



MERCATOR

MERCATOR LINES (SINGAPORE) LIMITED
(Company Registration No. 200507205N)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mercator Lines (Singapore) Limited (the “**Company**”) will be held at Meeting Room, Libra & Gemini, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, July 25, 2013 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company and the Group for the financial year ended March 31, 2013 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who retire and being eligible, offer themselves for re-election, pursuant to Articles 91 of the Articles of Association:

Mr Harish Kumar Mittal *

(Resolution 2)

**Mr Harish Kumar Mittal will, upon re-election as Director of the Company, remain as Chairman & Non-executive Director and member of Compensation Committee and will be considered non-independent.*

Mr Atul J. Agarwal *

(Resolution 3)

**Mr Atul J. Agarwal will, upon re-election as Director of the Company, remain as Non-executive Director and member of Executive Committee and will be considered non-independent.*

3. To re-appoint Mr Arul Chandran, Director of the Company retiring pursuant to Section 153(6) of the Companies Act, Chapter. 50, who is over 70 years of age, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

[See Explanatory Note (i)]

(Resolution 4)

4. To approve the payment of Directors’ fees of S\$395,000 for the financial year ending March 31, 2014 to be paid quarterly in arrears. (March 2013: S\$395,000) **(Resolution 5)**
5. To re-appoint Messrs Deloitte & Touche LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS A SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force, (the "Share Issue Mandate")

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

(Resolution 7)

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix for Renewal of Shareholders' Mandate for Interested Person Transactions ("Appendix IPT") any party who is of the class of Interested Persons described in the Appendix IPT, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Appendix IPT (the "IPT Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider desirable, expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT mandate and/or this Resolution.

[See Explanatory Note (iii)]

(Resolution 8)

By Order of the Board

Mythili Girish

Company Secretary

Singapore, July 10, 2013

Explanatory Notes:

- (i) The effect of the Ordinary Resolution 4 above, is to re-appoint a Director of the Company who is over 70 years of age, who is retiring at this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter. 50. Mr Arul Chandran will, upon re-appointment as a Director of the Company, remain a member of the Compensation Committee, Nominating Committee and Executive Committee and will be considered independent.
- (ii) The Resolution 7, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to existing shareholders of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.
- (iii) Resolution 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix IPT and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is earlier.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 9 Temasek Boulevard #42-02, Suntec Tower 2, Singapore 038989 or at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.



MERCATOR

MERCATOR LINES (SINGAPORE) LIMITED
(Company Registration No. 200507205N)
(Incorporated in the Republic of Singapore)

DIRECTORS

Harish Kumar Mittal (Chairman and Non-executive Director)
Shalabh Mittal (Managing Director and Chief Executive Officer)
Arul Chandran (Independent Director)
Atul J. Agarwal (Non-executive Director)
Huang Yuan Chiang (Lead Independent Director)
John Walter Sinders Jr. (Independent Director)
Pushpatraj Shival Shah (Non-executive Director)

REGISTERED OFFICE

9 Temasek Boulevard
#42-02 Suntec Tower 2
Singapore 038989

TO: THE SHAREHOLDERS AND DEPOSITORS OF MERCATOR LINES (SINGAPORE) LIMITED

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS ("IPT MANDATE")

1. INTRODUCTION

The Directors of Mercator Lines (Singapore) Limited (the "Company" or "Mercator Lines") propose to renew the IPT Mandate that will permit the Group to enter into certain transactions disclosed in this Letter.

The purpose of this Letter is to provide the shareholders of the Company (the "Shareholders") with the relevant information relating to the renewal of the IPT Mandate. The approval of Shareholders for the renewal of the IPT Mandate will be sought at the Annual General Meeting of the Company to be held at Meeting Room, Libra & Gemini, Level 1, Marina Mandarin Singapore, 6, Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, July 25, 2013 at 4.00 p.m. (the "FY2013 AGM").

2. BACKGROUND

2.1 Listing Manual requirements

Chapter 9 of the SGX-ST Listing Manual applies to transactions which a listed company or any of its subsidiaries or Associated Companies propose to enter into transactions with an Interested Person of the listed company. An "Interested Person" is defined to mean a Director, Chief Executive Officer or Controlling Shareholder of the listed company or an Associate of such Director, Chief Executive Officer or Controlling Shareholder. With respect to the definitions of the terms "Associate", "Associated Company" and "Controlling Shareholder", please refer to the attached Schedule.

