

### **Withdrawal of Demerger Scheme – India Steamship**

The Board of directors (“**Board**”) at its meeting held on July 19, 2011 had approved a Scheme of Arrangement and Demerger (“**Scheme**”) whereby the shipping division of the Company was to be demerged into India Steamship Limited. However, considering the unfavourable status of negotiations with the lenders, the deteriorating credit situation in Europe and adverse developments in the shipping industry due to global recession, the Board at its meeting held on October 18, 2011 has decided to withdraw the Scheme.