

July 20, 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 Bonds Due 2019 ("The Bonds")
Sub: Institutional Investor Meet - Presentation

Dear Sir,

Please find enclosed herewith Presentation given during the Institutional Investor Meet held on Wednesday, June 20, 2018 for your information and record. Same is available on the website of the Company i.e. www.mercator.in

Please acknowledge,

Thanking You

Yours Faithfully,
For **Mercator Limited**

A handwritten signature in blue ink, appearing to read "Rajendra Kothari", is positioned to the left of the Mercator Limited circular stamp.



Rajendra Kothari
CFO and Compliance Officer

Encl: As Above

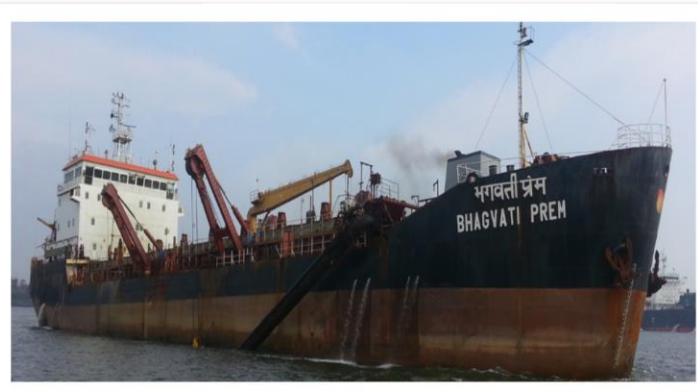
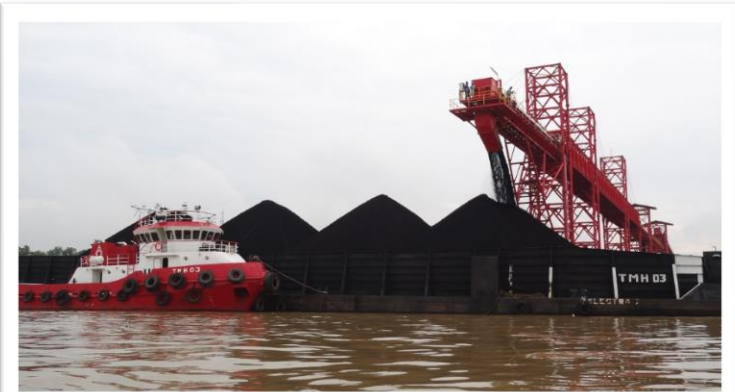
MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)

31 Mittal Tower - B, Nariman Point, Mumbai - 400021, India. Tel: +91 22 66373333 Fax: +91 22 66373344 mercator@mercator.in



Corporate Overview

June 2018



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Mercator: An Energy Conglomerate



Company Profile

1

Mercator India is a leading business group with interests in Dredging, Oil and Gas, Coal and Shipping

2

Energy focused conglomerate with strong earnings outlook

3

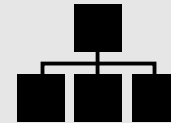
Strategic portfolio changes in FY16; exited loss making businesses

4

Significant reduction in debt; further deleveraging underway

5

Well positioned to benefit from GOI's focus on port development



Key Lines of Business

1

Dredging – Sunshine sector; amongst largest private sector dredger with a fleet of 9 dredgers

2

Shipping (Oil Tankers) – Stable source of earnings; all tankers having time charter contracts

3

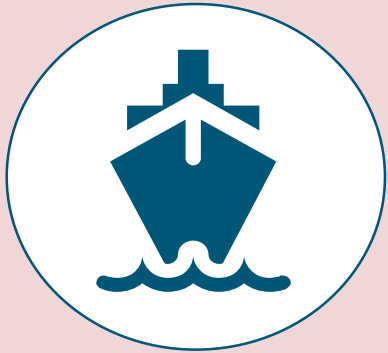
Oil and Gas– Substantial discoveries of high quality crude made; more wells being drilled

4

Coal mining + trading business: High quality reserves; low operating cost

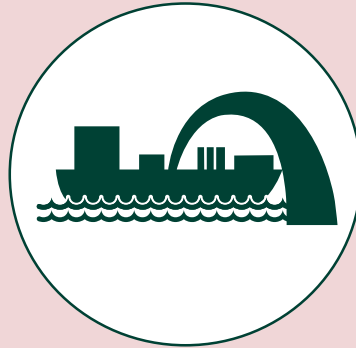
Our Strong Asset Base

Shipping



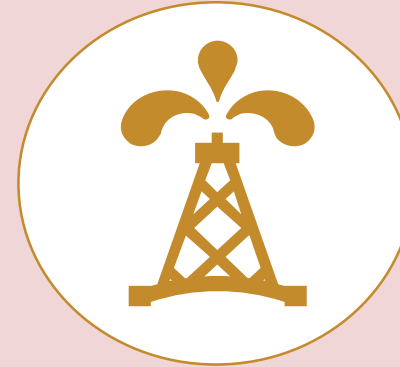
Fleet	DWT	No.	Avg Age
Product Tanker	125,329	3	20
Floating Storage Offloading	109,415	1	19
VLCC	299,235	1	12
Total Wet Bulk	533,979	5	17
VLGC	50,400	1	26
Total Gas Segment	50,400	1	26
Grand Total	584,379	6	19

Dredging



Type of Dredger	Hopper Capacity
TSHD	11300
TSHD	7450
TSHD	7598
TSHD	5433
TSHD	4568
TSHD	2600
GD Hopper	870
Bucker Ladder	NA
CSD	NA
Total	39,819