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, Shareholders' approval and/or an immediate announcement is required in respect of transactions with Interested Persons if the value of the transactions is equal to or exceeds certain financial thresholds. Specifically, an immediate announcement is required for the following transactions of certain materiality where:

- (a) the value of a proposed transaction is equal to or exceeds 3% of the group's latest audited net tangible assets ("NTA"); or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same Interested Person during the same financial year, is equal to or more than 3% of the group's latest audited NTA. An announcement will have to be made immediately of the latest transactions and all future transactions entered into with that same interested person during the financial year;

and shareholders' approval (in addition to an immediate announcement) is required where:

- (c) the value of a proposed transaction is equal to or exceeds 5% of the group's latest audited NTA; or
- (d) the aggregate value of all transactions (including the subject transaction) entered into with the same Interested Person during the same financial year, is equal to or more than 5% of the group's latest audited NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders;

for the purposes of aggregation, Interested Person Transactions below S\$100,000 each are to be excluded.

For illustration purposes, based on the audited consolidated accounts of Mercator Lines, its subsidiaries and Associated Companies (the "Group" or "Mercator Lines Group") for the financial year ended March 31, 2013, the Group's audited NTA as at March 31, 2013 was approximately US\$320.62 million (approximately S\$397.79 million). Accordingly, in relation to the Group, for purposes of Chapter 9 in the current financial year, Shareholders' approval would be required where:

- (a) the transaction is of a value equal to, or more than, approximately US\$16.03 million (approximately S\$19.89 million), being 5% of the Group's latest audited NTA; or
- (b) the transaction, where aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately US\$16.03 million (approximately S\$19.89 million). The aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been approved by Shareholders.

Rule 920 of Chapter 9 allows for a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature, or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's Interested Persons. Such a general mandate must be disclosed in the annual report and is subject to annual renewal provided that the Audit Committee confirms that the methods or procedures for determining the prices for the IPTs have not been changed since last shareholder approval and are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.

2.2 Existing IPT Mandate

As disclosed on pages 135 to 146 of the Prospectus of the Company dated December 6, 2007 in respect of the listing on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Company is deemed to have obtained shareholders' approval for the adoption of a general mandate for the Company, its subsidiary and/or its Associated Company which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "Group"), or any member of the Group, to enter into certain categories of transactions with specified classes of Interested Persons through the inclusion of the IPT Mandate in the prospectus to be registered with the Monetary Authority of Singapore and the subscription or acquisition of shares in the Company by investors in the Offering. At the AGM held on July 25, 2012, the shareholders had granted approval for renewal of the general mandate ("the shareholders' mandate") with the same terms and conditions without any modification to the mandate.

The IPT Mandate enables the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Rule 904 of the Listing Manual, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's Interested Persons, provided that such transactions are entered into on an arm's length basis and on normal commercial terms.

2.3 Proposed Renewal of the IPT Mandate

The IPT Mandate was expressed to take effect until the conclusion of the FY2013 AGM. Accordingly, the Directors of the Company as at the date of this Letter (the "Directors") propose that the IPT Mandate be renewed at the FY2013 AGM, to take effect until the conclusion of the next following Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed, remain unchanged as disclosed below.

2.4 Details of the IPT Mandate

Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transactions prices with interested persons and other general information relating to Chapter 9 of the Listing Manual, are set out below.

3. PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 Information on Mercator Lines Group

The Company is a leading Indian-owned international dry bulk shipping Company focused on India and other high growth markets, such as China. It has established a strong market presence in the transportation of coal into India, with repeat business from reputable customers. Together with its ultimate parent Company, ML India, the Company offers full logistics solutions to its customers from load port to the point of usage in India.

3.2 Categories of Interested Persons

The IPT Mandate will apply to the Group's transactions with Mercator Limited ("ML India") and its subsidiaries, namely, Mercator International Pte. Ltd., Mercator Oil & Gas Ltd., Mercator Petroleum Ltd., Oorja Resources India Pvt. Ltd., and Mercator FPSO Pvt. Ltd.

Mercator International held a direct interest in 900,850,000 shares constituting approximately 68.44% of the Company's issued share capital, as at March 31, 2013 and holds 66.17% of the Company's issued share capital as at the date of this mandate. Mercator International is a wholly owned subsidiary of ML India, thus ML India held a deemed interest in 900,850,000 shares constituting approximately 68.44% of the Company's issued share capital, as at March 31, 2013 and holds 66.17% of the Company's issued share capital as at the date of this mandate.

