



GLOBAL OFFSHORE SERVICES LIMITED

38th Annual Report 2015-16



.....Truly Global

INDEX

Company Information	1
Management Discussion & Analysis on Select Financial Data	2
Notice	4
Directors' Report	7
Report on Corporate Governance	22
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
(Executive Chairman)

ADITYA GARWARE
(Vice Chairman)
ceased to be Managing Director w.e.f. 10.11.2015

MANEESHA SHAH

S. S. AGGARWAL

A. K. THANAVALA

J. C. CHOPRA

S. Y. MULANI

**COMPANY SECRETARY &
PRESIDENT - LEGAL & ADMIN**

A.C. CHANDARANA

CHIEF FINANCIAL OFFICER

N. T. SENGUPTA

PRESIDENT - COMMERCIAL

K. S. DAVE

PRESIDENT - HSSE & TRAINING

CAPT. V. BAIJAL

PRESIDENT - TECHNICAL

Z. R. MEHTA

**GENERAL MANAGER - FINANCE
& ACCOUNTS**

P. S. SHAH

BANKERS

State Bank of India
State Bank of Travancore
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 & ANALYSIS REPORT

While the year under Review was generally a good year for the Company, with contract coverage at almost 100%, oil prices continued to fall drastically and conditions in the Industry generally deteriorated overall.

The Offshore Support Vessel (OSV) sector continues to face extremely challenging times due to the prolonged downturn. As oil Companies adjust to the “new reality” of oil price by announcing further exploration and production cutbacks, overall utilisation of OSVs has fallen significantly over the last year. Depressed market conditions are evident from charter rates, the number of fixtures and asset prices, which have declined further across the majority of key regions. Rate renegotiations, and early terminations have also become “the norm”. Along with weak demand, over-supply continues to be a key problem.

The Industry:

- A full-scale downturn is underway in the OSV markets. Day rates for most vessel classes have approached OPEX levels, whilst asset prices have also fallen.
- Overall, charter rates in early 2016 are appx. 40% below the long-term average. The order book also remains a problem, particularly in the case of the PSV sector, where prompt resales from yards may become common if a consensus can be found between buyers’ and sellers’ price ideas.
- As a result of the weak market, the number of OSVs in lay-up globally has increased by over 600 since the start of 2015. Just over 100 of these are North Sea based Vessels.
- Number of deployed Rigs (Onshore & Offshore) reduced from 3578 in 2014 to 1606 in 2016 (a reduction of over 50% in last two years).

Opportunities & Threats:

One of the main challenges faced by OSV sector is the level of oversupply of Assets. With oil prices going down, Charter rates have decreased as well, impacting the revenues of almost all OSV owners in the sector. Overall utilisation of OSVs has fallen significantly over the last year. Scrapping could be a solution but it remains an uneconomical option due to limited weight of steel and often high cost to reach the breaking yard. As a result, the sector has opted for lay-up as a short-term solution.

Your Company is not isolated from the rate negotiations, early termination and shorter term contracts. Negotiated rates have now reached just above break even levels causing the Company’s Turnover to fall in the current year. Drastic measures for cutting cost had to be initiated against the wishes of Senior Management in an attempt to “remain afloat”.

Outlook:

There seems to be no immediate resolution to the plight of the market in the short term and unless oil prices rise substantially very soon and owners keep Vessels in lay-up for longer periods, depressed conditions are expected to continue for atleast the next few years.

Operational performance:

The average age of the Company’s fleet on a consolidated basis, stands at just over 5 years and could be considered to be one of the “younger” fleets in the industry.

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 repairs.

Risks and concerns:

After 18 months of low oil prices, the OSV sector continues to be severely challenged. It is clear that the sector still faces a large problem of oversupply. Charter rates and asset prices have continued to fall over the last 6 months with several owners now operating at or below OPEX levels. It is hard to imagine rates declining much further, yet additional cutbacks announced by oil Companies will result in more difficult times ahead.

