

October 27, 2016

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 526235

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.

Scrip Code: MERCATOR

Sub: Investor Presentation

Dear Sir,

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**



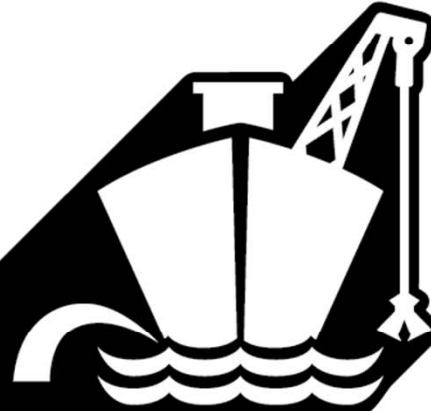
Deepesh Joishar
Company Secretary

Encl: as above

INVESTOR PRESENTATION
SEPTEMBER 2016



COAL



DREDGING



SHIPPING



OIL & GAS



Cautionary Statement and Disclaimer

The views expressed here may contain information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness, reasonableness or reliability of this information. Any forward looking information in this presentation including, without limitation, any tables, charts and/or graphs, has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Mercator Limited and any of their subsidiaries cannot be relied upon as a guide to future performance. This presentation contains 'forward-looking statements' – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' or 'will.' Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements. We caution you that reliance on any forward-looking statement involves risk and uncertainties, and that, although we believe that the assumption on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statement based on those assumptions could be materially incorrect. This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in Mercator Limited or any other invitation or inducement to engage in investment activities, nor shall this presentation (or any part of it) nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.



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

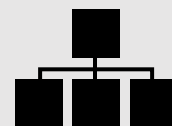
Strategic portfolio changes in FY16; exited loss making businesses

4

Significant reduction in debt; further deleveraging underway

5

Well positioned to benefit from GOI's focus on port and inland waterways 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

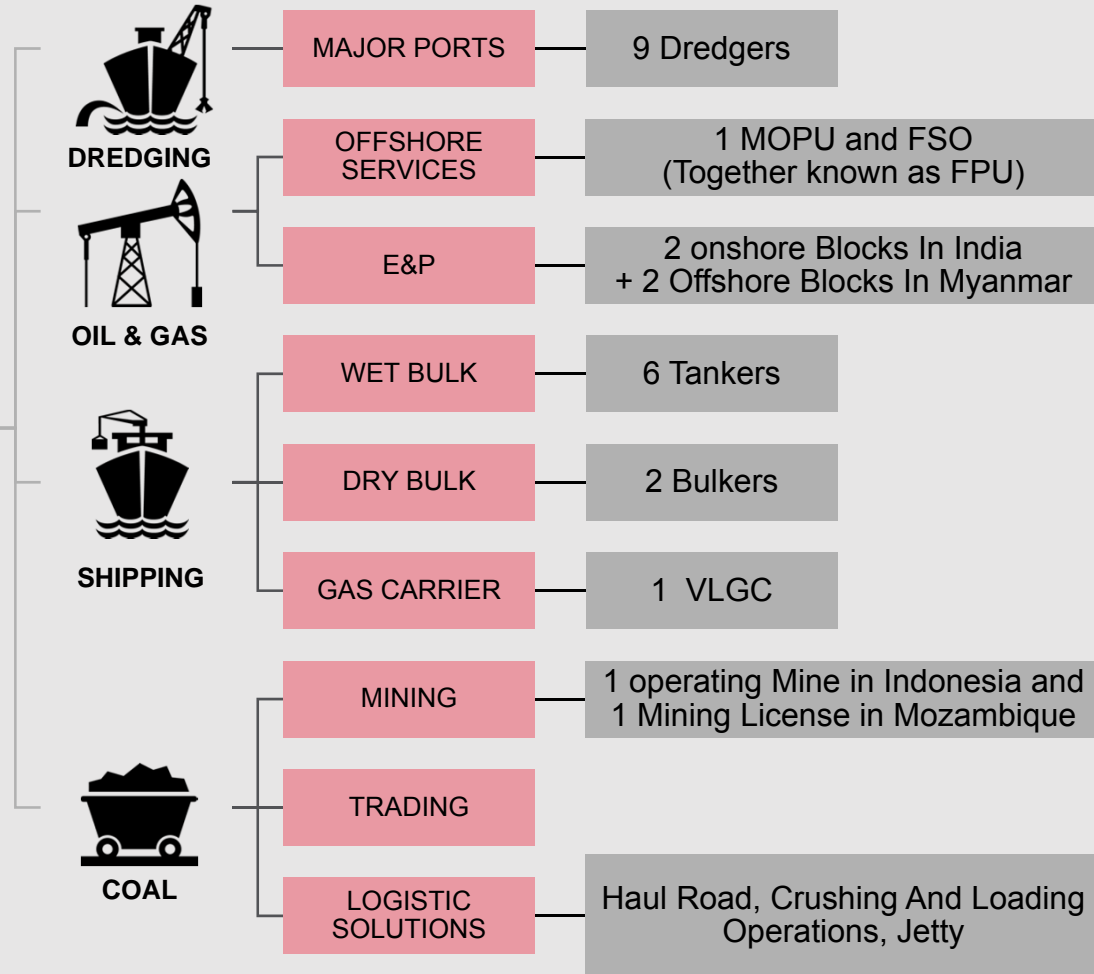
3

Petroleum Division – Substantial discoveries of high quality crude made; more wells to be drilled

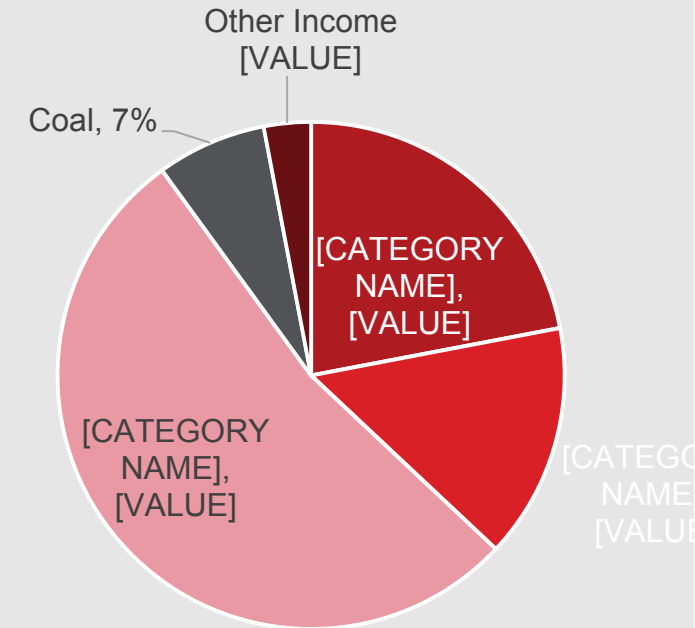
4

Coal mining + trading business: Current production of c.1.2 MMT per annum with capability to scale up without further capex; expected to strongly benefit from recent rebound in coal prices.

