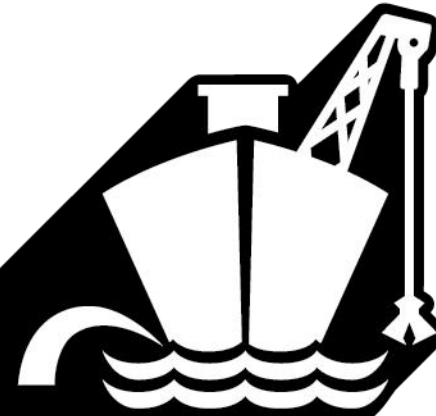


EARNINGS PRESENTATION
Q2FY17



COAL



DREDGING



SHIPPING



OIL & GAS



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STRATEGIC OVERVIEW - Delivering on all fronts

1. **Exiting non-core business** - Dry bulk shipping (Feb'16), MOPU (Dec'16).

2. **Focus on high growth and profitable businesses** - Dredging, Tankers and Oil & Gas.

3. **Deleveraging** - 6% reduction in 1HFY17; Sale of MOPU to reduce debt by further 20%.

4. **Cost reduction and asset sweating** - Improvement in EBITDA margin.



Shalabh Mittal; CEO

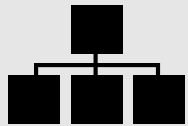
“We are committed to creating a *sustainable business model with a focus on annuity style earnings. Our current divestment is in line with that strategy. The key priority is deleveraging and management decisions are taken with that objective in mind*”

Q2 Performance Highlights



Key Operational Highlights

- Exited Mobile Offshore Production Unit (MOPU) in Nigeria for cash consideration of US\$76mn.
- Tankers and Dredging – all vessels gainfully deployed.
- Rebound in commodity prices supporting coal sales.
- Seasonal higher bunker costs and bunching of maintenance impacted dredging business in Q2.



Key Financial Highlights

- Sequential improvement in profitability driven by Tankers' return from dry docking and higher coal prices.
- Significant reduction in debt; proceeds from sale of MOPU to further reduce debt. Post deal (end Jan 2017) expecting Net Debt (including working capital) to reduce from about Rs24 bn to about Rs 18 bn.

Exiting Non-Core Business – MOPU

Mobile Oil Production Unit

- On 9th Dec, the board approved sale of MOPU deployed in EBOK oil field, Nigeria
- The unit was housed under Mercator Offshore (P) Pte Ltd, a step down subsidiary of Mercator limited
- During FY16, MoPPL had a revenue of INR 375 crore and contributed c.14% of the revenue

Details of Transaction and Buyer

- The unit is being sold for all cash consideration of USD76 mn
- The transaction is expected to be completed by end January 2017
- The unit is being purchased by Oriental Energy Resources Ltd, Nigeria (“Oriental”).

Regulatory Requirements

- The above sale is subject to approvals from specified lenders and shareholders of the company

Financial Rationale

- MOPU was build on 9year charter expiring in FY20. The residual EBITDA possible from the contract till was around US\$97mn.
- The sale at US\$76mn is the NPV of the residual earning potential using discount rate of around 7%.
- The same will be utilized to retire some of the high cost debt of the company.

Deleveraging Status

- Achieved significant debt reduction through business restructuring and internal accruals.
- Net debt reduced by 6% to Rs. 23,860 mn
- MOPU sale proceeds to be used for further debt reduction by Rs5,000mn.
- Efficient working capital management; working capital lower at INR 451 mn

<i>INR MN except as stated</i>	Q2 FY17	Q2FY16	Y-o-Y %	Q1FY17	Q-o-Q %
Long Term Debt	20,740	32,300	-36%	21,900	-5%
Working Capital	4,510	6,630	-32%	4,850	-7%
Cash	1,390	1,480	-6%	1,310	6%
Net Debt	23,860	37,450	-37%	25,440	-6%

Segment Wise Business Performance - Dredging

Operational Highlights

- Seasonally weak quarter, maintenance done
- All dredgers gainfully deployed
- Short term contracts for Karaikal Port and Marmagao Port undertaken

Financial Performance (Q-o-Q Comparison)

- Revenue was higher on account of additional short term contracts undertaken
- EBITDA was lower on account of:
 - Few vessels undergoing routine maintenance
 - Seasonal increase in bunker cost

Financial Performance (Y-o-Y Comparison)

- Revenue lower on account of completion of certain projects

<i>INR MN except as stated</i>	Q2 FY17	Q2FY16	Y-o-Y %	Q1FY17	Q-o-Q %
Revenue	781.8	902.9	-13%	600.9	30%
Expenses	642.1	552.7	16%	334.8	92%
EBITDA	139.7	350.2	-60%	266.1	-48%
PBT	(41.1)	221.2	-119%	101.1	-141%

Outlook

- Bidding for multiple port contracts underway
- Bid pipeline of about Rs 20bn

Segment Wise Business Performance - Tankers

Operational Highlights

- All tankers fully deployed with PSUs and Oil Majors on time charter.

