

November 06, 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](http://www.mercator.in)

Thanking you,

Yours faithfully,  
**For Mercator Limited**



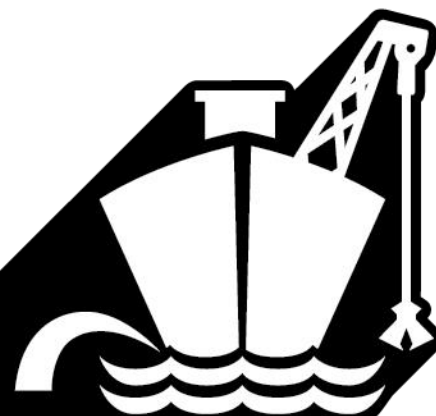
**Suhas Pawar**  
**Company Secretary**

# CORPORATE PRESENTATION

November 2017



COAL



DREDGING



SHIPPING



OIL & GAS



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# MERCATOR ON MAP



# Mercator: At a Glance (1/2)



## Company Profile

1

Commenced our business in 1983, current Promoters took over our Company in 1988

2

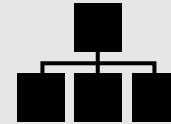
IPO in 1993 with listings on the BSE and NSE. FCCBs issued in 2014 are listed on the SGX.

3

Diversified from being a traditional shipping company and forayed into different business segments

4

Currently an “Energy focussed conglomerate” with operations spread across various geographies both onshore and offshore



## Key Lines of Business

1

Dredging – Serves mainly via Maintenance dredging the Major Ports of India

2

Oil & Gas – Exploration & Production and EPC

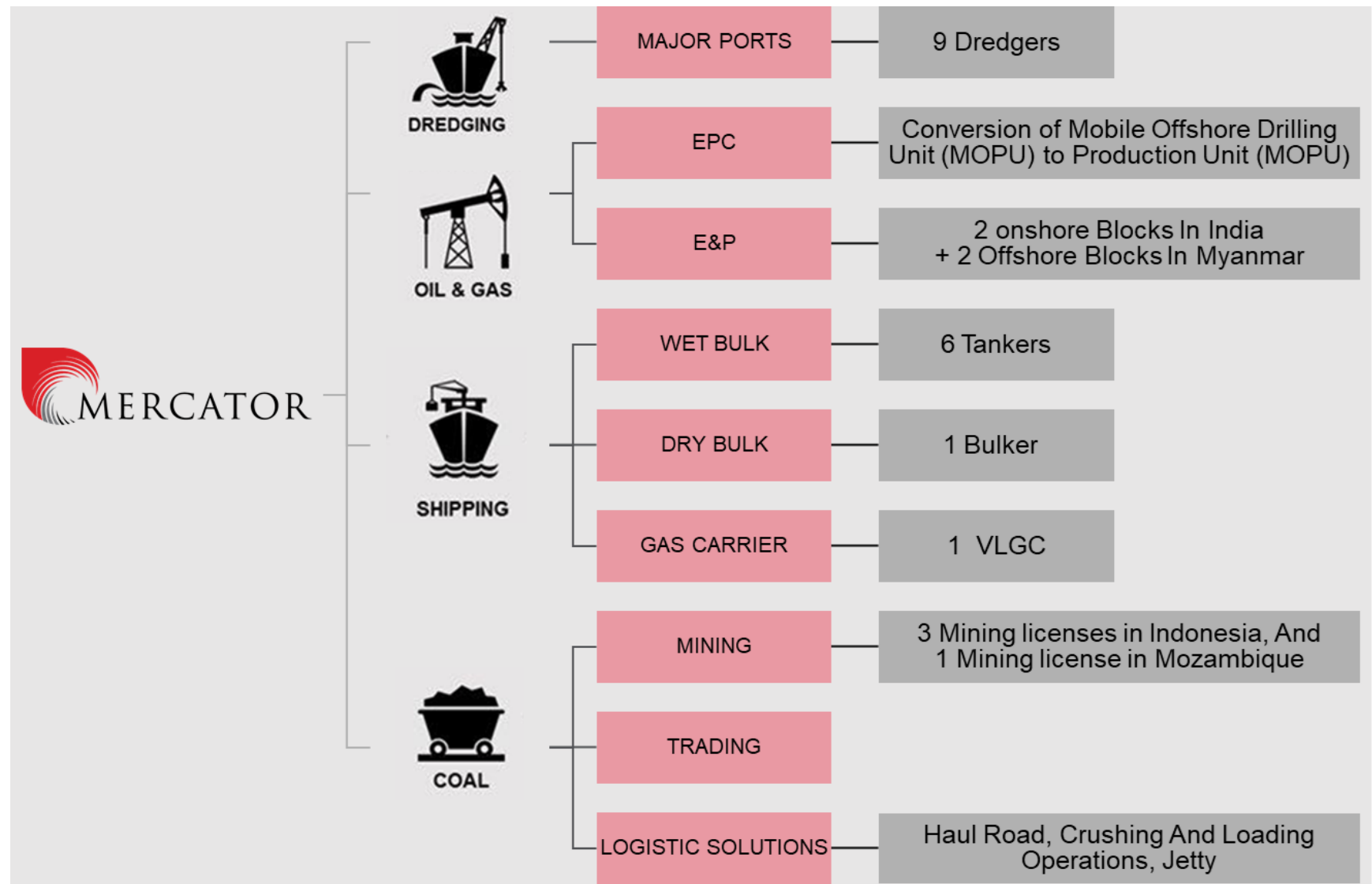
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Shipping – Wet Bulk, Dry Bulk & Gas carrier

