



## **Mercator Lines (Singapore) Limited**

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## **NEWS RELEASE**

### **MERCATOR SINGAPORE EXPANDS THE FLEET SIZE BY TAKING DELIVERY OF A POST PANAMAX VESSEL**

- **Increases owned fleet to Fourteen vessels**
- **Deployed on 71-74 months time charter contract at USD 21,400/ day**

*Singapore, Jan 25, 2011* –Mercator Lines (Singapore) Limited (“Mercator”), a leading Indian-owned international dry bulk shipping company focused on markets such as India, Indonesia and China, is pleased to announce that it has taken delivery of a gearless Post Panamax bulk carrier. The vessel has been acquired by Chitra Prem Pte. Limited which is a wholly owned subsidiary of Mercator.

The vessel built in 2010 by New Yangzi Shipbuilding Co. Ltd, China, has a capacity of about 93,200 DWT and was acquired at a total consideration price of approximately US\$ 45.5 million, funded through a mix of internal accruals and borrowed funds. The vessel has been fixed on a long term time charter contract with a reputed customer at a daily hire of USD 21,400 per day for 71-74 months. This contract would bring in revenues of about USD 47 million over the next six years.

The time charter contract is in line with the company’s strategy of locking substantial part of its capacity on long term period business. This strategy helps ensures revenue stability and maintains cash flow visibility.

With this acquisition, Mercator would operate a fleet of 17 dry bulk vessels, fourteen owned and three chartered in comprising geared and gearless Panamaxes, Post Panamaxes and a Very Large Ore Carrier (VLOC) with an aggregate capacity of around 1.5 million DWT. The acquisition of this vessel brings in diversity to the revenue stream and de-risks the operating risk associated with operation of vessels.

Said Mr. Shalabh Mittal, Managing Director and Chief Executive Officer of Mercator, “With the purchase of this vessel, we have expanded by three vessels in 2010-11 with a Capital expenditure of USD 105.5 million effectively using our strong cash accruals.

We are happy that our acquisition has come at a time when the asset prices are attractive. Given the long term deployment for the new vessel in the fleet we would recover a major portion of our investment during the six year charter.” concluded Mr. Mittal.

### **About Mercator Lines (Singapore) Limited**

Mercator, which commenced operations in 2005, has established a market presence in the Indian coal transport market, specializing in the transportation of dry bulk commodities such as coal into India from Australia and Indonesia, and iron ore from India to countries such as China. Mercator’s positioning in the Indian markets helps maximize the capacity usage efficiencies by using its ships on the triangular route of Indonesia – India – China – Indonesia. With exposure to the infrastructure sectors like Steel and Power of India and China, Mercator is well positioned to benefit from the strong growth of these countries.

With the strong support of its ultimate parent company, Mercator Lines Limited (“MLL India”), the second largest private sector shipping company in India (by aggregate fleet tonnage capacity), Mercator also provides its customers with complete and customized logistics solutions from the load port to the point of usage.

The Group services primarily large thermal-based power plants and steel companies, and has established strong relationships with its reputed end user customers such as Vale, Tata Power, Arcelor Mittal Group, COSCO Group to name a few. Mercator 's strategy is to employ a large part of its fleet on long-term contracts, specifically time charters and contracts of affreightment ("COAs")/consecutive voyage ("CV") contracts. Its long term fixed rate contracts, ranging from 11 months to 5 years and above, ensures revenue stability and cash flow visibility.

With this acquisition Mercator operates a fleet of seventeen dry bulk vessels, fourteen owned and three chartered-in, comprising of geared and gearless Panamax/Post Panamaxes/Kamsarmaxes and a Very Large Ore Carrier (VLOC) with an aggregate capacity of about 1.5 million dwt. The average age of Mercator's fleet is about 7 years while the global dry bulk fleet is approximately 16 years. The geared Panamaxes with cranes built on them gives Mercator the competitive advantage in ports that have underdeveloped infrastructure such as in India and Indonesia where cranes are required to lift the cargo from the vessel to the barge.

The company derives its revenue largely from long term fixed rate contracts, specifically time charters and contracts of affreightment ("COAs"). Ranging from 11 months to 5 years and above, Mercator's long term fixed rate contracts ensures revenue visibility.

Corporate Governance has always been of utmost importance for Mercator. Company's endeavors in this areas were recognized by way of Singapore Corporate Award for the Best Annual report award (Bronze) for the year 2009 presented by the esteem Business Times. The company ranked 23<sup>rd</sup> among 680 public listed companies in Governance and Transparency Index (GTI) in the Issue-3 exercise jointly conducted by The Business Times and the Corporate Governance and Financial Reporting Centre(CGFRC) at National University of Singapore (NUS), recently released in April 2010. This puts the company among the most elite companies in Singapore in terms of corporate governance.

In keeping with the spirit of winning accolades, the company was recently awarded the prestigious Emerging India Awards (EIA) under the category of "Global Entrepreneur of the Year" award organized by CNBC-TV18 and ICICI Bank, India. The awards are based on a rigorous evaluation of the entries by CRISIL, the Indian subsidiary of Standard & Poor's, and a panel of eminent personalities and seek to identify and honor Emerging companies who are competing and winning in the global marketplace.

Helmed by an experienced management team with in-depth understanding of the industry, a wide network of customer contacts and diligent risk management practices, Mercator has been able to make proactive business decisions and well-timed fleet expansion to achieve continuous growth since its inception.

None of the agencies other than Mercator Lines (Singapore) Limited assumes responsibilities for contents of this announcement.

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