

September 26, 2018

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 Bond due 2019 ("The Bonds")**

**SUB.: CHAIRMAN'S SPEECH & PRESENTATION**

Dear Sir,

We enclose herewith copy of Chairman's Speech and Presentation being delivered today at 34<sup>th</sup> Annual General Meeting of the Company at 4<sup>th</sup> Floor, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai - 400020.

Please acknowledge and take the same on records.

Thanking you,

Yours faithfully,

For **MERCATOR LIMITED**

  
**Sangeetha Pednekar**  
**Company Secretary**



Encl.: as above

## Chairman's Speech

A key achievement in FY18 was the swift progress in developing our oil & gas segment. We had declared the commerciality only in August, 2017 and this September, 2018 we are pleased to announce the commencement of commercial production and dispatch from the oil blocks. We have an approved Field Development Plans (FDP) for 23 Million barrels of oil in the two oil fields in the Cambay Basin, Jyoti I & II, . The Oil Blocks will produce high-quality light-weight crude, which would sell at a premium. We aim to close FY19 at a daily production rate of ~5,500 barrels of oil. This segment is expected to be our largest growth driver in the future with ~35% of FY20's EBITDA contribution coming from oil & gas. With the MoU with Indian Oil Corporation Limited (IOCL) for crude oil sales already in place, we are projecting a production of ~2 Million barrels of oil by FY20.

Our coal business witnessed a roadblock in the first half of FY18, which led to temporary disruptions in operations. We had to replace the entire management team at our Indonesian headquarters due to reports of business irregularities and misappropriations. We halted mining activities towards the middle of the 3<sup>rd</sup> quarter to ensure a complete clean-up. However, we were able to resume operations within a short period and fully ramped up production by the end of Q4. We are happy to report that we are currently achieving all-time high production and dispatch levels. We expect FY19 coal production at close to 2 Million tonnes and by the end of FY20, we expect to produce high quality of coal reserves leading to better revenues. By end of FY19 we also expect to increase volumes of dispatch from third-party customers using our coal infrastructure and jetty.

Dredging continues to have substantial growth potential in the near future. The recent announcements by the Government of India with

regards to national waterways development, building of new ports and dredging of key rivers like the Ganga augur well for the dredging sector in India. In our quest for higher margin and long-term contracts, we are also now bidding for contracts in other Asian countries.

In the shipping business, we monetized our aged fleet during the year. While all our vessels except the VLCC will remain 100% operational, FY19 is still expected to be a slightly tough year for the shipping sector due to pressure on global charter and VLCC rates. By FY20, we expect the demand-supply gap in the global tanker industry to narrow significantly, which will aid the rebound in VLCC charter rates and subsequently, infuse new life into our shipping business.

After several years of considerable strategic efforts, we are now a stronger, well diversified and a more productive organisation. The results of our efforts will be seen from the second half of FY19 onwards. We believe that FY20 will be the year of superior growth with substantial income at the consolidated level. This growth will be supported by full stream operations of the oil and gas segment and scaling of our coal business.

We look forward to working with our committed and empowered management team and supporting them as we pursue continued growth. We are focused on high standards of corporate governance, and creating meaningful sustainable value for our shareholders. We also acknowledge the support lent and confidence bestowed upon us by our bankers, stakeholders and all Mercatorians. We seek your continued support and guidance, going forward.



# ENERGISING *THE BUSINESS*

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# Delivering on Our Stated Strategy



## Oil and Gas Business

- DOC & FDP received well in time; Trial Production in March 2018
- Petroleum Mining Lease received in June 2018
- EWT production commenced in Q2FY19
- By FY19 end production rate of c.5500 barrels per day (bpd)



## Strengthening Core Business

- **Dredging**
  - Moving to high margin contracts
  - Exploring value unlocking through de-merger of the dredging business
- **Coal**
  - Quick resolution to disruption: currently achieving an all time high production
- **Tankers**
  - Monetised Aged Fleet



## De-leveraging

- Reduced long term debt by INR 125 Crores, a reduction of 9% Y-o-Y
- Debt reduction hampered during the year due to disruptions in Coal business and delays in Sagar Samrat 'Sail Away'
- Significant debt reduction expected in FY20 & FY21 as Oil and Gas ramps up

