



GLOBAL OFFSHORE SERVICES LIMITED

Thirty Fifth Annual Report 2012-13

.....Truly Global

BOARD OF DIRECTORS **ASHOK GARWARE** - M.A. (Cantab)
(Executive Chairman)
ADITYA GARWARE - M.B.A.
(Vice Chairman & Managing Director)
MANEESHA SHAH (nee **GARWARE**) - B.Com, L.L.B.
S.S. 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.
S.Y. MULANI - B.L.S., L.L.B

COMPANY SECRETARY **A.C. CHANDARANA**
B.Com., L.L.B., F.C.S.

PRESIDENT - COMMERCIAL **K.S. DAVE** - B.Com. L.L.B.

PRESIDENT - FINANCE **S.P. AKOLKAR - M.M.S.** (Finance)

PRESIDENT - (HSSE & TRAINING) **Capt. V. BAIJAL** - Extra master, M.Sc., WMU, Malmo Sweden

PRESIDENT - MARKETING **Capt. D. MATHUR** - Master Foreign Going Shipping Mgt.

PRESIDENT - OPERATIONS **Capt. S. SARKANGO** - Master Mariner

PRESIDENT - TECHNICAL **K.K. AGGARWAL** - Marine Engineer

GENERAL MANAGER - FINANCE & ACCOUNTS **P. S. SHAH** - B.Com.

GENERAL MANAGER - TECHNICAL **Z.R. MEHTA** - First Class Engineer (Motor)

BANKERS State Bank of India
DVB Group Merchant Bank (Asia) Ltd.
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, Puducherry

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 ON SELECT FINANCIAL DATA

The Company presently owns and operates four Anchor Handling Tug cum Supply Vessel (AHTSV) and two Platform Supply Vessels (PSV's). Except for one 27 year old AHTSV, all the vessels are deployed on contract. During the year under review the Company sold one Platform Supply Vessel(PSV), M. V. Makalu, at a profit of ₹38.55 crores.

The Company's Netherland subsidiary continues to grow and with the induction of a new Shareholder – a subsidiary of DVB Bank – now owns 2 PSV's and one AHTSV. All these Vessels have secured long term employment varying from 1 to 4 years. The Netherland subsidiary has also commenced employing people in its Branch Office in Rotterdam. The Netherland subsidiary has generated a profit of USD 0.34 million (as against loss of USD 0.63 million in the previous year) for the year under review. This amount would have been higher but for the fact being that one of its Vessels was idle for approx 4 months. This Vessel has been subsequently sold and the Company hopes that this will have a positive impact on the results of March 2014.

The Company's wholly owned subsidiary in Singapore presently has three assets on Bare Boat Charter. These are an Accommodation Work Barge (AWB) which is on long term charter in West Africa, a Platform Supply Vessel which presently operates in the North Sea and one Anchor Handling Tug cum Supply Vessel (AHTSV) which is awaiting award of a contract.

The Company has given Guarantees on behalf of its Subsidiaries - Global Offshore Services B.V., (GOSBV), The Netherlands and Garware Offshore International Services Pte. Ltd., (GOISPL) Singapore to Banks and Owners from whom vessels have been chartered.

Guarantees issued on behalf of GOSBV to Banks are for installments falling due. However, since all the vessels owned by GOSBV are on long term charter with sovereign E & P Companies and the market value of these vessels are substantially higher than the outstanding debt on the vessels, the chance of these Guarantees devolving on the Company are extremely "slim".

In the case of Guarantees issued on behalf of GOISPL to Owners of vessels for bareboat charter, the value of potential liability cannot be ascertained in view of the nature of the operating lease. In any case, all the vessels on bareboat are deployed on long term charters at rates, which are substantially higher than the bareboat rate paid out by GOISPL and since the value of these assets are substantially higher than the charter liability, the likelihood of any of these Guarantees being invoked against the Company is almost zero.