The Company's Chairman and Non-executive Director, Mr Harish Kumar Mittal, is also the Executive Chairman of ML India and has a shareholding interest of 37.50% (himself and associates) of the paid-up share capital of ML India, as at March 31, 2013 (includes Mr Shalabh Mittal's holding).

The Company's Managing Director and Chief Executive Officer, Mr Shalabh Mittal, is the son of Mr Harish Kumar Mittal and has a shareholding interest of 0.15% of the paid-up share capital of ML India, as at March 31, 2013.

The Company's Non-executive Director, Mr Atul J. Agarwal, is the Managing Director of ML India and has a shareholding interest of 2.72% (himself and associate) of the issued share capital of ML India, as at March 31, 2013.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3.3 Categories of Interested Person Transactions

The transactions with the Interested Persons which will be covered by the IPT Mandate relating to the provision to, or obtaining from, the Interested Persons of products and services in the normal course of business of the Group or which are necessary for the day-to-day operations of the Group (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of the day-to-day operations) comprise the following:

- (a) provision of shareholder's loans by ML India and Mercator International Pte. Ltd.;
- (b) charter of vessels from ML India and its subsidiaries, which may include vessels owned or chartered by ML India; and
- (c) charter of vessels to ML India and its subsidiaries.

3.4 Rationale for and Benefits of the IPT Mandate

The transactions with Interested Persons are entered into, or to be entered into, by the Group in the ordinary course of business. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time. The Company's Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons.

The Company's Directors believe that the Group will be able to benefit from its transactions with the Interested Persons. The IPT Mandate and the renewal of the IPT Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential interested person transactions with the Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Company.

The IPT Mandate is intended to facilitate transactions in the Company's normal course of business which are transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Disclosure will be made in the format required by the SGX-ST Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which an IPT Mandate is in force.

4. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS UNDER THE IPT MANDATE

The Mercator Lines Group has put in place the following review procedures to ensure that the Interested Person Transactions are conducted at arms' length and on normal commercial terms.

4.1 Review Procedures

In general, there are procedures established by the Group to ensure that the Mandated Transactions with the Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, and on terms which are generally no more favorable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented.

(a) Provision of shareholder's loans by ML India and Mercator International

It is envisaged that shareholder's loans may be provided to the Group by ML India and/or Mercator International. The interest rate payable by the Group in respect of such loans shall be determined at a rate of 1.0% above the cost of borrowing incurred by ML India and/or Mercator International in respect of the relevant amount loaned. Such shareholder's loans will be obtained from ML India and/or Mercator International only if the applicable interest rate payable to ML India and/or Mercator International is lower than the interest rate offered by unrelated financial institutions for the same amount and tenure, on the basis of quotes obtained from at least three unrelated financial institutions.

The following internal approvals are required in order to proceed with any loan from ML India and/or Mercator International:

- in the event that the loan amount does not exceed US\$25 million, the approval of the Company's Finance Head shall be required; and
- in the event that the loan amount is US\$25 million and above, the approval of the Company's Audit Committee shall be required.

If any of the approving parties has an interest, directly or indirectly, in the shareholder's loan, he shall abstain from participating in the approval process above.

(b) Charter of vessels from ML India and its subsidiaries

It is envisaged that the Group will charter vessels from ML India and its subsidiaries to fulfill any part of the Company's contractual obligations under any shipping contract (the "Original Contract"), that the Group is unable to fulfill by itself. In the event that vessels (including vessels that are either owned or chartered by ML India or any of its subsidiaries), are chartered from ML India or its subsidiaries, the rates payable by the Group under such charter shall be determined at a rate (the "ML India Rate"), of 7.5% below the original rate that the Group will receive under the Original Contract. The ML India Rate (of 7.5% below the original rate) was commercially agreed upon between the parties and is the estimated amount to cover the administrative expenses that are expected to be incurred by the Group under the Original Contract. In the event that the actual rate payable by the Group to ML India or its relevant subsidiaries (taking into consideration the ML India Rate) is higher than the rates offered by independent third parties offering similar services (on the basis of quotes obtained from at least three independent brokers), the Group shall either (a) negotiate with ML India or its relevant subsidiaries to match the lowest rate available from independent third parties; or (b) charter the required vessels from the relevant independent third parties. In order to proceed with the charter of any vessels from ML India and its subsidiaries, the confirmation from the Finance Head that the ML India Rate is not higher than the rates offered by independent third parties offering similar services (on the basis of quotes obtained from at least three independent brokers), shall be required.

