



GLOBAL OFFSHORE SERVICES LIMITED

Thirty Seventh Annual Report 2014-15



.....Truly Global

INDEX

Company Information	1
Management Discussion & Analysis on Select Financial Data	2
Notice	4
Directors' Report	8
Report on Corporate Governance	23
Standalone Financial Statements	
Auditors' Report	29
Balance Sheet	32
Profit & Loss Statement	33
Cash Flow Statement	34
Notes to the Financial Statements (Standalone)	35
Consolidated Financial Statements	
Auditors' Report	48
Consolidated Balance Sheet	50
Consolidated Profit & Loss Statement	51
Consolidated Cash Flow Statement	52
Notes to the Financial Statements (Consolidated)	53
Attendance Slip & Proxy Form	67

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)

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

CHIEF EXECUTIVE OFFICER

A. L. DEVL - B.Com., L.L.B.

COMPANY SECRETARY

A.C. CHANDARANA - B.Com., L.L.B., F.C.S.

CHIEF FINANCIAL OFFICER

N. T. SENGUPTA - B.Com., A.C.A., C.M.A.

PRESIDENT - COMMERCIAL

K.S. DAVE - B.Com. L.L.B.

VICE PRESIDENT - TECHNICAL

Z.R. MEHTA - First Class Engineer (Motor)

HEAD - (HSSE & TRAINING)

CAPT. K. P. KEKRE - B.Sc.

**GENERAL MANAGER - FINANCE
& ACCOUNTS**

P. S. SHAH - B.Com.

BANKERS

State Bank of India
State Bank of Travancore
DVB Group Merchant Bank (Asia) Ltd.
United Bank of India

AUDITORS

MESSRS. RAMAN S. SHAH & ASSOCIATES
(Chartered Accountants)

REGISTERED OFFICE

101, Swapnabhoomi, 'A' Wing,
S.K.Bole Road, Dadar (W),
Mumbai – 400 028.

BRANCH

Goa

**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 & DIRECTORS REPORT

During the year under consideration, your company acquired two vessels, one in Global Offshore Services Limited and one in the Netherland subsidiary.

Your company has made a concerted effort to place all its Vessels on long term contract. However, considering the market scenario over the past year, especially the drastic fall in the price of oil over the past few months, this has become increasingly difficult. In spite of this, on a standalone basis, 3 of the 4 Vessels owned by the Company were on long term contracts. In addition during the year, the Company acquired one new AHTSV, which is presently trading in the spot market. The Vessel has been bid for several long term jobs – outcomes of which is expected is shortly.

In the case of the Company's partly owned subsidiary in The Netherlands, the charter rates of two of the Company's Vessels were re-negotiated "downward". This was done to ensure continuity of employment of the said Vessels.

On a consolidated basis, of the 11 Vessels owned/operated for the entire period, 9 were on long term contracts. The long term contracts provided the company with stability in earnings, cash flows and capacity building – which enabled the Company to acquire 2 Vessels (on a consolidated basis) during the year.

The Industry

This year began on a healthy note with the offshore sector continuing to remain "eclipsed" and unaffected by the overall gloom that had enveloped the shipping industry. However, during the latter part of the year, the rising price of crude led to the profitable generation of shale oil, which in turn, led to disturbances of market share. An excess of supply led to a tumble in the crude oil prices with OPEC members protecting their market shares. This rather unexpected fall in the prices of crude oil has had large negative impact on the offshore market.

Your company had to respond to the request of its charterers to correct its charter revenues to reflect the disturbances in the market arising out of the falling crude oil prices coupled with incremental supply of tonnage. However, your company has so far been able to minimise any impact caused by the fall in crude prices thanks to its prudent policy of securing long term charters for its fleet. The Directors are pleased to report that your company's vessels continue to enjoy the confidence of its charterers.

