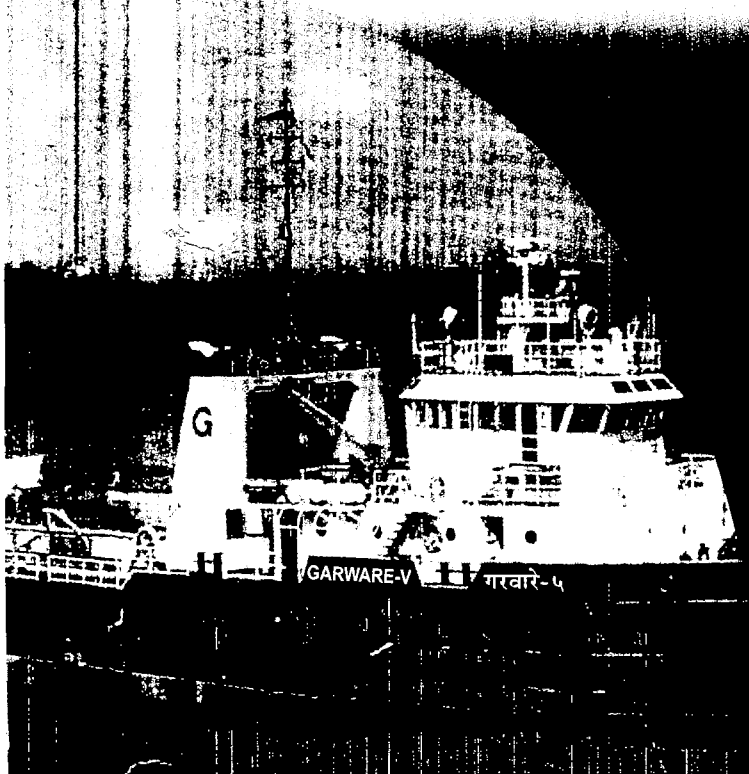




GARWARE OFFSHORE SERVICES LIMITED



Thirtieth Annual Report 2007-08



From our customer...



*Runner-Up HSSE Performance Award - 2008
from British Gas Exploration & Production India Ltd.*

GARWARE OFFSHORE SERVICES LIMITED**FOUNDER : THE LATE PADMA BHUSHAN - ABASAHEB GARWARE**

BOARD OF DIRECTORS	ASHOK GARWARE –M.A.(Cantab) (Executive Chairman)
	ADITYA GARWARE –M.B.A. (Vice Chairman & Managing Director)
	MANEESHA SHAH (nee GARWARE) – L.L.B.
	SHAMSUNDER AGGARWAL – B.Sc. (New York University)
	DR. B.S. COOPER Ph.d. (Engineering) London
	A.K. THANAVALA – B.Com. (Hons), L.L.B., A.C.S.
	J.C. CHOPRA – M.A.
	DILIP J. THAKKAR – C.A.
	GEORGE DUNCAN STEELE BODGER – B.A. (Hons)– Economics (Additional Director w.e.f. 24/04/08)
COMPANY SECRETARY & PRESIDENT – Legal & Admin.	C.V. RAMACHANDRAN B.Com., L.L.B., F.C.S., D.T.M., DIP.A.
PRESIDENT – TECHNICAL	R.D.PUNWANI – First Class Engineer (Motor)
PRESIDENT – COMMERCIAL	K.S. DAVE – B.Com. L.L.B.
PRESIDENT – FINANCE	S.P. AKOLKAR – M.M.S. (Finance)
HEAD – (HSSE & TRAINING)	Capt. VIPIN BAIJAL – Extra Master, M.Sc., WMU, Malmo Sweden
SR. VICE PRESIDENT – MARKETING	Capt. D. L. MATHUR – Master Foreign Going Shipping Mgt.
SR. VICE PRESIDENT – OPERATIONS	Capt. S. SARKANGO – Master Mariner
GENERAL MANAGER – FINANCE & ACCOUNTS	P.S. SHAH – B.Com.
GENERAL MANAGER – TECHNICAL	K.K. AGGARWAL – Marine Engineer
GENERAL MANAGER – TECHNICAL BANKERS	Z.R. MEHTA – First Class Engineer (Motor) DVB Group Merchant Bank (Asia) Ltd. ICICI Bank (Bahrain) Ltd. State Bank of Hyderabad State Bank of India State Bank of Travancore United Bank of India
AUDITORS	MESSRS. RAMAN S. SHAH & ASSOCIATES (Chartered Accountants)
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



Management Discussion and Analysis

For the 15 month period ended 31st March 2008, the Operating income rose to Rs.111.55 Crores from Rs.52.38 Crores for the 12 month period ended 31st December 2006.

