

February 15, 2018

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

Dear Sir/Madam,

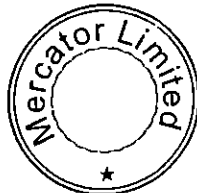
Sub: Revised Investor Presentation

Please find enclosed herewith Revised 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


Suhas Pawar
Company Secretary



EARNINGS PRESENTATION

Q3FY18

BSE code : 526235

NSE code : Mercator



COAL



DREDGING



SHIPPING



OIL & GAS





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Business Update

Dredging

- Significant turnaround in Dredging Business
- Focussed bidding for high margin projects
- Proposed reorganising and de-merger of business

Shipping

- One time impact on account of loss on sale of assets
- Charter rates expected to improve as cycle hits the bottom

Oil and Gas

- Production expected to commence by Q1FY19
- MOU signed with PSU oil companies for use of evacuation infrastructure and sales contracts.
- Drilling campaign in exploratory wells expected to commence by April 2018

Coal

- New management team has taken charge of operations
- Mining and logistics operations commenced
- Exploring opportunities to enhance logistics capacity
- Strong upward movement in prices.

Strategic Update: Proposed De-Merger of the Dredging Division



- De-merge the Dredging Business into a separate entity – Mercator Dredging Private Limited (“MDPL”)
- MDPL proposed to be listed as a separate entity on BSE and NSE

PROPOSED SCHEME

- New shares in MDPL to be issued in the ratio of 1:40
 - 1 share of MDPL for 40 shares of Mercator Limited
- Mercator Limited to have 30% holding in MDPL through subscribing to 3,240,636 shares
- Existing shareholders of Mercator to get 52,37,840 shares in MDPL Limited translating to 48.49%
- Existing shareholder of Mercator Limited to have an economic interest of 69.27% in MDPL

RATIONALE

- Significant value unlocking for the existing shareholders – Dredging business well poised from GOI focus on various projects like Inland water ways development, Sagarmala etc
- De-merger creates a focused pure play entity with better access to capital

Proposed Shareholding Structure of MDPL

	No. of Shares	%
Promoter	2,323,644	21.51%
Mercator Limited	3,240,636	30.00%
Mercator Shareholders	74,82,629	69.3%
Direct Holding	5,237,840	48.5%
Economic Interest through ML	22,48,749	20.8%

APPROVALS AND TIMELINE

- Appointed date for the scheme is **October 1, 2018**
- The scheme is subject to shareholders’ and various other regulatory approvals.

Q3FY18 Update

Operational Performance

- Dredging – Significant turnaround in Dredging Business;
- Shipping – Sold two old vessels (Prem Poorva and Harsha Prem) for a consideration of INR 470 mn
- Oil & Gas – Field Development plan for Jyoti 1 &2 expected in Q4FY18

Financial Performance

- Successfully completed QIP issuance of 32,567,262 equity shares at a price of Rs.44.65/share in Nov'17
- Revenues impacted adversely due to
 - Dry docking of the tankers
 - Fall in charter rate of a VLGC
 - Temporary disruption in coal operations
- Exploring strategic initiatives to further de-leverage and improve balance sheet
- One time impact of INR 373 million on account of loss of sale of 2 vessels.

Outlook

Company at an Inflexion Point in terms of growth and profitability:

- Significant turnaround in Dredging business; strong bid pipeline
- Trial Oil production expected to commence shortly;
- Management team at Indonesia revamped; significant potential to enhance capacity and throughput, production and sales resumed.
- Strong upward movement in coal prices.
- Balance sheet de-leveraging through internal accruals and other strategic initiatives

Deleveraging Status

- Debt reduction in the group excluding growth Capex at MPL
 - Debt at Shipping, Dredging and Coal businesses reduced 37% Y-o-Y
 - Long term debt reduced to INR 12,840 MN from INR 14,161 MN (March 2017)
 - Oil and Gas business debt increased by INR c.600 MN, used for development of the oil blocks (March 2017)

- Further Debt Reduction to be achieved through:
 - Working Capital Release from Sagar Samrat
 - Accruals
 - Sale of Non – Core Assets