*FY18: Creating opportunities amidst challenges*

# FY18: Key Highlights

## Coal

- Full year operations impacted due to temporary disruptions
- Operations resumed in a short span of 2 quarters; currently achieving all time high production

## Dredging

- Revenues adversely impacted due to completion and non renewal of Kandla and dry-docking of a large dredger
- Demerger process on-going
- FY19 Order book of INR 150 crores

## Oil and Gas

- Significant progress made in FY18
- Petroleum Mining Lease received
- Production commenced in Q2FY19

## Shipping

- Revenue impacted due to low charter rates
- Profitability impacted due to loss on sale of assets

# FY19: Moving to a High Growth Trajectory



## Oil and Gas

### Our Positioning

- 26 million barrel of proved high quality reserves
- Close proximity to refinery

### FY19 Priority

- Ramp up Production by end FY19
- Achieve FY19 production rate of c.5500 bpd



## Coal

### Our Positioning

- One of the few successful Indian coal miners in Indonesia
- High quality reserves of 3,700/3,800 and 4,200kcal

### FY19 Priority

- Higher production of c.2mn tonne
- High grade coal of 4,200 kcal to contribute around 40% of production
- Increase capacity of coal handling infrastructure



## Dredging

### Our Positioning

- Largest private company with technical qualifications
- Focus on Inland Water way

### FY19 Priority

- Work on longer term contracts
- Diversify geographies
- Build a strong order book



## Shipping

### Our Positioning

- One of the few well placed shipping companies in India
- Younger, sustainable and more efficient fleet; All the vessels 100% operational

### FY19 Priority

- Maintain high EBITDA margin of over 40%
- No scheduled Dry-Docking except VLCC

# Asset Profile

## SHIPPING



Prem Pride (FSO)



Hansa Prem  
(Product Tanker)



Prem Mala  
(Product Tanker)



Vedika Prem  
(Product Tanker)



Bhagvati Prem (TSHD)