A concerning point is, almost three quarters of the OSV order book was scheduled for delivery in 2016. However, given the current market conditions the delivery schedule is becoming increasingly uncertain and it is expected that a high number of units will be delayed or cancelled altogether. So far, many shipyards have agreed to slow down construction. However, even though OSV contracting at its lowest since 1996, this attitude could change going forward. In addition, it is thought that a significant proportion of the OSV order book has been already launched with many units near completion. It is therefore more likely than not that they will enter the fleet one way or another.

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, Procurement and Health & Safety 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 so as to retain good talent.

The Company is in the Process of getting accredited under ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. The Company expects the said accreditation to be beneficial in the long run.

HR and people:

The Employees of the Company continue to be its most important and valuable asset. The Company continue to hold small and effective training modules for its employees.

During the year under review, Capt. K. Kekre – President (Operations) retired from service.

Capt. V. Baijal joined the Company w.e.f. 01st February, 2016 as President – HSSE & Training.

In view of drastic fall in the revenues of the Company, all Employees / Consultants agreed to accept a reduction in salaries / fees ranging from 5% to 35%, depending upon their respective income “slabs”. This is expected to be a temporary phenomenon and once the revenues improve, the decision to reinstate / revise the salaries / consultancy fees will be taken by the Board of Directors.

The designations of certain key personnel’s and employees were revised effect from 1st January, 2016.

NOTICE

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of Global Offshore Services Limited will be held on **Friday, 30th September, 2016 at 09:30 A.M.**, at "Garware Sabhagriha" F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit and Loss for the year ended on that date together with the Directors' and Auditors' Report thereon;
2. To appoint a Director in place of Mrs. Maneesha S. Shah (DIN: 00019794), who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s. Raman S. Shah & Associates, Chartered Accountants (Firm Registration No. 119891W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

Registered Office:

101, Swapnabhoomi,
"A" Wing, S. K. Bole Road,
Dadar (W), Mumbai - 400028
CIN: L61100MH1976PLC019229

Date : 08th August, 2016

Place : Mumbai

By Order of the Board

Sd/-
A.C. Chandarana
Company Secretary &
President - Legal & Admin.

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.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
A Proxy in order to be effective, must be received at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 27th September, 2016 to Friday, 30th September, 2016 (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 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 email address, 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 Private Limited.
5. Members holding shares in identical names in more than one folio(s) 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/Transmission 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 – 400072.
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 Regulation 44 of SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015 the Company is pleased to :
 - i. Provide facility to the members by electronic means to cast their vote 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 papers 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 Ltd. (CDSL) to provide e-voting facilities. The e-voting facility is available at the link <https://www.evotingindia.com>. The Company has fixed Saturday, 24th September, 2016 as the cut off date for determining voting right of the shareholders entitled to participate in the e-voting process.

The instructions for members for voting electronically are as under:-

- (i) The remote e-voting period begins on 27.09.2016 at 10.00 a.m. and ends on 29.09.2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 24.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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 (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. 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 serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both 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).

- (v) After entering these details appropriately, click on "SUBMIT" tab.
 (vi) Members holding shares in physical form will then reach directly 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.
 (vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 (viii) Click on the EVSN for Global Offshore Services Limited.
 (ix) 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.
 (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 (xi) 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.
 (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 (xiii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 (xiv) 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.
 (xv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 (xvi) 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 linked in the login 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 Friday, 30th September, 2016. 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.