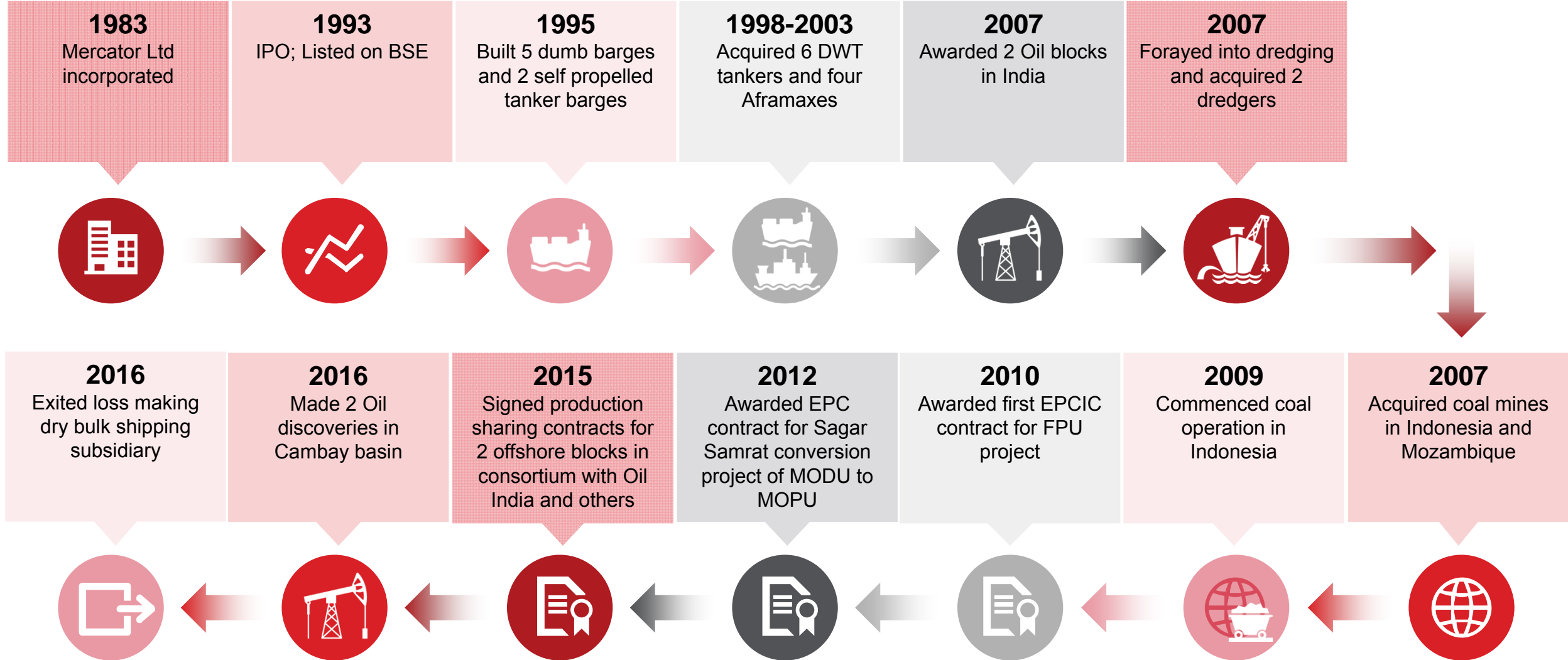
Mercator: At a Glance (2/2)



FY16 EBIDTA Contribution



Our Value Creation Journey



Board of Directors



Mr. H. K. Mittal - Promoter & Executive Chairman, 66, completed his Masters from the Indian Institute of Technology (IIT), Roorkee. He ventured into business with the production of some chemicals in 1975, Sulphuric acid in 1980, Superphosphate fertilizer in 1984. In 1988 he acquired Mercator and under his leadership the business grew multi-fold. He has been awarded “Entrepreneur of the Year” by Ernst & Young, the Economic Times, Distinguished Aluminous Award by IIT Roorkee etc.



Mrs. Archana Mittal - Promoter & Non-Executive Director, 60, is wife of Mr. H.K. Mittal and the Executive Chairman of the Company. She is also one of the Promoters of the Company and was on the Board of the Company during the period May 1988 to July 1992. She is actively involved in philanthropy and social work through the Family trust Prem Punita Foundation.



Mr. M. M. Agrawal - Independent & Non-Executive Director, 66, is a Bachelor of Engineering from Nagpur University. He has over 35 years of experience in the Banking and Finance industry, having worked with the State Bank of Bikaner & Jaipur and Axis Bank Ltd (as Dy. Managing Director). He is on the Board of many large organizations.



Mr. K. R. Bharat - Independent & Non-Executive Director, 54, is an MBA from the Indian Institute of Management. He has been associated with the capital markets for more than 30 years in various segments, such as Merchant Banking, Equities and Investment Banking, Risk Management and Research, among others. He has served as Managing Director at Credit Suisse First Boston Securities (CSFB) India and Peregrine Securities (India). He had also been a member of the Market Advisory Committee of BSE.



Mr. Gunender Kapur - Independent & Non-Executive Director, 55, is a Mechanical Engineer (BITS - Pilani) and an MBA (FMS Delhi University). He joined Unilever India as a Management Trainee and worked with various business and geographies till 2006. His last three assignments with Unilever were CEO & Executive Chairman, Unilever Nigeria Plc, Sr. Vice President Foods - India/ South Asia and Marketing Manager - Oral Care India & Dental Innovation Centre. At present, he is working as CEO & Managing Director of TPG Wholesale Pvt. Ltd.

Management Team



Mr. Shalabh Mittal
Chief Executive Officer

- Mr. Shalabh Mittal's primary role is to manage and supervise business operations of the Company in accordance with the overall strategies and policies as approved by the Board. Mr. Mittal holds Post-Graduation Diploma in Business Administration from the S. P. Jain Institute of Management and Research, Mumbai, India. He is also an alumnus of Harvard Business School, Boston, USA. Mr. Mittal has been associated with the group since 2005.



Mr. Kishor Shah
Group CFO

- Mr. Kishor Shah is a Chartered Accountant with 29+ years of experience. Mr Shah has successfully handled assignments in corporate financial planning and restructuring, mergers and integrations, raising funds from global institutions and BIFR cases. At Mercator, he provides strategic direction to accounts, finance ,secretarial and legal compliance for the Group.



Capt. Kowshik Kuchroo
President- Shipping

- Capt. Kowshik is a Master Mariner with HND from UK. He is also a qualified Ship Broker. He has around 30 years of experience in Marine Industry (shore/ ashore) having worked with companies like Maersk, Mundo Gas and involved with Chartering as well as infrastructure projects in the Oil & Gas space. At Mercator he is responsible for overall Shipping & Dredging business strategy, Chartering, Compliances, Branding, Expansion and Industry interaction.



