

DIVERSE OFFSHORE ACTIVITIES



ONE GLOBAL FOOTPRINT



GREAT OFFSHORE
Enterprise • Energy • Endurance



GREAT OFFSHORE

BOARD OF DIRECTORS



Shri Prakash Chandra Kapoor
Chairman & Executive Director



Shri Kaushal Raj Sachar
Deputy Chairman



Shri Vijay Kumar
Executive Director



Shri Soli C. Engineer
Director



Dr. Ram Nath Sharma
Director



Shri Chandan Bhattacharya
Director



Lt. Gen. Deepak Summanwar
Director



Shri Vinesh Davda
Director



Shri Prabhakar Dalal
Director (EXIM Bank Nominee)

Dear Fellow Shareholders,

I am pleased to address you as you hold the Seventh Annual Report of our Company in your hands.

During the financial year 2011-12 the Company earned a total revenue of ₹89445 lakhs with a Profit After tax of ₹ 7434 lakhs on a stand alone basis. Your Directors have recommended a dividend of 25% on the share capital for the year 2011-12. Our Company has strong reserves of ₹ 90573 lakhs and as the results show our Company's performance has been satisfactory.

We had to face some tough odds during the previous year. Slow growth due to recession, stiff foreign competition, liquidity crunch.....just to list a few. However, through all these upheavals we kept our composure and focus and came out stronger. The struggle continues but we know our way forward and shall tread it with confidence.

Business is looking up with Badrinath having gone on charter of three years with ONGC and Malaviya-29 and Malaviya-9 chartered for four years each to Petrobras, Brazil.

The recessionary trends and the European crisis notwithstanding, the demand for oil is slated to rise, no strong alternate source of energy being available. Even the rocketing surge in the oil prices doesn't seem potent enough to suppress its demand. This bodes well for your Company's business. Your Company has also remained largely insulated from the plummeting rupee because a substantial part of its revenue is earned in US Dollars.

Your Company's versatile asset base comprising of vessels, PSVs, MSVs, FFSVs, Anchor Handling Tugs, Drilling Rigs and a Floating Dry Dock is its pride. With such strong asset base and the experienced, trained and capable workforce we are ready to take on varied assignments. The successful re-floating of Naval Frigate INS Vindhyagiri and product tanker MT PAVIT are an ode to our capabilities, in salvage operations.

In the coming years we will be adding more vessels to our formidable family of assets. This will also reduce the average age of our vessels and make us more competitive globally. Expansion and upgradation of our assets remain one of our top priorities.

We continue to enter uncharted waters and explore new horizons. Our recent foray in Brazilian markets has given a further boost to our confidence. During the previous year our Company, through one of its subsidiaries, took over two companies in Cyprus – Norwegian Shipping I Ltd. and Norwegian Shipping II Ltd. These will give further impetus to Company's existence in international markets.

Financial liquidity is always a concern in a capital intensive business like ours, especially because of the seasonality of its nature. However, we are able to tackle it with a three pronged strategy of liquidating old unusable assets, planning of financial processes and enhancing the income flow by judicious mix of services offered and territories served.

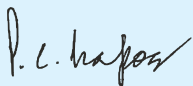
Corporate Governance pervades all areas of our business. We share the belief of Mahatma Gandhi, that 'The means to an end have to be as pure as the end itself'. Transparency, fairness, integrity and accountability are the four pillars on which the superstructure of the Corporate Governance of your Company rests.

In the previous year many feathers were added to our Company's already decorated cap. We were hailed the "Most Diversified Offshore Company at the International Maritime and Offshore Logistics Conference in December 2011. We have also been bestowed with the SMP 2012 - "Leadership & Excellence Award" for the category "Outstanding Achievement in Innovation" "Salvage". This fortifies our commitment to innovation. Great Offshore Salvage Services Limited (GOSSL), the wholly owned subsidiary of our Company, was awarded the "Salvage Company of the year". GOSSL also became full member of 'International Salvage Union' in March 2012.

The unstinted faith of our stakeholders is a reservoir of energy for us which gives us strength to live up to this faith.

I take this opportunity to thank all our stakeholders for their continued support.

Yours sincerely,



Prakash Chandra Kapoor



Great Offshore Limited is India's prominent integrated offshore oilfield services provider offering a broad spectrum of services to upstream oil and gas producers to carry out offshore exploration and production (E&P) activities. From drilling services to marine and air logistics, from marine construction to port/terminal services and beyond, Great Offshore meets a wide gamut of the offshore requirements of an E&P operator.

Great Offshore renders services to major E&P operators in India as well as in the international waters of the North Sea, the Middle East, South America and South East Asia with its state-of-the-art vessels that include exploratory rigs, offshore support vessels, anchor handling tug supply vessels and construction barges. We also provide port and terminal support services through a fleet of harbour tugs.

MILESTONES

-  2005 – Demerged from The Great Eastern Shipping Company Ltd. and Incorporated as a separate Company, Great Offshore Ltd.
-  2006 – Listing of shares on BSE and NSE
-  2006 – Gained DNV integrated Management System accreditation
-  2006 – Delivered world's first Fire Fighting Support Vehicle with an in-house design
-  2009 – Change in the promoters through open offer
-  2010 – Entered ship repair business with 2000 ton floating dry dock
-  2011 – Entered salvage business
-  2012 – Foray in to Brazilian market

Board of Directors

Shri Prakash Chandra Kapoor

Chairman and Executive Director

Shri Kaushal Raj Sachar

Deputy Chairman

Shri Vijay Kumar

Executive Director

Directors

Shri Soli Engineer

Dr. Ram Nath Sharma

Shri Vinesh Davda

Shri Chandan Bhattacharya

Lt. Gen. Deepak Summanwar

Shri Prabhakar Dalal (EXIM Bank Nominee)

Company Secretary & Chief Compliance Officer

Shri Navin Joshi

Auditors

Statutory Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants

Internal Auditors

M/s. Ashok Kapadia & Co., Chartered Accountants

Registered Office

Energy House,
81, Dr. D. N. Road, Mumbai – 400 001
Tel No: + 91 22 6635 2222
Fax no. +91 22 2267 3993
info@greatoffshore.com
www.greatoffshore.com

Registrar & Share Transfer Agent

TSR Darashaw Limited
(Unit: Great Offshore Limited)
6-10 Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011
Tel No: (022) 6656 8484
Fax No: (022) 6656 8494
csg-unit@tsrdarashaw.com
www.tsrdarashaw.com

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NOTICE is hereby given that the **SEVENTH ANNUAL GENERAL MEETING** of the members of **GREAT OFFSHORE LIMITED** will be held at 11.00 a.m. on Monday, September 24, 2012 at the M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kaala Ghoda, Mumbai- 400 001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors' Report and the Auditors' Report thereon for the year ended March 31, 2012.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Soli C. Engineer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vinesh N. Davda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 224 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), Messrs Varma & Varma, Chartered Accountants (Registration No. FRN 004532S) and Messrs Motilal & Associates, Chartered Accountants (Registration No. 106584W), be and are hereby appointed as Joint Statutory Auditors of the Company, in place of the retiring auditors Messrs Kalyaniwala & Mistry, Chartered Accountants (Registration No. 104607W), who have conveyed their unwillingness to be re-appointed as the Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually decided by the Board of Directors / Audit Committee of the Company and the Statutory Auditors."

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 Section 21 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from GREAT OFFSHORE LIMITED to GOL OFFSHORE LIMITED;

RESOLVED FURTHER THAT pursuant to Sections 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, the name GREAT OFFSHORE LIMITED wherever it appears in the Memorandum Of Association and Articles Of Association of the Company be substituted with the new name GOL OFFSHORE LIMITED;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby, jointly and severally, authorized for and on behalf of the Company to do and execute all acts, matters, things, agreement(s), documents etc. including but not limited to the application to the Central Government and generally to take all steps which are necessary, incidental or ancillary in connection with effectuating the authority granted hereunder;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to delegate all or any of its power herein conferred to any committee of Directors, Executive Director(s) or any Director or the Company Secretary or any other officer of the Company with a power to further delegate any such powers as they may deem fit to give effect to the aforesaid resolution."



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

“RESOLVED THAT pursuant to the provisions of section 314(1B) of the Companies Act, 1956 (the “Act”) read together with Director’s Relatives (Office or Place of Profit) Rules, 2011 and other applicable provisions, if any, of the Act and subject to the approval of the Central Government and such modifications and variations as the Central Government may suggest, which the Board of Directors are hereby authorized to accept, consent of the Company be and is hereby granted to Miss. Sukriti Kumar, a relative of Shri Vijay Kumar, Executive Director of the Company, to hold and continue to hold an office or place of profit in the Company as ‘General Manager-Materials’ on a revised remuneration in the scale of ₹ 30,00,000/- p.a. to ₹ 1,00,00,000/- p.a. (inclusive of all allowances and benefits as per the Company policy) payable during a period of 5 (five) years effective from 1st April, 2012 or such other date as may be approved by the Central Government;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized, subject to the necessary approvals and consents, to vary, amend, revise and decide about the terms (including remuneration), designation and conditions for employment of Miss. Sukriti Kumar from time to time and within the limits as set out herein, as they think fit;

RESOLVED FURTHER THAT the Board of Directors be and are hereby, jointly and severally, authorized, for and on behalf of the Company, to do and execute all acts, matters, things, agreement(s), documents etc. including but not limited to the application to the Central Government and generally to take all steps which are necessary, incidental or ancillary in connection with effectuating the authority granted hereunder.”

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

“RESOLVED THAT pursuant to the provisions of section 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), consent of the Company be and is hereby granted to the variation in the terms of remuneration of Shri Prakash Chandra Kapoor, Executive Director of the Company, as set out in the explanatory statement to this Resolution annexed to this notice;

RESOLVED FURTHER THAT the Board of Directors be and are hereby, jointly and severally, authorized for and on behalf of the Company to do and execute all acts, matters, things, agreement(s), documents etc. and generally to take all steps which are necessary, incidental or ancillary in connection with effectuating the authority granted hereunder.”

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

“RESOLVED THAT pursuant to the provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), consent of the Company be and is hereby granted to the variation in the terms of remuneration of Shri Vijay Kumar, Executive Director of the Company, as set out in the explanatory statement to this Resolution annexed to this notice;

RESOLVED FURTHER THAT the Board of Directors be and are hereby, jointly and severally, authorized for and on behalf of the Company to do and execute all acts, matters, things, agreement(s), documents etc. and generally to take all steps which are necessary, incidental or ancillary in connection with effectuating the authority granted hereunder.”

Registered Office
Energy House,
81, Dr. D. N. Road,
Mumbai – 400 001

August 27, 2012

By Order of the Board of Directors
For **Great Offshore Limited**

Navin Joshi
Company Secretary &
Chief Compliance Officer



1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him / herself and the proxy need not be a member of the Company. To be effective, the instrument appointing proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.** A Proxy form is appended with the attendance slip.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act 1956, relating to the Special Business to be transacted at the Meeting, is annexed hereto.
3. Equity shares of the Company are compulsorily tradable in dematerialized form. Considering the advantages of scripless / dematerialized trading, shareholders are advised to get their shares dematerialized so as to avoid inconvenience in future.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 14, 2012 to September 24, 2012 (both days inclusive) in connection with the ensuing Annual General Meeting and to decide the entitlement of the dividend.
5. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within the stipulated period, to those members whose names appear on the Company's Register of Members on September 24, 2012. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as on that date as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. The dividend, if declared, will be paid:
 - a) To shareholders holding shares in electronic / dematerialized form, by crediting the same to their bank accounts as provided by NSDL/CDSL through ECS / NECS / electronic transfer.
 - b) To shareholders holding shares in physical form or to shareholders whose ECS / NECS / electronic transfer requests have been rejected, by way of dividend warrants.
7. Members holding shares in electronic / dematerialized form are requested to immediately notify any change in their address / bank mandate to their respective Depository Participants (DPs). Members holding shares in physical form should inform any change in the address to the Registrars & Share Transfer Agents of the Company, TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011.
8. Shareholders are requested to note that, pursuant to the provisions of section 205C of the Companies Act, 1956, dividends, which are not encashed and remain unclaimed for seven years from the date they became first due for payment, will be transferred to the Investors Education & Protection Fund (IEPF) established by the Central Government. No claim in respect of such dividends shall lie against the Company or IEPF after transfer of the said dividend amount to IEPF. Considering this, Members are requested to Contact Company or Share Transfer Agents to encash their unclaimed dividend of the past years.
9. All the documents referred to in the Notice and Explanatory Statement are open for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day, until the date of the ensuing Annual General Meeting or any adjournment or adjournments thereof.
10. Members / Proxies are requested to bring duly filled attendance slip to the venue of the Annual General Meeting.
11. **Particulars of Directors seeking appointment / re-appointment:** Pursuant to Clause 49 of the Listing Agreement, relevant details of Shri Soli C. Engineer and Shri Vinesh N. Davda, who retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment, are given below.

11.1 Shri Soli C. Engineer

Shri Soli C. Engineer (63 Years) has more than four decades of experience in the shipping and offshore sectors.

He is associated with the maritime industry since 1966 and is a graduate from the Marine Engineering College, Kolkata.

Shri Soli Engineer has been associated with offshore oil field services since the conceptualization of the business in 1978 and has, in 1970s, sailed the seas as Chief Engineer on tankers, bulk carriers and offshore vessels.

His ability to take on challenging jobs backed by sound, fundamental knowledge of building and operating marine assets, made him the logical choice for the role of President of Great Offshore Limited in 2006. In 2009, he was appointed as Executive Director of Great Offshore Limited. Shri Soli Engineer has ceased to be the Executive Director of the Company with effect from March 30, 2012 but continues to be a Non-Executive Director.

Directorships in other public companies (excluding foreign, private and section 25 companies):

1. Deep Water Services (India) Limited
2. Great Offshore Salvage Services Limited
3. KEI-RSOS Maritime Limited
4. Great Offshore Ship Repairs Limited

Memberships / Chairmanship of committees of other public companies: Shri Soli Engineer does not hold any Membership or Chairmanship of committees in any other Company.

Number of Shares held in the Company: Shri Soli Engineer holds 418 shares in the Company.

11.2 Shri Vinesh N. Davda

Shri Vinesh N. Davda (57 Years) holds a Bachelors degree in Commerce from University of Mumbai. Shri Vinesh Davda has more than 3 decades of varied and rich Business experience.

Shri Vinesh Davda possesses a sharp business acumen and spearheads the Navbharat Group of Companies having diverse business interest including the real estate.

Directorships in other public companies (excluding foreign, private and section 25 companies):

1. Purvaja Projects Limited
2. Weizmann Corporate Services Limited
3. Batot Hydro Power Limited
4. Karma Energy Limited

Memberships / Chairmanship of committees of other public companies: Shri Vinesh Davda is a Member of Audit Committee and Investor Grievance Committee of Karma Energy Limited.

Number of Shares held in the Company: Shri Vinesh Davda does not hold any share in the Company.

None of the above Directors are inter-se related to each other.

- 12 Shri Prabhakar Dalal, Nominee of Export-Import Bank of India ("EXIM Bank"), has been appointed as Director of the Company with effect from August 7, 2012.



Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956 (“the Act”)

Item No. 5

Messrs Kalyaniwala & Mistry, Chartered Accountants, the existing Statutory Auditors of the Company, have, vide their letter dated August 23, 2012, conveyed their unwillingness to be re-appointed as the Statutory Auditors of the Company.

The Company has received from a member of the Company, a special notice u/s 225(1) of the Companies Act, 1956 for the appointment of Messrs Varma & Varma, Chartered Accountants and Messrs Motilal & Associates, Chartered Accountants as the Joint Statutory Auditors of the Company in place of Messrs Kalyaniwala & Mistry, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

Messrs Varma & Varma and Messrs Motilal & Associates are well known firms of Chartered Accountants with reputed clientele and have conveyed their willingness to act as the Statutory Auditors of the Company, if appointed by the members at the Annual General Meeting. They have also conveyed that their appointment, if made, will be within the limits specified under sub-section (1B) of the Section 224 of the Companies Act, 1956.

The aforesaid explanatory statement is provided for the information of shareholders though the same is not mandatory under section 173(2) of the Companies Act, 1956, as the business covered by resolution at Item no.5 of the notice is Ordinary business.

In the light of increase in the diversity of business transactions, the appointment of Joint Statutory Auditors who can supplement and enhance each others' efforts is necessary. Accordingly, the Board of Directors recommend the passing of the Resolution at item no. 5 of the Notice.

None of the Directors is concerned or interested in passing of the Resolution at item no. 5 of the Notice.

Item No. 6

Great Offshore Limited, was incorporated on July 14, 2005. The assets and liabilities of the erstwhile offshore services division of The Great Eastern Shipping Company Limited were vested in your Company on October 16, 2006, (Appointed date April 1, 2005) pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Bombay on September 14, 2006.

Your Company is India's prominent integrated offshore oilfield services provider offering a broad spectrum of services to upstream oil and gas producers to carry out offshore exploration and production (E&P) activities. From drilling services to marine and air logistics, from marine construction to port/terminal services and beyond, Great Offshore meets a wide gamut of the offshore requirements of an E&P operator.

The Company, since its inception, has continued with its initial brand identity even after the change in the promoter group, consequent upon the open offer in the year 2009. The Key word “GREAT” in the Company's name is also present in the name of the erstwhile promoter company as also in the names of some other players in the industry there by causing confusion in the minds of the stakeholders and associates.

Considering this it is felt necessary to have a new name which will impart a new corporate positioning and distinct identity to the Company.

Accordingly, GOL OFFSHORE LIMITED is proposed as the new name for the Company.

The change in the name of the Company as well as the consequential alterations in the Memorandum and Articles Of Association of the Company, require the approval of the members by way of a Special Resolution. It also requires the approval of the Central Government under section 21 of the Companies Act, 1956.

The Registrar of Companies, Maharashtra at Mumbai (ROC), has confirmed the availability of the proposed new name of the Company. A copy of the letter dated August 21, 2012, issued by the ROC with respect to the availability of the new name will be available for the inspection of the members at the Registered Office of the Company between 10.00 a.m. and 2.00 p.m. on all working days up to the date of the Annual General Meeting.

Your Directors feel that the proposed new name resonates with the image and the business of the Company and will go a long way in establishing a distinct identity for the Company and hence recommend the passing of the Resolution at item no. 6 of the Notice.

None of the Directors of the Company is concerned or interested in passing of the Resolution at item no. 6 of the Notice.

Item No. 7

Miss Sukriti Kumar is a Bachelor in Architecture & Planning from Mumbai University and a MBA in Entrepreneurial Studies from Fairleigh Dickinson University, U.S.A. Miss Sukriti Kumar also holds certificates for successfully completing courses in Financial Management and Marine Technology and is currently pursuing membership course from Institute of Chartered Shipbrokers, U.K.

Miss Sukriti Kumar has served at strategic positions in reputed concerns like Priserve Consulting –U.S.A., Computer Sciences Corporation-U.S.A. and Hewitt Associates –U.S.A. After a short stint as Strategy and Operations Analyst at Bharati Shipyard Ltd., Miss Sukriti Kumar took up the assignment of General Manager– Materials with the Company in April 2011.

Miss Sukriti Kumar, a relative of Shri Vijay Kumar, Executive Director of the Company, currently holds office of General Manager – Materials in the Company on a remuneration of ₹ 30,00,000/- per annum, inclusive of all allowances and benefits applicable as per the Company policy.

Miss Sukriti Kumar is a key member of the management team of the Company and has contributed significantly in the areas of corporate planning, strategizing and monitoring of various activities relating to materials / assets procurement / disposal and management.

The holding of the office / place of profit in the Company by Miss Sukriti Kumar as the General Manager – Materials and her terms of appointment, including the remuneration, were, pursuant to the provisions of section 314(1) of the Companies Act, 1956, approved by the members at the the Sixth Annual General Meeting held on September 2, 2011.

Taking in to consideration the duties assigned to Miss Sukriti Kumar, her performance in the past and the remuneration paid by the Company to persons in the similar grade as well as the industry standards in this regard, it is considered desirable to revise and fix the remuneration payable to Miss Sukriti Kumar, during a term of 5 (five) years, commencing from 1st April 2012, in the scale of ₹ 30,00,000/- to ₹ 1,00,00,000/- per annum, inclusive of all allowances, benefits and perquisites as per the Company policy.

The remuneration payable to Miss Sukriti Kumar, upon revision will exceed the limits as mentioned under section 314(1) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011 and hence approval of the Central Government will be required under section 314(1B) of the said Act for payment of remuneration to Miss Sukriti Kumar on a revised scale proposed hereinbefore.

The remuneration on the revised scale will be payable to Miss Sukriti Kumar only upon the approval of the Central Government.

Your Directors recommend the passing of the Special Resolution at item no. 7 of the Notice.

Except Shri Vijay Kumar, relative of Miss Sukriti Kumar, no other Director of the Company is concerned or



interested in passing of the Resolution at item no. 7 of the Notice.

Item No. 8

Shri Prakash Chandra Kapoor was appointed as the Executive Director of the Company for five years with effect from May 1, 2010. The members granted their approval for the appointment of Shri Prakash Chandra Kapoor through Postal Ballot, of which results were declared on April 29, 2010.

The terms of appointment of Shri Prakash Chandra Kapoor, as approved by members earlier, inter alia, provide for payment of salary of ₹ 1,00,000/- per month in the scale of ₹ 1,00,000/- to ₹ 5,00,000/- per month with authority to the Board of Directors of the Company or any Committee thereof, to grant such increments within the said scale as it may determine from time to time.

It is proposed to revise the terms relating to the remuneration payable to Shri Prakash Chandra Kapoor in the manner provided below:

⇒ Shri Prakash Chandra Kapoor shall be paid a salary in the scale of ₹ 1,00,000/- to ₹ 20,00,000/- per month, with an authority to the Board of Directors or any committee thereof to amend, vary, increase or reduce the salary within the aforesaid scale, w.e.f. April 1, 2012 or such other later date, as the Board of Directors / Committee may decide from time to time, however that the remuneration so paid shall not exceed the limits prescribed under Section 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The other terms and conditions, including remuneration (except the salary scale as mentioned above) of the appointment of Shri Prakash Chandra Kapoor, as approved by the members earlier and incorporated in the agreement dated May 3, 2010 for the appointment of Shri Prakash Chandra Kapoor as the Executive Director, shall remain the same, as are in force.

The other components of remuneration (except the salary scale as mentioned above) of Shri Prakash Chandra Kapoor, which remain unchanged as per the existing agreement, are reproduced below for the information of members.

Commission: Not more than 1% of the net profit of the Company payable annually, subject to such ceiling as the Board may fix from time to time.

Perquisites: Perquisites are classified into three categories viz. 'A' 'B' and 'C' as follows:

CATEGORY-A

As per policy / rules of the Company

- i. Medical Reimbursement Expenses incurred for himself and his family.
- ii. Leave Travel Concession for himself and his family once in a year.
- iii. Leave
- iv. Insurance Cover
- v. Club Fees: Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi. Any other perquisite as may be determined by the Board of Directors of the Company from time to time.

For the purpose of Category 'A' family means the spouse, the dependent children and dependent parents.

CATEGORY-B

- i. Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity payable shall be calculated as per the provisions of the The Payment of Gratuity Act, 1972.
- iii. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY – C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites, Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

None of the Directors of the Company except Shri Prakash Chandra Kapoor is concerned or interested in passing of the Resolution at item no. 8 of the Notice.

This explanatory statement shall be treated as an abstract and the memorandum of interest under Section 302 of the Companies Act, 1956.

Item No. 9

Shri Vijay Kumar was appointed as the Executive Director of the Company for five years with effect from May 1, 2010. The members granted their approval for the appointment of Shri Vijay Kumar through Postal Ballot, of which results were declared on April 29, 2010.

The terms of appointment of Shri Vijay Kumar, as approved by members earlier, inter alia, provide for payment of salary of ₹ 1,00,000/- per month in the scale of ₹ 1,00,000/- to ₹ 5,00,000/- per month with authority to the Board of Directors of the Company or any Committee thereof, to grant such increments within the said scale as it may determine from time to time.

It is proposed to revise the terms relating to the remuneration payable to Shri Vijay Kumar in the manner provided below:

- ⇒ Shri Vijay Kumar shall be paid a salary in the scale of ₹ 1,00,000/- to ₹ 20,00,000/- per month, with an authority to the Board of Directors or any committee thereof to amend, vary, increase or reduce the salary within the aforesaid scale, w.e.f. April 1, 2012 or such other later date, as the Board of Directors / Committee may decide from time to time, however that the remuneration so paid shall not exceed the limits prescribed under Section 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The other terms and conditions, including remuneration (except the salary scale as mentioned above) of the appointment of Shri Vijay Kumar, as approved by the members earlier and incorporated in the agreement dated May 3, 2010 for the appointment of Shri Vijay Kumar, as the Executive Director, shall remain the same, as are in force.

The other components of remuneration (except the salary scale as mentioned above) of Shri Vijay Kumar, which remain unchanged as per the existing agreement, are reproduced below for the information of members.

Commission: Not more than 1% of the net profit of the Company payable annually, subject to such ceiling as the Board may fix from time to time.

Perquisites: Perquisites are classified into three categories viz. 'A' 'B' and 'C' as follows:

CATEGORY-A

As per policy / rules of the Company

- i. Medical Reimbursement Expenses incurred for himself and his family.
- ii. Leave Travel Concession for himself and his family once in a year.
- iii. Leave
- iv. Insurance Cover
- v. Club Fees: Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi. Any other perquisite as may be determined by the Board of Directors of the Company from time to time.

For the purpose of Category 'A' family means the spouse, the dependent children and dependent parents.

CATEGORY-B

- i. Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity payable shall be calculated as per the provisions of the The Payment of Gratuity Act, 1972.
- iii. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY – C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites, Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

None of the Directors of the Company except Shri Vijay Kumar is concerned or interested in passing of the Resolution at item no. 9 of the Notice.

This explanatory statement shall be treated as an abstract and the memorandum of interest under Section 302 of the Companies Act, 1956.

Registered Office

Energy House,
81, Dr. D. N. Road,
Mumbai – 400 001

August 27, 2012

By Order of the Board of Directors
For **Great Offshore Limited**

Navin Joshi
Company Secretary &
Chief Compliance Officer

To,

The Members,

Your Directors are pleased to present the Seventh Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2012.

FINANCIAL RESULTS

₹ in Lakhs

| Particulars | Year 2011-12 | Year 2010-11 |
|---|--------------|--------------|
| Total Revenue | 89,445 | 86,267 |
| Total Expenses | 78,019 | 80,926 |
| Profit before exceptional item and tax | 11,426 | 5,341 |
| Add: exceptional item | - | 5,580 |
| Profit before tax and after exceptional item | 11,426 | 10,921 |
| (Less) / Add: Tax Expense | | |
| i. Current tax | 2,200 | 95 |
| ii. Deferred tax | 1,860 | 656 |
| iii. Prior year tax | (68) | - |
| Profit after tax | 7,434 | 10,170 |
| Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income Tax Act, 1961 | 500 | 2,500 |
| Add: Surplus brought forward from previous year | 29,929 | 24,291 |
| Amount available for appropriation | 36,863 | 31,961 |
| Appropriations: | | |
| i. Transfer to General Reserve | 1,000 | 1,100 |
| ii. Proposed Dividend on Equity Shares | 931 | 931 |
| iii. Corporate Dividend Tax | 37 | - |
| Balance Carried Forward | 34,895 | 29,930 |
| Total | 36,863 | 31,961 |

FINANCIAL HIGHLIGHTS

During the financial year 2011-12, the Company, on a standalone basis, recorded a total income of ₹ 89,445 lakhs (Previous Year 86,267 lakhs), and earned a PBIDT of ₹ 46,298 lakhs as compared to PBIDT of ₹ 42,350 lakhs during the previous year.

OPERATIONS

During the year under consideration, the business environment remained challenging. The uncertainty of oil prices forced many E & P companies to put their new projects on hold thereby affecting the revenues of Engineering Services of the Company.

The Company remained focused on the renovation and upgradation of its existing fleet. Keeping this in view the Company phased out its old vessels Malaviya-6, Malaviya-12 and Malaviya-34. Company had purchased a Jack up Rig Amarnath, converted the same in to drilling mode and, during the year, sold the same at a profit of forty percent.

Three assets of the Company were under modification / up gradation for long term charter with ONGC and Petrobras, Brazil. This resulted in a certain liquidity stress in the Company. In Q1 of 2012-13 Badrinath has gone on 3 year charter with ONGC at contract value of USD 80 million. Your Company has also made its first foray into the Brazilian market with Malaviya-29 going on contract with Petrobras for 4 years for a contract value of USD 38 million. Malaviya-9 is also likely to follow suit in June 2012 with a charter of 4 years and contract value of USD 51 million.



During the year under consideration the company successfully completed two challenging and complex salvage operations. One that of re-floating capsized Naval Frigate "INS Vindhyagiri" and the other being re-floating of the broadly beached 999 tonne product tanker "MT PAVIT" stranded on Mumbai's Juhu beach.

Great Offshore Salvage Team received high level commendation from the "Chief Staff Officer – Western Naval Command" for successful re-floating of Indian Navy Warship - INS Vindhyagiri.

APPROPRIATIONS

Your Company has transferred ₹1,000 Lakhs (Previous Year: 1,100 Lakhs) to the General Reserve during the year under review. An amount of ₹ 34,895 Lakhs (Previous Year: 29,930 Lakhs) is proposed to be retained in the Profit & Loss Account.

DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 2.50 per equity share of ₹ 10/- each for the financial year 2011-12, aggregating to an outflow of ₹ 968 Lakhs, including dividend distribution tax. The Dividend is subject to the declaration by the shareholders at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE REPORT

Your Company has always sincerely endeavored to follow and maintain high standards of corporate governance practices aimed at building trust among all Stakeholders. The four pillars supporting our superstructure of Corporate Governance are transparency, fairness of dealings, Integrity and accountability. A detailed report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement, forms part of this Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report forms part of this Annual Report, as required under clause 49 of the Listing Agreement.

PERFORMANCE OF SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs vide its circular no. 2/2011 dated February 8, 2011, has granted general exemption to the companies with regard to attaching the Annual Accounts i.e. Balance Sheet, Profit and Loss Account and other related documents of subsidiary companies as is required under section 212 of the Companies Act 1956 (the Act). Accordingly, the said documents of the subsidiaries are not attached to the balance sheet of the Company in this annual report. These documents of the subsidiaries will be made available to any member upon request and will be open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements of the Company include the financial results and necessary details of all its subsidiary companies including a statement containing the list of all subsidiaries with their brief financial details.

