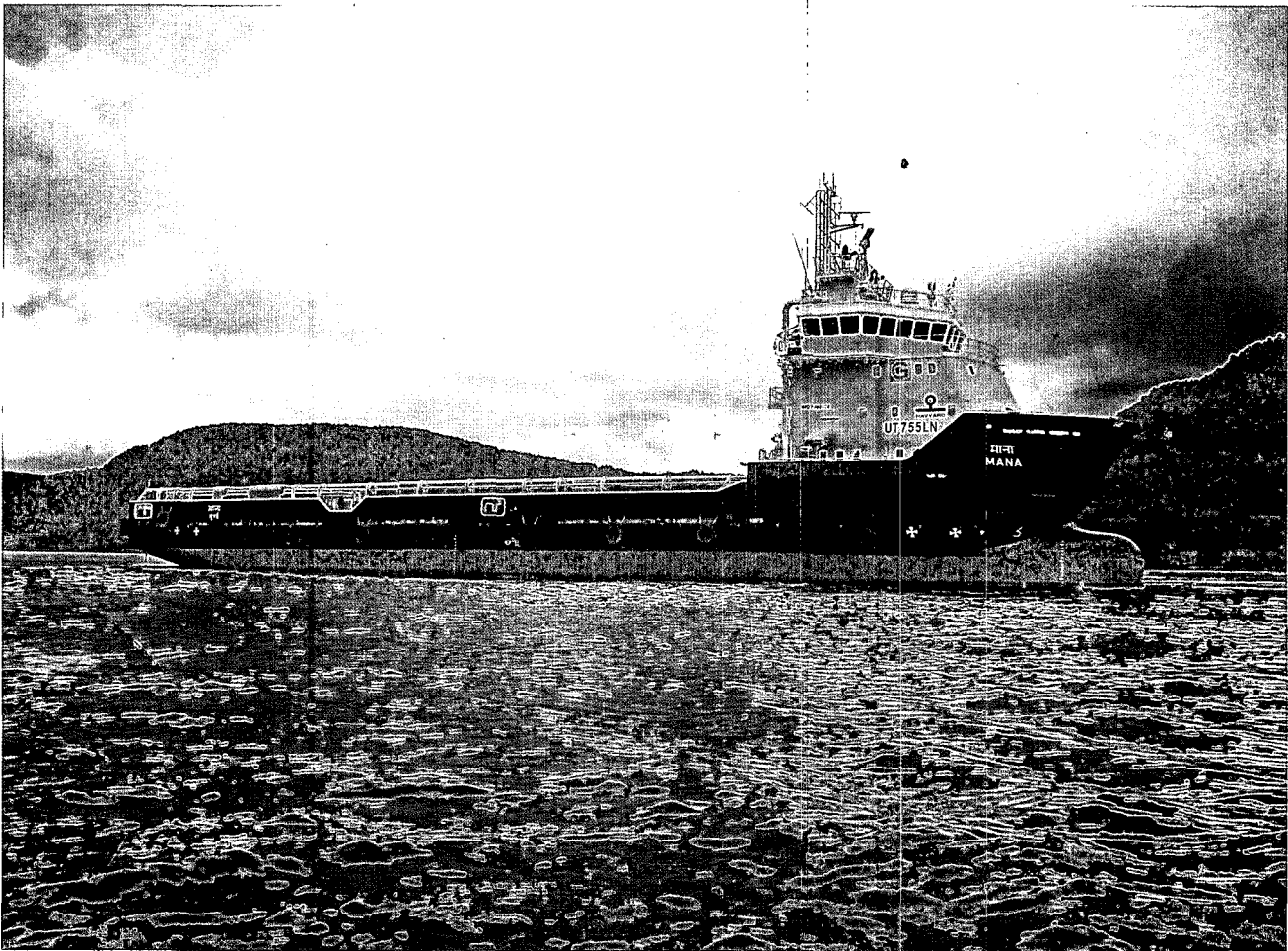


Garware Offshore Services Limited



Glory to God alone be given



ASTUNGA *Mana serving the North Sea oil rigs*

Thirty second Annual Report 2009-2010

BOARD OF DIRECTORS	ASHOK GARWARE — M.A. (Cantab) (Executive Chairman)
	ADITYA GARWARE — M.B.A. (Vice Chairman & Managing Director)
	MANEESHA SHAH (nee GARWARE) — B.Com, L.L.B.
	D.J. THAKKAR — C.A.
	S.S. AGGARWAL — B.Sc. (New York University)
	DR. B.S. COOPER Ph.d. (Engineering) London
	A.K. THANAVALA — B.Com. (Hons), L.L.B., A.C.S.
	J.C. CHOPRA — M.A.
COMPANY SECRETARY	A.C.CHANDARANA B.Com., L.L.B., F.C.S.
PRESIDENT — COMMERCIAL	K.S. DAVE — B.Com. L.L.B.
PRESIDENT — FINANCE	S.P. AKOLKAR — M.M.S. (Finance)
HEAD — (HSSE & TRAINING)	Capt. VIPIN BAIJAL — Extra master, M.Sc., WMU, Malmo Sweden
PRESIDENT — MARKETING	Capt. D. L. MATHUR — Master Foreign Going Shipping Mgt.
PRESIDENT — OPERATIONS	Capt. S. SARKANGO — Master Mariner
GENERAL MANAGER — FINANCE & ACCOUNTS	P.S. SHAH — B.Com.
GENERAL MANAGER — TECHNICAL	K.K. AGGARWAL — Marine Engineer
GENERAL MANAGER — TECHNICAL	Z.R. MEHTA — First Class Engineer (Motor)
BANKERS	DVB Group Merchant Bank (Asia) Ltd. State Bank of India State Bank of Travancore United Bank of India State Bank of Hyderabad
AUDITORS	MESSRS. RAMAN S. SHAH & ASSOCIATES (Chartered Accountants)
REGISTERED OFFICE	Chander Mukhi, Nariman Point, Mumbai - 400 021
BRANCHES	Goa, Pondicherry, Chennai.
REGISTRAR AND SHARE TRANSFER AGENT	BIGSHARE SERVICES PVT. LTD. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In spite of the effects of the global financial crises and deep economic contraction in F.Y. 2009, the year under review has been satisfactory.

Even though the "Spot Market" crashed in F.Y. 2010 leading to several vessels being "stacked away", the Company remained unaffected to a great extent in view of its conservative approach of placing the majority of its vessels on long term contracts.

During the year, the company's wholly owned subsidiary in Singapore, took delivery of an accommodation work barge (AWB) with 300 person capacity and 300 T crane and a 60 T anchor handling tug cum supply vessel (AHTSV). These are named "Beau Geste" and "M.V. Shergar" respectively. Both these assets are on bareboat charter with an option to buy after year 2 and year 1 respectively.

Compared to F.Y. 2009, on standalone basis, in spite of the adverse trading conditions, the –

- Income from operations was up about 12%;
- EBIDTA was up by 22%;
- Cash profit was up by 19.3%
- Profit after tax was up by 1.4%.

The above growth has been possible due to increase in fleet size. The earnings from vessels added in Mar, 2009 are reflected in F.Y. 2010. However, the strengthening of the rupee against the dollar did have an adverse effect on the income & profitability figures as most of the Company's contracts are denominated in dollars.

The Company sold one of its older Platform Supply Vessel (PSV) during F.Y. 2010.

Availability and access to energy are considered as catalysts for economic growth. According to the eleventh plan, the economy is envisaged to grow at 9%. This growth cannot be achieved without a commensurate increase in the availability of commercial energy sources. Though the share of commercial energy in total primary energy consumption rose from 59.7% in 1980–81 to 72.6% in 2006–07, India's per capita energy consumption is one of the lowest in the world.

The balance of recoverable oil reserves as of Apr-2006 is around 1,653 million tonnes (Directorate General of Hydrocarbon, DGH 2005–06 report), which can sustain the current level of production for the next 35 years. The current level of production caters to 26% of the petroleum products demand and the balance oil requirements are met by imports. The current level of natural gas production in the country is also inadequate to meet the demand.

LNG imports since 2004–05 have been able to bridge the gap partially. The situation is likely to improve once production starts from Krishna–Godavari (K–G) basin reserves in time to come.

Though the share of oil and gas has been progressively increasing over the years, coal continues to be the dominant fuel in the total energy use in the country.

Our country's dependence on imports is growing. India imported 13.4% of coal requirement and 73.4% of oil and product needs. Net imports of 132 million tonnes of oil equivalent in 2006-07 covers import of 95.43 mt of crude oil and petroleum products, 44.29 mt (million tonnes) of coal and 5 mt of LNG.

India needs to eliminate shortage of energy supply and enhance the availability of commercial energy resources to sustain the projected 9% economic growth in the eleventh plan period.

Domestic production of crude is likely to increase to around 40 mt in the final year of the eleventh plan representing a modest increase from the current level of about 34 mt. By the end of the eleventh plan, the domestic production is expected to cater to only around 28% of the projected petroleum products demand of 145 mt.

Domestic production of natural gas in the final year of the eleventh plan is likely to be 63.23 bcm, which will be around 100% higher than the current level of production. This increase in gas production will be mainly from K–G basin production of 40 million standard cubic metres per day (MSCMD).

The eleventh plan envisages bringing more and more acreage under exploration especially those in the frontier areas/ basins, adoption of state-of-the-art exploration and production (E&P) technology, faster development of discovered reserves, development of marginal fields, and continuation of ior/eor schemes. These efforts would lead to a projected total crude oil production of 206.76 million tonnes against the actual production of 166.56 million tonnes during the tenth plan. Similarly, the projected gas production will be 255.76 bcm against the tenth plan production of 159.06 bcm.

Considering the continuing gap between the demand and indigenous production of crude oil and natural gas and low crude oil reserves replenishment, national oil companies and private companies are being encouraged to venture abroad.

From the above, we can conclude that the consumption of oil is on increasing trend due to various emerging opportunities, resulting in increased exploration and production activities thereby creating a demand for offshore support vessels.

According to analysts, there is likely to be an increase in the E&P spending due to increased cash flow on account of higher than budgeted oil price and upward stability in oil price. However, two factors could put pressure on margins of the Company - increase in supply of vessels and in the event we see "failures" in Europe this could lead to "violent swings" in the price of oil which will again reduce the E&P spending and as a result, the demand for vessels.

Your company is always exploring the acquisition of new assets and accordingly has placed an order for a state-of-the-art large PSV, scheduled to be delivered by end of Dec-2010 or early Jan-2011.



NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Garware Offshore Services Limited will be held on Monday, 28th June, 2010 at 9.30 A.M., at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Dr. B.S. Cooper who retires by rotation and being eligible, offers himself for re-election.
4. To note that Mr. D.J. Thakkar, Director who retires by rotation is not standing for re-election.
5. To re-appoint M/s. Raman S. Shah & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration:

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office:

Chander Mukhi,
Nariman Point, Mumbai – 400 021

Date: 21st May, 2010

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The Register of Members and Share Transfer books of the Company will remain closed from 22.06.2010 to 28.06.2010 (both days inclusive).

For the Convenience of Members, an attendance slip is annexed to the Proxy form. Members are requested to fill in and append their signatures at the space provided therein and hand over the attendance slip at the entrance of the place of the Meeting. Proxy / Representative of a Member should mark on the attendance slip as 'Proxy' or 'Representative' as the case may be. Members are also requested not to bring with them any person, who is not a Member / Proxy.

Members are requested to notify the change in Bank details, address, if any, immediately, quoting their Client ID No./ Folio No., Number of Shares held, etc. to the Company's Share Transfer Agents, 'M/s Bigshare Services Pvt. Ltd.'.

Members holding shares in identical order of names in more than one Folio are requested to write to the Company's Registered Office and / or Share Transfer Agent, and send their Share Certificates to enable Consolidation of their holding into one Folio.

All enquiries and Correspondence regarding Transfer/Transmission of Shares, Dematerialisation, etc. should be addressed to Registrars and Share Transfer Agents of the Company, M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

REQUEST TO THE MEMBERS:

1. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least Ten (10) working days in advance of the Annual General Meeting so as to enable the Company to keep the information ready. Only the information which could be furnished will be given to the Members.
2. Members are requested to bring their Copy of the Annual Report to the Meeting.

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

Name of Director	Dr. B S. Cooper
Date of Birth	12.10.1930
Date of Appointment on Board	22.05.2004
Qualifications	Ph.d. (Engineering), London
Expertise in Functional Area	Professional
No. of Shares held in the Company (as on 21.05.2010)	NIL
List of Directorships held in other Companies	NIL
Chairman/Member of Committee of the Board of other Companies in which he is a Director	NIL

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office:

Chander Mukhi,
Nariman Point, Mumbai – 400 021

Date: 21st May, 2010

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2010

**TO,
THE MEMBERS,**

Your Directors are pleased to present their report as under :

FINANCIAL RESULTS :

	Year ended March 31, 2010	Year ended March 31, 2009
		(Rs. in Crores)
Income from Operations	181.48	162.24
Other Income	7.19	3.30
Gross Income	188.67	165.54
Expenses for the year	80.40	76.34
Operating Profit	108.27	89.20
Interest & Finance charges	30.89	25.49
Profit Before Depreciation	77.38	63.71
Depreciation	34.09	22.90
Profit Before Tax	43.29	40.81
Provision for Taxation		
– Current Tax	2.38	0.30
– Fringe Benefit Tax	-	0.20
– Tax for earlier years written back	(0.08)	(0.06)
Net Profit After Tax	40.99	40.37
Cash Profit	75.08	63.27

FINANCIAL HIGHLIGHTS:

Income from Operations for the year ended on 31.03.2010 stood at Rs. 181.48 crores, as against Rs. 162.24 crores for the previous year, an increase of 11.86%

The Net Profit for the year ended 31.03.2010 stood at Rs. 40.99 crores as against Rs. 40.37 crores for the previous year.

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

OPERATIONS:

During the year under review, the Company sold its second hand Platform Supply Vessel 'M.V. Everest' in January, 2010. Presently Eight Vessels are on long term contract in India and the North Sea. Two Vessels are on a short term contract in the Far East.

The Curative Petition filed by the Company before the Hon'ble Supreme Court against Oil & Natural Gas Corporation Limited was dismissed, in spite of using the best legal talent in the Country.

DIVIDEND:

During the year under review, the Company has declared and paid two Interim Dividends @ 8% each aggregating to 16%.

Your Directors subject to the Shareholders approval, are pleased to recommend a Final Dividend of 7 %, for the year under review. Thus, the total Dividend for the year under review is 23%, as against 21 % for the previous year. The Final Dividend will be paid to the Shareholders, whose names appear on the Register of Members as on 28.06.2010.

The total cash outflow on account of Dividend and Tax thereon (including Interim Dividends) amounts to Rs.6.40 crores (previous year Rs 5.85 crores).

EXPANSION / DIVERSIFICATION:

The delivery of the Company's latest acquisition- a "State of the Art", Large Platform Supply Vessel having a dead weight of 4315 tons is expected to be delivered in the month of December 2010/January, 2011.

FUTURE OUTLOOK:

Even though the price of Oil appeared to have stabilized during the last quarter of the year under review, the very recent global adverse conditions resulted in downfall of the Oil prices owing to which the Offshore Supply Vessel market continues to experience some wild fluctuations in charter rates. The vessels in the spot markets of North Sea and Singapore have been faced with idle time and on certain occasions, low charter rates. However, since the majority of the Company's vessels are on long term contracts, these fluctuations do not greatly affect your Company. The Company is hopeful that the situation for the vessels in the Spot Market (two AHTSVs in the Far East) will improve as the world sees more and more exploration efforts by Exploration & Production (E&P) companies in view of rise in the price of Oil. The Company will continue to look at the possibility of acquiring additional vessels / assets within the Offshore Sector.