Opportunities & Threats

While it is difficult to predict the future of the crude oil market, pundits do not expect any dramatic changes from the current levels in the foreseeable future. Your company has therefore embarked on an exercise to "watch the cost" and ensure that the operational costs of the company are kept at its efficient best.

The drop in the price of crude oil seems to have had an adverse impact of deep water exploration. This could release some tonnage from contract, including Vessels owned by the Company, into the market which would be looking for employment.

However, certain markets will continue their exploration activities unabated regardless of the price changes. Amongst these is the Indian market. Your company has responded to the energy demands of the Indian subcontinent and continues to be part of the "India" growth story. One of the Company's subsidiary's Vessels was fixed to ONGC on a 3 year term contract. The Vessel, on BBC to the Company's Singapore subsidiary, was acquired by the Company in April 2015 (after the year under reference). Now, with two of Company's vessels on Contract with ONGC, and another 3 Vessels working with other "India" based E&P Companies, your company is proud to be involved with the Oil exploration activities of the Nation.

Outlook

While the past year had been relatively steady, the Company (on a consolidated basis) could see Charterers not exercising their options to extend contracts for Vessels plying internationally. Additionally, the North Sea spot market, where one of the Company's Netherland subsidiary Vessel plies, continues to be extremely "weak" due to a high availability to Vessels in the market. While there is no likelihood of an immediate rebound in the market, and the mismatch between the supply and future notwithstanding, we are hopeful that majority of your company's vessels will be suitably engaged.

Operational performance

The average age of the entire fleet on a consolidated basis stands at a little over 4 years and could be considered to be one of the "younger" fleets in the industry.

The vessels of your company continued to operate at their best. Attention to regular maintenance and upkeep of its vessel has ensured that the vessels do not face with frequent unexpected "down times". This has led to your company being able to build for itself a reputation of being a reliable and respected service provider to Oil Majors, world over.

Your company is also keenly aware of the need to ensure that costs are monitored closely and monies are spent prudently in order to be able to obtain the highest value out of all maintenance and upkeep efforts.

Risks and concerns

It is clear that the instability in oil prices will continue to be the single largest issue that would be watched by the offshore industry. The ability of the shale gas industry to sustain itself will continue to be tested and this would be driven not necessarily by economics but by geo-political compulsions too. The proposed opening up of Iran could work in a some measure to aggravate the situation.

Another factor of concern is the constant flow of supply of cheap New Building Vessels from various Yards in China which is causing a situation of oversupply of assets in the market.

Internal control systems and adequacy

Your company continues to emphasise the importance of the setup of suitable systems which would drive the performance of its various "verticals". A regular audit of systems and processes on shore as well as offshore is carried out and findings help your company improve continuously.

Cost management is an important issue for the company and the Technical and Quality teams are continuously exploring ways and means to be able to manage assets at optimal costs.

Training of onshore and offshore personnel continues to get the attention it deserves and special attention is being paid to this in order that your company is able to retain good talent.

HR and people

People continue to be the most important and valuable asset of your company and continue to occupy a place of pride in ensuring that your company performs at its best. Several HR related practices have been instituted, based on continued internal interaction. Policies of the company have been strengthened. Your company is proud to report instituting a guideline in respect of "Prevention of Sexual harassment Policy" (the sexual harassment guideline).

Small and effective training modules are being initiated with external expertise where needed. Your company will continue in its people focussed approach in the coming years.

During the year under review, the Company employed a Chief Executive Officer and a new Chief Financial Officer (as a replacement to the erstwhile President-Finance). The CEO Mr. Anil Devli and CFO, Mr. Niladri Sengupta, bring with them over 10 years of experience in the Shipping Company and your Directors are certain that the Company will benefit tremendously from their respective contributions.

Mr. Aditya Garware, VC and MD of the Company opted for a reduction of salary, in view of the Company's need to conserve resources to execute its expansion plans.

