

NEWS RELEASE

MERCATOR REPORTS CLOSE TO 3-FOLD JUMP IN NET PROFIT TO RS. 370 CRORE, SUPPORTED BY GROWING FLEET, BUOYANT SHIPPING DEMAND AND FIRM FREIGHT RATES IN DRY CARRIERS SEGMENT.

- Shipping Revenue increases 30% to Rs. 1455 cr.
- Net profit up by 175%
- Vessel Operating Days rose by 20% to 9680 in FY 2008
- Proposes dividend of Rs 1.10 per share

Mr H K Mittal, Executive Chairman, of Mercator Lines Limited said, “We are delighted to report a strong set of financial results for FY2008. Notwithstanding the volatility in the freight rates, Mercator has delivered a good results, affirming that our 70:30 strategy of long term vs short term charters is a winning strategy. Operationally, we have performed very well, with over 95% fleet utilization. Our strong growth confirms the soundness and viability of our business model.”

Mumbai, May 14, 2008 – Mercator Lines Limited, India’s 2nd largest private sector shipping company, has posted good results for the year ended March 2008 (FY 2008).

On consolidated basis the Company has achieved 30% higher income from operations at Rs. 1455 crore during FY 2008 as against Rs.1123 crores in FY 2007. Operating Profit (PBIDTA) for FY 2008 has grown by 123% at Rs. 721 crores against Rs. 323 crores in FY 2007. In spite of 79% increase in financial cost of Rs. 145 crores and 61% higher depreciation of Rs. 167 crores, the Net Profit (PAT) after minority interest of Rs. 30 crores has registered impressive growth of 175% at Rs. 370 crores from Rs. 135 crores.

TCE (Time Charter Equivalent) rate per vessel per day increased by 57% to US\$ 38,322 and total no. of vessel operating days increased by 19% to 3820 days in respect of dry carriers, for the year ended 31st March, '08.

TCE (Time Charter Equivalent) rate per vessel per day reduced by 8% to US\$ 24,467/- and total no. of vessel operating days increased by 16% to 5589 days in respect of tankers, for the year ended 31st March, '08.

“Our owned fleet grew from 13 to 20 during the year ended 31st March 2008. During the year, we also forayed into dredging segment by acquiring 3 dredgers. Our own fleet now comprises of 9 tankers with a combined capacity of 1044273 dwt, 8 dry bulkers with a combined capacity of 612391 dwt and 3 dredgers with a combined capacity of 20000 CBM.

In December '07, one of its subsidiaries Mercator Lines (Singapore) Ltd. (defined as MLS) made a maiden offering in Singapore. The Company is listed on the main board of Singapore Stock Exchange. Through this IPO, MLS raised USD 181.80 Mn. (including conversion of FCCB Bond 'A')

As at March 31, 2008, the Group maintained a strong balance sheet and working capital position with approximately Rs. 857 Crores cash and cash equivalents. In line with its strong set of results, MLL has proposed a dividend of 110%.

Strategies and Future Plans

During the year, the Company has forayed into dredging by acquiring 3 dredgers. All the 3 dredgers have been employed with Dredging Corporation of India. We believe that dredging segment has a great future in India due to the increased port development activity.

The delivery of the JACK-UP rig is as scheduled and we have already fixed the employment of the rig for a tenure of 3 years.

As a backward integration process, the Company has forayed into coal mines through its network of subsidiaries and has acquired economic interest in 2 coal licences in Indonesia and 1 licence in Mozambique. The coal resources in Indonesia are about 15 Mn. tonnes and in Mozambique are about 3 Bn tonnes. The work in Indonesia is in an advanced stage and the operating revenues would be generated in the financial year 2008-09.

Prospects

About Mercator Lines Limited

Mercator Lines Limited is one of the largest and fastest growing shipping companies in India and also has a global presence through its subsidiary in Singapore viz Mercator Lines (Singapore) Ltd,

Mercator Lines Limited (“MLL India”), the second largest private sector shipping company in India (by aggregate fleet tonnage capacity), the Group also provides its customers with complete and customised logistics solutions from the load port to the point of usage. MLL operates a fleet of 12 dry carriers and 13 tankers and 3 dredgers. The Group services large thermal-based power plants, steel companies, refineries and has established strong relationships with its customers, including reputable names such as Arcelor Mittal Group, Tata Power, IOC and MRPL. Mercator derives its revenue largely from long term fixed rate contracts, specifically time charters and contracts of affreightment (“COAs”).

Mercator Lines has an uninterrupted dividend record since its listing on the Stock Exchange Mumbai in 1993.

For Mercator Lines Ltd.

Atul J. Agarwal
Managing Director
Mumbai, May 14, 2008