The highlights of the performance of major subsidiaries are given below.

DOMESTIC SUBSIDIARIES

Deep Water Services (India) Limited

During the financial year 2011-12, Rig "Badrinath" completed the ONGC Contract. The Rig was then towed to Sembawang Shipyard, Singapore for carrying out special survey and upgradation job to meet the contractual requirements. The special survey concluded on 14th March, 2012 to the satisfaction of American Bureau of Shipping and Indian Register of Shipping. Badrinath has now commenced operations on ONGC's new three year Contract.

During the financial year 2011-12, the Company earned a total income of ₹ 4,449.04 lakhs (previous year: ₹11,252.49 lakhs) and profit after tax of ₹ 1,040.85 lakhs (previous year: Profit ₹ 2,732.76 lakhs).

KEI-RSOS Maritime Limited

During the financial year 2011-12, the Company has introduced service offerings for many new segments viz. Port Operations, Towing Jobs, Offshore Security, Survey support, Diving support etc. apart from consolidating its expertise in Single Point Mooring (SPM) operations and maintenance. In addition to the on-going contracts, the Company has added eight new customers during the year 2011-12. The company has, during the year under consideration, entered into a new contract with Kolkata Port Trust for a period of five years for their port operations / services at Kolkata.

During the financial year 2011-12, the Company earned a total revenue of ₹ 5,441.91 lakhs (previous year: ₹5,668.17 lakhs) and incurred a loss of ₹ 2,968.73 lakhs (previous year: Loss ₹3,497.44 lakhs). The loss was mainly on account of financial and administrative costs.

Great Offshore Salvage Services Limited (formerly known as Rajamahendri Shipping and Oil Field Services Limited)

The Company's name was changed with effect from 21st September 2011 to Great Offshore Salvage Services Ltd. (formerly Rajamahendri Shipping and Oil Field Services Ltd.). The financial year 2011-12 was the first year of the company as a salvage outfit. The company has become full member of **International Salvage Union (ISU)** w.e.f 1st March 2012. Tug "JOSH" was operated for the Floating Production, Storage & Offloading operations of Reliance Industries Ltd. assisting the pull back tug. Tug "NOOR" was operated for Cairn Energy India Pty Ltd for their SPM Operations at Ravva field as a line boat. The company has also entered into a new contract with Cairn Energy Pty Ltd. for Blasting & Painting of Two offshore platforms at Ravva Field. During the year under consideration, the company has been conferred with "Salvage Company of the Year" award.

During the financial year 2011-12, the Company earned a total revenue of ₹ 326.21 lakhs (previous year: ₹79.04 lakhs) and incurred a loss of ₹170.92 lakhs (previous year: Loss ₹ 135.25 lakhs). The loss is on account of ship hire charges and other operational expenses.

Great Offshore Ship Repairs Limited

During the financial year 2011-12, the Company has carried out repairs for vessels of Great Offshore Limited as well as third party (external) vessels. A total of 56 Vessels were attended. Out of the total vessels attended, six were attended out of Mumbai and one vessel was attended out of India. During the year under consideration the Company undertook specialized work related with Major Steel Renewals & fabrications, piping, motor overhauls, engine overhauls, thruster overhauls, shafting and other mechanical repairs. A total of five emergencies were attended successfully without any of the attended vessels going off-hire.

During the financial year 2011-12, the Company earned a total revenue of ₹ 811.81 lakhs (previous year: ₹NIL) and earned a profit of ₹ 102.78 lakhs (previous year: Loss ₹ 73.58 Lakhs).

FOREIGN SUBSIDIARIES

Great Offshore (International) Limited

During the financial year 2011-12, Great Offshore (International) Limited acquired 100% equity interest in two companies in Cyprus i.e. Norwegian Shipping I Limited and Norwegian Shipping II Limited. These companies were acquired to facilitate carrying out of business operations in the international markets and also in furtherance of the Company's objective of investing in assets / companies globally.

During the financial year 2011-12, Great Offshore (International) Limited incurred a loss of USD 1,549,485 as against the loss of USD 1,959,706 of the previous year. The loss is mainly on account of financial costs.

Great Offshore Fujairah LLC – FZC

During the financial year 2011-12 the Company incurred a loss of USD 14,305 as against loss of USD 14,123



of previous year. The Company has not commenced operations during the year under consideration. The loss is mainly on account of office rental charges.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance of the provisions of Accounting Standards 21, 23 and 27 and pursuant to the relevant provisions of the Listing Agreement, your Directors have presented the Consolidated Financial Statements for the financial year 2011-12 which form part of this Annual Report.

Consolidated income from operations during the financial year 2011-12 was ₹ 88,281 lakhs as compared to ₹94,683 lakhs in the previous year. Consolidated loss was ₹ 3,728 lakhs (previous year profit ₹ 2,625 lakhs) on a total income of ₹98,444 lakhs. (Previous year ₹ 95,598 lakhs).

FIXED DEPOSITS

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

DIRECTORS

Shri Soli C. Engineer and Shri Vinesh N. Davda retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

In consequence of the resignation of Shri Keki M. Elavia as the Chairman of the Board, Shri Prakash Chandra Kapoor was appointed as the Chairman of the Board of Directors with effect from September 2, 2011.

Shri Keki M. Elavia, ceased to be the Director of the Company with effect from November 09, 2011, upon resignation. The Board of Directors place on record their sincere appreciation for the contribution of Shri Keki M. Elavia as the Director and Chairman of the Board.

Shri Chetan D. Mehra was appointed as the Executive Director with effect from September 2, 2011. Shri Chetan Mehra, upon resignation, ceased to be the Executive Director with effect from November 19, 2011. However Shri Mehra continued to be a Non-Executive Director up to December 22, 2011 and ceased to be the Director with effect from December 22, 2011, upon resignation. The Board of Directors place on record their sincere appreciation for the contribution of Shri Mehra during his tenure as Executive / Non-Executive Director of the Company.

Shri Kaiwan Kalyaniwalla, ceased to be the Director with effect from January 09, 2012, upon resignation. The Board of Directors place on record their sincere appreciation for the contribution of Shri Kaiwan Kalyaniwalla during his tenure as the Director of the Company.

Shri Soli C. Engineer ceased to be the Executive Director with effect from March 30, 2012, upon resignation. However he continues to be the Non-Executive Director. The Board of Directors place on record their sincere appreciation for the contribution of Shri Soli Engineer during his tenure as the Executive Director of the Company.

ACCOLADES, AWARDS AND RECOGNITIONS

At the 40th Chemtech Foundation - Shipping Marine & Ports Valedictory Awards Function 2012, held at Mumbai, Your Company has been bestowed with the SMP 2012 - "Leadership & Excellence Award" for the category **"Outstanding Achievement in Innovation" "Salvage"** in recognition of the emphasis the company lays on new innovations in maritime industry.

Shri Soli Engineer, Director of your Company, received the **"Lifetime Achievement Award"** at Samudra Manthan Awards 2011, for excellent contribution to the offshore industry.

Your Company has been bestowed with the **"Most Diversified Offshore Company"** award at the International Maritime & Offshore Logistics conference held at Mumbai on 7th Dec'2011.

Great Offshore Salvage Services Limited (GOSSL) - A wholly owned subsidiary of Great Offshore Limited- was conferred with **"Salvage Company of the Year"** award at the International Maritime & Offshore Logistics

conference held at Mumbai on 7th Dec'2011.

GOSSL became **"Full member of International Salvage Union"** in March 2012 which will make the Company eligible to bid for Salvage tenders worldwide.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of section 217(2AA), your Directors confirm that:-

- (a) In preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed and there is no material departure from the same.
- (b) The Directors have selected 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 as at the end of the financial year and of the profit of the company for the said year.
- (c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts on a going concern basis.

STATUTORY INFORMATION

1. Particulars of Employees

Pursuant to the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, particulars of employees are required to be provided as an annexure to the Directors' Report. However, having regard to the provisions of section 219(1) (b) (iv) of the Companies Act, 1956, the Annual Report, excluding the aforesaid particulars, is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining these particulars will be provided with the same upon receipt of a written request in this regard addressed to the Company Secretary and delivered at Registered Office of the Company.

2. Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

Information regarding conservation of energy and technology absorption is not required to be furnished as the Offshore Oilfield services industry is not covered by the schedule to the said Rules.

The details of Foreign Exchange Earnings and Outgo are as under:

| Particulars | FY 2011-12 (₹ In Lakhs) | FY 2010-11 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| Foreign Exchange earned (on account of freight, charter hire earnings). | 79,775 | 65,592 |
| Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of vessels, and interest payment. | 46,774 | 40,081 |

AUDITORS' REPORT

The Auditors have qualified their report on the annual accounts of the Company for the year ended March 31, 2012 stating that the depletion in the value of investment and loans & advances made / given by the Company to its wholly owned subsidiary KEI-RSOS Maritime Limited, is not provided for in the financial statements. In this connection the Board of Directors would like to state that the said investment is strategic and long term in nature. The management is confident of turning around KEI-RSOS Maritime Limited and as such, in the opinion of the management, no provision is considered necessary for depletion, if any, in the value of investments and loans & advances made / granted by the Company in / to KEI-RSOS Maritime Limited.



The Auditors have also made an observation regarding the change in accounting policy of the Company for recognition and measurement of Mark to Market losses in respect of derivative instruments like interest rate swaps. The information provided in this regard in note 32 to the accounts read with the Auditors' observation is self explanatory and does not require any further explanation.

AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants (Registration No. 104607W), Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility under section 224(1B) and 226 of the Companies Act, 1956, for the re-appointment as the Statutory Auditors vide the letter dated May 21, 2012.

AUDIT COMMITTEE

An Audit Committee of the Board has been constituted in terms of the relevant provisions of the Listing Agreement and Section 292A of the Companies Act, 1956. Constitution and other details of the Audit Committee are given in "Report on Corporate Governance" which is a part of this Annual Report.

RISK MANAGEMENT

Your Company recognizes that management of risks and their analysis is a key managerial tool available for informed decision making. The Company has an Enterprise Risk Management framework in place, commensurate with the size of its operations, including a well documented Enterprise Risk Management Policy and procedures for assessing risks. The risk identification and assessment process is comprehensive, dynamic and pro-active. As per the policy the functional heads prepare a quarterly report detailing risks associated with their functions and the response plan to deal with and mitigate the risks. The report, post audit and verification, is presented to the Board of Directors.

ACKNOWLEDGEMENTS

Your Directors would like to acknowledge and place on record their sincere appreciation for the guidance and continued support received from the Government of India and its various agencies, including Ministry of Petroleum and Natural Gas, Ministry of Shipping, Directorate General of Shipping, Mercantile Marine Department, Directorate General of Hydrocarbons, Directorate General of Civil Aviation, Port Trusts and Port authorities, Indian Navy, International Salvage Union, Ministry of Finance, Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, the Stock Exchanges and the Depositories.

Your Directors recognize and appreciate the efforts and hard work put in by all the employees and value the continued support received from all stakeholders and counterparties, charterers, shareholders, business associates and partners, consultants and advisors, agents, insurance companies and protection and indemnity clubs, surveyors, lawyers and solicitors, banks and financial institutions.

Registered Office

Energy House,
81, Dr. D. N. Road,
Mumbai – 400 001

For and on behalf of the Board of Directors

Prakash Chandra Kapoor
Chairman

May 25, 2012

Note on Appointment of Auditors:

The Company, post approval of Accounts for year ended March 31, 2012 and Report of the Directors thereon dated May 25, 2012, has received from the present Auditors M/s Kalyaniwalla & Mistry, Chartered Accountants, a letter dated August 23, 2012, conveying their unwillingness to be re-appointed as the Statutory Auditors of the Company, at the ensuing Annual General Meeting. Consequently, upon receipt of a Special Notice from a member, the appointment of Messrs Varma & Varma and Messrs Motilal & Associates, Chartered Accountants is proposed as Joint Statutory Auditors, for approval of members. The same is included under serial number 5 of the notice to the Annual General Meeting to be held on September 24, 2012 as a business to be transacted thereat. This note is to apprise the members of the change occurring after the date of the Report of the Board of Directors.

The burgeoning need for energy has seen no respite and after a brief lull globally, the demand is forecast to increase further in the CY 2012. India's growing current account deficit is chiefly on account of oil imports which has also been a major factor for the depreciation of the Indian rupee. These overall negative perceived connotations however are the very opportunities that beckon the Company. The company's earnings come from the oil exploration and energy sectors and these being mostly in US dollars protect it from the exchange risk to a very large extent.

ACCELERATION IN GLOBAL OIL DEMAND

The International Energy Agency (IEA) in its latest monthly report has forecast that oil demand after stagnating in Q4 of 2011, is set to increase gradually in 2012 and peaking to an increase by 1.2 million barrels per day by the end of CY 2012.

Global oil consumption is set to rise by 800,000 b/d this year to 90 million b/d, a figure, reiterated by the agency. Developing countries' demand will more than offset the declining demand within countries of the Organization for Economic Cooperation and Development.

The world economy is forecast to grow by 3.5 per cent in 2012 and 4.1 per cent in 2013 as per the IMF. This growth would naturally attract energy demand, majority of it to be supplemented by the oil and gas sectors.

Going forward, by 2012 end, market envisages crude prices in the US to be in the range of \$100 /bbl range. High oil prices makes it more economically feasible to drill for deposits in deeper and more remote waters.

Oil and gas constitutes about 65 per cent of the global and 40 per cent of the Indian primary energy consumption

GLOBAL HYDROCARBON SCENARIO

In the background of the aforesaid facts, it is an accepted reality that the Resource availability is very finite, alternate source(s) of adequate and abundant energy are still not on the horizon.

Reserve accretion will continue to be an intrinsic business objective of every sovereign which gets translated to the level of individual exploration and production (E & P) Companies. Therefore search for hydrocarbon in unexplored areas and tapping of unconventional energy continues as priority.

Considering the complexities of new discoveries and technologies involved, the capital needed to be committed for development and acquisition of newer and more rugged vessels is very much there.

Oil prices which have shown some sort of a declining trend in the recent past may suddenly shoot up once the world economy starts looking up. The uncertainties of Europe, once cleared would certainly push up oil prices, as demand will increase even more.

OIL AND NATURAL GAS – INDIAN SCENARIO

The Indian oil and gas sector is one of the six core industries in India and has very significant forward linkages with the entire economy. India has been growing at a decent rate annually and is committed to accelerate the growth momentum. This would translate into India's energy needs growing many fold in the years to come. Hence, there is a need for wider and more intensive exploration for new finds, more efficient and effective recovery, a more rational and optimally balanced global price regime - as against the rather wide upward fluctuations of recent times- and a spirit of equitable common benefit in global energy cooperation.

The Indian oil and gas sector is of strategic importance and plays a pivotal role in influencing decisions in all other spheres of the economy. This has necessitated the need for a wider intensified search for new fields, evolving better methods of extraction, refining and distribution.

In the Indian context, the primary energy consumption over the last five years has increased by over 6.5 per cent compounded annual growth rate (CAGR) as compared to global increase of about 1.7 per cent CAGR. The overall growth in consumption and spurt in prices has impacted the nation's oil import bill which has grown



six-fold in the past decade to more than US \$100 billion, equivalent to over 7 per cent of the country's Gross Domestic Product (GDP). The Government realized the need to explore more areas and introduced New Exploration Licensing Policy (NELP) to encourage the private sector to invest in exploration of oil.

EXPLORATION AND PRODUCTION (E&P)

The gap between supply and availability of crude oil, petroleum products as well as gas from indigenous sources is likely to increase over the years. The growing demand and supply gap would require increasing emphasis on the exploration and production sector.

Policy initiatives of Government of India towards increased E&P activity have given a great impetus to the Indian E&P industry raising hopes of increased exploration.

Oil and Natural Gas Corporation Limited (ONGC) and Oil India Ltd. (OIL), the two National Oil Companies (NOCs) and other private and joint-venture companies are engaged in the exploration and production (E&P) of oil and natural gas in the country.

In the nine rounds of NELP since 1999, 248 Production Sharing Contracts have been signed till date. This has resulted in enhancement of exploration coverage from 11 per cent to about 58 per cent of the Indian sedimentary basins. The discoveries made under NELP have resulted in in-place hydrocarbon reserves accretion of a staggering 642 million tonnes of oil and oil equivalent gas. A total of 87 oil and gas discoveries have been made in 26 blocks under NELP during this period. In the first eight rounds of NELP, a \$11.1 billion investment was committed, but the actual investment so far has been \$16 billion. In the ninth round of NELP introduced in 2011, there were 34 oil and gas blocks on offer; Oil major ONGC has bagged the major share of the blocks.

While it looks unlikely that India will be able to reverse the trend of increasing dependence on crude oil imports, there would be greater thrust by national oil companies led by ONGC towards the Energy Security perspective with selective investments by private oil companies too. The Upstream oil and gas companies are seeking new frontiers offshore, and this includes the pursuit of the nation's deepwater oil and gas potential that strives to meet rapidly growing hydrocarbons demand. In view of the above, the demand for offshore oil and gas exploration assets such as rigs is likely to be buoyant in the near future.

NATURAL GAS

Natural Gas has emerged as one of the most preferred fuel due to its environmentally benign nature, greater efficiency and cost effectiveness. At present, the main producers of natural gas are ONGC, OIL and the Joint Ventures of Panna Mukta & Tapti, and Ravva.

Gas produced by ONGC and OIL from the existing nominated blocks is sold at administered prices fixed by the Government. As against a total allocation of 150 MMSCMD of gas, actual supply under APM is presently around 53 MMSCMD.

RECENT INITIATIVES BY THE GOVERNMENT OF INDIA

The year 2011 has been marked by significant developments in the Oil and Gas sector as the Ministry of Petroleum and Natural Gas took several important initiatives for the growth of the sector. Some of them are mentioned below:

PRODUCTION OF OIL AND GAS

- Implementation of New Exploration Licensing Policy (NELP)– Eight rounds of NELP have already been completed. Through these rounds, 235 exploration blocks have been awarded and 103 oil and gas discoveries have been made. The bidding of 9th round of NELP has also been completed in which 74 bids have been received for 33 exploration blocks against the 34 blocks offered.

- Coal Bed Methane (CBM)- Coal Bed Methane is an environment friendly clean fuel similar to Natural Gas. 33 contracts have been signed for exploration of CBM. As of now, 250 CBM reserves have been established in 5 CBM blocks. At present CBM gas production is about 2.3 lakh cubic meters per day.
- Implementation of Oil Recovery Scheme- To increase the oil and gas production in the country, the oil companies are implementing Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) Schemes.

EXPLORATION & PRODUCTION (E & P) SECTOR

The link between GDP growth and energy consumption is quite well established. Oil still forms the major raw material source for energy production in the world. In fact oil prices are also directly proportional to the demand. Consequently one has a catch 22 situation where if energy consumption is curbed, oil prices would be subdued but simultaneously GDP growth gets stunted and that gives rise to a host of other problems including low growth, which all governments across the world wish to avoid. One can safely assume that the overall scenario is one of a market where oil exploration and production would be a key to economic growth and that bodes well for your company.

Business Overview

Your Company continues to be India's premier integrated offshore oil field services Company owning and operating its assets under the Indian flag.

Your company continues its activities both in the international and domestic markets with a heavier tilt on the Indian market where we are a well established name. Your brand is highly visible and respected. The current fleet of your Company enables undertaking a whole range of offshore business activities, as mentioned below.

- Offshore Drilling
- Offshore logistics
- Support Offshore engineering and marine construction
- Port and Terminal support
- Repair & maintenance of vessels
- Salvage

Like any other company in this sector, your Company's earnings depend on the level of offshore activity in the oil and gas exploration, development and production areas. Your company's USP lies in diverse portfolio of activities it can offer as well as the versatility of assets it owns. The ability to maintain the fleet with a high degree of competence resulting in maximum utilization is your Company's basic strength.

Our major customer, ONGC has the third largest fleet of contracted offshore rigs in the world. Currently ONGC is looking forward to renewing its old jack up fleet with new generation rigs for redevelopment of its existing oil fields. The new rigs shall feature improved safety, more automation and greater capacities to delve in to greater depths. In view of this requirement for new generation jack ups along with conventional jack ups may arise in recent future. Also a requirement for a shallow water drillship is expected later this year.

Great Offshore strengths:

1. Pre-qualified for Deep water drilling with Indian Operators. Great Offshore was the first Indian company to operate a floater drilling rig in Indian Waters.
2. Highly experienced staff.
3. No dependence on external parties for Operations, Maintenance and Manning of Drilling Rigs.
4. Distinctive experience of managing Drilling Rig Repair Projects in-house.



5. Experience of operating in the Arabian Gulf.
6. Good relationship with ONGC.
7. Highly Cost efficient.

Global demand for Offshore Supply Vessels is expected to grow and the main region propelling the demand further will be Brazil. As vessels per unit serviced in Brazil tends to be relatively high compared to other regions combined with longer distances offshore, demand for offshore supply vessels is expected to receive an additional boost. Looking at the market trend your company has successfully secured two contracts, one for an Anchor Handling Tug cum Supply Vessel and the other for a Platform Supply Vessel from Petrobras, Brazil, both for a period of four plus four years each.

FLEET PROFILE

Your company's endeavor to constantly maintain its fleet of vessels including 2 Rigs and 1 Floating Dry Dock in an up-to-date condition has been reaping dividends. Your company had placed orders for several new vessels which would start getting delivered from the current financial year, thereby improving the marketing and consequently the earning capacity, keeping in view the demand for newer vessels in the market. The newer vessels also fetch relatively higher charter rates.

Some of the old vessels have been sold and the remaining aged vessels above 25 years will be either sold or scrapped.

Your company is continuously striving to reduce the downtime of vessels. The health of the vessels including tugs has generally been maintained at high levels throughout the year.

Some of the customers, on getting consistent performance, had requested for continuation of the charter even though the mandatory surveys/dry docking was due. The company approached the concerned authorities for extensions, which were granted in the light of our excellently maintained vessels. This speaks highly of the abilities of the personnel involved.

One of the Platform Supply Vehicles (PSV) of the Company was successfully upgraded to conform to the requirements of the prevailing market scenario. The conversion was from DP1 to DP2 and the vessel was fitted with the most modern fire fighting systems to conform to class FiFi 1.

One Anchor Handler and one PSV was successfully converted to meet the demands of a very lucrative and long term charter.

COMPETITION

Your Company operates in a globally competitive environment wherein aggregate Indian owned fleet is inadequate to meet the requirements of E& P activity in India. The sector has over the last decade witnessed surge in activity especially due to the formulation of NELP recognizing the criticality of oil security. During the last decade global competition in the Indian offshore services sector has grown and in spite of increase in fleet owned by Indian operators, there continues to be a significant presence of international service providers. Indian operators have also been plying their assets in foreign territorial waters of North Sea, Middle East, South Africa, Brazil and even in West Africa. This enables Indian companies, including your Company, to adopt high standards of safety and achieve operational experience and also meet the demands of international clients. The experience of deploying assets in international waters has been rewarding and enables your Company to leverage its track record and experience while serving the foreign customers in Indian territory as well.

COMPANY PERFORMANCE

Drilling

Your Company owned 2 drilling units – a Jack Up - Kedarnath and a drill barge – Badrinath. Kedarnath continues with its 5 year charter with ONGC. Badrinath, post its dry dock and refurbishment, has commenced its firm charter in Q1 FY 2012-13.

Globally, the market has currently witnessing a rise in demand for high-specification Jack-up rigs, and this demand is expected to increase further. Production of oil through Enhanced Oil Recovery and Increased Oil Recovery enables exploitation of the hydrocarbons more cost effectively. The drive for intensifying exploration of India's sedimentary reserves would generate opportunities not only for drilling assets but also for offshore logistic support service providers as well.

Offshore logistics

In order to enhance the capacity as well as increasing the customer base the Floating dry dock length has been increased by approx 30 meters which helped in increasing its lifting capacity to 2400 Tonnes. Your Company's dry dock facility is now top class.

The offshore sector has a long activity life span commencing from seismic activity into exploration, marine construction, development, production and maintenance and finally upgradation thereby providing opportunities for asset employment throughout the activity chain. The assets used for each of these distinctive activities vary and hence there lies ample opportunities with asset deployment potential. Moreover with oil availability moving farther from the shore the increased turnaround time enables in absorbing excess tonnage.

Inspection, Maintenance & Repairs

One of the company's vessels Malaviya 36 is on charter with ONGC Inspection, Maintenance and Repair department on 24/7 X 365 days basis work schedule. Apart from field safety by way of fire fighting, rescue services, pollution monitoring and control of Bombay High field, the ship is carrying out saturation + air diving on platforms under water maintenance, NDT inspection, PLEM repairs etc. Two other vessels Malaviya 25 and Malaviya 27 are chartered with SCI on long term basis.

Engineering Services

Your Company completed the "Top Side Modification Project" and "Condensate Spiking System Project" at Neelam Platform on 12th May 2011 and 28th May 2011 respectively. Your Company also bagged the SBHT Remedial measures project contract, which entailed carrying out remedial measures of 42" South Bassein Hazira Trunk line at Umbhrat, Hazira. The project completion, spreads over two financial years.

In India, increased exploration and production is carried out in shallow waters. Apart from this there is continuous requirement of repairs, maintenance, refurbishment and upgradation of existing well head platforms, process and production platforms and diverse sub sea work including replacement of existing pipeline and its related topside modification. ONGC floats global tenders for lump sum turnkey jobs under Engineering Procurement Installation Commissioning (EPIC) contracts. The assignment involves design and engineering, precision fabrication, installation and commissioning on offshore platforms.

Your Company undertakes lump sum turnkey contracts with the scope of work including pre-engineering survey, detailed design & engineering, procurement, onshore fabrication, transportation and offshore installation. This is expected to be a growth area with high potential.

Port & Terminal Support

Your Company's current fleet of 12 harbour tugs cater to the requirements of private sector and public sector ports in India both on the East and West coast. The average utilization of the fleet has been in excess of 90 % as in previous years. This segment is considered a very large thrust area as the government has set its sight on expanding port handling capacities substantially..

Insurance

Your Company has continuously evaluated the market value of its assets and taken corrective actions, if any, on an ongoing basis in maintaining adequate insurance coverage at commensurate premium. Your Company follows a process of operational risks analysis and secures a comprehensive range of insurances to protect against risks.



Salvage

Your company embarked on salvage operations and was very successful in its maiden year. It was with humble pride that your company accepted the award as “Salvage company of the Year” during the year under review.

BUSINESS RISKS

1. Ageing Asset Profile

The average age of your Company's owned assets is high, however they are well within the tradable life and as per existing statutes applicable to maritime assets in their respective area of operations.

Your Company has on order several new vessels, which on delivery would enable to reduce the average age of the fleet.

2. Earnings Volatility

Volatility in spot charter rates is a function of demand supply dynamics. To a considerable extent the earnings volatility of your Company has been diluted with drilling services contracts that have been entered into for longer term providing revenue visibility for period above three to five years. Most of your Company's offshore services contracts are relatively short term in nature i.e. providing revenue visibility for periods between one and three years. While, during the year under review, the spot market has been soft, your Company's immunity to earnings volatility has been restricted to the extent of earlier long term charters. Market data based on research by leading firms reveals that the market is picking up, which bodes well for your company.

3. Competition

While Indian E & P companies unfurl their E & P budgets, new territories and areas of operations as per respective NELP allocations would attract global fleet due to paucity of Indian owned fleet. Global competitive bidding is opening doors to new offshore players while Indian owners continue to expand their fleet. Next few years could witness a technological transition phase for the sector and as in the past this will result in rejuvenation of global fleet with India being no exception to the same. Your Company is evaluating asset fleet modernization proposals with a view to target newer markets, niche business segments and new territories. Brazil has been added as a market very recently with a four year contract for two vessels.

4. Shipboard Personnel and Training

Indian crew and officers being a scarce resource, continue to be in great demand globally. Shortage of skilled seafarers and declining competency standards is a cause of concern to the offshore sector. Your Company has identified this as a major challenge and accordingly has ensured that all personnel employed on board vessels and rigs are compliant with the mandatory training standards and have undergone the statutory courses required to maintain their certification valid. In addition, the company provides non-mandatory and value addition training to ensure that the personnel are not only compliant by certification, but also fit-for-role. This training is provided in-house as well as by outsourcing to specialized institutes where the courses are custom designed to suit our requirements.

Your Company's Simulator is the only one of its kind in India, wherein your Company is able to impart all aspects of offshore vessel related training such as anchor handling, cargo handling, towing etc, in addition to normal safe navigation. A total of 351 trainees have received exhaustive hands-on training on the simulator. This includes 7 trainees from another company, who have been charged for this training. A number of enquiries have been received for training outside crew, and these are being addressed.

Your company has crossed one more milestone during the current year, in that we now have some Brazilian crew members on board our vessel operating in Brazilian waters.

5. Foreign exchange risk

Your Company transacts a significant portion of its business in US Dollar which is the acceptable currency globally for the sector. The exchange rate between Rupee and US Dollar has seen substantial movement in the recent years.

Significant earnings of your Company being in US Dollars, this provides your Company adequate natural hedge against liabilities and expenses for debt servicing and meeting operating costs. Your Company has adopted Accounting Standard AS 30 for recognizing forex transactions in line with acceptable accounting standards and practices.

6. Accidents & incidents

Your Company operates its vessels in challenging environment of Exclusive Economic Zone (EEZ) and while traversing across high seas during mobilization/ demobilization the assets are prone to the risk of inclement weather. With intense training of personnel your Company is able to curb the occurrences of incidents and record safe operations. Your Company also reviews the insurance policies on a periodic basis to ensure that the risks are adequately covered.

7. Developments towards safe operation

With ban on drilling activities post the Macondo incident in the Gulf of Mexico, the sector has attracted attention towards formulating norms and implementing procedures with regard to not only safe operations but also designing equipments to cater to highest safety norms. These efforts partly resulted in de-hire of few assets in Gulf of Mexico creating short term business opportunity for few asset owners. This also stressed the fact that regulations would get stricter by the day and owners would need to abide by them in true earnest.

8. Global economic developments

Your Company's vessels operate in a global environment. Geo political developments impact the charter markets and hence the earnings of the vessels especially those operating in spot markets. This in turn could also impact access to funds availability for future expansion especially in a high capital intensive business. Your company endeavors to follow a judicious mix of term and spot charters with an effort to hedge the volatility in earnings.

9. Global warming & climate changes

Your Company operates in the hydro carbon sector where the role and intensity of oil consumption is under great debate. Reduction of CO2 emission has been on top of the Government agenda. Your Company is in the process of evaluating various options to address this issue in its future acquisitions/ expansions.

