

Mercator Limited

July 11, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	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-LOU (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 (Non Fund Based)	150.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating Based on best available information
Total	1109.53 (Rs. One Thousand one hundred nine crore and fifty three lakhs only)		

Detailed Rationale & Key Rating Drivers

Mercator Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. 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).

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 on account of cash flow mismatch.

Analytical approach: Consolidated

Applicable Criteria

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

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology-Manufacturing Companies](#)

About the Company

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, trading and logistics, E&P and dredging.

During February 2018, the company has announced de-merger of the dredging segment of the company into another listed entity. The merger is subject to shareholders' and various other regulatory approvals.

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

*Issuer did not cooperate; Based on best available information

Brief Financials (Rs. crore)	FY18 (A)	FY19 (Abridged)
Total operating income	1010.68	1032.6
PBILD	245.22	-50.08
PAT	-277.55	-836.21
Overall gearing (times)	1.72	NM
Interest coverage (times)	NM	NM

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: 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
Fund-based - LT-Term Loan	-	-	March 2025	653.97	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non Fund based-ST-BG/LC	-	-	-	150.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund based-LT-Cash Credit	-	-	-	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non Fund based-LT-Letter of Credit	-	-	-	255.56	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - ST-BG/LC	ST	150.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)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)	1)CARE A3+ (Under Credit watch with Developing Implications) (30-Dec-16) 2)CARE A3+ (14-Oct-16)
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)	1)CARE BBB (Under Credit watch with Developing Implications) (05-Jan-17) 2)CARE BBB (14-Oct-16)
3.	Fund-based - LT-Cash Credit	LT	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)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)	1)CARE BBB (Under Credit watch with Developing Implications) (30-Dec-16) 2)CARE BBB (14-Oct-16)
4.	Fund-based - LT-Term Loan	LT	653.97	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)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)	1)CARE BBB (Under Credit watch with Developing Implications) (30-Dec-16) 2)CARE BBB (14-Oct-16)
5.	Non-fund-based - LT-Letter of credit	LT	255.56	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)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)	1)CARE BBB (Under Credit watch with Developing Implications) (30-Dec-16) 2)CARE BBB (14-Oct-16)

*Issuer did not cooperate; Based on best available information

Annexure-3:List of subsidiary companies

Sr. No.	Company	ML's holding as on March 31, 2018 (%)
1	Mercator Oil & Gas Ltd.	100
2	Mercator Petroleum Ltd.	87.75
3	Mercator Dredging Pvt. Ltd.	100
4	Oorja Resources India Ltd.	100
5	Mercator Oceantransport Ltd.	100
6	Mercator international Pte. Ltd	100
7	Offshore Holdings Co. Pte. Ltd.	100
8	Mercator Energy Pte. Ltd.	75
9	Oorja Holdings Pte. Ltd.	100
10	Oorja 1 Pte. Ltd.	100
11	Oorja 2 Pte. Ltd.	100
12	Oorja 3 Pte. Ltd.	100
13	Panther Resources Pte. Ltd.	100
14	Oorja Mocambique Ltd.	100
15	Broadtec Mocambique Minas Ltd.	85
16	PT Oorja Indo Petangis Four	100
17	PT Oorja Indo Petangis Three	100
18	PT Oorja Indo KGS	100
19	MCS Holdings Pte. Ltd.	100
20	PT Mincon Indo Resoruces	100
21	Mercator Offshore (p) Pte Ltd.	76.25
22	Oorja (Batua) Pte Ltd.	100
23	PT Bima Gema Permata	100
24	PT Nuansa SAKTI kencana	100
25	PT Karya Putra Borneo	45
26	PT Indo Perkasa	22.95
27	Mercator Projects Pte. Ltd.	75
28	Mercator Offshore Assets Holding Pte Ltd.	75
29	Mercator Okwok FPU Pte. Ltd.	75
30	Mercator Okoro FPU Pte. Ltd.	75
31	Brio Resources Pte Ltd.	100
32	Marvel Value International Ltd.	100
33	MCS Investment & Trading Ltd.	100

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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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