

THE GREAT EASTERN SHIPPING COMPANY LIMITED



OCEAN HOUSE, 134/A, Dr. Annie Besant Road, Worli, Mumbai - 400 018, INDIA. Tel.: +91(22) 6661 3000 / 2492 2100 Fax : +91(22) 2492 5900

August 12, 2013

The BSE Limited

P J Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor
Bandra Kurla Complex
Mumbai – 400 051

Dear Sirs,

Sub: Buyback of equity shares of Rs 10/- each (“Share”) by The Great Eastern Shipping Company Limited (“Company”) at a maximum price of Rs 279/- per Share for a maximum amount of Rs. 279 crore from the open market route through stock exchanges (“Buyback”) in accordance with the SEBI (Buyback of Securities) Regulations, 1998 as amended (“Buyback Regulations”)

The Board of Directors of the Company approved the Buyback on August 8, 2013. The SEBI (Buyback of Securities) (Amendment) Regulations, 2013 (“Buyback Amendment Regulations”) were also notified on the same day (i.e. August 8, 2013), but post the board meeting.

Certain requirements and timelines of the Buyback Amendment Regulations have caused practical difficulties for the Company as detailed hereunder.

The Buyback Amendment Regulations require the Company to create an escrow account and deposit therein 25% of the amount earmarked for the Buyback (“Buyback Amount”) either in the form of cash deposited in a scheduled commercial bank or a bank guarantee in favour of the Manager to the Buyback, subject to at least 2.5% of the Buyback Amount being deposited as cash in a scheduled commercial bank. The Buyback Regulations require the Public Announcement (“PA”) to be published within two working days from the date of the board resolution passed by the Board of Directors of the Company (i.e. the PA is required to be published in the newspapers on August 13, 2013). The Company was left with only one working day after the notification of the Buyback Amendment Regulations to arrange for the escrow amount.

While, the Company is in a position to deposit cash equivalent to 2.5% of the Buyback Amount on August 12, 2013, creation of bank guarantee / depositing additional cash to the extent of 22.5% of the Buyback Amount is not possible on or before August 12, 2013. This is because the Company does not keep surplus funds in cash beyond that which is required in the ordinary course of business, and its surpluses are invested in units of mutual funds. The Company has initiated the process of redemption of its investments in mutual funds on August 12, 2013 (being the first working day after August 8, 2013), and would have funds available for crediting the escrow account on August 13, 2013 (as mutual funds have a T+1 settlement cycle). Thus, the Company would be in a position to fund the escrow amount to the extent required by the Buyback Amendment Regulations on August 13, 2013.

In this regard, we request shareholders to note:

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1. The Company will publish the PA in the newspapers on August 13, 2013 in accordance with Buyback Regulations (release the same for publication on August 12, 2013) after depositing 2.5% cash in the escrow account in accordance with the Buyback Regulations and Buyback Amendment Regulations.
2. The Company will fund the escrow account by providing a bank guarantee / depositing additional funds in the escrow account to the extent of 22.5% of the Buyback Amount as required by the Buyback Regulations and Buyback Amendment Regulations on August 13, 2013.
3. The Company would publish a corrigendum to intimate the details of the funding of 22.5% of the Buyback Amount in the escrow account to all shareholders, which would be published in the same newspapers as the PA, on August 14, 2013.

We would request you to post this letter on your website for the general information of all shareholders of the Company.

Yours Sincerely,

For The Great Eastern Shipping Company Limited

Jayesh Trivedi

Vice President (Seci. & Legal) and Company Secretary