<i>INR MN except as stated (As on)</i>	31-12-17	31-12-16	31-03-17
Long Term Debt	12,840	20,557	14,161
Working Capital	4,380	4,250	4,228
Total Debt	17,220	24,807	18,389
Cash	816	1,624	1,308
Net Debt	16,404	23,183	17,081

Consolidated Financial Performance – Q3FY18

INR MN	Q3FY18	Q3FY17	Q2FY18
Revenue	2,069	5,851	1,009
Expenses	1,773	4,215	474
EBITDA / Adjusted EBITDA*	296*	1,636	535
Interest	411	525	206
Depreciation	471	710	441
PBT	(586)	401	(112)
Tax	10	6	(3)
PAT	(596)	395	(109)
Attributable PAT	(1,053)	304	(349)
EPS (Rs/Share)	3	1	1

Explanation of Adjusted EBITDA

■ Q2 FY 18

- During the half year ended September 30, 2017, the Company has made a provision of Rs. 211.28 Mn towards disruption in its coal business.

■ Q3 FY 18

- The Company has sold Dry Bulk Carrier "M.T. Sri Prem Poorva", and a Tanker "M.T. Harsha Prem" and a loss of Rs. 372.80 Mn has been recognized under the head "other expenses".
- The Company has made a provision of Rs. 61.54 Mn towards disruption in its coal business.
- In respect of 'Sagar Samrat' EPC project, the Company had to incur costs of Rs. 106.52 Mn on account of certain variations in the scope of the project. Following the prudential accounting norms, the Company has recognized the above costs in its Profit and Loss Account. Corresponding Revenue shall be recognized once the variation orders are approved by the customer.

Consolidated Financial Performance – 9M FY18



INR MN	9MFY18	9MFY17
Revenue	7,920	16,724
Expenses	6,108	11,774
EBITDA / Adjusted EBITDA*	1754*	4,950
Interest	1,220	1,646
Depreciation	1,576	2,482
PBT	(1,042)	822
Tax	185	26
PAT	(1,227)	796
Attributable PAT	(1,924)	796
EPS (Rs/Share)	(7)	2

- 9MFY17 numbers includes revenues from coal trading which was slowed down due to lower margins and higher working capital and MOPU since sold, resulting in corresponding Debt.
- Disruptions at the Coal Business during Q3FY18
- due to one-off on account of loss of sale of assets in the shipping business

Adjusted EBITDA Break-Up	Amt (Rs. Mn)
Loss on sale of one two ships	373
Provision made towards disruption in coal business	273
Cost incurred in the Sagar Samrat EPC project on account of certain variations in the scope of the project, billing yet to be made	107

Segment Wise Business Performance - Dredging

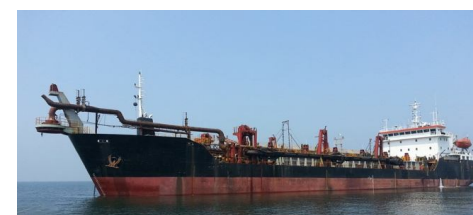
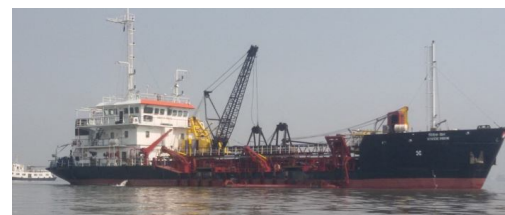
Q3 Performance and Outlook

- Significant turnaround in Dredging business
- Most vessels now gainfully deployed
- Vessels rendered idle due to monsoon were deployed in Q3
- Operational efficiencies achieved to optimize Opex.
- Strong bidding success rate of 50%
- Focused bidding for high margin projects

Strong demand drivers for Dredging:

- Orders in hand c. INR 2,593 million
- GOI focus on Sagarmala and Inland water way development
- Requirement of deeper draft at ports
- Push for various water linking projects and Ganga cleaning

<i>INR MN except as stated</i>	Q3FY18	Q3FY17	Q2FY18
Revenue	632	693	316
Expenses	356	473	301
EBITDA	277	220	15
PBT	68	(23)	(216)