Mr. Ashutosh Kumar
Director, Mercator Energy Pte Ltd

- Mr. Ashutosh Kumar, is B.E. (Electronics and Telecommunication). He started his career with ONGC as Asst. Executive Engineer (E&I). He later joined Enron Oil & Gas followed by British Gas where he held various positions such as Project Manager, General Manager – Operations and then Project Director. At Mercator, he is responsible for the business performance of assets and delivery of projects within the Oil & Gas division.



Mr. K.S.Raheja
Country Head-Indonesia

- Mr. Raheja is B.Tech (Hons.) in Mining Engineering from the Indian Institute of Technology, Kharagpur and has done his Business Management, from XLRI Jamshedpur. He has around 20 years of experience in the field of Mining, Logistics, Shipping, Trading and Strategy Formulation. His expertise lies in the areas of Coal Mining, Coal Trading and Development of New Mining and Port Related Projects. At Mercator, he is responsible for mining existing coal blocks, developing new coal concession, trading and logistics consolidation in Indonesia and development of coal mining project in Mozambique.

Strategic Priorities – Executed and Underway



Strategic Priorities - Executed

**Transforming
Cyclical
Nature of
Business**



- Successfully exited dry bulk business
- Long term contracts for Tankers and Dredgers mean annuity style earnings with greater visibility

**Increase
Asset Base**



- Two European dredgers purchased in FY16
- Efficient deployment of assets leading to higher operable days

**Developing
Cambay
Blocks**



- Made successful discoveries with excellent technical parameters; DOC expected in FY17-18



Strategic Priorities - Underway

**Balance
Sheet
Deleveraging**



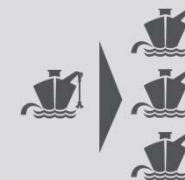
- Deleveraging plan in place
- Strong management focus on improving balance sheet strength

**Grow
Dredging
Business**



- Currently undertaking maintenance work at ports
- Strategically focused on expanding dredging business

**Increase
Asset Base**



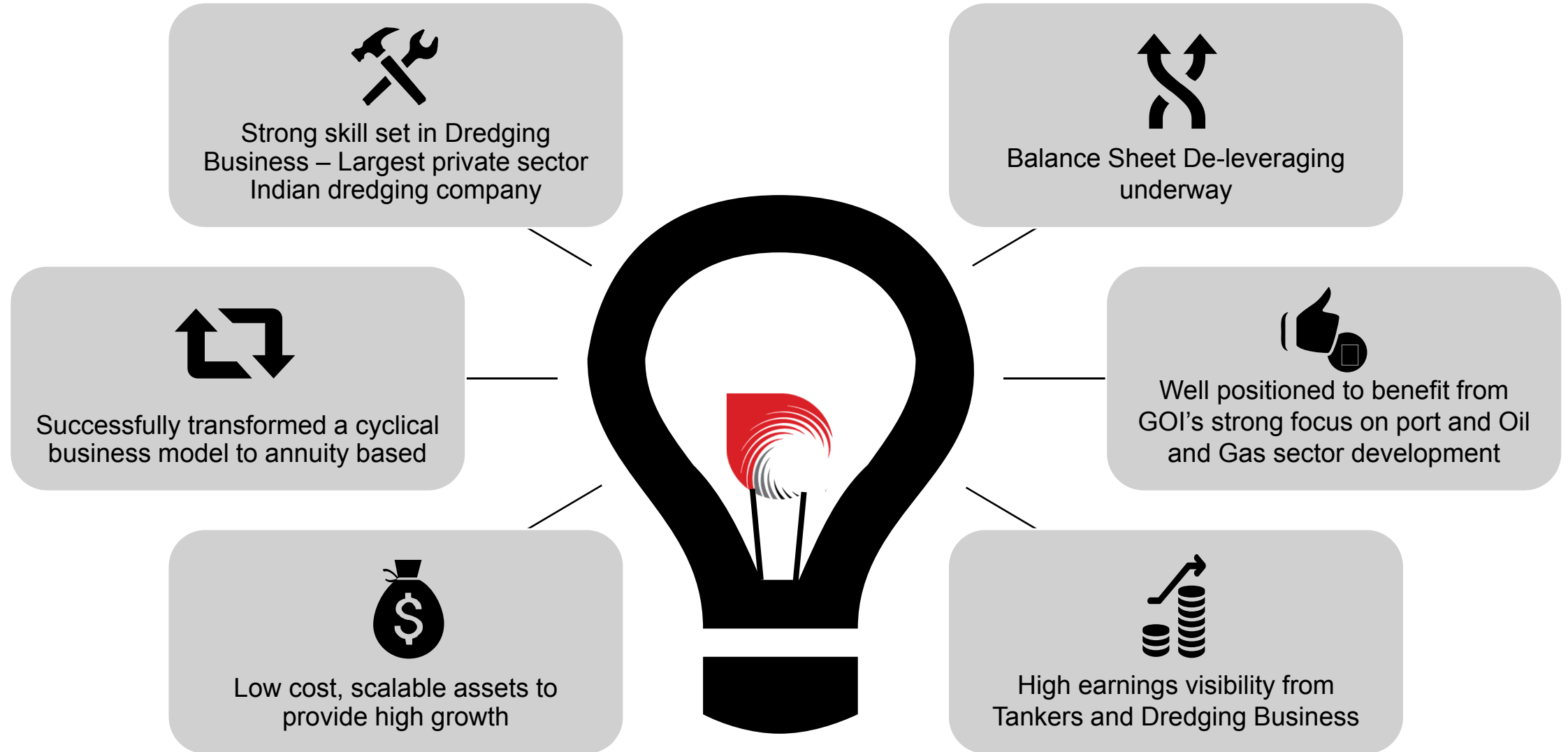
- Steadily expanding fleet size

**Developing
Cambay
Blocks**



- Low cost, high quality assets with strong resource potential

Key Investment Highlights





Strong Government Focus

1

Sector opened up to private participation in 2004

2

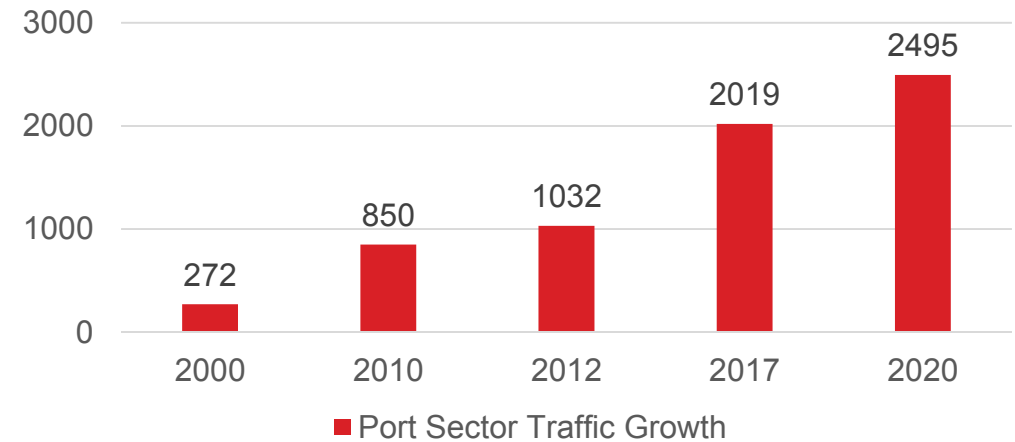
Strong government focus on port development and national water highways.