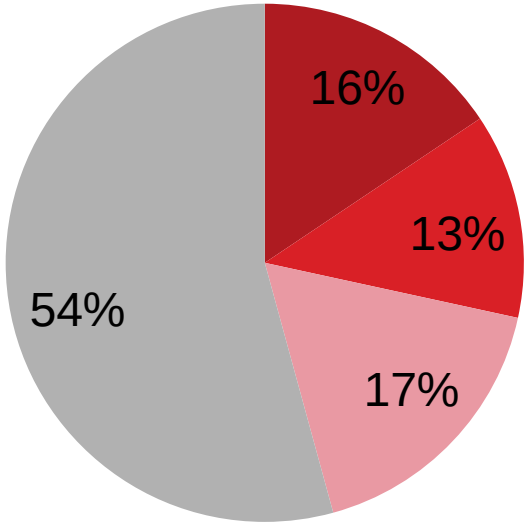
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Coal – Mining, Trading and 3<sup>rd</sup> Party logistic Solutions

# Mercator: At a Glance (2/2)



Segment Revenue  
FY17



■ Oil & Gas ■ Dredging  
■ Shipping ■ Coal

# Consolidated Financial Performance

EBITDA and Depreciation includes the impact of sale of MoPU in Q4FY17

| INR MN               | Q1FY 18 | Q1FY 17 | FY 17  |
|----------------------|---------|---------|--------|
| Revenue              | 3,043   | 5,861   | 22,716 |
| Expenses             | 2,308   | 4,189   | 16,614 |
| EBITDA               | 735     | 1,672   | 6,102  |
| Interest             | 395     | 572     | 2,416  |
| Depreciation         | 542     | 874     | 3,186  |
| PBT                  | (202)   | 225     | 500    |
| Tax                  | (85)    | (4)     | (212)  |
| PAT                  | (287)   | 221     | 288    |
| OCI Adjustment       | (2)     | 0       | (4)    |
| Comprehensive Income | (289)   | 221     | 284    |
| Minority Interest    | (114)   | (55)    | (42)   |
| Attributable PAT     | (403)   | 166     | 241    |
| EPS (Rs/Share)       | (1.61)  | 0.67    | 0.97   |

# Board of Directors



**Mr. H. K. Mittal - Executive Chairman and Promoter**, 68 years of age, is the Executive Chairman and Promoter of our Company. He acquired our Company in 1988. He has obtained his Bachelor's degree in Science from Meerut University in 1970 and a Master's degree in Technology from Indian Institute of Technology-Roorkee in 1973. He has been awarded the Distinguished Alumnus Award in the year 2010 from Indian Institute of Technology-Roorkee. He has also been awarded the 'Entrepreneur of the Year' award by Ernst & Young in the year 2005 and the Economic Times award for Corporate Excellence in the year 2006. He is also the Chairman of the Board of Directors of our Subsidiaries, namely, Mercator Oil and Gas Limited, Mercator Dredging Private Limited (formerly known as Mercator FPSO Private Limited) and Mercator Petroleum Limited.