(c) Charter of vessels to ML India and its subsidiaries

It is envisaged that ML India and/or its subsidiaries will charter vessels from the Group to fulfill any part of their contractual obligations under any shipping contract (the "ML India Original Contract") that they are unable to fulfill by themselves. In the event that the vessels are chartered to ML India or its subsidiaries, the rates payable to the Group under such charter shall be determined at a rate (the "Mercator Singapore Rate") of 7.5% below the original rate that ML India and/or

its subsidiaries will receive under the ML India Original Contract. The Mercator Singapore Rate (of 7.5% below the original rate) was commercially agreed upon between the parties and is the estimated amount to cover the administrative expenses that are expected to be incurred by ML India or its relevant subsidiaries under the ML India Original Contract. In the event that the actual rate payable by ML India or its relevant subsidiaries to the Group (taking into consideration the Mercator Singapore Rate) is lower than the rates that the Group would charge to independent third parties for similar services, the Group shall either (a) negotiate with ML India or its relevant subsidiaries to match the highest rate that would be chargeable to independent third parties; or (b) decline to charter the required vessels to ML India or its relevant subsidiaries. In order to proceed with the charter of any vessels to ML India and its subsidiaries, the confirmation from the Finance Head that the Mercator Singapore Rate is not lower than the rates offered by the Group to independent third parties for similar services, shall be required.

4.2 Threshold limits for Mandated Transactions

In reviewing the Mandated Transactions, the approving authority (as described above) will have the discretion to seek independent professional advice.

In the event that a member of the Audit Committee or the Board of Directors has an interest, direct or indirect, in the Mandated Transaction, such Director will abstain from reviewing and approving that particular Mandated Transaction.

Notwithstanding the IPT Mandate, if a Mandated Transaction specifically provides that shareholders' approval is required, it must be obtained either prior to the Mandated Transaction being entered into or, if the Mandated Transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

The Audit Committee will also review all Mandated Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the SGX-ST Listing Manual) are complied with.

4.3 Other Review Procedures

The Group has also implemented the following procedures for the identification of Interested Persons and the recording of all the Company's Interested Person Transactions:

- (a) The Company's Head of Finance will maintain a register of all transactions carried out with the Interested Persons (and the basis, including the quotations obtained to support such basis, on which these transactions are entered into), whether mandated or non-mandated; and
- (b) on a quarterly basis, the Company's Head of Finance will submit a report to the Audit Committee of all recorded Interested Person Transactions, and the basis of such transactions, entered into by the Group. The Company's annual internal audit plan shall incorporate a review of all Interested Person Transactions, including the established review procedures for the monitoring of such Mandated Transactions, entered into or existing interested person transactions that are renewed or revised during the prevailing financial year pursuant to any shareholders' mandate then in force relating to interested person transactions. The internal auditor, if any, shall be required to review such transactions and report directly to the Audit Committee.

In addition, the Audit Committee shall also review from time to time such internal controls and review procedures for Interested Person Transactions to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Group and the Interested Persons are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. In conjunction with such review, the Audit Committee will also ascertain whether the established review procedures have been complied with. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the internal controls and review procedures for Interested Persons Transactions are inappropriate or not sufficient to ensure that the Interested Persons Transactions will be on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders, the Audit Committee will (pursuant to Rule 920(1)(b) (iv) and (vii) of the Listing Manual) revert to the shareholders for a fresh shareholders' mandate based on new internal controls and review procedures for transactions with Interested Persons. In such event, all Interested Person Transactions proposed to be entered into pending the approval of the shareholders for a fresh shareholders' mandate shall be subject to the review and approval of the Audit Committee.

For the purposes of the above review of the internal controls and review procedures, any of the Directors or a member of the Audit Committee who is not considered independent, will abstain from participating in the Audit Committee's review of the internal controls and review procedures.

The Board of Directors and the Audit Committee will have overall responsibility for determining the review procedures with the authority to delegate to individuals or committees within the Group as they deem appropriate.