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 Friday, 30th September, 2016 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 30.09.2016. 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.
12. Details of Directors seeking re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS2) are as follows:

Name	Mrs. Maneesha S. Shah
Date of Birth	31.01.1967
DIN	00019794
Date of appointment on Board	30.11.1992
Relationship with other Directors inter-se	Daughter of Mr. Ashok B. Garware (Chairman) & sister of Mr. Aditya A. Garware (Vice-Chairman)
Qualification.	B.Com, LL.B
Experience in specific function area.	Legal
Directorship held in other companies	<ul style="list-style-type: none"> • Adsut Trading & Investment Co. Pvt. Ltd. • Masu Trading & Investment Co. Pvt. Ltd. • Mauve Trading & Investment Co. Pvt. Ltd. • Universal Investment Services Pvt. Ltd.
Memberships/ Chairmanships of Committee in other public limited companies (includes only Audit & Shareholders' / Stakeholders' Committee)	Nil
Shareholding, if any, in the Company	104988 Shares

Registered Office:

101, Swapnabhoomi,
"A" Wing, S. K. Bole Road,
Dadar (W), Mumbai - 400028
CIN: L61100MH1976PLC019229

Date : 08th August, 2016

Place : Mumbai

By Order of the Board

Sd/-

A.C. Chandarana
Company Secretary &
President - Legal & Admin.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2016

TO,

THE MEMBERS,

Your Directors are pleased to present their report as under:

1] FINANCIAL RESULTS:

PARTICULARS	Rs. in Crores	
	Year ended March 31, 2016	Year ended March 31, 2015
Income from operations (Net of Service Tax)	158.61	78.89
Other Operating Income	1.18	11.02
Other Income	0.42	1.50
Gross Income	160.21	91.41
Expenses for the year	89.34	46.27
Operating Profit for the year	70.87	45.14
Finance cost	18.26	9.25
Profit Before Depreciation	52.61	35.89
Depreciation	22.39	13.36
Profit Before Tax	30.22	22.53
Provision for Taxation:		
Current Tax	0.20	1.85
Tax for earlier (written back)/provision	0.01	---
Net Profit After Tax	30.01	20.68
Add : Balance of Profit brought forward from previous year.	152.27	136.19
Profit available for appropriation.	182.28	156.87
Less : Tonnage Tax Reserves	6.10	4.60
- General Reserves	-	-
- Proposed Dividend	-	-
- Tax on Proposed Dividend	-	-
Balance Carried forward	176.18	152.27

2] FINANCIAL HIGHLIGHTS:

Income from Operations (including Other Operating Income) for the year ended on 31.03.2016 stood at Rs.159.79 crores, as against Rs.89.91 crores for the previous year. Other Income for the year stood at Rs.0.42 crores as against Rs.1.50 crores for the previous year.

The Net Profit for the year ended 31.03.2016 stood at Rs.30.01 crores as against Rs. 20.68 crores for the previous year.

The increase in the Gross Income and the net profit of the Company was attributed to the fact that majority of the Company's fleet was on long term contract for most of the year, and M.V. Lachung and M.V. Mana which were acquired late in FY 2015-16, worked on long term contracts for most of the year.

The Company continues to opt for the Tonnage Tax Scheme.

3] OPERATIONS:

a) During the year under review :

- M.V.Garware-III, which was laid up and remained idle was sold.
- M.V.Meghna which worked in the Middle East spot market till May, 2015 was awarded a long term contract w.e.f. June, 2015. However, in March 2016, the Company was compelled to accept a reduction in the Charter rate for the Vessel rather than risk termination of the said Contract.
- M.V.Mana, M.V.Mahananda and M.V.Kamet continued to work on long term contract in the West Coast of India.
- M.V.Lachung was awarded a long term contract w.e.f. Sept 2015, working in the West Coast of India.
- M.V.Poorna was on a long term contract till December'15 and thereafter she has been working intermittently in the Middle East spot market.
- The Company "in chartered" one Vessel for a long term contract in India.

b) After the year under review:

One of the Company's charterers issued a notice for the termination of three Vessel contracts (including the contract for one "in chartered Vessel"). The said notice was also issued to 24 additional ships owned by others. Shipowners were able to convince the Charterer not to terminate the said contracts but had to accept a reduction of up to 50% in the daily charter rate to ensure that the Vessels stayed on contract. The same may apply to one more vessel on contract.