Net Profit for the period (before Extra-Ordinary Items), rose from Rs.16.02 Crores for the 12 month period ended 31st December 2006 to Rs.24.94 Crores for the 15 month period ended 31st March 2008.

Market Trend:

The Petroleum Sector enjoys a pivotal position in view of the high price of crude oil. During the last 12 months, Oil prices have nearly doubled from approximately \$75 / barrel to \$140+ / barrel, finally settling in the region of \$122-128 / barrel. This scenario has encouraged Oil Companies to make huge investments in Exploration and Production (E&P) efforts worldwide.

In addition, there continues to be a strong growth in world energy demand with daily world wide consumption of liquid fuels increasing by about 35-40% over the next 20 years. The source of this energy will be mainly from Offshore Production.

The above factors i.e. high price of oil and increase in Global energy demand have led to a substantial boost in investment in the Sector by E&P Companies.

In India too, the focus on this Sector has increased with the Government announcing the New Exploration licensing Policy (NELP VII). It is understood that the Government has received bids for 45 Blocks (Onshore and Offshore) out of a total of 57 Blocks which were offered. Amongst these 57 Blocks are 19 deepwater and 9 shallow water Offshore Blocks. The series of NELP has attracted Global players who work along side National Oil Companies in an attempt to reduce dependency of the country on Imports. These private and Government players continue to gain successes in the Offshore fields around India.

As a continuing commitment to the Offshore Sector, the Company is in an "expansion phase" and the size of the Company's fleet has increased from 6 Vessels in 2006 to 8 Vessels in July 2008. A further 3 Vessels are scheduled for delivery by March 2009.

The Company, through its subsidiary in Singapore has increased the number of Vessels under Charter. Two Vessels are scheduled for delivery in the second Quarter of Financial Year 2010.

As a step towards the Company's vision to be recognized as a Global First class Offshore Service provider, we are proud to announce that the Company's international operations commenced with the deployment of the Company's latest Platform Supply Vessel (PSV), M.V. Mana, in the North Sea market in July 2008. In addition, our latest Anchor Handling Tug cum Supply Vessel (AHTSV), M.V. Poorna, which was delivered to the Company in the third week of July, 2008, was deployed to a Government Joint Operating Company in Vietnam almost immediately. The Company is confident that international operations will continue to form an integral part of future growth.

One more notable aspect of the Company is that the average age of its fleet of Vessels has been progressively reducing as new Vessels are delivered. The present average age of the Company's fleet is 10½ years, which is low compared to industry standards. All the Vessels being delivered to the Company are now being built to the highest standards for environmental friendliness and protection, ease of operation and safety & comfort of the crew.

Keeping the market trends in focus, the Company is consistently looking to expand its fleet by adding modern tonnage which will help in serving the Nation as well as Global Oil Exploration efforts.

GARWARE OFFSHORE SERVICES LIMITED**NOTICE**

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Garware Offshore Services Ltd. will be held at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400 034, on Friday, 5th September, 2008 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 March, 2008 and Profit and Loss Account for the 15 month period 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 Mrs. Maneesha S. Shah who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. A.K. Thanavala who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED THAT Pursuant to Sections 198,269,310 and any other applicable provisions of the Companies Act, 1956, Mr. Ashok B. Garware be and is hereby re-appointed as Executive Chairman of the Company for a period of five years w.e.f. 1.7.2007 on the remuneration and upon terms and conditions set out in the Explanatory Statement relating to this Resolution with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board of Directors may deem fit and as is acceptable to Mr. Ashok B. Garware within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto".

"RESOLVED FURTHER that in the event of any statutory amendment or modification or relaxation by the Central Government to paragraph 1(B) of Section II, Part II of Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission perquisites, allowances, etc., within such prescribed ceiling limits and the Agreement between the Company and Mr. Ashok B. Garware be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Members of the Company in General Meeting".

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution".

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. George Duncan Steele Bodger who was appointed as an Additional Director of the Company and holds office till the date of the ensuing Annual General Meeting and in respect of whom the Company has received a Notice from a Shareholder under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Messrs Raman S. Shah & Associates, Chartered Accountants, be and are hereby authorised to receive an additional remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) and the reimbursement of out of pocket expenses incurred by them for the extended period of the Financial Year from 1st January, 2008 to 31st March, 2008.

