



AVESH PATEL & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCATOR OCEAN TRANSPORT LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Mercator Ocean Transport Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial Statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial Statements give the information required by the Act in the manner so required and 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 31st March, 2019, and its Profits and its cash flows for the year ended on that date.

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 statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid Ind AS financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Avesh Patel & Co.
Chartered Accountants
Firm's Registration No.: 0133174W


Avesh A. Patel
(Partner)
Membership No. 125396
Place: Mumbai
Dated: May 27, 2019



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on other Legal and Regulatory requirements" in the Independent Auditor's Report of even date to the members of Mercator Ocean Transport Limited ("the Company") on the Ind AS financial Statements for the year ended March 31, 2019.)

- i. The Company does not have any fixed assets, hence clauses i(a), i(b) and i(c) are not applicable.
- ii. Since the company doesnot have any Inventory, hence clauses ii are not applicable
- iii. The company not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act and hence clauses iii (a), (b)& (c) are not applicable.
- iv. Thecompany not granted any loans, in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.
- v. The company has not accepted any deposits during the year to which the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder are applicable.
- vi. As informed to us, the Central Government has not prescribed the maintenance of Cost records by the company under section 148 (1) of the Act.
- vii. (a) According to the information and explanations made available to us the company is not liable to pay any sum towards Provident fund, Employees State Insurance, Value Added Tax, Sales Tax, Custom Duty, Wealth Tax & Excise duty for the period covered under our Audit

(b) Based on our audit procedures and according to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax or cess which have not been deposited on account of any dispute
- viii. The company has not taken any loan from financial institutions or banks and has not issued any debentures. Hence this clause is not applicable.
- ix. The company hasnot raised any moneys by way of initial public offer or further public offer (including debt instruments), Hence this clause is not applicable.



- x. In our opinion and according to the information and explanations given to us, we have nether come across any incidence of fraud on or by the company noticed or reported during the year.
- xi. The company has not paid the any managerial remuneration hence this clause in not applicable.
- xii. The company is not Nidhi company hence clause xii is not applicable.
- xiii. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partially paid convertible debenture during the year under review.
- xv. Based on our audit procedures and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Avesh Patel&Co
Chartered Accountants
Firm's Registration No.: 0133174W


Avesh A. Patel
(Partner)
Membership No. 125396
Place: Mumbai
Dated: May27, 2019



MERCATOR OCEANTRANSPORT LIMITED

Balance Sheet as at March 31, 2019

	Particulars	Note	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
A	ASSETS			
1	Non-current assets			
	Other non-current assets		-	-
	Total non-current assets		-	-
2	Current assets			
	Cash and cash equivalents	2.1	494,882	500,000
	Total current assets		494,882	500,000
	Total assets		494,882	500,000
A	EQUITY AND LIABILITIES			
1	(a) Equity			
	Equity share capital	2.2	500,000	500,000
	(b) Other Equity			
	Reserves and surplus	2.3	(52,447,938)	(62,104)
			(51,947,938)	437,896
	Total equity		(51,947,938)	437,896
2	Non-Current liabilities			
	Financial Liabilities	2.4	52,351,100	-
	Borrowings		-	-
	Total non-current liabilities		52,351,100	-
3	Current liabilities			
	(a) Financial Liabilities			
	- Borrowings		-	-
	(b) Other financial liabilities		-	-
	(c) Other current liabilities	2.5	91,720	62,104
	Total current liabilities		91,720	62,104
	Total liabilities		52,442,820	62,104
	Total equity and liabilities		494,882	500,000
	Significant Accounting Policies	1	-	-
	Notes forming part of the financial statements	2 to 5		

As per our report of even date

For Avesh Patel & Co

Chartered Accountants

Firm Reg.No -0133174W



Avesh A. Patel & Co
Partner
M. No. 125396



Dated: 27th May 2019
Place: Mumbai

For Mercator Oceantransport Limited



Lalitkumar Bagayatkar
Director
(DIN: 07285301)

Dated: 27th May 2019
Place: Mumbai



Santosh Kadam
Director
(Din: 07629956)