QUALITY, HEALTH, SAFETY & ENVIRONMENT

During the year under review, Interim certification and Internal ISM and ISPS audits were carried out on your Company's assets, wherever applicable. External ISM / ISPS audits were also successfully carried out in line with existing statutes.

HUMAN RESOURCE (HR)

Your Company's key HR focus has always been creation of a stronger employee workforce in trying times. During the year under consideration we have applied a 360 degree approach towards Performance Assessment of our employees. The approach is aimed at performance improvement by providing a comprehensive view of employee performance and also to benchmark ourselves against best HR practices across the globe. In the years gone by your Company has also undertaken a lot of employee initiatives with regard to health/ sports/



recreation to enhance the quality of working environment and foster a very positive, energized and more productive workforce. Your Company's HR initiatives will continue to be directed towards creation of a work environment in which employees are empowered and happy.

Your Company had a work force of 1722 employees as on March 31, 2012 (corresponding figure for year ended March 31, 2011 was 1900).

INTERNAL CONTROL SYSTEM

Your Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures relating to operations, accounting and financial reporting. Internal Audits are regularly carried out to review the internal control systems. The Internal Audit Report along with recommendations contained therein are constantly reviewed by the Audit Committee of the Board of Directors. The scope of internal audit is constantly reviewed and enlarged with built in flexibility.

INFORMATION TECHNOLOGY

Your Company has been working towards alignment of its core business process and introduction of new technology solutions to enhance efficiency and reduce operational costs. Various projects / initiatives are underway which relate to SAP and setting up of rugged Backup system for vessels.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis about Company's business, outlook, estimations and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates, charter rates at which assets are deployed, significant changes in geo political environment, tax laws, litigation, exchange rate fluctuations, interest rates and other costs.

INTRODUCTION

The Principles of Corporate Governance are based essentially on the existing legal and regulatory arrangements as well as the best prevailing practices followed by the Corporate Sector. The framework of Corporate Governance is imbibed into the business. It emphasizes on two important components, namely, long term prosperity of the Company and Governance of National, Human, Societal, Economic and Political genus. Since the Corporate Governance principles, along with the global standards, have become an important constituent for corporate success, the practice of good Corporate Governance has also become a necessary pre-requisite for any corporation to manage effectively in the globalised market scenario.

The detailed report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd ("Stock Exchanges") is set out below.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has always believed in adopting the best practices of Corporate Governance with an aim to maximize the interest of the shareholders with those of the other stakeholders, customers, employees, investors, vendors, dealers, financiers, State and Central Government and society at large in order to achieve long-term sustained value while ensuring accountability in the exercise of corporate' financial, legal and contractual obligations.

The key to good Corporate Governance is in ensuring that the Company takes into account the interests of a wide range of constituencies as well as the communities within which the Company operates.

Today, even in the fiercely competitive business environment, the management and employees of your Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are the fundamentals of Corporate Governance.

Your Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance contained in the Listing Agreements.

Corporate Ethics

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

Code of Conduct for Board Members and Senior Management

The Code of Conduct for Board Members and Senior Management (The Code of Conduct) highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The Code of Conduct is applicable to all Directors and specified senior management executives. The Code of Conduct impresses upon Directors and Senior Management Personnel to uphold the interest of the Company and its stakeholders and to endeavour to fulfill all the fiduciary obligations towards them. Another important principle on which the Code is based is that the Directors and senior management executives shall act in accordance with the highest standards of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The Code of Conduct is available on the Company's website 'www.greatoffshore.com'.

The Company has received declarations of compliance with the Code of Conduct from Directors and Senior Management Personnel. The declaration by the Executive Director affirming compliance of the Board of Directors and Senior Management Personnel to the Code of Conduct is given in this Report.

Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading (the Insider Trading Code)



pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992(the regulation). The Insider Trading Code is applicable to all Directors and the designated persons as defined in the Insider Trading Code.

Mr. Navin Joshi, has been appointed as the Company Secretary & Chief Compliance Officer for monitoring adherence to the Regulations.

BOARD PROCEDURE

The Board meets atleast once in a quarter to review the quarterly performance and the financial results of the Company. The Board Meetings are generally scheduled well in advance and the Notice of every Board Meeting is given in writing to every Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to every Director. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

Information as mentioned in Annexure IA to Clause 49 of the Listing Agreement is regularly placed before the Board for its consideration.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company. Senior Management is also invited to attend the Board Meetings to provide additional inputs to the items being discussed by the Board.

The Boards' role, functions, responsibilities and accountability are mutually defined. In addition to matters statutorily requiring Boards' approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, details of joint ventures, compliance with statutory / regulatory requirements, major accounting provisions and write-offs are considered by the Board.

The Minutes of the Board Meetings are circulated in advance to all Directors and confirmed at the subsequent meeting. The Minutes of Audit Committee and other Committees of the Board are noted on regular basis by the Board at its meetings.

Relevant information as required under Clause 49 of the Listing Agreement regarding the Directors seeking re-appointment is given in the Notice of the Annual General Meeting.

BOARD OF DIRECTORS

As on March 31, 2012, the Company had eight Directors. Out of the eight Directors, six were Non-Executive Directors and among them, five were Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreements. None of the Directors are related to each other.

None of the Directors on the Board are members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.

During the year under review, six Board Meetings were held on the following dates.

May 12, 2011, June 21, 2011, July 26, 2011, September 2, 2011, November 10, 2011 and February 14, 2012.

The composition of the Board; number of directorships in other Companies; Memberships / Chairmanships of the Committees in public limited companies (excluding Great Offshore Limited, private limited companies, section 25 companies and foreign companies), attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting (AGM) are as follows.

| Name of the Director | Category | Attendance at meetings during the financial year 2011-12 | | No of Directorships | No of Membership(s) / Chairmanship(s) of Board Committee(s) in other Companies* | Shareholding in the Company as on March 31, 2012 |
|--|--|--|----------|---------------------|---|--|
| | | Board Meetings | Last AGM | | | |
| ¹ Shri Prakash Chandra Kapoor DIN : 00786682 | Chairman and Executive Director | 5 | Yes | 12 | 2 (As member) | Nil |
| Shri Kaushal Raj Sachar DIN : 01421823 | Deputy Chairman Independent Non-Executive Director | 6 | Yes | Nil | Nil | Nil |
| Shri Vijay Kumar DIN : 00726561 | Executive Director | 5 | Yes | 9 | Nil | Nil |
| ² Shri Keki M. Elavia DIN : 00003940 | Non-Independent Non-Executive Director | 1 | No | NA | NA | NA |
| ³ Shri Soli C. Engineer DIN: 00149510 | Non-Independent Non-Executive Director | 6 | Yes | 4 | Nil | 418 |
| Shri Chandan Bhattacharya DIN : 01341570 | Independent Non-Executive Director | 5 | No | 5 | 3 (As Chairman) | Nil |
| Lt. Gen. Deepak Summanwar DIN : 02017830 | Independent Non-Executive Director | 6 | Yes | 2 | 1 (As member) | Nil |
| Dr. Ram Nath Sharma DIN : 00054480 | Independent Non-Executive Director | 6 | Yes | 1 | Nil | 1000 |
| Shri Vinesh Davda DIN : 00050175 | Independent, Non-Executive Director | 5 | Yes | 4 | 2 (As member) | Nil |
| ⁴ Shri Kaiwan Kalyaniwalla DIN : 00060776 | Independent, Non-Executive Director | 5 | Yes | NA | NA | NA |
| ⁵ Shri Chetan D. Mehra DIN : 00022021 | Non-Executive Non-Independent Director | 4 | Yes | NA | NA | NA |

* In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committees and Shareholders'/ Investors' Grievance Committees in all public limited companies (excluding Great Offshore Limited) have been considered.

¹ In consequence of the resignation of Shri Keki M. Elavia as the Chairman, Shri Prakash Chandra Kapoor was appointed as the Chairman w.e.f. September 2, 2011.

² Shri Keki M. Elavia ceased to be the Director w.e.f. November 09, 2011, upon resignation.

³ Shri Soli C. Engineer ceased to be the Executive Director w.e.f. March 30, 2012, upon resignation however, he continues to be a Non- Executive Director.

⁴ Shri Kaiwan Kalyaniwalla ceased to be the Director w.e.f. January 09, 2012 upon resignation.

⁵ Shri Chetan D. Mehra, appointed as the Executive Director w.e.f. September 02, 2011, ceased to be the Executive Director w.e.f. November 19, 2011, upon resignation. Shri Chetan Mehra continued to be a Non- Executive Director till December 22, 2011 and ceased to be a Director w.e.f. December 22, 2011, upon resignation.

COMMITTEES

AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

During the year under review, five Audit Committee meetings were held on the following dates.

May 12, 2011, June 21, 2011, July 26, 2011, November 10, 2011 and February 14, 2012.

The Audit Committee comprises of three Independent Directors. All the members of the Committee have adequate knowledge of Accounts, Audit, Finance etc.

The composition of the Audit Committee and the details of meetings attended by its members during the year under review are given below.

| Name | Category | Number of Meetings attended |
|-----------------------------------|---|-----------------------------|
| Dr. Ram Nath Sharma(Chairman) | Independent, Non-Executive Director | 5 |
| Shri Chandan Bhattacharya | Independent, Non-Executive Director | 5 |
| Shri Vinesh Davda | Independent, Non-Executive Director | 4 |
| ¹ Shri Keki Elavia | Non-Independent, Non-Executive Director | 1 |
| ² Shri Chetan D. Mehra | Non-Independent, Non-Executive Director | 4 |

¹Shri Keki M. Elavia ceased to be a member of the Audit Committee upon his cessation as the Director w.e.f. November 09, 2011.

² Shri Chetan Mehra ceased to be a member of the Audit Committee upon his cessation as the Director w.e.f. December 22, 2011.

Audit Committee meetings are also attended by Executive Directors, Company Secretary & Chief Compliance Officer, General Manager – Corporate Accounts, Taxation & IT, representatives of the Statutory and Internal Auditors and other executives, as may be required. The Company Secretary acts as the Secretary to the Audit Committee.

Chairman of the Audit Committee was present at the last Annual General Meeting.

Terms of Reference

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

2. Review the financial statements before submission to the Board.
3. Review reports of the Statutory Auditors and Internal Auditors including the weaknesses in internal controls reported by Internal and Statutory Auditors.
4. Recommending the appointment, re-appointment and fixing the remuneration of Internal Auditors and Statutory Auditors.

In addition, the powers and role of the Audit Committee are as laid down under Clause 49 of the Listing Agreement of the Stock Exchanges and Section 292A of the Companies Act, 1956.

INTERNAL AUDITORS

The Company has appointed M/s. Ashok Kapadia & Co., Chartered Accountants, as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee meets as and when necessary and deals with issues within its terms of reference and other issues as assigned to it.

During the year under review, two meetings of the Remuneration Committee were held on April 28, 2011 and May 10, 2011.

General Manager – Human Resource & Administration assist the Committee in formulating the policy on remuneration packages.

The composition of the Remuneration Committee and details of the meetings attended by its members during the year under review are given below.

| Name of Director | Category | Number of Meetings attended |
|-----------------------------------|---|-----------------------------|
| Shri Kaushal Raj Sachar(Chairman) | Independent, Non-Executive Director | 2 |
| Shri Prakash Chandra Kapoor | Non Independent Executive Director | 1 |
| Shri Vijay Kumar | Non Independent Executive Director | 1 |
| Shri Soli C. Engineer | Non-Independent, Non-Executive Director | 2 |
| *Shri Chetan D. Mehra | Non-Independent, Non-Executive Director | 1 |

* Shri Chetan D. Mehra ceased to be a Member of the Remuneration Committee upon his cessation as the Director w.e.f. December 22, 2011.

Remuneration Policy

The Company's remuneration strategy aims at attracting and retaining high caliber talent. The remuneration policy, therefore, is market led and takes into account the competitive circumstances of each business so as to attract and retain quality talent and leverage performance significantly.

The remuneration of the Executive Directors is decided by the Board of Directors. The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and/or commission, performance incentive (variable component) to its Executive Directors.

The remuneration by way of commission to the Non-Executive Directors is decided by the Board of Directors and distributed to them based on their contribution and involvement.

The Non-Executive Directors are paid sitting fees of ₹ 20,000/- for attending each meeting of the Board and its Committees. In addition, the Company also reimburses travelling and accommodation expenses to outstation Directors for attending meetings in Mumbai.

Details of Remuneration for the Financial Year 2011-12 are as given below:

Non-Executive Directors

(₹ in Lakhs)

| Name | Commission | Sitting Fees |
|---------------------------------------|------------|--------------|
| Shri Chandan Bhattacharya | 6.00 | 2.80 |
| Dr. Ram Nath Sharma | 6.00 | 2.20 |
| Lt. Gen. Deepak Sumanwar | 6.00 | 2.00 |
| Shri Vinesh N. Davda | 6.00 | 2.40 |
| Shri Kaushal Raj Sachar | 6.00 | 1.60 |
| ¹ Shri Keki M. Elavia | 3.66 | 0.40 |
| ² Shri Kaiwan Kalyaniwalla | 4.66 | 1.00 |
| ³ Shri Chetan D. Mehra | 3.07 | 1.20 |
| ⁴ Shri Soli C. Engineer | 0.02 | - |

¹ Shri Keki M. Elavia ceased to be the Director w.e.f. November 09, 2011, upon resignation.

² Shri Kaiwan Kalyaniwalla ceased to be the Director w.e.f. January 09, 2012, upon resignation.

³ Shri Chetan D. Mehra, appointed as the Executive Director w.e.f. September 02, 2011, ceased to be the Executive Director w.e.f. November 19, 2011. Shri Chetan Mehra continued to be a Non-Executive Director till December 22, 2011 and ceased to be a Director w.e.f. December 22, 2011, upon resignation.

⁴ Shri Soli C. Engineer ceased to be the Executive Director w.e.f. March 30, 2012, upon resignation, but he continues to be a Non- Executive Director.

Executive / Whole-Time Directors

(₹ in Lakhs)

| Name of Director (Period of Appointment) | Salary & Performance Incentive (as Applicable) | Perquisites & Allowances | Commission | Contribution to Provident Fund and Superannuation Fund |
|---|---|-----------------------------|------------|--|
| Shri Vijay Kumar (5 years from 01.05.2010) | 12.00 | 0.87 | 110 | 3.24 |
| Shri Prakash Chandra Kapoor (5 years from 01.05.2010) | 12.00 | 0.87 | 110 | 3.24 |
| Shri Soli C. Engineer (till March 30, 2012) | 173.37 | 8.75 | -- | 13.37 |
| Shri Chetan D. Mehra (September 2, 2011 to November 19, 2011) | 2.60 | 0.26 | -- | 0.70 |

Note: Perquisites include provision of cars, telecommunication facilities, leave encashment, reimbursement of medical expenses for self and family, insurance cover, pension scheme subject to Company rules.

None of the Directors hold any instrument convertible into shares of the Company.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

During the year under review, four meetings of Shareholders' / Investors' Grievance Committee were held on May 12, 2011, July 26, 2011, November 10, 2011 and February 14, 2012.

The composition of the Shareholders / Investors Grievance Committee and details of the meetings attended by its members during the year under review are given below.

| Name of Director | Category | Number of Meetings attended |
|---|-------------------------------------|-----------------------------|
| Lt. General Deepak Summanwar (Chairman) | Independent, Non-Executive Director | 4 |
| Shri Chandan Bhattacharya | Independent, Non-Executive Director | 4 |
| Shri Vinesh Davda | Independent, Non-Executive Director | 3 |

Terms of Reference

- Review the reports prepared & submitted by the Registrars & Share Transfer Agents of the Company.
- To look into and ensure the quality of the Company's Shareholders' / Investors' grievance redressal system and to review the functioning of the investors' grievances redressal system.
- Follow-up on the implementation of suggestions for improvement.
- Periodically report to the Board about serious concerns, if any.

During the year under review, 11 complaints were received from the shareholders and all of them were replied / resolved to the satisfaction of the shareholders. There are no pending complaints as on March 31, 2012.

Mr. Navin Joshi is the Company Secretary & Chief Compliance Officer. His address and contact details are as given below:

Address : Great Offshore Limited
Energy House, 81, Dr. D. N. Road,
Mumbai - 400 001

Phone : 022- 6635 2222

Fax : 022- 2267 3993

Email : navin_joshi@greatoffshore.com

In compliance with Listing Agreement, the Company has designated the email address investor_services@greatoffshore.com for registering the complaints and communication by the investors / shareholders.

GENERAL MEETINGS

Location and Time of previous Annual General Meetings are as given below:

| Annual General Meeting | Date | Time | Venue |
|--|--------------------|------------|---|
| 6 th Annual General Meeting | September 02, 2011 | 10.00 a.m | M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400001. |
| 5 th Annual General Meeting | August 10, 2010 | 11.30 a.m. | M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kalaghoda, Mumbai 400001. |
| 4 th Annual General Meeting | September 24, 2009 | 10.00 a.m. | Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 |

Details of the special resolutions passed at the previous Annual General Meetings are given below:

| Date of the Annual General Meeting | Summary |
|------------------------------------|--|
| September 02, 2011 | Payment of remuneration to Non-Executive Directors by way of commission. |
| | Appointment of Miss Sukruti Kumar to hold office or place of profit in the Company as General Manager – Materials |
| | Appointment of Shri Chetan D. Mehra as the Executive Director of the Company. |
| August 10, 2010 | Approval for re-setting of conversion price of USD 42,000,000, 7.25% Unsecured Foreign Currency Convertible Bonds (FCCBs). |
| September 24, 2009 | N.A. |

Resolution passed through postal ballot

No resolution was passed through postal ballot during the financial year 2011-12.

DISCLOSURES

- There are no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, subsidiaries or relatives etc. that would have potential conflict with the interest of the Company at large.
- There has neither been any non-compliance by the Company nor any penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets.
- The senior management has made disclosures to the Board of Directors relating to all material financial and commercial transactions stating that they had no personal interest that could result in a conflict with the interest of the Company at large.
- The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement pertaining to the Corporate Governance.
- The Company has also fulfilled the following non-mandatory requirements as prescribed in Annexure ID to the Clause 49 of the Listing Agreement:
 - The Company has adopted the Whistle Blower Policy with a view to provide a mechanism for employees of the Company in order to approach the Management to safeguard themselves against victimization. It is affirmed that no personnel has been denied access to the Audit Committee.
 - The Company has in place the Remuneration Committee, details of which have been given in this Report.

MEANS OF COMMUNICATION

- The Board of Directors of the Company approves and takes on record the quarterly, half yearly and annual financial results in the format prescribed under Clause 41 of the Listing Agreements.
- The approved financial results are forthwith sent to the Stock Exchanges along with the Press Release issued in connection with the results. The financial results are published in Free Press Journal (in English). In addition, the results are also published in Navashakti (in Marathi).
- The financial results, press releases and other updated news are also displayed on the Company's website, 'www.greatoffshore.com'.

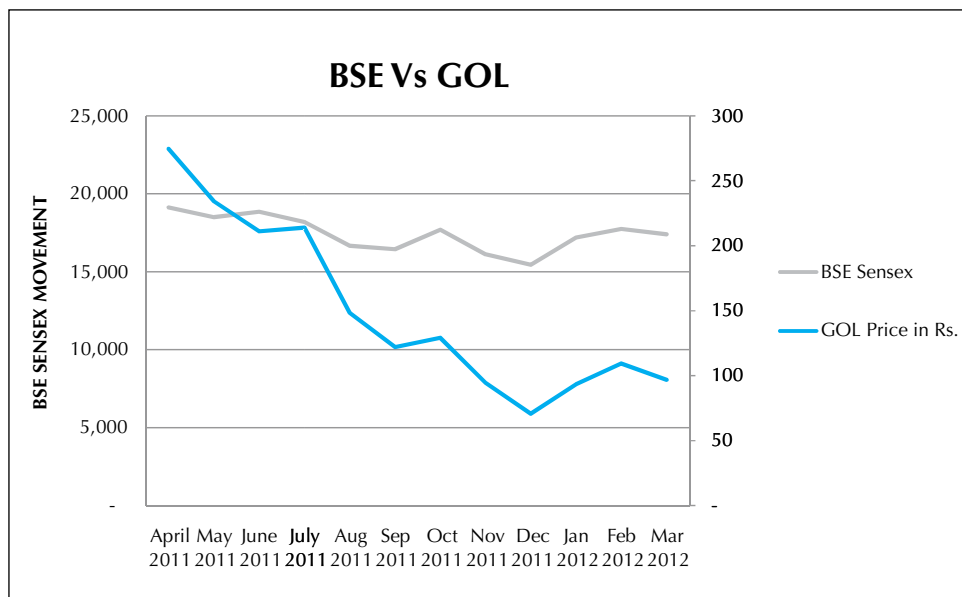
- (d) The Company website has a separate section for 'Investors' where the shareholders' information is available. The Annual Reports of the Company are also available on the website in a user-friendly and downloadable form.
- (e) Management Discussion and Analysis Report forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting** is scheduled to be held on September 24, 2012, at **11.00 a.m. at the M. C. Ghia Hall**, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kaala Ghoda, Mumbai 400 001.
- b) **Financial Year:** The Company follows April to March as its financial year. The financial results for every quarter are declared within the time stipulated under the Listing Agreement.
- c) **Dates of Book Closure:** September 14, 2012 to September 24, 2012 (both days inclusive)
- d) **Dividend Payment Date:** Dividend will be paid within the stipulated period, after its declaration by members at the ensuing Annual General Meeting.
- e) **Listing on Stock Exchanges:** The Company's equity shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid listing fees to the Stock Exchanges for the financial year 2012-13.
- Stock Code/Symbol:** Bombay Stock Exchange Limited – 532786. National Stock Exchange of India Limited – GTOFFSHORE. Demat ISIN No. - INE892H01017
- f) **Listing on overseas Stock Exchange:** The Company's Foreign Currency Convertible Bonds (FCCBs) are listed on Singapore Exchange Securities Trading Limited (SGX-ST) with ISIN XS0320616997.
- g) **Market Price Data:** The monthly high and low price of shares traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are as given below:

| Month & Year | NSE (In ₹) | | BSE (In ₹) | |
|---------------|------------|--------|------------|--------|
| | High | Low | High | Low |
| April, 11 | 314.70 | 256.95 | 296.00 | 255.40 |
| May, 11 | 276.45 | 206.30 | 277.80 | 207.95 |
| June, 11 | 241.70 | 202.00 | 239.00 | 201.50 |
| July, 11 | 229.40 | 208.35 | 230.00 | 208.15 |
| August, 11 | 218.00 | 128.55 | 218.70 | 127.70 |
| September, 11 | 155.00 | 120.75 | 155.00 | 121.00 |
| October, 11 | 132.85 | 106.70 | 133.05 | 108.50 |
| November, 11 | 136.95 | 92.65 | 137.45 | 93.10 |
| December, 11 | 105.50 | 70.10 | 103.10 | 70.00 |
| January, 12 | 98.90 | 70.05 | 98.10 | 70.00 |
| February, 12 | 140.40 | 92.00 | 140.30 | 91.00 |
| March, 12 | 113.80 | 91.40 | 114.40 | 91.60 |

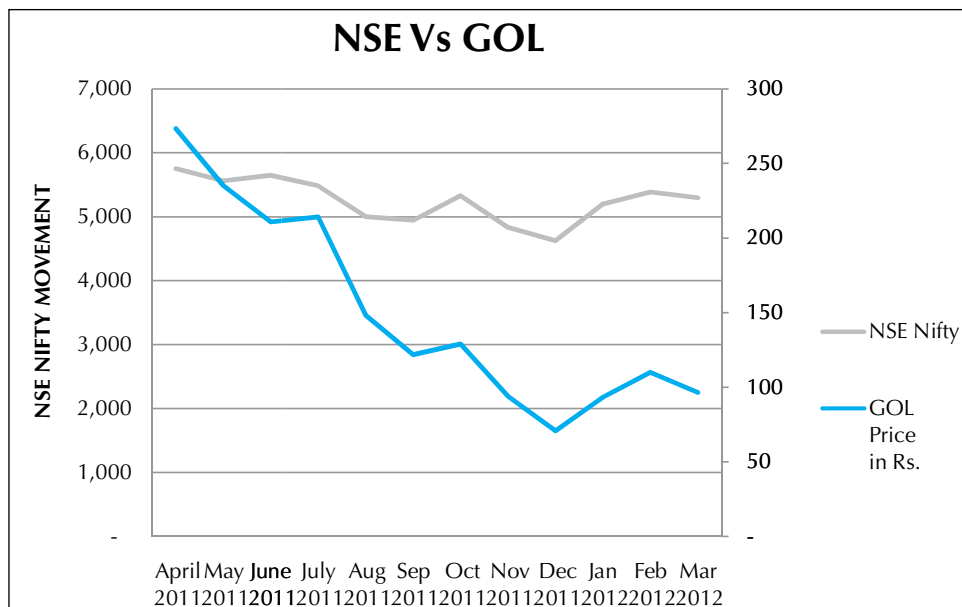
h) Performance of share price of the Company in comparison to BSE Sensex:



GOL: Great Offshore Limited

BSE: Bombay Stock Exchange Limited

i) Performance of share price of the Company in comparison to NSE Nifty:



GOL: Great Offshore Limited

NSE: National Stock Exchange of India Limited

j) **Share Transfer System**

The transfer of shares in physical form is processed and completed by Registrar & Share Transfer Agent within a period of 10 days from the date of receipt thereof, provided all the documents are in order. Shares under objection are returned within two weeks. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited and Central Depository Services (India) Limited through respective Depository Participants. In compliance with the Listing Agreement, a Practising Company Secretary carries out the audit of transfers, transmissions etc of shares and the certificate to that effect issued by the Practising Company Secretary is submitted to the Stock Exchanges where the Company's shares are listed.

k) **Distribution of Shareholding as on March 31, 2012**

| No. of shares (range) | No. of Shareholders | % of total Shareholders | No. of Shares (holding) | % to Total Shares |
|-----------------------|---------------------|-------------------------|-------------------------|-------------------|
| 1 to 500 | 91,953 | 95.82 | 5,674,390 | 15.24 |
| 501 to 1000 | 2,182 | 2.27 | 1,608,083 | 4.32 |
| 1001 to 2000 | 980 | 1.02 | 1,413,101 | 3.80 |
| 2001 to 3000 | 341 | 0.36 | 841,298 | 2.26 |
| 3001 to 4000 | 128 | 0.13 | 450,228 | 1.21 |
| 4001 to 5000 | 101 | 0.11 | 459,479 | 1.23 |
| 5001 to 10000 | 152 | 0.16 | 1,083,749 | 2.91 |
| 10001 and above | 129 | 0.13 | 25,701,633 | 69.03 |
| Grand Total | 95,966 | 100.00 | 37,231,961 | 100.00 |

l) **Categories of Shareholders as on March 31, 2012**

| Category | No. of shares held | Percentage (%) of Shareholding |
|--|--------------------|--------------------------------|
| Promoters | 1,85,14,352 | 49.73 |
| Mutual Funds / UTI | 1,23,011 | 0.33 |
| Financial Institutions / Banks | 4,52,301 | 1.21 |
| Insurance Companies | 5,31,296 | 1.43 |
| Foreign Institutional Investors | 23,48,740 | 6.31 |
| Bodies Corporate (other than promoter group) | 29,24,798 | 7.85 |
| Indian Public | 1,23,17,190 | 33.08 |
| Trusts | 9,977 | 0.03 |
| Overseas Corporate Bodies | 306 | 0.00 |
| Shares held by Custodians and against which Depository Receipts have been issued | 9,990 | 0.03 |
| Grand Total | 3,72,31,961 | 100.00 |

m) **Dematerialisation of Shares and Liquidity**

The Company's shares are compulsorily traded in dematerialised form on both Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

3,59,60,502 equity shares of the company representing 96.59 % of the total paid-up equity share capital of the Company are in dematerialized form as on March 31, 2012. The Company has entered into agreement with both National Securities Depository Limited and Central Depository Services (India) Limited, whereby shareholders have an option to dematerialise their shares with either of the depositories.



Status of Dematerialisation of equity shares as on March 31, 2012

| Particulars | No. of equity shares | % to Paid-up Capital | No. of Accounts |
|---|----------------------|----------------------|-----------------|
| National Securities Depository Limited | 2,49,19,262 | 66.93 | 55,805 |
| Central Depository Services (India) Limited | 1,10,41,240 | 29.66 | 16,413 |
| Total Dematerialised | 3,59,60,502 | 96.59 | 72,218 |
| Shares held in Physical form | 12,71,459 | 3.41 | 23,748 |
| Grand Total | 3,72,31,961 | 100.00 | 95,966 |

n) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity shares

1,890 GDRs of the Company are outstanding as on March 31, 2012 and 9,990 equity shares are underlying the said GDRs.

USD 40,000,000, 7.25% Unsecured Foreign Currency Convertible Bonds (FCCBs) are outstanding as on March 31, 2012. The due date of maturity of the bonds is October 12, 2012. 31,85,840 equity shares of ₹ 10/- each representing 8.56 % of the present paid-up share capital as on March 31, 2012 will be allotted on conversion of the outstanding FCCBs, if converted.

o) Plant Location: The Company has no plants.

p) Address for Correspondence by Shareholders / Investors

| Company | Registrar & Share Transfer Agent |
|--|---|
| Great Offshore Limited Secretarial Department Energy House, 81, Dr. D. N. Road, Mumbai – 400 001 Ph. No. : (022) 6635 2222 Fax No.: (022) 2267 3993 E-mail: investor_services@greatoffshore.com Website : www.greatoffshore.com | TSR Darashaw Limited (Unit : Great Offshore Limited) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai– 400 011 Ph. No.: (022) 6656 8484 Fax No.: (022) 6656 8494 E-mail : csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com |

AUDIT FOR RECONCILIATION OF SHARE CAPITAL

As stipulated by SEBI, a Practising Company Secretary carries out the audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital of the Company. The audit is carried out in every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total listed capital is in agreement with the aggregate of the total number of shares in dematerialised form and total number of shares in physical form.

COMPLIANCE CERTIFICATE BY THE AUDITORS

Certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is appended to this Report.

This Certificate is also being forwarded to the Stock Exchanges along with the Annual Report of the Company.

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF CODE OF CONDUCT

I, Prakash Chandra Kapoor, Executive Director, do hereby declare that, to the best of my knowledge and belief, all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2012.