By Order of the Board

C. V. Ramachandran
Company Secretary &
President (Legal & Admn.)

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

Date: 31st July, 2008

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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. An Explanatory Statement for item Nos. 6 to 8 of the accompanying notice pursuant to Section 173 of the Companies Act, 1956, is enclosed.
3. The Register of Members and Share Transfer books of the Company will remain closed from 26.08.2008 to 05.09.2008 (both days inclusive).
4. For the convenience of members, an attendance slip is annexed to the Proxy form. Members are requested to fill in and append their signatures 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.
5. 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.'.
6. 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.
7. All enquiries and correspondence regarding Transfer of Shares, Dematerialisation, etc. should be addressed to Registrars 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.
8. **Details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement.)**

Name of Director	Mr. Ashok B. Garware	Mrs. Maneesha S. Shah	Mr. A.K. Thanavala	Mr. George Duncan Steele Bodger
Date of Birth	15.10.1938	31.01.1967	30.07.1937	02.04.1962
Nationality	Indian	Indian	Indian	U.K.
Date of Appointment on the Board	25.01.1977	30.11.1992	28.01.2004	24.04.2008
Qualifications	M.A. (Cantab)	B.Com., LLB	B.Com.(Hons), LLB., ACS.	B.A (Hons) Economics
Expertise in Functional Area	Industrialist	Legal	Corporate Laws	Banking & Finance
No. of Shares held in the Company (as on 31.07.2008)	59,843 (0.25%)	1,34,145 (0.56%)	NIL	NIL
List of Directorships held in other Companies	<ul style="list-style-type: none"> • Adsu Trading & Investment Co, Pvt. Ltd. • Asuad Trading & Investment Co, Pvt. Ltd. • Aybeegee Investment Co. Pvt. Ltd. • Garware Marine Industries Ltd. • Masu Trading & Investment Co. Pvt. Ltd. • Mauve Trading Co. Pvt. Ltd. • Universal Investment Services Pvt. Ltd. • Veebeegee Investment Co. Pvt. Ltd. 	<ul style="list-style-type: none"> • Adsu Trading & Investment Co. Pvt. Ltd. • Asuad Trading & Investment Co, Pvt. Ltd. • Garware Goa Nets Ltd. • Masu Trading & Investment Co. Pvt. Ltd. • Mauve Trading Co. Pvt. Ltd. • Universal Investment Services Pvt. Ltd. • Veebeegee Investment Co. Pvt. Ltd. 	NIL	NIL
Chairman/Member Committee of the Boards of other Companies in which he is a Director	NIL	NIL	NIL	NIL

GARWARE OFFSHORE SERVICES LIMITED**REQUEST TO THE MEMBERS**

1. 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 could be furnished will be furnished to the members.
2. 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: 31st July, 2008

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO.6****RE –APPOINTMENT OF MR. ASHOK B. GARWARE, EXECUTIVE CHAIRMAN AND PAYMENT OF REMUNERATION .**

As per the recommendation of the Compensation Committee at their meeting held on 28th June, 2007 and subject to the approval of the members at the ensuing General Meeting, the Board of Directors at its meeting held on 17th July, 2007 has re-appointed Mr. Ashok B. Garware as Executive Chairman, for a period of 5 years w.e.f. 1st July, 2007 and has also approved payment of remuneration as per details given below :

The Executive Chairman shall be entitled to the following remuneration, perquisites and allowances from the Company :

1. Consolidated salary of Rs.5,00,000/- (Rupees Five Lacs only) per month from 1st July, 2007 for the first year, Rs.6,00,000/- (Rupees Six Lacs only) per month be paid from 1st July, 2008 for the second year and from the third year onwards i.e. 1st July, 2009 till the expiry of his term a consolidated salary of Rs.7,00,000/- (Rupees Seven Lacs only) per month be paid to him.

Provided that in the event the Company has no profit or inadequate profit in any year commencing from the second year onwards, Mr. Ashok B Garware will draw a minimum consolidated salary of Rs.5,00,000/- (Rupees Five Lacs only) per month till the expiry of his tenure.