During the year under review on a standalone basis, the Company's income stood at ₹169.01 crores. This includes the profit of sale of M.V. Makalu at ₹38.55 crores. The Cash Profit for the year was ₹72.97 crores. When compared to the previous year's result, the Company's Operating income has reduced mainly due to the fact that few of the Company's assets have come off long term contract and one PSV was sold. Even though they have now recommenced medium term / long term contracts, this has happened after a short period of no earnings and at a lower charter rate.

FUTURE OUTLOOK

a) Indian Scenario :

India's growth rate continued to decline during the year. However, this did not have a major effect on the demand for oil and gas. India is forecast to consume an average of 3.70 mb / day in 2013, up 2.8% from the previous year. Government induced plans to raise infrastructure spending will in all likelihood, supply stronger growth for commercial fuel usage.

Unfortunately, though demand for oil and gas and efforts of exploration activities stayed firm this year, this did not get reflected in charter rates for Vessels. Increased competition from older, cheaper tonnage, actually led to a decline in charter rates. As a result, the Company continues to look for deployment opportunities internationally as well as in India, as it has done in the past.

b) Global Scenario :

On the international front, the global economy is still a distance away from complete revival. Even though there is some momentum of growth from certain "pockets" in the developed world, demand for oil is mainly driven by the developing countries. Demand from OECD countries is not increasing. The world is now seeing an increasing thrust for exploration and production in view of the "firm" oil price. New requirements for offshore assets are originating from various parts of the world including West Africa, Brazil, the far East and even the North Sea. It is experts view that several E & P Companies are desirous of contracting / employing service providers on a long term basis so that costs are "pegged".

In the case of Brazil, the Government has recently offered 289 blocks for auction. Even though Petrobras has revised its production targets and slowed down the pace of chartering Vessels, the initial projection of the number of Vessels required over the span of 10 years still continues. However, controlling operating costs in this market continues to be a challenge

On a global scale OSV demand is likely to grow between 8% to 10% in the current year. Deliveries from yards, especially in the far East pose a threat, but the Company maintains that in the long run its quality and mix of assets will continue to serve it well. Experts believe that utilization of Vessels should increase over the next 24 months. However, pressure on charter rates will continue in view of the "stream" of new buildings that are being delivered over the next 12 to 18 months.

NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of Global Offshore Services Limited will be held at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034, on Monday, 2nd September, 2013 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, 2013 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 reappointment.
4. To appoint a Director in place of Mr. S. S. Aggarwal who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board

A.C.Chandarana
Company Secretary

Registered Office:

Chander Mukhi, 2nd Floor,
Nariman Point, Mumbai – 400 021.

Place: Mumbai

Date: 30th May, 2013

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 from 28-08-13 to 02-09-13 (both days inclusive).
3. For the convenience of members, an attendance slip is annexed. 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.
4. Members are requested to notify the change in Bank details, 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.'.

Attention of the members is invited to SEBI Circular No. CIR/MRP/DP/10/2013 dt. 21-3-2013, whereby it is mandatory that the Company / RTI & STA shall print the bank account details of the members on dividend instruments. Accordingly, the members are requested to furnish/update their bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), Bank Name, Branch address etc, to facilitate making electronic/physical payment of dividend. Zerox copy of cheque leaf may also be furnished.

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 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.

7. 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	Dr. B.S. Cooper	Mr. S.S. Aggarwal
Date of Birth	12.10.1930	30.06.1937
Nationality	Indian	Indian
Date of Appointment on the Board	22.05.2004	19.02.1994
Qualifications	Ph.d (Engineering) London	B.Sc (New York)
Expertise in Functional Area	Professional	Businessman
No. of Shares held in the Company (as on 17.05.2013)	10,000	10,000
List of Directorships held in other Companies	NIL	<ul style="list-style-type: none"> • DBS Corporate Services Pvt. Ltd. • DBS Financial Services Pvt. Ltd. • DBS Internet Services Pvt. Ltd. • DBS Capital Market Pvt. Ltd. • DBS Securities Pvt. Ltd. • Vanvik Leasing Pvt. Ltd. • J.L. Morison(India)Ltd. • Vikrant Finance & Marketing Corporation. • DBS World Travel Pvt. Ltd. • Copper Rolers Pvt. Ltd.
Chairman/Member Committee of the Boards of other Companies in which he is a Director	NIL	NIL

REQUEST TO THE MEMBERS:

- Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten working 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.
- Members are requested to bring their copy of the Annual Report to the Meeting.

