

GARWARE OFFSHORE SERVICES LIMITED

(Formerly Garware Shipping Corporation Limited)

FOUNDER : THE LATE PADMA BHUSHAN - DR. B.D. GARWARE - FOUNDER OF THE GARWARE GROUP

BOARD OF DIRECTORS	ASHOK GARWARE - M. A. (Cantab) (Chairman) ADITYA GARWARE - M.B.A. (USA) (Vice Chairman) MANEESHA SHAH (nee GARWARE) - B.Com., L.L.B. SHAMSUNDER AGGARWAL - B.Sc. (New York University) DR. B.S. COOPER B.E. (Mechanical & Electrical), Ph.d. (Engineering) London A.K. THANAVALA - B.Com. (Hons), L.L.B., A.C.S.
COMPANY SECRETARY & PRESIDENT (Legal & Admin.)	C.V. RAMACHANDRAN B.Com., L.L.B., F.C.S., D.T.M., DIP.A.
CHIEF OPERATING OFFICER	BHISWAJIT - B. Tech & M.B.A.
PRESIDENT - TECHNICAL- (PSV) - (OSV)	R. D. PUNWANI - First Class Engineer (Motor) I.R. LEMOS - I.Eng. A.M.I. Mar.E. (London)
PRESIDENT - COMMERCIAL	K.S. DAVE - B.Com. L.L.B.
GENERAL MANAGER - FINANCE & ACCOUNTS	P.S. SHAH - B.Com.
BANKER	United Bank of India State Bank of India ICICI Bank (UK) Ltd ICICI Bank Ltd
AUDITORS	M/S. RAMAN S. SHAH & ASSOCIATES (Chartered Accountants)
ADVOCATES & SOLICITORS	SHAUNAK SATPUTE & CO.
REGISTERED OFFICE	Chander Mukhi, Nariman Point Mumbai - 400 021.
BRANCHES	Goa, Pondicherry, Chennai.
REGISTRAR AND SHARE TRANSFER AGENT	BIGSHARE SERVICES PVT. LTD. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.

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NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Garware Shipping Corporation Ltd. will be held at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400 034, on Monday, 26th June, 2006 at 9.30 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2005 and Profit and Loss Account for the year ended as on that date together with Directors' and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Dr. B.S. Cooper, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

C. V. Ramachandran
Company Secretary &
President - (Legal & Admin.)

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

Date: 21st March, 2006

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer books of the Company will remain closed 28th March, 2006, to 31st March, 2006 (both days inclusive).
3. For the convenience of members, an attendance slip is annexed to the Proxy form. Members are requested to fill in and append their signature(s) at the space provided thereof and hand over the attendance slip at the entrance of the place of the meeting. Proxy / representative of a member should mark on the attendance slip as 'Proxy' or 'Representative' as the case may be. Members are also requested not to bring with them any person, who is not a Member / Proxy.
4. Members are requested to notify the change in address, if any, immediately, quoting their Client ID No./ Folio No., Number of Shares held, etc. to the Company's Share Transfer Agents, 'M/s Bigshare Services Pvt. Ltd.'.
5. Members holding shares in identical order of names in more than one Folio, are requested to write to the Company's Registered office and / or Share Transfer Agent, and send their Share Certificates to enable consolidation of their holding into one Folio.
6. All enquiries and correspondence regarding Transfer of Shares, Dematerialisation, etc. should be addressed to Registrar and Share Transfer Agents of the Company, M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

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7. Brief Resume of Mr. A.K. Thanavala

Dr. Cooper is working as an Independent Consulting Engineer from the year 1962. His field of Consultation includes preparation of Feasibility Studies and Project Report and their implementation. He advises on Production Techniques, Work Study, Recruitment of Technical Personnel and Factory Layout. He also offers services for valuation of Plant and Equipment.

REQUEST TO THE MEMBERS

8. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting so as to enable the Company to keep the information ready. Only the information which can be furnished will be furnished to the members.
9. Members are requested to bring their copy of the Annual Report to the Meeting.

By Order of the Board

C. V. Ramachandran
Company Secretary &
President - (Legal & Admin.)

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

Date: 21st March, 2006





DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2005

TO

THE MEMBERS

	YEAR ENDED 31.12.2005	Rs. in Lacs YEAR ENDED 31.12.2004
FINANCIAL RESULTS :		
Income from operations	3,086.35	3,188.96
Other Income	185.72	10.47
Gross Income	3,272.07	3,199.43
Expenses for the year	1,720.45	1,802.48
Operating Profit for the year	1,551.62	1,396.95
Interest	53.64	44.81
Profit before Depreciation	1,497.98	1,352.14
Depreciation	357.47	301.72
Profit / (Loss) before Tax	1,140.51	1,050.42
Provision for Taxation		
Current Tax	82.22	1.00
Net Profit for the Period	1,058.29	1,049.42
Add/(Less):Deferred Tax Liabilities / (Deferred Tax Assets) Write Back	0.00	219.63
Add/(Less):Excess / (Short) Prov . of Tax for earlier year	0.00	-32.89
Net Profit / (Loss) after Tax	1,058.39	1,236.16

OPERATIONS :

The gross income of the Company for the year ended 31st December, 2005 stood at 32.72 crores as against 31.99 crores for the previous year.

