

Ref: ML/SGX/2019-20/1

April 04, 2019

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: Revision in Credit Rating

This is to inform you that Care Ratings Limited (CARE) has revised the Company's rating for long-term bank facilities and short-term bank facilities as below:

- i. Long-term bank facilities – Term Loan 'D' - Reaffirmed
- ii. Long-term bank facilities – Cash Credit revised from 'C' Outlook Stable to 'D'
- iii. Long-term bank facilities – Letter of Credit revised from 'C' Outlook Stable to 'D'
- iv. Short-term bank facilities – Revised from A4 to 'D'

As per CARE, *"The revision in the rating assigned to the bank facilities [sr. nos. (ii), (iii) and (iv) above] of Mercator Ltd. (ML) is on account of ongoing delays in servicing of facilities. Further, there are ongoing delays/defaults in debt servicing on the terms loans rated by CARE [sr. no. (i) above]. The delays/ defaults in debt servicing is due to cash flow mismatch.*

The delays/default on the term loans is ongoing since September 2018. Further, the company has indicated that there were CC overdrawals, LC devolvments and BG invocations for over 30 days. As per the management, the delays/ default in debt servicing is on account of cash flow mismatch."

The Company is fully committed to the repayment of all outstanding dues to the Bank and regularize the account status. The Company would like to highlight that in December 2018, the Company monetized one aged gas carrier and used the proceeds to repay overdue principal & interest of one Lender. As informed earlier, the Company has already commenced oil production in the first exploratory well (Jyoti-1) started from September 19, 2018. Further, the Company has commenced activation of the second exploratory well (Jyoti-2) and is expected to commence production from the same in May 2019. The Company is in discussions to raise additional funding against the oil asset to fund residual capex requirements to enhance its production capabilities and cure liquidity mismatch.



MERCATOR LIMITED
(CIN : L63090MH1983PLC031418)

The Company shall has initiated discussions with the Lenders for resolution of debt. The Company is confident to achieve resolution at the earliest.

We would like to state that over the years, the Company has reduced consolidated debt by 55% from Rs. 3,886 Crores in FY15 to Rs. 1,761 Crores in FY18. During this period, the Company not only ramped up operations in coal business but also made significant progress in Oil & Gas Blocks and brought it to production. The Company shall continue to focus on balance sheet deleveraging.

We would like to assure our stakeholders that the Company is committed to resolve and honor the repayment of all the outstanding dues of Mercator Limited to the respective Banks and regularize the account status at the earliest.

Thanking You

Yours Faithfully,
For **Mercator Limited**


Rajendra Kothari
Chief Financial Officer