Conveyer belt loading



All weather haul road

## DREDGING

## COAL



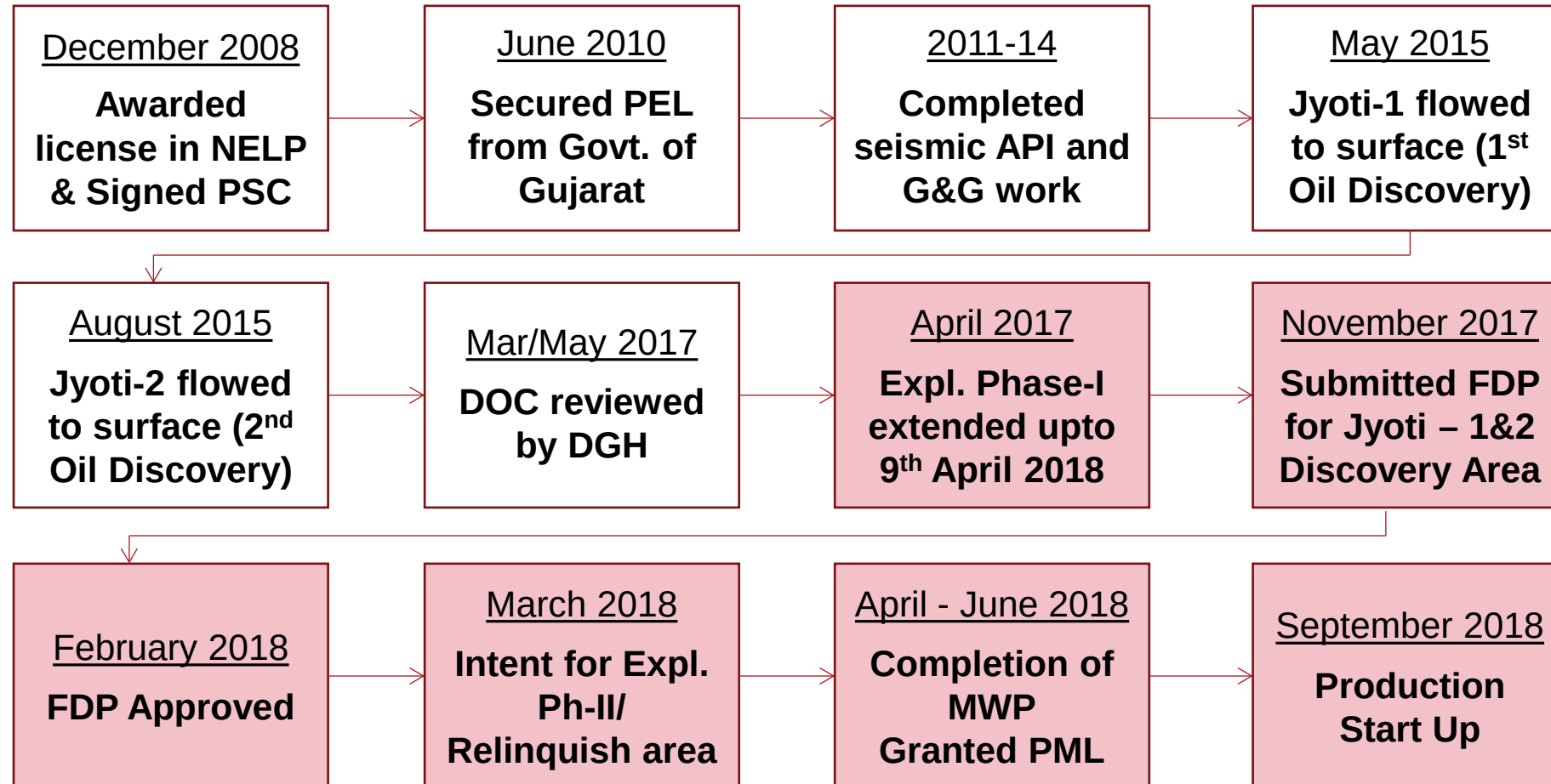
Open cast mine



## OIL & GAS

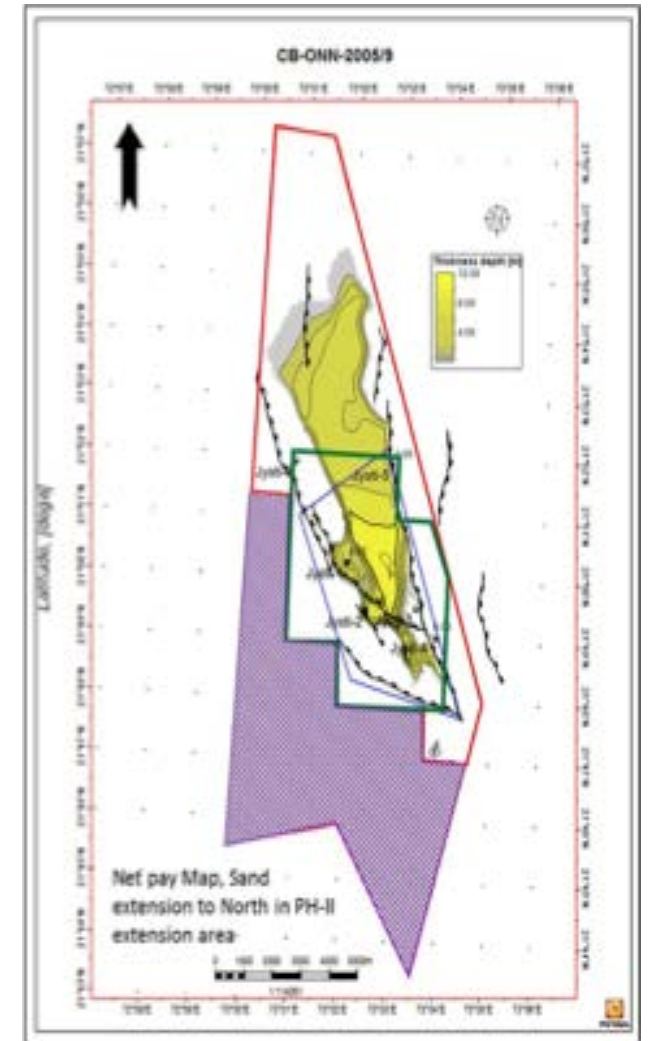


# Oil Business – The Game Changer



# Oil Business – The Game Changer, Reserves expected to increase:

- MPL has been given entry to Phase II of exploration.
- In Phase II MPL is expected to explore the northern part of the area.
- MPL believes that the reserves are expected to rise in this area



*Thank You*