The other income includes Profit of Rs.1.47 crores on sale of the Company's AHTSV, M.V. Garware – IV.

Consequently, the Company's Net profit after current tax provisions stood at Rs. 10.58 crores as against Rs. 10.49 crores for the previous year.

With regard to the dues from ONGC, the Appeals filed by ONGC against the Arbitrator's Award before the Single and Division Bench of the Bombay High Court were dismissed. ONGC has appealed against this decision before the Supreme Court, which is pending.

Regarding disputes on other issues, discussions with ONGC are on and a settlement outside Arbitration is expected this year.

DIVIDEND :

Your Directors are pleased to recommend a dividend of 12 % (previous year : 12 %) on 1,44,21,541 fully paid-up Equity Shares of Rs.10/- each (Previous year 1,18,70,141 Fully Paid-up Equity Shares) to the Shareholders whose names appear on the Register of Members as on 31st March, 2006.

The total cash outflow on account of Dividend and Tax thereon amounts to Rs.1.97 crores.

PLATFORM SUPPLY VESSEL :

The Company has acquired a Platform Supply Vessel (PSV) from a Norwegian Shipping Company during the year. This PSV is a UT755 design built in Norway in 2000. The PSV has been deployed on contract with British Gas Production and Exploration India Ltd in Jan 2006 for a contract of 12 months with an option to extend the contract for a further period of 12 months.

CHANGE OF NAME :

With effect from 16th January, 2006, the name of the Company was changed to 'Garware Offshore Services Limited'.

EXPANSION / DIVERSIFICATION :

In addition to the recently acquired Platform Supply Vessel, your Company has already placed an order for another PSV, which is expected to be delivered in October 2006.

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The Company has ordered a further PSV with the same Ship Building yard for building a second new PSV likely to be delivered in April 2007.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES AND CONVERTIBLE WARRANTS :

During the year under review, a Preferential Allotment of 42,33,000 Equity Shares of Rs.10/- each and Convertible Warrants into Equity Shares was made. The Company has obtained listing permission from The Bombay Stock Exchange Ltd., for the Equity Shares allotted.

RESPONSIBILITY STATEMENT :

The Directors confirm :

- a) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) That they have selected such Accounting Policies and applied them consistently and made of the State of Affairs of the Company at the end of the Financial year and the Profit of the Company for that period.
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of The Companies Act, 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That they have prepared the Annual Accounts on a going concern basis.

FUTURE OUTLOOK :

The Company's plan of acquisition of the PSV's will help augment earnings and profitability.

Depending upon demand, the Company also envisages further acquisitions in the near future.

INSURANCE :

All the Vessels owned by the Company have been insured for both Marine and War Risks.

FIXED DEPOSITS :

During the period under review the Company has not accepted any deposits from the Public and Shareholders.

DIRECTORATE :

Dr. B.S. Cooper, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Members are requested to re-elect him.

AUDITORS :

You are requested to appoint Auditors for the current year and to fix their remuneration.

PERSONNEL :

The relations with all Employees of the Company, both Shore and Floating Staff have been cordial. Your Directors wish to express their appreciation of the services, rendered by all the devoted Employees.

PARTICULARS OF EMPLOYEES :

Statement of Particulars of Employees as required by the Provisions of Section 217(2A) of The Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report is annexed here to as Annexure 'I'.

DEMATERIALISATION OF SHARES :

The Company's shares continue to be traded in Electronic Form.

CORPORATE GOVERNANCE :

A separate report on Corporate Governance along with the Auditors statement of its compliance is given in a separate Annexure.

ACKNOWLEDGEMENT :

The Board places on record its appreciation of the role of all Company Executives / Officers for their untiring efforts. Your Directors also wish to thank the Officials of Directorate General of Shipping, Indian Register of Shipping, Mercantile Marine Department of Government of India, Shipping Master, United Bank of India, ICICI Bank, ICICI Bank (UK), State Bank of India, for their continued support and co-operation during the year.

On Behalf of the Board

ASHOK GARWARE
Chairman

Place : Mumbai
Dated :



ANNEXURE TO DIRECTORS' REPORT

STATEMENT REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER CLAUSE (e) OF SUB-SECTION (1) OF SECTION 217 OF THE COMPANIES ACT, 1956.