4.4 Mitigation

To mitigate the risks of potential competition with the Company's business, ML India and the Company entered into a non-competition agreement ("Non-Competition Agreement") on December 5, 2007, pursuant to which both parties agreed that:

- (a) the Group will carry out only the business of transportation of dry bulk cargo, mainly coal and iron ore, but including other forms of dry bulk which include, but are not limited to, grain or commodities (the "Dry Bulk Business");
- (b) the ML India group of companies (including the subsidiaries, Associated Companies and affiliates of ML India but excluding our Group) (together, the "ML India Group") will not carry out any Dry Bulk Business in any territory in the world, save that Mercator Group will be entitled to carry out Dry Bulk Business for customers in India subject to the following conditions:
 - (i) in the event that a business opportunity arises involving any form of contracts (including, but not limited to, time charters, voyage charters, contracts of affreightment and freight contracts) in relation to the Dry Bulk Business (the "Business Opportunity"), the following provisions shall apply:
 - (1) in the event that the Group chooses to bid for the Business Opportunity, ML India Group shall not (whether on its own or with any other party) submit any bid in respect of the Business Opportunity. In the event that the Group is successful in its bid for the Business Opportunity and is by itself able to fulfill the entire contractual requirements under the Business Opportunity, the Group will proceed to perform the Business Opportunity without the involvement of ML India Group. If the Group is by itself unable to fulfill the contractual requirements in relation to any part of the Business Opportunity involving the Dry Bulk Business, it will give a right of first refusal to ML India Group to act as its sub-contractor in respect of fulfilling that part of the Business Opportunity. The sub-contracting arrangements, if carried out, would each constitute an interested person transaction. If so, they will be subject to the review procedures under the IPT Mandate as set out in the section "Guidelines and Review Procedures for Interested Person Transactions under the IPT Mandate," particularly under the review procedure for the charter of vessels from ML India and its subsidiaries. The rates payable to ML India Group under such sub-contract arrangements shall be determined at a rate of 7.5% below the original rate that the Group will receive. Such rate of 7.5% below the original rate was commercially agreed upon between the parties and is the estimated amount required to cover the administrative expenses that are expected to be incurred by the Group under the Business Opportunity. In the event that ML India Group does not choose to exercise its right of first refusal to act as a sub-contractor of the Group in respect of any part of the Business Opportunity offered by the Group, the Group shall be entitled to appoint another party as its sub-contractor, on terms no more favorable than those offered to ML India Group; and
 - (2) in the event that the Group chooses not to bid for the Business Opportunity, ML India Group shall be entitled to bid for the Business Opportunity. In the event that ML India Group is successful in its bid for the Business Opportunity and is by itself able to fulfill the entire contractual requirements under the Business Opportunity, ML India Group will proceed to perform the Business Opportunity without the involvement of our Group. If ML India Group is by itself unable to fulfill the contractual requirements in relation to any part of the Business Opportunity, it will give a right of first refusal to the Group to act as its sub-contractor in respect of fulfilling that part of the Business Opportunity. The sub-contracting arrangements, if carried out, would each constitute an Interested Person Transaction. If so, they will be subject to the review procedures under the IPT Mandate as set out in the section "Guidelines and Review Procedures for Interested Person Transactions under the IPT Mandate", particularly under the review procedure for the charter of vessels to ML India and its subsidiaries. The rates payable to our Group under such sub-contract arrangement shall be determined at a rate of 7.5% below the original rate that ML India Group will receive. Such rate of 7.5% below the original rate was commercially agreed upon between the parties and is the estimated amount required to cover the administrative expenses that are expected to be incurred by ML India Group under the Business Opportunity. In the event that the Group does not choose to exercise its right of first refusal to act as a sub-contractor of ML India Group in respect of any part of the Business Opportunity offered by ML India Group, ML India Group shall be entitled to appoint another party as its sub-contractor on terms no more favorable than those offered to our Group;

in addition, the ML India Group shall provide to the Group material information that is in its possession regarding any potential Business Opportunity that the ML India Group contemplates bidding for or that the Group is given the right of first refusal to bid for, to enable the Group to make a decision whether to bid for such Business Opportunity. We will brief our Audit Committee on a quarterly, post-facto basis on the Business Opportunities in India that were considered by the Group and that the Group decided not to bid for. In order to monitor the decisions of the Group in exercising our right of first refusal to bid for Business Opportunities in India under the Non-Competition Agreement, a register will be maintained to record details of all such Business Opportunities in India that are considered by our Group;