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office:

Chander Mukhi,
Nariman Point, Mumbai – 400 021

Place : Mumbai.

Date : 30th May, 2013

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2013

TO,

THE MEMBERS,

Your Directors are pleased to present their report as under:

FINANCIAL RESULTS:

₹ in Crores

	Year ended March 31, 2013	Year ended March 31, 2012
Income from operations	127.36	153.15
Other Operating Income	38.55	-
Other Income	3.10	1.50
Gross Income	169.01	154.65
Expenses for the period	66.08	68.22
Operating Profit for the period	102.93	86.43
Finance cost	21.24	23.21
Profit Before Depreciation	81.69	63.22
Depreciation	23.14	29.93
Profit Before Tax	58.55	33.29
<u>Provision for Taxation</u>		
Current Tax	8.35	0.42
Tax for earlier (Period) written back	0.06	(0.01)
Net Profit After Tax	50.14	32.88
Cash Profit	73.28	62.81

FINANCIAL HIGHLIGHTS:

Income from Operation (including other operating income) for the year ended on 31.03.2013 stood at ₹165.91 crores, as against ₹ 153.15 crores for the previous year, an increase of 8.3%. Other Income for the year stood at ₹3.10 crores taking the Gross Income to ₹169.01 crores.

The Net Profit for the year ended 31.03.2013 stood at ₹ 50.14 crores as against ₹ 32.88 crores for the previous year, an increase of 52.5%.

The other operating Income consists of the profit on the sale of the Company's Platform Supply Vessel, M. V. Makalu. The Vessel was sold in May 2012.

The Company continues to follow Accounting Standard 30 'AS-30' Financial Instrument: (Recognition & Measurement).

OPERATIONS:

During the year under review, three of the Company's Vessels completed long term contracts. One of them commenced short term jobs, albeit at a lower rate, almost immediately. The 2nd Vessel commenced a 6 month firm job at the end of the year under review.

The third of these Vessels, M.V. Garware III, which is 27 years old concluded her long term contract during the year. The Vessel has been idling since.

All other Vessels continued on long term contract.

DIVIDEND:

During the year under review, the Company has declared two Interim Dividends aggregating to 16%.

Your Directors, subject to the Shareholders approval, are pleased to recommend a final dividend of 8%, for the year under review. Thus, the total Dividend for the year under review is 24% (previous year 24%). The final dividend will be paid to the Shareholders, whose names appear on the Register of Members as on 02.09.2013.

The total cash outflow on account of Dividend and Tax thereon (including Interim Dividends) amounts to ₹ 6.94 crores (previous year ₹ 6.86 crores).

EXPANSION AND FUTURE OUTLOOK:

The Company continues to endeavour to place all its Vessels on long term contract. Presently, except for 2 Vessels, all Vessels are on long term contracts.

The Company's subsidiaries in Singapore and Netherland continue to grow. The Singapore subsidiary now operates 3 Vessels on Bareboat Charter. The Netherland subsidiary presently owns and operates 3 Vessels as well. Out of the 6 Vessels controlled by the Company's subsidiaries – 4 Vessels are on long term contracts, one Vessel is awaiting award of a contract and one is plying in the North Sea spot market and has been awarded a medium term contract w.e.f. mid June 2013.

POSTAL BALLOT :

Your approval was sought by way of Postal Ballot for investment in securities / granting loans and issue of Guarantee in excess of the limits prescribed under Section 372 A of the Companies Act upto Rs.2,500/- crores in the subsidiary of the Company. The said resolution was passed by vast majority of 99.98% of the total votes casted.