**Mr. M. M. Agrawal - Independent & Non-Executive Director**, 67 years of age, is the Non- Executive Independent Director of our Company. He has obtained his Bachelors' degree in Engineering from Nagpur University in the year 1971. He has about 35 years of vast experience in the Banking and Finance industry. He is one the board of several companies such as Essar Power Hazira Limited, Essar Power Transmission Company Limited, Jaguar Overseas Limited, Bombay Rayon Fashions Limited, Srei Mutual Fund Asset Management Private Limited, NSL Renewable Power Private Limited and Hindustan Powerprojects Private Limited. He has been associated with our Company since 2011.



**Mr. Gunender Kapur - Independent & Non-Executive Director**, 56 years of age, is the Non- Executive Independent Director of our Company. He is a Mechanical Engineer from BITS – Pilani and holds a Masters' degree in Business Administration from FMS Delhi University. He has been associated with our Company since August 2014. He has also been co-opted as a member of the Audit Committee of the Board of Directors of our Company.



**Mrs. Archana Mittal - Promoter & Non-Executive Director**, 63 years of age, is the Promoter and the Non-Executive Non- Independent Director of our Company. She has been associated with our Company since 1988. She is also one of the promoters of our Company and was on the Board of our Company during the period May 1988 to June 1992. She is also a director of MHL Healthcare Limited. She is actively involved in philanthropy and social work through the Family Trust Prem Punita Foundation.



**Mr. Desh Raj Dogra – Independent & Non-Executive Director**, 63 years of age, is the Non- Executive Additional Independent Director of our Company. He joined our Company on February 15, 2017. He has over 39 years of experience in the financial sector, mainly in the areas of banking and credit rating.

# Key Management Personnel



**Mr. Shalabh Mittal**  
Chief Executive Officer

- Mr. Shalabh Mittal, 38 years of age, is the Chief Executive Officer of the Company with effect from May 27, 2016. He holds a Master's degree in Commerce from Sydenham College, University of Mumbai in May, 2001 and a Post-Graduation Diploma in Business Administration from the S. P. Jain Institute of Management and Research, Mumbai in June, 2001. He is also alumnus of Harvard Business School, Boston, 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, aged 32 years is the Head – Oil & Gas Business division of the Company since March 30, 2017. He also holds a degree of Bachelors of Arts from the Ohio State University and majored in Economics with a minor in Business Administration. When he joined our Company, he was actively involved with dredging and tanker divisions and new projects of our Company.



**Mr. Kiran Vaidya**  
Officiating Chief Financial  
Officer

- Mr. Kiran Vaidya, 57 years of age, is the Officiating Chief Financial Officer of the Company with effect from May 30, 2017. He is qualified Cost & Works Accountant and is a member of the Institute of Cost & Works Accountant since 1987. He was appointed as an Officiating Chief Financial Officer of the Company with effect from May 30, 2017. He has a cumulative experience spanning over 30 years in the field of working capital management, project finance, fund raising and mergers and acquisitions.



**Mr. Suhas Pawar**  
Company Secretary

- Mr. Suhas Pawar, 32 years of age, is the Company Secretary and Compliance Officer of the Company designated as Assistant Manager – Secretarial with effect from April 10, 2017. He is a member of the Institute of Company Secretaries of India since December 2013 and holds a B.Com Degree from the University of Mumbai having passed out in March 2005. He also obtained an LL.B degree from the University of Mumbai in the year 2009.

# BUSINESS STRENGTHS

## **Diverse Business Offerings**



- *Large & diverse business portfolio*
- *Enterprise opportunities that come up from time to time*

## **Experienced Leadership**



- *Extensive experience and expertise of promoters & board of directors*
- *Healthy blend of expertise to manage challenges*

## **Ensuring Revenue Visibility**



- *Various medium to long term contracts*
- *Tankers are contracted with reputed Indian and international companies*