MERCATOR OCEANTRANSPORT LIMITED

Statement of Profit and Loss for the period ended on March 31, 2019

	Particulars	Note	Year Ended 31st March 2019 Rs.	Year Ended 31st March 2018 Rs.
1	Revenue from operations			
2	Other Income	2.6	15,286,191	-
3	Total Revenue		15,286,191	-
4	EXPENSES:			
	(a) Other expenses	2.7	34,734	62,104
	Total Expenses		34,734	62,104
5	Profit / (Loss) before tax (2 - 3)		15,251,457	(62,104)
6	Tax expense:			
	(a) Current tax			
7	Profit / (Loss) for the period (4 - 5)		15,251,457	(62,104)
8	Earning per share (Equity share of Rs. 10/- Each) Basic and Diluted		305.03	(1.24)
	Significant Accounting Policies Notes forming part of the financial statements	1 2 to 5		

As per our report of even date

For Avesh Patel & Co

Chartered Accountants

Firm Reg.No -0133174W




Avesh A. Patel
Partner
M. No. 125396



Dated: 27th May 2019
Place: Mumbai

For Mercator Oceantransport Limited



Lalitkumar Bagayatkar
Director
(DIN: 07285301)



Santosh Kadam
Director
(DIN: 07629956)

Dated: 27th May 2019
Place: Mumbai

MERCATOR OCEANTRANSPORT LIMITED

Cash Flow Statement for the period ended March 31, 2019

	Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
A	Cash flow from operating activities		
	Net Loss Before Tax	15,251,457	(62,104)
	<i>Adjustment for:</i>		
	Non cash item		-
	Operating profit before working capital changes	15,251,457	(62,104)
	<i>Adjustment for:</i>		
	Notional Income	(15,286,191)	
	Decrease/(Increase) in Other non current assets		-
	(Decrease)/Increase in Other financial liabilities	-	-
	(Decrease)/Increase in Other current liabilities	29,616	62,104
	Cash flow from / (used in) Operating activities	(5,118)	-
	Direct taxes paid		
	Total cash from / (used in) operating activities	(5,118)	-
B	Cash flow from investing activities		
	Net cash from investing activities	-	-
C	Cash flow from financing activities		
	Proceeds from Issue of equity share capital	-	500,000
	Net Cash from financing activities	-	500,000
	Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	(5,118)	500,000
	Cash and cash equivalents as at beginning of the year (Refer Note 2.1)	500,000	-
	Cash and cash equivalents as at end of the year (Refer Note 2.1)	494,882	500,000
	Cash and cash equivalents comprise of:		
	Cash and Bank Balances (Refer Note 2.1)	494,882	500,000


As per our report of even date

For Avesh Patel & Co


Chartered Accountants

Firm Reg.No -0133174W

For Mercator Oceantransport Limited


Avesh A. Patel
Partner
M. No. 125396




Lalitkumar Bagayatkar
Director
(DIN: 07285301)


Santosh Kadam
Director
(DIN: 07629956)

Dated: 27th May 2019

Place: Mumbai

Dated: 27th May 2019

Place: Mumbai

Mercator Oceantransport Limited

Statement of Changes in Equity for the period ended 31st March 2019

(a) Equity Share Capital

Particulars	As at March 31,2019		As at March 31,2018	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of reporting period	50,000	500,000	-	-
Add: Shares issued during the year	-	-	50,000	500,000
Balance at the end of the reporting period	50,000	500,000	50,000	500,000

(b) Other Equity


Particulars	Reserves and Surplus	Retained Earnings	Total
Balance at 1st April 2017	-	-	-
Increase/decrease during the year		(67,637,291)	(67,637,291)
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(62,104)	-	(62,104)
Balance at 31 March 2019	(62,104)	(67,637,291)	(67,699,395)
Balance at 1st April 2018	(62,104)	(67,637,291)	(67,699,395)
Increase/decrease during the year			-
Transfer from General reserve	-	-	-
Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	15,251,457	-	15,251,457
Balance at 31 March 2019	15,189,353	(67,637,291)	(52,447,938)