WHOLLY OWNED SUBSIDIARY (WOS) AT SINGAPORE:

The Wholly Owned Subsidiary of the Company viz., Garware Offshore International Services Pte. Ltd., (GOISPL) has made a Profit of USD 0.106 million during the year under review.

GOISPL has taken the delivery of 'M.V. Shergar' (an Anchor Handling Tug cum Supply Vessel) and 'M.V. Beau Geste' (an Accommodation Work Barge) on a long term "Bare boat, Charter basis". These assets were delivered to the Company in August 2009, and are presently working in the Middle East and India respectively. (as on 31.03.2010)

The Directors' Report, Auditors' Report and Audited Accounts of GOISPL for the year ended 31.03.2010 are enclosed pursuant to provisions of Section 212 of the Companies Act, 1956.

LISTING FEES TO STOCK EXCHANGES:

The Company has paid the Listing Fees for the year 2010-11 to Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures (save and except as stated in the Directors' Report) have been made from the same.
- b) That they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the year and the Profit of the Company for that year ended as on 31.03.2010.
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of the Companies Act, 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That they have prepared the Annual Accounts on a going concern basis.

INSURANCE :

All the Vessels owned and operated by the Company have been insured for Hull & Machinery, War Risks and Protection & Indemnity (P & I) claims. The vessels that transit through the Gulf of Suez and Malacca Straits are also insured for piracy, kidnapping and ransom. The crew on all the vessels are also covered under (P & I) insurance.

FIXED DEPOSITS:

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

DIRECTORATE:

Mr. D.J. Thakkar and Dr. B.S. Cooper, Directors of the Company retire by rotation Dr. B.S. Cooper offers himself for re-election. Members are requested to re-elect him. Mr. D.J. Thakkar, retires by rotation and is not standing for re-election.

AUDITORS:

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

GARWARE OFFSHORE SERVICES LIMITED

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

PERSONNEL:

The relations with all Employees of the Company, both Shore and Floating Staff have been extremely cordial. Your Directors wish to express their appreciation of the services rendered by the devoted Employees.

PARTICULARS OF EMPLOYEES:

Statement of Particulars of Employees as required by the Provisions of Section 217(2A) of The Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report is annexed here to as Annexure 'I'.

DEMATERIALISATION OF SHARES:

The Company's shares continue to be traded in Electronic Form.

CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENT:

The Board wish to thank the Office of Directorate General of Shipping, Mercantile Marine Department, Shipping Master, Indian Register of Shipping, DNV, ABS, State Bank of India, DVB Group Merchant Bank (Asia) Ltd., Singapore, State Bank of Travancore, United Bank of India and State Bank of Hyderabad for their continued support and co-operation during the year.

On Behalf of the Board

Place : Mumbai
Dated : 21st May, 2010

ASHOK GARWARE
CHAIRMAN

ANNEXURE – I TO DIRECTORS' REPORT

Statement of 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 and forming part of the Directors' Report for the year ended 31.03.2010.

Sr. No.	Name	Qualification	Designation / Nature of Duty	Experience	Date of Commencement of Employment	Remuneration	Age	Last employed
1.	Ashok B. Garware	M.A.(Cantab)	Executive Chairman	48years	01.07.2007	2,48,14,804	71 years	Garware Shipping Corporation Limited
2.	Aditya A. Garware	M.B.A.(U.S.A.)	Vice Chairman & Managing Director	14 years	01.02.2009	2,23,80,730	39 years	Garware Goa Nets Limited
3.	Capt. Shailesh Sarkango	Master Mariner	Vice President HSSE	23 years	18.1.2006	47,73,760	48 years	Great Eastern Shipping Co. Limited
4	K.K.Aggarwal	Marine Engineer	General Manager – Technical	21 years	26.04.2006	37,69,691	52 years	Safetech Marine Supply-LLC, Dubai
5	S.P. Akolkar	B.Sc. (Phy), M.M.S. (Finance)	President (Finance)	17 years	01.10.2006	34,46,789	42 years	GTL Limited
6.	A.C. Chandarana*	B.Com, L.L.B., FCS	Company Secretary	17 years	01.07.2009	19,46,284	43 years	Garware Marine Industries Limited
7.	Capt. Deepak Mathur	Master Foreign Going Shipping Mat.	President(Marketing)	33 years	19.04.2007	52,32,389	51 years	NICO Middle East
8.	Z.R.Mehta	First Class (Motor)	General Manager – Technical	23 years	08.10.2007	36,99,176	46 years	Great Offshore Limited
9.	Capt.V.Baijal	Extra Master M.Sc (Maritime Safety Admn.) WMU Malmo, Sweden	Head – HSSE & Training	35 years	17.03.2008	34,29,842	54 years	Dipti Nautical Adviser
10.	V.P. Mohile*	MOT Class- I(M)	Assistant General Manager	26 years	01.12.2009	10,95,200	49 years	Chellaram Shipping Pvt. Limited
11.	C.V. Ramachandran*	B.Com, L.L.B, FCS, DTM, DIPA.	Company Secretary & President (Legal & Admn.)	27 years	01.09.2001	10,95,524	73 years	Garware Marine Industries Limited

* Part of the year

Notes:

- 1) The nature of employment of above employees is contractual.
- 2) Remuneration includes Salary, Perquisites, Commission, Contribution to P.F.
- 3) As on 31.03.2010, Mr. Ashok B. Garware holds 2,01,292 Equity Shares being (0.86%) and Mr. Aditya A. Garware holds 6,82,587 Equity Shares being (2.87%) of the Company.

ANNEXURE TO DIRECTORS' REPORT

STATEMENT REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER CLAUSE (e) OF SUB-SECTION (1) OF SECTION 217 OF THE COMPANIES ACT, 1956.

Item No.	Particulars	
A.	CONSERVATION OF ENERGY	
	(a) Measures Taken	Being Offshore Company, taking of Energy Conservation measures does not arise.
	(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption.	Nil
	(c) Impact of the Measures (a) and (b) above and consequent Impact on Cost of Production.	Not Applicable
	(d) Total energy consumption and consumption per Unit of production in Form 'A'.	Not Applicable
B.	TECHNOLOGY ABSORPTION	
	(e) Efforts made in Technology absorption.	As per Form "B" enclosed
C.	FOREIGN EXCHANGE EARNINGS AND OUTGO	
	(f) Activities relating to exports, initiative taken to increase exports, development of New Export market for product and services and export plans.	Nil
	(g) (a) Foreign exchange earned and saved (on account of freight, charter hire, earnings etc.) including deemed earnings.	Rs. 16604.16 lacs
	(b) Foreign exchange used including Operating expenses, Standby expenses, Capital repayment, down payments for acquisition of Ships and interest payment.	Rs. 7022.96 lacs

FORM "B"

(SEE RULE - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.	: None
2. Benefits derived as a result of the above R & D.	: Not Applicable
3. Future Plan of Action.	: None
4. Expenditure on R & D	
a) Capital	: Nil
b) Recurring	: Nil
c) Total :	: Nil
d) Total R & D Expenditure as a Percentage of Total Turnover Technology absorption, adaptation and innovation.	: Nil
1. Efforts in brief, made towards technology absorption, adaption and innovation.	: None
2. Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.	: Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.	: Not Applicable
a) Technology Imported	-
b) Year of Import	-
c) Has technology been fully absorbed ?	-
d) If not fully absorbed, Areas where this has not taken place, reasons therefore and future plans and actions.	-

On Behalf of the Board

Place : Mumbai
Dated : 21st May, 2010

ASHOK GARWARE
CHAIRMAN



REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS :

The Board of Company comprises of Professionally Well-Qualified Individuals and consists of Eight Members. Mr. Ashok Garware is the Executive Chairman and Mr. Aditya Garware is the Vice Chairman and Managing Director of the Company. All other Directors are Non-Executive.

During the financial year under review 6 Board Meetings were held as detailed below. The maximum time gap between two Board Meetings did not exceed 4 months.

Sr. No.	Dates of the Meeting
i)	29 th April, 2009
ii)	29 th June, 2009
iii)	21 st July, 2009
iv)	18 th August, 2009
v)	20 th October, 2009
vi)	22 nd January, 2010

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM	Remarks	No. of Other Directorship (including Private Company)	No. of Other Committee Directorship	
					Chairman	Member
Mr. Ashok Garware (Chairman)	6	Yes	Whole Time Director	10	—	—
Mr. Aditya Garware Vice Chairman & Managing Director	6	Yes	Whole Time Director	13	—	2
Mrs. Maneesha Shah (nee Garware)	3	Yes	Non-Whole Time Director	7	—	—
Mr. Shamsunder Aggarwal	5	Yes	Independent Director	8	—	—
Mr. A.K. Thanavala	6	Yes	Independent Director	—	—	—
Dr. Burjor Cooper	5	Yes	Independent Director	—	—	—
Mr. J.C. Chopra	6	Yes	Independent Director	4	2	—
Mr. D.J. Thakkar	2	No	Independent Director	23	5	5

The Directors were paid sitting fees of Rs. 20,000/ for each meeting of the Board of Directors attended by them during the year under review.

As stipulated under Clause 49 (I) (C) of the Listing Agreement, none of the Director is a Member of more than 10 Committees or a Chairman of more than 5 Committees across all the companies in which he is a Director. (Committees being Audit Committee and the Shareholders' Grievance Committee)

Mr. Ashok Garware and Mr. Aditya Garware were paid remuneration as details given below:

Particulars	Mr. Ashok Garware (Rs.)	Mr. Aditya Garware (Rs.)	Total (Rs.)
Salary	1,67,52,000	1,25,33,333	2,92,85,333
Leave encashment	0	10,00,000	10,00,000
Commission	71,50,000	58,50,000	1,30,00,000
Monetary value of perquisites	1,92,804	10,09,397	12,02,201
Ex Gratia	7,20,000	5,00,000	12,20,000
Contribution to P.F.	0	14,88,000	14,88,000
Total	2,48,14,804	2,23,80,730	4,71,95,534

2. AUDIT COMMITTEE:

Composition:

The Company's Board of Directors has constituted an Audit Committee comprising of Non-Executive and Independent Directors. The Members of this Committee are well versed with Finance & Accounts / Legal matters and general business practices.

The Company Secretary acts as a Secretary to the Committee.

Terms of Reference:

The Committee is involved in reviewing various matters including Consolidated/Standalone Audited/Un-Audited Financial Results for the year/quarter ended of the Company and its Subsidiary, Investments made by the Company, Compliance with Listing Agreement, Accounting Standards and other requirements relating to financial statements, reviewing of Management Discussion and Analysis Report and Directors' Report.

Meetings:

Five Audit Committee Meetings were held during the financial year 2009-2010 as detailed herein below: -

Date of Audit Committee Meetings	Name of the Members of Audit Committee & Attendance			
	Mr. A.K. Thanavala (Chairman)	Mrs. Maneesha Shah	Mr. Shamsunder Agarwal	Dr. B.S. Cooper
29.04.2009	✓	—	✓	✓
21.07.2009	✓	—	✓	—
18.08.2009	✓	✓	✓	✓
20.10.2009	✓	✓	—	✓
22.01.2010	✓	✓	✓	✓

3. SHARE TRANSFER COMMITTEE:

Composition:

The Share Transfer Cum Investor Grievance Committee consists of Mr. Ashok Garware, Chairman, Mr. Aditya Garware Mrs. Maneesha Shah and Mr. J.C. Chopra (appointed w.e.f. 29th April, 2009) as Members.

Meetings:

The Company Secretary, Mr. A. C. Chandarana is appointed as Compliance Officer. The Committee meets once a fortnight to approve, inter alia, transfer/transmission of shares, issue of duplicate shares and consolidation of shares. The Committee also reviews the status of investor grievances and the Company's redressal mechanism and recommends measures to improve the quality of services to investor.

Terms of Reference:

The Committee inter alia, approves transfer of shares, issue of Duplicate Share Certificates and also reviews matters related with Securities including redressal of Investors' /Shareholders' complaints related to non-receipt of declared dividend, transfer of shares, non-receipt of Annual Reports, non receipt of duplicate share certificates.

4. GENERAL BODY MEETINGS:

The details of the date, time and location for the last three Annual General Meetings (AGM) including Extra-ordinary General Meeting (EGM) are as follows:

Financial Year	Date	Time	Location
2008-2009	29 th September, 2009	9:30 A.M.	"Amar Gian Auditorium", Lala Lajpatrai College, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034.
2007-2008	5 th September, 2008	9:30 A.M.	"Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034.
2006-2007	11 th May, 2007	9:30 A.M.	"Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034.

No special Resolution was passed in previous three Annual General Meetings.

Postal Ballot:

No Postal Ballots were used for voting at these meetings. Further there is no item on the agenda of the ensuing Annual General Meeting that needs approval by postal ballot.

5. DISCLOSURE:

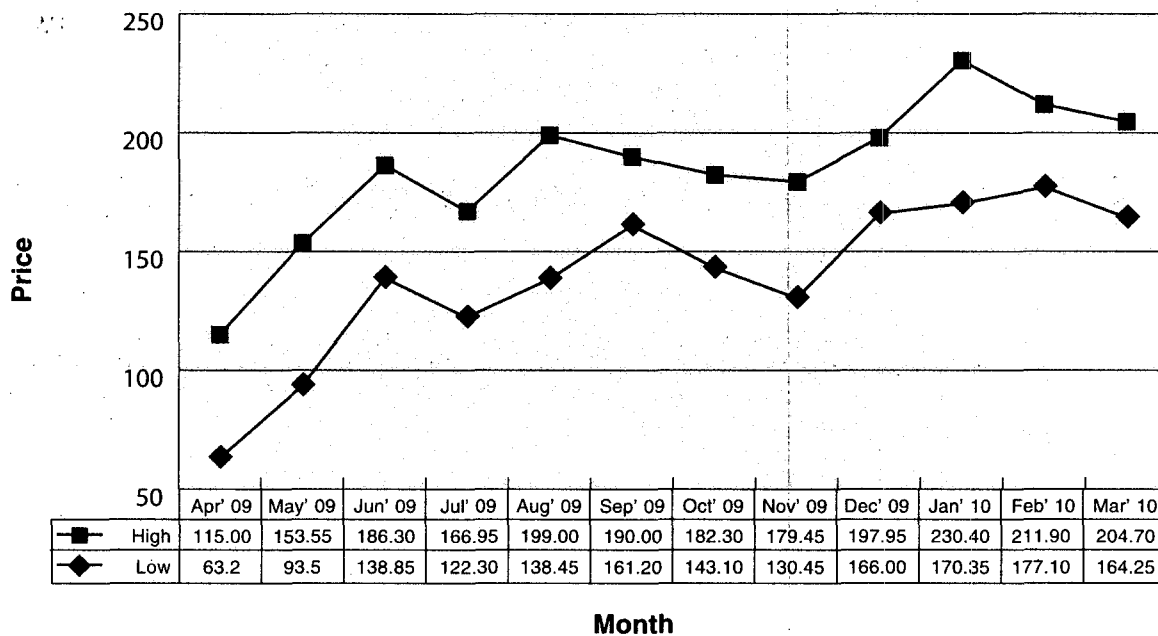
There were no Related Party Transactions, which had potential conflict with the interest of the Company at large.