Oil and Gas



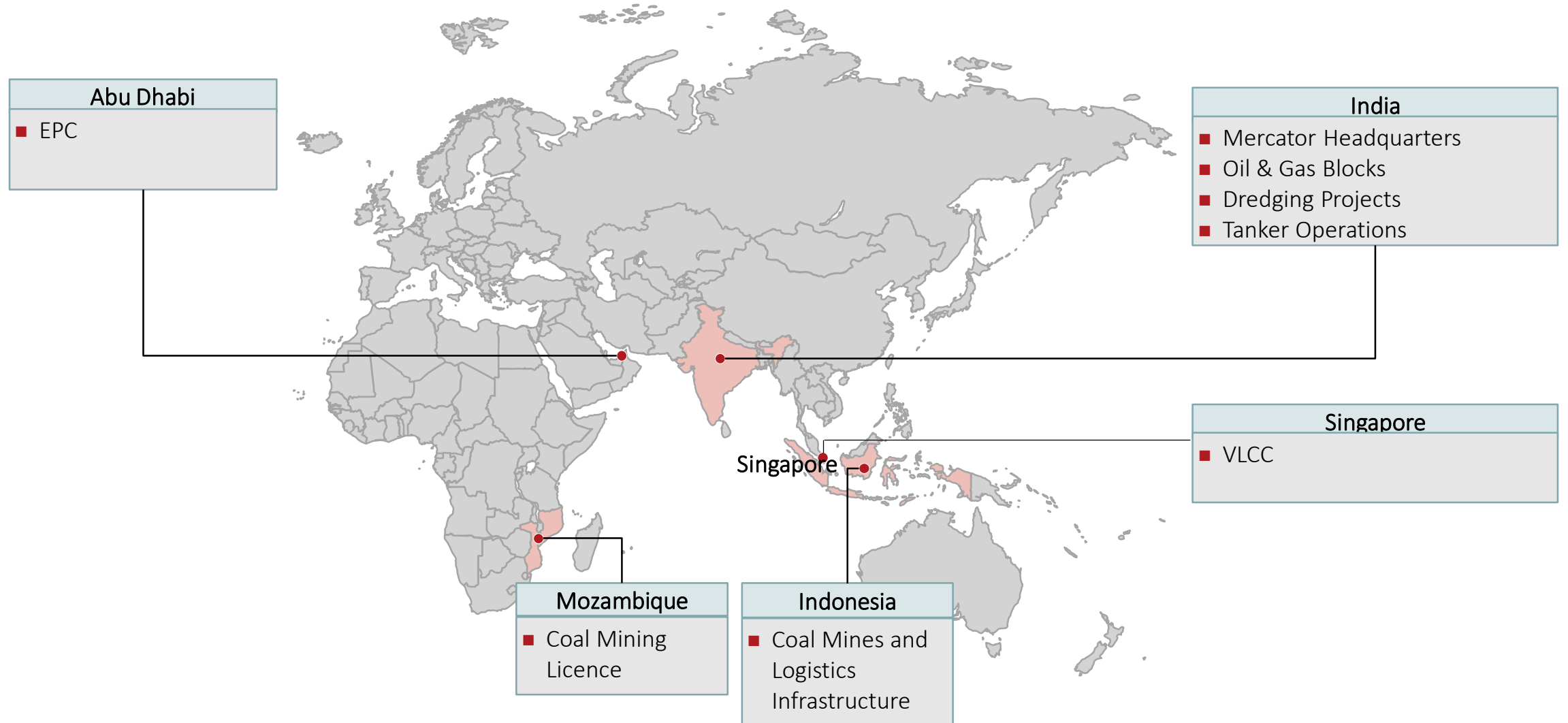
- Onshore Oil Blocks in India.
- 23 million barrels of recoverable oil FDP approved
- Light Sweet Oil
- Close to refinery

Coal



- **Open cast** mine in Indonesia with over 26 MMT reserves
- **Mining license** in Mozambique
- 20+ km of All-weather haul road
- Stockpile with stacker & re-claimer
- Fixed & mobile crushing units
- Conveyor belt loading facility directly onto barges
- 160 m of dedicated waterfront for barge loading
- **Own Jetty** with ample spare capacity

Global Presence



FY19: Moving to a High Growth Trajectory



Oil and Gas

Our Positioning

- 23 million barrel of proven high quality reserves from 1st two wells;
- Close proximity to refinery

FY19 Priority

- Commence Production by Q2FY19
- FY19 production rate of c.5500 bpd



Coal

Our Positioning

- One of the few successful 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



Dredging

Our Positioning

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

FY19 Priority

- Focus on maintaining bid success rate of 50%+
- 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

Coal – Significant Upside from FY20

Higher Production with a Larger Proportion of High Quality Coal

- c.26.3 MMT of present reserves with 3,700/3,800/4,200 Kcal thermal coal
- **Expected Annual production**
 - FY19 c.2 million tonnes with a 60:40 split between 3,700/3,800 Kcal and 4,200 Kcal coal; Average Realization – c.\$32/tonne
 - FY20 c.2.4 million tonnes with a 50:50 split between 3,700/3,800 Kcal and 4,200 Kcal coal; Average Realization – c.\$34/tonne
- **Third party Infra volume**
 - FY19 and FY20 - c.2.9 mn tonne - c.\$4 to \$5/tonne



Dredging – Strong Govt Focus

Key Opportunities being Explored

- Marine Civil Works: river bank protection, coastal defense, coastal protection works
 - National Waterways: de-silting of dams, reservoirs, lakes
 - Trenching Activities: Diversify into oil and gas trenching works for laying submersible pipeline – Explore JV Options
- Projected capacity utilization at optimal levels
 - Maintaining bid success rate at 50%+
 - Demerger of the Dredging segment to be completed by end FY19

- Govt's Sagarmala Plan – INR 50,000 million allocated towards Dredging of Indian Waterways
- INR 50,000 million allotted towards Marine Civil Works under the Coastal defense & Coastal protection plan

Exploring Geographical Diversification

- Leverage our presence in Indonesia
- Upcoming new projects in Bangladesh
- Experience in Taiwan