NOTICE

Notice is hereby given that the Thirty Seventh 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 Tuesday, 29th September, 2015 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, 2015 and Profit and Loss Account for the year ended as on that date together with Directors' and Auditors' Report thereon.
2. To re-elect Mr. Aditya A. Garware, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office

101, Swapnabhoomi, 'A' Wing,
S.K. Bole Road, Dadar (W),
Mumbai – 400 028.
CIN NO.: L61100MH1976PLC019229
Date : 29th May, 2015
Place : Mumbai

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.

The instrument appointing proxy in order to be effective should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting. Proxy submitted on behalf of Companies, Societies etc., must be supported by appropriate Resolution/authority as applicable.

2. The Register of Members and Share Transfer books of the Company will remain closed from 22.09.2015 to 29.09.2015 (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 e-mail address, 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/MPR/DP/10/2013 dt.21.03.2013, 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. **Voting through electronic means:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and clause 35B of the Listing Agreement entered with the Stock Exchanges, the Company is pleased to :
 - i) Provide facility to the members for voting by electronic means to cast their votes electronically from the remote place and the business may be transacted through such voting.

- ii] The Company will provide the facility for voting through polling paper at the venue of the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- iii] The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.

The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide e-voting facilities. The e voting facility is available at the link <https://www.evotingindia.com>:

The Company had fixed Tuesday, 22nd September, 2015 as the cut-off date for determining voting right of shareholders entitled to participate in the e-voting process. In this regard, your demat account /folio number has been enrolled by the Company for your participation in e-voting on the resolution proposed by the Company on the e-voting system.

The remote e-voting facility will be available during the following period:

Commencement of e voting	Friday, 25th September, 2015 at 10.00 a.m.
End of e voting	Monday, 28th September, 2015 at 5:00 p.m.

During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 22.09.2015 (the cut-off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 28.09.2015.

The instructions for shareholders voting electronically are as under:

- (i) The shareholders should log on to the e-voting website: www.evotingindia.com.
- (ii) Click on Shareholders,
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on 'Login'.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted earlier in respect of any other resolution proposed by the Company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. <p>Please see Sequence number printed in the address sticker in the envelope.</p> <ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (x) Click on the EVSN for GLOBAL OFFSHORE SERVICES LIMITED on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non - Individual Shareholders and Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under the help section or write an email to helpdesk.evoting@cdslindia.com.
 - The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on Tuesday, 29th September, 2015 at the Annual General Meeting venue. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.globaloffshore.in and on the website of CDSL within two (2) working days of passing of the resolution and communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd., & National Stock Exchange of India Ltd.

8. E-voting is optional for Members. The Notice is sent electronically to all the shareholders who have registered their email addresses with the Company / Depositories and to other shareholders by courier.
Kindly note that the Shareholders can opt only for one mode of voting, i.e., either by Physical Ballot or e-voting. If members are opting for e-voting, then they should not vote by Physical Ballot also and vice versa. However, in case Shareholders cast their vote by Physical Ballot and e-voting, then voting done through valid Physical Ballot shall prevail and voting done by e-voting shall be treated as invalid.
9. Member(s) desiring to exercise his / her vote by using E-voting facility can log in any number of times till he / she has voted the resolution or till the end of the Voting Period, whichever is earlier.
10. Mr. S.M. Korde, Practicing Company Secretary (Membership No.ACS 563 & C.P No ACS-1079) is appointed as the Scrutinizer for conducting the e voting process and physical voting in a fair and transparent manner.
11. The Scrutinizer will submit his report of the votes polled through E-voting and physical voting, to the Chairman. The Chairman will, or in his absence, any other person so authorized by him will, announce the results of Voting on Tuesday, 29th September, 2015 immediately upon receipt from the Scrutinizer. The Scrutinizer's decision on the validity of the votes cast through E-voting and Physical Ballot shall be final. The Results shall be declared on 29.09.2015. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website: www.globaloffshore.in within two (2) working days of passing of the resolution and communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.