6. SHARE PRICE – HIGH AND LOW ON THE BOMBAY STOCK EXCHANGE LTD.& NATIONAL STOCK EXCHANGE OF INDIA LTD. FOR THE YEAR ENDED 31ST MARCH, 2010.

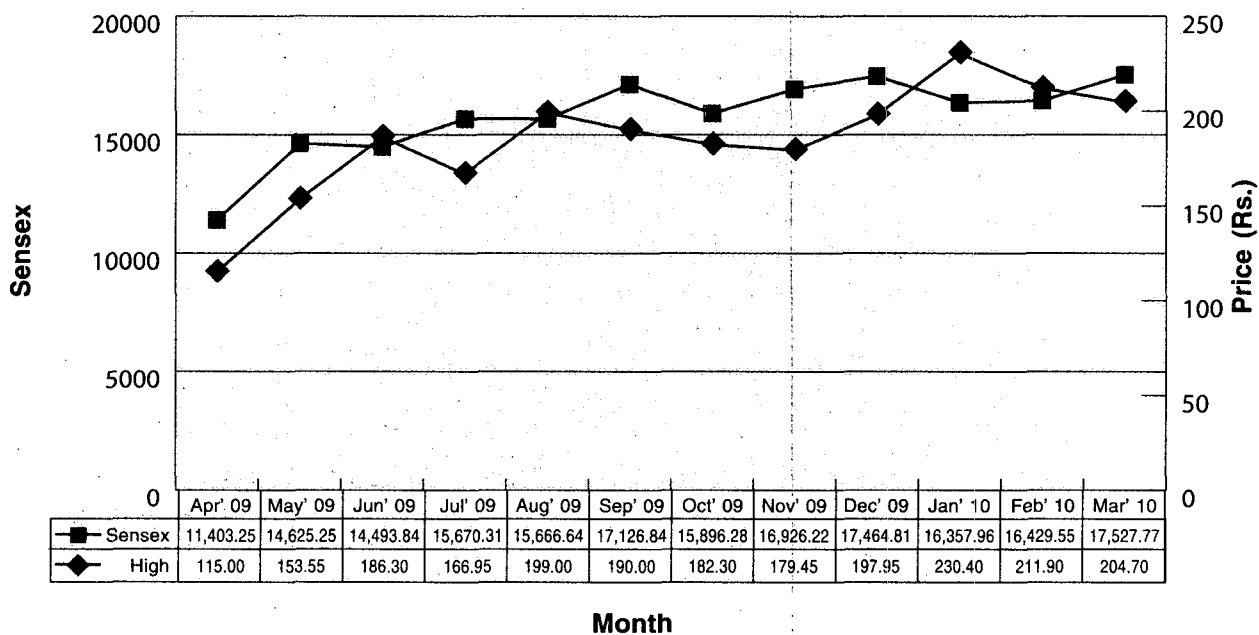
Month	BSE	
	April, 2009	115.00
May, 2009	153.55	93.50
June, 2009	186.30	138.85
July, 2009	166.95	122.30
August, 2009	199.00	138.45
September, 2009	190.00	161.20
October, 2009	182.30	143.10
November, 2009	179.45	130.45
December, 2009	197.95	166.00
January, 2010	230.40	170.35
February, 2010	211.90	177.10
March, 2010	204.70	164.25

Month	NSE	
	High	Low
April, 2009	116.00	63.25
May, 2009	152.50	94.00
June, 2009	184.90	137.85
July, 2009	166.00	121.00
August, 2009	200.15	137.20
September, 2009	194.00	160.05
October, 2009	182.50	142.00
November, 2009	177.95	130.00
December, 2009	193.00	165.70
January, 2010	230.40	169.10
February, 2010	211.00	166.60
March, 2010	208.90	160.00

Share Price – High & Low on BSE



Garware Offshore Services Ltd. – Sensex v/s Price Chart



7. GENERAL SHAREHOLDER INFORMATION:

32ND AGM : Date Time Venue	28 th June, 2010 9:30 A.M. Garware Sabhagriha", F.P.H. Building, 5 th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034.
Financial Year	The Company follows April-March as its financial year. The Unaudited results for every quarter are declared in the month following the quarter.
Date of Book closure/Record Date	For 2009-2010: 22 nd June, 2010 to 28 th June, 2010 (both days inclusive)
Dividend Payment Date (proposed)	5 th July, 2010
Listing on Stock Exchanges	The Company's shares are presently listed on the Bombay Stock Exchange Ltd. (BSE), The National Stock Exchange of India Limited (NSE)
Stock Code	1. Bombay Stock Exchange Ltd. 501848 2. The National Stock Exchange of India Ltd. GARWOFFS
Demat ISIN Number for NSDL & CDSL:	INE 446C01013
Registrar and Transfer Agents	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel : 022 – 2857 3108 / 2847 0652 / 2847 0652 Fax 022- 2847 5207 Email: bigshare@bom7.vsnl.net.in, Website: www.bigshareonline.com
Auditors' Certificate on Corporate Governance	As required under the provisions of Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an annexure to the Directors' Report.
Distribution of Shareholding & Category-wise distribution	Please Refer Annexure A
Dematerialisation of shares and liquidity	As on 31 st March, 2010, 94.52 % of total paid up Equity Share Capital has been Dematerialised.
The Quarterly Unaudited Financial Results were published in	English – Times of India & Free Press Journal Marathi – Maharashtra times & Navshakti Website : www.garwareoffshore.com
GDRS / ADRS	Not Applicable.
Address for Correspondence	Garware Offshore Services Ltd. Chander Mukhi, Nariman Point, Mumbai – 400 021. Tel : 022-2202 0745 / 2202 8398 Fax: 022-2202 9964 Email : agarware@gmail.com
Email address for Investor Complaints	investorredressal@garwareoffshore.com

8. CODE OF CONDUCT:

Pursuant to Clause 49 of the Listing Agreement, the Company has prescribed and affirmed Code of Conduct for the Board of Directors and Senior Management of the Company.

A Declaration duly signed by Vice Chairman & Managing Director is obtained by the Company.

9. CEO/CFO CERTIFICATION:

The Company has obtained from the Managing Director and President (Finance), a Certificate Pursuant to Clause 49(V) of the Listing Agreement.

On Behalf of the Board

ASHOK GARWARE
Chairman

ANNEXURE "A"

THE DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 14th MAY, 2010, IS AS FOLLOWS:

NO. OF EQUITY SHARES HELD	NO. OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NO. OF SHARES	% OF TOTAL PAID UP CAPITAL
1 - 1	314	1.31	314	0.00
2 - 5000	22,581	94.12	23,32,414	9.79
5001 - 10000	589	2.46	4,67,000	1.96
10001 - 20000	234	0.98	3,48,772	1.47
20001 - 30000	68	0.28	1,78,603	0.75
30001 - 40000	34	0.14	1,20,755	0.51
40001 - 50000	34	0.14	1,58,976	0.67
50001 - 100000	58	0.24	4,31,740	1.81
100001 - 99999999	79	0.33	1,97,80,519	83.04
TOTAL	23,991	100.00	2,38,19,093	100.00

SHAREHOLDING PATTERN AS ON 14th MAY, 2010 IS AS FOLLOWS :

Sl. No.	Category	No. of Shares Held	% of Total Paid up Capital
A)	Promoters Holding		
	• Individuals/HUFs	19,41,394	8.15
	• Bodies Corporates (Holding Co./Subsidiaries & Affiliates)	32,30,723	13.56
	• Foreign Promoters/Bodies Corporates	21,24,500	8.92
	Total – Promoters Holding	72,96,617	30.63
B)	Non-Promoters Holding		
	1. Institutional Investors :		
	a. UTI	3,200	0.01
	b. GIC & Subsidiaries	15,65,325	6.57
	c. Banks	12,100	0.05
	d. State Government	160	0.00
	e. Mutual Funds	30,200	0.13
	Sub Total	16,10,985	6.76
	2. Foreign Holding :		
	a. FII's/Foreign Investors	73,15,928	30.71
	b. NRIs	2,24,725	0.94
	Sub Total	75,40,653	31.65
	3. Other Bodies Corporates	22,38,006	9.40
	4. Indian Public	46,57,506	19.56
	5. Others-Trusts	4,75,326	2.00
	Total – Non Promoters Holding	1,65,22,476	69.37
	Grand Total	2,38,19,093	100.00

NOTE :

Total Foreign Shareholding (NRIs) is 96,65,153 shares i.e. 40.57%.



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members,
Garware Offshore Services Limited

We have examined the compliance of the conditions of Corporate Governance by Garware Offshore Services Ltd. (the Company) for the year ended 31st March, 2010 with the relevant Records and Documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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 expression of opinion on the financial statement of the Company.

We further 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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with in all material respects by the Company.

Based on the certificate received from share transfer agent of the Company and the minutes of share transfer and shareholders grievance committee, we hereby state that no investor grievance is pending for the period exceeding one month.

For **RAMAN S. SHAH & ASSOCIATES**
Chartered Accountants

Santosh A. Sankhe
Partner
M.No.100976

Place : Mumbai
Date : 21st May, 2010

AUDITORS REPORT

To,
The Members,
Garware Offshore Services Limited

We have audited the attached Balance Sheet of GARWARE OFFSHORE SERVICES LIMITED as at **31st March, 2010** and also the Profit and Loss Account for the year ended on that date and Cash Flow statement 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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 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 those books;
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet and Profit and Loss Account 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) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31st March, 2010; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
 - (iii) in the case of Cash Flow statement, of the cash flows of the Company for the year ended on that date.

**For RAMAN S. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 119891W**

**Santosh A. Sankhe
(Partner)
M. No. 100976**

Place : Mumbai
Date : 21st May, 2010

ANNEXURE TO AUDITORS REPORT

{Referred to in paragraph of our report of the even date}

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- 2 (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
(c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of stocks, as compared to book records.
- 3 (a) We are informed that the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of inventory and fixed assets and for rendering of services. During the course of our audit, no major weaknesses in internal control system has been noticed.
- 5 (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under section 301 of the companies act, 1956, have been so entered.
(b) According to the information and explanations given to us, the transactions made during the year in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, in the opinion of the management.
- 6 The Company has not accepted any deposits from the public. Hence the requirement of clause (vi) of paragraph 4 of the order is not applicable to the Company.
- 7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8 As informed to us, the maintenance of cost records have not been prescribed by the central government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- 9 (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities, any undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other statutory dues applicable to it.
(b) According to the records of the Company, there is no disputed dues pending in any forum in india for any disputed amount of Income Tax, Sales tax, Wealth-tax, Service tax, Custom duty, Excise duty, Cess etc.
- 10 There is no accumulated loss, nor has the Company incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 11 The Company has repaid all the dues regularly to the financial institutions and banks.
- 12 In our opinion and according to the information and explanation given to us, no loan and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a Chit fund, Nidhi or Mutual Benefit Society. Hence the requirements of item (xiii) of paragraph 4 of the Order is not applicable to the Company.

GARWARE OFFSHORE SERVICES LIMITED

- 14 Proper records have been maintained of the transactions and contracts of dealing or trading in shares, securities, debentures and other investments. Timely entries have also been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- 15 According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
- 16 The term loans raised by the Company during the year have been applied for the purpose for which they were obtained.
- 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 preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
- 19 The Company has not issued any secured debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the Company.
- 20 The Company has not raised any money by way of public issue during the year.
- 21 In our opinion and according to the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For RAMAN S. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 119891W**

**Santosh A. Sankhe
(Partner)
M. No. 100976**

**Place : Mumbai
Date : 21st May, 2010**



Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010 Rs. In Lacs		As at 31st March, 2009 Rs. In Lacs	
SOURCES OF FUNDS :					
I. Shareholders Funds					
(a) Share Capital	1	2,381.91		2,381.91	
(b) Reserves & Surplus	2	<u>24,054.92</u>	26,436.83	<u>20,623.54</u>	23,005.45
II. Loan Funds					
Secured Loans	3	<u>50,280.37</u>	50,280.37	<u>65,409.74</u>	65,409.74
TOTAL :			<u>76,717.20</u>		<u>88,415.19</u>
APPLICATION OF FUNDS :					
I. Fixed Assets					
(a) Gross Block	4	77,568.91		83,686.48	
(b) (Less) : Accumulated Depreciation		<u>9,346.03</u>		<u>7,361.91</u>	
(c) Net Block		68,222.88		76,324.57	
(d) Capital Work-in-Progress / Vessel Under Construction		<u>1,763.28</u>	69,986.16	<u>1,916.81</u>	78,241.38
II. Investments					
	5		289.02		132.69
III. Foreign Exchange Hedge Reserve					
			372.64		8,231.61
IV. Net Current Assets					
Current Assets, Loans & Advances					
(a) Stock	6	1,912.29		1,649.96	
(b) Sundry Debtors		2,991.78		3,289.01	
(c) Cash and Bank Balances		823.90		1,179.82	
(d) Loans and Advances		<u>2,169.35</u>		<u>1,051.54</u>	
		7,897.32		<u>7,170.33</u>	
Current Liabilities & Provisions					
(a) Current Liabilities	7	1,529.40		4,818.56	
(b) Provisions		<u>298.54</u>		<u>542.26</u>	
		1,827.94	6,069.38	<u>5,360.82</u>	1,809.51
Significant Accounting Policies					
Notes to accounts	12 13				
TOTAL :			<u>76,717.20</u>		<u>88,415.19</u>

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants
Firm Reg. No. 119891W

Ashok Garware
Executive Chairman

Aditya Garware
Vice Chairman &
Managing Director

A. K. Thanavala
Director

Santosh A. Sankhe
Partner
Membership No. 100976

P. S. Shah
GM - Finance & Accounts

S. P. Akolkar
President - Finance

A. C. Chandarana
Company Secretary

Place : Mumbai
Date : 21st May, 2010

Place : Mumbai
Date : 21st May, 2010

Profit & Loss Account for the year ended 31st March, 2010

	Schedule	Year Ended 31st March, 2009	Year Ended 31st March, 2009
		Rs. In Lacs	Rs. In Lacs
INCOME :			
I. Income from operations			
(a) Charter Hire		18,147.85	16,224.00
(b) Profit on sale of Vessel		—	107.36
		<u>18,147.85</u>	<u>16,331.36</u>
II. Other Income	8	718.86	222.34
TOTAL INCOME :		<u>18,866.71</u>	<u>16,553.70</u>
EXPENDITURE :			
(a) Fleet Operating Charges	9	5,863.46	5,124.99
(b) Establishment & Other Expenses	10	2,176.20	2,509.15
(c) Interest & Finance Charges	11	3,088.55	2,549.01
(d) Depreciation Charges		3,409.17	2,289.75
		<u>14,537.38</u>	<u>12,472.90</u>
PROFIT BEFORE TAX		<u>4,329.33</u>	<u>4,080.80</u>
Provision for Taxation			
Current Tax		238.00	30.00
Fringe Benefit Tax		—	20.50
Tax for earlier years written back		(7.56)	(6.41)
		<u>230.44</u>	<u>44.09</u>
PROFIT FOR THE YEAR AFTER TAX		<u>4,098.89</u>	<u>4,036.71</u>
Less : Prior period Depreciation		27.21	—
Less : Transfer to Tonnage Tax Reserve		1,000.00	1,000.00
Add : Surplus brought forward from Previous Year		4,536.44	2,584.96
AMOUNT AVAILABLE FOR APPROPRIATION		<u>7,608.12</u>	<u>5,621.67</u>
Appropriations:			
Transfer to General Reserve		500.00	500.00
Interim Dividend		381.11	404.93
Tax on Interim Dividend		64.77	68.83
Proposed Dividend		166.73	95.28
Tax on Proposed Dividend		27.69	16.19
		<u>1,140.30</u>	<u>1,085.23</u>
BALANCE CARRIED FORWARD TO BALANCE SHEET :		<u>6,467.82</u>	<u>4,536.44</u>
Significant Accounting Policies	12		
Notes to Accounts	13		
Earning Per Share:(Refer Note No. 12 of Schedule - 13)		Rs.	Rs.
Basic Earning Per Share		17.21	16.95
Diluted Earning Per Share		17.21	16.95