## **Foray Into Newer Business**



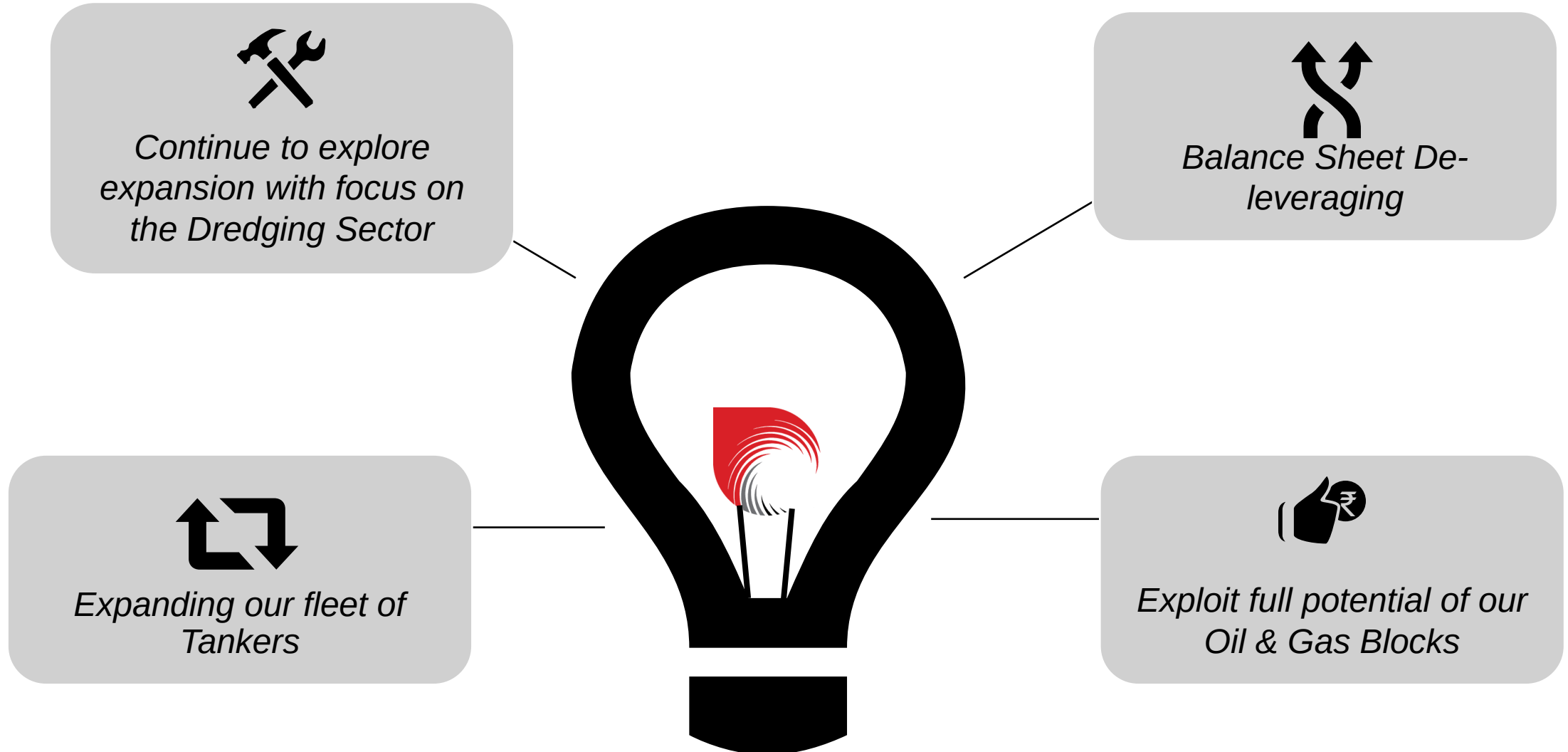
- *Diversify from a shipping company to an 'energy based conglomerate'*
- *Strategically entered into certain business segments*

## **Integration And Synergy**



- *Company operates in diverse business segments*
- *Serve its customers in a holistic manner*

# BUSINESS STRATEGIES



# Dredging

- Dredging is underwater excavation of soil & other debris, and is usually associated with
  - Cleaning and/or deepening of channels in ports
  - Construction of new ports
  - Reclamation of land
  - Beach nourishment
  - Maintaining the shipping channel depths etc.
- Mercator forayed into Dredging business in 2007
- Dredgers deployed across India mainly at Major Ports
- Provide mainly maintenance dredging services