3

Some of the key initiatives are:

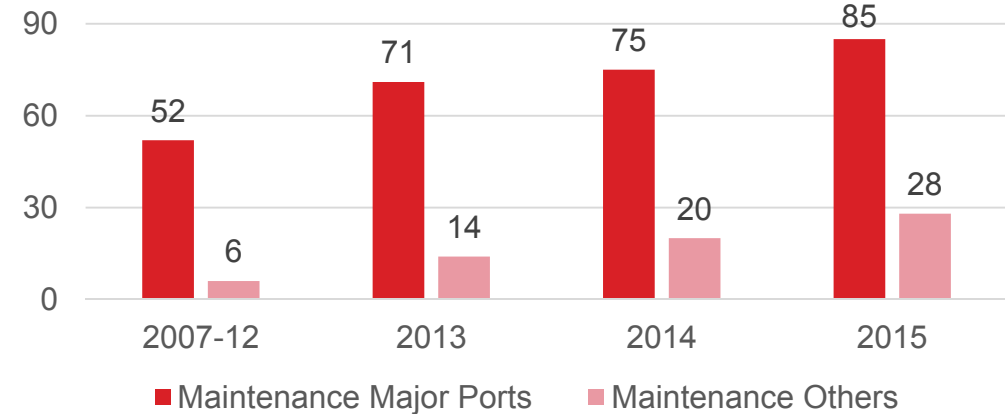
- Modernize port infrastructure; add up to six new ports to enhance capacity
- Improve port connectivity through rail corridors, freight-friendly expressways and inland waterways
- Create 14 coastal economic zones or CEZs and a special economic zone at Jawaharlal Nehru Port Trust in Mumbai; manufacturing clusters to enable port-led industrialization
- Develop skills of fishermen and other coastal and island communities

Port Sector Traffic Growth (mt)



Source: Company, Ministry of Shipping, Go India Advisors

Growth in Maintenance Dredging (mcm)



Source: Company, Ministry of Shipping, Go India Advisors



The Inland Waterways Opportunity

- 1 Developing India's coastal shipping and inland waterways traffic a top priority for NDA government
- 2 GOI passed a bill declaring 106 additional Inland Waterways as National Waterways (NW) for navigation
- 3 Dredging for development of inland waterways could open up a **US\$5-10bn opportunity over next 5 years.**

Traffic Divertible from Rail & Road to Waterways (2021-22) in mmt

WATERWAY	FROM RAIL	FROM ROAD	TOTAL
Nw-1	25.9	17.44	43.34
Nw-2	2.31	19.48	21.79
Nw-3	0.91	11.18	12.09
Nw-4	14.96	27.09	42.05
Nw-5	14.64	8.61	23.25
Nw-6	0.36	3.71	4.07
Total	59.08	87.51	146.59

Source: IWAJ

Dredging: Mercator Well Positioned to Benefit (1/2)



Capt. Kowshik Kuchroo, Head – Shipping & Dredging Business

“ We have, over the years, developed our skill set in dredging and with our current fleet, are well positioned to leverage the opportunity this sector presents. ”



Early Mover Advantage and Strong Skill Set

1

Started dredging operation in 2007

2

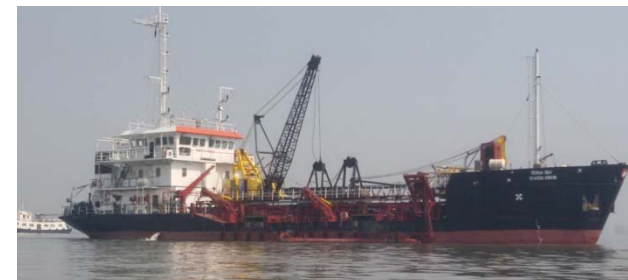
Currently the largest private sector dredging company

- Currently undertaking maintenance work at ports in India

3

Target market likely to become 4 fold in 3-4 years*

* Source: Industry Reports



Various dredgers of Mercator

Dredging: Mercator Well Positioned to Benefit (2/2)