As per our report of even date
For Avesh Patel & Co
Chartered Accountants
Firm Reg.No -0133174W


Avesh A. Patel
Partner
M. No. 125396



For Mercator Oceantransport Limited


Lalitkumar Bagayatkar
Director
(DIN: 07285301)


Santosh Kadam
Director
(DIN: 07629956)

Dated: 27th May 2019
Place: Mumbai

Dated: 27th May 2019
Place: Mumbai

MERCATOR OCEANTRANSPORT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS:

1.1 CORPORATE INFORMATION

Mercator Oceantransport Limited was incorporated on 18th January 2018. The company has not yet commenced its operation as on 31st March 2019. With effect from 18th January, 2018 the company has become a direct subsidiary of Mercator Ltd, which (along with its nominee) holds the entire share capital of the company as on 31st March 2019.

1.2 SIGNIFICANT ACCOUNTING POLICIES

1.2.1 Basis of preparation

The financial statements 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 relevant provisions of the Act.

The company had prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as the 'Previous GAAP') used for its statutory reporting requirement in India.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

Authorisation of Financial Statements: The financial statements for the year ended 31st March, 2019 were approved by the Board of Directors and were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 20th May 2019.

Items included in the 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 financial statements are presented in Indian Rupee (INR), which is also the company's functional and presentation currency.

1.2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following Certain financial assets and liabilities are measured at fair value.

1.2.3 Use of Estimates

The preparation of the financial statements in conformity with Ind-AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. These estimates and underlying assumptions are reviewed and on ongoing basis. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

1.2.4 Critical estimates and judgement

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

1.2.5 Current versus non-current classification

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

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

1.2.6 Foreign Currencies

(i) Functional and presentation currency

Items included in the 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 financial statements are presented in Indian Rupee (INR), which is also the company's functional and presentation currency.

(ii) Transaction and balances

Transactions in foreign currencies are translated into functional currency using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognised in Profit or loss. They are deferred in Equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operations.

Foreign exchanges differences regarded as an adjustment to borrowing costs are presented in the statement of Profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the Statement of Profit and loss on a net basis within other gains/ (losses).

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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences relating to Long term foreign currency monetary items are accounted in terms of para D13AA 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.

1.2.7 Property, plant and equipment:

Fixed assets are stated at cost of acquisition plus incidental expenses less accumulated depreciation and impairment losses, if any. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on fixed assets is provided on written down value method over the useful life as prescribed by Schedule II of the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

1.2.8 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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 inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

1.2.9 Inventories:

Inventories of coal are carried at lower of cost or net realizable value. Cost is ascertained on first-in-first-out basis.

1.2.10 Cash and cash equivalents

Cash and cash equivalents in cash flow statement comprise cash in hand and at bank in current and foreign currency accounts. Term deposits having maturity of three months or less are considered as cash equivalents.

1.2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financial cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

1.2.12 Borrowing costs:

Borrowing costs include interest, ancillary cost incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

1.2.13 Revenue recognition:

Income from sale of goods: Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of goods are transferred to the customer.

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

1.2.14 Taxation

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

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.

1.2.15 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.

1.2.16 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, 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.

17 Fair Value Measurement

The Company measures financial instruments 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

1.2.18 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:

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

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

Debt instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are 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 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 Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to Statement of 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 FVOCI) and equity instruments (measured at FVPTL) 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 Other Comprehensive Income are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI 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

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ loss 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.

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

MERCATOR OCEANTRANSPORT LIMITED

Notes forming part of financial statements

2.1 Cash and cash equivalents

Particulars	As at 31st March 2019 Rs	As at 31st March 2018 Rs
Balances with banks In Current accounts	494,882	500,000
	494,882	500,000

2.2 Equity share capital

Particulars	As at 31st March 2019 Rs	As at 31st March 2018 Rs
Opening Balance	500,000	500,000
Increase during the year	-	-
	500,000	500,000

Movements in equity share capital

Particulars	As at 31st March 2019	As at 31st March 2018
Number of shares at the beginning of the year	50,000	-
Add: Shares issued during the year	-	50,000
Number of shares at the end of the year	50,000	50,000

The company has one class of share referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share and dividend per share as may be declared/proposed by the Board of Directors.