## DREDGER FLEET

| SR | NAME          | TYPE | HOPPER CAPACITY (M3) |
|----|---------------|------|----------------------|
| 1  | Veera Prem    | TSHD | 11,300               |
| 2  | Vakul Prem    | BLD  | N/A                  |
| 3  | Bhagvati Prem | TSHD | 7,598                |
| 4  | Darshani Prem | TSHD | 7,450                |
| 5  | Tridevi Prem  | TSHD | 5,433                |
| 6  | Omkara Prem   | TSHD | 4,568                |
| 7  | Uma Prem      | TSHD | 2,577                |
| 8  | Vivek Prem    | SGH  | 870                  |
| 9  | Yukti Prem    | CSD  | N/A                  |



*Various dredgers of Mercator*



# Oil & Gas

- Exploration & Production
  - 100% Interest in 2 Cambay basin blocks, 2 oil discoveries made
  - Third Party report for certification of resources available
  - 25% interest in 2 Myanmar blocks
- EPC
  - Capability to execute turnkey projects
  - Process of completing the Sagar Samrat project on EPC basis at a yard situated at Abu Dhabi

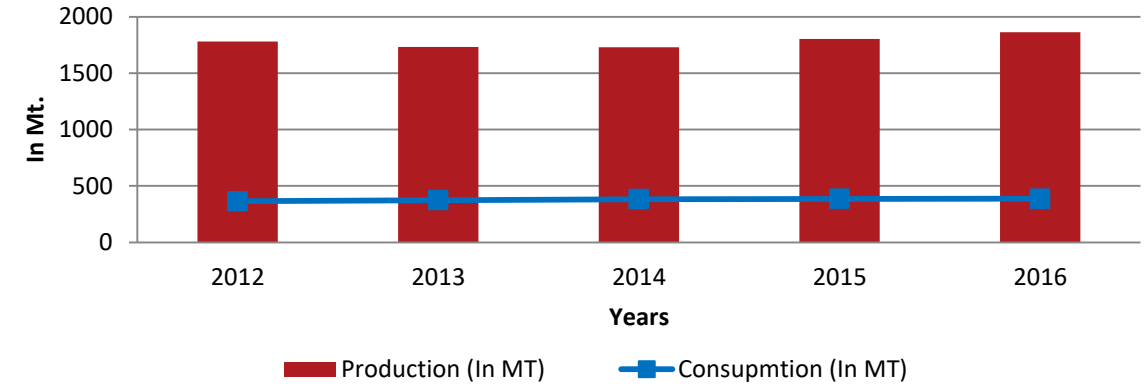


Sagar Samrat MODU being converted to MOPU



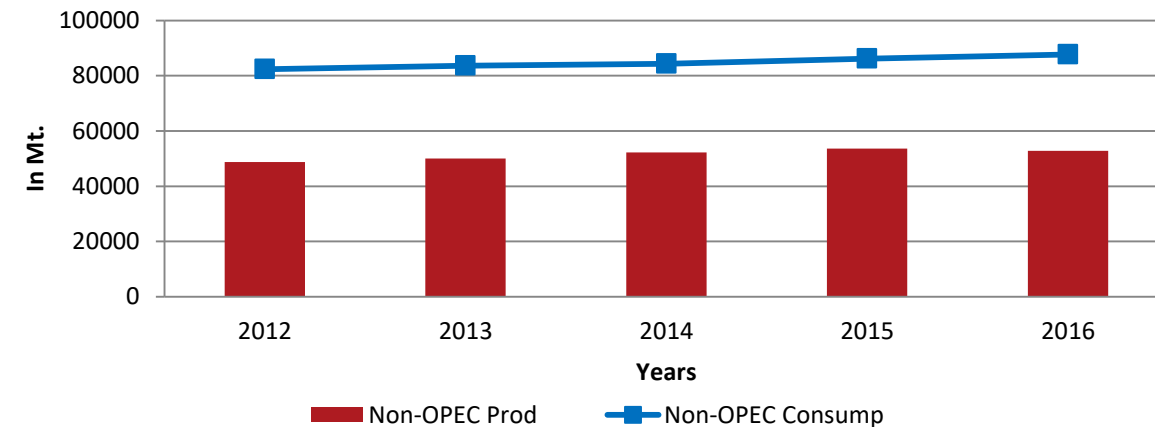
MOGL – CB7 – Oil and Gas Unit

## OPEC Countries (In Mt)



Source: CARE Research

## Non-OPEC Countries



Source: CARE Research

# Coal

- 3 coal mining licenses in Indonesia of which operations ongoing at 1 mine. Also hold 1 mining license in Mozambique
- Mining activities are supplemented by International coal trading
- Additionally offer coal infrastructure services comprising of an all-weather haul road, stockpile facility, crushing unit & jetty loading facility to other coal mines situated in proximity to our coal mine
- Have expertise in providing complete logistics solutions for coal i.e. transportation of coal from the foreign load port until its final destination
- Customers include consumers as well as coal stockiest intermediaries, based in India and other Asian markets

