

Ref: ML/SGX/2019-20/18

May 29, 2019

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

Re: USD 16,000,000 4.75% Convertible Bonds Due 2019 ("The Bonds")

Sub: Press Release

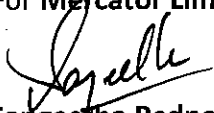
Dear Sir,

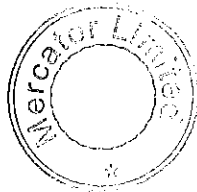
We enclose herewith copy of Press Release for your information and records purpose.

Thanking You

Yours Faithfully,

For Mercator Limited


Sangeetha Pednekar
Company Secretary



MERCATOR LIMITED

Q4 FY19 & FY19 EARNINGS

As a result of the legal dispute in a step-down subsidiary, PT Karya Putra Borneo (KPB) (a material subsidiary in Indonesia), we have not been able to provide audited financial statements of KPB. On account of this, the Company is, for the time being, publishing unaudited consolidated financial statements for the year ended 31-March-2019. The Company shall publish the audited consolidated financial statements in due course.

Q4 FY19 & FY19: Key Highlights

- ✓ Q4 FY19 consolidated operating income at INR 174 crores against INR 192 crores in Q4 FY18
- ✓ Positive consolidated adjusted EBIDTA of INR 163 crores in FY19
- ✓ All time high coal production at 1.89 Mn MT and 3rd party logistics volume at 2.86 Mn MT in FY 19, total throughput witnessed a growth of 88% compared to last financial year
- ✓ Filed for enforcement of London court arbitration award w.r.t. DCI dispute in favor of Mercator Limited at Delhi High Court, amounting to INR 50 crores

Q4 & FY19 EBITDA impacted by:

- ✓ Non Cash items – Loss on sale of vessels, Provision for doubtful debts and Valuation Loss on investments
- ✓ Low coal prices amid force majeure in China; currently coal prices are stable

Highlights: Coal Mining and Logistics

- ✓ Adjusted PAT Positive in Q4 FY19 & FY19
- ✓ Q4 Sales volume of own coal @ 0.55 Mn MT – Higher as compared to Q3
- ✓ 3rd party logistics segment sales at an all-time high, 1 Mn MT for Q4 FY19 and 2.86 Mn MT in FY19
- ✓ Due to declining Coal prices in Q4 FY19, the Company decided to remove higher overburden. This will help in ramp up of production when Coal prices correct with lower operation cost and efforts

Highlights: Oil & Gas

- ✓ Commenced sales and realization of 9,013 barrels from 1st exploratory well
- ✓ Long term sales agreement with Indian Oil Corporation Ltd. is under finalization

Highlights: Dredging

- ✓ Structural change in the dredging business due to acquisition of DCI by 4 major ports
- ✓ Veera Prem Dredger grounded on account of natural calamity resulting into impairment loss of INR 97 crore; necessary insurance proceedings have been initiated and an insurance claim for the total constructive loss 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

Highlights: Shipping

- ✓ New time charter contracts with IOCL & BPCL for 12 Months (incl. Options) for two MR Tankers
- ✓ Sold 2 old ships, nearing the end of their lifecycle
- ✓ VLCC accounted as held for sale in FY19; Sold during April-19 resulting in debt reduction of INR 174 crores
- ✓ Profits from shipping expected to rise with the sale of loss-making ships; Mercator Limited to operate only time charter vessels from Q4 FY19 onwards

Shalabh Mittal, CEO of Mercator limited commented:

“During this quarter, we have taken firm steps towards further balance sheet de-leveraging with sale of loss making VLCC ship having concluded in Apr-19. Our Coal business did an all-time high level of production and performed in-line with our expectation, given the volatility in coal prices witnessed in the year. Our Oil & Gas business remains our growth driver, ramp up of this business is dependent on drilling of developmental wells and is postponed due to delay in tying up Capex funding; we are in discussion with potential lenders. We are also in discussion with the lenders of Mercator Limited for restructuring of our loans to make the company sustainable in the long run.”