FY19 Order Book

INR 156 crore

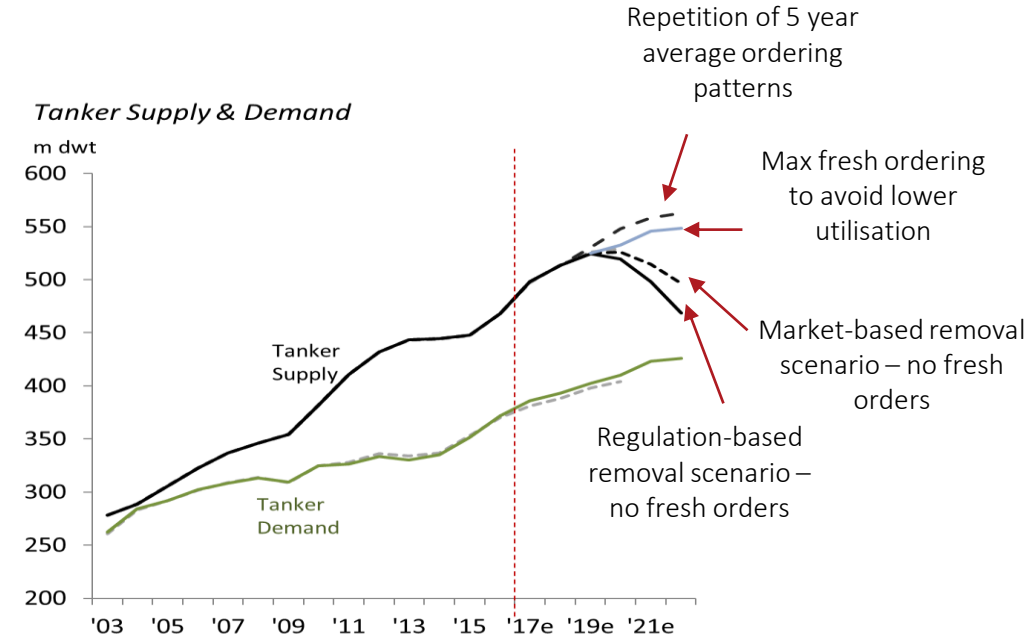
FY19 Expected Order Inflow

INR 130-200 crore

Shipping – FY19 to be a Tough Year

- All vessels, will be 100% operational
 - Planned Dry-Docking for VLCC
- Pressure on VLCC rates; Average rate of US\$ 13,000/day expected in FY19

VESSEL NAME	DEPLOYED WITH	AVG. CHARTER RATES (\$/DAY)	TIMELINE
Prem Pride	British Gas	26,000	Dec 2020
Prem Mala	HPCL	12,383	Mar 2019
Vedika Prem	HPCL	12,402	Jan 2021
Hansa Prem	BPCL	11,602	Mar 2019
Sisouli Prem	Spot	9,450	Voyage
VLCC	Spot	13,000	Voyage



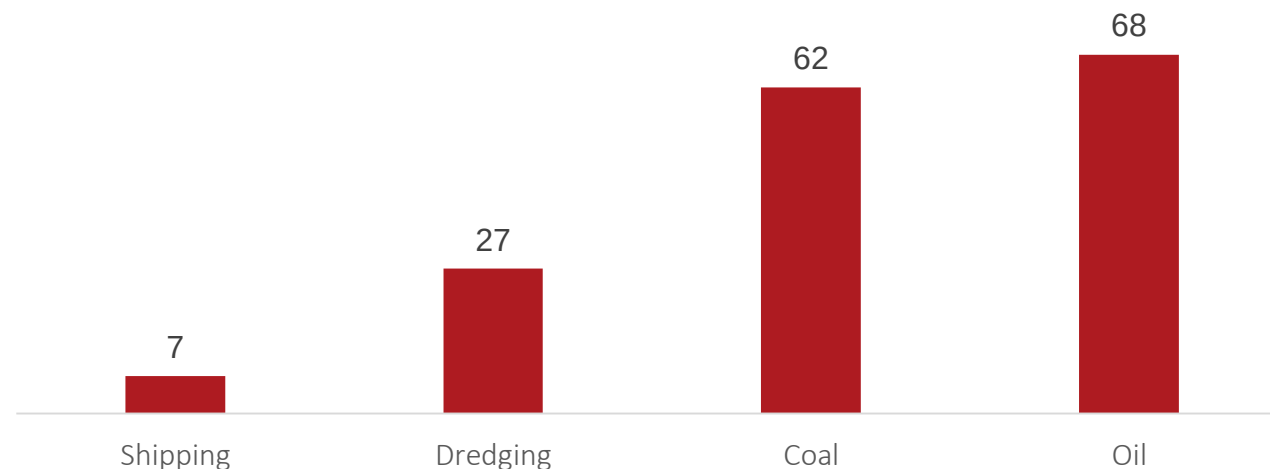
Outlook FY19

As the demand-supply gap within the Tanker industry narrows down from FY18 onwards, VLCC Charter rates are expected to rebound and then gradually appreciate

FY19: Low Incremental Capex Requirement

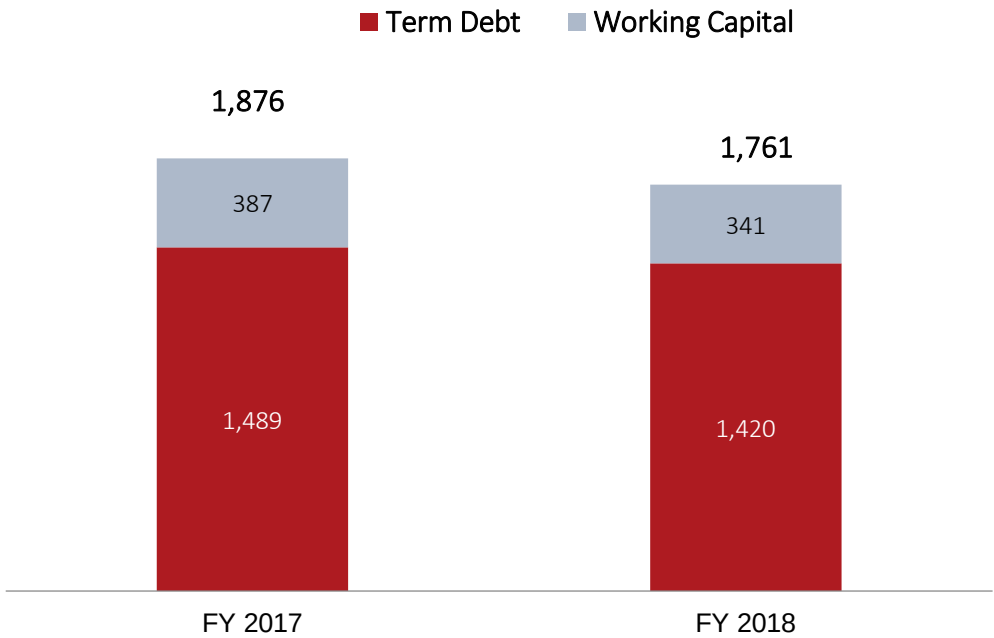
- **Oil:** Draw down of existing debt limits and new debt for ramp-up
- **Coal:** to be secured by way of offtake financing arrangement
- **Shipping:** VLCC dry docking expenditure to be met out of internal accruals
- **Dredging:** Purchase of new dredgers linked to winning new contracts; to be funded through internal accruals

