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August 13, 2019

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: Press Release

Dear Sir/Madam,

We enclose herewith copy of Press Release for your information and records purpose.

Thanking You

Yours Faithfully,

For **Mercator Limited**

Mercator Limited

Rajendra Kothari
CFO & Compliance Officer

MERCATOR LIMITED
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MERCATOR LIMITED
Q1 FY20 EARNINGS

As a result of the legal dispute in a step-down subsidiary, PT Karya Putra Borneo (KPB) (a material subsidiary in Indonesia), we have not been able to provide audited financial statements of KPB. On account of this, the Company had, for the time being, published/publishing unaudited consolidated financial statements for the year ended 31-March-2019 and quarter ended 30-June-2019. The Company shall publish the audited consolidated financial statements in due course.

Q1 FY20: Key Highlights

- ✓ Q1 FY20 consolidated operating income at INR 147 crores against INR 216 crores in Q1 FY19
- ✓ Positive consolidated adjusted EBIDTA of INR 25 crores in FY20
- ✓ 66% higher sales volume achieved in Coal Mining & Logistics segment @ 1.47 Mn MT during Q1FY20 as compared to 0.88 Mn MT during Q1FY19

Q1 FY20 PAT impacted by:

- ✓ Non-Cash items – Impairment of dredgers by INR 110 Cr
- ✓ Encashment of performance bank guarantees by ONGC by INR 142 Cr (in a 100% subsidiary)

Highlights: **Coal Mining and Logistics**

- ✓ Maintains EBITDA and PAT Positive for Q1 FY20. EBITDA & PAT for Q1 FY20 is 25.03 Cr and 7.89 Cr **Vs** EBITDA & PAT for Q1 FY19 is 37.35 Cr and 8.43 Cr respectively.
- ✓ Q1 Sales volume of own coal @ 0.42 Mn MT in Q1FY20 against 0.43 Mn MT in Q1FY19
- ✓ Maintains 3rd party logistics segment sales at 1+ Mn MT in Q1 FY20 Vs 0.45 Mn Mt in Q1 FY19.
- ✓ EBIDTA reduction, despite similar operating income, is due to reduction in Own Coal realisation avg. US$ 27/MT in Q1 FY20 from US$ 33/MT in Q1 FY19 amid low coal prices. This is offset against higher quantity handled for 3rd party logistics

Highlights: **Oil & Gas**

- ✓ Sold and realized 10,991 barrels of oil to IOCL till date from 1st exploratory well. Discussions on with IOCL for execution of Crude Oil Sales Agreement (COSA) for firm offtake/supply of oil
- ✓ The Company has been in discussion with financial institution's and strategic investors for raising the requisite capex funding required for ramping up of the production to the peak level of ~6000 barrels/day

Highlights: **Shipping**

- ✓ Loss making VLCC sold in April 2019, reducing the debt by around INR 174 crores.
- ✓ All three Tankers are on time charter contract with oil companies
- ✓ Drop in revenues Q-o-Q due to sale of VLGC and an aged MR tanker in fiscal 2019 and VLCC in April-19
- ✓ Achieved strong Adjusted EBITDA margin of 64% as compared to 53% in Q1 of previous fiscal year

Highlights: **Dredging**

- ✓ The Company is in process of monetizing its dredgers in due course while focusing on asset light model by undertaking dredging contracts wherein the work can be accomplished by chartering dredgers
- ✓ Necessary proceedings have been initiated with respect to the insurance claim for the dredger Veera Prem grounded in past on account of natural calamity

Highlights: **EPC**

- ✓ By virtue of the order of Hon'ble Bombay High Court in a 100% subsidiary, Mercator Oil and Gas Ltd (MOGL), debt increased by INR 142 crores in July-19 on account of invocation of Bank Guarantees.
- ✓ Binding Arbitration commenced in Dec-18 raising claims against ONGC for US$ 173 Mn plus, which includes claims for wrongful invocation of abovementioned bank guarantees.

Shalabh Mittal, CEO of Mercator limited commented:
"During this quarter, we have taken firm steps towards further balance sheet de-leveraging with sale of loss making VLCC ship having concluded in Apr-19. Our Coal business showed increasing level of production and performed in-line with our expectation, given the volatility in coal prices witnessed in the year. Our Oil & Gas business remains our growth driver, ramp up of this business is dependent on drilling of developmental wells and is postponed due to delay in tying up Capex funding for which, we are in discussion with potential lenders and strategic partners. We are in active discussion on the proposed Resolution Plan (RP) with all lenders of Mercator Limited for restructuring of our loans to make the company sustainable in the long run.

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