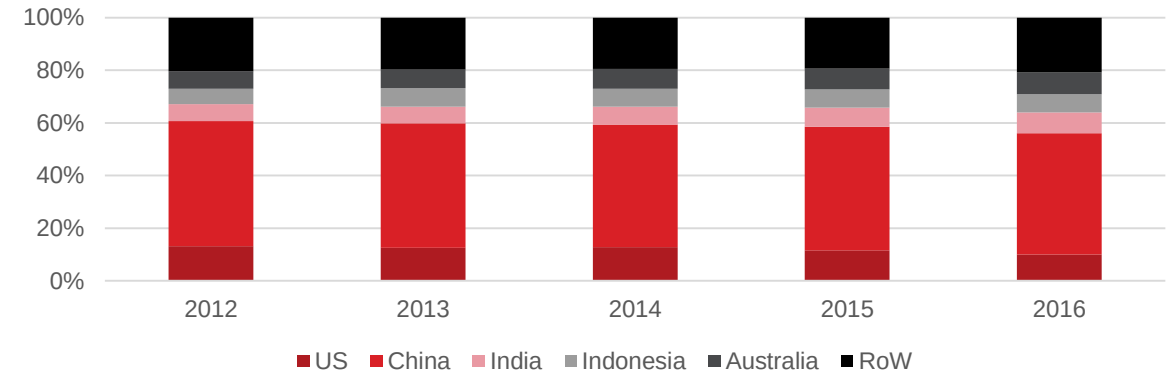


Open pit mining operations in Progress



Coal Being loaded onto Barge via Conveyor at Jetty

## Global Coal Production



Source: CARE Research

## MAJOR COUNTRIES EXPORTING COAL (MT)

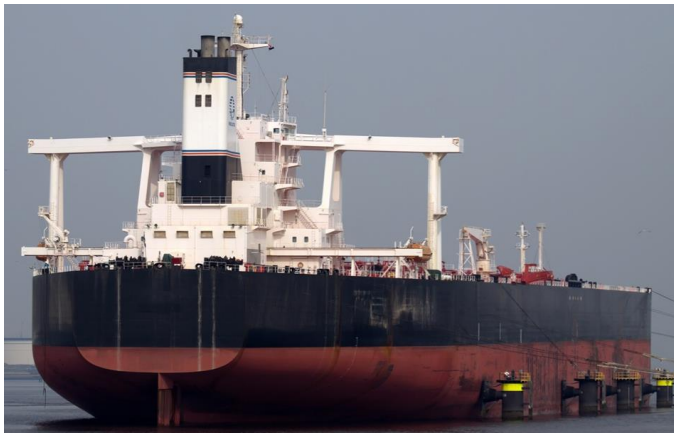
|              | 2014 | 2015 | 2016(P) |
|--------------|------|------|---------|
| Australia    | 27%  | 30%  | 29%     |
| Indonesia    | 30%  | 28%  | 28%     |
| Russia       | 11%  | 12%  | 13%     |
| Colombia     | 6%   | 6%   | 6%      |
| South Africa | 5%   | 6%   | 6%      |
| US           | 6%   | 5%   | 4%      |
| Others       | 14%  | 13%  | 14%     |

Source: CARE Research

# Shipping

- Operates a fleet of 8 vessels which consists of tankers, a gas carrier and bulk carriers
- Offer fleet as a mix of spot contracts and fixed-term charter contracts depending on the specific needs of our clients
- Maintain all our vessels in good working condition in order to satisfy the statutory flag state requirements as well as the international operating standards
- Cater to various national and international clients
- Experienced crew on-board & ashore

| Sr | VESSEL       | TYPE      | DWT     |
|----|--------------|-----------|---------|
| 1  | Nerissa      | VLCC      | 299,235 |
| 2  | Prem Pride   | Aframax   | 109,610 |
| 3  | Hansa Prem   | MR Tanker | 36,032  |
| 4  | Prem Mala    | MR Tanker | 46,977  |
| 5  | Harsha Prem  | MR Tanker | 42,235  |
| 6  | Vedika Prem  | MR Tanker | 42,253  |
| 7  | Vrinda       | Panamax   | 69,221  |
| 8  | Sisouli Prem | VLGC      | 50,400  |



