

December 13, 2017

To,

The Singapore Exchange Securities Trading Limited

2, Shenton Way,

#19-00, SGX Centre 1,

Singapore – 068804

Dear Sir/Madam,

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

Sub: Investor Presentation

Please find enclosed herewith Investor Presentation of the Company for your information and record. Same is available on website of the Company i.e. www.mercator.in

Thanking you,

Yours faithfully,

For Mercator Limited



Suhas Pawar

Company Secretary



EARNINGS PRESENTATION Q2FY18





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Q2FY18 Update

Operational Performance

- Dredging – New contracts won; dredging work commenced at NMPT port, DGNP Vizaq and SNC Cochin
- Shipping – Monetizing aged fleet; sold two old vessels (Prem Poorva and Harsha Prem) for a total consideration of INR 470 mn
- Oil & Gas – Field development plan submitted to DGH for 2 wells (Jyoti 1 and Jyoti 2); Third Party Evaluation shows a higher recoverable resource base with 26 million barrel of oil
- Coal – Complete management revamp at Indonesian operations; temporary operations disruptions to impact Q3 performance

Financial Performance

- Significant improvement in dredging business on account of new order wins and various cost optimization measures undertaken
- Profitability at shipping impacted due to non deployment of assets being put for sale and seasonal impact of lower charter rates

QIP Update

- Allocation of 32,567,262 equity shares to Institutional Buyers at a price of Rs.44.65/shares
- Proceeds used for strengthening operations management and repayment of High Cost Debt.

Standalone Financial Performance – Q2FY18



INR Mn except as stated

Particulars	Q2FY18	Q2FY17	Q1FY18	FY17
Revenue	1,009	1,334	993	5,450
Expenses	713	1,000	706	3,425
EBITDA	295	335	287	2,025
Interest	206	194	198	757
Depreciation	441	408	420	1,473
Exceptional Items				92
PBT	(351)	(268)	(331)	(295)
Tax	(3)	(3)	(2)	(10)
PAT	(354)	(271)	(333)	(305)
OCI Adjustment	0	-	(2)	(6)
Attributable PAT	(353)	(271)	(335)	(312)
EPS (Rs/Share)	(1.31)	(1.10)	(1.24)	0.97

**Due to non availability of financial information from stepdown subsidiaries the consolidated results have not been published. The company has initiated steps to obtain financial information and shall report the same at earliest convenience.*

Standalone Financial Performance – H1FY18

INR Mn except as stated

Particulars	H1FY18	H1FY17
Revenue	2,002	2,602
Expenses	1,420	1,715
EBITDA	582	887
Interest	403	371
Depreciation	861	729
Exceptional Items		
PBT	(682)	(213)
Tax	(5)	(6)
PAT	(687)	(219)
OCI Adjustment	(1)	-
Attributable PAT	(688)	(219)
EPS (Rs/Share)	(2.55)	(0.89)

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Business Performance



Dredging

INR MN except as stated	Q2FY18	Q2FY17	Q1FY18
Revenue	316	782	271
Expenses	301	642	372
EBITDA	15	140	(101)
PBT	(216)	(41)	(313)

- Dredging work commenced at NMPT port, DGNP Vizaq and SNC Cochin
- Two Dredgers deployed at Kandla were idle due to Non-availability of dredging orders. Also revenues have been impacted due to deployment delays
- Several cost saving initiatives undertaken.
- Strong Bid Pipeline of c.INR 5,000 Mn
- The order books is expected to rise considering the GOI initiative under the Sagar mala project involving projected annual dredging demand of INR. 201 Billion. Also Inland Waterways Authority of India is developing NW-1 under the Jal Marg Vikas Project (JMVP) an expenditure of Rs 2,400 Crores has been envisaged to be made over the period of next seven years.

Shipping

INR MN except as stated	Q2FY18	Q2FY17	Q1FY18
Revenue	776	981	846
Expenses	453	410	412
EBITDA	323	571	434
PBT	(244)	(36)	(159)

* Includes income from the vessel MT Nerissa

- Seasonal impact on charter rates in Q2; cycle now picking up
- VLGC and VLCC deployed at a low spot rates
- Monetized aged fleet - sold 2 vessels during the quarter
- Revenues during the quarter were impacted due
 - Seasonal impact of low charter rates;
 - Non Deployment of a vessel being put up for sale
- Charter rates to show improvement from Q4.
- Evaluating acquisition of new vessels; asset valuation attractive currently.

Update on Indonesian Coal Block

Key Issues

- The company, over the last one year, had enhanced its focus on its Coal Assets to achieve higher operational and cost efficiencies
- Senior management reviews indicated serious mis-management in the local operations
- The Company had also received information about alleged misappropriation of resources and assets at the Coal business by its erstwhile senior management in Indonesia

Action Taken By Management

- A complete management revamp at the Indonesian Operations
- New employees appointed

Impact

- Business disruption for majority of third quarter
- The operations are expected to normalise shortly and the company shall keep the stock exchange informed.

Segment Wise Business Performance – Oil & Gas

Oil Blocks

- Field Development plan submitted for wells. (Jyoti 1 and 2)
 - Submitted to DGH on 3 November 2017
 - Approval expected by January 2018.
- Third Party Resource Certification for wells (Jyoti 1 & 2) has given a higher 2P EUR (expected ultimate recovery with water injection) of 26.2 Million barrels of oil
 - FDP submitted for 23 million barrel of recoverable oil.
- On track for commercial production by first half of CY18 subject to regulatory approvals.
- Commenced drilling in the Seventh exploratory well on 6th December, 2017, as per earlier announced schedule
 - Drilling campaign is expected to be completed by end FY18.
- During the ongoing campaign, testing of already drilled wells is also planned which may open additional areas for exploration.

