



MERCATOR LINES
L I M I T E D

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PRESS RELEASE

MERCATOR LINES PERFORMS WELL FOR 2Q ENDED SEPTEMBER 2006

SALES up 65% at Rs. 295.74 crores

OPERATING PROFIT up 10% to Rs. 81.93 crores

PROFIT BEFORE TAX UP 9% to Rs. 36.8 crores

CONSOLIDATED

Mercator Lines on a consolidated basis has performed well during the second quarter of Financial Year 2007. Income from operations is up **65% to Rs. 295.74 crores**, as compared to Rs. 178.99 crores. The operating profit is up **10% to Rs. 81.93 crores** as compared to Rs. 74.18 crores.

The interest cost is Rs. 19.73 crores as against Rs. 17.53 crores, **an increase of 12%** as compared to the same quarter of the previous year. In spite of a higher depreciation of **Rs. 25.39 crores**, (Previous year Rs. 22.83 crores), the profit before tax is up **9% flat at Rs. 36.80 crores** as compared to 33.83 crores in the same quarter of the previous year. After providing for a higher tax of Rs. 1.65 crores (previous year NIL) Profit After Tax is flat at 35.13 crores as compared to 35.34 crores.


Correspondingly for the half year ended 30th September 2006, the income from operations is up **76% to Rs. 561.16 crores** as compared to **Rs. 319.56 crores**. The operating profit is up by **7% to Rs. 155.36 crores** as against Rs. 145.41 crores in the corresponding quarter of the previous year.



However, the profit after tax is marginally lower at **Rs. 61.93 crores** as against **Rs. 77.27 crores** on account of higher interest and depreciation costs and Dry docking expenses of **Rs. 26.08 crores (Previous year NIL)** which have been fully written off during the period under review.

The Company completed its first year of operations in the Dry Bulk Segment, wherein it had acquired 9 Bulk Carriers on long-term Time Charter last year. The strategic decision of the Company to enter the dry bulk segment has been vindicated. The Company would continue to be a dominant player in the Panamax Geared Grabber segment.

India and China continue to grow at a fast pace. The Industrial growth in both the countries is over double digit, resulting in, higher input requirements. Also, India remains a large importer of coal on account of implementation of mega power station and higher steel production. We expect freight to continue to remain firm on a medium to long term basis.


Jayesh Doshi
Chief Financial Officer