FY19 Projected Capex: INR 164 Crore

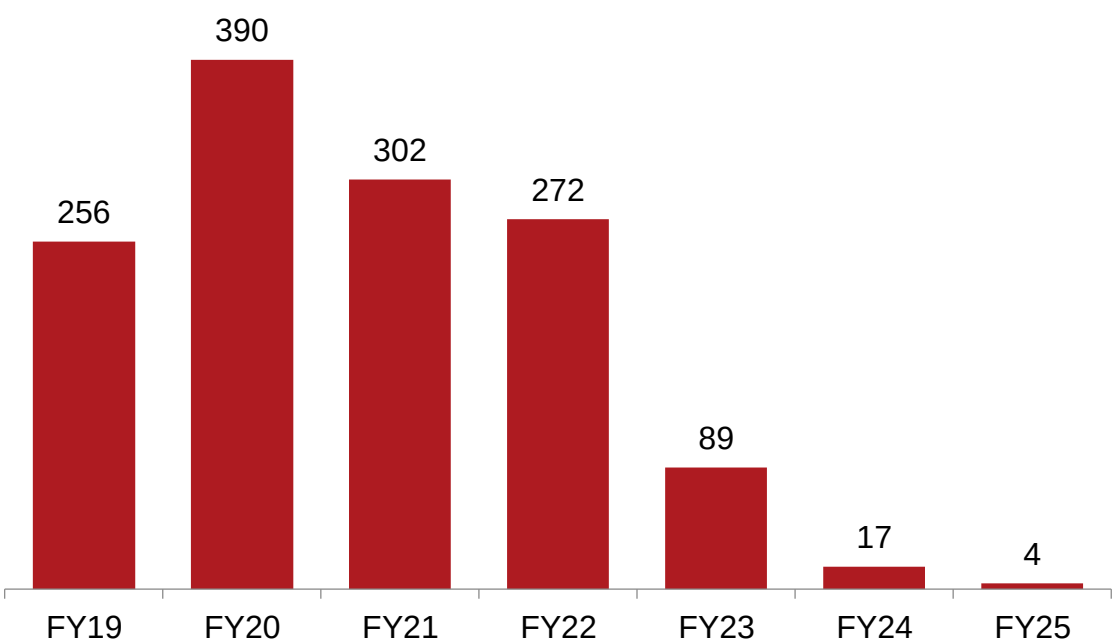


De-Leveraging Status and Debt Maturity Profile

De-Leveraging Status



Debt Maturity



Guidance: FY19 & FY20

FY19 Guidance

FY20 Guidance

Revenue

INR 1,200-1,300 crore

INR 1,450-1,550 crore

EBITDA

INR 425-470 crore

INR 600-630 crore

EBITDA Margin

30%-35%

35%-40%

Significant Attributable PAT

Debt Reduction by 10%-15%

Improving Free Cash Flows

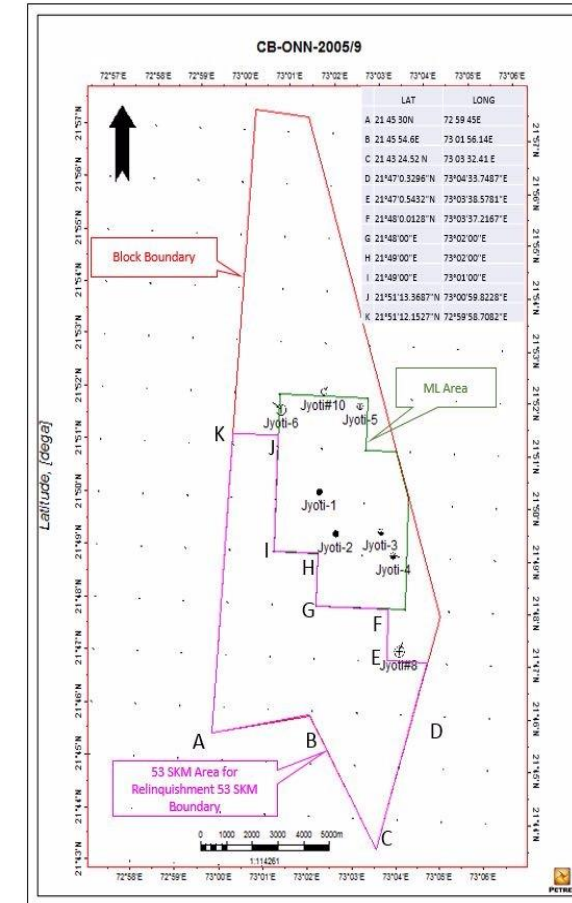
Growth from H2FY19; Oil and Gas ramp up and seasonal improvement in Dredging



Oil and Gas: Significant Upcoming Value

Tier 1 Oil Assets - Cambay: Block CB 9

- High Quality Light Weight Crude - 42 °API
- Premium over Brent
- Low Processing Cost – Opex <\$5/bbl
- Close proximity to refineries: IOC refinery 85 kms
- Early Production infrastructure in place



Mining Lease Area : 33 Sq. Km
Block Area : 132 Sq. Km
Participating Interest : 100% Mercator Petroleum
Location : Near Bharuch City, Gujarat

Current Discoveries – Jyoti 1 & II

- 26.2 Mn barrel of recoverable Oil from Third Party Estimates
- FDP for 23.79 million barrel approved by DG hydrocarbons
- MOU with Indian Oil Corporation (IOC) for Crude Oil Sales Agreement in place
- Evacuation of oil through pipelines
 - MOU with neighbouring block owned by Hindustan Oil Exploration Co. Ltd. (HOEC) in place
 - MOU with ONGC for using their pipeline for evacuation of oil in place. Surplus capacities available: ONGC pipeline passes through CB-9 Block
 - Initial evacuation through Road tankers.