Segment Wise Business Performance - Shipping

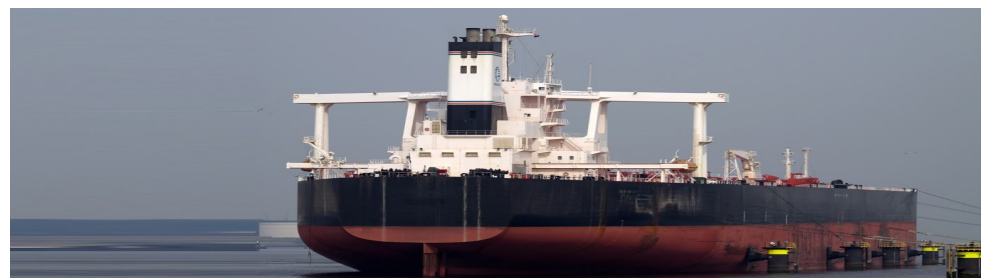
Q3 Performance and Outlook

- Dry Docking of one vessel throughout Q3
- Other vessel gainfully deployed
- Profitability impacted mainly due to
 - One time impact of INR 373 million on account of loss on sale of 2 vessels.
 - Lower charter rates VLGC and VLCC

- **Outlook**
 - Charter cycle expected to turnaround
 - Scrapping of ships expected on account of CAPEX requirements for Ballast Water Treatment and high scrap rates to reduce substantial supply of vessels in the industry.

<i>INR MN except as stated</i>	Q3FY18	Q3FY17	Q2FY18
Revenue	660	827	776
Expenses	417	287	453
EBITDA / Adjusted EBITDA*	243	540	323
PBT	(728)	(5)	(244)

**The Company has sold Dry Bulk Carrier "M.T. Sri Prem Poorva", and a Tanker "M.T. Harsha Prem" and a loss of Rs. 372.8 million has been recognized under the head "other expenses". The company has provided towards doubtful debts for Rs 28 Mn in Q2 and 22 Mn in Q3*



Update on Coal Business

- Coal and Logistics operations in Indonesia successfully resumed after temporary disruptions during Q3.
- New management team takes full charge of the Indonesian Coal mining and logistics operations
 - Full ramp up of mining operations expected by end March 2018
- H1FY18 production slightly lower at c.0.75 million tonnes compared with last year
- Third party logistics business operated at higher capacity utilisation at 1.26 mt during H1FY18 compared with 1.14 mt in H1FY17.
- Potential to enhance logistics capacity and increase throughput at low capex
- The outlook for Coal stays positive as the prices of coal has increased in Q3

<i>INR MN except as stated</i>	Q3FY18	Q3FY17	Q2FY18	9MFY18	9MFY17
Revenue	811	3,637	1,579	4,137	8,999
Expenses	820	3,152	1,446	3,403	7,982
Adjusted EBITDA*	(9)	485	355	733	1,017
PBT	162	370	217	464	577

**Adjusted EBITDA in Q3 FY18 and Q2 FY18 refers to the provision made by the Company of Rs. 61.54 Million and Rs. 211.28 Million respectively; aggregating to Rs. 272.82 Million for nine months period ended 31st December 2017 towards disruption in its coal business.*

Segment Wise Business Performance – Oil & Gas

Oil Blocks

- Approval for Field Development plan filed for Jyoti 1 and 2 expected in Q4FY18
- Production expected to commence by Q1FY19
- MOU signed with PSU oil companies for use of evacuation infrastructure and sales contracts.
- Third Party Resource Certification for wells Jyoti 1 & 2 has given a 2P EUR (expected ultimate recovery with water injection) of 26.2 Million barrels of oil
 - FDP submitted for 23 million barrel of recoverable oil
- Commenced drilling in the Seventh exploratory well on December 6, 2017, as per earlier announced schedule
 - Drilling campaign in exploratory wells is expected to be completed by April 2018.