Sagar Samrat

- Aggressively pursuing completion of String Tests and eventual “Sail Away”. Delays from earlier announced schedule is on account of third party vendor.
- An approved vendor of ONGC has started commissioning the turbines and compressors for completion of the String Test. Completion of their scope of work marks the end of String Test
- Sail Away is expected in February 2018 and commissioning is expected by June 2018.

Unaudited Financial Results For Quarter and Half Year Ended September 30, 2017



Mercator Limited						
						Rs. in lakhs
Particulars	STANDALONE					
	Quarter ended			Half Year Ended		Year ended
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17
	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Audited
1 Income						
(a) Revenue from operations	9,875.76	9,697.61	13,327.76	19,573.37	25,991.82	53,833.15
(b) Other income (net)	211.63	235.14	15.50	446.77	30.50	669.38
Total Income	10,087.39	9,932.75	13,343.26	20,020.14	26,022.32	54,502.53
2 Expenses						
(a) Cost of service rendered	6,377.15	5,990.56	8,910.65	12,367.71	14,886.67	30,692.98
(b) Employee benefits expense	478.16	389.14	306.86	867.30	735.00	1,501.32
(c) Finance costs	2,055.18	1,976.07	1,943.51	4,031.25	3,714.15	7,565.44
(d) Depreciation and amortisation	4,406.62	4,199.86	4,079.99	8,606.48	7,294.78	14,727.65
(e) Other expenses	279.37	685.05	780.35	964.42	1,526.50	2,054.06
Total expenses	13,596.48	13,240.68	16,021.36	26,837.16	28,157.10	56,541.45
3 Profit/(loss) from operations before exceptional items and tax	(3,509.09)	(3,307.93)	(2,678.10)	(6,817.03)	(2,134.78)	(2,038.92)
4 Exceptional items	-	-	-	-	-	915.62
5 Profit/(loss) before tax (3 - 4)	(3,509.09)	(3,307.93)	(2,678.10)	(6,817.03)	(2,134.78)	(2,954.54)
6 Tax expense						
Current tax	(26.00)	(24.00)	(27.00)	(50.00)	(55.00)	(100.00)
Deferred tax (net)	-	-	-	-	-	-
7 Net profit/(loss) after tax (5 - 6)	(3,535.09)	(3,331.93)	(2,705.10)	(6,867.03)	(2,189.78)	(3,054.54)
Other comprehensive income/(expenses) net of tax						
Items that will not be reclassified to statement of profit and loss						
Remeasurement gains/(loss) of defined benefit plans	2.04	(16.73)	-	(14.69)	-	(60.85)
8 Other comprehensive income	2.04	(16.73)	-	(14.69)	-	(60.85)
9 Total comprehensive income for the period	(3,533.05)	(3,348.66)	(2,705.10)	(6,881.72)	(2,189.78)	(3,115.39)

*Due to non availability of financial information from stepdown subsidiaries the consolidated results have not been published. The company has initiated steps to obtain financial information and shall report the same at earliest convenience. Further, the above revenues does not include the financial performance of the vessel MT Nerissa as the same is not a part of Standalone results.

Statement of Assets and Liabilities

INR Lacs except as stated



Particulars	As at 30-Sep-2017 (Unaudited)	As at 31-Mar-2017 (Audited)
ASSETS:		
Non-current assets:		
a) Property, plant and equipment	93,713	105,379
b) Capital work in progress		
b) Investment property	118	125
d) Other Intangible assets		
c) Investment in subsidiaries	4,845	4,645
d) Financial assets		
i) Investments	0	0
ii) Loans	33,480	28,572
iii) Other financial assets	404	251
g) Deferred tax assets (net)		
e) Other non-current assets	4,582	5,305
f) Income tax assets (net)	12,877	12,478
	150,019	156,755
Current assets:		
a) Inventories	1,188	1,015
b) Financial assets		
i) Investments		
i) Trade receivables	13,732	17,429
ii) Cash and cash equivalent	1,979	3,646
iii) Bank balances other than cash and cash equivalents	3,121	3,221
iv) Loans	6,467	6,504
v) Other financial assets	7,888	6,954
c) Other current assets	5,357	3,969
d) Non current asset held for sale	6,362	-
	46,094	42,739
TOTAL ASSETS	196,113	199,494

Particulars	As at 30-Sep-2017 (Unaudited)	As at 31-Mar-2017 (Audited)
EQUITY AND LIABILITIES:		
Equity:		
a) Equity share capital	2,699	2,699
b) Other equity	72,032	79,462
	74,731	82,161
Non-current liabilities:		
a) Financial liabilities		
i) Borrowings	72,262	75,854
ii) Other financial liabilities	18	18
b) Provisions	243	179
	72,522	76,051
Current liabilities:		
a) Financial liabilities		
i) Borrowings	12,630	8,346
ii) Trade payables	14,105	12,747
iii) Other financial liabilities	21,018	19,192
b) Provision	17	114
c) Other current liabilities	1,089	884
	48,859	41,282
TOTAL EQUITY AND LIABILITIES	196,113	199,494

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Thank You