Jyoti I

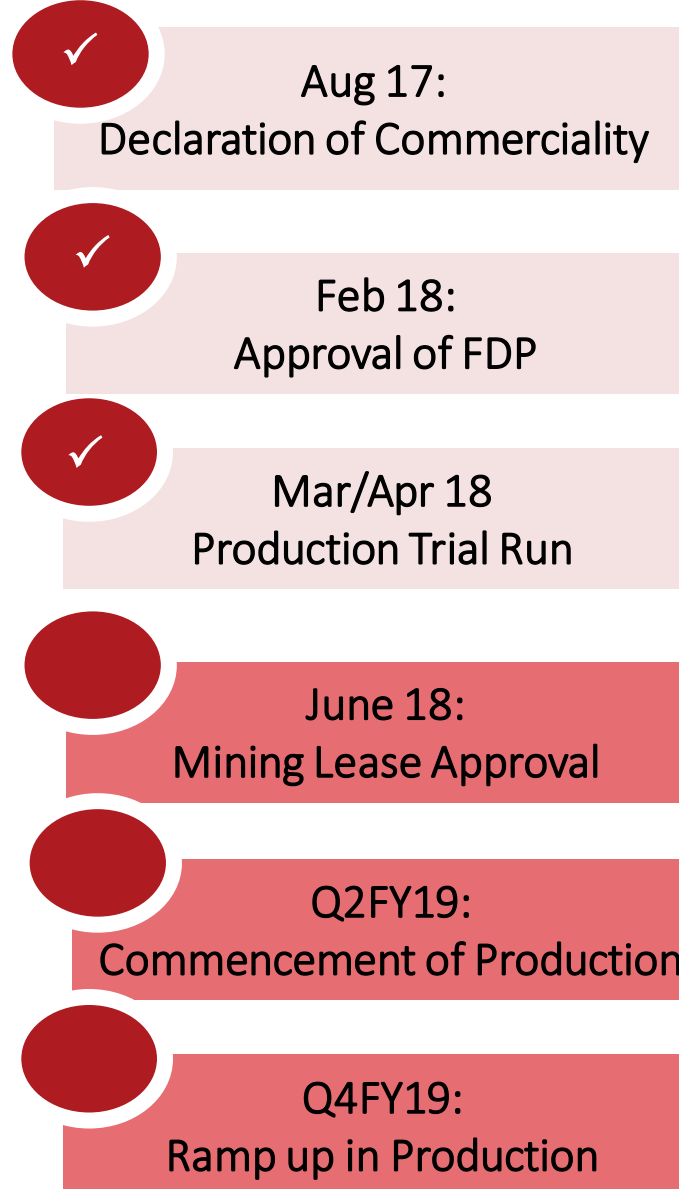


Jyoti II



Oil flowing to the surface at the rate of over 2,000 barrels per day from one of the well during Well Testing.