*Various ships of Mercator*

# Business Summary

## Operational Performance

- **Dredging** - Revenues impacted due to completion of Kandla Port project and subsequent dry-docking of 2 dredgers
  - Dredgers back on track in July
- **Shipping** – Charter rates dip and voyages reduce due to OPEC oil cuts
- **Oil & Gas** –
  - On track for commercial production by first half of CY18
  - Received extension for completion of minimum work program (MWP)
  - Field Development plan submitted for Jyoti 1 and 2
    - Submitted to DGH in Q3 FY18
    - Approval awaited
- **Coal** - Focused on maximizing operational efficiencies maintained in the coal operations

## Revenue by Segment\*

| INR MN    | FY17      | FY16      |
|-----------|-----------|-----------|
| Shipping  | 3,666.56  | 5,042.60  |
| Dredging  | 2,708.40  | 2,832.63  |
| Coal      | 11,477.57 | 12,844.09 |
| Oil & Gas | 3,301.34  | 6,348.22  |

Note(\*) : Segments as per the PPD

## Financial Performance

- Revenues impacted adversely due to
  - Loss of revenue post completion of Kandla Port Project (Contract not renewed due to lower margins)
  - Revenues impacted due to reduction in charter rates by c.15%
- Exploring strategic initiatives to further de-leverage and improve balance sheet

# Income Statement

| PARTICULARS (INR MILLION)                                          | FY 17            | FY 16             | FY 15             |
|--------------------------------------------------------------------|------------------|-------------------|-------------------|
| Revenue from Operations                                            | 22,153.87        | 27,064.18         | 30,916.32         |
| Other Income                                                       | 1,562.30         | 188.57            | 152.86            |
| <b>Total Revenue</b>                                               | <b>22,716.17</b> | <b>27,252.75</b>  | <b>31,069.18</b>  |
| Operating Expenses                                                 | 13,836.28        | 20,729.65         | 229,880.05        |
| Employee benefit expenses                                          | 364.17           | 642.41            | 724.85            |
| Finance Cost                                                       | 2,324.18         | 2,621.83          | 2,252.99          |
| Depreciation and amortization expenses                             | 3,186.28         | 4,224.08          | 4,745.58          |
| Impairment of Assets                                               | 0.08             | 3,488.28          | 4,090.08          |
| Other expenses                                                     | 2,413.44         | 6,441.82          | 2,011.23          |
| <b>Total Expenses</b>                                              | <b>22,124.43</b> | <b>38,148.07</b>  | <b>36,812.75</b>  |
| Profit / (Loss) before taxes & Exception Item                      | 591.74           | (10,895.33)       | (5,743.57)        |
| Exception Item                                                     | (91.56)          | -                 | 1,159.59          |
| Profit / (Loss) before taxes                                       | 500.18           | (10,895.33)       | (6,903.16)        |
| Current Tax                                                        | (201.13)         | (28.22)           | (105.82)          |
| (Short) / Excess Provision for tax for earlier years               | 0.87             | 3.35              | 0.01              |
| Deferred Tax                                                       | (11.77)          | (77.14)           | (59.99)           |
| Profit / Loss for the year before adjustment for Minority Interest | 288.15           | (10,997.34)       | (7,068.96)        |
| Less: Share of profit / (loss) transferred to Minority Interest    | (42.34)          | 2,096.27          | 2,573.71          |
| <b>Profit / (Loss) for the period</b>                              | <b>245.81</b>    | <b>(8,901.06)</b> | <b>(4,495.25)</b> |