8. Details of Directors seeking re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement).

Name of Director : Aditya Ashok Garware
Date of Birth : 11.02.1971
Nationality : Indian
Date of Appointment on the Board : 31.05.1993
Qualifications : M.B.A. (Lehigh)
Expertise in Functional Area : Industrialist. Having rich offshore business experience for over 2 decades.
No. of Shares held in the Company : 778138 - 3.16% (as on 31.03.2015)

List of Directorships held in other Companies :

- (1) Garware Goa Nets Ltd.,
- (2) Garware Marine Industries Ltd.,
- (3) Adsu Trading & Investment Co, Pvt. Ltd.,
- (4) Masu Trading & Investment Co. Pvt. Ltd.,
- (5) Mauve Trading & Investment Co. Pvt. Ltd.,
- (6) Shesu Trading & Investment Co. Pvt. Ltd.,
- (7) Universal Investment Services Pvt. Ltd.,
- (8) Garware Offshore International Services Pte. Ltd.,
- (9) Global Offshore Services B.V. and;
- (10) Indian National Shipowners' Association.

Chairman/Member Committee of the : One
Boards of other Companies in which
he is a Director.

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 working 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

A. C. Chandarana
Company Secretary

Registered Office:

101, Swapnabhoomi, 'A' Wing,
S.K.Bole Road, Dadar (W),
Mumbai – 400 028
CIN: L61100MH1976PLC019229.

Date : 29th May, 2015

Place : Mumbai

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2015

TO,

THE MEMBERS,

Your Directors are pleased to present their report as under:

1] FINANCIAL RESULTS:

PARTICULARS	Rs. in Crores	
	Year ended March 31, 2015	Year ended March 31, 2014
Income from operations	78.89	122.22
Other Operating Income	11.02	-
Other Income	1.50	3.65
Gross Income	91.41	125.87
Expenses for the period	46.27	63.88
Operating Profit for the period	45.14	61.99
Finance cost	9.25	15.58
Profit Before Depreciation	35.89	46.41
Depreciation	13.36	22.74
Profit Before Tax	22.53	23.67
<u>Provision for Taxation</u>		
Current Tax	1.85	0.75
Tax for earlier (written back)/provision	---	(0.05)
Net Profit After Tax	20.68	22.97
Add : Balance of Profit brought forward from previous year.	136.19	126.20
Profit available for appropriation.	156.87	149.17
Less : Tonnage Tax Reserves	4.60	4.75
- General Reserves	-	4.75
- Proposed Dividend	-	2.97
- Tax on Proposed Dividend	-	0.51
Balance Carried forward	152.27	136.19

2] FINANCIAL HIGHLIGHTS:

Income from Operation (including Other Operating Income) for the year ended on 31.03.2015 stood at Rs.89.91 crores, as against Rs.122.22 crores for the previous year. Other Income for the year stood at Rs.1.50 crores as against Rs.3.65 crores for the previous year.

The Net Profit for the year ended 31.03.2015 stood at Rs.20.68 crores as against Rs.22.97 crores for the previous year.

The Company continues to opt for the Tonnage Tax Scheme.

3] OPERATIONS:

- M.V.Garware-III, which is now 31 years old, has been laid up and remained idle during the year under review.
- M.V. Kailash was sold during the year under review.
- M.V.Meghna continued to work in the spot markets of the Far East, the Middle East and recently in India. The Vessel has been offered for long term contract to work in West Coast of India, the outcome of which is awaited.
- M.V.Poorna, M.V.Mahananda and M.V.Kamet continued to work on long term contract in the West Coast of India.
- The Company took delivery of One Anchor Handling Tug Cum Supply Vessel (AHTSV) viz M.V. Lachung, in February 2015. The Vessel is a 80 Ton, DP-2 AHTSV built in China. The Vessel is currently working in the spot market and has been offered to various Charterers for long term contracts the outcome of which is awaited.