflows. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long–term perspective and future net cash flows on a day–by–day basis in order to assess liquidity risk.

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

₹ in crore

As at 31st March, 2020	Contractual Cash Flows				
	Total	Up to 1 year	1–3 years	3–5 years	More than 5 years
Financial Instruments					
Borrowings	1,614.79	1,614.79	–	–	–
Trade Payables	185.98	185.98	–	–	–
Other financial liabilities	–	–	–	–	–
	1,800.77	**1,800.77**	**–**	**–**	**–**

₹ in crore

As at 31st March, 2019	Contractual Cash Flows				
	Total	Up to 1 year	1–3 years	3–5 years	More than 5 years
Financial Instruments					
Borrowings	1,680.02	1,165.54	433.46	81.02	–
Trade Payables	213.49	213.49	–	–	–
Liability towards cash flow hedge	–	–	–	–	–
Other financial liabilities	–	–	–	–	–
	1,893.51	**1,379.03**	**433.46**	**81.02**	–

d. Legal Risk

In view of the financial position and corresponding various payment defaults, the Group is exposed to a large number of litigation risks. The Group has also filed several cases or counter claims directly or through its subsidiaries where significant amount is involved in litigation or may be recovered upon settlement. The various litigations in process which have been covered in notes of the consolidated financial statement and in the view of the uncertainties involved it is not possible to estimate the possible impact of the same on the Financial Statements.

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 2020, 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.

Notes to the Financial statements

The debt equity for the year is as under:

₹ in crore

	As at	
	31-Mar-2020	31-Mar-2019
Borrowings (₹ in crore) – (A)	1,614.79	1,680.02
Total Equity (₹ in crore) – (B)	(954.06)	33.90
Debt Equity Ratio (A/B)	(1.69)	49.55

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.

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 ₹ 37.59Crore in "Other Expenses". The Group has also written back ₹ 4.76 Crore which majorly include the liability written back on account excess provison of earlier year 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-2020	31-Mar-2019
Financial assets:		
Measured at amortised cost		
Cash and cash equivalents	31.49	13.29
Bank balances other than Cash and cash equivalents	0.68	24.63
Loans	19.43	30.29
Trade receivbles	100.55	110.29
Other Financial assets	263.99	283.03
Investment (Non current Assets)	0.00	0.00
At fair value through profit and loss		
Investment in Mutual Funds	86.03	180.38
Total	**502.17**	**641.91**
Financial liabilities:		
Measured at amortised cost		
Borrowings	1,614.79	1,680.02
Other financial liabilities	369.60	123.66
Trade and other payables	185.98	213.49
At fair value through profit and loss		
Derivatives	–	–
Total	**2,170.36**	**2,017.17**

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.

Notes to the Financial statements

(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.

₹ in crore

At 31st March, 2020	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
Investments in mutual funds	–	–	86.03	86.03
Derivative financial liabilities	–	–	–	–
Total	**–**	**–**	**86.03**	**86.03**

₹ 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**

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.

3.32 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements except otherwise stated below and elsewhere in the financial statements.

(i) One of the NBFC has invoked 2,55,00,000 No shares of promoters and has settled outstanding dues amounting to Rs 4.11 crore.

(ii) The Company and its promoter director have entered into settlement agreement to settle the dues with a lender with a principal liability of ₹ 6 crore at an amount of ₹ 1 crore. As per the terms of the agreement, the same will be discharged by the promoter director of the Company, being the guarantor under credit facility and the resultant gain to the company will be accounted on actual settlement.

(iii) Subsequent to reporting period, the consortium partner of SSCP contract which is step down subsidiary of the Group, Mercator Offshore (P) Pte Ltd (MOPPL) has withdrawn scheme of arrangement filed with High Court of Singapore and initiate proceedings for voluntary liquidation under applicable laws of Singapore. As on date of reporting, the financial effect and repayment of their creditors associated with SSCP contracts are indeterminable factor. However, being consortium partner, the company indirectly assumes ultimate responsibility for repayment of external creditors in case any party demands dues as per contractual arrangement with MOPPL, which is subject to scheme of arrangement. (Refer Note No 3.11).

Notes to the Financial statements

(iv) The management of respective step down subsidiary companies has placed companies under voluntary liquidation and appointed liquidator under applicable laws –

a. Mercator Energy Pte Ltd (MEPL) (the company is a plaintiff for case filed by ICICI bank Limited at Singapore being guarantor and company has informed to court for its voluntary liquidation. Final observation of High Court of Singapore on the same is pending).

b. Mercator Offshore Asset Holdings Pte Ltd

c. Marvel Value International Limited, British Virgin Island

3.33 Compliance under section 134 and 149 of Companies Act 2013

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 resignation w.e.f July 23, 2019. The said vacancy is yet to be filled in.

During the year, Company Secretary and Chief Financial Officer have resigned of MPL (subsidiary company). Until date of reporting, MPL has not found and appoint suitable replacement.

Additionally one of the directors of MPL and MOGL has put up his resignation and hence there is no quorum for conduct of operation of MPL and MOGL. The management has yet not evaluated option of applying to ROC approval for waiver of minimum requirement of directorship.

3.34 On October 23, 2018, MPL has converted certain OCD instrument into Equity Shares and fully subscribed by the Mercator Limited (parent company). MPL has not discharged liability of interest until date of such conversion irrespective of its due date within grace period of 1 year defined u/s 164(2)(b) of Companies Act 2013. In addition to that, MPL has not paid interest accrued since last payment date until the year end on balance OCD which has also fallen into criteria of aforementioned provision. The Group is passing through financial stress and such delay is its resultant impact. Moreover, sale of oil block was getting delayed due to few external uncontrollable factors viz injunction filed by one of financial lender of parent company, COVID19 pandemic and operational delay, downgrading of rating and non–availability of working capital support, litigations of operational creditors etc.

MPL has requested Debenture Holder (parent company) to grant waiver in charging interest as well as additional period for payment of accrued interest until successful completion of sale of oil block, which in–principally agreed and assured that appropriate approval of Board of Directors as well as shareholder will be taken in due course of time.

Based on the same, MPL has obtained an independent legal opinion for classification and application of provision of Sec 164(2) of Companies Act 2013 and based on that the company has recognized that none of the director of the company is disqualified under said provision.

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: July 15, 2020

For and on behalf of the Board

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

M. M. Agrawal
Director
(DIN:00681433)

Shalabh Mittal
Chief Executive Officer
(DIN:00007919)

Rajendra Kothari
Chief Financial Officer

Place : Mumbai
Date: July 15, 2020



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