# Balance Sheet (*Liabilities*)

|            | PARTICULARS (INR MILLION)             | FY 17            | FY 16            | FY 15            |
|------------|---------------------------------------|------------------|------------------|------------------|
| <b>1</b>   | <b>SHAREHOLDER'S FUNDS</b>            | <b>10,498.54</b> | <b>8,809.92</b>  | <b>22,325.98</b> |
| <b>(a)</b> | Share Capital                         | 269.89           | 244.89           | 244.89           |
| <b>(b)</b> | Reserves and surplus                  | 9,649.37         | 8,269.87         | 19,544.29        |
|            | Minority Interest                     | 579.28           | 295.16           | 2,536.30         |
|            |                                       |                  |                  |                  |
| <b>2</b>   | <b>NON-CURRENT LIABILITIES</b>        | <b>12,464.25</b> | <b>16,665.51</b> | <b>26,595.41</b> |
| <b>(a)</b> | Long-terms borrowings                 | 11,995.76        | 16,091.34        | 25,066.74        |
| <b>(b)</b> | Other long term liabilities           | 424.55           | 534.32           | 1,475.27         |
| <b>(c)</b> | Long-term provisions                  | 43.94            | 39.85            | 53.40            |
|            |                                       |                  |                  |                  |
| <b>3</b>   | <b>CURRENT LIABILITIES</b>            | <b>16,418.86</b> | <b>22,705.04</b> | <b>27,660.03</b> |
| <b>(a)</b> | Short-term borrowings                 | 4,228.18         | 4,924.76         | 6,998.13         |
| <b>(b)</b> | Trade payables                        | 1,924.02         | 8,218.77         | 11,940.10        |
| <b>(c)</b> | Other current liabilities             | 10,179.88        | 9,493.54         | 8,536.77         |
| <b>(d)</b> | Short-term provisions                 | 86.78            | 67.97            | 185.04           |
|            | <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>39,381.65</b> | <b>48,180.47</b> | <b>76,581.42</b> |

# Balance Sheet (Assets)

|          | PARTICULARS (INR MILLION)     | FY 17            | FY 16            | FY 15            |
|----------|-------------------------------|------------------|------------------|------------------|
| <b>1</b> | <b>NON-CURRENT ASSETS</b>     | <b>27,892.17</b> | <b>36,360.29</b> | <b>59,810.00</b> |
| (a)      | Fixed assets                  | 25,584.57        | 33,415.40        | 56,039.70        |
| (i)      | Tangible assets               | 18,641.90        | 26,534.14        | 49,832.38        |
| (ii)     | Intangible assets             | 1.95             | 3.24             | 4.01             |
| (iii)    | Capital work in progress      | 6,940.72         | 6878.00          | 6203.31          |
|          | Goodwill on consolidation     | -                | -                | -                |
| (b)      | Non-current investments       | 0.01             | 7.11             | 13.76            |
| (c)      | Deferred tax asset            | (39.37)          | (32.10)          | 41.28            |
| (d)      | Long-term loans and advances  | 2,319.93         | 2,909.79         | 3,685.51         |
| (e)      | Other non-current assets      | 27.03            | 60.10            | 29.76            |
| <b>2</b> | <b>CURRENT ASSETS</b>         | <b>11,489.48</b> | <b>11,820.18</b> | <b>16,771.42</b> |
| (a)      | Current Investments           | 1,858.62         | -                | 39.89            |
| (b)      | Inventories                   | 178.48           | 192.14           | 341.37           |
| (c)      | Trade receivables             | 3,902.63         | 5,787.01         | 8,150.97         |
| (d)      | Cash and bank balances        | 1,294.08         | 954.44           | 2,744.05         |
| (e)      | Short-term loans and advances | 712.83           | 2,282.64         | 2,481.66         |
| (f)      | Other current assets          | 3,542.84         | 2,603.95         | 2,481.66         |
|          | <b>TOTAL ASSETS</b>           | <b>39,381.65</b> | <b>48,180.47</b> | <b>76,581.42</b> |

# Corporate Social Responsibility

Committed to providing inclusive growth and creating greater value for all stakeholders  
CSR initiatives undertaken in collaboration with Prem Punita Foundation, Mumbai



## Some of the key CSR Initiatives are:

1

### Project Prem Sukhda

- Operate dispensaries
- Awareness Sessions
- Personal Hygiene Camps for Children

2

### Project Prem Sagar

- Computer Education
- Sewing and Design Course

3

### Project Prem Pravah

- Sponsoring Therapy to Children with Hearing Impairment
- Support NGOs working on eye care, disabled

4

### Project Prem Pravan

- Sponsoring therapy to children with hearing impediment
- Supporting NGOs working on eye care, disabled



*Supporting the local Community*

THANK YOU