Mumbai
May 25, 2012

Prakash Chandra Kapoor
Executive Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
Great Offshore Limited,
Mumbai

We have examined the compliance of conditions of Corporate Governance by Great Offshore Limited (the Company) for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Firm Registration No: 104607W

VINAYAK M. PADWAL

Partner

Membership No: F 49639

Mumbai, May 25, 2012

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER AS REQUIRED UNDER
CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Board of Directors
Great Offshore Limited
Energy House, 81, Dr. D. N. Road
Mumbai – 400 001

We, **Prakash Chandra Kapoor**, Executive Director and **Shrirang Khadilkar**, General Manager – Corporate Accounts, Taxation & IT of Great Offshore Limited, do hereby certify that:

- a. We have reviewed financial statements and the cash flow statement of the Company for the year 2011 - 2012 and that to the best of our knowledge and belief :
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee aspects which could have impact on internal control and we have taken necessary steps to strengthen the financial reporting and internal control system.
- d. We have indicated to the Auditors and the Audit Committee, wherever applicable, :
 - i. Significant changes in internal control over financial reporting, if any, during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. That there is no instance of Significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Prakash Chandra Kapoor
Executive Director

Mumbai
May 25, 2012

Shrirang Khadilkar
General Manager – Corporate Accounts, Taxation & IT

Offshore Fleet as on May 25, 2012

| Category | Total | Type | | Vessel Name | Year Built |
|-------------------------------------|-----------|---|----|-----------------------|------------|
| DRILLING VESSELS | 2 | | 1 | Badrinath | 1973 |
| | | | 2 | Kedarnath | 1975 |
| OFFSHORE SUPPORT VESSELS | 25 | Platform Supply Vessels | 1 | Malaviya Sixteen | 2002 |
| | | | 2 | Malaviya Eighteen | 2002 |
| | | | 3 | Malaviya Twenty | 2004 |
| | | | 4 | Malaviya Twenty Four | 2005 |
| | | | 5 | Malaviya Twenty Nine | 2006 |
| | | | 6 | Malaviya Thirty | 2006 |
| | | | 7 | Malaviya Seven | 1994 |
| | | Anchor Handling Tug Supply Vessels | 1 | Malaviya One | 1983 |
| | | | 2 | Malaviya Two | 1983 |
| | | | 3 | Malaviya Three | 1984 |
| | | | 4 | Malaviya Four | 1984 |
| | | | 5 | Malaviya Five | 1982 |
| | | | 6 | Malaviya Ten | 1999 |
| | | | 7 | Malaviya Twenty One | 2005 |
| | | | 8 | Malaviya Twenty Three | 2007 |
| | | | 9 | Malaviya Twenty Eight | 2006 |
| | | | 10 | Malaviya Thirty Three | 1978 |
| | | | 11 | Malaviya Nine | 2008 |
| | | Fire Fighting Supply Vessels | 1 | Malaviya Twenty Five | 2006 |
| | | | 2 | Malaviya Twenty Seven | 2006 |
| | | Multi Support Vessel | 1 | Malaviya Thirty Six | 1987 |
| | | Anchor Handling Tugs | 1 | Gal Beaufort Sea | 1982 |
| | | | 2 | Gal Ross Sea | 1982 |
| | | | 3 | Sangita | 1994 |
| | | | 4 | Bharati-S | 1982 |
| HARBOUR TUGS | 12 | | 1 | Anasuya | 1997 |
| | | | 2 | Rishabh | 1985 |
| | | | 3 | Malini | 1987 |
| | | | 4 | Jyotsna S. | 1989 |
| | | | 5 | Kanti | 1998 |
| | | | 6 | Kumari Tarini | 1998 |
| | | | 7 | Sudhir Mulji | 1998 |
| | | | 8 | Vahbiz | 1999 |
| | | | 9 | Ananya | 2000 |
| | | | 10 | Purnima | 2000 |
| | | | 11 | Birsingha | 2001 |
| | | | 12 | Polaris | 2008 |
| CONSTRUCTION AND ACCOMODATION BARGE | 2 | | 1 | Gal Constructor | 1978 |
| ACCOMMODATION BARGE | | | 2 | Gal Installer | 1994 |
| FLOATING DRY DOCK | 1 | | 1 | Great Offshore FD-1 | 1984 |
| TOTAL | 42 | | | | |



TO THE MEMBERS OF GREAT OFFSHORE LIMITED

1. We have audited the attached Balance Sheet of Great Offshore Limited as at March 31, 2012 and also the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) We draw attention to Note 32 of the Notes to Account. The Company has changed its accounting policy with effect from 1st April 2011, for recognition and measurement of Mark to Market losses in respect of derivatives instruments like interest rate swaps as per the principals enunciated in Accounting Standard (AS)30 "Financial Instruments: Recognition and Measurement" and in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly Mark to Market (MTM) losses in respect of derivative instruments like Interest rate swaps have been accounted in accordance with principal of hedge accounting and the MTM losses on such derivative instruments is recorded in the Hedge reserve account instead of recognising the same to statement of Profit and Loss. Accordingly as at 31st March 2012 MTM loss on outstanding interest rates swaps' amounting to ₹ 9,685 lakhs has been recognised in hedge reserves instead of debiting the same to statement of Profit and Loss. Accordingly the profit for the year is higher by ₹ 9,046 lakhs.
 - f) *As on March 31, 2012, the Company has investment in equity/redeemable preference shares of wholly owned subsidiary KEI-RSOS Maritime Limited amounting to ₹ 18,863 lakhs and also a loan outstanding of ₹ 3,100 lakhs. The Company has also issued corporate guarantee to Indian Bank amounting to ₹14,585 lakhs. As per the latest audited financial statements of KEI-RSOS Maritime Limited the net worth of the company has substantially eroded and the cash flows are under stress. No provision has been made in the financial statements of the company for depletion in value of investment and the loans and advances given by the company amounting to ₹ 21,963 lakhs. Had the provision for the same been made, the profits before tax for the year would have been lower to that effect.*



GREAT OFFSHORE

REPORT OF THE AUDITORS

- g) *Subject to our comment in para 4(f) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors of the Company as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Registration No. 104607W

VINAYAK M. PADWAL

Partner

M. No. F49639

Mumbai, May 25, 2012



Referred to in paragraph 3 of our report of even date on the accounts of Great Offshore Limited for the year ended March 31, 2012:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge no material discrepancies were reported on such verification.
- (c) In our opinion, the fixed assets disposed off during the year were not substantial and do not affect the going concern assumption.
2. (a) We have been informed by the Management that the physical verification of inventory is conducted as per the preset cyclical programme on monthly basis during the year. In our opinion the frequency of such physical verification of inventory is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) *The Company has implemented inventory system w.e.f. January 1, 2012 and is in process of strengthening the same.* Discrepancies noticed on the physical verification have been properly dealt in the books of accounts.
3. (a) As informed, the company has not granted any loan, secured/ unsecured to any Companies firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of Para 4 clause (iii) (a) to (d) of the said order are not applicable.
- (b) The Company has taken loans amounting to ₹ 18,309 lakhs from six companies covered in the register maintained under Section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 9,220 lakhs and the year-end balance is ₹ 2,798 lakhs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company, are not prejudicial to the interest of the Company.
- (d) The loan and interest is payable on demand and there are no specific terms of repayment of principal and interest hence whether the principal and interest has been paid regularly or not cannot be commented upon.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of services. Further, on the basis of our examination of the books of account and records of the Company, and according to the information and explanations given to us, we have neither come across nor we have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.



In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system, which is commensurate with the size and nature of its business.
8. As informed to us, the company is maintaining cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956. We have not, however made a detailed examination of these records.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the company is *generally regular* in depositing undisputed statutory dues including Shore Staff Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess, and other statutory dues with the appropriate authorities.
- (b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty or cess which have not been deposited on account of any dispute, other than those stated below:

| Name of the statute | Nature of Dues | Amount (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|--|---------------------|------------------------------------|--|
| The Tamil Nadu General Sales Tax Act 1959 | Tax u/s 3A of The Tamil Nadu General Sales Tax Act, 1959 | 100.78 | 1995-96 and 1996-97 | The Sales Tax Appellate Tribunal, Chennai |
| The Karnataka Sales Tax Act, 1957 | Tax u/s 5-C of the Act | 170.71 | 1995-96 to 2001-02 | Stay granted by Supreme Court |
| The Karnataka Sales Tax Act, 1957 | Sales Tax | 6.03 | 2007-08 | Assistant Commissioner (CT) III, Enforcement Tribunal |
| The Customs Act, 1962 | Customs Duty | 70.37 | 2001-02 | Customs Excise and Gold (Control) Appellate Tribunal |
| The Customs Act, 1962 | Customs Duty | 235.93 | December 99 | Commissioner of Customs (Import) |
| The APVAT Act, 2005 | VAT | 96.53 | 2004-05 2005-06 | APGST / SPVAT Malviya Nine - deemed Transfer of right to use |
| Central Excise and Customs Act | Service Tax | 72.53 | 2002-03 to 2004-05 | Superintendent of Central Excise |
| West Bengal Sales Tax Act | Sales Tax | 41.59 | 2001-02 | The Commissioner of Commercial Taxes, Kolkatta |



10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. *On the scrutiny of the repayment schedules to banks and financial institutions and the books of accounts of the company it is observed that the Company has defaulted in repayment of dues to banks and financial institutions. The following are the details of the defaults days for the financial year 2011-12:*

(₹ in lakhs)

| Particulars | Delay upto 30 Days | Delay 31-60 Days | Delay 61-90 Days | Delay 90-125 Days | Total |
|-------------|--------------------|------------------|------------------|-------------------|--------|
| Loan | 151 | 4,420 | 18,043 | 4,750 | 27,365 |
| Interest | - | 2,174 | 1,690 | 326 | 4,190 |
| Total | 151 | 6,594 | 19,734 | 5,076 | 31,555 |

of the above ₹ 9,120 lakhs in respect of term loan installment and ₹ 3,348 lakhs in respect of interest payment were in arrears as of the balance sheet date.

12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Act.
15. The Company has given guarantees for the loans taken by its subsidiaries from banks or financial institutions, the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. According to the information and explanations given to us and the records examined by us, on an overall basis, the term loans were applied by the Company for the purpose for which they were obtained *except for a term loan amounting to ₹ 23,227 lakhs which was disbursed by a financial institution for acquisition of a vessel and was temporarily used to repay high cost debt as next stage payment for acquisition for the said vessel is still not due.*
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilised any funds raised on short-term basis for long-term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Act.



GREAT OFFSHORE

ANNEXURE TO THE AUDITOR'S REPORT

19. The Company has not issued any debentures during the year. Hence, security or charge created in respect of debentures issued is not applicable.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Registration No. 104607W

VINAYAK M. PADWAL
Partner
M. No. F49639
Mumbai, May 25, 2012

BALANCE SHEET



GREAT OFFSHORE

BALANCE SHEET AS AT MARCH 31, 2012

₹ in Lakhs

| | Note | As at March 31, 2012 | As at March 31, 2011 |
|---|------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds: | | | |
| Share Capital | 3 | 3,723 | 3,723 |
| Reserve and Surplus | 4 | 90,573 | 109,987 |
| | | 94,296 | 113,710 |
| Non-Current Liabilities: | | | |
| Long Term borrowings | 5 | 196,454 | 175,325 |
| Deferred Tax Liabilities (Net) | 6 | 2,765 | 905 |
| Other Long Term Liabilities | 7 | 681 | 758 |
| Long Term Provisions | 8 | 427 | 409 |
| | | 200,327 | 177,397 |
| Current Liabilities: | | | |
| Short-term borrowings | 9 | 19,870 | 58,794 |
| Trade Payables | 10 | 12,533 | 7,200 |
| Other Current Liabilities | 11 | 88,809 | 88,221 |
| Short Term Provisions | 12 | 12,450 | 2,308 |
| | | 133,662 | 156,523 |
| TOTAL | | 428,285 | 447,630 |
| ASSETS | | | |
| Non-Current Assets: | | | |
| Fixed Assets | | | |
| Tangible Assets | 13 | 138,998 | 176,202 |
| Intangible Assets | 13 | 174 | 232 |
| Capital Work-in-Progress | 13 | 147,437 | 121,873 |
| Non Current Investments | 14 | 19,652 | 14,652 |
| Long Term Loans and Advances | 15 | 85,382 | 83,005 |
| Other Non Current Assets | 16 | 72 | 1,538 |
| | | 391,715 | 397,502 |
| Current Assets: | | | |
| Inventories | 17 | 5,321 | 6,421 |
| Trade Receivables | 18 | 16,425 | 21,404 |
| Cash and Cash Equivalents | 19 | 7,444 | 15,260 |
| Short Term Loans and Advances | 20 | 5,821 | 4,763 |
| Other Current Assets | 21 | 1,559 | 2,280 |
| | | 36,570 | 50,128 |
| TOTAL | | 428,285 | 447,630 |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | | | |
| | 2 | | |

The accompanying notes are an integral part of these financial statements.
As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
Taxation & Information Technology

Navin Joshi
Company Secretary & Chief Compliance Officer

Mumbai, May 25, 2012

For and on behalf of the Board
P. C. Kapoor
Chairman & Executive Director
Kaushal Raj Sachar
Deputy Chairman
Vijay Kumar
Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012



GREAT OFFSHORE

STATEMENT OF PROFIT AND LOSS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in Lakhs

| | Note | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------|------------------------------|------------------------------|
| Revenue from Operations | 22 | 80,023 | 84,553 |
| Profit on Sale of Vessel | | 6,701 | - |
| Other Income | 23 | 2,721 | 1,714 |
| Total Revenue | | 89,445 | 86,267 |
| Expenses: | | | |
| Changes in Inventories of Spares & Stores | | 980 | - |
| Employee Benefits Expense | 24 | 19,858 | 20,003 |
| Repairs & Maintenance - Fleet and Rigs | | 6,258 | 6,161 |
| Project Expenses | | 784 | 6,560 |
| Finance Costs | 25 | 17,657 | 13,081 |
| Depreciation and Amortisation Expense | 26 | 17,215 | 18,348 |
| Other Expenses | 27 | 15,267 | 16,773 |
| Total Expenses | | 78,019 | 80,926 |
| Profit Before Exceptional Item and Tax | | 11,426 | 5,341 |
| Exceptional Item | | - | 5,580 |
| Profit Before Tax | | 11,426 | 10,921 |
| Tax Expenses: | | | |
| Current tax | | 2,200 | 95 |
| Deferred tax | | 1,860 | 656 |
| Prior year tax | | (68) | - |
| | | 3,992 | 751 |
| Profit After Tax | | 7,434 | 10,170 |
| Basic earnings per share before exceptional item | | 19.97 | 12.33 |
| Basic earnings per share after exceptional item | | 19.97 | 27.32 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2

The accompanying notes are an integral part of these financial statements.
As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
Taxation & Information Technology

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Mumbai, May 25, 2012

For and on behalf of the Board
P. C. Kapoor
Chairman & Executive Director
Kaushal Raj Sachar
Deputy Chairman
Vijay Kumar
Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012

CASH FLOW STATEMENT



GREAT OFFSHORE

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in Lakhs

| | For the year ended March 31, 2012 | For the year ended March 31, 2011 |
|--|--------------------------------------|--------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 11,426 | 10,921 |
| Adjustments For: | | |
| Depreciation and Amortisation Expense | 17,215 | 18,348 |
| (Profit)/ Loss on sale of vessel | (6,701) | - |
| (Profit)/ Loss on sale of sundry assets (net) | (3) | (2) |
| Interest Income | (5,281) | (2,522) |
| Dividend Income | (947) | (998) |
| Interest and finance charges | 22,821 | 15,283 |
| Bad Debts written off | 86 | - |
| Provision for Bad Debts | - | 7 |
| Unrealised exchange loss/ (gain) | (1,486) | (692) |
| Operating Profit before Working Capital Changes | 37,130 | 40,345 |
| Trade and Other Receivables | 6,167 | 2,625 |
| Inventories | 1,100 | (5,460) |
| Trade Payables, Other Liabilities and Provisions | 6,606 | (6,425) |
| Cash generated from operations | 51,003 | 31,085 |
| Taxes Paid | (2,347) | (1,155) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 48,656 | 29,930 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets including capital work in progress | (23,551) | (22,070) |
| Capital Advance for purchase of fixed assets | (6,396) | - |
| Advance received for sale of fixed assets | - | 26,872 |
| Sale of Fixed Assets | 5,098 | 15 |
| Purchase of Current Investments | (5,791) | (73,008) |
| Sale of Current Investments | 5,791 | 73,003 |
| Interest Received | 6,017 | 2,520 |
| Dividend Received | 947 | 998 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | (17,885) | 8,330 |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Borrowings | 116,919 | 153,447 |
| Repayments of Borrowings | (136,578) | (92,089) |
| Interest Paid | (18,696) | (15,263) |
| Dividend Paid | (931) | (931) |
| Advance to Subsidiary | (798) | (73,718) |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | (40,084) | (28,554) |
| Net Increase/ (decrease) in cash and cash equivalents | (9,313) | 9,706 |
| Cash and Cash Equivalents at the beginning of the year | 15,230 | 5,524 |
| Cash and Cash Equivalents at the end of the year | 5,917 | 15,230 |
| D Components of Cash and Cash Equivalents | | |
| Cash and Bank Balances | 7,444 | 15,260 |
| Effect of exchange rate changes [Loss/ (Gain)] | (1,527) | (30) |
| Cash and Cash Equivalents as restated | 5,917 | 15,230 |

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
Taxation & Information Technology

Navin Joshi
Company Secretary & Chief Compliance Officer

Mumbai, May 25, 2012

For and on behalf of the Board
P. C. Kapoor
Chairman & Executive Director
Kaushal Raj Sachar
Deputy Chairman
Vijay Kumar
Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1 Corporate Information

Great Offshore Limited is public Limited Company whose equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Foreign Currency Convertible Bonds(FCCBs) issued by the company are listed on Singapore Exchange Securities Trading Limited (SGX - ST). The Company is India's prominent integrated offshore oilfield services provider offering a broad spectrum of services to upstream oil and gas producers to carry out offshore exploration and production (E&P) activities. The Company operates Drilling Rigs, Offshore Support Vessels and undertakes Marine Construction Projects and Services.

2 Significant Accounting Policies

a) Accounting Convention

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

c) Fixed Assets and Special Survey Expenses

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment are recognised in the Statement of Profit and Loss and year end translation of foreign currency liabilities relating to acquisition of assets are recognised in the Hedge Reserve.

The Company capitalises expenses incurred at the time of five yearly special surveys and / or life enhancement programmes by which class certificates / operating licences are renewed. These expenses are depreciated over a period of 5 years.

d) Investments

- i) Investments are classified into long-term and current investments.
- ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.
- iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) Inventories

Inventories of fuel oil, spares , stores & consumables on board of the vessels are valued at lower of cost or net realisable value.

f) Borrowing cost

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition / completion of construction.

g) Revenue recognition

- i) Charter hire earnings are recognised on accrual basis.
- ii) Revenue from long term turnkey offshore projects is recognised on the percentage of completion basis, based on costs incurred and the expected costs to completion.

h) Operating Expenses

Operating expenses and standing charges are charged to revenue on accrual basis.

i) Employee Benefits

i) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc. are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss Account of the year in which the employee renders the related service.

ii) Post Employee Benefits

Defined Contribution Plan

Retirement benefits in the Provident Fund, Family Pension Fund and Superannuation Scheme, which are defined contribution schemes, are charged to the Statement of Profit and Loss of the year when the contributions accrue.

Defined Benefit Plan

The liability for Gratuity, a defined benefit obligation, is accrued and provided for on the basis of actuarial valuation as at the Balance Sheet date.

Other Long Term Benefits

Long term compensated absences & Pension benefits are provided on the basis of an actuarial valuation as at the Balance Sheet date. Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognised in the Statement of Profit and Loss for the year as income or expense.

j) Depreciation and Amortisation

Depreciation on new built vessels is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. In case of second hand acquisitions, depreciation is provided on the straight line method, so as to write off the cost over the estimated useful life, as technically evaluated by the management / consultants at the time of acquisition (20 to 27 years) , or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher.

Tangible Assets

| | |
|---|--|
| Fleet : | |
| New built vessels | On straight line method @ prescribed in Companies Act, 1956 |
| Second hand vessels | On straight line method @ prescribed in Companies Act, 1956 or as technically evaluated by management / consultant |
| Rigs : | On straight line method to write off original cost over estimated useful life of 7/10 years |
| Barges : | On straight line method to write off original cost over estimated useful life of 7/10 years |
| Properties : | On written down value method @ prescribed in Companies Act, 1956 |
| Other Assets : | |
| Computers | 3 years |
| Vehicles | 4 years |
| Furniture, Fixtures and Office equipments | 5 years |

Intangible Asset

| | |
|----------------------------|-------------------------------|
| Computer Software : | @ 20% on straight line method |
|----------------------------|-------------------------------|

k) Asset Impairment

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amounts of an asset exceed its recovered amount. The impairment loss, if any, is recognised in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount however, subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation of depreciation) had no impairment loss been recognised for the asset in prior accounting period.

l) Foreign Exchange Transactions

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities other than foreign currency borrowings denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of these monetary assets and liabilities and realised gains and losses on foreign currency transactions is recognised in the Statement of Profit and Loss.

Foreign currency derivative contracts which are embedded in the loan agreements and form an integral part of the agreement are translated at closing rates and the resultant gains or losses are recognised in the Hedge Reserve Account with the revaluation gains or losses of the hedged loans. The unrealised gains or losses arising on revaluation of other foreign currency swaps and options are carried forward under Loans and Advances or Other Liabilities until settlement in line with the underlying hedged assets / liabilities.

(ii) The Company designates borrowing in foreign currency as hedge instrument to hedge foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealised exchange gains or losses on transaction of foreign currency borrowing which qualify as effective hedge are recognised in the Hedge Reserve Account.

(iii) Realised gains or losses on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.

m) Provision for Taxation

Tax expense comprises of current and deferred tax.

(i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

(ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws enacted or substantially enacted as of the balance sheet date.

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the accounts in respect of present probable obligations and are based on best estimate required to settle the obligation at balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised in financial statements but are disclosed in the notes.

Contingent Assets are neither recognised nor disclosed in the financial statements.

o) Earning per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

p) Segment Reporting

The Company is mainly engaged in offshore business and there are no separate reportable segments as per Accounting Standard (AS) 17.

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 3 : SHARE CAPITAL

Authorised:

| | | |
|---|---------------|---------------|
| 100,000,000 (Previous Year 100,000,000) Equity Shares of ₹10/- each | 10,000 | 10,000 |
| 1,000,000 (Previous Year 1,000,000) 10% Cumulative Redeemable Preference Shares of ₹1000/- each | 10,000 | 10,000 |
| | <u>20,000</u> | <u>20,000</u> |

Issued:

| | | |
|---|-------|-------|
| 37,313,594 (Previous Year 37,313,594) Equity Shares of ₹10/- each | 3,731 | 3,731 |
|---|-------|-------|

Subscribed and paid-up:

| | | |
|---|-------|-------|
| 37,231,961 (Previous Year 37,231,961) Equity Shares of ₹10/- each | 3,723 | 3,723 |
|---|-------|-------|

3.1) 38,068,481 Equity Shares are allotted as fully paid up pursuant to a scheme of arrangement without payment being received in cash.

3.2) Paid-up Equity Share Capital is net of Calls in Arrears of ₹ 0.08 Lakh.

| | | |
|--|--------------|--------------|
| | <u>3,723</u> | <u>3,723</u> |
|--|--------------|--------------|

(a) Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the year

As at March 31, 2012

| Particulars | Authorised | | Issued | | Subscribed and Paid- up | |
|-------------------------|---------------|------------|---------------|------------|-------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| At 1st April, 2011 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |
| Changes during the year | - | - | - | - | - | - |
| At 31st March, 2012 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |

As at March 31, 2011

| Particulars | Authorised | | Issued | | Subscribed and Paid- up | |
|-------------------------|---------------|------------|---------------|------------|-------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| At 1st April, 2010 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |
| Changes during the year | - | - | - | - | - | - |
| At 31st March, 2011 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |

(b) Terms/ Rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The company declares and pays dividends in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders having holding more than 5% along with number of shares held.

| Name of shareholder | As at March 31, 2012 | | As at March 31, 2011 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Share Capital | | | | |
| Natural Power Ventures Private Limited | 13,686,185 | 36.76 | 13,686,185 | 36.76 |
| Dhanshree Properties Private Limited | 4,828,167 | 12.97 | 4,828,167 | 12.97 |
| First Carlyle Ventures Mauritius | 1,902,000 | 5.11 | 1,902,000 | 5.11 |

(d) Aggregate number and class of shares bought back.

| | No of shares as at March 31, 2009 |
|--------------------|--|
| Shares bought back | 978,977 Equity Shares bought back at an amount aggregating to ₹ 55.24 Crores |

- 1) The company has issued and allotted 15,00,000, 10% Optionally Convertible Redeemable Cumulative Preference shares (OCRCPS) of ₹ 1000 each during the year 2007-08.
- 2) The company has redeemed 15,00,000, 10% Optionally Convertible Redeemable Cumulative Preference shares (OCRCPS) of ₹1000 each during the year 2008-09.
- 3) The company had allotted 91,017 Equity Shares for part conversion of 7.25% Foreign Currency Convertible Bonds @ 875/- per share aggregating to USD 2 Million in the year 2009-10.

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 4 : RESERVES AND SURPLUS

Capital Redemption Reserve

| | | |
|---------------------------|--------|--------|
| As per last balance sheet | 15,098 | 15,098 |
|---------------------------|--------|--------|

Foreign Currency Fluctuation Reserve

| | | |
|--------------------------------------|---------|-------|
| As per last balance sheet | 1,000 | 1,000 |
| Less: Transferred to General Reserve | (1,000) | - |
| | - | 1,000 |

Securities Premium Account

| | | |
|---------------------------|-----|-----|
| As per last balance sheet | 787 | 787 |
|---------------------------|-----|-----|

Tonnage Tax Reserve Account

| | | |
|--|--------|--------|
| under Section 115 VT of The Income Tax Act, 1961 | | |
| As per last balance sheet | 18,350 | 15,850 |
| Add: Transferred from Statement of Profit and Loss | 500 | 2,500 |
| | 18,850 | 18,350 |

Hedge Reserve

| | | |
|--------------------------------|----------|---------|
| As per last balance sheet | 381 | (1,139) |
| Addition during the year (net) | (25,879) | 1,520 |
| | (25,498) | 381 |

General Reserve

| | | |
|--|--------|--------|
| As per last balance sheet | 44,441 | 43,341 |
| Add: Transferred from Foreign Currency Fluctuation Reserve Account | 1,000 | - |
| Add: Transferred from Statement of Profit and Loss | 1,000 | 1,100 |
| | 46,441 | 44,441 |

Balance in Statement of Profit and Loss

| | | |
|--|--------|---------|
| As per last balance sheet | 29,929 | 24,291 |
| Add: Profit for the period | 7,434 | 10,170 |
| Less: Transfer to Tonnage Tax Reserve | 500 | 2,500 |
| Less: Transfer to General Reserve | 1,000 | 1,100 |
| Less: Proposed Final Dividend on Equity Shares | 931 | 931 |
| Less: Corporate dividend tax | 37 | - |
| | 34,895 | 29,930 |
| | 90,573 | 109,987 |

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 5 : LONG TERM BORROWINGS

Secured Loans

Term Loans

| | | |
|-----------------------------|---------|---------|
| From banks | 173,227 | 157,489 |
| From financial institutions | 23,227 | - |

Unsecured Loans

| | | |
|-------|----------------|----------------|
| Bonds | - | 17,836 |
| | <u>196,454</u> | <u>175,325</u> |

Notes :

- The company has availed foreign currency loans from banks which carry interest rate of LIBOR plus 60 to 800 bps for USD loans and INR loans from banks are at 14% to 14.90% . These loans are secured by mortgage of specified ships. The principal payments are due monthly / quarterly / half yearly.
- Rupee loan availed from a Financial Institution during the year carried interest rate of 13%. The loan is secured by mortgage of a ship and second charge on a rig. The principal payment is due monthly / quarterly.
- The company has also availed general purpose loans in Foreign currency from banks which carry interest rate of LIBOR plus 190 to 500 bps and INR loans from banks at the rate of 12.50% to 16.25%. The loans are secured by mortgage of ships, first / second charge / subservient charge on ships / rigs / fixed assets of the company. The principal payments / interest thereon are due monthly / quarterly / half yearly.
- The loans availed from banks on mortgage of rig 'Amarnath' was repaid during the year on sale of the rig.
- The loans and advances availed from related parties are unsecured and carry interest rate of 6% to 9.50%.
- Repayments are as under:

₹ in Lakhs

| | Current Year | Previous Year |
|-------------------------------|----------------|----------------|
| Period of Repayment | | |
| - between one to three years | 96,160 | 80,077 |
| - between three to five years | 67,808 | 51,327 |
| - over five years | 32,486 | 43,921 |
| | <u>196,454</u> | <u>175,325</u> |

The Company has made certain defaults in repayment of loans and interest.

The details of continuing defaults as at March 31, 2012 are as follow

₹ in Lakhs

| Particulars | Delay in days | | | | Total Amount |
|------------------|---------------|---------|----------|-----------|--------------|
| | upto 60 | 61 - 90 | 91 - 120 | 121 - 130 | |
| Loans & Interest | 5,776 | 1,616 | 2,761 | 2,315 | 12,468 |

NOTE 6 : DEFERRED TAX

Pursuant to the introduction of Section 115 V under the Income Tax Act, 1961, the Company has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus, income from the business of operating ships will be assessed on the basis of deemed Tonnage Income of the Company and no deferred tax will be applicable to this income as there will be no timing differences.