In addition to salary, the Executive Chairman shall be entitled to perquisites and benefits like Company maintained Chauffeur driven car(s) for official and personal use, Bonus /Ex-gratia, rent free accommodation or house rent allowance in lieu thereof, reimbursement of medical expenses, leave travel for self and family, club fees for two clubs, Medical/Accident insurance, Leave Encashment at the end of the tenure and such other perquisites subject to overall ceiling of remuneration, as prescribed under Sections 198 & 309 of the Companies Act, 1956.

In addition to the above, Mr. Ashok Garware, Executive Chairman, shall also be paid commission, as may be decided by the Board of Directors, subject to the limit prescribed under Section 309 and other applicable provisions of the Companies Act, 1956.

Minimum Remuneration

Notwithstanding anything herein contained, where in any financial year during the tenure of five years when the Company has no profits or the profits are inadequate, the Company will pay remuneration by way of salary and perquisites as stated above, but shall not exceed the limits prescribed under Schedule XIII of the Companies Act, 1956, and other provisions thereof or any amendments, variations, modifications or re-enactment.

Memorandum & Interest

Mr. Ashok B. Garware himself, Mr. Aditya A. Garware and Mrs. Maneesha Shah, Directors being relatives of Mr. Ashok B. Garware, are deemed to be interested or concerned in the re-appointment and payment of remuneration. None of the other Directors of the Company is interested or concerned in the re-appointment of Mr. Ashok B. Garware, Executive Chairman and payment of remuneration.



A copy of draft Agreement, proposed to be entered between the Company and Mr. Ashok B. Garware is available for inspection to the members between 2.00 PM to 4.00 PM at the Registered office on any working day till the date of Annual General Meeting.

ITEM NO. 7.

Mr. George Duncan Steele Bodger was appointed as an Additional Director on 24th April, 2008 and as per the provisions of Articles of Association of the Company and Section 260 of the Companies Act, 1956, he holds office till date of the ensuing Annual General Meeting.

The Company has received Notice in accordance with the provision of Section 257 of the Companies Act, 1956 from a Shareholder in respect of the Director, proposing his candidature for the office of the Director of the Company.

Accordingly, approval for the same is sought from the members for the item No.7 of this Notice.

The Directors therefore recommend the Resolution for approval.

Except Mr. George Duncan Steele Bodger, no other Director is interested or concerned in the Resolution.

ITEM NO.8.

At the Annual General Meeting held on 11.05.2007, the Shareholders approved the appointment of the statutory Auditors, M/s. Raman S. Shah & Associates, Chartered Accountants from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration of Rs.3,00,000/- p.a. and reimbursement of out of pocket expenses. In view of the extension of the Financial Year by 3 months from 1st January, 2008 to 31st March, 2008, the members are requested to approve an additional payment of Rs.75,000/- and reimbursement of out of pocket expenses incurred by them during the period 1st January, 2008 to 31st March, 2008.

None of the Directors is interested or concerned in the Resolution.

By Order of the Board

Registered Office
Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

C. V. Ramachandran
Company Secretary &
President (Legal & Admn.)

Date: 31st July, 2008.

GARWARE OFFSHORE SERVICES LIMITED**DIRECTORS' REPORT**FOR THE 15 MONTHS PERIOD ENDED 31ST MARCH, 2008TO,
THE MEMBERS,

Your Directors are pleased to present their report as under :

	Period ended 01.01.2007 to 31.03.2008 (15 months)	Rs. in Crores Year ended 31.12.2006 (12 months)
FINANCIAL RESULTS :		
Income from operations	111.55	52.38
Exchange gain/(Loss) Net	16.05	—
Other Income	1.17	1.36
Gross Income	128.77	53.74
Expenses for the period	48.99	22.92
Operating Profit for the period	79.78	30.82
Interest	21.89	6.76
Profit before Depreciation	57.89	24.06
Depreciation	16.03	7.62
Profit before Tax	41.86	16.44
Provision for Taxation:		
Tonnage Tax	0.08	0.02
Fringe Benefit Tax	0.29	0.27
Tax on Other Income	0.49	0.13
Net Profit for the period	41.00	16.02
Add/(Less): Excess / (Short) Prov. of Tax for earlier year	(0.16)	(0.44)
Net Profit after Tax	40.84	15.58

FINANCIAL HIGHLIGHTS :

Income from operations for the 15 months period ended 31.03.2008 stood at Rs.111.55 crore as against Rs.52.38 crore for the 12 month period ended 31.12.2006, an increase of 113%. The gross income of the Company for the period ended 31.03.2008 stood at Rs.128.77 crore as against Rs.53.74 crore for the period ended 31.12.2006 (increase of 140%).