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants

Firm Reg. No. 119891W

Santosh A. Sankhe

Partner

Membership No. 100976

Place : Mumbai

Date : 21st May, 2010

Ashok Garware
Executive Chairman

P. S. Shah
GM - Finance & Accounts

Place : Mumbai

Date : 21st May, 2010

Aditya Garware
Vice Chairman &
Managing Director

S. P. Akolkar
President - Finance

A. K. Thanavala
Director

A. C. Chandarana
Company Secretary

Schedules forming part of Balance Sheet as at 31st March, 2010

Schedule : 1 Share Capital	As At 31st March, 2010 Rs. In Lacs	As At 31st March, 2009 Rs. In Lacs
A Authorised Capital :		
Equity Share Capital :		
3,20,00,000 Equity Shares of Rs. 10/- each	3,200.00	3,200.00
Preference Share Capital :		
1,50,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	150.00	150.00
1,50,000 Cumulative Convertible Preference Shares of Rs. 100/- each	150.00	300.00
Total	3,500.00	3,500.00
B Issued, Subscribed & Paid Up Capital :		
Equity Share Capital :		
2,38,19,093 Equity Shares of Rs. 10/- each (Previous year 2,38,19,093 Equity Shares of Rs. 10 each)	2,381.91	2,381.91
Total	2,381.91	2,381.91

Schedule : 2 Reserves & Surplus	As At 31st March, 2010 Rs. In Lacs	As At 31st March, 2009 Rs. In Lacs
A Securities Premium Account		
As per last balance sheet	7,650.01	7,650.01
B Shipping Reserve (Utilised)		
As per last balance sheet	1,388.93	1,388.93
(Less) : Transfer to General Reserve	1,388.93	—
C Tonnage Tax Reserves U/s. 115VT of Income Tax Act		
As per last balance sheet	1,000.00	1,000.00
(Add) : Transfer from Profit & Loss A/c	1,000.00	1,000.00
(Less) : Transfer to Tonnage Tax Reserve(Utilised)	—	1,000.00
D Tonnage Tax Reserve (Utilised)		
As per last balance sheet	1,772.00	772.00
(Add) : Transfer from Tonnage Tax Reserve	—	1,000.00
E General Reserves		
As per last balance sheet	4,276.16	3,776.16
(Add) : Transfer from Shipping Reserve Utilised	1,388.93	—
(Add) : Transfer from Profit & Loss A/c	500.00	500.00
F Profit & Loss Account	6,467.82	4,536.44
Total	24,054.92	20,623.54

GARWARE OFFSHORE SERVICES LIMITED

Schedules forming part of Balance Sheet as at 31st March, 2010

Schedule : 3	As At 31st March, 2010	As At 31st March, 2009
Secured Loans	Rs. In Lacs	Rs. In Lacs
Loans from Banks (See Note No 2 of schedule 13)		
A Term Loans for Acquisition of Vessels	43,883.42	60,577.86
B Other Term Loans	5,471.95	3,471.62
C Car Finance Loans	26.61	44.15
D Working Capital Facilities	898.39	1,316.11
Total	50,280.37	65,409.74

Schedule : 4
Fixed Assets

Particulars	Gross Block				Depreciation					Net Block	
	As at	Additions	Deductions	As at	As at	For the	Prior	Deduction	As at	As at	As at
	01/04/2009	During the	During the	31/03/2010	01/04/2009	Year	Period		31/03/2010	31/03/2010	31/03/2009
Fleets	83,433.32	1,791.03	9,371.20	75,853.15	7,240.81	3,335.13	0.00	1,378.67	9,197.27	66,655.88	76,192.51
Office Premises	0.00	1,279.44	0.00	1,279.44	0.00	5.09	0.00	0.00	5.09	1,274.35	0.00
Furniture & Fixtures	4.97	121.00	0.00	125.97	4.57	2.31	(0.13)	0.00	6.75	119.22	0.40
Office Equipments	24.82	15.80	0.00	40.62	15.63	9.46	(8.10)	0.00	16.99	23.63	9.19
Motor Vehicles	177.23	102.10	73.59	205.74	71.55	38.74	44.70	73.59	81.40	124.34	105.68
Computers	46.14	17.85	0.00	63.99	29.35	18.44	(9.26)	0.00	38.53	25.46	16.79
TOTAL	83,686.48	3,327.22	9,444.79	77,568.91	7,361.91	3,409.17	27.21	1,452.26	9,346.03	68,222.88	76,324.57
Previous Year	39,515.30	46,319.33	2,148.15	83,686.48	6,244.74	2,289.75	0.00	1,172.58	7,361.91	76,324.57	33,270.56
Capital Work-in-Progress/ Vessel under construction										1,763.28	1,916.81
Grand Total										69,986.16	78,241.38

Schedules forming part of Balance Sheet as at 31st March, 2010

Schedule : 5 Investments	As At 31st March, 2010 Rs. In Lacs	As At 31st March, 2009 Rs. In Lacs
Long Term - Non Trade (Valued at Cost and fully paid up)		
Equity Shares :		
A Quoted		
Garware Marine Industries Limited (1,29,640 Equity Shares of Rs. 10/- each) (Market Value Rs.22.62 lacs, Previous Year Rs. 10.36 lacs)	37.68	37.68
Equity Shares :		
B Unquoted		
(a) Wholly Owned Subsidiary		
Garware Offshore International Services Pte Limited (5,00,001 Equity Shares of US\$ 1 each; Previous Year 1,50,001 Equity Share of US\$ 1)	245.13	76.30
(b) Others		
(i) Kapole Co-Op Bank Limited (2,000 Equity Shares of Rs. 10/- each)	0.20	0.20
(ii) Garware Nylons Limited (35,050 Equity Shares of Rs. 10/- each) (also see Note No. 8 of Schedule 13)	6.01	6.01
(iii) Bombay Mercantile Co-Op Bank Ltd (Previous Year 41,669 Equity Shares of Rs. 30/- each)	—	12.50
Total	289.02	132.69

Schedule : 6 Current Assets, Loans and Advances	Rs. In Lacs	Rs. In Lacs
Current Assets		
A Inventories		
Stock of Stores, Spares & Consumables (At Cost)	1,912.29	1,649.96
B Sundry Debtors (Unsecured and Considered good)		
(a) Debts outstanding for more than six months	140.74	421.86
(b) Other Debts	2,851.04	2,867.15
	2,991.78	3,289.01
C Cash & Bank Balances		
Cash (Including imprest on vessels)	10.66	32.08
Bank Balances with scheduled banks :		
In Current Account	401.07	320.25
In Deposit Account	412.17	827.49
	823.90	1,179.82
Loans & Advances (Unsecured and Considered Good)		
(a) Advances recoverable in cash or kind or for the value to be received	819.24	827.87
(b) Advance Income Tax (Net of provision Rs. 268.00 lacs; previous year Rs.126.45 lacs)	128.72	136.65
(c) Loan to wholly owned subsidiary	1,108.67	—
(d) Deposits	91.53	65.83
(e) Balance with customs, port trust, other government authorities & courts of law	21.19	21.19
	2,169.35	1,051.54
Total	7,897.32	7,170.33

Schedules forming part of Balance Sheet as at 31st March, 2010

Schedule : 7	As At 31st March, 2010	As At 31st March, 2009
Current Liabilities and Provisions	Rs. In Lacs	Rs. In Lacs
Current Liabilities		
(a) Sundry Creditors	547.47	1,094.07
(b) Unclaimed dividend (To be credited to the Investor Education & Protection Fund as and when due)	74.22	58.65
(c) Interest accrued but not due on loans	9.79	25.32
(d) Deposit	—	2,285.81
(e) Other Liabilities	897.92	1,354.71
	<u>1,529.40</u>	<u>4,818.56</u>
Provisions		
(a) Proposed Dividend	166.73	357.31
(b) Tax on proposed dividend	27.69	60.73
(c) Retirement Benefits	104.12	124.22
	<u>298.54</u>	<u>542.26</u>
Total	<u><u>1,827.94</u></u>	<u><u>5,360.82</u></u>

**Schedules forming part of Profit and Loss Account
for the Year ended 31st March, 2010**

Schedule : 8	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Other Income	Rs. In Lacs	Rs. In Lacs
(a) Interest Income (Gross) (Tax Deducted at source Rs. 8.04 lacs, Previous Year Rs.13.92 lacs)	55.01	67.68
(b) Dividend Income	0.65	0.65
(c) Commission Income	—	10.18
(d) Gain on Foreign Currency Transactions (Net)	—	119.33
(e) Excess Provision of Gratuity	17.23	24.50
(f) Miscellaneous Income	645.97	—
Total	<u><u>718.86</u></u>	<u><u>222.34</u></u>

**Schedules forming part of Profit and Loss Account
for the Year ended 31st March, 2010**

Schedule : 9	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Fleet Operating Charges	Rs. In Lacs	Rs. In Lacs
(a) Salaries, Allowances & Compensation - Floating Staff	242.51	348.96
(b) Contractual payment to Floating Staff	2,750.10	1,599.93
(c) Contribution to Provident and other funds	4.76	21.17
(d) Travelling Expenses	190.88	168.30
(e) Fuel, Oil & Water	445.33	412.05
(f) Port & Canal dues	59.58	63.59
(g) Repairs	396.43	491.66
(h) Stores & Victualling	882.61	1,081.86
(i) Insurance Charges & Protecting Club Fees	396.81	276.44
(j) Telecommunication Charges	102.39	75.88
(k) Charter Hire Charges	—	127.25
(l) Professional Fees	114.87	151.78
(m) Brokerage & Commission	54.21	137.53
(n) Sundry Operating expenses	222.98	168.59
Total	5,863.46	5,124.99

Schedule : 10	Rs. In Lacs	Rs. In Lacs
Establishment & Other Expenses	Rs. In Lacs	Rs. In Lacs
(a) Salaries, Allowances, Bonus & Commission	862.21	889.15
(b) Contribution to Provident and other funds	30.51	34.18
(c) Staff welfare expenses	64.34	91.80
(d) Rent	11.60	11.90
(e) Travelling Expenses	118.37	141.47
(f) Auditors' Remuneration	10.32	6.71
(g) Telephone charges	38.93	26.06
(h) Professional fees	105.59	109.81
(i) Bank Charges	90.01	56.01
(j) Directors' fees	7.25	3.85
(k) Insurance Charges	12.83	21.07
(l) Rates & Taxes	10.51	17.49
(m) Repairs - Office	8.73	3.71
(n) Debit Balances written off	—	4.56
(o) Loss on Foreign Currency Transactions (Net)	255.19	—
(p) Loss on Foreign Currency Loan Repayments	348.70	903.23
(q) Miscellaneous Expenses	201.11	188.15
Total	2,176.20	2,509.15

Schedule : 11	Rs. In Lacs	Rs. In Lacs
Interest & Finance Charges	Rs. In Lacs	Rs. In Lacs
(a) Interest on fixed loans	2,823.68	2,348.33
(b) Other Interest	244.14	189.98
(c) Finance Charges	20.73	10.70
Total	3,088.55	2,549.01

Notes to the Accounts for the year ended 31st March, 2010

Schedule : 12**Significant Accounting Policies :**

I. Accounting Convention :

The financial statements are prepared under the historical cost convention and as a going concern, in accordance with, generally accepted accounting principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

II. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

III. Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition, financing costs on borrowings during construction period and operational costs till commencement of first commercial voyage. Further, additions or extensions of a capital nature are added to the cost of vessel as and when incurred.

IV. Depreciation of Assets :**(a) On fleet :**

Depreciation has been arrived at on straight line method at the rate arrived at so as to provide 95% of the total cost of each vessel over its balance economic useful life. For this purpose the economic useful life of vessels is estimated as 30 years.

Any additions or extensions to existing vessels which forms an integral part of the vessels is depreciated by 95% over the remaining useful life of the vessels, in accordance with the requirement of para. 24 of Accounting Standard 6 (Revised) - Depreciation Accounting, issued by The Institute of Chartered Accountants of India.

(b) On Motor Vehicles :

Depreciation is arrived at on straight line method at 25% p.a. of the cost, based on the estimated useful life of 4 (four) years for the motor vehicles.

(c) On Other Assets :

Depreciation on assets acquired upto 31st December, 2003 is charged in the accounts on the Written Down Value method at the rates prescribed under Schedule XIV of the Companies Act 1956.

Depreciation on assets acquired from 1st January, 2004 charged in accounts on the Straight Line method at the rates prescribed under Schedule XIV of the Companies Act 1956.

V. Accounting for Investments :

Long term investments are valued at cost.

VI. Valuation of Inventories :

(a) The stocks of stores and spares including on board the ships as certified by the management, are valued at cost.

(b) The Stocks of fuel and diesel oil owned by the Company as confirmed by masters of the vessels are valued at cost.

VII. Revenue Recognition :

Time Charter earnings are recognized on accrual basis.

VIII. Operating Expenses :

Expenses charged to Profit and Loss account are recognised on accrual basis.

IX. Employee Benefits :

Defined Contribution Plan

Employee benefits in the form of Provident Fund which is a defined contribution scheme, is charged to the Profit and Loss account during the year when the contribution accrues.

Defined Benefit Plan

The liability for gratuity, a defined benefit obligation, is accrued and provided for on the basis of actuarial valuation, using the projected unit credit method as at the Balance Sheet date.

Other Long Term Benefits

Long term compensated absences are provided on the basis of an actuarial valuation, using the projected credit method 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 Profit and Loss account for the year as income or expense.

X. Foreign Exchange Transaction :

- (a) Transactions in foreign currency are recorded at the standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are re-stated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions (including those relating to acquisition of depreciable assets) is recognised in the Profit and Loss Account.
- (b) Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, forward rate options, currency and interest rate swaps and commodity future contracts, that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement. The gain or loss on designated hedging instruments that qualify as effective hedges is recorded in the Hedging Reserve Account and is recognised in the statement of Profit and Loss in the same period or periods during which the hedged transaction affects Profit and Loss.

Gains or losses on the ineffective transactions are immediately recognised in the Profit and Loss Account. When a forecasted transaction is no longer expected to occur the gains and losses that were previously recognised in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

Accordingly the Company has designated borrowings in foreign currency (relating to acquisition of depreciable assets) as hedge instruments to cover its foreign currency risks of its firm commitments and highly probable forecast transactions of revenue streams and the same are accounted as cash flow hedge.

XI. Borrowing Cost :

Borrowing costs directly attributable to borrowed funds raised to meet any financial obligation on account of acquisition or other value added cost of any qualifying assets (Fixed Assets) incurred up till the date of cessation of substantial activities necessary to prepare the qualifying asset for its intended use, is capitalised.

