MERCATOR LINES
L I M I T E D

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7th September, 2010

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra - Kurla Complex,
Bandra (E) Mumbai-400 051.

RE: Company Code: 526235

SUB: Outcome of Annual General Meeting

Dear Sir,

This is to inform you that the members of the Company in their 26th Annual General Meeting held today; have approved following unanimously:

1. Adoption of the Audited Balance Sheet as at 31st March 2010, the Audited Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon, standalone as well as consolidated.

2. Declaration of dividend @ Re. 0.20/- on equity shares of Re. 1/- each.

3. Re-appointment of Mr. Manohar Bidaye as Director of the Company.

4. Re-appointment of M/s. Contractor Nayak & Kishnadwala as Auditors of the Company.

5. Appointment of Mr. Kapil Garg as Director of the Company.

6. Revision in tenure and remuneration and re-appointment of Mr. H. K. Mittal as Executive Chairman of the Company.

7. Revision in tenure and remuneration and re-appointment of Mr. A. J. Agarwal as Managing Director of the Company.

We also enclose herewith 6 copies of the Chairman's Speech delivered at the said Annual General Meeting.

Please acknowledge and take the same on record.

Thanking you,

Yours faithfully,
For **Mercator Lines Limited**

Suchita Shirambekar
Company Secretary
& Compliance Officer

MERCATOR LINES
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Chairman's Speech

Dear Members and my colleagues on the Board, it gives me immense pleasure to welcome you all at this 26th Annual General Meeting of your Company and it's my privilege to address you today.

As was the case with all shipping companies globally, we also had to withstand the repercussions of the last year's economic meltdown. But I must state that even under the adverse circumstances, performance of the group was encouraging. We have strictly adhered to a sound business hedging strategy by employing at least 70% of our shipping assets on long term charter hires. This policy has helped your company in generating consistent cash flows even during the hard times.

Your company had the vision to realize importance of de-risking itself from any such downturn and had strategically ventured about 3 years back into new business verticals related to shipping. Mercator has already established itself as a prominent player in coal mining which is an upstream business of dry bulk cargo carriers, offshore oil drilling which is an upstream business of liquid cargo carriers and dredging which is an imminent requirement for sustaining sea ports and facilitating the growing Indian maritime trade.

The Board of Directors of your company has decided to recommend a dividend of 20% on equity share. Further, I am proud to share with you that Mercator Lines (Singapore) Ltd., our listed subsidiary in Singapore has won Best Annual Report Award from Singapore Corporate Awards for the second consecutive year. It also scaled up to 23rd rank in the Corporate Governance Index from 266th in just one year.

Now let me run through the business prospects of our various segments.

In tankers segment, the market was reeling under the economic slowdown with a few spikes in the previous year. The result was lower charter earnings but you will appreciate the situation was beyond our control. Globally, tanker market is still weak and is expected to remain soft for some more time especially due to economic troubles in the US economy which is even now unable to completely bounce back. However, with the onset of winter season the fuel demand is likely to grow and will provide the much required impetus. It is further noteworthy that your company's entire fleet is double hulled and will not need to be replaced for the next 9 years.

Dear Members, in another milestone, we inked a long-term contract to Charter out a "Floating Production Unit" consisting of 'Mobile Offshore Production Unit' and a 'Floating Storage and Offloading Unit' for a period of 7 years. Further, our "Floating Storage and Offloading Unit (FSO)" contract also has been renewed for another 5 years. This clearly shows the trust bestowed by the clients in our strong project execution capabilities. The management is putting extra efforts to further grow in this segment. We have already commenced preliminary works at the Cambay oil blocks which your Company won in NELP VII.

The dry bulk segment continued to remain volatile throughout the last fiscal year. For FY 2009-10 the average time charter yield were lower than in FY 2008-09, as the dry bulk market was very high in the first half of FY '08-'09.For the coming years, we foresee huge demand in dry bulk segment. One major factor for this jump in demand is commissioning of a number of coal based power projects in India. We have recently entered into a four year contract with the state owned Sri Lankan company for meeting their coal requirements of a thermal power plant.

In coal mining segment, we are very bullish and would increase our coal production targets. The company is totally geared up to take full advantage of the expected increase in thermal coal demand to 200 Mn Tonnes per annum over the next 5 years from the existent 50 Mn tonnes. Such an increase will result in huge demand for coal which in turn will lead to additional requirement for dry cargo vessels. Our Q1 results of FY 2010-11 demonstrate our increasing strength in the coal segment.

To cater to such a huge growth in coal imports and facilitate movement of larger size bulk carriers into the ports, large port development projects will need to be executed. This will in turn require both capital and maintenance dredging works. To fulfill this demand, your company has plans of supplementing its dredging fleet in next few years. We started our first dredging assignment by carrying out deepening of the Sethusamudram ship channel. Your company has now started winning work assignments directly from the port authorities. Recently, your company completed the maintenance dredging works for the Indian Navy which was executed without any delays and to the full satisfaction of the client. We are now confident of winning large dredging works in India which are due to be awarded within this year.

Dear Members, you will be pleased to note that during the current financial year; Mercator Lines has achieved growth of 36% in topline and 39% in bottom line for the quarter ended on June 2010 on year on year basis. For first quarter of FY 2010-11, we have reported an eight-fold increase in revenues from the non-shipping businesses. Contribution of shipping business in the turnover for Q1 of current fiscal stands at 51%. Even though we have strategic fleet expansion plans, the company with its vision of a holistic expansion, to overcome the shipping cyclicity, will see revenues rising from non-shipping business verticals and this may be as high as 70% of the groups's annual turnover.

With these thoughts and apprising you of our growth strategies, I express my wholehearted gratitude to our investors and public at large who have shown trust in our business capabilities. I am joined by my colleagues on the board to express my thankfulness towards various ministries, government functionaries, financial institutions, banks and our business partners for their active support over the years.

Yours Sincerely
H.K.Mittal
September 7, 2010