Key Strengths

1

Large Fleet Size and expanding

2

All dredgers gainfully employed

3

Multiple repeat contracts from major ports received

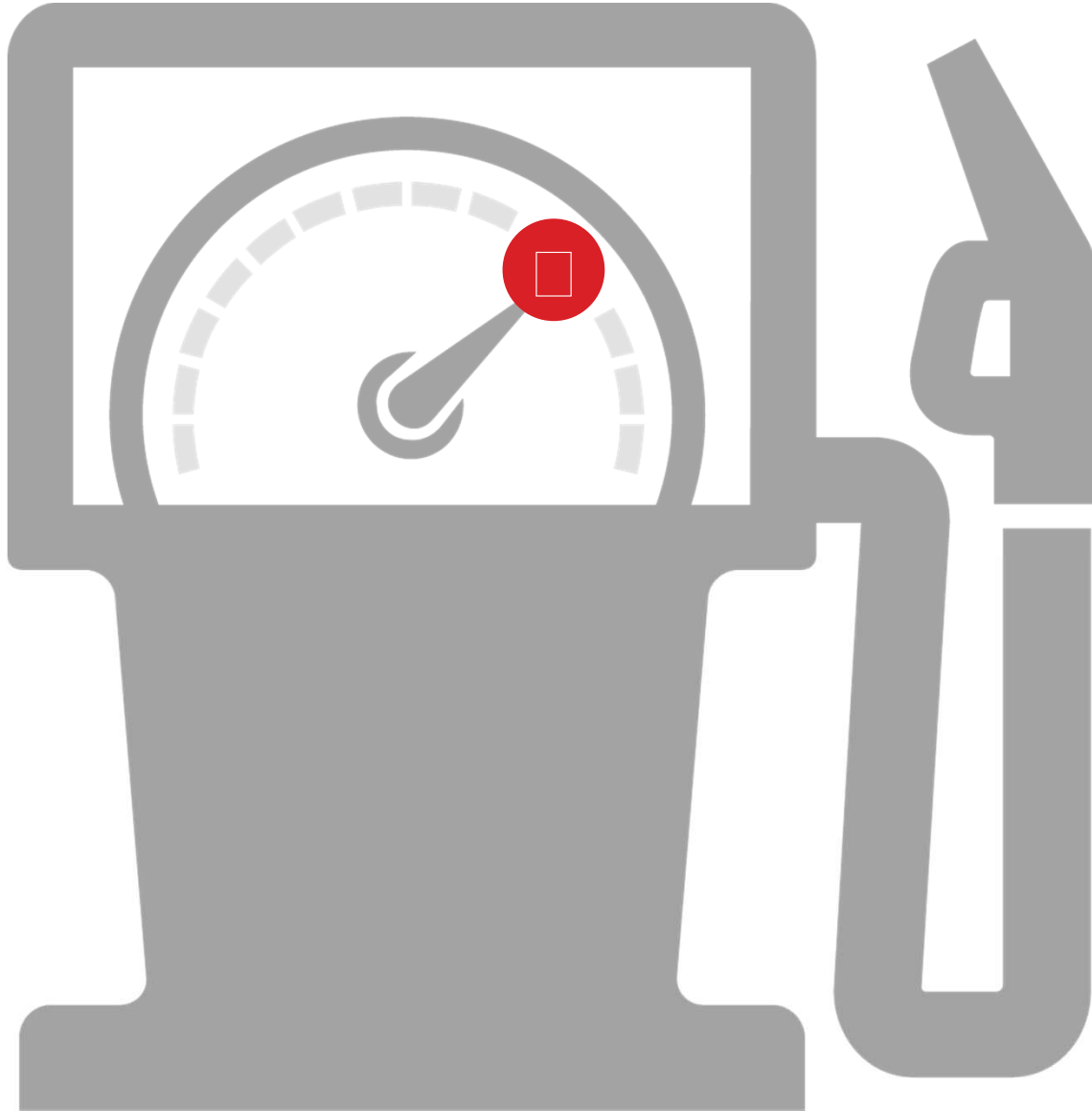
4

Improving operating leverage

S. No	Name of the Client	Contract in Hand (~Rs mn.)		Bidding Pipeline (Approx. Rs mn)
		FY17	FY18 Onwards	
1	New Mangalore Port	360		1,350 (3 Year*)
2	Paradip Port – Entrance	180	360	
3	Paradip Port - Approach	290	570	
4	Paradip Port - Sand Trap	140	290	
5	Indian Navy, Karwar	330		
6	Kandla Port	1,400		5,500 (3 Year*)
7	Kolkata Port			10,500 (5 Year*)
8	Cochin Port			2,500 (3 Year*)
9	NDY, Mumbai			750 (2 Year*)
10	Mumbai Port			1,400 (2 Year*)
11	Mormugao Port			500 (2 Year*)
TOTAL		2,700	1,200	22,000+

* Contract period

Petroleum: Huge Opportunity in India (1/2)



1

Key Focus Area for GOI:

Oil and Gas sector one of 25 key areas under "Make in India" initiative

2

Large Untapped Resources:

60% of the prognosticated reserves of 28,000 MMT are yet to be harnessed

3

Boost to Domestic Production is important:

Oil imports constitute about 81% of India's total domestic oil consumption in 2015-16

4

A large nation with huge energy demands:

India was the third largest consumer of oil in the world in 2015, after the United States & China - Demand for primary energy in India is to increase threefold by 2035 to 1,516 million Tonnes of Oil

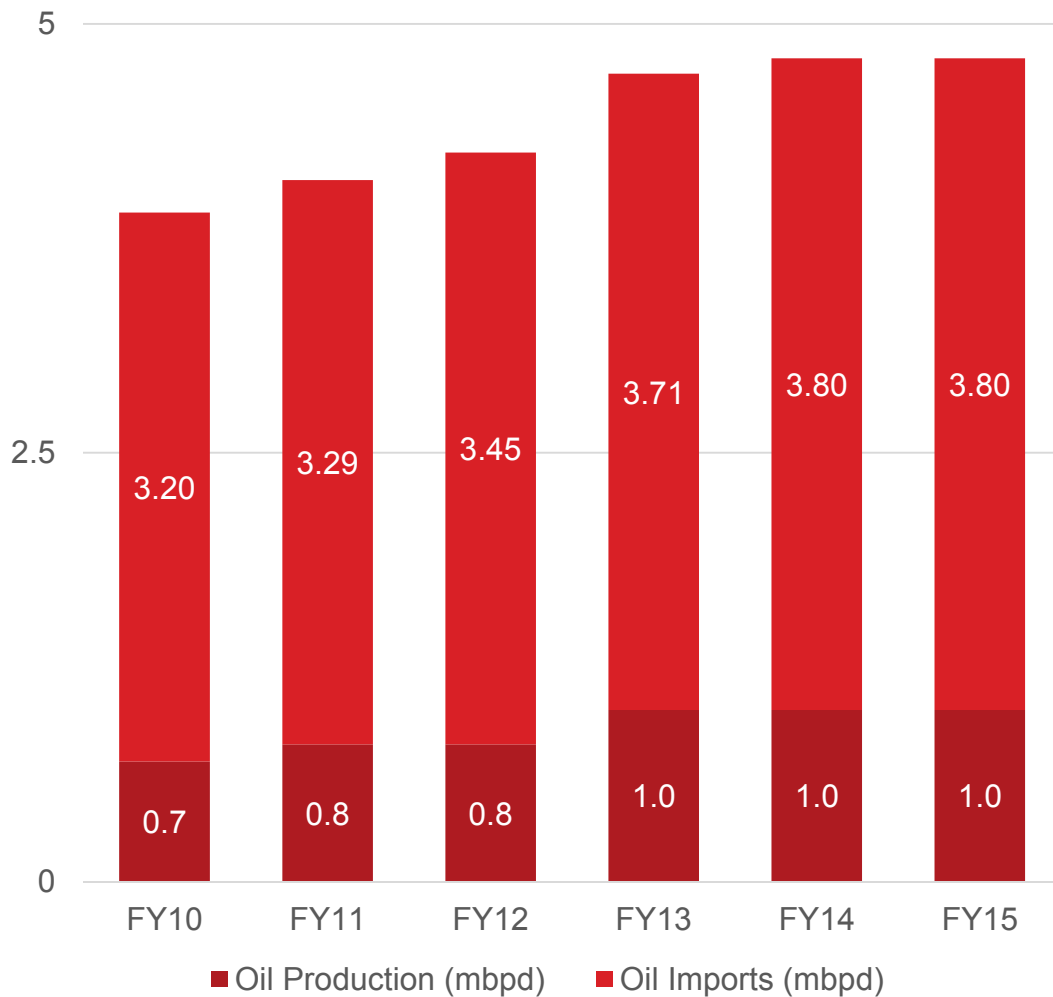
5

Policy Reforms Underway:

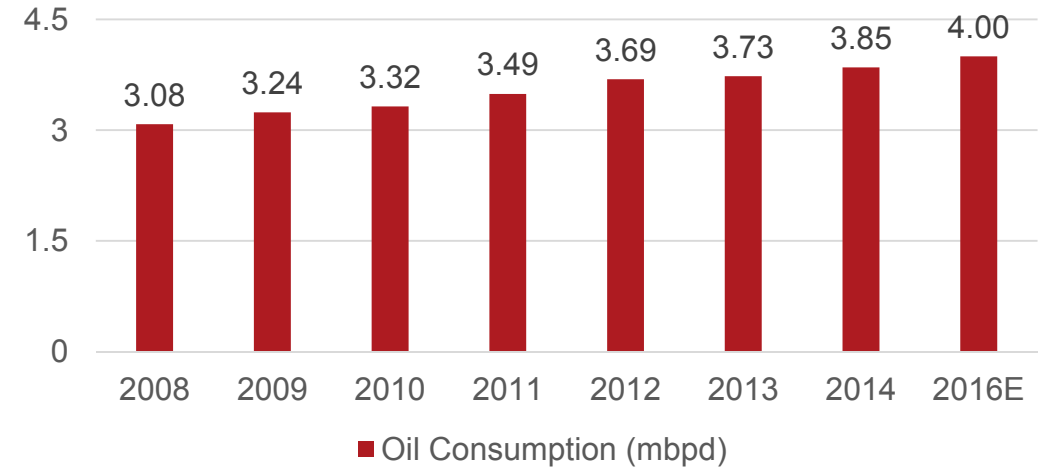
Various policy reforms have been taken by the Government to incentivize oil and gas sector on the lines of ease of doing business.