XII. Provisions & Contingent Liabilities :

- (a) Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.
- (b) Contingent liabilities are disclosed in respect of possible obligation that arise from past events but their existence is confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, unless the likelihood of an outflow of resources is remote.
- (c) Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

XIII. Provision for Taxation :

Provision of 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.

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.

XIV. Prior Period Items/ Extra Ordinary Items :

Prior period items & extra ordinary items, if any, are disclosed separately in the notes to accounts.

XV. Impairment of Assets :

The Company reviews the carrying values of tangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognised in the year in which impairment takes place.

Notes to the Accounts for the year ended 31st March, 2010

Schedule : 13

Notes to Accounts

(1) Contingent Liabilities :

Particulars	As on 31st March, 2010 (In Rs. Lacs)	As on 31st March, 2009 (In Rs. Lacs)
(a) Guarantees given by the Banks [Counter Guarantees given by the Company]	23,235.40	1,906.60
(b) Corporate Guarantee on behalf of other Company [No such guarantee has devolved on the Company]	0.00	232.84
TOTAL	23,235.40	2,139.44

The Company has given a guarantee on behalf of its wholly owned subsidiary for the difference, if any, between the Bareboat Charter payable to the owner of one Accommodation barge and one Anchor Handling Tug-cum Supply Vessel, and the market value of the said assets. The company does not expect any liability on this account.

(2) Assets offered as securities to banks & financial institution :

A) Term loans for acquisition of vessels

- (a) Outstanding term loan of US \$ 14.94 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.47 million.
- (b) Outstanding term loan of US \$ 15.58 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.52 million.
- (c) Outstanding term loan of US \$ 9.25 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.23 million.
- (d) Outstanding term loan of US \$ 20.23 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.99 million.
- (e) Outstanding term loan of US \$ 8.80 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.11 million.
- (f) Outstanding term loan of US \$ 12.18 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 0.72 million.
- (g) Outstanding term loan of US \$ 8.22 million from State Bank of Hyderabad is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 0.98 million.
- (h) Outstanding term loan of US \$ 8.38 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.00 million.

B) Other Term Loans

- (a) Outstanding Corporate Term loan of US\$ 2.70 million from State Bank of Travancore, is secured by way of second charge on one of the Company's AHTSV.
Amount repayable within a year US\$ 1.01 million.
- (b) Outstanding Corporate Term loan of US\$ 2.00 million from State Bank of Travancore, is secured by way of first charge on one of the Company's AHTSV.
Amount repayable within a year US\$ 0.90 million.

- (c) Outstanding Corporate Term loan of US\$ 1.88 million from United Bank of India, which is secured by way of receivables from the operation of one of the Company's PSV and extension of charge on one of Company's AHTSV.

Amount repayable within a year US\$ 1.50 million.

- (d) Outstanding Corporate Term loan of US\$ 3.00 million from United Bank of India, which is secured by way of receivables from the operation of one of the Company's PSV and extension of charge on one of Company's AHTSV.

Amount repayable within a year US\$ 1.38 million.

- (e) Outstanding term loan of Rs. 728.67 lacs from United Bank of India, which is secured by way of charge on the property / office premises acquired as also charge on one of the AHTSV of the Company.

Amount repayable within a year Rs. 174.96 lacs.

- (f) Outstanding term loan of Rs. 437.53 lacs from Ratnakar Bank, which is secured by way of charge on one of the AHTSV of the Company.

Amount repayable within a year Rs. 125.00 lacs.

C) Car Finance Loans

Car finances availed by the Company from ICICI Bank is secured against respective motor cars against which the finances are availed.

Amount repayable within a year Rs. 15.15 lacs.

D) Working Capital Facilities

- (a) Working Capital Facility from United Bank of India is secured by hypothecation of Book Debts and Tangible Assets such as stocks, stores and spares on board the vessel as also against collateral security by way of first mortgage on one AHTSV of the Company.

- (b) Working Capital Facility from State Bank of Travancore is secured by pari passu first charge on all current assets including stores & spares, fuel, oil and book debts (Excluding receivables from one of the Company's PSV).

(3) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) - "Employee Benefits"

A) Defined Contribution Plans :

The Company has recognised the following amounts in the Profit and Loss account for the year :

	Rs. In Lacs	
	31.03.2010	31.03.2009
Contribution to Employees Provident Fund	30.35	34.18
Contribution to Seamen's Provident Fund	4.76	21.17

B) Defined Benefit Plans :

Valuations in respect of Gratuity and 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 :

Acturial Assumption for the year	Gratuity		Leave Encashment	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
a) Discount Rate (p.a.)	8.00%	7.50%	8.00%	7.50%
b) Rate of Return on Plan Assets	8.00%	8.00%	-	-
c) Salary Escalation rate	5.00%	5.00%	5.00%	5.00%
d) Attrition rate	2.00%	2.00%	-	-

GARWARE OFFSHORE SERVICES LIMITED

(i) Change in Benefit Obligation **Rs. In Lacs**

	Gratuity	
	31.03.2010	31.03.2009
Liability at the beginning of the year	99.40	125.33
Interest Cost	8.35	10.94
Current Service Cost	14.07	12.22
Benefit Paid	(4.22)	(1.55)
Actuarial (gain)/loss on obligations	(38.35)	(47.54)
Liability at the end of the year	79.25	99.40

(ii) Fair value of Plan Assets : **Rs. In Lacs**

	Gratuity	
	31.03.2010	31.03.2009
Fair Value of Plan Assets at the beginning of the year	1.01	0.68
Expected Return on Plan Assets	2.76	0.25
Employer's contribution	35.54	1.76
Benefits Paid	(4.22)	(1.55)
Actuarial gain/(loss) on Plan Assets	(1.46)	(0.13)
Fair value of Plan Assets at the end of the year	33.63	1.01

(iii) Actual Return on Plan Assets: **Rs. In Lacs**

	Gratuity	
	31.03.2010	31.03.2009
Expected Return on Plan Assets	2.76	0.25
Actuarial gain/(loss) on Plan Assets	(1.46)	(0.13)
Actual Return on Plan Assets	1.30	0.12

(iv) Amount Recognised in the Balance Sheet : **Rs. In Lacs**

	Gratuity	
	31.03.2010	31.03.2009
Liability at the end of the year	79.25	99.40
Fair Value of Plan Assets at the end of the year	33.63	1.01
Amount Recognised in Balance sheet	45.62	98.39

(v) Expenses recognised in the Profit & Loss Account : **Rs. In Lacs**

	Gratuity	
	31.03.2010	31.03.2009
Current Service Cost	14.07	12.22
Interest Cost	8.35	10.94
Expected Return on Plan Assets	(2.76)	(0.25)
Net Actuarial (gain) / loss to be recognised	(36.89)	(47.41)
Expenses recognised in the Profit & Loss Account	(17.23)	(24.50)

(C) Other Long Term Benefits

The charge recognised in the Profit & Loss Account for Leave Encashment for the year is Rs. 12.81 Lacs (Previous Year 56.00 Lacs) and the closing liability is Rs. 24.87 Lacs (Previous Year Rs. 27.33 Lacs)

(4) Change In Accounting Policy :

During the current year the company changed its policy for providing for Depreciation on the assets (other than on fleet). Hitherto depreciation had been provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956. From the current year, on all assets (other than fleet) acquired from 1st January, 2004 onwards depreciation has been provided on the straight line method as under :

- (i) On Motor Vehicles - At 25% p.a.
- (ii) On Residual Assets - At the SLM rates provided under Schedule XIV of Companies Act 1956.

As a consequence of this change a net amount of Rs. 27.21 Lacs has been charged to the current year Profit and Loss Account, being the additional depreciation to be provided upto 31st March, 2009 to give effect to this change.

(5) Capital Commitment :

Estimated amount of contracts remaining to be executed on account of capital expenses is Rs. 27,290.00 Lacs, against which an advance of Rs. 1,763.28 Lacs has been paid.

(6) Current Liabilities :

As per the information available with the Company, there are no Micro and Medium Enterprises, as defined in the Micro small, Medium Enterprise Development Act 2006 to whom the Company owes on account of principal amount together with the interest and accordingly no additional disclosures have been made.

(7) Amount Due from a wholly owned subsidiary :

- (a) Sundry Debtors includes Rs. 1,116.88 Lacs (previous year Rs. 642.09 Lacs)
- (b) Short term loan Rs. 1,109.12 Lacs (previous year Rs. 0.45 Lacs)

(8) Garware Nylons Limited has been ordered to be wound up by the Bombay High Court and Bombay High Court has appointed Official Liquidator on 18th December, 1998. No provision for diminution in the value of investment of 35,050 equity shares valued at Rs. 6.01 Lacs has been made in the books.

(9) Break- Up of Remuneration to Auditors :

(Including Service Tax)

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
Auditors Remuneration :		
(a) Statutory Audit Fees	8.82	5.52
(b) Tax Audit Fees	0.55	0.52
(c) Other Fees	0.82	0.53
(d) Expenses Reimbursed	0.13	0.14
TOTAL	10.32	6.71

(10) Net Profit Calculation U/s. 198 for the purpose of Managerial Remuneration :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
(a) Profit/ (Loss) before taxation	4,329.33	4,080.80
(b) (Add) : Depreciation as per Books of Accounts	3,436.38	2,289.75
(c) (Add) : Remuneration to Whole Time Director	471.95	432.51
	<u>8,237.66</u>	<u>6,803.06</u>
(d) (Less) : Depreciation U/s. 350 of Companies Act, 1956	3,436.38	2,289.75
(e) Net Profit U/s. 198 of the Companies Act, 1956	<u>4,801.28</u>	<u>4,513.31</u>
Maximum allowable Remuneration @ 10% of Net Profit U/s. 198	480.13	451.33

GARWARE OFFSHORE SERVICES LIMITED

Remuneration Paid/ Provided to Wholetime Directors :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
(a) Salaries & Allowances	315.05	184.62
(b) Commission Provided for	130.00	240.00
(c) Contribution to PF	14.88	7.20
(d) Monetary Value of Perquisites [As per the provisions of Income Tax Act, 1961]	12.02	0.69
TOTAL	471.95	432.51

Note :

The above does not include contribution to Gratuity Fund which is actuarially determined or on overall basis and separate figures are not available for the wholetime directors.

(11) Information Pursuant to Para 3 & 4 of Part - II of Schedule VI of the Companies Act, 1956 :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)		
(a) Value of imports calculated on C.I.F. basis :				
Raw Material	N.A.	N.A.		
Components & Spare Parts	409.05	353.67		
Capital Goods (Purchase of Vessels) and advances	933.15	43,486.03		
(b) Expenditure in foreign currency :				
Royalty	N.A.	N.A.		
Know - How	N.A.	N.A.		
Professional & Consultation fees	98.96	94.35		
Interest Charges	2,648.67	1,886.91		
Other Matters	2,524.07	1,233.11		
(c) Value of the imported and indigenous Raw Materials, Stores And Spares consumed and percentage of each to the total consumption. :				
Particulars	%(2009-10)	%(2008-09)		
Raw Material :				
Imported Goods	N.A.	N.A.	N.A.	N.A.
Indigenous Goods	N.A.	N.A.	N.A.	N.A.
	0.00	0.00	0.00	0.00
Stores, Spares & Consumables :				
Imported Goods	65.38%	53.88%	409.05	485.49
Indigenous Goods	34.62%	46.12%	216.57	415.61
	100.00%	100.00%	625.62	901.10
(d) Amount remitted during the year in foreign currencies on account of dividends :	0.00	0.00		
(e) Earnings in foreign exchange classified under the following heads :				
Sale of vessel	7,869.16	1,228.38		
Royalty, Know-how, Professional and Consultation fees	0.00	10.18		
Interest and Dividend	0.00	0.00		
Other income, indicating the nature thereof [Charter Hire & Freight Earnings]	16,604.16	13,683.05		

(12) Earning Per Share :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
A Basic Earning Per Share :		
Working for Computing Earning Per Share :		
Profit before Taxation	4,329.33	4,080.80
(Less) : Provision for Taxation	230.44	44.09
(A)	4,098.89	4,036.71
Weighted Average No. of Equity Share Capital :		
Equity Share At The Beginning Of The Year	238.19	238.19
(+) Fresh Issue During The Year	0.00	0.00
(-) Redeemded/ Forefeited During The Year	0.00	0.00
(B)	238.19	238.19
BASIC EARNING PER SHARE (A / B)	17.21	16.95
B Diluted Earning Per Share :		
Diluted Earning for Computing Diluted Earning Per Share :		
Profit before Taxation	4,329.33	4,080.80
(Less) : Provision for Taxation	230.44	44.09
(Add) : Interest expenses for the current year	0.00	0.00
(Less) : Tax relating to interest expenses	0.00	0.00
Adjusted Net Profit for the current year (A)	4,098.89	4,036.71
Weighted Average No. of Equity Share Capital :		
Equity Share at the beginning of the year	238.19	238.19
(+) Fresh Issue During The Year (In weighted Average for time)	0.00	0.00
(+) Potential No. of Shares to be issued on conversion	0.00	0.00
(B)	238.19	238.19
DILUTED EARNING PER SHARE (A / B)	17.21	16.95

Note :

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

(13) Related Party Disclosure :

a) **List of Related Parties :**

Subsidiary Companies

Garware Offshore International Services Pte. Ltd, Singapore

Other related parties with whom transactions have taken place during the year.

Key Management Personnel

Ashok B. Garware - Executive Chairman

Aditya A. Garware - Vice Chairman and Managing Director

GARWARE OFFSHORE SERVICES LIMITED

b) Transactions with related parties for the year ended 31st March 2010 :

Rs. In lacs

Nature of Transactions	Subsidiary Companies	Key Managerial Personnel	Other Related Parties	TOTAL
(1) Charter Hire Income : From Garware Offshore International Services Pte Ltd.	2,015.38	0.00	0.00	2,015.38
(2) Reimbursement of expenses : Garware Offshore International Services Pte Ltd.	112.47	0.00	0.00	112.47
(3) Loan given	1,247.52	0.00	0.00	1,247.52
(4) Remuneration Ashok B. Garware	0.00	248.15	0.00	248.15
Aditya A. Garware	0.00	223.80	0.00	223.80
Total	3,375.37	471.95	0.00	3,847.32

Outstandings as at 31st March, 2010 :

Rs. In lacs

Nature of Transactions	Subsidiary Companies	Key Managerial Personnel	Other Related Parties	TOTAL
(1) Charter Hire Income : From Garware Offshore International Services Pte Ltd.	1,004.41	0.00	0.00	1,004.41
(2) Reimbursement of expenses : Garware Offshore International Services Pte Ltd.	112.47	0.00	0.00	112.47
(3) Loan given	1,109.12	0.00	0.00	1,109.12
(4) Balance Remuneration Payable to : Ashok B. Garware	0.00	81.39	0.00	81.39
Aditya A. Garware	0.00	65.10	0.00	65.10
Total	2,226.00	146.49	0.00	2,372.49

(14) The previous year figures have been regrouped whenever necessary to confirm to current years classification.

(15) Segment Reporting :

The Company is engaged in only one type of business i.e. charter of offshore support vessels and there are no separate reportable segment as per Accounting Standards AS-17 "Segment Reporting".