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.

Shares of the company held by holding company and its nominees

Particulars	As at 31st March 2019	As at 31st March 2018
Mercator Limited Equity shares of Rs 10/- each fully paid	50,000	50,000

Details of each shareholder holding more than 5% shares in the company:

Name of the shareholder	31st March 2018			
	No of shares	% of holding	No of shares	% of holding
Equity shares of Rs. 10 each fully paid Mercator Limited (and its nominees)	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

MERCATOR OCEANTRANSPORT LIMITED

Notes forming part of financial statements

2.3 Other Equity

Particulars	As at 31st March 2019 Rs	As at 31st March 2018 Rs
Retained Earning	(52,447,938)	(62,104)
Closing	(52,447,938)	(62,104)

2.4 Other Financial liabilities(Non-Current)

Particulars	As at 31st March 2019 Rs	As at 31st March 2018 Rs
Financial Guarantee Contract liability	52,351,100	-
	52,351,100	-

2.5 Other current liabilities

Particulars	As at 31st March 2019 Rs	As at 31st March 2018 Rs
Avesh Patel & Co	15,000	5,000
Mercator Limited	62,570	57,104
SPZ & Associates	10,250	-
Subhsh Kishan Kandrapu	3,900	-
	91,720	62,104

2.6 Other income

Particulars	Year Ended Rs	Year Ended Rs
Amortised Financial Guarantee Obligation	15,286,191	-
	15,286,191	-

2.7 Other expenses

Particulars	Year Ended Rs	Year Ended Rs
Payment to auditors		
As auditors	10,000	5,000
Professional charges	14,150	30,000
Miscellaneous expenses	10,584	27,104
	34,734	62,104

3. Contingent liabilities and Commitments (to the extent not provided for) Rs. 1,90,00,000

4. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 st March 2019	As at 31 st March 2018
Details relating to Micro, Small and Medium enterprises	-	-
a) Amount remaining unpaid to any supplier at the end of the year: - Principal - Interest	-	-
b) The amount of interest paid by the buyer as per Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), along with the amount of the payment made to the suppliers beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
e) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues above are actually paid to small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-
Note: (The above information is given on the basis of intimation received by the Company.)	-	-

The Company has not received any intimation from its vendors regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006. The above information is based on the information compiled by the company and relied upon by the auditors.

5. Disclosures as per Ind AS 24 "Related Party Disclosure"

List of related parties and relationships:

- a) Holding Company - Mercator Limited
- b) Directors of the company
 - i) Lalitkumar Bagayatkar
 - ii) Santosh Kadam
 - iii) Radhay Shyam Bansal
- c) Fellow subsidiaries:
 - i) Mercator Petroleum Limited.
 - ii) Mercator Oil & Gas Limited.
 - iii) Mercator International Pte Limited (MIL).
 - iv) Oorja Resources India Private Limited.
 - v) Mercator Dredging Private Limited

Other step down subsidiaries of (MIL) are not included here.
- d) Entities in which directors are able to exercise significant control:
 - i) Actus Marine & offshore Private Limited
 - ii) Vector Shipping Services Private Limited
 - iii) Ankur Fertilizers Private Limited
 - iv) Vaitarna Marine Infrastructure Limited - Formerly known as Vaitarna Marine Infrastructure Private Limited
 - v) Target Ship Management India Private Limited
 - vi) Rishi Holding Private Limited
 - vii) Sisouli Realtors Private Limited
 - viii) MHL Healthcare Limited - Formerly known as Mercator Healthcare Limited

Disclosures required for related parties transactions: (Amount in Rs.)