Petroleum: Huge Opportunity in India (2/2)

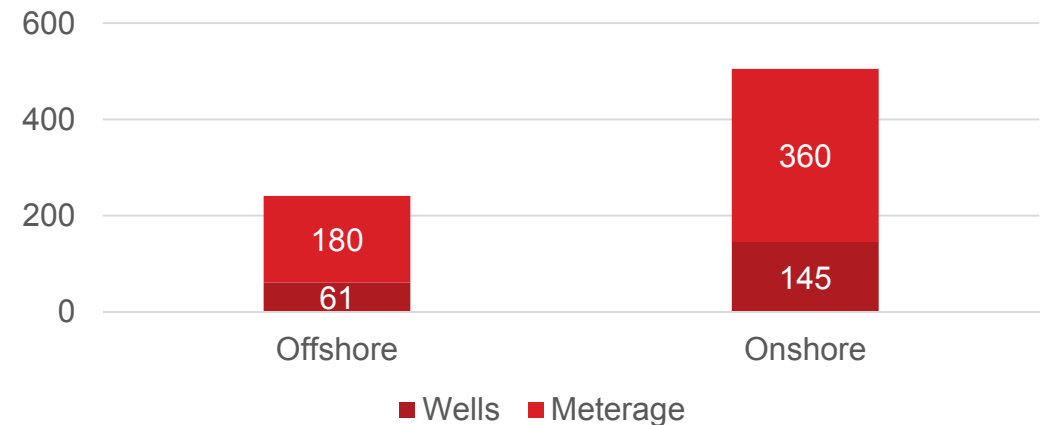
Imports and Domestic Oil Production in India



Oil consumption in India (2008-16)



Exploration Activities (FY15*) ('000 Meters)



Source: IBEF, Make in India website

Petroleum: Upcoming Large Value (1/2)



Mr. Ashutosh Kumar, Head – Petroleum Business

“We are very confident of our basin profile. The quality of our assets will provide us with significant growth upside”

Won 2 blocks in Cambay Basin under NELP VII bidding; start contributing from FY18



High Quality Assets

1

Strong reserve base; possibility of large contingent upsides

2

Light sweet crude (41 degree API), no major processing required

3

Low cost onshore fields

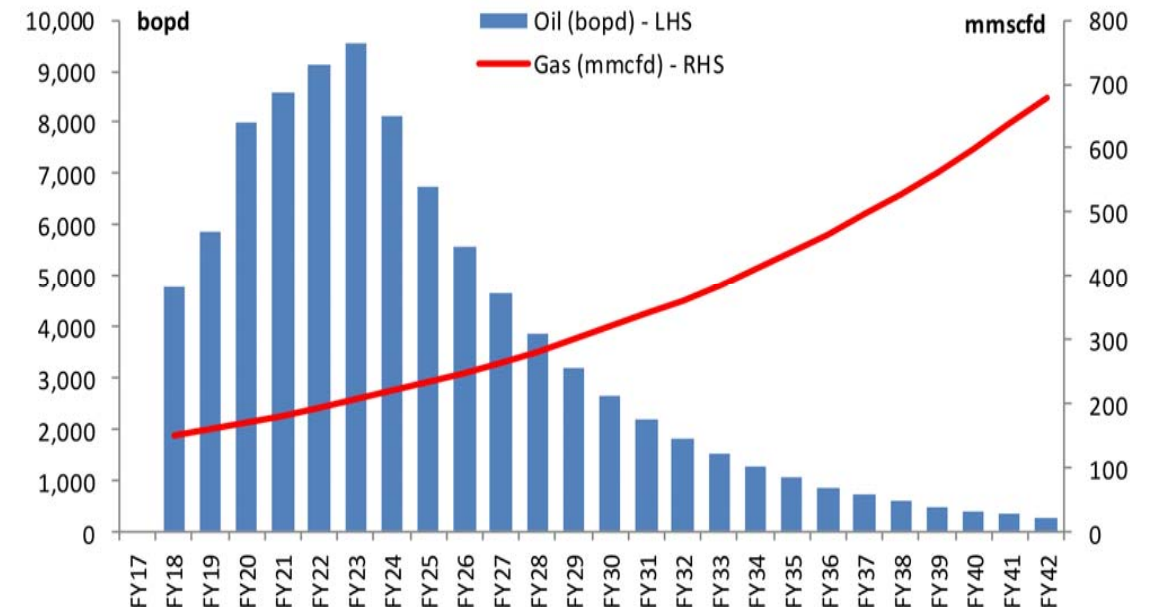
4

Proximity to Refinery

5

NELP VII Block - Clear Regulations - Royalty and Profit Sharing

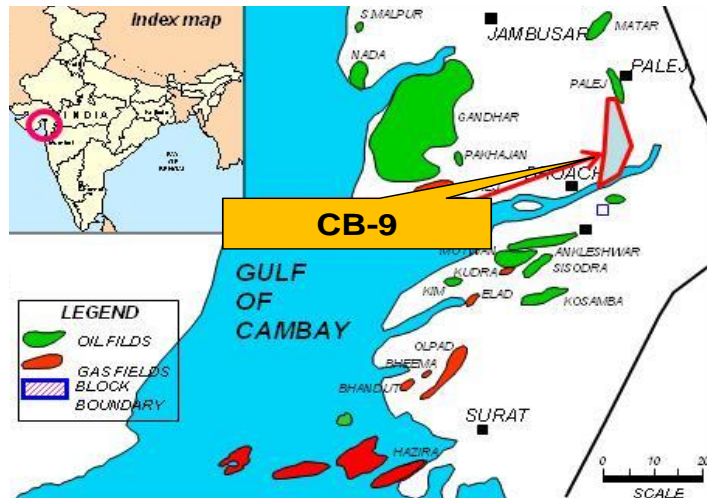
Cambay fields could produce 10kbpd peak oil even on a conservative basis



Petroleum: Upcoming Large Value (2/2)