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants
Firm Reg. No. 119891W

Santosh A. Sankhe
Partner
Membership No. 100976

Place : Mumbai
Date : 21st May, 2010

Ashok Garware
Executive Chairman

P. S. Shah
GM - Finance & Accounts

Place : Mumbai
Date : 21st May, 2010

Aditya Garware
Vice Chairman &
Managing Director

S. P. Akolkar
President - Finance

A. K. Thanavala
Director

A. C. Chandarana
Company Secretary



Statement pursuant to Section 212 of the Companies Act, 1956

Name of Subsidiary	Garware Offshore International Services Pte. Ltd.		
Financial Year Ended	March 31, 2010		
Date from when it became a Subsidiary	July 2, 2007		
Extent of interest of the Holding Company in the Capital of the subsidiary	100%		
Net aggregate amount of the Subsidiary's profit less losses not dealt within the Holding Company's Accounts			
(i) Current Year	Rs. 50.31 lacs		
(ii) Previous Year	Rs. 78.23 lacs		
Net aggregate amount of the Subsidiary's profit less losses dealt within the Holding Company's Accounts			
(i) Current Year	N.A.		
(ii) Previous Year	N.A.		
For and on behalf of the board			
Ashok Garware Executive Chairman	Aditya Garware Vice Chairman & Managing Director	A. K. Thanavala Director	
Place : Mumbai Date : 21st May, 2010	P. S. Shah GM - Finance & Accounts	S. P. Akolkar President - Finance	A. C. Chandarana Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	Year Ended 31st March, 2010 Rs. In Lacs	Year Ended 31st March, 2009 Rs. In Lacs
A. Cash Flow arising from Operating Activities :		
Net profit before tax and extraordinary items	4,329.33	4,080.80
Add/(Less) :		
a) Depreciation charges (Net)	3,409.17	2,289.75
b) Interest charges	3,088.55	2,549.01
c) Dividend Income	(0.65)	(0.65)
d) Interest Income	(55.01)	(67.69)
e) (Profit) / Loss on sale of Asset (net)	0.00	(101.69)
f) Taxes Paid	(348.01)	(30.84)
Operating Profit before working capital changes	10,423.38	8,718.69
Less :		
a) Increase /(Decrease) in Operational Current Liabilities	(3,309.30)	3,820.62
b) Increase in Operational Current Assets	(1,090.84)	(2,176.00)
Net cashflow from operating Activity (A)	6,023.24	10,363.31
B. Cash Flow arising from Investing Activities :		
(i) Outflow on account of investing activity		
a) (Acquisition)/ Sale of fixed assets (Incl. Cap WIP)	4,818.84	(37,578.33)
b) Money Invested in Securities	(156.33)	(76.29)
(ii) Inflow on account of investing activity		
a) Trading in Securities (Net)	0.00	0.00
b) Income from Dividend	0.65	0.65
c) Interest Income	55.01	67.69
Net cashflow from investing Activity (B)	4,718.17	(37,586.28)
C. Cash Flow arising from Finance Activities :		
(i) Inflow on account of Financing activity		
a) Shares & Warrants Issued at premium	0.00	0.00
b) Loans taken (net of repayment)	(7,270.40)	30,648.00
(ii) Outflow on account of Financing activity		
a) Dividend Paid	(722.85)	(558.09)
b) Interest on loan paid during the year	(3,104.08)	(2,529.57)
Net cashflow from financing Activity (C)	(11,097.33)	27,560.34
Net increase in cash / cash equivalent [A + B + C]	(355.92)	337.37
Add : Balance at the beginning of the year	1,179.82	842.45
Cash / Cash equivalents at the end of the year	823.90	1,179.82
Notes to cash flow statement :		
(1) Method of preparation of cash flow statement :		
Cash flow statement has been prepared under Indirect method as set out in the Accounting Standard 3 on Cash Flow Statement, issued by the Institute of Chartered Accountants of India.		
(2) Components of cash flow :		
Cash - On - Hand	10.66	32.08
Demand deposits with bank (Bank balances)	813.24	1,147.74
	823.90	1,179.82

As per our report of even date attached

For **RAMAN S. SHAH & ASSOCIATES**
Chartered Accountants
Firm Reg. No. 119891W

Santosh A. Sankhe
Partner
Membership No. 100976

Place : Mumbai
Date : 21st May, 2010

For and on behalf of the board

Ashok Garware
Executive Chairman

P. S. Shah
GM - Finance & Accounts

Place : Mumbai
Date : 21st May, 2010

Aditya Garware
Vice Chairman &
Managing Director

S. P. Akolkar
President - Finance

A. K. Thanavala
Director

A. C. Chandarana
Company Secretary

To,
The Board Of Directors,
GARWARE OFFSHORE SERVICES LIMITED,
Mumbai.

We have examined the attached cash flow statement of GARWARE OFFSHORE SERVICES LIMITED for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirement of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with corresponding profit and loss account and balance sheet of the company covered by our report of the even date, to the members of the company.

As per our report of even date attached
For **RAMAN S. SHAH & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration No. 119891W

Santosh A. Sankhe
(Partner)
M. No. 100976

Place : Mumbai
Date : 21st May, 2010

BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE

I. Registration Details :

Registration Number

1	9	2	2	9
---	---	---	---	---

State Code

1	1
---	---

Balance Sheet

3	1
---	---

Date

0	3
---	---

Month

1	0
---	---

Year

II. Capital raised during the year (Amount in Rs. Thousand) :

Public Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Right Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Bonus Issue

							N	I	L
--	--	--	--	--	--	--	---	---	---

Preferential Allotment

							N	I	L
--	--	--	--	--	--	--	---	---	---

III. Position of mobilisation and deployment of fund (Amount in Rs. Thousand) :

Total Liabilities

		7	6	7	1	7	2	0
--	--	---	---	---	---	---	---	---

Total Assets

		7	6	7	1	7	2	0
--	--	---	---	---	---	---	---	---

Sources Of Fund :

Paid - Up Capital

			2	3	8	1	9	1
--	--	--	---	---	---	---	---	---

Reserves & Surplus

		2	4	0	5	4	9	2
--	--	---	---	---	---	---	---	---

Secured Loan

		5	0	2	8	0	3	7
--	--	---	---	---	---	---	---	---

Un-Secured Loan

							N	I	L
--	--	--	--	--	--	--	---	---	---

Application Of Fund :

Net Fixed Assets

		6	9	9	8	6	1	6
--	--	---	---	---	---	---	---	---

Investments

				2	8	9	0	2
--	--	--	--	---	---	---	---	---

Foreign Exchange Hedge Reserve

				3	7	2	6	4
--	--	--	--	---	---	---	---	---

Net Current Assets

		6	0	6	9	3	8
--	--	---	---	---	---	---	---

Misc. Expenditure & Accumulated Losses

							N	I	L
--	--	--	--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rs. Thousand) :

Turnover

		1	8	8	6	6	7	1
--	--	---	---	---	---	---	---	---

Profit/ Loss before tax

			4	3	2	9	3	3
--	--	--	---	---	---	---	---	---

Earning Per Share

				1	7	.	2	1
--	--	--	--	---	---	---	---	---

Total Expenditure

		1	4	5	3	7	3	8
--	--	---	---	---	---	---	---	---

Profit/ Loss after tax

			4	0	9	8	8	9
--	--	--	---	---	---	---	---	---

Dividend Rate (in %)

							2	3
--	--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code No. (ITC Code)

							N	A
--	--	--	--	--	--	--	---	---

Product Description

O	F	F	S	H	O	R	E	S	E	R	V	I	C	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Note : For ITC Code of products please refer to the Publication India Trade Classification based on harmonized commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics, Calcutta - 700 001.

Report of the Auditors on Consolidated Financial Statements

Auditor's Report on Consolidated Financial Statements to the Board of Directors of Garware Offshore Services Limited

- 1 We have audited the attached Consolidated Balance Sheet of Garware Offshore Services Limited and its subsidiaries (the Group) as at March 31, 2010, and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These consolidated financial statements are the responsibility of Garware Offshore Services 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 statement. 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 did not audit the financial statements of one foreign subsidiary whose financial statements reflect the Group's share of total assets of Rs.3082.37 lakhs as at March 31, 2010, the Group's share of total revenues of Rs.5165.43 lakhs 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 subsidiary, is based solely on the report of the other auditors.
- 4 We report that the consolidated financial statements have been prepared by the management of Garware Offshore Services Limited in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Garware Offshore Services Limited, its associated and its subsidiary included in the consolidated financial statements.
- 5 Based on our audit and on consideration of the report of the audited accounts in respect of the Company's subsidiary, 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, 2010;
 - b) in case of the Consolidated Profit and Loss Account, 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 RAMAN S. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 119891W**

**Santosh A. Sankhe
(Partner)
M. No. 100976**

**Place : Mumbai
Date : 21st May, 2010**

Consolidated Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010 Rs. In Lacs	As at 31st March, 2009 Rs. In Lacs	
SOURCES OF FUNDS :				
I. Shareholders Funds				
(a) Share Capital	1	2,381.91	2,381.91	
(b) Reserves & Surplus	2	24,348.75	20,921.95	23,303.86
II. Loan Funds				
Secured Loans	3	50,280.37	65,409.74	65,409.74
TOTAL :		<u>77,011.03</u>	<u>88,713.60</u>	
APPLICATION OF FUNDS :				
I. Fixed Assets				
(a) Gross Block	4	77,924.45	83,686.48	
(b) (Less) : Accumulated Depreciation		9,383.27	7,361.91	
(c) Net Block		68,541.18	76,324.57	
(d) Capital Work-in-Progress / Vessel Under Construction		1,763.28	1,916.81	78,241.38
II. Investments	5	43.89		56.39
III. Foreign Exchange Hedge Reserve		372.64		8,231.61
IV. Foreign Currency Translation Reserve		69.32		-
V. Net Current Assets				
Current Assets, Loans & Advances				
(a) Stock	6	2,074.05	1,649.96	
(b) Sundry Debtors		3,404.16	3,054.66	
(c) Cash and Bank Balances		1,094.62	1,187.59	
(d) Loans and Advances		1,860.93	1,656.22	
		<u>8,433.76</u>	<u>7,548.43</u>	
Current Liabilities & Provisions				
(a) Current Liabilities	7	1,914.50	4,821.95	
(b) Provisions		298.54	542.26	
		<u>2,213.04</u>	<u>5,364.21</u>	2,184.22
Significant Accounting Policies	12			
Notes to accounts	13			
TOTAL :		<u>77,011.03</u>	<u>88,713.60</u>	

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants
Firm Reg. No. 119891W

Ashok Garware
Executive Chairman

Aditya Garware
Vice Chairman &
Managing Director

A. K. Thanavala
Director

Santosh A. Sankhe
Partner
Membership No. 100976

P. S. Shah
GM - Finance & Accounts

S. P. Akolkar
President - Finance

A. C. Chandarana
Company Secretary

Place : Mumbai
Date : 21st May, 2010

Place : Mumbai
Date : 21st May, 2010

Consolidated Profit & Loss Account for the year ended 31st March, 2010

	Schedule	Year Ended 31st March, 2010 Rs. In Lacs	Year Ended 31st March, 2010 Rs. In Lacs	
INCOME :				
I. Income from operations				
(a) Charter Hire		21,241.18		16,322.27
(b) Profit on sale of Vessel		-		107.36
		21,241.18		16,429.63
II. Other Income	8	718.86		222.60
TOTAL INCOME :		21,960.04		16,652.23
EXPENDITURE :				
(a) Fleet Operating Charges	9	8,859.78	5,124.99	
(b) Establishment & Other Expenses	10	2,176.20	2,519.97	
(c) Interest & Finance Charges	11	3,098.00	2,549.01	
(d) Depreciation Charges		3,446.42	2,289.75	12,483.72
PROFIT BEFORE TAX		4,379.64		4,168.51
Provision for Taxation				
Current Tax		238.00	39.49	
Fringe Benefit Tax		-	20.50	
Tax for earlier year written back		(7.56)	(6.41)	53.58
PROFIT FOR THE YEAR AFTER TAX		4,149.20		4,114.93
Less : Prior period Depreciation		27.21		-
Less : Transfer to Tonnage Tax Reserve		1,000.00		1,000.00
Add : Surplus brought forward from Previous Year		4,779.96		2,750.26
AMOUNT AVAILABLE FOR APPROPRIATION		7,901.95		5,865.19
Appropriations:				
Transfer to General Reserve		500.00	500.00	
Interim Dividend		381.11	404.93	
Tax on Interim Dividend		64.77	68.83	
Proposed Dividend		166.73	95.28	
Tax on Proposed Dividend		27.69	16.19	1,085.23
BALANCE CARRIED FORWARD TO BALANCE SHEET :		6,761.65		4,779.96
Significant Accounting Policies	12			
Notes to Accounts	13			
Earning Per Share : (Refer Note No. 12 of Schedule - 13)				
			Rs.	Rs.
Basic Earning Per Share			17.42	16.91
Diluted Earning Per Share			17.42	16.91

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants
Firm Reg. No. 119891W

Ashok Garware
Executive Chairman

Aditya Garware
Vice Chairman &
Managing Director

A. K. Thanavala
Director

Santosh A. Sankhe
Partner
Membership No. 100976

P. S. Shah
GM - Finance & Accounts

S. P. Akolkar
President - Finance

A. C. Chandarana
Company Secretary

Place : Mumbai
Date : 21st May, 2010

Place : Mumbai
Date : 21st May, 2010

Schedules forming part of Consolidated Balance Sheet as at 31st March, 2010

Schedule : 1 Share Capital	As at 31st Mar, 2010 Rs. In Lacs	As at 31st Mar, 2009 Rs. In Lacs
A Authorised Capital :		
Equity Share Capital :		
3,20,00,000 Equity Shares of Rs. 10/- each	3,200.00	3,200.00
Preference Share Capital :		
1,50,000 Cummulative Redeemable Preference Shares of Rs. 100/- each	150.00	150.00
1,50,000 Cummulative Convertible Preference Shares of Rs. 100/- each	150.00	300.00
Total	<u>3,500.00</u>	<u>3,500.00</u>
B Issued, Subscribed & Paid Up Capital :		
Equity Share Capital :		
2,38,19,093 Equity Shares of Rs. 10/- each (Previous year 2,38,19,093 Equity Shares of Rs. 10 each)	2,381.91	2,381.91
Total	<u>2,381.91</u>	<u>2,381.91</u>

Schedule : 2 Reserves & Surplus	Rs. In Lacs	Rs. In Lacs
A Securities Premium Account		
As per last balance sheet	7,650.01	7,650.01
B Shipping Reserve (Utilised)		
As per last balance sheet	1,388.93	1,388.93
(Less) : Transfer to General Reserve	1,388.93	-
	-	1,388.93
C Tonnage Tax Reserves U/s. 115VT of Income Tax Act		
As per last balance sheet	1,000.00	1,000.00
(Add) : Transfer from Profit & Loss A/c	1,000.00	1,000.00
(Less) : Transfer to Tonnage Tax Reserve(Utilised)	-	1,000.00
	2,000.00	1,000.00
D Tonnage Tax Reserve (Utilised)		
As per last balance sheet	1,772.00	772.00
(Add) : Transfer from Tonnage Tax Reserve	-	1,000.00
	1,772.00	1,772.00
E General Reserves		
As per last balance sheet	4,276.16	3,776.16
(Add) : Transfer from Shipping Reserve (Utilised)	1,388.93	-
(Add) : Transfer from Profit & Loss A/c	500.00	500.00
	6,165.09	4,276.16
F Foreign Currency Translation Reserve	-	54.89
G Profit & Loss Account	6,761.65	4,779.96
Total	<u>24,348.75</u>	<u>20,921.95</u>