- (ii) ML India Group shall not own or charter more than three vessels that are built for the principal purpose of transporting dry bulk, or dry bulk vessels. In the event that ML India Group wishes to acquire any additional dry bulk vessel or any entire or partial shareholding interests in any SPVs holding any dry bulk vessels, such additional acquisition shall require an amendment of the Non-Competition Agreement to increase the maximum number of vessels that ML India Group may own (either wholly or partially) or charter, and such amendment of the Non-Competition Agreement shall be subject to the approval of the shareholders of the Company (with ML India Group and their associates abstaining from voting);
- (iii) in the event that ML India Group wishes to dispose of any dry bulk vessel, it will give a right of first refusal to the Group to acquire that dry bulk vessel from it. In the event that the Group, after consultation with the Audit Committee, chooses not to acquire that dry bulk vessel, ML India Group shall be entitled to proceed to dispose of that dry bulk vessel on terms no more favorable than those offered to the Group; and
- (iv) the Non-Competition Agreement shall not be terminated so long as ML India's total direct and indirect shareholding interest in the Company is 15% and above.

In addition, the Company believes that any potential conflicts of interest (including those arising from the Interested Person Transactions mentioned above) are addressed as follows:

- (a) the Company has established policies and procedures, including internal audit controls, to ensure that its transactions with its Interested Persons are entered into on an arm's length basis and on commercial terms consistent with the Group's usual business practices and policies. Contracts with its Interested Persons will continue to be made on arm's length terms and at commercial rates;
- (b) since listing on the SGX-ST, the Company is subject to the SGX-ST listing rules on Interested Person Transactions. The objective of these rules is to ensure that its Interested Person Transactions do not prejudice the interests of its shareholders as a whole. These rules require the Company to make prompt announcements, disclosures in its annual report and/or seek shareholders' approval for certain material Interested Person Transactions. The Audit Committee may also have to appoint independent financial advisers to review such Interested Person Transactions and opine on whether such transactions are fair and reasonable to the Company, not prejudicial to its interests and the interests of its minority shareholders. Under the SGX-ST listing rules, its IPT Mandate is required to be renewed at each annual general meeting and disclosure must be made in our annual report of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during each financial year, and in the annual reports for the subsequent years during which the IPT Mandate is in force. The Company must also adopt a new mandate if for any reason the review policies and procedures under its current IPT Mandate are inadequate;
- (c) the Audit Committee will review Interested Person Transactions on a periodic basis to ensure compliance with our policies and procedures, including internal audit controls, referred to above and with the relevant provisions of the SGX-ST listing rules. If a member of the Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process of the Audit Committee in relation to that transaction. The Audit Committee will also review the policies and procedures to ensure that they are adequate to achieve the objectives of ensuring that its Interested Person Transactions are fair and reasonable to the Company and not prejudicial to its interests and the interests of its minority shareholders;
- (d) under Singapore law, the Directors have the duty to disclose their interests in respect of any contract, arrangement or proposal, which could cause them to have an actual or potential conflict of interest. Pursuant to its Articles of Association upon such disclosure, such Directors shall abstain from voting in respect of any such actual or proposed transaction or matter in which the conflict of interest arises or may arise; and
- (e) under Singapore law, the Directors owe fiduciary duties to the Company, including the duty to act in good faith and in our best interests. The Directors have a duty to disclose any conflict of interest, as soon as they become aware of such conflict, including a conflict that arises from a directorship in a competing company or from a personal investment in a competing company.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and substantial shareholders' interests in the shares of the Company (the "Shares") as at the year end FY2013 and as at the date of this mandate are set out below:

	Direct Interest			Deemed Interest			Total Interest		
	Number of Shares	% as at 31.03.2013		Number of Shares	% as at 31.03.2013		Number of Shares	% as at 31.03.2013	
		% as at date of this mandate*	% as at date of this mandate*		% as at date of this mandate*	% as at date of this mandate*		% as at date of this mandate*	% as at date of this mandate*
<u>Directors</u> Shalabh Mittal	189,972	0.01	0.01	–	–	–	189,972	0.01	0.01
<u>Substantial Shareholder</u> Mercator International	900,850,000	68.44	66.17	–	–	–	900,850,000	68.44	66.17

Notes:

Save as disclosed above, the substantial Shareholders and the Directors do not have any interest, whether direct or indirect, in the IPT Mandate.

* further to the issue of Compensation Shares on 2 May 2013 to an owner of a chartered-in vessel as per the settlement agreement.

6. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the proposed IPT Mandate and is satisfied that the review procedures as set out above have not been changed since the IPT Mandate was first obtained. The Audit Committee is also of the view that the review procedures for the IPT as well as the reviews to be made periodically by the Audit Committee in relation thereto, are adequate to ensure that the IPT will be transacted on arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

If during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and procedures are no longer appropriate or adequate to ensure that the IPT will be transacted on arm's length basis and on normal commercial terms and would not be prejudicial to the interests of the Company and its minority shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures.

7. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out in paragraph 3.4 of this letter for the proposed mandate, the Directors believe that the IPT Mandate is in the interest of the Company and recommend that you vote in favour of the ordinary resolution as set out in the notice of AGM.

The Directors of the Company are of the opinion that the IPT Mandate is transacted on arm's length basis and on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the IPT Mandate as set out in the notice of AGM.

As different Shareholders would have different investment objectives, it is recommended that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

8. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2013 of the Company, will be held at Meeting Room, Libra & Gemini, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, July 25, 2013 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution relating to the renewal of the IPT Mandate at the AGM as set out in the notice of AGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the notice of AGM, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share transfer agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for holding the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief this Letter constitutes full and true disclosure of all material facts about the IPT Mandate and that there are no other material facts the omission of which would make any statement in this Letter misleading.

11. SGX-ST DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

Yours faithfully
For and on behalf of
The Board of Directors of
MERCATOR LINES (SINGAPORE) LIMITED



Shalabh Mittal
Managing Director and Chief Executive Officer
July 10, 2013

SCHEDULE

For the purposes of this Letter,

Definitions

“Associate”

(a) in relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:

- (i) his immediate family;
- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

(b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

“Associated Company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

“Audit Committee” means the audit committee of the Company as at the date of this Circular.

“CDP” means the Central Depository (Pte) Limited.

“Controlling Shareholder” means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company.

“Entity at Risk” means the Company, a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange or an Associated Company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its Interested Person(s), has control over the associated company.

“FY2013” means Financial Year ending March 31, 2013.

“Independent Directors” means the independent Directors of the Company as at the date of the Annual Report.

“Interested Person” means a Director, Chief Executive Officer or Controlling Shareholder of the listed company or an associate of such Director, Chief Executive Officer or Controlling Shareholder.

“IPT” or “Interested Person Transactions” means transactions proposed to be entered into between the Group and its Interested Persons as defined under Chapter 9 of the SGX-ST Listing Manual.

“IPT Mandate” or “Shareholders’ Mandate” means the general mandate to be obtained from Shareholders at the general meetings pursuant to Chapter 9 of the SGX-ST Listing Manual that will permit the Group to enter into certain transactions specifically disclosed in this Letter.

“Mandated Transaction” means the transactions with the Interested Persons which will be covered by the IPT Mandate.

“Mercator International” means Mercator International Pte. Ltd.

“Mercator Lines Group” or “Group” means Mercator Lines (Singapore) Limited, its subsidiaries and Associated Companies.

“ML India” means Mercator Limited.

“SGX-ST” means Singapore Exchange Securities Trading Limited.

“S\$” means Singapore dollars, unless otherwise stated.

“US\$” means the United States of America dollars, unless otherwise stated.

“%” means per centum.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

MERCATOR LINES (SINGAPORE) LIMITED

(Company Registration No. 200507205N)

(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Mercator Lines (Singapore) Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Proxy Form

(Please see notes overleaf before completing this Form)

I/We*, _____

of _____

being a member/members of Mercator Lines (Singapore) Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Meeting Room, Libra & Gemini, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, July 25, 2013 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended March 31, 2013		
2	Re-election of Mr Harish Kumar Mittal as a Director		
3	Re-election of Mr Atul Agarwal as a Director		
4	Re-appointment of Mr Arul Chandran as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5	Approval of Directors' fees amounting to S\$395,000 for the financial year ending March 31, 2014, to be paid quarterly in arrears		
6	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
Special Business			
7	Authority to allot and issue shares under Share Issue Mandate		
8	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2013

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

Affix
Postage
Stamp
Here

Company Secretary
Mercator Lines (Singapore) Limited
9 Temasek Boulevard
#42-02 Suntec Tower 2
Singapore 038989

Fold along this line

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the second appointment will be deemed as an alternative unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 9 Temasek Boulevard #42-02 Suntec Tower 2 Singapore 038989 or at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd at 50 Raffles Place, Singapore Land Tower #32-01 Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.