Timeline to Commercial Production

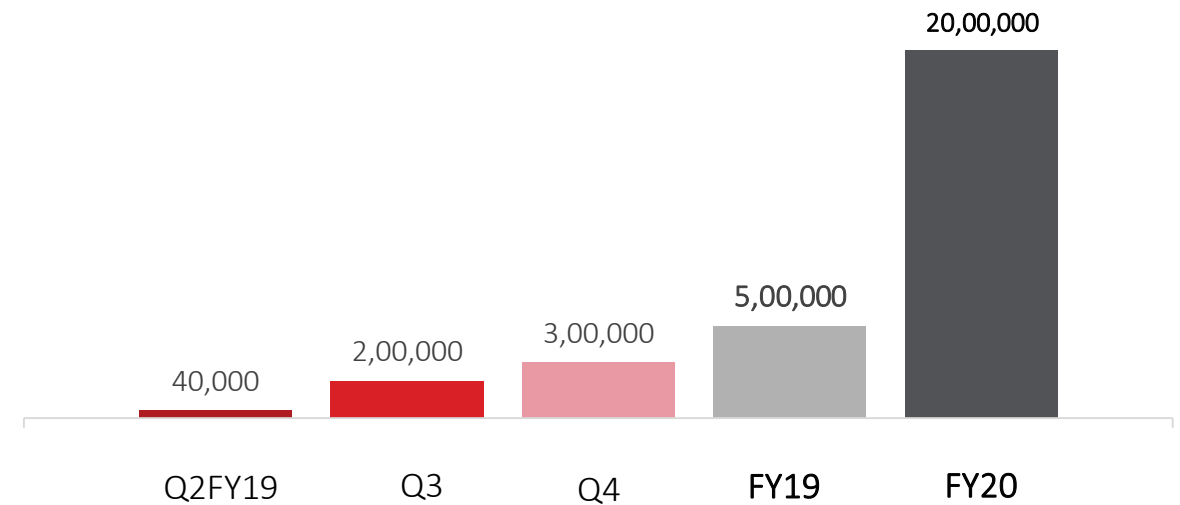


Production Ramp Up Schedule

Jyoti 1 & 2

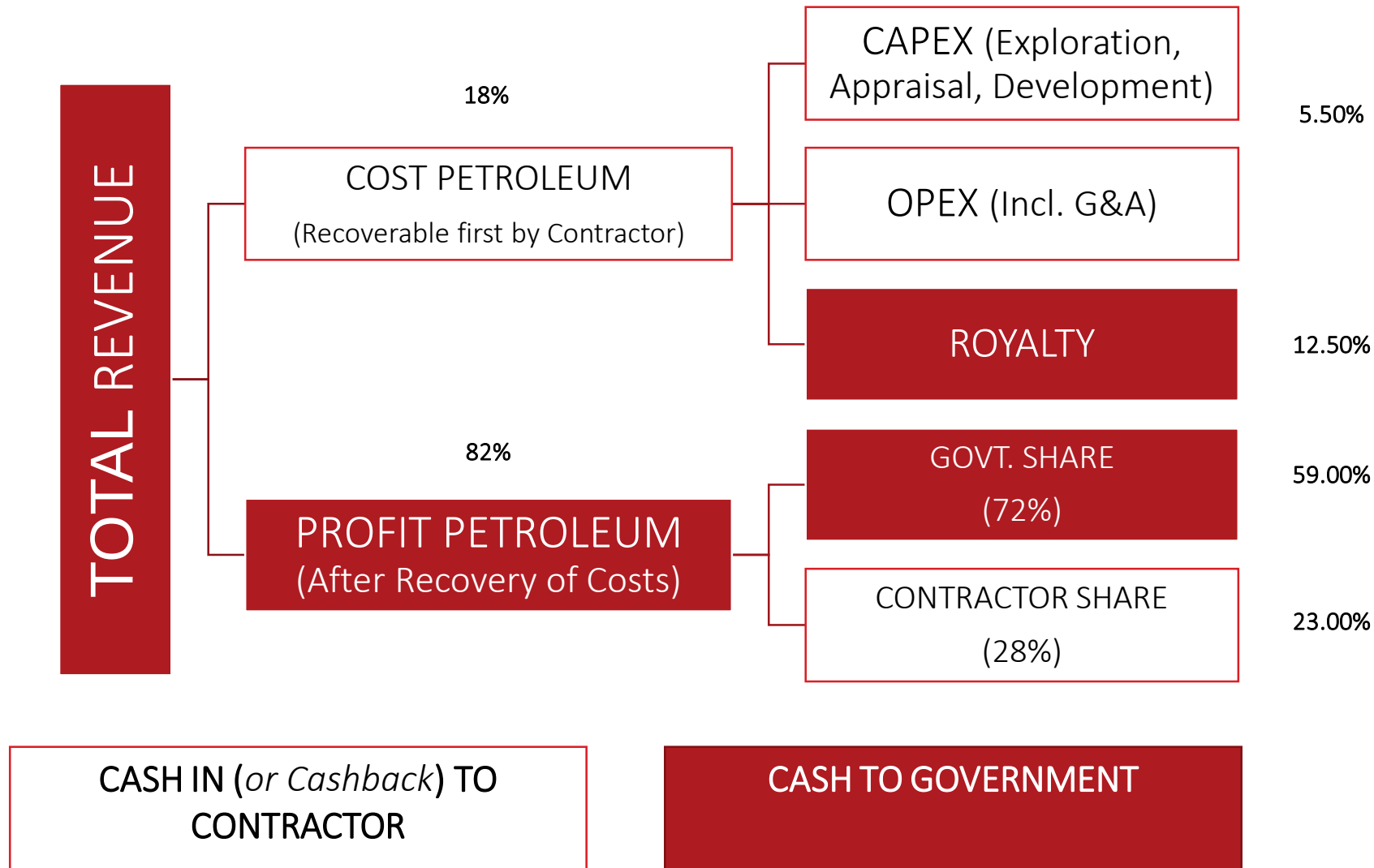
- EBITDA positive immediately from commencement of production in Q2FY19
- Initial production: c.700 to c. 1500 barrels/day
 - FY19 production rate: c.5500 barrels/day
 - Projected production:
 - FY19 - c.500,000 barrels
 - **FY20 – c.2 mn barrel**

Ramp Up Schedule (Barrels of Oil)



- MPL is also entering Phase II of exploration, where it expects new discoveries and the reserves to increase.

Clear Production Sharing Mechanism



Calculation of Cost Petroleum and Profit Petroleum

- Oil price per barrel – USD 73.50 (including 5% premium over Brent¹)
- Opex cost per barrel – USD 4.00
- Royalty @ 12.5% per barrel – USD 9.19
- Total cost – USD 13.19/bbl

Cost Petroleum	Amount USD/bbl
18% of Sales (A)	13.23
Total Opex including unrecovered cost* (B)	13.19
Cost petroleum – Lower of 18% of Sales or total cost (C)#	13.19



Profit Petroleum	Amount USD/bbl
Sales	73.50
Less: Cost petroleum	(13.19)
Profit petroleum	60.31
Company's share (28%) (D)	16.89

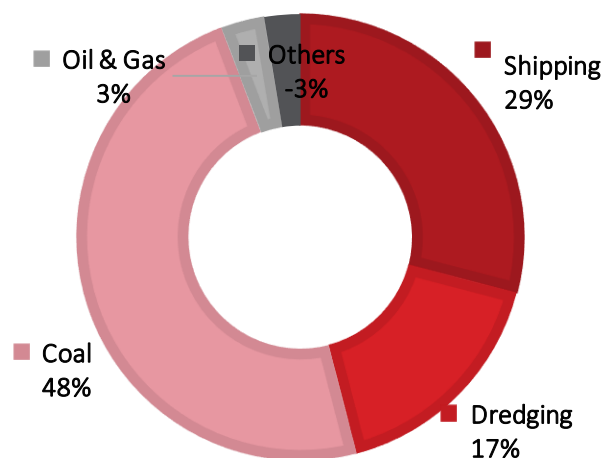
**Mercator's Total Share (C+D) USD 30.08/bbl
(effective share ~ 41%)**