Schedules forming part of Consolidated Balance Sheet as at 31st March, 2010

Schedule : 3 Secured Loans	As at 31st Mar, 2010 Rs. In Lacs	As at 31st Mar, 2009 Rs. In Lacs
Loans from Banks (See Note No 2 of schedule 13)		
A Term Loans for Acquisition of Vessels	43,883.42	60,577.86
B Other Term Loans	5,471.95	3,471.62
C Car Finance Loans	26.61	44.15
D Working Capital Facilities	898.39	1,316.11
Total	50,280.37	65,409.74

**Schedule : 4
Fixed Assets**

Rs. In Lacs

Particulars	Gross Block				Depreciation					Net Block	
	As at 01/04/2009	Additions During the Year	Deductions During the Year	As at 31/03/2010	As at 01/04/2009	For the Year	Prior Period	Deduction	As at 31/03/2010	As at 31/03/2010	As at 31/03/2009
Fleets	83,433.32	2,110.85	9,371.20	76,172.97	7,240.81	3,366.32	0.00	1,378.67	9,228.46	66,944.51	76,192.51
Office Premises	0.00	1,279.44	0.00	1,279.44	0.00	5.09	0.00	0.00	5.09	1,274.35	0.00
Furniture & Fixtures	4.97	127.02	0.00	131.99	4.57	2.48	(0.13)	0.00	6.92	125.07	0.40
Office Equipments	24.82	26.99	0.00	51.81	15.63	11.62	(8.10)	0.00	19.15	32.66	9.19
Motor Vehicles	177.23	102.10	73.59	205.74	71.55	38.74	44.70	73.59	81.40	124.34	105.68
Computers	46.14	36.36	0.00	82.50	29.35	22.17	(9.26)	0.00	42.26	40.24	16.79
TOTAL	83,686.48	3,682.76	9,444.79	77,924.45	7,361.91	3,446.42	27.21	1,452.26	9,383.27	68,541.18	76,324.57
Previous Year	39,515.30	46,319.33	2,148.15	83,686.48	6,244.74	2,289.75	0.00	1,172.58	7,361.91	76,324.57	33,270.56
Capital Work-in-Progress/ Vessel under construction										1,763.28	1,916.81
Grand Total										70,304.46	78,241.38

Schedules forming part of Consolidated Balance Sheet as at 31st March, 2010

Schedule : 5 Investments	As at 31st Mar, 2010 Rs. In Lacs	As at 31st Mar, 2009 Rs. In Lacs
Long Term - Non Trade		
(Valued at cost and fully paid up)		
Equity Shares :		
A Quoted		
Garware Marine Industries Limited (1,29,640 Equity Shares of Rs. 10/- each) (Market Value Rs.22.62 lacs, Previous Year Rs. 10.36 lacs)	37.68	37.68
Equity Shares :		
B Unquoted		
(a) Others		
(i) Kapole Co-Op Bank Limited (2,000 Equity Shares of Rs. 10/- each)	0.20	0.20
(ii) Garware Nylons Limited (35,050 Equity Shares of Rs. 10/- each) (also see Note No. 7 of Schedule 13)	6.01	6.01
(iii) Bombay Mercantile Co-Op Bank Ltd (Previous Year 41,669 Equity Shares of Rs. 30/- each)	-	12.50
	6.21	18.71
Total	43.89	56.39

Schedule : 6 Current Assets, Loans and Advances	Rs. In Lacs	Rs. In Lacs
Current Assets		
A Inventories		
Stock of Stores, Spares & Consumables (At Cost)	2,074.05	1,649.96
B Sundry Debtors (Unsecured and Considered good)		
(a) Debts outstanding for more than six months	140.74	421.86
(b) Other Debts	3,263.42	2,632.80
	3,404.16	3,054.66
C Cash & Bank Balances		
Cash (Including imprest on vessels)	10.66	32.08
Bank Balances with scheduled banks :		
In Current Account	671.79	325.83
In Deposit Account	412.17	829.68
	1,094.62	1,187.59
Loans & Advances		
(Unsecured and Considered Good)		
(a) Advances recoverable in cash or kind or for the value to be received	1,619.93	1,440.56
(b) Advance Income Tax (Net of provision Rs. 268.00 lacs; previous year Rs.134.46 lacs)	128.72	128.64
(c) Deposits	91.09	65.83
(d) Balance with customs, port trust, other government authorities & courts of law	21.19	21.19
	1,860.93	1,656.22
Total	8,433.76	7,548.43

Schedules forming part of Consolidated Balance Sheet as at 31st March, 2010

Schedule : 7	As at 31st Mar, 2010	As at 31st Mar, 2009
Current Liabilities and Provisions	Rs. In Lacs	Rs. In Lacs
Current Liabilities		
(a) Sundry Creditors	748.73	1,094.07
(b) Unclaimed dividend (To be credited to the Investor Education & Protection Fund as and when due)	74.22	58.65
(c) Interest accrued but not due on loans	9.79	25.32
(d) Deposit	-	2,285.81
(e) Other Liabilities	1,081.76	1,358.10
	<u>1,914.50</u>	<u>4,821.95</u>
Provisions		
(a) Proposed Dividend	166.73	357.31
(b) Tax on proposed dividend	27.69	60.73
(c) Retirement Benefits	104.12	124.22
	<u>298.54</u>	<u>542.26</u>
Total	<u><u>2,213.04</u></u>	<u><u>5,364.21</u></u>

**Schedules forming part of Consolidated Profit and Loss Account
for the Year ended 31st March, 2010**

Schedule : 8	Year Ended	Year Ended
Other Income	31st Mar, 2010	31st Mar, 2009
	Rs. In Lacs	Rs. In Lacs
Other Income		
(a) Interest Income (Gross) (Tax Deducted at source Rs. 8.04 lacs, Previous Year Rs.13.92 lacs)	55.01	67.94
(b) Dividend Income	0.65	0.65
(c) Commission Income	-	10.18
(d) Gain on Foreign Currency Transactions (Net)	-	119.33
(e) Excess Provision of Gratuity	17.23	24.50
(f) Miscellaneous Income	645.97	-
Total	<u><u>718.86</u></u>	<u><u>222.60</u></u>

**Schedules forming part of Consolidated Profit and Loss Account
for the Year ended 31st March, 2010**

Schedule : 9 Fleet Operating Charges	Year Ended 31st Mar, 2010 Rs. In Lacs	Year Ended 31st Mar, 2009 Rs. In Lacs
(a) Salaries, Allowances & Compensation - Floating Staff	692.02	348.96
(b) Contractual payment to floating staff	2,750.10	1,599.93
(c) Contribution to Provident and other funds	4.76	21.17
(d) Travelling Expenses	190.88	168.30
(e) Fuel, Oil & Water	445.33	412.05
(f) Port & Canal dues	59.58	63.59
(g) Repairs	396.43	491.66
(h) Stores & Victualling	928.67	1,081.86
(i) Insurance Charges & Protecting Club Fees	396.81	276.44
(j) Telecommunication Charges	102.39	75.88
(k) Charter Hire Charges	1,994.78	127.25
(l) Professional Fees	114.87	151.78
(m) Brokerage & Commission	54.21	137.52
(n) Sundry Operating expenses	728.95	168.60
Total	8,859.78	5,124.99

Schedule : 10 Establishment & Other Expenses	Rs. In Lacs	Rs. In Lacs
(a) Salaries, Allowances, Bonus & Commission	862.21	889.15
(b) Contribution to Provident and other funds	30.51	34.18
(c) Staff welfare expenses	64.34	91.80
(d) Rent	11.60	11.90
(e) Travelling Expenses	118.37	143.36
(f) Auditors' Remuneration	10.32	6.71
(g) Telephone charges	38.93	26.06
(h) Professional fees	105.59	114.06
(i) Bank Charges	90.01	56.01
(j) Directors' fees	7.25	3.85
(k) Insurance Charges	12.83	21.07
(l) Rates & Taxes	10.51	17.49
(m) Repairs - Office	8.73	3.71
(n) Debit Balances written off	-	4.56
(o) Loss on Foreign Currency Transactions (Net)	255.19	-
(p) Loss on Foreign Currency Loan Repayments	348.70	903.23
(q) Miscellaneous Expenses	201.10	192.83
Total	2,176.20	2,519.97

Schedule : 11 Interest & Finance Charges	Rs. In Lacs	Rs. In Lacs
(a) Interest on fixed loans	2,833.13	2,348.33
(b) Other Interest	244.14	189.98
(c) Finance Charges	20.73	10.70
Total	3,098.00	2,549.01

Notes to the Accounts for the year ended 31st March, 2010

**Schedule : 12
Significant Accounting Policies**

I. Accounting Convention :

The financial statements are prepared under the historical cost convention and as a going concern, in accordance with, generally accepted accounting principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

II. Principles of Consolidation :

The Consolidated financial statements relate to Garware Offshore Services Limited (the 'Company') and its wholly owned subsidiary. The consolidated financial statements have been prepared on the following basis :

- (a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealised profit or losses.
- (b) The subsidiary considered in the consolidated financial statement is :

Name of the Company	Country of Incorporation	% ownership interest as at 31st March, 2010	% ownership interest as at 31st March, 2009
Garware Offshore International Services Pte. Ltd.	Singapore	100%	100%

III. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

IV. Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation. Cost includes expenses related to acquisition, financing costs on borrowings during construction period and operational costs till commencement of first commercial voyage. Further, additions or extensions of a capital nature are added to the cost of vessel as and when incurred.

V. Depreciation of Assets :

(A) Re : Parent Company

(a) On fleet :

Depreciation has been arrived at on straight line method at the rate arrived at so as to provide 95% of the total cost of each vessel over its balance economic useful life. For this purpose the economic useful life of vessels is estimated as 30 years.

Any additions or extensions to existing vessels which forms an integral part of the vessels is depreciated by 95% over the remaining useful life of the vessels, in accordance with the requirement of para. 24 of Accounting Standard 6 (Revised) - Depreciation Accounting, issued by The Institute of Chartered Accountants of India.

(b) On Motor Vehicles :

Depreciation is arrived at on straight line method as 25% p.a. of the cost, based on the estimated useful life of 4 (four) years for the motor vehicles.

(c) On Other Assets :

Depreciation on assets acquired upto 31st December, 2003 is charged in the accounts on the Written Down Value method at the rates prescribed under Schedule XIV of the Companies Act 1956.

Depreciation on assets acquired from 1st January, 2004 charged in accounts on the Straight Line method at the rates prescribed under Schedule XIV of the Companies Act 1956.

(B) Re : Wholly Owned Subsidiary Company

Depreciation of property, plant and equipment is calculated on straight line method to write off cost of the assets over their estimated lives as follows:

Computer and software	3 years
Equipment	3 to 10 years
Furniture and fittings	3 years
Books and manuals	3 to 5 years

VI. Accounting for Investments :

Long term investments are valued at cost.

VII. Valuation of Inventories :

- (a) The stocks of stores and spares including on board the ships as certified by the management, are valued at cost.
- (b) The Stocks of fuel and diesel oil owned by the Company as confirmed by masters of the vessels are valued at cost.

VIII. Revenue Recognition :

Time Charter earnings are recognized on accrual basis.

IX. Operating Expenses :

Expenses charged to Profit and Loss account are recognised on accrual basis.

X. Employee Benefits :

Defined Contribution Plan

Employee benefits in the form of Provident Fund which is a defined contribution scheme, is charged to the Profit and Loss account during the year when the contribution accrues.

Defined Benefit Plan

The liability for gratuity, a defined benefit obligation, is accrued and provided for on the basis of actuarial valuation, using the projected unit credit method as at the Balance Sheet date.

Other Long Term Benefits

Long term compensated absences are provided on the basis of an actuarial valuation, using the projected credit method 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 Profit and Loss account for the year as income or expense.

XI. Foreign Exchange Transaction :

(a) Transactions in foreign currency are recorded at the standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are re-stated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions (including those relating to acquisition of depreciable assets) is recognised in the Profit and Loss Account.

(b) Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, forward rate options, currency and interest rate swaps and commodity future contracts, that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement. The gain or loss on designated hedging instruments that qualify as effective hedges is recorded in the Hedging Reserve Account and is recognised in the statement of Profit and Loss in the same period or periods during which the hedged transaction affects Profit and Loss.

Gains or losses on the ineffective transactions are immediately recognised in the Profit and Loss Account. When a forecasted transaction is no longer expected to occur the gains and losses that were previously recognised in the Hedging Reserve are transferred to the statement of Profit and Loss immediately.

Accordingly the Company has designated borrowings in foreign currency (relating to acquisition of depreciable assets) as hedge instruments to cover its foreign currency risks of its firm commitments and highly probable forecast transactions of revenue streams and the same are accounted as cash flow hedge.

(c) In respect of the overseas subsidiary which is classified as non integral operation as per AS-11, all the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and income / expenditure are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain / loss have been disclosed as "Foreign Currency Translation Reserve".

XII. Borrowing Cost :

Borrowing costs directly attributable to borrowed funds raised to meet any financial obligation on account of acquisition or other value added cost of any qualifying assets (Fixed Assets) incurred upto the date of cessation of substantial activities necessary to prepare the qualifying asset for its intended use, is capitalised.

XIII. Provisions & Contingent Liabilities :

(a) Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

(b) Contingent liabilities are disclosed in respect of possible obligation that arise from past events but their existence is confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, unless the likelihood of an outflow of resources is remote.

(c) Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

XV. Provision for Taxation :

Provision of 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.

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.

XVI. Prior Period Items/ Extra Ordinary Items :

Prior period items & extra ordinary items, if any, are disclosed separately in the notes to accounts.

XVII. Impairment of Assets :

The Company reviews the carrying values of tangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognised in the year in which impairment takes place.

Notes to the Accounts for the year ended 31st March, 2010

Schedule : 13
Notes to Accounts

(1) Contingent Liabilities :

Particulars	As on 31st March, 2010 (In Rs. Lacs)	As on 31st March, 2009 (In Rs. Lacs)
(a) Guarantees given by the Banks [Counter Guarantees given by the Company]	23,235.40	1,906.60
(b) Corporate Guarantee on behalf of other Company [No such guarantee has devolved on the Company]	0.00	232.84
TOTAL	23,235.40	2,139.44

The Company has given a guarantee on behalf of its wholly owned subsidiary for the difference, if any between the Bareboat Charter payable to the owner of one Accommodation barge and one Anchor Handling Tug-cum Supply Vessel, and the market value of the said assets. The company does not expect any liability on this account.

(2) Assets offered as securities to banks & financial institution :

A) Term loans for acquisition of vessels

- (a) Outstanding term loan of US \$ 14.94 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.47 million.
- (b) Outstanding term loan of US \$ 15.58 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.52 million.
- (c) Outstanding term loan of US \$ 9.25 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.23 million.
- (d) Outstanding term loan of US \$ 20.23 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.99 million.
- (e) Outstanding term loan of US \$ 8.80 million from DVB Group Merchant Bank is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.11 million.
- (f) Outstanding term loan of US \$ 12.18 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 0.72 million.
- (g) Outstanding term loan of US \$ 8.22 million from State Bank of Hyderabad is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 0.98 million.
- (h) Outstanding term loan of US \$ 8.38 million from State Bank of India is secured by way of first charge of the vessel acquired.
Amount repayable within a year US\$ 1.00 million.