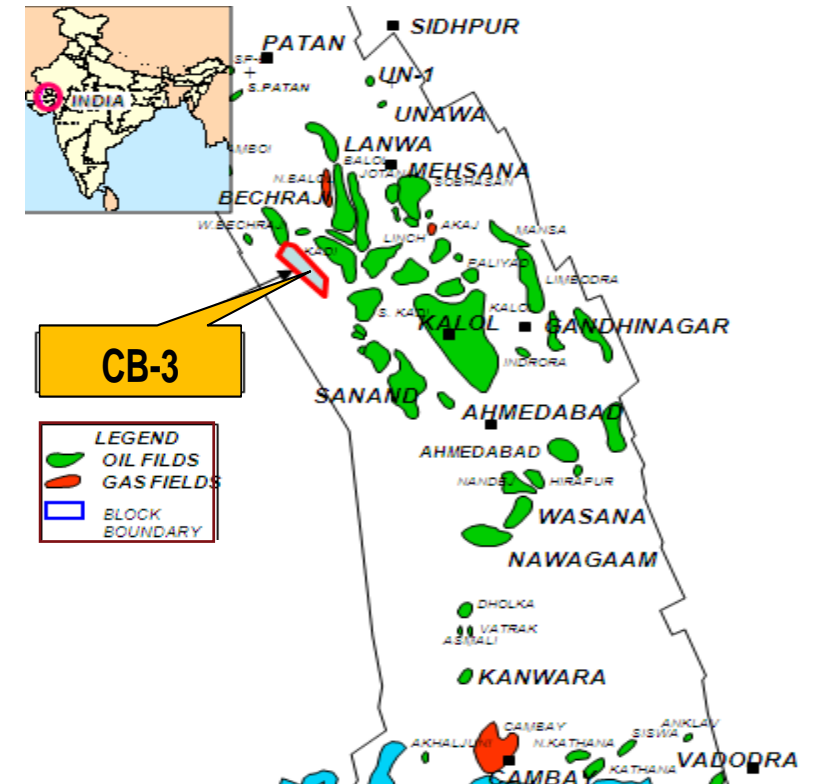
Block CB-9 - Onshore Block located in Baruch – Jambushar tectonic block in south Cambay Basin; area of c.130 sq.kms

- Struck light sweet crude oil
- One of the largest discoveries in the area in the past 20 years
- Substantial reserves prospects, more well drilling could increase reserves multifold
- Favorable reservoir parameters



Block CB-3 - Onshore Block located in Mehsana – Ahmedabad tectonic block in north Cambay Basin; area of c.48 sq.kms

- Exploration activities underway



Coal: Optimized for Prolonged Downturn (1/2)



Mr. K.S Raheja, Head – Indonesia

“ We have identified an alternate source of revenue from our well established logistics setup. Our strategic focus is to ensure stability of earnings from this business ”



Present across coal value chain

1

Mining – Open-cast coal mine in Indonesia. Focusing on higher calorific coal to maximise realization.

2

Trading – Marginal profits, but no plans to completely exit given lock-in

3

Logistics – Allowing use of infrastructure to nearby miners for price linked fee



Coal handling activity using barges

Coal: Optimized for Prolonged Downturn (2/2)



Key Strengths

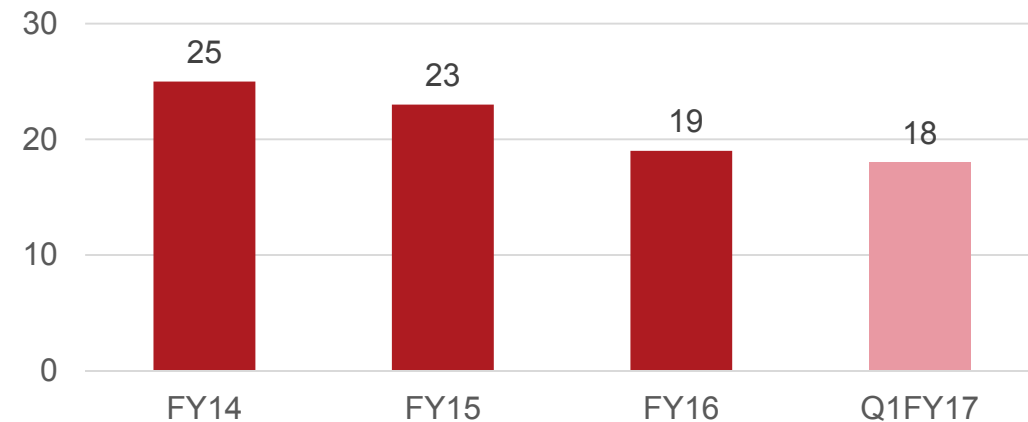
- 1 Operating efficiencies boosted
- 2 Reduced operating costs at mines
- 3 Strong focus on reducing other overheads
- 4 Indonesian coal players to benefit from changes in laws in China



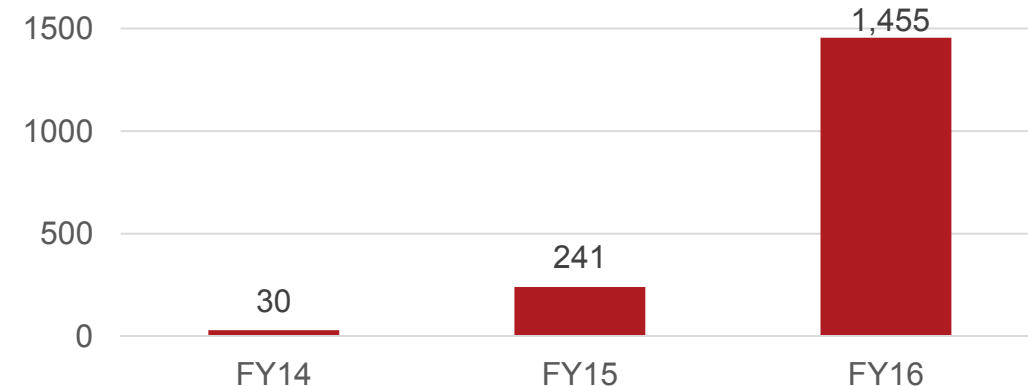
Logistics Play

- 1 **Additional source of revenue**
- 2 Complete logistics infrastructure in place
- 3 Spare logistics capacity of ~3 MMT per annum - Nearby miners can use at a price

KPB Cost/MT (FOB Barge)



3rd Party Volume through Logistics



Shipping: Global Pains Soothed by Local Strongholds (1/2)



Capt. Kowshik Kuchroo, Head – Shipping & Dredging Business

“Shipping industry has been facing severe headwinds. We have strategically re-structured our portfolio to exit loss making businesses and focus on operations with high earnings visibility.”



Stable Business Model

All tankers contracted, good visibility for next 2-3 years:

1

Tankers largely contracted to National Oil Companies (NOCs) - good visibility over the remaining life

2

The contracted price is reasonable and lower than current spot price – easy renewals

Tanker Carriers	Deployed With	Contract Up To*	Time Charter Equivalent / day FY17E
Prem Pride	British Gas	Dec-19	\$ 26,000
Harsha Prem	BPCL	Dec-17	\$ 14,500
Prem Mala	IOCL	Jan-18	\$ 14,900
Hansa Prem	IOCL	Jun-18	\$ 14,000
Vedika Prem	HPCL	Jul-17	\$ 14,900
Sisouli Prem	IOCL	Sep-17	\$ 30,000
Nerissa	Trafigura	Oct-17	\$ 26,000

* Including extension periods



Key Strengths

1

Fuel cost is pass-through, reducing commodity price risk: The fuel cost (bunker fuel, etc.) is passed through to the principal, and hence the contractor is free from any risk on commodity prices

2

Supply Tapers of in 2018: The projected supply of oil vessels will likely taper off quite sharply from 2018, which is when most of Mercator's vessels will come up for re-pricing.