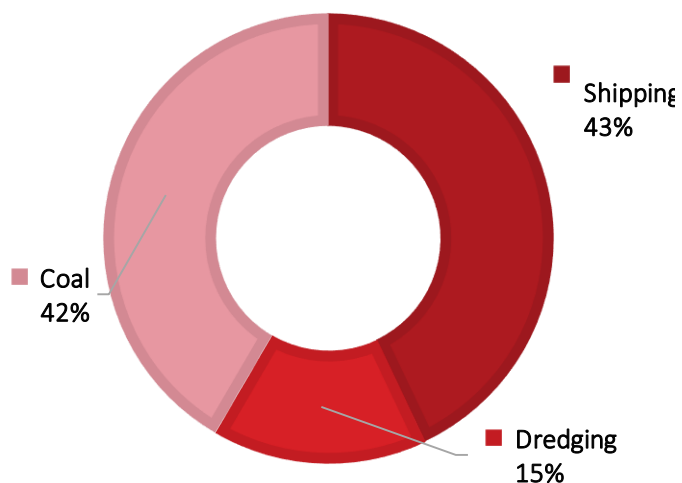
Appendix

Consolidated Financial Performance

FY18 Total Income: INR 1,010 Crore



FY18 Adjusted EBITDA: INR Rs. 271 Crore



INR Crore (except as stated)	Q4FY18	Q4FY17	FY18	FY17
Revenue	192	447	974	2,115
Other Income	24	149	36	156
Expense	182	493	869	1671
EBITDA	34	102	142	601
Adj. EBITDA	83	152	272	656
Adj. EBITDA Margin	38%	26%	27%	29%
Interest	48	64	173	232
Depreciation	28	70	186	319
PBT	(43)	(32)	(217)	50
TAX	42	17	60	21
PAT	(85)	(50)	(278)	29

Consolidated Balance Sheet

Particulars		Consolidated	
		As at 31-Mar-2018	As at 31-Mar-2017
A ASSETS:			
1 Non-current assets:			
a) Property, Plant and Equipment	1,638.13	1,862.93	
b) Capital work in progress	292.31	694.07	
c) Investment Property	3.41	1.25	
d) Other Intangible Assets	0.55	0.19	
e) Financial Assets		-	
i) Investments	0.00	0.00	
ii) Loans	10.81	17.36	
iii) Other Financial Assets	15.13	2.70	
e) Other Non-Current Assets	114.05	84.73	
f) Current Tax assets (net)	82.49	129.92	
	2,156.88	2,793.15	
2 Current assets:			
a) Inventories	16.61	17.85	
b) Financial Assets		-	
i) Investments	205.73	185.86	
ii) Trade Receivables	321.74	390.26	
iii) Cash and Cash Equivalent	41.98	94.18	
iv) Bank balances other than cash and cash equivalents	86.46	35.23	
v) Loans	3.18	1.66	
vi) Other Financial Assets	74.61	69.62	
c) Other Current Assets	282.36	354.28	
d) Non Current Asset classified as Held for Sale	26.28	-	
	1,058.95	1,148.94	
TOTAL ASSETS	3,215.83	3,942.09	

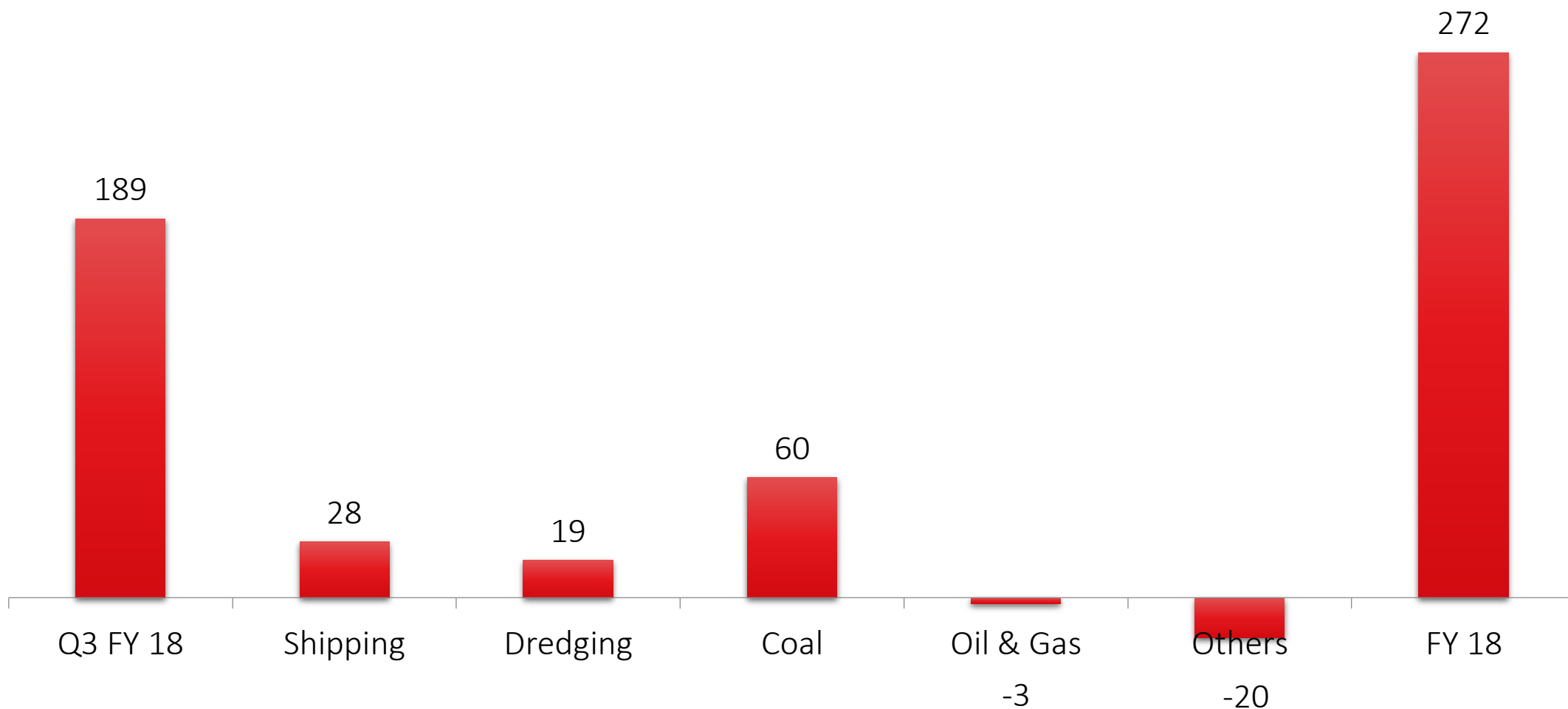
B EQUITY AND LIABILITIES:		
1 Equity:		
a) Equity Share Capital	30.25	26.99
b) Other Equity	922.43	964.93
Non Controlling Interest	60.97	57.93
	1,013.65	1,049.85
2 Non-Current Liabilities:		
a) Financial Liabilities		
i) Borrowings	1,012.60	1,199.58
ii) Other Financial Liabilities	42.00	42.45
b) Provisions	3.55	4.39
	1,058.15	1,246.42
3 Current Liabilities:		
a) Financial Liabilities		
i) Borrowings	422.61	422.82
ii) Trade payables	265.29	192.40
iii) Other Financial Liabilities	324.42	912.22
b) Other Current Liabilities	130.43	105.77
c) Deferred Tax Liability	0.72	3.93
d) Provision	0.56	8.68
	1,144.03	1,645.82
TOTAL EQUITY AND LIABILITIES	3,215.83	3,942.09