PREFERENTIAL ALLOTMENT :

Pursuant to the Shareholders' Approval at Extra Ordinary General Meeting and In-Principle Approvals received from Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., the Company allotted 4,40,000 Equity Shares and 4,69,700 Share Warrants of ₹10/- each (to be converted into 4,69,700 shares) at a premium of ₹111/- per share.

All the outstanding Warrants were converted into Equity Shares during the year. Consequent to the allotments the Equity Share capital of the Company stands at 2,47,28,793 Equity Shares of ₹10/- each aggregating to ₹24,72,87,930 /-.

SUBSIDIARY / WHOLLY OWNED SUBSIDIARY (WOS):

a) Global Offshore Services B.V. - The Netherlands (GOSBV)

During the year under review, GOSBV achieved an income from operations of USD 15.98 million (previous year USD 8.8 million) with a net profit of USD 0.34 million (previous net loss of USD 0.63 million). The cash profit stood at USD 3.95 million (previous year USD 1.95 million).

GOSBV acquired 3 Vessels viz M. V. Shergar, M.V. Everest and M.V. Ben Nevis during the year. M.V. Shergar was awarded a 4 year firm contract in Brazil w.e.f. September 2012. M.V. Ben Nevis has been awarded a Contract for a firm period of 1 year with 4 x 1 year extension options for operation in North Sea / West Africa. M. V. Everest was sold recently.

GOSBV will take delivery of a 4000 DWT, DP1, PSV in August 2013.

b) Garware Offshore International Services Pte. Ltd – Singapore (GOISPL)

The Company's Wholly Owned Subsidiary, GOISPL based in Singapore achieved an operating income of USD 9.7 million (previous year USD 11.8 million) and net profit of USD 0.113 million (previous year net loss of USD 1.16 million). GOISPL now has three vessels on bare boat viz 1 Accommodation Barge, 1 Platform Supply Vessel and 1 Anchor Handling Tug Cum Supply Vessel, all of which have been awarded long term contracts.

In view of general exemption granted by Ministry of Corporate Affairs vide Circular No.51/12/2007-CL-III dated 8.2.2011, the annual accounts of subsidiary companies and the related information required to be enclosed under the provisions of Section 212 of the Companies Act are not enclosed.

The Company undertakes that such information shall be made available to the shareholders of the holding and subsidiary companies and shall also be kept for inspection at the Registered Office of the Company. The Company shall furnish hard copy of the same to any shareholder on demand.

LISTING FEES TO STOCK EXCHANGES:

The Company has paid the Listing Fees for the year 2013-14 to Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

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 (save and except as stated in the Directors' Report) have been made from the same.
- b) That they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the year and the Profit of the Company for that year ended as on 31.03.2012.
- 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.

INSURANCE :

All the Vessels owned and operated by the Company and its subsidiaries have been insured for Hull & Machinery, War Risks and Protection & Indemnity (P & I) claims. If required, depending upon the Geographical location of the Vessels, necessary Kidnap and Ransom (K&R) Insurance cover is also taken for the Vessels and crew. The crew on all the vessels are also covered under (P & I) insurance.

FIXED DEPOSITS:

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

DIRECTORATE:

Dr. B. S. Cooper and Mr. S. S. Aggarwal, Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment. Members are also requested to re-elect them.

AUDITORS:

You are requested to re-appoint Statutory Auditors, Messrs. Raman S. Shah & Associates, Chartered Accountants for the current year and to fix their remuneration.

The Company has obtained a Certificate from Auditors certifying that their re-appointment, if made at the ensuing Annual General Meeting shall be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

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 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. As per Securities and Exchange Board of India (SEBI) requirement, 100% of the shares held by the Promoter / Persons Acting in Concert category are in the Electronic Form.

CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENT:

The Board wishes to thank the Office of Directorate General of Shipping, Mercantile Marine Department, Shipping Master, MPA, MI Registry, IRS, DNV, ABS, Axis Bank, DVB Bank, DnB, State Bank of India, State Bank of Travancore, United Bank of India for their continued support and co-operation during the year.

On Behalf of the Board

ASHOK GARWARE
CHAIRMAN

Place : Mumbai

Dated : 30.05.2013