Particulars	Holding company
Transactions during the year	
Loan received during the year	
Mercator Limited	(Nil)
Corporate Guarantee given	
Mercator Limited	NIL (1,90,00,000)
Reimbursement of expenses incurred during the year	
Mercator Limited	5,466 (57,104)
Outstanding as on 31/03/2019	
Unsecured loans	
Mercator Limited	Nil (Nil)
Trade & Other payables	
Mercator Limited	62,570 (57,104)

6. Disclosure as per Ind AS 33 "Earning Per Share"

Particulars	Year Ended 31/03/2019 Rs.	Year Ended 31/03/2018 Rs.
Net Profit/(Loss) after Tax		
-Basic and Diluted	1,52,51,457	(62,104)
Number of Shares used in computing EarningPer Share		
- Basic and Diluted	50,000	50,000
Earning per share (equity shares of face value Rs 10/-)		
-Basic and Diluted (in Rs.)	305.03	(1.24)

7. Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013 as applicable, there is no amount necessary to be spent by the company on CSR activities for the year.

8. 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 Senior Management.

Market is the risk of loss of future earnings, fair values of future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, and Loans and borrowings.

The company manages market risk through Senior Management, which evaluates and exercises independent control over the entire process of market risk management. The senior management team recommends risk management objectives and policies, which are approved by senior Management and Audit Committee. The activities of the management body include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with marker risk limits and policies.

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. There is no risk of Interest since there are no loans in the company in the current year

(ii) Price Risk

The Company is engaged in the business of coal trading which involves a high level of dependence on the production of coal. Thus, demand in these sectors will have a direct impact on the business of the Company. A decline in the demand for coal will adversely affect the business of the company.

Company profitability depends upon the prices of coal. The coal price depends upon factors beyond companies control, including the following:

- the domestic and foreign supply of and demand for coal;
- the domestic and foreign demand for electricity;
- the quantity and quality of coal available from competitors;
- market price fluctuations for emission allowances.

Other Price Risk

Other Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Price risk arises from financial assets such as investments in equity instruments and bonds. As there are no investments held by the company, the company is not exposed to other price risks.

(iii) Foreign Currency Risk

The Company's operational activities are mainly carried out in INR ,the measurement and reporting currency of the company. AS at the end of the reporting period, the Company's foreign currency exposures are insignificant. Accordingly, foreign exchange sensitivity analysis is not prepared.

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. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

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. Where recoveries made, these are recognized as income in the statement of profit and loss.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay:

.Maturity Analysis of Significant Financial Liabilities

As at 31st March, 2019	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
<i>Financial Instruments</i>					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other current liabilities	-	-	-	-	-

10. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business. The capital structure of the company comprises issued share capital and all other equity reserves attributable to the equity shareholders of the company.

As at 31st March 2018, the company has only one class of equity shares and has no 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 ratio for the year is as under:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Borrowings	-	-
Total Debt	-	-
Total Equity	(5,19,47,938)	(4,37,896)
Debt Equity Ratio		

11. Fair Value measurements:

Financial instruments by category

Particulars	As at 31st March 2019		As at 31st March 2018	
	Carrying value	Fair value		
Financial assets:				
<u>At amortised cost</u>				
Cash and cash equivalents	4,94,882	4,94,882	5,00,000	5,00,000
Other non-current assets	-	-	-	-
Total	4,94,882	4,94,882	5,00,000	5,00,000
Financial liabilities:				
<u>At amortised cost</u>				
Borrowings	-	-	-	-
Other financial liabilities	-	-	-	-
Other payables	91,720	91,720	62,104	62,104
Total	91,720	91,720	62,104	62,104

Fair value measurements recognised in the statement of balance sheet:

The fair values 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.

Fair value of cash and short-term deposits, security deposits, trade and other short term receivables, trade payables and other current liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

The fair values of non-current borrowings are based on carrying amount of loan. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

An analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

-Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2 fair value measurements are those derived from inputs 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As per our report of even date

For Avesh Patel & Co
Chartered Accountants
Firm Reg.No -0133174W



Avesh A. Patel
Partner



M.No. 125396

MUMBAI
Date: 27th May 2019

For Mercator Oceantransport Limited


Lalitkumar Bagayatkar
Director

(DIN: 07285301)

MUMBAI
Date: 27th May 2019


Santosh Kadam
Director

(DIN: 07629956)