Financial Performance (Q-o-Q Comparison)

- Revenue in Q2FY17 was higher on account of deployment of vessels, few vessels in Q1FY17 were on Dry dock
- EBITDA & PAT were accordingly significantly higher

Financial Performance (Y-o-Y Comparison)

- Revenue higher owing to higher deployment rate
- Optimum EBITDA supporting higher PAT

<i>INR MN except as stated</i>	Q2 FY17	Q2FY16	Y-o-Y %	Q1FY17	Q-o-Q %
Revenue	940.1	847.3	11%	799.1	18%
Expenses	337.4	417.0	-19%	398	-15%
EBITDA	602.7	430.3	40%	401.1	50%
PBT	47.4	7.3	549%	-77	-162%

Outlook

- Vessels coming up for renewals from Q4FY17 onwards
- Spot prices significantly higher than current contract price for VLCC segment

Segment Wise Business Performance – Coal and Logistics

Operational Highlights

- Steady mining operations at mines in Indonesia
- Sales of over 100,000 MT/month
 - Achieved significant operational efficiency
- Higher utilization of Indonesian logistics facilities with over 900,000 MT already handled in H1FY17

Financial Performance (Q-o-Q Comparison)

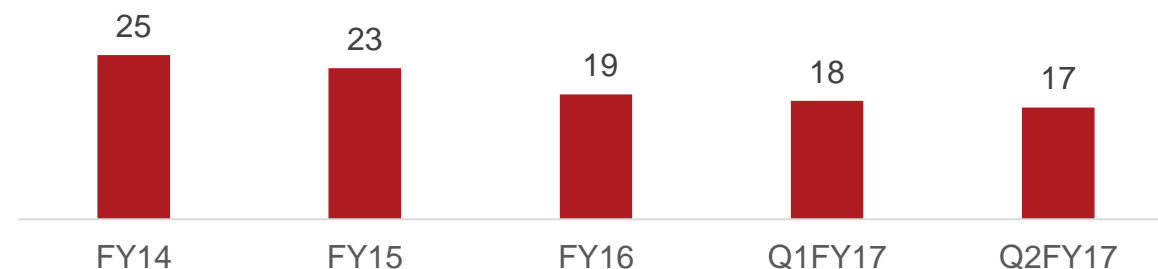
- Revenue was lower on account of lower trading volumes
- Despite lower revenues, profitability was higher on account lower cost & higher margins

Financial Performance (Y-o-Y Comparison)

- Revenue lower on account of lower trading volumes & no handling at Haji Bunder
- Higher EBITDA due to increase in coal sales prices while lowering costs

<i>INR MN except as stated</i>	Q2 FY17	Q2FY16	Y-o-Y %	Q1FY17	Q-o-Q %
Revenue	2,212.5	3,010.0	-26%	3149.3	-30%
Expenses	1,886.1	2,870.2	-34%	2943.9	-36%
EBITDA	326.4	139.8	133%	205.4	59%
PBT	195.4	5.2	3658%	11.5	1599%

KPB Cost/MT (FOB Barge)



Outlook

- Continued to maintain sales volume with steady focus on operational efficiencies
- Stable earnings form logistics facilities

MOPU and Sagar Samrat

- Stable MOPU operations
- Strong focus on Safety - Zero LTIFR
 - MOU signed for sale of MOPU. Deal expected to conclude by end January 2017
- Sagar Samrat EPC project on track for final delivery
 - Special monitoring team in place for ensuring sail-away on time

Cambay and Myanmar Blocks

- Activities in full swing at Cambay blocks
 - Multiple oil wells drilled & more wells planned.
 - Expected oil production to start by Q3FY18.
- Myanmar Blocks still in the initial exploration stage
 - In-house studies being undertaken
 - Detailed prospectively to be assessed

FY18 – Key Priorities

- **De-Leveraging**
 - Exiting non core businesses to further reduce debt
- **Dredging**
 - Key focus area going forward
 - Strategic bidding being undertaken with strong focus on higher profitability
 - Bid pipeline of Rs 20bn
- **Tankers**
 - Negotiations for renewals to commence shortly
 - New contracts expected to be at higher price for VLCC segment
 - Take advantage of lower asset prices and build up asset base
- **Oil and Gas**
 - Superior assets with high quality crude reserves
 - Complete exploration and appraisal commence production activities by FY18
- **Coal**
 - Maintain operational efficiency; rebound in coal prices expected to improve profitability

Consolidated Financial Performance*

Q-O-Q Comparison

- Steady operations at core businesses; revenue lower on account of lower coal trading
- Higher profitability driven by:
 - Improved operational performance at Indonesian Coal operations and tankers business
 - Higher operational efficiencies

Y-o-Y Comparison

- Revenue lower on account
 - Sale of Singapore Dry bulk subsidiary
 - Lower coal trading
 - No coal handling operations at Haji Bunder
 - Lower income booked from Sagar Samrat as project is in final stages
- EBITDA better as operational efficiencies more than offset reduction in revenue
- PAT better on account of better EBITDA and sale of loss making Singapore Dry bulk subsidiary

<i>INR MN except as stated</i>	Q2 FY17	Q2FY16	Y-o-Y %	Q1FY17	Q-o-Q %
Revenue	5,000	6,880	-27%	5,840	-14%
Expenses	3,250	5,710	-43%	4,190	-22%
EBITDA	1,750	1,170	50%	1,650	6%
Interest	570	650	-12%	550	4%
Depreciation	900	1,180	-24%	870	3%
PBT	280	-660	-142%	230	22%
Tax	10	10	0%	10	0%
PAT	270	-670	14%	220	23%
Minority Interest	76	210		55	
Attributable PAT	195	-460	N/A	170	15%

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