Deferred Tax is accounted for in respect of the timing differences under the non-tonnage activity of the Company. The break-up of net deferred tax assets/ (liabilities) is as under:

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| PARTICULARS | | |
| Deferred Tax Assets | | |
| Provision for Doubtful Debts and Advances | 32 | 32 |
| Deferred Tax Liabilities | | |
| Difference between Book and Tax depreciation | 2,797 | 937 |
| Net Deferred Tax Liability | <u>2,765</u> | <u>905</u> |

| | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2012 | As at March 31, 2011 |
| NOTE 7 : OTHER LONG TERM LIABILITIES | | |
| Trade payables | 485 | 266 |
| Other Liabilities | 196 | 492 |
| Others mainly consists of Deposits | 681 | 758 |
| NOTE 8 : LONG TERM PROVISIONS | | |
| Gratuity | 182 | 159 |
| Leave Encashment | 15 | 20 |
| VAT / Sales Tax | 219 | 219 |
| Custom Duty | 11 | 11 |
| | 427 | 409 |
| NOTE 9 : SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| From banks | 16,550 | 25,500 |
| Unsecured Loans | | |
| From Financial Institutions | - | 20,000 |
| Inter Corporate Deposits | - | 5,000 |
| Loans from Subsidiaries | - | 8,294 |
| Inter Corporate Deposits from related parties | 2,798 | - |
| Loan from others | 522 | - |
| | 19,870 | 58,794 |
| NOTE 10 : TRADE PAYABLES | | |
| Due to micro and small enterprises | - | - |
| Due to others | 12,533 | 7,200 |
| | 12,533 | 7,200 |
| NOTE 11 : OTHER CURRENT LIABILITIES | | |
| Current maturities of Long Term Borrowings | 70,385 | 56,055 |
| Interest accrued and due on borrowings | 4,407 | 1,801 |
| Advance for sale of vessel | - | 26,872 |
| Advance for sale of flat | 200 | - |
| Unclaimed dividend | 111 | 114 |
| Due to Directors | 250 | 268 |
| Other Payables | | |
| Other Operating Payables | 870 | 240 |
| Salary/ Employee Benefits Payables | 2,289 | 1,402 |
| VAT / Sales tax Payables | 12 | 4 |
| Payable for procuring vessels | 8,751 | - |
| Service Tax payables | 1,220 | 994 |
| Withholding Tax / TDS Payables | 293 | 448 |
| Providend Fund Payables | 18 | 5 |
| Others | 3 | 18 |
| | 88,809 | 88,221 |
| NOTE 12 : SHORT TERM PROVISIONS | | |
| Proposed Final Dividend | 931 | 931 |
| Corporate dividend tax | 37 | - |
| Gratuity | 83 | 255 |
| Leave Encashment | 240 | 169 |
| Other provisions | | |
| Provision for Mark to Market losses on Derivatives Instruments | 9,685 | 639 |
| Tax on overseas operations | 513 | 314 |
| Loss on foreign currency loans | 961 | - |
| | 12,450 | 2,308 |

NOTE 13 : FIXED ASSETS SCHEDULE

₹ in Lakhs

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------------|---------------------|--------------|---------------|----------------------|---------------------|---------------|------------------------|---------------------|----------------------|----------------------|
| | As At April 1, 2011 | Additions | Deletions | As At March 31, 2012 | Upto March 31, 2011 | For the year | Disposals/ Adjustments | Upto March 31, 2012 | As At March 31, 2012 | As At March 31, 2011 |
| Tangible Assets | | | | | | | | | | |
| Leasehold Land | 254 | - | - | 254 | 3 | 3 | - | 6 | 248 | 251 |
| Fleet | 207,568 | 4,134 | 5,648 | 206,054 | 74,811 | 14,156 | 5,021 | 83,946 | 122,108 | 132,757 |
| Plant & Machinery-Rigs | 29,172 | 46 | - | 29,218 | 10,904 | 2,714 | - | 13,618 | 15,600 | 18,268 |
| Plant & Machinery- Others | 31 | 203 | - | 234 | 12 | 47 | - | 59 | 175 | 19 |
| Office Premises | 1,669 | - | - | 1,669 | 1,009 | 33 | - | 1,042 | 627 | 660 |
| Furnitures & Fixtures | 171 | - | - | 171 | 165 | 2 | - | 167 | 4 | 6 |
| Office Equipment | 364 | 2 | 4 | 362 | 287 | 26 | 4 | 309 | 53 | 77 |
| Computers | 523 | 7 | 7 | 523 | 469 | 30 | 7 | 492 | 31 | 54 |
| Vehicles | 618 | 47 | 50 | 615 | 421 | 87 | 45 | 463 | 152 | 197 |
| Asset held for Sale | 26,226 | 780 | 27,006 | - | 2,313 | 59 | 2,372 | - | - | 23,913 |
| Total Tangible Assets | 266,596 | 5,219 | 32,715 | 239,100 | 90,394 | 17,157 | 7,449 | 100,102 | 138,998 | 176,202 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 290 | - | - | 290 | 58 | 58 | - | 116 | 174 | 232 |
| Total Intangible Assets | 290 | - | - | 290 | 58 | 58 | - | 116 | 174 | 232 |
| Grand Total | 266,886 | 5,219 | 32,715 | 239,390 | 90,452 | 17,215 | 7,449 | 100,218 | 139,172 | 176,434 |
| Previous Year | 250,471 | 16,449 | 34 | 266,886 | 72,125 | 18,348 | 21 | 90,452 | 176,434 | |
| Capital Work in Progress | | | | | | | | | 147,437 | 121,873 |
| TOTAL | | | | | | | | | 286,609 | 298,307 |

₹ in Lakhs

Year ended
March 31, 2012

Year ended
March 31, 2011

NOTE 13.1 : INTEREST COST CAPITALISED - OTHER ADJUSTMENTS

Capital Work in Progress includes interest capitalised under AS-16 'Borrowing Cost' which is given as under:

PARTICULARS

Interest Cost Capitalised 4,307 5,826

| | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2012 | As at March 31, 2011 |
| NOTE 14 : NON-CURRENT INVESTMENTS | | |
| Investment in Equity Shares of Subsidiary Companies (Unquoted, Fully Paid Up) | | |
| 1,50,000 (March 31, 2011: 1,50,000) Great Offshore Fujairah L.L.C. - FZC of US \$ 1 each | 66 | 66 |
| 50,000 (March 31, 2011: 50,000) Deep Water Services (India) Limited of ₹ 10 each | 5 | 5 |
| 3,00,000 (March 31, 2011: 3,00,000) Great Offshore (International) Limited of US \$ 1 each | 155 | 155 |
| 8,10,000 (March 31, 2011: 8,10,000) KEI RSOS Maritime Limited of ₹10 each | 13,863 | 13,863 |
| 28,104 (March 31, 2011: 28,104) Great Offshore Salvage Services Limited (formerly Rajamahendri Shipping and Oil Field Services Limited) of ₹100 each | 501 | 501 |
| 50,000 (March 31, 2011:50,000) Great Offshore Ship Repairs Limited of ₹ 10 each | 5 | 5 |
| Investment in Preference Shares of Subsidiary Company (Unquoted, Fully Paid Up) | | |
| 40,00,000, 1% Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 115 per share | 5,000 | - |
| Investment in Equity Shares of Joint Venture (Unquoted, Fully Paid Up) | | |
| 13,00,000 (March 31, 2011: 13,00,000) United Helicharterers Pvt. Ltd. of ₹ 10 each | 57 | 57 |
| | 19,652 | 14,652 |
| NOTE 15 : LONG TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Capital Advances | 6,396 | - |
| Loans and advances to Subsidiaries | 76,318 | 80,519 |
| Security Deposits | 67 | 57 |
| Other Loans & Advances | 505 | 515 |
| Service Tax credit Claimable | 823 | 823 |
| Custom Duty | 98 | 98 |
| Sales Tax | 95 | 95 |
| Prepaid Expenses | 1,080 | 898 |
| | 85,382 | 83,005 |
| NOTE 16 : OTHER NON CURRENT ASSETS | | |
| Interest accrued on Loan to Subsidiary | 72 | 72 |
| Trade Receivables, unsecured, considered good | - | 1,466 |
| | 72 | 1,538 |
| NOTE 17 : INVENTORIES | | |
| Fuel Oil | 705 | 841 |
| Stores and Spares | 4,616 | 5,580 |
| | 5,321 | 6,421 |

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| NOTE 18 : TRADE RECEIVABLES (Unsecured) | | |
| Debts overdue for a period exceeding six months | | |
| Considered good | 4,027 | 6,587 |
| Considered doubtful | 772 | 772 |
| | <u>4,799</u> | <u>7,359</u> |
| Less: Provision for doubtful debts | 772 | 772 |
| | <u>4,027</u> | <u>6,587</u> |
| Other Debts (Considered good) | 12,398 | 14,817 |
| | <u>16,425</u> | <u>21,404</u> |
| NOTE 19 : CASH AND BANK BALANCES | | |
| Balances with banks | | |
| On current accounts | 7,324 | 12,209 |
| On deposit accounts | - | 2,930 |
| | <u>7,324</u> | <u>15,139</u> |
| Cash on hand | 9 | 7 |
| Unpaid Dividend Accounts | 111 | 114 |
| | <u>7,444</u> | <u>15,260</u> |
| NOTE 20 : SHORT TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Advance payment of Income-tax & taxes deducted at source (Net of Provision for taxation) | 3,292 | 3,077 |
| Security Deposit | 1,100 | - |
| Other Loans & Advances | 1,217 | 1,381 |
| Prepaid Expenses | 212 | 305 |
| | <u>5,821</u> | <u>4,763</u> |
| NOTE 21 : OTHER CURRENT ASSETS | | |
| Interest accrued on deposits | 9 | 12 |
| Interest accrued on Loan to Subsidiary | 1,475 | 2,202 |
| Loans to employees and others | 75 | 66 |
| | <u>1,559</u> | <u>2,280</u> |
| | Year ended March 31, 2012 | Year ended March 31, 2011 |
| NOTE 22 : REVENUE FROM OPERATIONS | | |
| Charter Hire | 77,444 | 73,988 |
| Contract Revenue | 2,579 | 10,565 |
| | <u>80,023</u> | <u>84,553</u> |
| NOTE 23 : OTHER INCOME | | |
| Interest income | | |
| From Banks | 83 | 114 |
| Tax Refund | 17 | 84 |
| Others | 17 | 123 |
| | <u>117</u> | <u>321</u> |
| Dividend income | | |
| Subsidiaries | 931 | 931 |
| Mutual Funds | 16 | 67 |
| | <u>947</u> | <u>998</u> |
| Net Exchange gain on foreign currency transactions | 1,300 | - |
| Other non-operating income (net of expenses) | | |
| Profit on sale of sundry assets (net) | 3 | 2 |
| Rent Received - Flats | 81 | 95 |
| Insurance claims | 216 | 255 |
| Miscellaneous income | 57 | 43 |
| | <u>2,721</u> | <u>1,714</u> |

₹ in Lakhs

Year ended
March 31, 2012

Year ended
March 31, 2011

NOTE 24 : EMPLOYEE BENEFITS EXPENSES

| | | |
|--|---------------|---------------|
| Salaries, Wages and Bonus | 16,350 | 15,989 |
| Contribution to Provident Fund and Other Funds | 359 | 423 |
| Gratuity Expense | 192 | 214 |
| Staff Welfare Expenses | 75 | 215 |
| Repatriation & Travel | 1,231 | 1,544 |
| Victualling Expenses | 1,651 | 1,618 |
| | <u>19,858</u> | <u>20,003</u> |

NOTE 25 : FINANCE COSTS

| | | |
|-----------------------|---------------|---------------|
| Interest expenses | | |
| Fixed Loans | 15,141 | 11,575 |
| On Others | 1,359 | 1,223 |
| Other borrowing costs | 1,157 | 283 |
| | <u>17,657</u> | <u>13,081</u> |

NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSES

| | | |
|--|---------------|---------------|
| Depreciation and Amortisation Expenses | <u>17,215</u> | <u>18,348</u> |
|--|---------------|---------------|

NOTE 27 : OTHER EXPENSES

| | | |
|--|---------------|---------------|
| Fuel, Oil and Water | 2,223 | 2,493 |
| Port, Light and Canal Dues | 325 | 439 |
| Hire of chartered ships | 296 | 491 |
| Outsourced Services | 4,369 | 3,214 |
| Brokerage and Commission | 357 | 179 |
| Stores | 2,096 | 1,874 |
| Insurance & Protection Club Indemnity Fees | 1,159 | 1,413 |
| Vessel Manning Expenses | 1,003 | 1,053 |
| Communication Expenses | 239 | 325 |
| Tax on overseas operations | 200 | 371 |
| Rent, Rates & Taxes | 96 | 142 |
| Repairs and Maintenance - others | 236 | 245 |
| Insurance | 92 | 69 |
| Printing & Subscription Charges | 37 | 40 |
| Legal and Professional Charges | 790 | 902 |
| Bad debts written off | 86 | - |
| Provision for doubtful debts and advances | - | 7 |
| Exchange loss (net) | - | 1,377 |
| Directors' fees | 43 | 68 |
| Auditor's Remuneration | 58 | 51 |
| Software Expenses | 103 | 38 |
| Travelling & Conveyance | 272 | 80 |
| Donation | 6 | 14 |
| Sundry Operating Expenses | 530 | 1,084 |
| Miscellaneous expenses | 651 | 804 |
| | <u>15,267</u> | <u>16,773</u> |

28 Contingent Liabilities

₹ in Lakhs

| Sr. No. | Particulars | As at March 31, 2012 | As at March 31, 2011 |
|---------|---|----------------------|----------------------|
| i | Guarantees given by bank including performance and bid bond, counter guarantees by the Company. | 6,889 | 9164 |
| ii | Corporate Guarantee given to Custom Department | 583 | 583 |
| iii | Corporate Guarantee given to bank on behalf of subsidiary | 68,073 | 39511 |
| iv | Claims not acknowledged by Company | | |
| | Customs Duty on Tug | 306 | 70 |
| | Sales Tax and Service tax demand on Charter hire payment | 271 | 271 |
| | Possible obligation in respect of matters under arbitration | 2,700 | 2700 |
| v | Letters of Credit Outstanding | 195 | - |

29 As on March 31, 2012, the company has investment in the equity / redeemable preference shares of its wholly owned subsidiary company KEI - RSOS Maritime Limited amounting to ₹ 18,863 lakhs and also a loan outstanding amounting to ₹ 3,100 lakhs. The company has also issued corporate guarantees to Indian Bank amounting to ₹ 14,585 lakhs against which outstanding facilities as on March 31, 2012 amount to ₹ 8,775 lakhs. The said investment is strategic and long term in nature. The management is confident of turning around the company and as such, in the opinion of the management, no provision is considered necessary for depletion, if any, in value of investment and loans and advances given by the company.

30 Share Capital

The allotment of 71,480 equity shares of the Company have been kept in abeyance in accordance with the section 206A of the Companies Act, 1956 till such time as the title of the bonafide holder of the shares is certified by the concerned Stock Exchange as per the orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992. An additional 10,153 (Previous Year 10,153) shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.

31 Hedge Reserve

The Company has borrowings and the revenue streams in foreign currency, which provides an inherent hedge against foreign currency exchange rate fluctuations. Accordingly, the Company changed its accounting policy with regard to recognition of exchange differences arising on translation of foreign currency borrowings by following an appropriate hedge accounting policy and applying the principle set out in AS-30 Financial Instruments: Recognition and Measurement. The objective of adopting Hedge Accounting is to ensure that gain or loss on the hedging instrument is recognised in the Statement of Profit and Loss in the same period when Hedge items affects profit or loss. The Company has w.e.f. 1st April 2008 designated borrowings in foreign currency as Hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the current year, the net unrealised exchange difference on foreign currency borrowings aggregating to ₹ 25,568 lakhs has been credited to Hedge Reserve, and net realised exchange gain credited to the Statement of Profit and Loss is ₹ 311 lakhs. As a result, balance in the Hedge Reserve is debit of ₹ 25,498 lakhs. (Previous Year Credit of ₹381 lakhs)

32 Change in Accounting Policy

With effect from 1st April 2011, the company has changed its accounting policy for recognition and measurement of Mark to Market losses in respect of derivatives instruments like interest rate swaps as per the principals enunciated in Accounting Standard (AS)30 "Financial Instruments: Recognition and Measurement" and in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly Mark to Market (MTM) losses in respect of derivatives instruments like Interest Rate Swaps have been accounted in accordance with principal of hedge accounting and the MTM losses on such derivative instruments is recorded in the Hedge reserve account instead of recognising the same in the Statement of Profit and Loss. Accordingly as at March 31, 2012, MTM loss on outstanding Interest Rate

Swaps amounting to ₹ 9,685 lakhs has been recognised in hedge reserves instead of debiting the same to the Statement of Profit and Loss. Accordingly the profit for the year is higher by ₹9,046 lakhs.

33 Unsecured Loans

The Company has 7.25% Unsecured Foreign Currency Convertible Bonds (FCCBs) (due 2012) of US\$ 100,000 each aggregating to US \$ 40,000,000, listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The Bondholders may, as per the terms, convert the Bonds in whole or in part from time to time, at their option, during the period commencing 11th October, 2007 to 28th September, 2012.

The Company had revised pricing of Foreign Currency Convertible Bonds (FCCBs) in accordance with the new pricing norms such that each FCCB of face value USD 100,000 will convert to 7964 equity shares of the company as against the original proposal of each FCCB converting into 4550.86 equity shares. This will imply a conversion price of ₹ 565 per equity share as against the original conversion price of ₹ 875 per share. (USD 1 = ₹ 45, Original Rate USD 1 = 39.82). The necessary approvals from the bondholders and Reserve Bank of India have been obtained for the same.

As per the Mandatory Conversion Right embedded in the offer document, the Company has the option to convert the entire outstanding bonds on the terms and conditions agreed upon. In the event, the Bonds are not repurchased and cancelled; or converted; the Company will redeem the Bonds on the Maturity Date.

34 Fixed Assets

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for ₹ 74,198 lakhs (Previous Year ₹ 14,742 lakhs).

35 Investment in KEI-RSOS Maritime Limited

On January 14, 2012, loan of ₹ 5,000 lakhs granted to KEI-RSOS Maritime Limited, a wholly owned subsidiary of the Company, has been converted into 40 lakhs, 1% Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 115 per share.

36 Particulars in respect of Loans and advances in the nature of loans as required by the Clause 32 of the Listing Agreement.

₹ in Lakhs

| Particulars | As at March 31, 2012 | As at March 31, 2011 | Maximum Balance | |
|---|-------------------------|-------------------------|-----------------|---------------|
| | | | Current Year | Previous Year |
| Great Offshore Fujairah L.L.C. FZC | - | 33 | - | 33 |
| KEI-RSOS Maritime Limited | 3,100 | 9,623 | 11,215 | 9,636 |
| Great Offshore (International) Limited | 72,658 | 70,738 | 91,848 | 70,738 |
| Great Offshore Ship Repairs Limited | - | 125 | 329 | 125 |
| Great Offshore Salvage Services Limited | 3 | - | 3 | - |
| Deep Water Services (India) Limited | 513 | - | 513 | - |

37 Corporate Guarantee

During the year, the Company has given Corporate Guarantees to Banks, for financing acquisition of assets by Wholly Owned Subsidiary - Great Offshore (International) Ltd. for 47,970 lakhs (Previous Year 24,926 lakhs) , Kei-Rsos Maritime Limited – ₹ 8,775 lakhs (Previous Year ₹ 14,585 lakhs), Deepwater Services (india) Ltd - ₹2,500 lakhs (Previous Year ₹ Nil)

38 Interest on loan given to subsidiary Great Offshore (International) Limited

Interest on loan given to subsidiary Great Offshore (International) Limited ₹ 5,164 lakhs (Previous Year ₹ 2,201 lakhs) has been netted out against the interest expense and net interest is disclosed in the Statement of Profit & Loss Account. Interest Receivable upto March 31, 2012 is ₹ 1,465 lakhs (Previous Year ₹ 2,201 lakhs)

39 Unsecured Loan to Great Offshore (International) Limited

The company has granted unsecured loan amounting to ₹ 72,658 lakhs (Previous Year 70,738 lakhs) to its wholly owned overseas subsidiary company Great Offshore (International) Limited which in turn has

invested/advanced the said amount to its step down overseas subsidiaries/partnership firms for purchase of vessels with higher capacities and latest technologies from Bharati Shipyard Limited, the promoters of the Company. All such vessels procured from Bharati Shipyard Limited are to be delivered over the next 24 to 36 months. Recoverability of aforesaid loan and interest thereon is dependent upon timely delivery of vessels by Bharati Shipyard Limited. In the opinion of the management, the said advances are fully recoverable.

40 Inventories

Closing stock of stores and spares on board of the vessels amounting to ₹ 4606 lakhs was determined by the management on the basis of inventory system implemented by the company w.e.f. January 1, 2012. The company has in place preset cyclical programme for physical verification of inventory on board of the vessel. The auditors have relied upon the management certification for the valuation of stock of stores and spares on board of vessels.

41 Capital Advance

Capital Advance of ₹ 6,396 lakhs represents a contract between the Company and Gultare Energy Projects Private Limited for the purchase of six, 70 Ton Bollard Pull Harbour Tugs. As per the terms of contract the first installment of 25% is to be made on signing of contract and on submission of builders invoice.

42 Current Liabilities

According to information available to the Company regarding the status of the suppliers, as defined under The Micro, Small and Medium Enterprises Development Act, 2006, amount overdue as on 31st March, 2012 to the Micro, Small and Medium enterprises on account of principal amount, together with interest for delayed payment under the Act, is ₹ Nil.

43 Provisions

The Company has recognised the provisions given below in its accounts in respect of obligations arising from past events, the settlement of which are expected to result in an outflow embodying economic benefits.

Manning dues and related contributions to welfare funds was ₹ 329 lakhs as on 1st April, 2011, additions during the year was ₹ 196 lakhs, (Previous Year ₹ 176 lakhs), reversed / paid during the year was ₹ 159 lakhs (Previous Year ₹ 136 lakhs), hence balance as on 31st March, 2012 is ₹ 366 lakhs (Previous Year 329 lakhs).

44 The balances of Trade Receivables and Trade Payables are subject to confirmations.

45 Disclosures pursuant to Accounting Standard (AS) 15 (revised) "Employee Benefits".

(a) Effective April 1, 2007 the Company adopted Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the ICAI.

(b) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

(A) Defined Contribution Plans:

₹ in Lakhs

| | For the year ended March 31, 2012 | For the year ended March 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| Contribution to Employees Provident Fund | 163.82 | 158.27 |
| Contribution to Employees Superannuation Fund | 59.46 | 83.20 |
| Contribution to Employees Pension Scheme 1995 | 3.96 | 4.11 |
| Contribution to Seamen's Provident Fund | 38.64 | 47.27 |
| Contribution to Seamen's Annuity Fund | 95.28 | 131.19 |
| Contribution to Seamen's Gratuity Fund | 191.55 | 213.98 |

(B) Defined Benefit Plans:

Valuations in respect of Gratuity, Pension Plan for whole-time Directors, Leave Encashment have been carried out by an independent actuary, as at the Balance Sheet date on Projected Unit Credit method, based on the following assumptions: ₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|--|-------------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| (a) Discount Rate (p.a.) | 8% | 8% | 8% | 8% |
| (b) Rate of Return on Plan Assets | 8% | 8% | - | - |
| (c) Salary Escalation rate | 5% | 5% | 5% | 5% |
| (d) Mortality | LIC (1994-96) ULT | | | |
| (e) Withdrawal rate | - | - | - | - |
| (f) Expected average remaining service | 5.56 | 7.49 | 6.88 | 8.57 |

(i) Change in Benefit Obligation:

₹ in Lakhs

| | Gratuity | | Leave Encashment | |
|---|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Liability at the beginning of the year | 839.16 | 651.26 | 26.41 | 44.56 |
| Interest Cost | 61.91 | 49.06 | 2.11 | 3.35 |
| Current Service Cost | 112.36 | 115.32 | 70.67 | 63.57 |
| Benefits Paid | (130.65) | (75.94) | - | (5.26) |
| Transfer from previous employer's | - | - | - | - |
| Provision for diminution in fair value of plan assets | - | - | - | - |
| Actuarial (gain)/loss on obligations | (31.08) | 99.46 | (72.38) | (79.81) |
| Liability at the end of the year | 851.69 | 839.16 | 26.81 | 26.41 |

(ii) Fair value of Plan Assets:

₹ in Lakhs

| | Gratuity | | Leave Encashment | |
|--|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Fair Value of Plan Assets at the beginning of the year | 583.74 | 623.59 | - | - |
| Expected Return on Plan Assets | 51.69 | 46.85 | - | - |
| Contributions | 255.42 | - | - | - |
| Benefits Paid | (130.65) | (75.94) | - | - |
| Provision for diminution in fair value of plan assets | - | - | - | - |
| Actuarial gain/(loss) on Plan Assets | 8.09 | (10.76) | - | - |
| Fair Value of Plan Assets at the end of the year | 768.29 | 583.74 | - | - |

(iii) Actual Return on Plan Assets:

₹ in Lakhs

| | Gratuity | | Leave Encashment | |
|--------------------------------------|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Expected Return on Plan Assets | 51.69 | 46.84 | - | - |
| Actuarial gain/(loss) on Plan Assets | 8.09 | (10.75) | - | - |
| Actual Return on Plan Assets | 59.78 | (57.59) | - | - |

(iv) Amount Recognised in the Balance Sheet:

₹ in Lakhs

| | Gratuity | | Leave Encashment | |
|--|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | CurrentYear | Previous Year |
| Liability at the end of the year | 851.69 | 839.16 | 26.81 | 26.41 |
| Fair Value of Plan Assets at the end of the year | 768.29 | 583.74 | - | - |
| Difference | (83.40) | (255.42) | (26.81) | (26.41) |
| Unrecognised past service cost | - | - | - | - |
| Amount recognised in the Balance Sheet | (83.40) | (255.42) | (26.81) | (26.41) |

(v) Amount Recognised in the Statement of Profit & Loss Account:

₹ in Lakhs

| | Gratuity | | Leave Encashment | |
|---|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | CurrentYear | Previous Year |
| Current Service Cost | 112.36 | 115.32 | 70.67 | 63.57 |
| Interest Cost | 61.91 | 49.06 | 2.11 | 3.35 |
| Expected Return on Plan Assets | (51.69) | (46.85) | - | - |
| Net Actuarial (Gain)/loss to be recognised | (39.17) | 110.21 | (72.38) | (79.81) |
| Expenses recognised in Statement of Profit and Loss | 83.41 | 227.74 | 0.40 | (12.89) |

(vi) Basis used to determine expected rate of return on assets:

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

(vii) General description of significant defined plans:

Gratuity Plan:

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

Leave Encashment:

Eligible employees can carry forward and encash leave upon superannuation, death, permanent disablement and resignation subject to maximum accumulation allow @ 60 days for employees. The Leave over and above 60 days is encashed and paid to employees in April every year. Benefit would be at the time of separation based on the last drawn basic salary.

46 Auditors' Remuneration

₹ in Lakhs

| | Year Ended March 31, 2012 | Year Ended March 31, 2011 |
|----------------------------------|---------------------------|---------------------------|
| Audit Fees | 22 | 22 |
| Tax Audit Fees | 3 | 3 |
| Taxation | 6 | 6 |
| Certification and Other Services | 27 | 20 |
| | 58 | 51 |

47 Hedging Contracts

(a) Interest Rate Swap Contracts

| | Current Year | Previous Year |
|---|--------------|---------------|
| Total No. of Contracts | 6 | 3 |
| Principal Notional Amount (US Dollar Million) | 102.19 | 81.80 |
| Maturity Period | Upto 7 years | Upto 7 years |

(b) Unhedged Foreign Currency Exposure

Amount in Foreign Currency in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|------------------------------------|----------------------|----------------------|
| (i) Loans Liabilities and Payables | | |
| (a) US Dollars | 2524 | 2839 |
| (b) Euros | 3 | 4 |
| (c) Arab Emirates Dinars | 4 | 10 |
| (d) Japanese Yens | 220 | 426 |
| (e) Great Britain Pounds | 3 | 3 |
| (f) Norwegian Kroners | 5 | 4 |
| (g) Singapore Dollars | 5 | 3 |
| (h) Malaysian Ringgit | 2 | 0 |
| (i) Swedish Kroners | 4 | 0 |
| (j) Bahrain Dinars | - | 3 |
| (k) Saudi Riyals | - | 1 |
| (l) Canadian Dollars | * | - |
| (ii) Cash/ bank and receivables | | |
| (a) US Dollars | 358 | 551 |
| (b) Euros | * | 2 |
| (c) Arab Emirates Dinars | 1 | 1 |
| (d) Japanese Yens | 5 | 284 |
| (e) Great Britain Pounds | 18 | 17 |
| (f) Norwegian Kroners | 2 | 1 |
| (g) Singapore Dollars | 1 | 1 |
| (h) Malaysian Ringgit | 1 | - |
| (i) Swedish Kroners | 4 | - |
| (k) Australian Dollars | * | - |

* denotes amounts below ₹ One lakh

48 Segment reporting

The Company is mainly engaged in offshore business and there are no separate reportable segments as per Accounting Standards (AS) 17.

49 Related Party Disclosures

(i) List of Related Parties

(a) Parties where control exists :

Subsidiary Companies :

Deep Water Services (India) Ltd
KEI - RSOS Maritime Ltd
Great Offshore Salvage Services Limited
Great Offshore Ship Repairs Ltd
Great Offshore Fujairah L.L.C. - FZC
Great Offshore (International) Ltd
Glory Shipping Pvt Ltd
Great Offshore Germany GmbH
SBG Emssun GmbH & Co.
SGB EMMSKY GmbH & Co. KG.
SGB EMSSTAR GmbH & Co. KG.
Norwegian Shipping I Ltd
Norwegian Shipping II Ltd
Great Offshore International (Malaysia) Ltd.
Great Offshore International Manning & Shipping Management (Labuan) Ltd. (Malaysia)

(b) Other related parties with whom transactions have taken place during the year :

1 Joint Venture :

United Helicharters Pvt Ltd.