The Company accepted reduced rates, lest the vessels would have been off-hired and lay idle, as is the case of one other Vessel owned by the Company. Unfortunately, the reduced charter rates are not enough to service the existing repayment profile of debt, payment of opex, overheads and interest and therefore the Company is seeking options for changing the said profile. In the meantime as a measure to reduce costs, all employees have accepted a reduction in their salaries till such time the situation improves.

Credit Analysis & Research Ltd (CARE) has revised its rating to BBB+. However, this rating does not take into consideration the repricing of the charter contracts of the Vessels.

4] DIVIDEND:

In an attempt to conserve resources for "contingencies" in the future, your Directors regret their inability to recommend any Dividend.

5] FUTURE EXPANSION AND OUTLOOK:

As per Baker Hughes, World Rig Counts, the number of Oil Rigs (onshore and offshore) has reduced from 3578 in the calendar year 2014 to 2337 in the calendar year 2015 and 1606 in the current calendar year. This is a reduction of 50% compared to the number of Oil Rigs in 2014. The drastic "slide" in the price of oil continued during the year under review. After "bottoming" out at sub \$30 levels, oil prices started to climb again and have now reached about \$45 per barrel. Unfortunately, this rise of approximately 60% has not been enough for exploration activity to increase much – which would have a positive effect on the demand for Vessels - since there is no confidence as yet that prices will continue rising and the increase in price is "sustaining". Experts believe exploratory activities would see some increase if crude oil prices cross \$60 per barrel and sustains this level for a few months at least. Currently, there are more than 500 vessels laid up in the world. The Company's subsidiary, too, has "stacked" two of its Vessels in Europe.

There is unlikely to be much improvement in prices in 2016, with oversupply persisting and oil Companies trimming E&P expenditure, particularly on exploration activity, leading to lower requirements of rigs and consequently Offshore Vessels. With the repricing of the charter rates by the Company's charterers for three of the Company's vessels, "idling" of one vessel owned by the Company, and the expected termination of one additional contract, the Company has to now ensure that it "rides out this storm" over the next few years. Therefore, Company has no expansion plans in the foreseeable future.

6] SUBSIDIARY / WHOLLY OWNED SUBSIDIARY (WOS):

During the year under review there was no Company which became or ceased to be subsidiary / joint venture or associate Company. The Company has two Subsidiaries as detailed below:

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

Global Offshore Services B.V has gone through an exceptionally challenging phase amidst the oil and gas sector going through price volatility and uncertainty.

The revenue from operations for the year was \$ 34.31 Mn (PY \$ 44.89 Mn.) and the loss recorded for the year ended 31st March, 2016 was \$ 6.7 Mn. (Previous Year profit \$ 5.51 Mn)

During the year, two of the vessels were off-hired after successful completion of 4 year contracts. Currently both of them are stacked up in North Sea.

The Company has entered into a term contract, with a renowned Oil Exploration Company in Europe for three of its vessels. However the charter rates at which the Vessels are working is not sufficient to cover opex, interest and service debt repayment.

One of the Company's Vessel working in Brazil was terminated by the Charterer without any warning whatsoever. The Company is now trying to place this Vessel on a term contract in Brazil itself.

The Company is in an advanced stage of discussions with the lenders to arrive at an agreeable solution to tide over this difficult period.

With regards to qualification in the Auditors Report of GOSBV, the Board clarify that: "GOSBV has sought the balance confirmation from the major creditors but failed to get the response before the completion of the audit."

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

The Company's wholly owned subsidiary, GOISPL based in Singapore achieved an operating income of \$ 4.93 Mn (previous year \$ 11.50 Mn). The Company suffered a loss of \$ 1.71 Mn (Previous Year \$ 0.12 mn).

During the year the Company operated only one vessel as against two vessels in the previous year. The Vessel, M.V. Everest which was on a long term contract in Brazil has been terminated. The loss incurred for the current year is mainly as a result of the substantial reduction in the charter rate which the Company had to accept midway through the year.