Item Particulars

No.

A. CONSERVATION OF ENERGY

- | | | | |
|-----|--|---|--|
| (a) | Measures Taken | : | Being a Shipping Company, taking of energy conservation measures does not arise. |
| (b) | Additional investments and proposals, if any, being implemented for reduction of energy consumption. | : | Nil |
| (c) | Impact of the Measures (a) and (b) above and Consequent Impact on Cost of Production. | : | Not Applicable |
| (d) | Total energy consumption and consumption per Unit of production in Form 'A'. | : | Not Applicable |

B. TECHNOLOGY ABSORPTION

- | | | | |
|-----|--|---|--------------------------|
| (e) | Efforts made in Technology absorption. | : | As per Form "B" enclosed |
|-----|--|---|--------------------------|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | | |
|-----|---|---|------------------|
| (f) | Activities relating to exports, initiative taken to increase exports, development of New Export market for product and services and export plans. | : | Rs. 840.00 Lacs |
| (g) | (a) Foreign exchange earned and saved (on account of freight, charter hire, earnings etc.) including deemed earnings. | : | Rs.2933.12 Lacs |
| (b) | Foreign exchange used including Operating expenses, Standby expenses, Capital repayment, down payments for acquisition of Ships and interest payment. | : | Rs.2,444.90 Lacs |

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FORM "B"

(SEE RULE – 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company : None
2. Benefits derived as a result of the above R & D : Not Applicable
3. Future Plan of Action : None
4. Expenditure on R & D
 - a) Capital : Nil
 - b) Recurring : Nil
 - c) Total : Nil
 - d) Total R & D Expenditure as a Percentage of Total Turnover : Nil
Technology absorption, adaptation and innovation
1. Efforts in brief, made towards technology absorption, adaption and innovation : None
2. Benefits derived as a result of the above efforts : Not Applicable
e.g. Product improvement, cost reduction, product development, import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished : Not Applicable
 - a) Technology Imported
 - b) Year of Import
 - c) Has technology been fully absorbed?
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions.



REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS:

The Board of the Directors comprises of Professionally Well-Qualified individuals and consists of Six Members. Shri Ashok Garware is Executive Chairman and Shri Aditya Garware is Vice Chairman & Managing Director of the Company. All other Directors are Non-Executive Directors.

Seven Board Meetings were held during the Financial Year ending December 2005 on the following Dates :

31 st January, 2005	22 nd July, 2005
7 th April, 2005	10 th October, 2005
20 th May, 2005	23 rd November, 2005
24 th June, 2005	

- Attendance of each Board Meetings and the AGM.

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM	Remarks	No. of other Committee Directorship
Mr. Ashok Garware (Chairman)	7	Yes	Executive Director	-
Mr. Aditya Garware Managing Director & Vice Chairman	7	Yes	Executive Director	1
Mrs. Maneesha Shah (nee Garware)	6	No	Non-Executive Director	-
Mr. Shamsunder Aggarwal	4	Yes	Independent Director Non-Executive	-
Mr. A. K. Thanavala	7	Yes	Independent Director Non-Executive	-
Dr. Burjor Cooper	5	Yes	Independent Director Non-Executive	-

The Directors are paid sitting fees of Rs. 5,000/- for each meeting of the Board of Directors attended by them.

No sitting fees are paid to any Directors for attending any meeting of Committee of Directors.

Mr. Ashok B. Garware and Mr. Aditya A. Garware were paid remuneration as per details given below.

Particulars	Mr. Ashok Garware	Mr. Aditya Garware	Total
Salary	50,38,710/-	31,49,194/-	81,87,904/-
Commission	18,00,000/-	17,00,000/-	35,00,000/-
Contribution to P.F. & Super Annuation	-	3,00,000/-	3,00,000/-
Monetary value of perquisite	26,400/-	26,400/-	52,800/-
Total	68,65,110/-	41,74,065/-	1,20,40,704/-

2. AUDIT COMMITTEE ;

The Audit Committee consists of Mr. A. K. Thanavala, Mr. Shamsunder Aggarwal and Mrs. Maneesha Shah (Non-Executive). Mr. A.K. Thanavala acts as Chairman of the Committee.

The Company Secretary act as Secretary of the Committee.

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3. SHARE TRANSFER COMMITTEE :

The Share Transfer Cum Investor Grievance Committee consists of Mr. Ashok Garware, Chairman, Mr. Aditya Garware and Mrs. Maneesha Shah as the Members.