2 Key Management Personnel :

Mr. P.C.Kapoor - Executive Director
Mr. Vijay Kumar - Executive Director
Mr. Soil C. Engineer - Executive Director (upto 30th March,2012)
Mr. Chetan Mehra - Executive Director
(From 2nd September,2011 to 19th November,2011)

3 Enterprises over which Key Management Personnel Exercise Significant Influence :

Bharati Shipyard Limited
Pinky Shipyard Pvt Ltd
Weizman Forex Limited
Bharati Maritime Services Pvt Ltd
Harsha Infrastructure Pvt Ltd
Sea Splice Shipping Pvt Ltd
Port Side Shipping Pvt Ltd
Dhanshree Properties Pvt Ltd
Natural Power Ventures Pvt Ltd

4 Relatives of Key Managerial Personnel

Sukriti Kumar

(ii) Related Party Transactions

₹ in Lakhs

| Nature of Transaction | Subsidiaries | | Joint Venture | | Enterprise Over which Key Management Personnel exercise significant influence | | Key Management Personnel | | Relatives of Key Managerial Personnel | | Total | |
|--|--------------|---------------|---------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Charter Hire Income | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 189 | - | - | - | - | - | 189 | - |
| Deep Water Services (India) Limited | 3,148 | 5,460 | - | - | - | - | - | - | - | - | 3,148 | 5,460 |
| KEI-RSOS Maritime Limited | 1,222 | 1,711 | - | - | - | - | - | - | - | - | 1,222 | 1,711 |
| Royalty received from | | | | | | | | | | | | |
| United Helicharters Pvt Ltd | - | - | - | 8 | - | - | - | - | - | - | - | 8 |
| Interest Income | | | | | | | | | | | | |
| Great Offshore (International) Limited | 5,164 | 2,201 | - | - | - | - | - | - | - | - | 5,164 | 2,201 |
| Great Offshore Ship Repairs Limited | 10 | 1 | - | - | - | - | - | - | - | - | 10 | 1 |
| Dividend Received | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 931 | - | - | - | - | - | - | - | - | - | 931 | - |
| Charter Hire Expense | | | | | | | | | | | | |
| KEI-RSOS Maritime Limited | 63 | 81 | - | - | - | - | - | - | - | - | 63 | 81 |
| Interest Expense | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 177 | 585 | - | - | - | - | 177 | 585 |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 32 | - | - | - | - | - | 32 | - |
| Bharati Maritime Services Pvt Ltd | - | - | - | - | 16 | - | - | - | - | - | 16 | - |
| Harsha Infrastructure Pvt Ltd | - | - | - | - | 29 | - | - | - | - | - | 29 | - |
| Sea Splice Shipping Pvt Ltd | - | - | - | - | 4 | - | - | - | - | - | 4 | - |
| Port Side Shipping Pvt Ltd | - | - | - | - | 9 | - | - | - | - | - | 9 | - |
| Deep Water Services (India) Limited | 780 | 799 | - | - | - | - | - | - | - | - | 780 | 799 |
| Allcargo Global Logistics Ltd | - | - | - | - | - | 12 | - | - | - | - | - | 12 |
| Vessel Repair Expense | | | | | | | | | | | | |
| Great Offshore Ship Repairs Limited | 711 | - | - | - | - | - | - | - | - | - | 711 | - |
| Remuneration | | | | | | | | | | | | |
| P.C. Kapoor | - | - | - | - | - | - | 126 | 124 | - | - | 126 | 124 |
| Vijay Kumar | - | - | - | - | - | - | 126 | 124 | - | - | 126 | 124 |
| Soli Engineer | - | - | - | - | - | - | 195 | 176 | - | - | 195 | 176 |
| Chetan Mehra | - | - | - | - | - | - | 4 | - | - | - | 4 | - |
| Sukriti Kumar | - | - | - | - | - | - | - | - | 29 | - | 29 | - |
| Foreign Currency Purchased | | | | | | | | | | | | |
| Weizman Forex Limited | - | - | - | - | 238 | 39 | - | - | - | - | 238 | 39 |
| Proposed Dividend | | | | | | | | | | | | |
| Dhanshree Properties Pvt Ltd | - | - | - | - | 121 | - | - | - | - | - | 121 | - |
| Natural Power Ventures Pvt Ltd | - | - | - | - | 342 | - | - | - | - | - | 342 | - |
| Dividend Paid | | | | | | | | | | | | |
| Dhanshree Properties Pvt Ltd | - | - | - | - | 121 | - | - | - | - | - | 121 | - |
| Natural Power Ventures Pvt Ltd | - | - | - | - | 342 | - | - | - | - | - | 342 | - |
| Conversion of Loan into Preference Shares | | | | | | | | | | | | |
| KEI-RSOS Maritime Limited | 5,000 | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Loan Given | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 513 | - | - | - | - | - | - | - | - | - | 513 | - |
| KEI-RSOS Maritime Limited | 4,494 | 4,159 | - | - | - | - | - | - | - | - | 4,494 | 4,159 |
| Great Offshore (International) Limited | 21,289 | 71,662 | - | - | - | - | - | - | - | - | 21,289 | 71,662 |
| Great Offshore Ship Repairs Limited | 204 | 125 | - | - | - | - | - | - | - | - | 204 | 125 |
| Great Offshore Fujairah LLC-FZC | 7 | - | - | - | - | - | - | - | - | - | 7 | - |
| Loan Received | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 4,265 | 2,600 | - | - | - | - | - | - | - | - | 4,265 | 2,600 |
| Bharati Shipyard Limited | - | - | - | - | - | 27,197 | - | - | - | - | - | 27,197 |

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS



GREAT OFFSHORE

| Nature of Transaction | Subsidiaries | | Joint Venture | | Enterprise Over which Key Management Personnel exercise significant influence | | Key Management Personnel | | Relatives of Key Managerial Personnel | | Total | |
|--|--------------|---------------|---------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| <u>Repayment of Loan Given</u> | | | | | | | | | | | | |
| KEI-RSOS Maritime Limited | 6,017 | 363 | - | - | - | - | - | - | - | - | 6,017 | 363 |
| Great Offshore (International) Limited | 19,368 | 4,066 | - | - | - | - | - | - | - | - | 19,368 | 4,066 |
| Great Offshore Ship Repairs Limited | 329 | - | - | - | - | - | - | - | - | - | 329 | - |
| <u>Repayment of Loan Received</u> | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 12,559 | 1,606 | - | - | - | - | - | - | - | - | 12,559 | 1,606 |
| Bharati Shipyard Limited | - | - | - | - | - | 30,697 | - | - | - | - | - | 30,697 |
| <u>Inter Corporate Deposit Received</u> | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 12,558 | - | - | - | - | - | 12,558 | - |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 1,215 | - | - | - | - | - | 1,215 | - |
| Bharati Maritime Services Pvt Ltd | - | - | - | - | 2,780 | - | - | - | - | - | 2,780 | - |
| Harsha Infrastructure Pvt Ltd | - | - | - | - | 1,281 | - | - | - | - | - | 1,281 | - |
| Sea Splice Shipping Pvt Ltd | - | - | - | - | 143 | - | - | - | - | - | 143 | - |
| Port Side Shipping Pvt Ltd | - | - | - | - | 332 | - | - | - | - | - | 332 | - |
| <u>Advance for modification of Vessels Given</u> | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 1,250 | - | - | - | - | - | 1,250 | - |
| <u>Repayment of Inter Corporate Deposit Received</u> | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 12,558 | - | - | - | - | - | 12,558 | - |
| Bharati Maritime Services Pvt Ltd | - | - | - | - | 2,767 | - | - | - | - | - | 2,767 | - |
| Harsha Infrastructure Pvt Ltd | - | - | - | - | 185 | - | - | - | - | - | 185 | - |
| <u>Advance for modification of Vessels Given (Repaid)</u> | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 1,250 | - | - | - | - | - | 1,250 | - |
| <u>Contract for Vessel</u> | | | | | | | | | | | | |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 26,093 | - | - | - | - | - | 26,093 | - |
| <u>Temporary Return of Advance Payment due to delay in delivery of Rig-V351</u> | | | | | | | | | | | | |
| Bharati Shipyard Limited | - | - | - | - | 7,555 | - | - | - | - | - | 7,555 | - |
| <u>Expenses incurred on behalf of</u> | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 2,674 | - | - | - | - | - | - | - | - | - | 2,674 | - |
| KEI-RSOS Maritime Limited | 6 | - | - | - | - | - | - | - | - | - | 6 | - |
| Great Offshore Salvage Services Limited | 3 | - | - | - | - | - | - | - | - | - | 3 | - |
| Great Offshore (International) Limited | 97 | - | - | - | - | - | - | - | - | - | 97 | - |
| <u>Corporate Guarantees Issued on behalf</u> | | | | | | | | | | | | |
| Great Offshore (International) Limited | 56,798 | 24,926 | - | - | - | - | - | - | - | - | 56,798 | 24,926 |
| Deep Water Services (India) Limited | 2,500 | - | - | - | - | - | - | - | - | - | 2,500 | - |
| KEI-RSOS Maritime Limited | 8,775 | 14,585 | - | - | - | - | - | - | - | - | 8,775 | 14,585 |
| <u>Reimbursement of expenses received from</u> | | | | | | | | | | | | |
| Great Offshore (International) Limited | - | 45 | - | - | - | - | - | - | - | - | - | 45 |
| <u>Outstanding Balance as on 31.03.12</u> | | | | | | | | | | | | |
| <u>Trade Receivable</u> | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 930 | 1,098 | - | - | - | - | - | - | - | - | 930 | 1,098 |
| KEI-RSOS Maritime Limited | 8 | 3,260 | - | - | - | - | - | - | - | - | 8 | 3,260 |
| Great Offshore Salvage Services Limited | 3 | - | - | - | - | - | - | - | - | - | 3 | - |
| Great Offshore (International) Limited | 448 | 351 | - | - | - | - | - | - | - | - | 448 | 351 |
| Bharati Shipyard Limited | - | - | - | - | 152 | - | - | - | - | - | 152 | - |
| United Helicharters Pvt Ltd | - | - | 93 | 93 | - | - | - | - | - | - | 93 | 93 |

| Nature of Transaction | Subsidiaries | | Joint Venture | | Enterprise Over which Key Management Personnel exercise significant influence | | Key Management Personnel | | Relatives of Key Managerial Personnel | | Total | |
|--|--------------|---------------|---------------|---------------|---|---------------|--------------------------|---------------|---------------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Trade Payable | | | | | | | | | | | | |
| Great Offshore Ship Repairs Limited | 389 | - | - | - | - | - | - | - | - | - | 389 | - |
| Bharati Shipyard Limited | - | - | - | - | 57 | - | - | - | - | - | 57 | - |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 7,757 | - | - | - | - | - | 7,757 | - |
| Weizman Forex Limited | - | - | - | - | 18 | - | - | - | - | - | 18 | - |
| Loan Given | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 513 | - | - | - | - | - | - | - | - | - | 513 | - |
| KEI-RSOS Maritime Limited | 3,100 | 9,623 | - | - | - | - | - | - | - | - | 3,100 | 9,623 |
| Great Offshore (International) Limited | 72,658 | 70,738 | - | - | - | - | - | - | - | - | 72,658 | 70,738 |
| Great Offshore (Fujairah) LLC-FZC | 44 | 33 | - | - | - | - | - | - | - | - | 44 | 33 |
| Great Offshore Ship Repairs Limited | - | 125 | - | - | - | - | - | - | - | - | - | 125 |
| Loan Taken | | | | | | | | | | | | |
| Deep Water Services (India) Limited | - | 8,294 | - | - | - | - | - | - | - | - | - | 8,294 |
| Inter Corporate Deposit Payable | | | | | | | | | | | | |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 1,215 | - | - | - | - | - | 1,215 | - |
| Bharati Maritime Services Pvt Ltd | - | - | - | - | 13 | - | - | - | - | - | 13 | - |
| Harsha Infrastructure Pvt Ltd | - | - | - | - | 1,096 | - | - | - | - | - | 1,096 | - |
| Sea Splice Shipping Pvt Ltd | - | - | - | - | 143 | - | - | - | - | - | 143 | - |
| Port Side Shipping Pvt Ltd | - | - | - | - | 332 | - | - | - | - | - | 332 | - |
| Interest Payable | | | | | | | | | | | | |
| Deep Water Services (India) Limited | 224 | 1,210 | - | - | - | - | - | - | - | - | 224 | 1,210 |
| Bharati Shipyard Limited | - | - | - | - | 133 | - | - | - | - | - | 133 | - |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 32 | - | - | - | - | - | 32 | - |
| Bharati Maritime Services Pvt Ltd | - | - | - | - | 16 | - | - | - | - | - | 16 | - |
| Harsha Infrastructure Pvt Ltd | - | - | - | - | 29 | - | - | - | - | - | 29 | - |
| Sea Splice Shipping Pvt Ltd | - | - | - | - | 4 | - | - | - | - | - | 4 | - |
| Port Side Shipping Pvt Ltd | - | - | - | - | 9 | - | - | - | - | - | 9 | - |
| Interest Receivable | | | | | | | | | | | | |
| KEI-RSOS Maritime Limited | 72 | 72 | - | - | - | - | - | - | - | - | 72 | 72 |
| Great Offshore (International) Limited | 1,465 | 2,201 | - | - | - | - | - | - | - | - | 1,465 | 2,201 |
| Great Offshore Ship Repairs Limited | 10 | 1 | - | - | - | - | - | - | - | - | 10 | 1 |
| Contract for Vessel | | | | | | | | | | | | |
| Pinky Shipyard Pvt Ltd | - | - | - | - | 26,093 | - | - | - | - | - | 26,093 | - |
| Bharati Shipyard Limited | - | - | - | - | 89,108 | 89,108 | - | - | - | - | 89,108 | 89,108 |
| Remuneration Payable | | | | | | | | | | | | |
| P.C. Kapoor | - | - | - | - | - | - | 110 | 110 | - | - | 110 | 110 |
| Vijay Kumar | - | - | - | - | - | - | 110 | 110 | - | - | 110 | 110 |
| Soli Engineer | - | - | - | - | - | - | - | 6 | - | - | - | 6 |

50 Interest in Joint Venture

The Company has a joint venture interest in United Helicharters Pvt. Ltd. (a company incorporated in India) and its proportionate share in the assets, liabilities, income and expenses of the jointly controlled entity, based on the unaudited management accounts drawn up to March 31, 2012, is as under :

Percentage of ownership interest as at March 31, 2012 – 26% ₹ in Lakhs

| As at March 31, 2012 | | Year Ended March 31, 2012 | |
|----------------------|-----|---------------------------|-----|
| Assets | 774 | Income | 861 |
| Liability | 729 | Expenditure | 905 |

| As at March 31, 2011 | | Year Ended March 31, 2011 | |
|----------------------|-----|---------------------------|------|
| Assets | 768 | Income | 1168 |
| Liability | 650 | Expenditure | 1235 |

51 Basic and Diluted earnings per share

₹ in Lakhs

| | Particulars | Current Year | Previous Year |
|-----|---|--------------|---------------|
| (a) | Net Profit after tax for Equity Shareholders before exceptional items | 7,434 | 4,590 |
| (b) | Net Profit after tax for Equity Shareholders after exceptional items | 7,434 | 10,170 |
| (c) | Weighted average number of Equity shares outstanding at the end of the year | 37,231,961 | 37,231,961 |
| (d) | Face value of Equity Share | 10 | 10 |
| (e) | Basic earnings per share before exceptional items | 19.97 | 12.33 |
| (f) | Basic earnings per share after exceptional items | 19.97 | 27.32 |

52 Disclosures on foreign currency expenses and earnings

₹ in Lakhs

| | | |
|-------|---|--------|
| (i) | Value of imports (on CIF basis) | |
| (a) | Capital goods - Special Survey | 3,968 |
| (ii) | Expenditure in foreign currency | |
| (a) | Technical know-how fees | |
| (b) | Professional charges | 102 |
| (c) | Interest | 3,735 |
| (d) | Fuel | 940 |
| (e) | Insurance | 365 |
| (f) | Repairs & Maintenance | 5,452 |
| (g) | Project | 240 |
| (h) | Repatriation | 141 |
| (i) | Vessel Manning Exp | 83 |
| (j) | Victualling | 297 |
| (k) | Stores | 308 |
| (l) | Others | 1,775 |
| (iii) | Remittance in foreign currency on account of dividend | Nil |
| (iv) | Earnings in foreign exchange | |
| (a) | Charter Hire | 74,611 |
| (b) | Professional, consulting fees | Nil |
| (c) | Income from royalty, knowhow | Nil |
| (d) | Interest Income | 5,164 |
| (e) | Dividend Income | Nil |

In the previous year, shipping companies were exempted to give information pursuant to Para 4D(a), (b), (c) and (e) of Part II of the pre-revised Schedule VI of the Companies Act, 1956, as per a notification on general exemption under Section 211 of the Companies Act, 1956, issued by the Ministry of Corporate Affairs on February 8, 2011.

53 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year's figures have been recast/ restated.

Report of the auditors to the Board of Directors of Great Offshore Limited on Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of Great Offshore Limited and its subsidiaries (the Group) as at March 31, 2012, and also the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, annexed thereto. These consolidated financial statements are the responsibility of Great Offshore Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We draw attention to Note 32 of notes to the financial statements. The Company has changed its accounting policy with effect from 1st April 2011, for recognition and measurement of Mark to Market losses in respect of derivatives instruments like interest rate swaps as per the principles enunciated in Accounting Standard (AS)30 "Financial Instruments: Recognition and Measurement" and in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly Mark to market (MTM) losses in respect of derivative instruments like Interest rate swaps have been accounted in accordance with principal of hedge accounting and the MTM losses on such derivative instruments is recorded in the Hedge reserve account instead of recognising the same to statement of profit and loss. Accordingly as at March 31, 2012 MTM loss on outstanding interest rates swaps amounting to Rs.9,685 lac has been recognised in hedge reserves instead of debiting the same to statement of profit and loss. Accordingly the profit for the year is higher by Rs. 9,046 lac.
4. We did not audit the financial statements of certain subsidiaries/partnership firms, whose financial statements reflect total assets of Rs.143,321 lac as at March 31, 2012, total revenues of Rs.4,288 lac for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
5. We did not audit the financial statements of certain subsidiaries/partnership firms, whose financial statements reflect the Group's share of total assets of Rs.13,619 lac as at March 31, 2012, total revenues of Rs.NIL for the year ended on that date. These financial statements are for the year ended March 31, 2012 and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries is based solely on the basis of the unaudited management accounts certified by the Management.
6. We did not audit the financial statements of the Company's joint venture, whose financial statements reflect the Group's share of total assets of Rs.772 lac as at March 31, 2012, the Group's share of total revenue of Rs.861 lac for the year ended on that date. These financial statements are for the year ended March 31, 2012 and our opinion, insofar as it relates to the amounts included in respect of the joint venture is based solely on the basis of the unaudited management accounts certified by the Management.
7. We report that the consolidated financial statements have been prepared by the management of Great Offshore Limited in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interest in Joint

Ventures issued by the Institute of Chartered Accountants of India.

8. Based on our audit and on consideration of the reports of other auditors on separate financial statements and unaudited accounts certified by the management in respect of the Company's subsidiaries/joint venture, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2012;
 - b) in case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year ended on that date; and
 - c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Registration No. 104607W

VINAYAK M. PADWAL
Partner
M. No. F49639
Mumbai, May 25, 2012



GREAT OFFSHORE

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

₹ in Lakhs

| | Note | As at March 31, 2012 | As at March 31, 2011 |
|---|------|-------------------------|-------------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds: | | | |
| (a) Share Capital | 3 | 3,723 | 3,723 |
| (b) Reserve and Surplus | 4 | <u>90,091</u> | <u>110,392</u> |
| | | 93,814 | 114,115 |
| (2) Minority Interest | | 993 | 724 |
| (3) Non-Current Liabilities: | | | |
| (a) Long-Term Borrowings | 5 | 249,546 | 212,189 |
| (b) Deferred Tax Liabilities (Net) | 6 | 3,369 | 904 |
| (c) Other Long-Term Liabilities | 7 | 750 | 827 |
| (d) Long Term Provisions | 8 | <u>471</u> | <u>430</u> |
| | | 254,136 | 214,350 |
| (4) Current Liabilities: | | | |
| (a) Short-Term Borrowings | 9 | 23,006 | 51,510 |
| (b) Trade Payables | 10 | 23,206 | 11,633 |
| (c) Other Current Liabilities | 11 | 93,518 | 90,689 |
| (d) Short-Term Provisions | 12 | <u>12,583</u> | <u>2,706</u> |
| | | 152,313 | 156,538 |
| TOTAL EQUITY AND LIABILITIES | | <u><u>501,256</u></u> | <u><u>485,727</u></u> |
| II ASSETS | | | |
| (1) Non-Current Assets: | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 13 | 189,185 | 201,845 |
| (ii) Intangible Assets | 13 | 174 | 232 |
| (iii) Capital Work-in-Progress | 13 | 241,689 | 175,897 |
| (iv) Assets Held for Sale | 13 | 3,142 | 27,483 |
| (b) Goodwill on Consolidation | | 11,039 | 9,367 |
| (c) Non Current Investments | 14 | - | 10 |
| (d) Long-Term Loans and Advances | 15 | 9,096 | 11,245 |
| (e) Other Non-Current Assets | 16 | <u>1,959</u> | <u>3,053</u> |
| | | 456,284 | 429,132 |
| (2) Current Assets: | | | |
| (a) Inventories | 17 | 6,372 | 6,942 |
| (b) Trade Receivables | 18 | 18,216 | 23,302 |
| (c) Cash and Cash Equivalents | 19 | 12,931 | 20,365 |
| (d) Short-Term Loans and Advances | 20 | 7,199 | 5,789 |
| (e) Other Current Assets | 21 | <u>254</u> | <u>197</u> |
| | | 44,972 | 56,595 |
| TOTAL ASSETS | | <u><u>501,256</u></u> | <u><u>485,727</u></u> |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | | |

The accompanying notes are an integral part of these financial statements.
As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
Taxation & Information Technology

Navin Joshi
Company Secretary & Chief Compliance Officer

Mumbai, May 25, 2012

For and on behalf of the Board
P. C. Kapoor
Chairman & Executive Director
Kaushal Raj Sachar
Deputy Chairman
Vijay Kumar
Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF PROFIT AND LOSS



GREAT OFFSHORE

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in Lakhs

| | Note | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|-----------|------------------------------|------------------------------|
| I Revenue from operations | 22 | 88,281 | 94,683 |
| II Profit on Sale of Vessel | | 7,552 | - |
| III Other Income | 23 | 2,611 | 915 |
| IV Total Revenue (I+II+III) | | 98,444 | 95,598 |
| V Expenses | | | |
| Changes in Inventories of Spares & Stores | | 802 | - |
| Employee Benefits Expense | 24 | 22,730 | 22,698 |
| Repairs & Maintenance - Fleet and Rigs | | 6,279 | 7,351 |
| Project Expenses | | 855 | 6,560 |
| Finance Costs | 25 | 24,736 | 16,070 |
| Depreciation and Amortisation Expense | 26 | 20,192 | 19,881 |
| Other Expenses | 27 | 21,759 | 24,240 |
| Total Expenses | | 97,353 | 96,800 |
| VI Profit/(Loss) before Exceptional item and tax (IV-V) | | 1,091 | (1,202) |
| VII Exceptional item | | 213 | 5,812 |
| VIII Profit Before Tax (VI + VII) | | 1,304 | 4,610 |
| IX Tax Expenses: | | | |
| Current tax | | 2,605 | 1,517 |
| Deferred tax | | 2,467 | 567 |
| Prior year tax | | (40) | 47 |
| | | 5,032 | 2,131 |
| X Profit After Tax, before Minority Interest (VIII - IX) | | (3,728) | 2,479 |
| XI Minority interest | | - | 146 |
| XII Profit After Tax | | (3,728) | 2,625 |
| XIII Basic Earnings per share before exceptional item | | (10.58) | (8.56) |
| XIV Basic Earnings per share after exceptional item | | (10.01) | 7.05 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2

The accompanying notes are an integral part of these financial statements.
As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
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Mumbai, May 25, 2012

For and on behalf of the Board
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Deputy Chairman
Vijay Kumar
Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012



GREAT OFFSHORE

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in Lakhs

| | For the year ended March 31, 2012 | For the year ended March 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 1,304 | 4,610 |
| Adjustments For: | | |
| Depreciation and Amortisation Expense | 20,192 | 19,881 |
| (Profit)/ Loss on sale of vessel | (7,552) | - |
| (Profit)/ Loss on sale of sundry assets (net) | (3) | (2) |
| Interest Income | (203) | (407) |
| Dividend Income | (35) | (96) |
| Interest and finance charges | 24,736 | 16,041 |
| Bad Debts written off | 621 | - |
| Provision for doubtful debts and advances | 214 | 7 |
| Effect of exchange differences on translation of subsidiaries | 10,388 | - |
| Unrealised exchange loss/ (gain) | (1,486) | (747) |
| Operating Profit before Working Capital Changes | 48,176 | 39,287 |
| Trade and Other Receivables | 12,082 | 2,526 |
| Inventories | 570 | (5,553) |
| Trade Payables, Other Liabilities and Provisions | 9,125 | (3,238) |
| Cash generated from operations | 69,953 | 33,022 |
| Taxes Paid | (2,451) | (2,413) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 67,502 | 30,609 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets including Capital Work- in-Progress | (72,950) | (113,449) |
| Capital Advance for purchase of fixed assets | (5,320) | (1,076) |
| Advance received for sale of fixed assets | 3,345 | 26,872 |
| Sale of Fixed Assets | 20,211 | 26 |
| Purchase of Current Investments | (10,485) | (82,267) |
| Sale of Current Investments | 10,485 | 82,257 |
| Purchase of Non Current Investments | (6,960) | (7,324) |
| Sale of Non-Current Investments | 10 | - |
| Interest Received | 203 | 607 |
| Dividend Received | 35 | 96 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | (61,426) | (94,258) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Minority Interest | 269 | 870 |
| Proceeds from Borrowings (net) | 140,147 | 181,271 |
| Repayments of Borrowings | (133,410) | (92,089) |
| Interest Paid | (20,931) | (15,957) |
| Dividend Paid | (931) | (931) |
| Tax on Dividend | (151) | (155) |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | (15,007) | 73,009 |
| Net Increase/ (decrease) in cash and cash equivalents | (8,931) | 9,360 |
| Cash and Cash Equivalents at the beginning of the year | 20,335 | 10,975 |
| Cash and Cash Equivalents at the end of the year | 11,404 | 20,335 |
| D Components of Cash and Cash Equivalents | | |
| Cash and Bank Balances | 12,931 | 20,365 |
| Effect of exchange rate changes [Loss/ (Gain)] | (1,527) | (30) |
| Cash and Cash Equivalents as restated | 11,404 | 20,335 |

Note : Balances with banks to the extent held as security against the borrowings is Rs. 4892 lakh (Previous Year 4,244 lakh)

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Vinayak M. Padwal
Partner

Shrirang V. Khadilkar
GM - Corporate Accounts,
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Executive Director
Soli C. Engineer
Director
Vinesh Davda
Director
Mumbai, May 25, 2012

Mumbai, May 25, 2012

CONSOLIDATED CASH FLOW STATEMENT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012.

1 Corporate Information

Great Offshore Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) specialises in providing offshore support solutions to the Exploration & Production Industry. The Group’s full services portfolio consists of operating Drilling Rigs, Offshore Support Vessels, providing Single Point Mooring services, undertaking Marine Construction Projects and Services and providing repairing, fabricating services and overhauling of various parts of the vessels which come for dry docking.

2 Significant Accounting Policies

a) Accounting Convention

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

c) Fixed Assets and Special Survey Expenses

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition and financing costs on borrowings during construction period. Exchange differences on repayment are recognised in the Statement of Profit and Loss and year end translation of foreign currency liabilities relating to acquisition of assets are recognised in the Hedge Reserve.

The Company capitalises expenses incurred at the time of five yearly special surveys and / or life enhancement programmes by which class certificates / operating licences are renewed. These expenses are depreciated over a period of 5 years.

d) Investments

- i) Investments are classified into long-term and current investments.
- ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.
- iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) Inventories

- i) Inventories of fuel oil are valued at cost on first in first out basis.
- ii) Inventories of spares, stores & consumables on board of the vessels are valued at weighted average cost method.

f) Borrowing cost

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying fixed assets are capitalised as a part of the respective asset, upto the date of acquisition / completion of construction.

g) Revenue recognition

- i) Charter hire earnings are recognised on accrual basis.
- ii) Revenue from long term turnkey offshore projects is recognised on the percentage of completion basis, based on costs incurred and the expected costs to completion.

h) Operating Expenses

Operating expenses and standing charges are charged to revenue on accrual basis.

i) Employee Benefits:

i) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc. are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

ii) Post Employee Benefits

Defined Contribution Plan

Retirement benefits in the Provident Fund, Family Pension Fund and Superannuation Scheme, which are defined contribution schemes, are charged to the Statement of Profit and Loss of the year when the contributions accrue.

Defined Benefit Plan

"The liability for Gratuity, a defined benefit obligation, is accrued and provided for on the basis of actuarial valuation as at the Balance Sheet date."

Other Long Term Benefits

Long term compensated absences & Pension benefits are provided on the basis of an actuarial valuation as at the Balance Sheet date. Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognized in the Statement of Profit and Loss for the year as income or expense.

j) Depreciation and Amortisation

i) Fleet

Depreciation on new built vessels is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. In case of second hand acquisitions, depreciation is provided on the straight line method, so as to write off the cost over the estimated useful life, as technically evaluated by the management / consultants at the time of acquisition (20 to 27 years), or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher.

Tangible Asset

| Fleet : | |
|---|---|
| New built vessels | On straight line method @ prescribed in Companies Act,1956 |
| Second hand vessels | On straight line method @ prescribed in Companies Act,1956 or as technically evaluated by management / consultant |
| Rigs | On straight line method to write off original cost over estimated useful life of 7/10 years |
| Barge | On straight line method to write off original cost over estimated useful life of 7/10 years |
| Properties : | On written down value method @ prescribed in Companies Act,1956 |
| Other Assets : | |
| Computers | 3 years |
| Vehicles | 4 years |
| Furniture, Fixtures and Office equipments | 5 years |

Intangible Asset

| | |
|-------------------|-------------------------------|
| Computer Software | @ 20% on straight line method |
|-------------------|-------------------------------|

k) Asset Impairment

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amounts of an asset exceed its recovered amount. The impairment loss, if any, is recognised in the statement of Profit and Loss in the period in which impairment take place.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation of depreciation) had no impairment loss been recognised for the asset in prior accounting period.

l) Foreign Exchange Transactions

- (i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities other than foreign currency borrowings denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of these monetary assets and liabilities and realised gains and losses on foreign currency transactions is recognised in the Statement of Profit and Loss.

Foreign currency derivative contracts which are embedded in the loan agreements and form an integral part of the agreement are translated at closing rates and the resultant gains or losses are recognised in the Hedge Reserve Account with the revaluation gains or losses of the hedged loans. The unrealised gains or losses arising on revaluation of other foreign currency swaps and options are carried forward under Loans and Advances or Other Liabilities until settlement in line with the underlying hedged assets / liabilities.

- (ii) The Company designates borrowing in foreign currency as hedge instrument to hedge foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealised exchange gains or losses on transaction of foreign currency borrowing which qualify as effective hedge are recognised in the Hedge Reserve Account.
- (iii) Realised gains or losses on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.

m) Provision for Taxation

Tax expense comprises of current and deferred tax.

- (i) Provision for current income-tax is made on the basis of the assessable income under the Income-tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.
- (ii) Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non-shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the accounts in respect of present probable obligations and are based on best estimate required to settle the obligation at balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised in financial statements but are disclosed in the notes.

