

Mercator limited

September 21, 2020

Ratings

Facilities/Instruments*	Volume (Rs. Cr)	Rating ¹	Rating action
Long term- Cash credit	50.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Long Term Loan	653.97	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Long Term- LC (Non- fund based)	255.56	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Short Term LC/ BG	150.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	Rs.1109.53 (Rs. One thousand one hundred and nine crore and fifty-three lakhs only)		

*Details of instruments/facilities in annexure 1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Mercator Limited to monitor the ratings vide e-mail communications dated September 02, 2020, September 03, 2020, and September 04, 2020. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Mercator Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

The ratings take into account the ongoing delays in debt servicing owing to the strained liquidity position.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in debt-servicing obligations: The ratings of Mercator Limited continue to reflect the on-going delays in servicing of debt obligations by the company.

Analytical approach: Consolidated

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Policy on Default Recognition](#)

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 FY89) and has over the years, through its subsidiaries, diversified into various other sectors like coal mining and logistics, E&P and dredging. Huge accumulated losses and significant losses in the current period have completely eroded the net worth.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

* Issuer did not cooperate; based on best available information

Brief Financials (Rs. crore)	FY19 (A)	FY20(A)
Total operating income	386.76	653.99
PBILDT	47.03	38.26
PAT	-511.45	-909.53
Overall gearing (times)	4.74	NM
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

Any other information: Not Applicable

Rating History: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	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*

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Non-fund-based - ST-BG/LC	ST	150.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE A3+ (26-Feb-18) 2)CARE A3+ (22-Sep-17)
2.	Debentures- Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (09-May-18)	1)CARE BBB+; Negative (26-Feb-18) 2)CARE BBB+; Stable (22-Sep-17)

3.	Fund-based - LT-Cash Credit	LT	50.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE BBB+; Negative (26-Feb-18) 2)CARE BBB+; Stable (22-Sep-17)
4.	Fund-based - LT-Term Loan	LT	653.9	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (11-Jul-19) 2)CARE D (03-Apr-19)	1)CARE D (04-Oct-18) 2)CARE BBB; Negative (06-Jun-18) 3)CARE BBB+; Negative (09-May-18)	1)CARE BBB+; Negative (26-Feb-18) 2)CARE BBB+; Stable (22-Sep-17)
5.	Non-fund-based - LT-Letter of credit	LT	255.56	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE BBB+; Negative (26-Feb-18) 2)CARE BBB+; Stable (22-Sep-17)

*Issuer did not cooperate; based on best available information

Annexure-3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the 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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com 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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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