

Mercator Limited

December 14, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	959.53	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	150.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	1,109.53 (Rs. One Thousand One Hundred Nine Crore and Fifty-Three Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 21, 2020, placed the rating(s) of Mercator limited (ML) under the 'issuer non-cooperating' category as ML had failed to provide information for monitoring of the rating. ML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated August 07, 2021, August 17, 2021, August 24, 2021 and August 25, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in servicing of debt obligation: The ratings consider the ongoing delays in debt servicing owing to the stretched liquidity position.

Analytical approach: Consolidated

CARE has analysed ML's credit profile considering the consolidated business profile and financial statements of the company owing to the strong operating and financial linkages between the parent (India operations) and subsidiaries (global operations).

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Service Sector Companies](#)

[CARE's Methodology for Short-term Instruments](#)

[Financial ratios \(Non-Financial Sector\)](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Methodology: Consolidation](#)

About the Company

Mercator Limited (ML) along with its subsidiaries is a diversified group engaged in shipping (dry bulk, wet bulk and dredging), gas, coal mining and E&P activities. ML commenced business as a shipping company in 1984 (taken over by present promoters in FY1989) and has over the years, through its subsidiaries, diversified into various other sectors like coal mining and logistics, E&P and dredging.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	H1FY22 (UA)
Total operating income	653.99	412.59	6.28
PBILDT	38.26	26.15	4.66
PAT	-909.53	-319.67	3.42
Overall gearing (times)	NM	NM	-
Interest coverage (times)	NM	0.09	-

A: Audited, UA: Unaudited

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE publications

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-BG/LC		-	-	-	150.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	-	653.97	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT-Letter of credit		-	-	-	255.56	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Non-fund-based - ST-BG/LC	ST	150.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (21-Sep-20)	1)CARE D; ISSUER NOT COOPERATING* (11-Jul-19) 2)CARE D (03-Apr-19)	1)CARE A4 (04-Oct-18) 2)CARE A3 (06-Jun-18) 3)CARE A3+ (09-May-18)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (09-May-18)
3	Fund-based - LT-Cash Credit	LT	50.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (21-Sep-20)	1)CARE D; ISSUER NOT COOPERATING* (11-Jul-19) 2)CARE D (03-Apr-19)	1)CARE C; Stable (04-Oct-18) 2)CARE BBB; Negative (06-Jun-18) 3)CARE BBB+; Negative (09-May-18)
4	Fund-based - LT-Term Loan	LT	653.97	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING*	1)CARE D; ISSUER NOT COOPERATING*	1)CARE D (04-Oct-18) 2)CARE

						(21-Sep-20)	(11-Jul-19) 2)CARE D (03-Apr-19)	BBB; Negative (06-Jun-18) 3)CARE BBB+; Negative (09-May-18)
5	Non-fund-based - LT-Letter of credit	LT	255.56	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (21-Sep-20)	1)CARE D; ISSUER NOT COOPERATING * (11-Jul-19) 2)CARE D (03-Apr-19)	1)CARE C; Stable (04-Oct-18) 2)CARE BBB; Negative (06-Jun-18) 3)CARE BBB+; Negative (09-May-18)

*Issuer did not cooperate; Based on best available information

Annexure 3: Covenants of rated instrument/facility: Not Available

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Letter of credit	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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