Contingent Assets are neither recognised nor disclosed in the financial statements.

o) Earning per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

p) Segment Reporting

The Company is mainly engaged in offshore business and there are no separate reportable segments as per Accounting Standard (AS) 17.

₹ in Lakhs

As at March
31, 2012

As at March
31, 2011

NOTE 3 : SHARE CAPITAL

Authorised:

| | | |
|---|---------------|---------------|
| 100,000,000 (Previous Year 100,000,000) Equity Shares of ₹10 each | 10,000 | 10,000 |
| 1,000,000 (Previous Year 1,000,000) 10% Cumulative Redeemable Preference Shares of ₹1000 each | 10,000 | 10,000 |
| | <u>20,000</u> | <u>20,000</u> |

Issued:

| | | |
|---|-------|-------|
| 37,313,594 (Previous Year 37,313,594) Equity Shares of ₹10 each | 3,731 | 3,731 |
|---|-------|-------|

Subscribed and paid-up:

| | | |
|---|-------|-------|
| 37,231,961 (Previous Year 37,231,961) Equity Shares of ₹10 each | 3,723 | 3,723 |
| 3.1) 38,068,481 Equity Shares are allotted as fully paid up pursuant to a scheme of arrangement without payment being received in cash. | | |
| 3.2) Paid-up Equity Share Capital is net of Calls in Arrears of ₹ 0.08 Lakh. | 3,723 | 3,723 |

**(a) Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the year
As at March 31, 2012**

| Particulars | Authorised | | Issued | | Subscribed and Paid-up | |
|-------------------------|---------------|------------|---------------|------------|------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| At 1st April, 2011 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |
| Changes during the year | - | - | - | - | - | - |
| At 31st March, 2012 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |

As as March 31, 2011

| Particulars | Authorised | | Issued | | Subscribed and Paid-up | |
|-------------------------|---------------|------------|---------------|------------|------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| At 1st April, 2010 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |
| Changes during the year | - | - | - | - | - | - |
| At 31st March, 2011 | 100,000,000 | 10,000 | 37,313,594 | 3,731 | 37,231,961 | 3,723 |

(b) Terms/ Rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder

is eligible for one vote per share held. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) **List of shareholders having holding more than 5% along with number of shares held.**

| Name of shareholder | As at March 31, 2012 | | As at March 31, 2011 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Share Capital | | | | |
| Natural Power Ventures Private Limited | 13,686,185 | 36.76 | 13,686,185 | 36.76 |
| Dhanshree Properties Private Limited | 4,828,167 | 12.97 | 4,828,167 | 12.97 |
| First Carlyle Ventures Mauritius | 1,902,000 | 5.11 | 1,902,000 | 5.11 |

(d) **Aggregate number and class of shares bought back.**

| | No of shares as at March 31, 2009 |
|--------------------|---|
| Shares bought back | 978977 Equity Shares bought back at an amount aggregating to 55.24 Crores |

- 1) The company has issued and allotted 15,00,000, 10% Optionally Convertible Redeemable Cumulative Preference shares(OCRCPS) of ₹ 1000 each during the year 2007-08.
- 2) The company has redeemed 15,00,000, 10% Optionally Convertible Redeemable Cumulative Preference shares (OCRCPS) of ₹1000 each during the year 2008-09.
- 3) The company had allotted 91,017 Equity Shares for part conversion of 7.25% Foreign Currency Convertible Bonds @ ₹875/- per share aggregating to USD 2 Million in the year 2009-10.

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 4 : RESERVES AND SURPLUS

Capital redemption reserve

| | | |
|---------------------------|--------|--------|
| As per last balance sheet | 15,098 | 15,098 |
|---------------------------|--------|--------|

Foreign Currency Fluctuation Reserve

| | | |
|---------------------------|-------|-------|
| As per last balance sheet | 1,000 | 1,000 |
|---------------------------|-------|-------|

| | | |
|---|---------|---|
| Less: Transferred to General Reserve | (1,000) | - |
|---|---------|---|

| | | |
|--|---|-------|
| | - | 1,000 |
|--|---|-------|

Securities premium account

| | | |
|---------------------------|-----|-----|
| As per last balance sheet | 787 | 787 |
|---------------------------|-----|-----|

Tonnage Tax Reserve Account under Section

115 VT of The Income Tax Act, 1961

| | | |
|---------------------------|--------|--------|
| As per last balance sheet | 18,557 | 16,055 |
|---------------------------|--------|--------|

| | | |
|--|-----|-------|
| Add: Transferred from Statement of Profit and Loss | 501 | 2,502 |
|--|-----|-------|

| | | |
|--|--------|--------|
| | 19,058 | 18,557 |
|--|--------|--------|

Foreign currency translation reserve

| | | |
|--|--------|-------|
| | 10,241 | (147) |
|--|--------|-------|

Hedge Reserve

| | | |
|---------------------------|-----|---------|
| As per last balance sheet | 381 | (1,139) |
|---------------------------|-----|---------|

| | | |
|--|----------|-------|
| Addition / (deduction) during the year | (25,879) | 1,520 |
|--|----------|-------|

| | | |
|--|----------|-----|
| | (25,498) | 381 |
|--|----------|-----|

General Reserve

| | | |
|---------------------------|--------|--------|
| As per last balance sheet | 46,441 | 44,341 |
|---------------------------|--------|--------|

| | | |
|--|-------|---|
| Add: Transferred from Foreign Currency Fluctuation Reserve Account | 1,000 | - |
|--|-------|---|

| | | |
|--|-------|-------|
| Add: Transferred from Statement of Profit and Loss | 1,000 | 2,100 |
|--|-------|-------|

| | | |
|--|--------|--------|
| | 48,441 | 46,441 |
|--|--------|--------|

| | As at March 31, 2012 | ₹ in Lakhs As at March 31, 2011 |
|--|-------------------------|---------------------------------------|
| Balance in Statement of Profit and Loss | | |
| As per last balance sheet | 28,275 | 31,334 |
| Add: Profit for the period | (3,728) | 2,625 |
| Less: Transfer to Tonnage Tax Reserve | 501 | 2,502 |
| Less: Transfer to General Reserve | 1,000 | 2,100 |
| Less: Proposed Final Dividend on Equity Shares | 931 | 931 |
| Less: Corporate dividend tax | 151 | 151 |
| | <u>21,964</u> | <u>28,275</u> |
| | <u>90,091</u> | <u>110,392</u> |

NOTE 5 : LONG TERM BORROWINGS

Secured Loans

Term Loans

| | | |
|-----------------------------|---------|---------|
| From banks | 226,319 | 174,353 |
| From financial institutions | 23,227 | 20,000 |

Unsecured Loans

| | | |
|-------|----------------|----------------|
| Bonds | - | 17,836 |
| | <u>249,546</u> | <u>212,189</u> |

Notes :

- The company has availed foreign currency loans from banks, which carry interest rate of LIBOR plus 60 to 800 bps for USD loans & Euribor plus 2.695% for Euro loans. INR loans from banks are at 14% to 14.90% . These loans are secured by mortgage of specified ships. The principal payments are due monthly / quarterly / half yearly.
- Rupee loan availed from a Financial Institution during the year carry interest rate of 13%. The loan is secured by mortgage of a ship and second charge on a rig. The principal payment is due monthly/ quarterly/ half yearly.
- The company has also availed general purpose loans in Foreign currency from banks, which carry interest rate of LIBOR plus 190 to 500 bps and INR loans from banks at the rate of 12.50% to 16.25%. The loans are secured by mortgage of ships, first / second charge / subservient charge on ships / rigs / fixed assets of the company. The principal payments / interest thereon are due monthly /quarterly / half yearly.
- The loans availed from banks on mortgage of rig 'Amarnath' was repaid during the year on sale of the rig.
- The loans and advances availed from related parties are unsecured and carry interest rate of 6% to 9.50%.
- Repayments are as under

| | Current Year | ₹ in Lakhs Previous Year |
|-------------------------------|----------------|-----------------------------|
| Period of Repayment | | |
| - between one to three years | 107,346 | 104,701 |
| - between three to five years | 78,033 | 56,550 |
| - over five years | 64,167 | 50,938 |
| | <u>249,546</u> | <u>212,189</u> |

The Company has made certain defaults in repayment of loans and interest.

The details of continuing defaults as at March 31, 2012 are as follow

| Particulars | Delay in days | | | | | |
|------------------|---------------|---------|----------|-----------|-----------|--------------|
| | upto 60 | 61 - 90 | 91 - 120 | 121 - 130 | 131 - 180 | Total Amount |
| Loans & Interest | 6065 | 1,793 | 2,827 | 2,315 | 20 | 13,020 |

NOTE 6 : DEFERRED TAX

Pursuant to the introduction of Section 115 V under the Income Tax Act, 1961, the Company has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships will be assessed on the basis of deemed Tonnage Income of the Company and no deferred tax will be applicable to this income as there will be no timing differences.

Deferred Tax is accounted for in respect of the timing differences under the non-tonnage activity of the Company. The break-up of net deferred tax assets/ (liability) is as under:

| | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| PARTICULARS | | |
| Deferred Tax Assets | | |
| Provision for Doubtful Debts and Advances | 32 | 32 |
| Difference between book and tax depreciation | 1 | 8 |
| Carry forward of losses | 3,268 | - |
| | <u>3,301</u> | <u>40</u> |
| Deferred Tax Liabilities | | |
| Difference between book and tax depreciation | 6,670 | 944 |
| Net Deferred Tax Liability | <u>3,369</u> | <u>904</u> |

NOTE 7 : OTHER LONG TERM LIABILITIES

| | | |
|-------------------|------------|------------|
| Trade payables | 554 | 335 |
| Other Liabilities | 196 | 492 |
| | <u>750</u> | <u>827</u> |

Others mainly consists of Deposits

NOTE 8 : LONG TERM PROVISIONS

| | | |
|------------------|------------|------------|
| Gratuity | 213 | 175 |
| Leave Encashment | 28 | 25 |
| VAT / Sales Tax | 219 | 219 |
| Custom Duty | 11 | 11 |
| | <u>471</u> | <u>430</u> |

NOTE 9 : SHORT TERM BORROWINGS

| | | |
|--|---------------|---------------|
| Secured Loans | | |
| From Banks | 16,550 | 25,500 |
| Unsecured Loans | | |
| From Financial Institution | - | 20,000 |
| Inter Corporate Deposit | - | 5,000 |
| Inter Corporate Deposit from related parties | 4,924 | - |
| Inter Corporate Deposit from others | 522 | - |
| Working Capital Demand Loan | 1,010 | 1,010 |
| | <u>23,006</u> | <u>51,510</u> |

Working Capital Loan from Indian Bank is secured by Hypothecation of Fixed Assets, Current Assets and Book Debts

NOTE 10 : TRADE PAYABLES

| | | |
|------------------------------------|---------------|---------------|
| Sundry creditors | - | - |
| Due to micro and small enterprises | - | - |
| Due to other creditors | 22,493 | 11,030 |
| Share of Joint Venture | 713 | 603 |
| | <u>23,206</u> | <u>11,633</u> |

| | ₹ in Lakhs | |
|--|-------------------------|-------------------------|
| | As at March 31, 2012 | As at March 31, 2011 |
| NOTE 11 : OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Borrowings | 72,082 | 58,004 |
| Interest accrued and due on borrowings | 2,933 | 648 |
| Interest accrued but not due on borrowings | 138 | 137 |
| Advance for sale of vessel | 3,345 | 26,872 |
| Advance for sale of flat | 200 | - |
| Unclaimed dividend | 111 | 114 |
| Due to Directors | 250 | 268 |
| Other Payables | | |
| Other Operating Payable | 870 | 587 |
| Salary/ Employee Benefits payables | 2,600 | 1,744 |
| VAT / Sales tax Payables | 21 | 4 |
| Payable for procuring vessels | 8,751 | - |
| Service Tax payables | 1,377 | 1,283 |
| Withholding Tax / TDS payables | 482 | 598 |
| Providend fund payables | 33 | 5 |
| Others | 325 | 388 |
| Share of Joint Venture | - | 37 |
| | <u>93,518</u> | <u>90,689</u> |
| NOTE 12 : SHORT TERM PROVISIONS | | |
| Proposed Final Dividend | 931 | 931 |
| Corporate dividend tax | 151 | 151 |
| Gratuity | 86 | 256 |
| Leave Encashment | 241 | 170 |
| Taxation Provision | - | 236 |
| Other Provisions | | |
| Provision for Mark to Market losses on Derivatives Instruments | 9,685 | 639 |
| Tax on overseas operation | 513 | 314 |
| Loss on foreign currency loans | 961 | - |
| Share of Joint Venture | 15 | 9 |
| | <u>12,583</u> | <u>2,706</u> |

NOTE 13 : FIXED ASSETS SCHEDULE

₹ in Lakhs

| Block | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|-----------------------------------|---------------------|---------------|---------------|---------------------------------|----------------------|---------------------|---------------|------------------------|---------------------------------|---------------------|----------------------|----------------------|
| | As At April 1, 2011 | Additions | Deletions | Translation Exchange Difference | As At March 31, 2012 | Upto March 31, 2011 | For the year | Disposals/ Adjustments | Translation Exchange Difference | Upto March 31, 2012 | As At March 31, 2012 | As At March 31, 2011 |
| Tangible Assets | | | | | | | | | | | | |
| Leasehold Land | 254 | - | - | - | 254 | 3 | 3 | - | - | 6 | 248 | 251 |
| Office Premises & Ownership Flats | 1,681 | - | - | - | 1,681 | 1,012 | 34 | - | - | 1,046 | 635 | 669 |
| Fleet | 259,598 | 5,136 | 20,589 | 5,349 | 249,494 | 77,582 | 16,727 | 5,701 | 61 | 88,669 | 160,825 | 182,016 |
| Plant & Machinery-Rigs & Barges | 29,172 | 11,309 | - | - | 40,481 | 10,903 | 2,769 | - | - | 13,672 | 26,809 | 18,269 |
| Plant & Machinery-Others | 1,073 | 207 | - | - | 1,280 | 950 | 71 | - | - | 1,021 | 259 | 123 |
| Furnitures & Fixtures | 198 | - | - | - | 198 | 176 | 7 | - | - | 183 | 15 | 22 |
| Office Equipment | 384 | 3 | 4 | - | 383 | 297 | 30 | 4 | - | 323 | 60 | 87 |
| Computers | 549 | 9 | 7 | - | 551 | 492 | 33 | 7 | - | 518 | 33 | 57 |
| Vehicles | 620 | 47 | 50 | - | 617 | 423 | 87 | 45 | - | 465 | 152 | 197 |
| Total | 293,529 | 16,711 | 20,650 | 5,349 | 294,939 | 91,838 | 19,761 | 5,757 | 61 | 105,903 | 189,036 | 201,691 |
| Asset Held for Sale | 30,407 | 655 | 27,006 | - | 4,056 | 2,924 | 362 | 2,372 | - | 914 | 3,142 | 27,483 |
| Total Tangible Assets | 323,936 | 17,367 | 47,656 | 5,349 | 298,995 | 94,762 | 20,123 | 8,129 | 61 | 106,817 | 192,178 | 229,174 |
| Intangible Assets | | | | | | | | | | | | |
| Computer Software | 290 | - | - | - | 290 | 58 | 58 | - | - | 116 | 174 | 232 |
| Total Intangible Assets | 290 | - | - | - | 290 | 58 | 58 | - | - | 116 | 174 | 232 |
| Total | 324,226 | 17,367 | 47,656 | 5,349 | 299,285 | 94,820 | 20,181 | 8,129 | 61 | 106,933 | 192,352 | 229,406 |
| Previous Year Total | 268,328 | 55,932 | 34 | - | 324,226 | 74,970 | 19,871 | 21 | - | 94,820 | 229,406 | - |
| Share of Joint Venture | 179 | 8 | 2 | - | 185 | 25 | 11 | - | - | 36 | 149 | 154 |
| Previous Year Total | 180 | 2 | 3 | - | 179 | 16 | 10 | 1 | - | 25 | 154 | - |
| Total | 324,405 | 17,375 | 47,658 | 5,349 | 299,470 | 94,845 | 20,192 | 8,129 | 61 | 106,969 | 192,501 | 229,560 |
| Previous Year Total | 268,508 | 55,934 | 37 | - | 324,405 | 74,986 | 19,881 | 22 | - | 94,845 | 229,560 | - |
| Capital Work in Progress | | | | | | | | | | | 241,689 | 175,897 |
| Total | | | | | | | | | | | 434,190 | 405,457 |

₹ in Lakhs

Year ended
March 31, 2012

Year ended
March 31, 2011

NOTE 13.1 : INTEREST COST CAPITALISED - OTHER ADJUSTMENTS

Capital Work in Progress includes interest capitalised under AS-16 'Borrowing Cost' which is given as under:

PARTICULARS

Interest Cost Capitalised

4,307

5,826

| | ₹ in Lakhs | |
|---|-------------------------|-------------------------|
| | As at March 31, 2012 | As at March 31, 2011 |
| NOTE 14 : NON-CURRENT INVESTMENTS | | |
| Long Term Investments | | |
| Unquoted Investments | | |
| Other investments | - | 10 |
| | - | 10 |
| NOTE 15 : LONG TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Capital Advances | 6,396 | 1,076 |
| Security Deposits | 78 | 67 |
| Other Loans & Advances | 513 | 8,175 |
| Service Tax credit Claimable | 823 | 823 |
| Custom Duty | 98 | 98 |
| Sales Tax | 108 | 108 |
| Prepaid Expenses | 1,080 | 898 |
| | 9,096 | 11,245 |
| NOTE 16 : OTHER NON CURRENT ASSETS | | |
| Unamortized expenses | 666 | - |
| Long term trade receivables | | |
| on deferred credit terms | 12 | 64 |
| others | 1,281 | 2,917 |
| Interest accrued on Loan to Subsidiary | - | 72 |
| | 1,959 | 3,053 |
| NOTE 17 : INVENTORIES | | |
| Fuel Oil | 1,666 | 1,063 |
| Stores and Spares | 4,648 | 5,812 |
| Share of Joint Venture | 58 | 67 |
| | 6,372 | 6,942 |
| NOTE 18 : TRADE RECEIVABLES (Unsecured) | | |
| Debts overdue for a period exceeding six months | | |
| Considered good | 5,469 | 8,338 |
| Considered doubtful | 772 | 772 |
| | 6,241 | 9,110 |
| Less: Provision for doubtful debts | 772 | 772 |
| | 5,469 | 8,338 |
| Other Debts (Considered good) | 12,520 | 14,756 |
| Share of Joint Venture | 227 | 208 |
| | 18,216 | 23,302 |
| NOTE 19 : CASH AND BANK BALANCES | | |
| Balances with banks | | |
| On current accounts | 11,391 | 12,761 |
| On deposit accounts | 1,349 | 7,417 |
| | 12,740 | 20,178 |
| Cash on hand | 10 | 8 |
| Unpaid dividend | 111 | 114 |
| Share of Joint Venture | 70 | 65 |
| | 12,931 | 20,365 |

Note : Balances with banks to the extent held as security against the borrowings is ₹ 4,892 Lakhs (Previous Year ₹4,244 Lakhs)

₹ in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|---|-------------------------|-------------------------|
| NOTE 20 : SHORT TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Other Loans & Advances | 1,519 | 1,167 |
| Security Deposit | 1,136 | 35 |
| Service Tax credit Claimable | 155 | - |
| Advance payment of Income-tax & taxes deducted at source (Net of Provision for taxation) | 3,839 | 3,953 |
| Prepaid Expenses | 281 | 363 |
| Share of Joint Venture | 269 | 271 |
| | <u>7,199</u> | <u>5,789</u> |
| NOTE 21 : OTHER CURRENT ASSETS | | |
| Interest accrued on deposits | 22 | 84 |
| Others | 232 | 111 |
| Share of Joint Venture | - | 2 |
| | <u>254</u> | <u>197</u> |

₹ in Lakhs

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|------------------------------|------------------------------|
| NOTE 22 : REVENUE FROM OPERATIONS | | |
| Charter Hire | 84,526 | 82,962 |
| Contract Revenue | 2,802 | 10,565 |
| Other Operating Revenue | 106 | 11 |
| Share of Joint Venture | 847 | 1,145 |
| | <u>88,281</u> | <u>94,683</u> |
| NOTE 23 : OTHER INCOME | | |
| Interest income | | |
| From Banks | 116 | 137 |
| Tax Refund | 74 | 99 |
| Others | 13 | 171 |
| | <u>203</u> | <u>407</u> |
| Dividend income | | |
| Mutual Funds | 35 | 96 |
| Net Exchange gain on foreign currency transaction and translation | 1,994 | - |
| Other non-operating income (net of expenses) | | |
| Profit on sale of sundry assets (net) | 3 | 2 |
| Rent Received - Flats | 81 | 95 |
| Insurance claims | 216 | 255 |
| Miscellaneous income | 65 | 44 |
| Share of Joint Venture | 14 | 16 |
| | <u>2,611</u> | <u>915</u> |

₹ in Lakhs

Year ended
March 31, 2012

Year ended
March 31, 2011

NOTE 24 : EMPLOYEE BENEFITS EXPENSES

| | | |
|--|---------------|---------------|
| Salaries, wages and bonus | 18,782 | 18,054 |
| Contribution to Provident fund and other funds | 377 | 444 |
| Gratuity Expense | 209 | 221 |
| Workmen and staff welfare | 95 | 233 |
| Repatriation & Travel | 1,231 | 1,544 |
| Victualling Expenses | 1,785 | 1,805 |
| Share of Joint Venture | 251 | 397 |
| | <u>22,730</u> | <u>22,698</u> |

NOTE 25 : FINANCE COSTS

| | | |
|------------------------|---------------|---------------|
| Interest expenses | | |
| Fixed Loans | 22,039 | 14,379 |
| On Others | 1,468 | 1,246 |
| Other borrowing costs | 1,229 | 443 |
| Share of Joint Venture | - | 2 |
| | <u>24,736</u> | <u>16,070</u> |

NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSE

| | | |
|-------------------------------|---------------|---------------|
| Depreciation and amortisation | 20,180 | 19,870 |
| Share of Joint Venture | 12 | 11 |
| | <u>20,192</u> | <u>19,881</u> |

NOTE 27 : OTHER EXPENSES

| | | |
|--|---------------|---------------|
| Fuel, Oil and Water | 4,594 | 4,390 |
| Port, Light and Canal Dues | 1,018 | 645 |
| Hire of chartered ships | 293 | 1,286 |
| Outsourced Services | 4,369 | 3,214 |
| Brokerage and Commission | 357 | 195 |
| Stores | 2,357 | 2,340 |
| Insurance & Protection Club Indemnity Fees | 1,438 | 1,544 |
| Vessel Manning Expenses | 1,003 | 1,233 |
| Rent, Rates & Taxes | 166 | 183 |
| Repairs and Maintenance - others | 246 | 278 |
| Insurance | 92 | 69 |
| Printing & Subscription Charges | 43 | 45 |
| Legal and professional charges | 863 | 966 |
| Bad debts and advances written off | 621 | - |
| Provision for doubtful debts and advances | 214 | 7 |
| Exchange loss (net) | - | 3,195 |
| Directors' fees | 43 | 68 |
| Auditor's Remuneration | 68 | 59 |
| Travelling & Conveyance | 311 | 140 |
| Donation | 6 | 14 |
| Sundry Operating Expenses | 1,755 | 1,791 |
| Miscellaneous Expenses | 1,260 | 1,759 |
| Share of Joint Venture | 642 | 819 |
| | <u>21,759</u> | <u>24,240</u> |

28 Basis of Consolidation

- (i) The consolidated financial statements relate to Great Offshore Limited, the holding Company, and its wholly owned subsidiaries and its jointly controlled entity (collectively referred to as the Group). The consolidation of the financial statements of the Company with its subsidiaries has been prepared in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and the consolidation of its interest in joint ventures has been prepared in accordance with Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures'. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated. The Group's interest in the Joint Venture is accounted for using proportionate consolidation method. Separate line items are included to disclose the assets, liabilities, income and expenses of the jointly controlled entity.
- (ii) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the reporting date. Exchange gains / (losses) arising on conversion are recognised under Foreign Currency Translation Reserve.
- (iii) The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill (on Consolidation)' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as Capital Reserve (on Consolidation)' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- (iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Group in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (v) On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.
- (vi) As per the agreement with the minority shareholders, only profit will be shared in the proportion of their holding and any loss on consolidation is to be 100% borne by the Group.
- (vii) The financial statements of the subsidiaries and jointly controlled entity used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2012.

29 The subsidiary companies considered in the consolidated financial statements are:

| Sr. No. | Name of the Company | Country of Incorporation | % of holding | |
|---------|---|--------------------------|--------------|---------------|
| | | | Current Year | Previous Year |
| 1 | Great Offshore Fujairah L.L.C.-FZC | U.A.E | 100% | 100% |
| 2 | Deep Water Services (India) Limited | India | 100% | 100% |
| 3 | Great Offshore (International) Limited | Cayman Islands | 100% | 100% |
| 4 | Kei-Rsos Maritime Limited | India | 100% | 100% |
| 5 | Great Offshore Salvage Services Limited (formerly Rajamahendri Shipping and Oil Field Services Limited) | India | 100% | 100% |
| 6 | Great Offshore Ship Repairs Limited | India | 100% | 100% |
| 7 | Glory Shipping Private Limited | Dubai | 100% | 100% |
| 8 | Great Offshore Germany GmbH & Co. | Germany | 100% | 100% |
| 9 | SGB EMSSUN GmbH & Co. | Germany | 66.66% | 66.66% |
| 10 | SGB EMSSKY GmbH & Co. | Germany | 66.66% | 66.66% |
| 11 | SGB EMSSTAR GmbH & Co. | Germany | 66.66% | |
| 12 | Norwegian Shipping I Limited | Cyprus | 100% | |
| 13 | Norwegian Shipping II Limited | Cyprus | 100% | |

30 The Group's interest in jointly controlled entity (incorporated Joint Venture) is:

| Sr. No. | Name of the Company | Country of Incorporation | % of holding | |
|---------|-------------------------------------|--------------------------|--------------|---------------|
| | | | Current Year | Previous Year |
| 1 | United Helicharters Private Limited | India | 26% | 26% |

31 Contingent Liabilities

₹ in Lakhs

| Sr. No. | Particulars | As at March 31, 2012 | As at March 31, 2011 |
|---------|---|----------------------|----------------------|
| i | Guarantees given by bank including performance and bid bond, counter guaranteed by the Company. | 9,279 | 11,224 |
| ii | Show cause notice issued by Customs Authority for levy of custom duty | 3,165 | 3,165 |
| iii | Corporate Guarantee given to Customs | 583 | 583 |
| iv | Corporate Guarantee given to bank on behalf of subsidiary | 68,073 | - |
| v | Claims not acknowledged by Company | | |
| | Customs Duty on Tug | 306 | 70 |
| | Sales Tax and Service tax demand on Charter hire payment | 851 | 624 |
| | Income tax demand | 266 | 29 |
| | Possible obligation in respect of matters under arbitration | 2,700 | 2,700 |
| vi | Letters of Credit outstanding | 1,624 | 982 |

32 Share Capital

The allotment of 71,480 equity shares of the Company have been kept in abeyance in accordance with the section 206A of the Companies Act, 1956 till such time as the title of the bonafide holder of the shares is certified by the concerned Stock Exchange as per the orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992. An additional 10,153 (Previous Year 10,153) shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.

33 Hedge Reserve

The Company has borrowings and the revenue streams in foreign currency, which provides an inherent hedge against foreign currency exchange rate fluctuations. Accordingly, the Company changed its accounting policy with regard to recognition of exchange differences arising on translation of foreign currency borrowings by following an appropriate hedge accounting policy and applying the principle set out in AS-30 Financial Instruments: Recognition and Measurement. The objective of adopting Hedge Accounting is to ensure that gain or loss on the hedging instrument is recognised in the Statement of Profit and Loss in the same period when Hedge items affects profit or loss. The Company has w.e.f. 1st April 2008 designated borrowings in foreign currency as Hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the current year, the net unrealised exchange difference on foreign currency borrowings aggregating to ₹ 25,568 lakhs has been credited to Hedge Reserve, and net realised exchange gain credited to P&L account is ₹ 311 lakhs. As a result, balance in the Hedge Reserve is debit of ₹ 25,498 lakhs. (Previous Year Credit of ₹381 lakhs)

34 Change in Accounting Policy

With effect from 1st April 2011, the company has changed its accounting policy for recognition and measurement of Mark to Market losses in respect of derivatives instruments like interest rate swaps as per the principals enunciated in Accounting Standard (AS)30 "Financial Instruments: Recognition and Measurement" and in accordance with the recommendation of the Institute of Chartered Accountants of India. Accordingly Mark to Market (MTM) losses in respect of derivatives instruments like Interest rate swaps have been accounted in accordance with principal of hedge accounting and the MTM losses on such derivative instruments is recorded in the Hedge reserve account instead of recognizing the same to Statement of Profit and Loss. Accordingly as at 31st March 2012 MTM loss on outstanding interest rates swaps amounting to ₹ 9,685 lakhs has been recognized in hedge reserves instead of debiting the same to Statement of Profit and Loss. Accordingly the profit for the year is higher by ₹9,046 lakhs.

35 Fixed Assets

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for ₹ 165,287 lakhs (Previous Year ₹ 55,472 lakhs).

36 Inventories

Closing stock of stores and spares on board of the vessels amounting to ₹ 46 crores was determined by the management on the basis of records available with the company in addition to physical verification to the extent feasible carried out by the company. We have relied on the management certification for the valuation of stock of stores and spares on board of vessels. Statutory/ Internal auditors of the company could not verify physically the stock of stores and spares on board of the vessel held by the company as on March 31st, 2012.

37 Capital Advance

A contract is made on January 2, 2012 between the Company and Gultare Energy Projects Private Limited wherein the Company will purchase six, 70 Ton Bollard Pull Harbour Tugs. Contract Price per vessel is USD 9 million aggregating to USD 54 million. As per the terms of contract the first installment of 25% is to be made on signing of contract and on submission of the builders invoice for the same i.e. USD 13.50 million. As on March 31, 2012, the Company has made a payment of USD 12.57 million.

38 Current Liabilities

According to information available to the Company regarding the status of the suppliers, as defined under The Micro, Small and Medium Enterprises Development Act, 2006, amount overdue as on 31st March, 2012 to the Micro, Small and Medium enterprises on account of principal amount, together with interest for delayed payment under the Act, is ₹ Nil.