The net profit for the period including Exchange gain of Rs.16.05 crore stood at Rs.40.84 crore as against Rs.15.58 crore (an increase of 173 %).

OPERATIONS:

The Company's 3 (Three) Anchor Handling Tug cum Supply Vessels (AHTSV) continue to be on contract. The Company's 3 (Three) Platform Supply Vessels, are on term charter.

The Company's fourth Platform Supply Vessel, 'M.V. Mana' was delivered in June, 2008 and is presently operating in the North Sea Market.



The Company has also taken delivery of a new built AHTSV - M.V. Poorna on 21.07.2008. The Vessel has been fixed on a term contract in Vietnam.

With regard to the dues from ONGC for 11th to 16th year of operation of the AHTSV's, the appeal filed by the ONGC before the Hon'ble Supreme Court has been allowed. The Company has filed a Review Petition before the Hon'ble Supreme Court as per expert legal advice and the same is pending.

Regarding disputes with ONGC on other issues, the matter has been successfully resolved outside Arbitration and the Company, as a result, has received Rs.1.28 crore.

DIVIDEND :

Your Directors subject to the Shareholders approval, are pleased to recommend a dividend of 18 % , for the 15 months period under review(previous year 18%).

Dividend will be paid to the Shareholders whose names appear on the Register of Members as on 05.09.2008.

The total cash outflow on account of Dividend and Tax thereon amounts to Rs. 5.02 crores (previous year Rs.3.91 crores).

EXPANSION / DIVERSIFICATION :

In addition to the deliveries of the Platform Supply Vessel and Anchor Handling Tug-cum- Supply Vessel, three more Vessels are scheduled for delivery in the Financial Year 2008-09.

Pursuant to Memorandum of Understanding signed with Havyard Leirvik AS for the marketing and sale of designs of Ships, the Company has marketed 4 (Four) Havyard designs to an Indian Shipyard during period under review.

FUTURE OUTLOOK :

The Exploration and Production (E & P) activities globally have grown substantially in view of the high price of Oil recently. In India too, the Government has recently concluded the auction of oil blocks to E & P Companies under NELP VII. The Company plans to take part in this growth by acquiring additional Offshore related Assets in the future.

As per its plan, the Company has diversified its geographical presence into International Markets and continues to look for deploying assets in the World Offshore Market.

The Company's new acquisitions/building orders of PSV's and AHTSV will help augment earnings and profitability. In addition, depending upon demand, the Company envisages further acquisitions in the near future.

The Company has also through its subsidiary, Garware Offshore International Services Pte. Ltd. (GOISPL), Singapore, contracted to Bareboat Charter two Assets with effect from 2nd quarter of Financial Year 2010.

SETTING UP OF WHOLLY OWNED SUBSIDIARY (WOS) AT SINGAPORE

The Company has set up a WOS at Singapore viz. 'Garware Offshore International Services Pte. Ltd.' (GOISPL) on 2nd July, 2007. The Directors' Report, Auditors' Report and Audited Accounts of GOISPL for the period nine months ended 31st March, 2008 are enclosed pursuant to provisions of Section 212 of the Companies Act, 1956.

PREFERENTIAL ALLOTMENTS OF EQUITY SHARES AND CONVERTIBLE WARRANTS

During the period under review, all the outstanding Convertible Warrants of Rs.10/- each were converted into Equity Shares. The 25,00,000 – 10% Optionally Convertible Debentures of Rs.100/- each were also converted into Equity Shares. The Company has obtained listing and trading approvals from Bombay Stock Exchange Ltd. and National Stock Exchange Ltd. for all the Equity Shares allotted upon conversion of said Warrants and Debentures.

LISTING FEES TO STOCK EXCHANGES

The Company has paid the Listing Fees for the year 2008-09 to Bombay Stock Exchange Ltd. and National Stock Exchange Ltd.

OPEN OFFER MADE BY INDIASTAR (MAURITIUS) LTD.

The Open Offer made to the Shareholders of the Company by IndiaStar (Mauritius) Ltd. for acquisition of Equity Shares has concluded.

EXTENSION OF FINANCIAL YEAR

In order to coincide the Company's Financial Year with Financial Year required under the Income-Tax Act, 1961 and to