3

Oil Infrastructure: Strong skill set in development of FPU's.



Various ships of Mercator

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

- General Health Centers
- Awareness Sessions
- Personal Hygiene Camps for Children

2

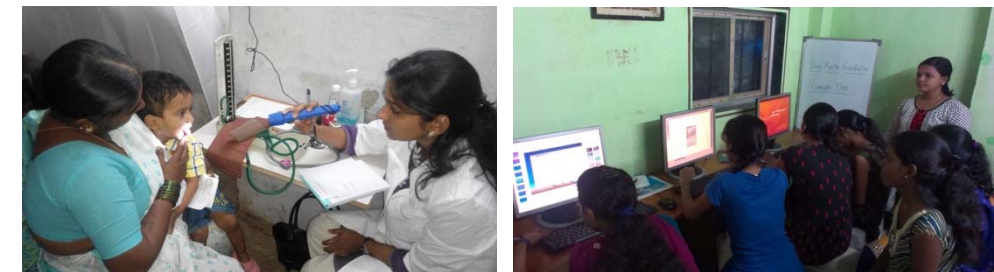
Project Prem Sagar

- Computer Education
- Sewing and Design Course

3

Project Prem Pravah

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

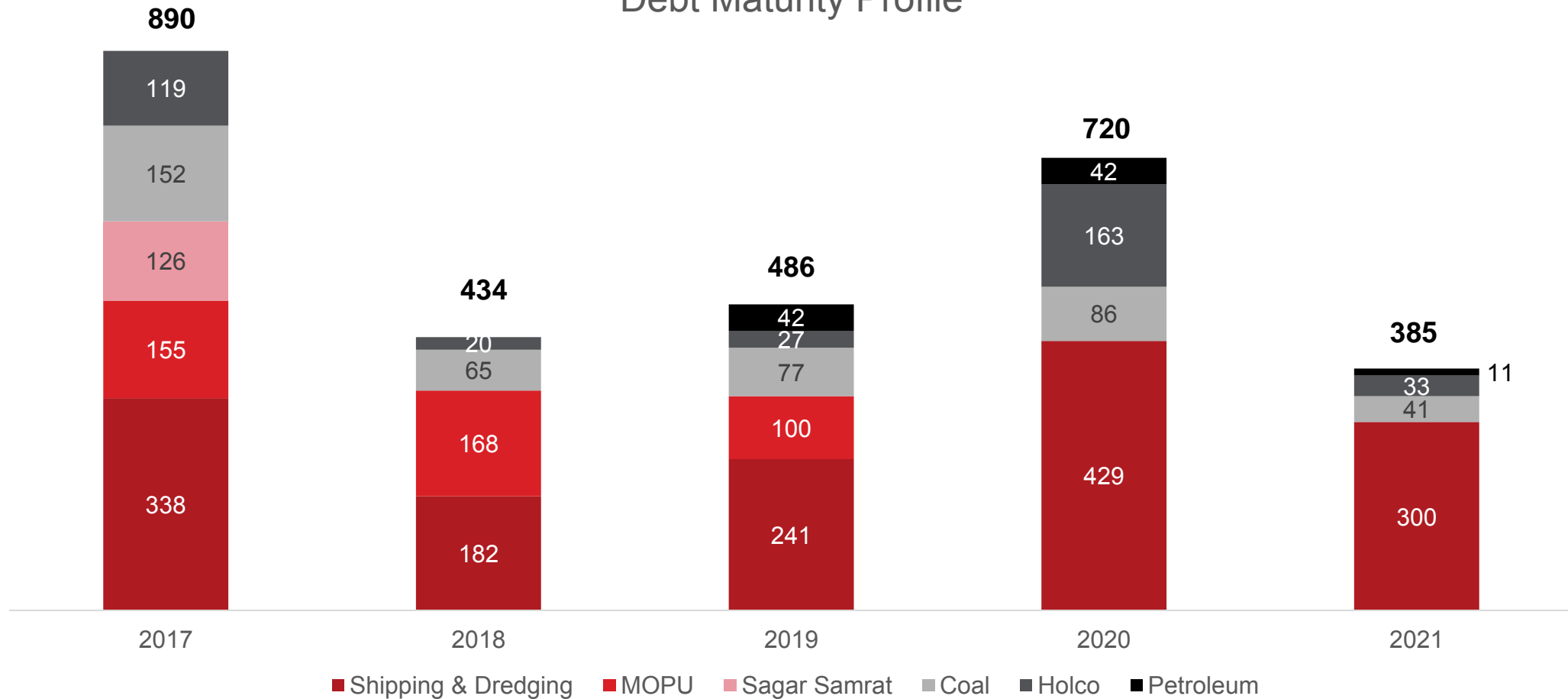


Supporting the local Community

Debt Maturity Profile

Debt payment from operational cash flows

Debt Maturity Profile



Income Statement (FY16)

PARTICULARS	FY '16	FY '16 (excluding MLS)
Revenue	2,706	2,555
Total Expenses	2,332	2,029
(Loss) on Sale of Asset	(448)	-
Net Revenue	(74)	526
Interest	245	209
PBDT	(319)	317
Depreciation	422	297
Impairment	349	20
Profit Before Tax	(1,090)	0

- *Impairment loss ~Rs 349 Cr. pertains to investment of MIL in MLS*
- *Write-offs & Provisions of ~Rs 105 Cr. taken in MIL related to MLS*

Balance Sheet

Capital and Liabilities	INR Mn
Shareholders' Equity	
Equity Capital	245
Reserves & Surplus	8,270
	8,515
Non – Current Liabilities	
Borrowed Funds	
Long Term Borrowings	16,625
Total Non Current Liabilities	16,666
Current Liabilities	
Short Term Borrowings	4,925
Trade Payables	8,219
Current Maturity of LT loans	5,636
Other Current Liabilities	3,858
Short term provisions	68
Total Current Liabilities	22,705
TOTAL CAPITAL AND LIABILITIES	48,181

Assets	INR Mn
Fixed Assets	
Gross block	41,907
Depreciation	15,140
Net Fixed Assets	26,537
<i>Capital Work-in-Progress</i>	6,878
Total Fixed Assets	33,415
Total Non Current Assets	36,360
Current Assets	
Short Term Loans and Advances	2,283
Trade Receivables	5,787
Other Current Assets	2,604
Cash & Bank Balance	954
TOTAL ASSETS	48,181

Mercator India



A leading energy conglomerate based in India



Well positioned to benefit from GOI focus on Oil and Gas and Port Development



Strong Management Team with proven track record



Balance Sheet deleveraging underway



Strong Portfolio of assets with high quality, low cost and scalable assets