39 Provisions

The Company has recognised the provisions given below in its accounts in respect of obligations arising from past events, the settlement of which are expected to result in an outflow embodying economic benefits.

Manning dues and related contributions to welfare funds was Rs. 329 lakhs as on 1st April, 2011, additions during the year was Rs. 196 lakhs, (Previous Year Rs. 176 lakhs), reversed / paid during the year was Rs.159 lakhs (Previous Year Rs. 136 lakhs), hence balance as on 31st March, 2012 is Rs. 366 lakhs (Previous Year 329 lakhs).

40 Disclosures pursuant to Accounting Standard (AS) 15 (revised) "Employee Benefits"

- Effective April 1, 2007 the Company adopted Accounting Standards 15 (Revised 2005) on "Employee Benefits" issued by ICAI.
- The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

(A) Defined Contribution Plans: ₹ in Lakhs

| | For the year ended March 31, 2012 | For the year ended March 31, 2011 |
|---|--------------------------------------|--------------------------------------|
| Contribution to Employees Provident Fund | 163.82 | 158.27 |
| Contribution to Employees Superannuation Fund | 59.46 | 83.20 |
| Contribution to Employees Pension Scheme 1995 | 3.96 | 4.11 |
| Contribution to Seamen's Provident Fund | 38.64 | 47.27 |
| Contribution to Seamen's Annuity Fund | 95.28 | 131.19 |
| Contribution to Seamen's Gratuity Fund | 191.55 | 213.98 |

(B) Defined Benefit Plans:

Valuations in respect of Gratuity, Pension Plan for whole-time Directors, Leave Encashment have been carried out by an independent actuary, as at the Balance Sheet date on Projected Unit Credit method, based on the following assumptions:

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|--|-------------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| (a) Discount Rate (p.a.) | 8% | 8% | 8% | 8% |
| (b) Rate of Return on Plan Assets | 8% | 8% | - | - |
| (c) Salary Escalation rate | 5% | 5% | 5% | 5% |
| (d) Mortality | LIC (1994-96) ULT | | | |
| (e) Withdrawal rate | - | - | - | - |
| (f) Expected average remaining service | 5.56 | 7.49 | 4.24 | 8.57 |

(i) Change in Benefit Obligation

₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|---|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Liability at the beginning of the year | 839.16 | 651.26 | 26.41 | 44.56 |
| Interest Cost | 61.91 | 49.06 | 2.11 | 3.35 |
| Current Service Cost | 112.36 | 115.32 | 70.67 | 63.57 |
| Benefits Paid | (130.65) | (75.94) | - | (5.26) |
| Transfer from previous employer's | - | - | - | - |
| Provision for diminution in fair value of plan assets | - | - | - | - |
| Actuarial (gain)/loss on obligations | (31.08) | 99.46 | (72.38) | (79.81) |
| Liability at the end of the year | 851.69 | 839.16 | 26.81 | 26.41 |

(ii) Fair value of Plan Assets

₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|--|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Fair Value of Plan Assets at the beginning of the year | 583.74 | 623.59 | - | - |
| Expected Return on Plan Assets | 51.69 | 46.85 | - | - |
| Employer's Contribution | 255.42 | - | - | - |
| Employees Contribution | - | - | - | - |
| Benefits Paid | (130.65) | (75.94) | - | - |
| Provision for diminution in fair value of plan assets | - | - | - | - |
| Actuarial gain/(loss) on Plan Assets | 8.09 | (10.76) | - | - |
| Fair Value of Plan Assets at the end of the year | 768.29 | 583.74 | - | - |

(iii) Actual Return on Plan Assets

₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|--------------------------------------|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Expected Return on Plan Assets | 51.69 | 46.84 | - | - |
| Actuarial gain/(loss) on Plan Assets | 8.09 | (10.75) | - | - |
| Actual Return on Plan Assets | 59.78 | (57.59) | - | - |

(iv) Amount Recognised in the Balance Sheet

₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|--|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Liability at the end of the year | 851.69 | 839.16 | - | - |
| Fair Value of Plan Assets at the end of the year | 768.29 | 583.74 | - | - |
| Difference | (83.40) | (255.42) | - | - |
| Unrecognised past service cost | - | - | - | - |
| Amount recognised in the Balance Sheet | (83.40) | (255.42) | - | - |



(v) Expenses recognised in the Statement of Profit & Loss Account

₹ in Lakhs

| Actuarial Assumptions for the year | Gratuity | | Leave Encashment | |
|---|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Current Service Cost | 112.36 | 115.32 | 70.67 | 63.57 |
| Interest Cost | 61.91 | 49.06 | 2.11 | 3.35 |
| Expected Return on Plan Assets | (51.69) | (46.85) | - | - |
| Net Actuarial (Gain)/loss to be recognised | (39.17) | 110.21 | (72.38) | (79.81) |
| Expenses recognised in Statement of Profit and Loss | 83.41 | 227.74 | 0.4 | (12.89) |

(vi) Basis used to determine expected rate of return on assets

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

(vii) General description of significant defined plans

Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

Leave Encashment

Eligible employees can carry forward and encash leave upto superannuation, death, permanent disablement and resignation subject to maximum accumulation allow @ 60 days for employees. The Leave over and above 60 days is encashed and paid to employees in April every year. Benefit would be at the time of separation based on the last drawn basic salary.

41 Leases

₹ in Lakhs

| | Particulars | As on March 31, 2012 | As on March 31, 2011 |
|-------|--|--|----------------------|
| (i) | The Group has taken office and residential facilities under cancellable operating lease agreements. | | |
| (ii) | The Group has taken helicopters under non-cancellable operating lease, the future minimum lease payments in respect of which, as at 31st March, 2011. The lease rental in respect of operating leases charged to Statement of Profit and Loss. | 527 | 643 |
| | (a) not later than one year | 334 | 329 |
| | (b) later than one year and not later than five years | 1143 | 121 |
| | (c) later than five years | 380 | 439 |
| (iii) | General description of the leasing arrangements | Lease for office and residential facilities are on leave and license basis on a fixed monthly payment. Lease for helicopters are determined based on a fixed monthly charge and a variable charge on the basis of hours flown. | |

42 Hedging Contracts

(a) Interest Rate Swap Contracts

₹ in Lakhs

| | Current Year | Previous Year |
|---|--------------|---------------|
| Total No. of Contracts | 6 | 3 |
| Principal Notional Amount (US Dollar Million) | 102.19 | 81.80 |
| Maturity Period | Upto 7 years | Upto 7 years |

(b) Unhedged Foreign Currency Exposure

Amount in Foreign Currency in Lakhs

| | As at March 31, 2012 | As at March 31, 2011 |
|------------------------------------|----------------------|----------------------|
| (i) Loans Liabilities and Payables | | |
| (a) US Dollars | 2524 | 2839 |
| (b) Euros | 3 | 4 |
| (c) Arab Emirates Dinars | 4 | 10 |
| (d) Japanese Yens | 220 | 426 |
| (e) Great Britain Pounds | 3 | 3 |
| (f) Norwegian Kroners | 5 | 4 |
| (g) Singapore Dollars | 5 | 3 |
| (h) Malaysian Ringgit | 2 | 0 |
| (i) Swedish Kroners | 4 | 0 |
| (j) Bahrain Dinars | - | 3 |
| (k) Saudi Riyals | - | 1 |
| (l) Canadian Dollars | * | - |
| (ii) Cash/ bank and receivables | | |
| (a) US Dollars | 358 | 551 |
| (b) Euros | * | 2 |
| (c) Arab Emirates Dinars | 1 | 1 |
| (d) Japanese Yens | 5 | 284 |
| (e) Great Britain Pounds | 18 | 17 |
| (f) Norwegian Kroners | 2 | 1 |
| (g) Singapore Dollars | 1 | 1 |
| (h) Malaysian Ringgit | 1 | - |
| (i) Swedish Kroners | 4 | - |
| (k) Australian Dollars | * | - |

* denotes amounts below ₹One Lac

43 Segment reporting

The Company is mainly engaged in offshore business and there are no separate reportable segments as per Accounting Standards (AS) 17.

44 Related Party Disclosures

(i) List of Related Parties

1 Key Management Personnel :

Mr. P.C.Kapoor - Executive Director
 Mr. Vijay Kumar - Executive Director
 Mr. Soil C. Engineer - Executive Director (upto 30th March,2012)
 Mr. Chetan Mehra - Executive Director (From 2nd September,2011 to 19th November,2011)

2 Enterprises over which Key Management Personnel Exercise Significant Influence :

Bharati Shipyard Limited
 Pinky Shipyard Pvt Ltd
 Weizman Forex Limited
 Bharati Maritime Services Pvt Ltd

Harsha Infrastructure Pvt Ltd
Sea Splice Shipping Pvt Ltd
Port Side Shipping Pvt Ltd
Dhanshree Properties Pvt Ltd
Natural Power Ventures Pvt Ltd

3 Relatives of Key Managerial Personnel

Sukriti Kumar

CONSOLIDATED RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED MARCH,2012

₹ in Lakhs

| Nature of Transaction | Enterprise Over which Key Management Personnel exercise significant influence | | Key Management Personnel | | Relatives of Key Managerial Personnel | | Total | |
|--|---|---------------|--------------------------|---------------|---------------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Charter Hire Income | | | | | | | | |
| Bharati Shipyard Limited | 189 | - | - | - | - | - | 189 | - |
| Interest Expense | | | | | | | | |
| Bharati Shipyard Limited | 177 | 585 | - | - | - | - | 177 | 585 |
| Pinky Shipyard Pvt Ltd | 32 | - | - | - | - | - | 32 | - |
| Bharati Maritime Services Pvt Ltd | 16 | - | - | - | - | - | 16 | - |
| Harsha Infrastructure Pvt Ltd | 29 | - | - | - | - | - | 29 | - |
| Sea Splice Shipping Pvt Ltd | 4 | - | - | - | - | - | 4 | - |
| Port Side Shipping Pvt Ltd | 9 | - | - | - | - | - | 9 | - |
| Remuneration | | | | | | | | |
| P.C. Kapoor | - | - | 126 | 124 | - | - | 126 | 124 |
| Vijay Kumar | - | - | 126 | 124 | - | - | 126 | 124 |
| Soli Engineer | - | - | 195 | 176 | - | - | 195 | 176 |
| Chetan Mehra | - | - | 4 | - | - | - | 4 | - |
| Sukriti Kumar | - | - | - | - | 29 | - | 29 | - |
| Foreign Currency Purchased | | | | | | | | |
| Weizman Forex Limited | 238 | 39 | - | - | - | - | 238 | 39 |
| Proposed Dividend | | | | | | | | |
| Dhanshree Properties Pvt Ltd | 121 | - | - | - | - | - | 121 | - |
| Natural Power Ventures Pvt Ltd | 342 | - | - | - | - | - | 342 | - |
| Dividend Paid | | | | | | | | |
| Dhanshree Properties Pvt Ltd | 121 | - | - | - | - | - | 121 | - |
| Natural Power Ventures Pvt Ltd | 342 | - | - | - | - | - | 342 | - |
| Loan Received | | | | | | | | |
| Bharati Shipyard Limited | 4799 | 27,197 | - | - | - | - | 4799 | 27,197 |
| Repayment of Loan Received | | | | | | | | |
| Bharati Shipyard Limited | 2674 | 30,697 | - | - | - | - | 2674 | 30,697 |
| Inter Corporate Deposit Received | | | | | | | | |
| Bharati Shipyard Limited | 12,558 | - | - | - | - | - | 12,558 | - |
| Pinky Shipyard Pvt Ltd | 1,215 | - | - | - | - | - | 1,215 | - |
| Bharati Maritime Services Pvt Ltd | 2,780 | - | - | - | - | - | 2,780 | - |
| Harsha Infrastructure Pvt Ltd | 1,281 | - | - | - | - | - | 1,281 | - |
| Sea Splice Shipping Pvt Ltd | 143 | - | - | - | - | - | 143 | - |
| Port Side Shipping Pvt Ltd | 332 | - | - | - | - | - | 332 | - |
| Advance for modification of Vessels Given | | | | | | | | |
| Bharati Shipyard Limited | 1,250 | - | - | - | - | - | 1,250 | - |
| Repayment of Inter Corporate Deposit Received | | | | | | | | |
| Bharati Shipyard Limited | 12,558 | - | - | - | - | - | 12,558 | - |
| Bharati Maritime Services Pvt Ltd | 2,767 | - | - | - | - | - | 2,767 | - |
| Harsha Infrastructure Pvt Ltd | 185 | - | - | - | - | - | 185 | - |

₹ in Lakhs

| Nature of Transaction | Enterprise Over which Key Management Personnel exercise significant influence | | Key Management Personnel | | Relatives of Key Managerial Personnel | | Total | |
|---|---|---------------|--------------------------|---------------|---------------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Advance for modification of Vessels Given (Repaid) | | | | | | | | |
| Bharati Shipyard Limited | 1,250 | - | - | - | - | - | 1,250 | - |
| Contract for Vessel | | | | | | | | |
| Pinky Shipyard Pvt Ltd | 26,093 | - | - | - | - | - | 26,093 | - |
| Bharati Shipyard Limited | 2,951 | 25,825 | - | - | - | - | 2,951 | 25,825 |
| Temporary Return of Advance Payment due to delay in delivery of Rig-V351 | | | | | | | | |
| Bharati Shipyard Limited | 7,555 | - | - | - | - | - | 7,555 | - |
| Advance Received for sale of Asset | | | | | | | | |
| Bharati Maritime Services Pvt Ltd | 1,545 | - | - | - | - | - | 1,545 | - |
| Harsha Infrastructure Pvt Ltd | 1,800 | - | - | - | - | - | 1,800 | - |
| Outstanding Balance as on 31.03.12 | | | | | | | | |
| Trade Receivable | | | | | | | | |
| Bharati Shipyard Limited | 152 | - | - | - | - | - | 152 | - |
| Trade Payable | | | | | | | | |
| Bharati Shipyard Limited | 57 | - | - | - | - | - | 57 | - |
| Pinky Shipyard Pvt Ltd | 7,757 | - | - | - | - | - | 7,757 | - |
| Weizman Forex Limited | 18 | - | - | - | - | - | 18 | - |
| Loan Taken | | | | | | | | |
| Bharati Shipyard Limited | 2,125 | 27,197 | - | - | - | - | 2,125 | 27,197 |
| Inter Corporate Deposit Payable | | | | | | | | |
| Pinky Shipyard Pvt Ltd | 1,215 | - | - | - | - | - | 1,215 | - |
| Bharati Maritime Services Pvt Ltd | 13 | - | - | - | - | - | 13 | - |
| Harsha Infrastructure Pvt Ltd | 1,096 | - | - | - | - | - | 1,096 | - |
| Sea Splice Shipping Pvt Ltd | 143 | - | - | - | - | - | 143 | - |
| Port Side Shipping Pvt Ltd | 332 | - | - | - | - | - | 332 | - |
| Interest Payable | | | | | | | | |
| Bharati Shipyard Limited | 133 | - | - | - | - | - | 133 | - |
| Pinky Shipyard Pvt Ltd | 32 | - | - | - | - | - | 32 | - |
| Bharati Maritime Services Pvt Ltd | 16 | - | - | - | - | - | 16 | - |
| Harsha Infrastructure Pvt Ltd | 29 | - | - | - | - | - | 29 | - |
| Sea Splice Shipping Pvt Ltd | 4 | - | - | - | - | - | 4 | - |
| Port Side Shipping Pvt Ltd | 9 | - | - | - | - | - | 9 | - |
| Contract for Vessel | | | | | | | | |
| Pinky Shipyard Pvt Ltd | 26,093 | - | - | - | - | - | 26,093 | - |
| Bharati Shipyard Limited | 130,050 | 127,099 | - | - | - | - | 130,050 | 127,099 |
| Advance for Sale of Asset | | | | | | | | |
| Bharati Maritime Services Pvt Ltd | 1,545 | - | - | - | - | - | 1,545 | - |
| Harsha Infrastructure Pvt Ltd | 1,800 | - | - | - | - | - | 1,800 | - |
| Remuneration Payable | | | | | | | | |
| P.C. Kapoor | - | - | 110 | 110 | - | - | 110 | 110 |
| Vijay Kumar | - | - | 110 | 110 | - | - | 110 | 110 |
| Soli Engineer | - | - | - | 6 | - | - | - | 6 |

45 Basic and Diluted earnings per share

₹ in Lakhs

| | Particulars | Current Year | Previous Year |
|-----|--|--------------|---------------|
| (a) | Net Profit/(Loss) after tax for Equity Shareholders before exceptional items | (3,941) | (3,187) |
| (b) | Net Profit/(Loss) after tax for Equity Shareholders after exceptional items | (3,728) | 2,625 |
| (c) | Weighted average number of Equity shares outstanding at the end of the year | 37,231,961 | 37,231,961 |
| (d) | Face value of Equity Share ₹ | 10 | 10 |
| (e) | Basic earnings per share before exceptional items ₹ | (10.58) | (8.56) |
| (f) | Basic earnings per share after exceptional items ₹ | (10.01) | 7.05 |

46 Disclosures on foreign currency expenses and earnings

₹ in Lakhs

| | | |
|-------|--|--------|
| (i) | Value of imports (on CIF basis) | |
| (a) | Capital goods - Special Survey | 3,968 |
| (ii) | Expenditure in foreign currency | |
| (a) | Technical know-how fees | |
| (b) | Professional charges | 102 |
| (c) | Interest | 3,735 |
| (d) | Fuel | 940 |
| (e) | Insurance | 365 |
| (f) | Repairs & Maintenance | 5,452 |
| (g) | Project | 240 |
| (h) | Repatriation | 141 |
| (i) | Vessel Manning Exp | 83 |
| (j) | Victualling | 297 |
| (k) | Stores | 308 |
| (l) | Others | 1,775 |
| (iii) | Remittance in foreign currency on account of dividend: | Nil |
| (iv) | Earnings in foreign exchange | |
| (a) | Charter Hire | 74,611 |
| (b) | Professional, consulting fees | Nil |
| (c) | Income from royalty, knowhow | Nil |
| (d) | Interest Income | 5,164 |
| (e) | Dividend Income | Nil |

In the previous year, shipping companies were exempted to give information pursuant to Para 4D(a), (b), (c) and (e) of Part II of the pre-revised Schedule VI of the Companies Act, 1956, as per a notification on general exemption under Section 211 of the Companies Act, 1956, issued by the Ministry of Corporate Affairs on February 8, 2011.

- 47 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous years' figures have been recast/ restated.

Statement / Details relating to Subsidiary Companies pursuant to exemption under Section 212 of the Companies Act, 1956 ₹ in Lakhs

| Name Of Subsidiary | Great Offshore Fujairah LLC - FZC | Deep-Water Services (India) Ltd | Great Offshore (International) Ltd | KEI-RSOS Maritime Ltd | Great Offshore Salvage Services Ltd | Great Offshore Ship Repairs Ltd | Glory Shipping Pvt. Ltd (Dubai) | Great Offshore Germany GmbH & Co. | SGE Emssun GmbH & Co.K.G. (Germany) | SGE Emssky GmbH & Co.K.G. (Germany) | SGE Emsstar GmbH & Co.K.G. (Germany) | Norwegian Shipping I Ltd | Norwegian Shipping II Ltd |
|--|-----------------------------------|---------------------------------|------------------------------------|-----------------------|-------------------------------------|---------------------------------|---------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------|---------------------------|
| a Capital | 76 | 5 | 152 | 481 | 28 | 5 | 277 | 18 | 1,472 | 1,472 | 1 | 1 | 1 |
| b Reserves | (114) | 10,298 | (1,571) | 963 | 461 | 29 | (31) | (13) | (1,147) | (1,288) | 27 | 6,791 | 6,791 |
| c Total Assets | 6 | 20,511 | 128,971 | 21,047 | 603 | 544 | 7,789 | 7,031 | 6,513 | 6,633 | 36 | 6,792 | 6,792 |
| d Total Liabilities | 6 | 20,511 | 128,971 | 21,047 | 603 | 544 | 7,789 | 7,031 | 6,513 | 6,633 | 36 | 6,792 | 6,792 |
| e Investments (Excluding Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| f Turnover | - | 3,636 | - | 5,345 | 301 | 806 | - | - | 1,367 | 1,363 | - | - | - |
| g Profit / (Loss) before taxation | (8) | 2,031 | (788) | (2,945) | (163) | 120 | (31) | (9) | (925) | (1,015) | (26) | - | - |
| h Provision for taxation | - | 991 | - | 24 | 8 | 17 | - | - | - | - | - | - | - |
| i Profit / (Loss) after taxation | (8) | 1,040 | (788) | (2,969) | 171 | 103 | (31) | (9) | (925) | (1,015) | (26) | - | - |
| j Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - |

Converted into Indian Rupees at the Exchange Rate 1 USD = ₹50.88



FINANCIAL HIGHLIGHTS (STAND ALONE)

₹ in Lakhs

| Financial Year | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Profit & Loss A/c | | | | | | | |
| Revenues | 34,974 | 54,465 | 75,031 | 95,282 | 101,349 | 86,267 | 89445 |
| Earning Before Interest, Depreciation & Tax (EBIDT) | 15,604 | 26,841 | 38,439 | 42,472 | 43,328 | 42,350 | 46298 |
| Interest | 1,643 | 3,596 | 6,551 | 8,856 | 10,879 | 13,081 | 17657 |
| Depreciation | 4,218 | 6,967 | 9,853 | 10,026 | 13,227 | 18,348 | 17215 |
| Profit Before Tax (PBT) | 9,743 | 16,278 | 22,035 | 23,590 | 19,222 | 10,921 | 11426 |
| Provision for Taxation | 563 | 2,136 | 1,714 | 2,480 | 1,760 | 751 | 3992 |
| Profit After Tax (PAT) | 9,180 | 14,142 | 20,321 | 21,110 | 17,462 | 10,170 | 7434 |

Balance Sheet**What the Company owned**

| | | | | | | | |
|-------------------------|--------|---------|---------|---------|---------|---------|--------|
| Fixed Assets | 78,026 | 128,866 | 139,007 | 219,397 | 294,645 | 298,307 | 286609 |
| Investments | 128 | 128 | 1,331 | 14,647 | 14,647 | 14,652 | 19652 |
| Net Current Assets | 10,881 | 7,733 | 40,911 | 28,863 | 25,044 | 93,040 | 79206 |
| Deferred Taxation (Net) | - | 216 | 562 | 691 | - | - | - |

Capital Employed

| | | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|----------------|---------------|
| | 89,035 | 136,943 | 181,811 | 263,598 | 334,336 | 405,999 | 385467 |
|--|---------------|----------------|----------------|----------------|----------------|----------------|---------------|

[A] What the Company owed

| | | | | | | | |
|-------------------------|--------|--------|--------|---------|---------|---------|--------|
| Loans | 37,316 | 74,656 | 93,014 | 194,335 | 231,136 | 291,384 | 288406 |
| Deferred Taxation (Net) | 118 | - | - | - | 249 | 905 | 2765 |

Sub Total (A)

| | | | | | | | |
|--|---------------|---------------|---------------|----------------|----------------|----------------|---------------|
| | 37,434 | 74,656 | 93,014 | 194,335 | 231,385 | 292,289 | 291171 |
|--|---------------|---------------|---------------|----------------|----------------|----------------|---------------|

[B] Shareholders' Funds

| | | | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|---------|-------|
| Equity Share Capital | 5 | 3,812 | 3,812 | 3,714 | 3,723 | 3,723 | 3723 |
| Preference Share Capital | - | - | 15,000 | - | - | - | - |
| Share Capital Suspense Account | 3,807 | - | - | - | - | - | - |
| Reserves & Surplus | 47,814 | 58,479 | 69,985 | 65,549 | 99,228 | 109,987 | 90573 |
| Misc. Expd. (to the extent not w/off) | (25) | (4) | - | - | - | - | - |

Sub Total (B)

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|----------------|--------------|
| | 51,601 | 62,287 | 88,797 | 69,263 | 102,951 | 113,710 | 94296 |
|--|---------------|---------------|---------------|---------------|----------------|----------------|--------------|

Capital Employed (A)+(B)

| | | | | | | | |
|--|---------------|----------------|----------------|----------------|----------------|----------------|---------------|
| | 89,035 | 136,943 | 181,811 | 263,598 | 334,336 | 405,999 | 385467 |
|--|---------------|----------------|----------------|----------------|----------------|----------------|---------------|

Return Ratios

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| Earning Per Share (in ₹) | 24.09 | 37.10 | 53.31 | 52.20 | 46.97 | 27.32 | 19.97 |
| Cash Earning Per Share (in ₹) | 35.16 | 55.38 | 79.16 | 83.20 | 82.54 | 76.60 | 66.20 |
| Dividend Per Share (in ₹) | 5.10* | 8.00 | 16.00 | 2.50 | 2.50 | 2.50 | 2.5 |
| Dividend Payout Ratio (%) | 24.17 | 24.59 | 35.11 | 5.14 | 5.32 | 9.15 | 12.52 |
| Return on Average Networth (%) | 17.78 | 24.83 | 29.86 | 29.51 | 20.28 | 9.39 | 7.15 |
| Return on Average Capital Employed (%) | 12.15 | 15.70 | 16.86 | 13.46 | 9.47 | 6.28 | 6.34 |

* Proportionate payment paid on reduced capital post demerger from The Great Eastern Shipping Company Limited.

REVENUE STATEMENT (CONSOLIDATED)

(\$ million)

| | 2005-06 ^ | 2006-07 ^^ | 2007-08 ^^^ | 2008-09 ^^^^ | 2009-10 ^^^^^ | 2010-11 ^^^^^^ | 2011-12 ^^^^^^^ |
|--------------------------------------|-----------------|------------------|-------------------|--------------------|---------------------|----------------------|------------------|
| Operating Income | 87.81 | 128.43 | 184.63 | 236.81 | 244.68 | 208.23 | 185.82 |
| Operating EBIDTA | 37.27 | 59.83 | 95.52 | 118.55 | 106.08 | 89.14 | 97.31 |
| Operating Margin % | 42.10% | 45.90% | 47.10% | 47.00% | 43.36% | 42.81% | 52.37% |
| Other Income | 0.70 | 1.97 | 13.73 | 12.75 | 1.47 | 2.01 | 5.5 |
| Depreciation | 10.15 | 15.67 | 24.39 | 25.14 | 29.57 | 43.72 | 42.50 |
| Interest | 3.92 | 7.97 | 16.93 | 23.33 | 24.42 | 35.28 | 52.06 |
| PBT | 23.20 | 36.18 | 54.20 | 70.07 | 52.09 | 10.14 | 2.74 |
| PAT | 21.94 | 32.08 | 49.91 | 59.78 | 42.20 | 5.77 | (7.85) |
| Margin % | 24.79% | 24.60% | 24.61% | 23.95% | 17.14% | 2.75% | -4.11% |
| Average Exchange rate (for the year) | ^ \$: Rs.44.24 | ^^ \$: Rs.45.25 | ^^^ \$: Rs.40.40 | ^^^^ \$: Rs.45.65 | ^^^^^ \$: Rs.47.64 | ^^^^^^ \$: Rs.45.47 | ^^^^^^^ Rs.47.51 |



GREAT OFFSHORE

GREAT OFFSHORE LIMITED

Registered Office: Energy House, 81, Dr. D. N. Road, Mumbai - 400 001

ATTENDANCE SLIP

| | |
|-------|--|
| DP ID | |
|-------|--|

| | |
|-------|--|
| Folio | |
|-------|--|

| | |
|-----------|--|
| Client ID | |
|-----------|--|

| | |
|---------------|--|
| No. of Shares | |
|---------------|--|

NAME OF THE MEMBER: _____

NAME OF THE PROXY : _____

I hereby record my presence at the Seventh Annual General Meeting of the Company held on **Monday, September 24, 2012 at 11.00 a.m. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kaala Ghoda, Mumbai – 400 001.**

Signature of Proxy

Signature of Member

Notes: A Member / Proxy attending the meeting must complete this Attendance slip in legible writing and hand it over at the entrance. **Sign at appropriate place as applicable to you.**

Tear here



GREAT OFFSHORE

GREAT OFFSHORE LIMITED

Registered Office: Energy House, 81, Dr. D. N. Road, Mumbai - 400 001

PROXY FORM

| | |
|-------|--|
| DP ID | |
|-------|--|

| | |
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| Folio | |
|-------|--|

| | |
|-----------|--|
| Client ID | |
|-----------|--|

| | |
|---------------|--|
| No. of Shares | |
|---------------|--|

I/We _____ of _____
in the district of _____ being a member/members of Great Offshore
Limited hereby appoint _____ of _____ in the
district of _____ or failing him/her _____
of _____ in the district of _____ as
my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company held
on Monday, September 24, 2012 at 11.00 a.m. or at any adjournments thereof.

Signed this _____ day of _____ 2012

Affix
Re 1
Revenue
Stamp

Signature of Member
(Sign across the stamp)

Notes: The Instrument of proxy duly stamped, signed, and completed, must be deposited at the Registered Office of The Company not later than 48 hours before the commencement of the meeting. The Proxy need not be a member of the Company.

Tear here

Important Communication to Shareholders

The Ministry of Corporate Affairs, Government of India (MCA) has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. The MCA through its circular dated April 21, 2011 and April 29, 2011 has allowed the companies to send documents to their shareholders electronically.

Great Offshore is concerned about the environment and utilizes natural resources in a sustainable way. Recognizing the spirit of the circulars issued by the MCA and to support this Green Initiative, we propose to send documents like the Notice convening the general meetings, financial statements, Directors' Report, Auditors' Report, etc to the email address provided by you / registered with your depository or with the Company / Share Transfer Agent (RTA).

We request you to kindly register / update email address with your Depository Participant (DP) / Depository and in case of shares in physical form, with the Company / RTA by sending a request at investor_services@greatoffshore.com, mentioning folio number, name (same as appears on share certificate) and contact details.

Physical copy of aforesaid documents will be provided upon receipt of request from shareholders free of cost. Further, the documents being sent to members of the Company from time to time shall be posted on the Company's website www.greatoffshore.com.

NOTES

[illegible]

AWARDS & ACCOLADES



GREAT OFFSHORE



Samudra Manthan Awards 2011
'Life Time Achievement' - Shri Soli Engineer, Director
Great Offshore Limited.



Samudra Manthan Awards 2011
'Diversified Ship Owner of the Year'
Great Offshore Limited.



SMP Leadership & Excellence Awards 2012
'Outstanding Achievement Innovation' - Shri Soli Engineer, Director
Great Offshore Limited.



Samudra Manthan Awards 2011
'Salvage Company of the Year'. Great Offshore Limited.