Sagar Samrat

- Aggressively pursuing completion of String Tests and eventual “Sail Away”
- An approved vendor of ONGC has started commissioning the turbines and compressors for completion of the String Test. Completion of their scope of work marks the end of String Test
- MOPU has been undocked and is undergoing Jacking Trials
- Commissioning and “Sail Away” expected in Q1FY19.
- In respect of 'Sagar Samrat' EPC project, the Company had to incur costs of Rs. 106.52 Mn on account of certain variations in the scope of the project. Following the prudential accounting norms, the Company has recognized the above costs in its Profit and Loss Account. Corresponding Revenue shall be recognized once the variation orders are approved by the customer.

Unaudited Financial Results For Quarter and Half Year Ended September 30, 2017



INR Lakhs; except as stated

Mercator Limited							
Particulars	Consolidated						
	Quarter ended			Half Year Ended		Year ended	
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17	
	Unaudited, (Reviewed)	Unaudited, (Reviewed)	Unaudited, (Unreviewed)	Unaudited, (Reviewed)	Unaudited, (Unreviewed)	Audited	
1	Income						
	(a) Revenue from operations	27,673.56	30,137.24	49,949.02	57,810.80	108,365.72	211,538.72
	(b) Other income (net)	408.67	296.08	-	704.75	-	1,395.15
	Total Income	28,082.23	30,433.32	49,949.02	58,515.55	108,365.72	212,933.87
2	Expenses						
	(a) Cost of service rendered	19,714.89	20,863.81	30,730.42	40,578.70	69,199.05	138,362.84
	(b) Employee benefits expense	667.82	657.10	775.34	1,324.92	1,850.29	3,599.28
	(c) Finance costs	4,134.86	3,949.81	5,665.43	8,084.67	11,209.08	22,436.08
	(d) Depreciation and amortisation	5,635.46	5,419.57	8,973.49	11,055.03	17,717.95	31,863.65
	(e) Other expenses	2,889.18	1,559.85	935.66	4,449.03	3,268.96	10,754.66
	Total expenses	33,042.21	32,450.14	47,080.34	65,492.35	103,245.33	207,016.51
3	Profit/(loss) from operations before exceptional items and tax	(4,959.98)	(2,016.82)	2,868.68	(6,976.80)	5,120.39	5,917.36
4	Exceptional items		-		-	-	(915.62)
5	Profit/(loss) before tax (3 - 4)	(4,959.98)	(2,016.82)	2,868.68	(6,976.80)	5,120.39	5,001.74
6	Tax expense						
	Current tax	(874.66)	(858.99)	(157.49)	(1,733.65)	(200.16)	(2,002.59)
	Deferred tax (net)	(6.00)	6.00				(117.65)
7	Net profit/(loss) after tax (5 - 6)	(5,840.64)	(2,869.81)	2,711.19	(8,710.45)	4,920.23	2,881.50
	Other comprehensive income/(expenses) net of tax						
	Items that will not be reclassified to statement of profit and loss						
	Remeasurement gains/(loss) of defined benefit plans	(11.66)	(17.78)		(29.44)		(43.33)
8	Other comprehensive income	(11.66)	(17.78)		(29.44)		(43.33)
9	Total comprehensive income for the period	(5,852.30)	(2,887.59)	2,711.19	(8,739.89)	4,920.23	2,838.17

