



MERCATOR LINES  
L I M I T E D

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## PRESS RELEASE

### SATISFACTORY PERFORMANCE BY MERCATOR FOR 3<sup>rd</sup> QUARTER & 9 MONTH PERIOD ENDED DECEMBER 2006

#### CONSOLIDATED

Mercator has performed satisfactorily for the nine month period ended 31<sup>st</sup> December 2006. Income from operations is up **36% to Rs. 808.17 crores** as compared to Rs. 593.92 crores. The operating profit is lower by **10% to Rs. 230.80 crores** as against Rs. 254.88 crores as compared to the corresponding period of the previous year. This is on account of the **dry docking expenses** incurred and charged off during the current year amounting to **Rs. 36.66 crores** (previous year NIL). Consequently the contractual obligations were met by chartering in vessels not owned by the company resulting in a much higher operating costs. Similarly, the Profit After Tax is lower at **Rs. 91.62 crores** as against Rs. 135.95 crores. The Company writes off the entire dry docking expenses in the quarter / year in which it is incurred.

Similarly, Mercator Lines on a consolidated basis has put a satisfactory performance during the third quarter of Financial Year 2007. Income from operations **Rs. 247.00 crores**, as compared to Rs. 282.38 crores. The operating profit is **Rs. 75.44 crores** as compared to Rs. 109.37 crores.

The interest cost is lower at **Rs. 20.07 crores** as against Rs. 23.28 crores, compared to the same quarter of the previous year. After charging depreciation of **Rs. 23.45**



**crores**, (Previous year Rs. 26.41 crores), and providing for a higher tax of **Rs. 2.23 crores** (previous year 0.98) Profit After Tax is lower at **29.69 crores** as compared to 58.68 crores.

Lower operating margins and profits is primarily on account of weak freight rates on the wet trades on account of a very mild winter in the Europe and the United States.

We expect the freight rates to firm up in the coming months, as we believe these savings will translate into higher spending on fuel consumptions during summer.

The Company in its endeavour to remain a dominant player in the Geared Grabber Panamax Segment contracted for the acquisition of two Kamsarmaxes of DWT 84,000 through its wholly owned subsidiary, pursuant to which, one has been delivered in January 2007 and the other would be delivered in July 2007. With this acquisition, the Company continues to maintain its dominance in the Geared Grabber Panamax segment.

India continues to import large quantities of coal and with the implementation of the mega power plants at a faster pace, India's coal imports would increase substantially. We expect the dry bulk freight rates to remain firm on a medium to long-term basis.

  
**Jayesh Doshi**  
**Chief Financial Officer**

January 30, 2007