The Company Secretary is appointed as Compliance Officer. The Committee meets once a fortnight to approve, interalia, transfer/ transmission of shares, issue of duplicate shares and consolidation of shares. The Committee also reviews the status of investor grievances and the Company's redressal mechanism and recommends measures to improve the quality of services to investor.

4. GENERAL BODY MEETINGS :

The last Three Annual General Meetings (AGM) of the Company were held on 27th June, 2005, 28th June, 2004 and 27th June, 2003 at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai at 9:30 a.m. All resolutions including special business as set out in the Notice were passed by the Shareholders at the AGM.

No special Resolution was passed in previous three Annual General Meetings.

No resolution was put through Postal Ballot and No resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

5. DISCLOSURE:

There were no related Party Transactions, which had potential conflict with the interest of the Company at large.

6. SHARE PRICE – HIGH AND LOW ON THE MUMBAI STOCK EXCHANGE FOR THE YEAR JANUARY TO DECEMBER, 2005 :

MONTH	JAN05	FEB05	MAR05	APR05	MAY05	JUN05	JUL05	AUG05	SEPT05	OCT05	NOV05	DEC05
HIGH	29.45	28.90	28.00	30.50	30.75	37.55	43.00	92.30	102.00	79.75	68.00	73.80
LOW	23.40	22.60	22.50	24.00	23.00	23.00	32.50	36.30	69.70	46.25	51.45	55.15

7. GENERAL SHAREHOLDER INFORMATION:

28 th AGM : Date, Time and Venue	26 th June, 2006 at 9:30 a.m. "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400 034.
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FINANCIAL CALENDAR

Financial Year	January to December
Unaudited Financial Results 1 st Quarter ending 31 st March, 2006	April, 2006
Unaudited Financial Results 2 nd Quarter / Half Year ending 30 th , June 2006	July, 2006
Unaudited Financial Results 3 rd Quarter ending 30 th September, 2006	October, 2006
Unaudited Financial Results 4 th Quarter ending 31 st December, 2006	January, 2007
Annual General Meeting for the Year Ending 31 st December, 2006	Before the end of June, 2007
Date of Book Closure	28 th March, 2006 to 31 st March, 2006 (both days inclusive) for Annual General Meeting & payment of Dividend.
Dividend Payment Date	



Listing on Stock Exchange	The Stock Exchange, Mumbai
Stock Code	501848
Registrars and Share Transfer Agent for Physical Shares and Electronic Connectivity	M/s. Bigshare Services Pvt. Ltd.E – 2/3, Ansa Industries Estate, Saki Vihar Road, Saki Naka, Andheri (East)Mumbai – 400 072Tel : 022 - 2847 3474 022 - 2847 0652Fax : 022 – 2847 5207 E-mail : bigshare@bom7.vsnl.net.in
Distribution of Shareholding and Shareholding Pattern	Please Refer Annexure “A”
Dematerialisation of Shares	As on 31 st December 2005, 68.59 % of Total paid up Equity Capital has been Dematerialised.
ISIN No.	INE446C01013
The Quarterly Unaudited Financial results were published in	English – Free Press Journal Marathi – NavshaktiWebsite : www.garwareoffshore.com
GDRS / ADRS	Not Applicable
Address for Correspondence	Garware Offshore Services LimitedChander MukhiNariman PointMumbai – 400 021 Tel : 022 – 2202 0745 022 – 2202 8398 Fax : 022 – 2202 9964 E-mail : agarware@bom4.vsnl.net.in

8. CODE OF CONDUCT :

Pursuant to Clause 49 of The Listing Agreement, the Company has laid a Code of Conduct for the Board of Directors and Senior Management of the Company and affirmed by the Board Members and Senior Management Personnel.

A Declaration duly signed by Vice Chairman & Managing Director is obtained by the Company.

On Behalf of the Board

Place : Mumbai
Dated : 21st March, 2006

ASHOK GARWARE
Chairman

ANNEXURE “A”

THE DISTRIBUTION OF SHAREHOLDING AS ON 10th MARCH, 2006 IS AS FOLLOWS:

NO. OF EQUITY SHARES HELD	NO. OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NO. OF SHARES SHARE CAPITAL	% TO TOTAL
1 - 1	164	0.64	164	0.00
2 - 500	23,749	93.31	28,69,168	19.90
501 - 1000	862	3.39	7,06,669	4.90
1001 – 2000	309	1.21	4,76,633	3.31
2001 – 3000	114	0.45	3,01,774	2.09
3001 – 4000	43	0.17	1,56,777	1.09
4001 – 5000	48	0.19	2,27,072	1.57
5001 – 10000	80	0.31	6,39,462	4.43
10001 & ABOVE	85	0.33	90,43,822	62.71
TOTAL	25,454	100.00	1,44,21,541	100.00