Unaudited Financial Results For Quarter and Nine Months Ended December 31, 2017



INR Lakhs; except as stated

Mercator Limited							Rs. in lakhs
Particulars	STANDALONE						
	Quarter ended			Nine Months Ended		Year ended	
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17	
	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Unaudited (Reviewed)	Audited	
1 Income							
(a) Revenue from operations	11,296.44	9,875.76	14,301.06	30,869.81	40,292.88	53,833.15	
(b) Other income (net)	168.01	211.63	331.59	614.78	362.09	669.38	
Total Income	11,464.45	10,087.39	14,632.65	31,484.59	40,654.97	54,502.53	
2 Expenses							
(a) Cost of service rendered	6,208.60	6,377.15	7,012.92	18,576.31	21,899.59	30,692.98	
(b) Employee benefits expense	461.34	478.16	351.43	1,328.64	1,086.43	1,501.32	
(c) Finance costs	1,916.44	2,055.18	2,255.96	5,947.68	5,970.11	7,565.44	
(d) Depreciation and amortisation	4,047.69	4,406.62	3,761.23	12,654.17	11,056.01	14,727.65	
(e) Other expenses	4,192.50	279.37	206.80	5,156.92	1,733.30	2,054.06	
Total expenses	16,826.57	13,596.48	13,588.34	43,663.72	41,745.44	56,541.45	
3 Profit/(loss) from operations before exceptional items and tax (3-4)	(5,362.12)	(3,509.09)	1,044.31	(12,179.13)	(1,090.47)	(2,038.92)	
4 Exceptional items	-	-	915.62	-	(915.62)	(915.62)	
5 Profit/(loss) before tax (3 - 4)	(5,362.12)	(3,509.09)	1,959.93	(12,179.13)	(2,006.09)	(2,954.54)	
6 Tax expense							
Current tax	(20.00)	(26.00)	(25.00)	(70.00)	(80.00)	(100.00)	
Deferred tax (net)	-	-	-	-	-	-	
7 Net profit/(loss) after tax (5 - 6)	(5,382.12)	(3,535.09)	1,934.93	(12,249.13)	(2,086.09)	(3,054.54)	
Other comprehensive income/(expenses) net of tax							
Items that will not be reclassified to statement of profit and loss							
Remeasurement gains/(loss) of defined benefit plans	34.98	2.04		20.29		(60.85)	
8 Other comprehensive income	34.98	2.04		20.29		(60.85)	

Unaudited Financial Results For Quarter and Nine Months Ended December 31, 2017



INR Lakhs; except as stated

Particulars		Mercator Limited					
		Consolidated					
		Quarter ended			Nine Months Ended		Year ended
		31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
		Unaudited, (Reviewed)	Unaudited, (Reviewed)	Unaudited, (Unreviewed)	Unaudited, (Reviewed)	Unaudited, (Unreviewed)	Audited
1	Income						
	(a) Revenue from operations	20,392.35	27,673.56	58,513.15	78,203.15	166,878.87	211,538.72
	(b) Other income (net)	298.21	408.67	362.79	1,002.96	362.79	1,395.15
	Total Income	20,690.56	28,082.23	58,875.94	79,206.11	167,241.66	212,933.87
2	Expenses						
	(a) Cost of service rendered	16,115.33	19,714.89	40,703.19	56,694.03	109,902.24	138,362.84
	(b) Employee benefits expense	485.09	667.82	981.51	1,810.01	2,831.80	3,599.28
	(c) Finance costs	4,113.90	4,134.86	5,248.11	12,198.57	16,457.19	22,436.08
	(d) Depreciation and amortisation	4,706.72	5,635.46	7,100.30	15,761.75	24,818.25	31,863.65
	(e) Other expenses	5,697.55	2,889.18	828.23	10,146.58	4,097.19	10,754.66
	Total expenses	31,118.59	33,042.21	54,861.34	96,610.94	158,106.67	207,016.51
3	Profit/(loss) from operations before exceptional items and tax (3-4)	(10,428.03)	(4,959.98)	4,014.60	(17,404.83)	9,134.99	5,917.36
4	Exceptional items		-	(915.62)	-	(915.62)	(915.62)
5	Profit/(loss) before tax (3 - 4)	(10,428.03)	(4,959.98)	3,098.98	(17,404.83)	8,219.37	5,001.74
6	Tax expense						
	Current tax	(101.38)	(874.66)	(56.94)	(1,835.03)	(257.10)	(2,002.59)
	Deferred tax (net)	-	(6.00)				(117.65)
7	Net profit/(loss) after tax (5 - 6)	(10,529.41)	(5,840.64)	3,042.04	(19,239.86)	7,962.27	2,881.50
	Other comprehensive income/(expenses) net of tax						
	Items that will not be reclassified to statement of profit and loss						
	Remeasurement gains/(loss) of defined benefit plans	45.84	(11.66)	-	16.40		(43.33)
8	Other comprehensive income	45.84	(11.66)		16.40		(43.33)
9	Total comprehensive income for the period	(10,483.57)	(5,852.30)	3,042.04	(19,223.46)	7,962.27	2,838.17