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12th August 2014

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

Kind Attn: Mr. Rajendra Bhosale, Asst. Manager

Dear Sir,

This refers to your email dated 11th August 2014 seeking clarification on news item that appeared in DNA captioned "Mercator Lines $ 1 B splash in Oil & Gas".

Our comments on the article, are as under:

- Over the last few years Mercator Group has diversified into the Oil and Gas business. Mercator has its own Exploration and Production (E&P) activities as well as EPCIC expertise.

  Under E&P, the Company through its subsidiary, Mercator Petroleum Ltd. (MPL), has been awarded two oil blocks in Cambay Basin Gujarat, India under NELP-VII program by the Govt. of India. MPL has signed Product Sharing Contract (PSC) with Govt. of India in FY 2009. Exploration activities have been commenced during FY 2011. Currently MPL is carrying out drilling operations. Further, MPL has been chosen as a selected candidate for 2 offshore oil blocks in Myanmar.

  Under EPCIC, the Company, through its subsidiary, Mercator Offshore (P) Pte. Ltd. (MOPPL) has built a MOPU and FSO (collectively called FPU) and is providing operation and maintenance services at EBOK field in Nigeria under a long term contract.

  Under EPC, the Company, through its subsidiary, Mercator Oil & Gas Ltd. (MOGL) is currently executing an EPC contract awarded to it by ONGC Ltd. for conversion of their Mobile Offshore Drilling Unit ("MODU") 'Sagar Samrat' into a MOPU.

  The Company's Board,at an appropriate time, considers and decides upon further plans keeping in mind the existing operations, future prospects, funding requirements etc. However, as on date no decision regarding either merger or listing of any group company has been taken.

- The Company's Oil and Gas operations are carried out through subsidiaries within India and overseas. The company has no plans for shifting the Indian operations to Singapore. However, considering the nature of the oil and gas industry, availability of FX financing options, proximity to oil and gasmarkets and availability of skilled manpower and human resources, going forward there may be greater focus on overseas oil and gas operations.

- The change in the shareholding pattern of MPL was disclosed to the Stock Exchanges vide our Letter dated 23rd June 2014.

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- Mercator Energy Pte. Ltd. (MEPL)'s business operations and its entering into a facility agreement for USD 55 mn was disclosed to the Stock Exchanges vide our Letter dated 4th June 2014.

- The FCCBs were allotted by the Company on 23rd May 2014. On 4th June 2014 AION Direct Pvt. Ltd. has disclosed to Stock Exchanges under regulation 29 (1) of SEBI (SAST) Regulation 2011 regarding acquisition of bonds from open market.

- We have reported to the Stock Exchanges vide our Letter No- ML:DD:JL:910 dated 31.03.2014 that MPL in consortium with Oil India Ltd., and others, has been chosen as the selected candidate by the Ministry of Energy of the Republic of the Union of Myanmar, for two shallow water offshore oil blocks, in the Myanmar Offshore Block Bidding Round - 2013.

- The fact that "MOPU is on long term charter to Afren Resources, Nigeria" has already been disclosed to Stock Exchanges in 2010. As for the two new MOPUs, currently there are no binding contracts either with Afren or with the shipyard, Keppel.

- The acquisition of a VLGC was informed to Stock Exchanges vide our Letter No. ML:DD:J:899 dated 20th March 2014.

- The Company has secured a long term charter for the VLGC in its ordinary course of business.

- The report on the market cap appears to be based on market information.

Hope, this clarifies the matter.

Please acknowledge.

Thanking you,

Yours faithfully,
For Mercator Limited

Amruta Sant
Company Secretary