Consolidated Adjusted EBIDTA

Adjusted EBIDTA			
	9M FY18	Q4 FY18	FY18
EBIDTA	108.52	33.37	141.90
Add: Adjustments			
Provision for Doubtful Debts	5.00	3.86	8.86
Loss on sale of dry bulk carrier	38.91	27.70	66.61
Profit on sale of MR tanker	(1.63)	-	(1.63)
Provision towards disruption in coal business	27.28	7.34	34.62
Provision towards slow moving old trading debtors	-	6.89	6.89
Impairment of Investment	-	3.73	3.73
Expenditure in respect of change orders in EPC project without corresponding increase in revenue	10.65	-	10.65
Adjusted EBIDTA	188.74	82.89	271.64

Consolidated Adjusted EBIDTA bridge

Rs. In Crore



Delivering on Our Stated Strategy



Oil and Gas Business

- DOC & FDP received well in time; trial production achieved in March 2018
- Onsite developments progressing well
- Awaiting mining lease to commence production in Q2FY19
- FY19 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 3-4 months; 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
- FDP approval received for Jyoti 1&II; Trial production achieved
- Awaiting mining lease to commence production in Q2FY19

Shipping

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

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

COAL



Open cast mine



Conveyer belt loading



All weather haul road

OIL & GAS



Jyoti – 1 Discovery



Jyoti – 2 Discovery

Current Leadership Team



Mr. HK Mittal
Executive Chairman

Mr. H.K. Mittal, Executive Chairman, is an alumnus of IIT-Roorkee. He acquired Mercator Ltd. in 1988 and with his vision has brought the company where it is today. His passion drove the business both vertically & horizontally.



Mr. Shalabh Mittal
Chief Executive Officer

Mr. Shalabh Mittal is the Chief Executive Officer of the Company. He holds a Master's Degree in S. P. Jain Inst. of Mgmt. and Research. He is also alumnus of Harvard Business School, USA. His primary role is to manage and supervise business operations of the Company effectively in accordance with the overall strategies and policies of the Company.



Mr. Adip Mittal
Head – Oil & Gas Business division

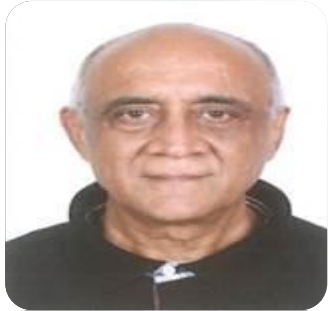
Mr. Adip Mittal is the Head – Oil & Gas Business division of the Company since March 30, 2017. He holds a degree of Bachelors of Arts from the Ohio State University and majored in Economics with a minor in Business Administration. He also holds Masters in Shipping, Trade & Finance from Cass Business School, City University, London, UK. When he joined our Company, he was actively involved with dredging and tanker divisions and new projects of our Company.



Mr. Rajendra Kothari
Chief Financial Officer

Mr. Rajendra Kothari is a fellow member of Institute of Chartered Accountants of India and an associate member of the Institute of Company Secretaries of India. He has over three decades of experience in various industries in the fields of Finance, Treasury, Accounting, Direct and Indirect Taxation, Legal, Company Secretarial and Risk Management functions; besides he also has in-depth business experience in handling the functions of Procurement, Supply Chain Management, Human Resources and Information Technology.

Current Leadership Team



Capt. Arun Nanda
President - Shipping

Capt. Arun holds the certificate of competency of Master Foreign Going issued by Ministry of Shipping, Govt. of India. He has a sailing experience of 14 years and onshore experience of 30 years in Ship Operations & Chartering. His primary role in the company is to keep Tanker & Bulk Fleet gainfully engaged and for sale & purchase activity of the Fleet. He is empaneled as Resource person and Expert in Centre of Excellence in Ministry of Shipping. Fellow with Indian Council of Arbitration and FICCI.



Mr. G.Y.V Victor
President - Dredging

GYV is a Certified Dredge Master, Chartered Engineer, Port Planner and Developer, Marine Lawyer & Marine Arbitrator with 27 years of experience. He graduated from Madras University as a gold medalist, received his doctorate from Jadavpur University and a commissioned officer from All India Dredging Cadre. He is National Committee Member of Infrastructure in FICCI. He serves the dredging industry at large as Secretary General of Eastern Dredging Association of India and the Board Member Eastern Dredging Association EADA (Asia, Pacific region). He is National Committee Member of Infrastructure in FICCI.



Mr Arun Jyoti Duggal,
Head – E&P

Mr Duggal carries vast experience of more than 34 years in the National E & P Company of India with excellent professional and academic record. He was responsible for E & P Operations of ONGC Videsh Ltd in Asia-Pacific. His experience includes management and evaluation of foreign acreages, FDP-In Depth Study of foreign fields, discovery of new pools, field development strategy, reservoir characterization, static geological models, reserve estimation & generation of locations and exploration and development drilling.



Mr Aditya Desai, CFO –
Mercator Petroleum Limited

Qualified Chartered Accountant with over 11 years of experience in Fund raising, Taxation and Accounting across various companies