B) Other Term Loans

- (a) Outstanding Corporate Term loan of US\$ 2.70 million from State Bank of Travancore, is secured by way of second charge on one of the Company's AHTSV.
Amount repayable within a year US\$ 1.01 million.
- (b) Outstanding Corporate Term loan of US\$ 2.00 million from State Bank of Travancore, is secured by way of first charge on one of the Company's AHTSV.
Amount repayable within a year US\$ 0.90 million.
- (c) Outstanding Corporate Term loan of US\$ 1.88 million from United Bank of India, which is secured by way of receivables from the operation of one of the Company's PSV and extension of charge on one of Company's AHTSV.
Amount repayable within a year US\$ 1.50 million.

- (d) Outstanding Corporate Term loan of US\$ 3.00 million from United Bank of India, which is secured by way of receivables from the operation of one of the Company's PSV and extension of charge on one of Company's AHTSV. Amount repayable within a year US\$ 1.38 million.
- (e) Outstanding term loan of Rs. 728.67 lacs from United Bank of India, which is secured by way of charge on the property / office premises acquired as also charge on one of the AHTSV of the Company. Amount repayable within a year Rs. 174.96 lacs.
- (f) Outstanding term loan of Rs. 437.53 lacs from Ratnakar Bank, which is secured by way of charge on one of the AHTSV of the Company. Amount repayable within a year Rs. 125.00 lacs.

C) Car Finance Loans

Car finances availed by the Company from ICICI Bank is secured against respective motor cars against which the finances are availed.

Amount repayable within a year Rs. 15.15 lacs.

D) Working Capital Facilities

(a) Working Capital Facility from United Bank of India is secured by hypothecation of Book Debts and Tangible Assets such as stocks, stores and spares on board the vessel as also against collateral security by way of first mortgage on one (AHTSV) of the Company.

(b) Working Capital Facility from State Bank of Travancore is secured by pari passu first charge on all current assets including stores & spares, fuel, oil and book debts (-Excluding receivables from one of the Company's PSV).

(3) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) - "Employee Benefits"
A) Defined Contribution Plans :

The Company has recognised the following amounts in the Profit and Loss account for the year :

	Rs. In Lacs	
	31.03.2010	31.03.2009
Contribution to Employees Provident Fund	30.35	34.18
Contribution to Seamen's Provident Fund	4.76	21.17

B) Defined Benefit Plans :

Valuations in respect of Gratuity and 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 :

Acturial Assumption for the year	Gratuity		Leave Encashment	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
a) Discount Rate (p.a.)	8.00%	7.50%	8.00%	7.50%
b) Rate of Return on Plan Assets	8.00%	8.00%	-	-
c) Salary Escalation rate	5.00%	5.00%	5.00%	5.00%
d) Attrition rate	2.00%	2.00%	-	-

(i) Change in Benefit Obligation
Rs. In Lacs

	Gratuity	
	31.03.2010	31.03.2009
Liability at the beginning of the year	99.40	125.33
Interest Cost	8.35	10.94
Current Service Cost	14.07	12.22
Benefit Paid	(4.22)	(1.55)
Acturial (gain)/loss on obligations	(38.35)	(47.54)
Liability at the end of the year	79.25	99.40

GARWARE OFFSHORE SERVICES LIMITED

(ii) Fair value of Plan Assets : Rs. In Lacs

	Gratuity	
	31.03.2010	31.03.2009
Fair Value of Plan Assets at the beginning of the year	1.01	0.68
Expected Return on Plan Assets	2.76	0.25
Employer's contribution	35.54	1.76
Benefits Paid	(4.22)	(1.55)
Actuarial gain/(loss) on Plan Assets	(1.46)	(0.13)
Fair value of Plan Assets at the end of the year	33.63	1.01

(iii) Actual Return on Plan Assets: Rs. In Lacs

	Gratuity	
	31.03.2010	31.03.2009
Expected Return on Plan Assets	2.76	0.25
Actuarial gain/(loss) on Plan Assets	(1.46)	(0.13)
Actual Return on Plan Assets	1.30	0.12

(iv) Amount Recognised in the Balance Sheet : Rs. In Lacs

	Gratuity	
	31.03.2010	31.03.2009
Liability at the end of the year	79.25	99.40
Fair Value of Plan Assets at the end of the year	33.63	1.01
Amount Recognised in Balance sheet	45.62	98.39

(v) Expenses recognised in the Profit & Loss Account : Rs. In Lacs

	Gratuity	
	31.03.2010	31.03.2009
Current Service Cost	14.07	12.22
Interest Cost	8.35	10.94
Expected Return on Plan Assets	(2.76)	(0.25)
Net Actuarial (gain) / loss to be recognised	(36.89)	(47.41)
Expenses recognised in the Profit & Loss Account	(17.23)	(24.50)

(C) Other Long Term Benefits

The charge recognised in the Profit & Loss Account for Leave Encashment for the year is Rs. 12.81 Lacs (Previous Year 56.00 Lacs) and the closing liability is Rs. 24.87 Lacs (Previous Year Rs. 27.33 Lacs).

(4) Change In Accounting Policy :

During the current year the company changed its policy for providing for Depreciation on the assets (other than on fleet). Hitherto depreciation had been provided on the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act 1956. From the current year, on all assets (other than fleet) acquired from 1st January, 2004 onward depreciation has been provided on the straight line method as under :

- (i) On Motor Vehicles - At 25% p.a.
- (ii) On Residual Assets - At the SLM rates provided under Schedule XIV of Companies Act 1956.

As a consequence of this change a net amount of Rs 27.21 lacs has been charged to the current year Profit and Loss Account, being the additional depreciation to be provided upto 31st March, 2009 to give effect to this change.

(5) Capital Commitment :

Estimated amount of contracts remaining to be executed on account of capital expenses is Rs. 27,290.00 Lacs, against which an advance of Rs. 1,763.28 Lacs has been paid.

(6) Current Liabilities :

As per the information available with the Company, there are no Micro and Medium Enterprises, as defined in the Micro small, Medium Enterprise Development Act 2006 to whom the Company owes on account of principal amount together with the interest and accordingly no additional disclosures have been made.

(7) Garware Nylons Limited has been ordered to be wound up by the Bombay High Court and Bombay High Court has appointed Official Liquidator on 18th December, 1998. No provision for diminution in the value of investment of 35,050 equity shares valued at Rs.6.01 lacs has been made in the books.

**(8) Break- Up of Remuneration to Auditors :
(Including Service Tax)**

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
Auditors Remuneration :		
(a) Statutory Audit Fees	8.82	5.52
(b) Tax Audit Fees	0.55	0.52
(c) Other Fees	0.82	0.53
(d) Expenses Reimbursed	0.13	0.14
TOTAL	10.32	6.71

(9) Net Profit Calculation U/s. 198 for the purpose of Managerial Remuneration :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
(a) Profit/ (Loss) before taxation	4,379.64	4,080.80
(b) (Add) : Depreciation as per Books of Accounts	3,473.63	2,289.75
(c) (Add) : Remuneration to Whole Time Director	471.95	432.51
	<u>8,325.22</u>	<u>6,803.06</u>
(d) (Less) : Depreciation U/s. 350 of Companies Act, 1956	3,473.63	2,289.75
(e) Net Profit U/s. 198 of the Companies Act, 1956	<u>4,851.59</u>	<u>4,513.31</u>
Maximum allowable Remuneration @ 10% of Net Profit U/s. 198	485.16	451.33

Remuneration Paid/ Provided to Wholetime Directors :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
(a) Salaries & Allowances	315.05	184.62
(b) Commission Provided for	130.00	240.00
(c) Contribution to PF	14.88	7.20
(d) Monetary Value of Perquisites [As per the provisions of Income Tax Act, 1961]	12.02	0.69
TOTAL	471.95	432.51

Note :

The above does not include contribution to Gratuity Fund which is actuarially determined or on overall basis and separate figures are not available for the wholetime directors.

(10) Information Pursuant to Para 3 & 4 of Part - II of Schedule VI of the Companies Act, 1956 :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)																											
(a) Value of imports calculated on C.I.F. basis :																													
Raw Material	N.A.	N.A.																											
Components & Spare Parts	409.05	353.67																											
Capital Goods (Purchase of Vessels) and advances	933.15	43,486.03																											
(b) Expenditure in foreign currency :																													
Royalty	N.A.	N.A.																											
Know - How	N.A.	N.A.																											
Professional & Consultation fees	98.96	94.35																											
Interest Charges	2,648.67	1,886.91																											
Other Matters	2,524.07	1,233.11																											
(c) Value of the imported and indigenous Raw Materials, Stores And Spares consumed and percentage of each to the total consumption. :																													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">%(2009-10)</th> <th style="text-align: center;">%(2008-09)</th> </tr> </thead> <tbody> <tr> <td>Raw Material :</td> <td></td> <td></td> </tr> <tr> <td>Imported Goods</td> <td style="text-align: center;">N.A.</td> <td style="text-align: center;">N.A.</td> </tr> <tr> <td>Indegenous Goods</td> <td style="text-align: center;">N.A.</td> <td style="text-align: center;">N.A.</td> </tr> <tr> <td></td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> </tr> <tr> <td>Stores, Spares & Consumables :</td> <td></td> <td></td> </tr> <tr> <td>Imported Goods</td> <td style="text-align: center;">60.90%</td> <td style="text-align: center;">53.88%</td> </tr> <tr> <td>Indegenous Goods</td> <td style="text-align: center;">39.10%</td> <td style="text-align: center;">46.12%</td> </tr> <tr> <td></td> <td style="text-align: center;">100.00%</td> <td style="text-align: center;">100.00%</td> </tr> </tbody> </table>	Particulars	%(2009-10)	%(2008-09)	Raw Material :			Imported Goods	N.A.	N.A.	Indegenous Goods	N.A.	N.A.		0.00	0.00	Stores, Spares & Consumables :			Imported Goods	60.90%	53.88%	Indegenous Goods	39.10%	46.12%		100.00%	100.00%		
Particulars	%(2009-10)	%(2008-09)																											
Raw Material :																													
Imported Goods	N.A.	N.A.																											
Indegenous Goods	N.A.	N.A.																											
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	N.A.	N.A.																											
	N.A.	N.A.																											
	0.00	0.00																											
	409.05	485.49																											
	262.63	415.61																											
	671.68	901.10																											
(d) Amount remitted during the year in foreign currencies on account of dividends :	0.00	0.00																											
(e) Earnings in foreign exchange classified under the following heads :																													
Sale of vessel	7,869.16	1,228.38																											
Royalty, Know-how, Professional and Consultation fees	0.00	10.18																											
Interest and Dividend	0.00	0.00																											
Other income, indicating the nature thereof [Charter Hire & Freight Earnings]	16,604.16	13,683.05																											

(11) Earning Per Share :

Particulars	Year Ended 31st March, 2010 (In Rs. Lacs)	Year Ended 31st March, 2009 (In Rs. Lacs)
A Basic Earning Per Share :		
Working for Computing Earning Per Share :		
Profit before Taxation	4,379.64	4,080.80
(Less) : Provision for Taxation	230.44	53.58
(A)	4,149.20	4,027.22
Weighted Average No. of Equity Share Capital :		
Equity Share At The Beginning Of The Year	238.19	238.19
(+) Fresh Issue During The Year	0.00	0.00
(-) Redeemded/ Forefeited During The Year	0.00	0.00
(B)	238.19	238.19
BASIC EARNING PER SHARE (A / B)	17.42	16.91
B Diluted Earning Per Share :		
Diluted Earning for Computing Diluted Earning Per Share :		
Profit before Taxation	4,379.64	4,080.80
(Less) : Provision for Taxation	230.44	53.58
(Add) : Interest expenses for the current year	0.00	0.00
(Less) : Tax relating to interest expenses	0.00	0.00
Adjusted Net Profit for the current year (A)	4,149.20	4,027.22
Weighted Average No. of Equity Share Capital :		
Equity Share at the beginning of the year	238.19	238.19
(+) Fresh Issue During The Year (In weighted Average for time)	0.00	0.00
(+) Potential No. of Shares to be issued on conversion	0.00	0.00
(B)	238.19	238.19
DILUTED EARNING PER SHARE (A / B)	17.42	16.91

Note :

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

(12) Related Party Disclosure :

a) List of Related Parties :

Subsidiary Companies

Garware Offshore International Services Pte. Ltd, Singapore

Other related parties with whom transactions have taken place during the year.

Key Management Personnel

Ashok B. Garware - Executive Chairman

Aditya A. Garware - Vice Chairman and Managing Director

b) Transactions with related parties for the year ended 31st March 2010 :

Rs. In lacs

Nature of Transactions	Key Managerial Personnel	Other Related Parties	TOTAL
Remuneration			
Ashok B. Garware	248.15	0.00	248.15
Aditya A. Garware	223.80	0.00	223.80
Total	471.95	0.00	471.95

Outstandings as at 31st March, 2010 :

Rs. In lacs

Nature of Transactions	Key Managerial Personnel	Other Related Parties	TOTAL
Balance Remuneration Payable to :			
Ashok B. Garware	81.39	0.00	81.39
Aditya A. Garware	65.10	0.00	65.10
Total	146.49	0.00	146.49

c) Transactions with the wholly owned subsidiary Garware Offshore International Services Pte. Ltd. are fully eliminated in the consolidated financial statements.

(13) The previous year figures have been regrouped whenever necessary to confirm to current years classification.

(14) Segment Reporting :

The Company is engaged in only one type of business i.e. charter of offshore support vessels and there are no separate reportable segment as per Accounting Standards AS-17 "Segment Reporting".

As per our report of even date attached

For and on behalf of the board

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants
Firm Reg. No. 119891W

Santosh A. Sankhe
Partner
Membership No. 100976

Place : Mumbai
Date : 21st May, 2010

Ashok Garware
Executive Chairman

P. S. Shah
GM - Finance & Accounts

Place : Mumbai
Date : 21st May, 2010

Aditya Garware
Vice Chairman &
Managing Director

S. P. Akolkar
President - Finance

A. K. Thanavala
Director

A. C. Chandarana
Company Secretary

Consolidated Cash Flow Statement For The Year Ended 31st March 2010

PARTICULARS	Year Ended 31.03.2010 (Rupees in Lacs)	Year Ended 31.03.2009 (Rupees in Lacs)
A. Cash Flow arising from Operating Activities :		
Net profit before tax and extraordinary items	4,379.64	4,168.51
Add/(Less) :		
a) Depreciation charges (Net)	3,446.42	2,289.75
b) Interest charges	3,098.00	2,549.01
c) Dividend Income	(0.65)	(0.65)
d) Interest Income	(55.01)	(67.94)
e) (Profit) / Loss on sale of Asset (net)	0.00	(101.69)
f) Taxes Paid	(356.02)	(8.55)
Operating Profit before working capital changes	10,512.38	8,828.44
Less :		
a) Increase /(Decrease) in Operational Current Liabilities	(2,927.60)	3,822.13
b) Increase in Operational Current Assets	(1,102.43)	(2,370.98)
Net cashflow from operating Activity (A)	6,482.35	10,279.59
B. Cash Flow arising from Investing Activities :		
(i) Outflow on account of investing activity		
a) (Acquisition)/ Sale of fixed assets (Incl. Cap WIP)	4,463.30	(37,578.33)
b) Money Invested in Securities	12.50	0.00
(ii) Inflow on account of investing activity		
a) Trading in Securities (Net)	0.00	0.00
b) Income from Dividend	0.65	0.65
c) Interest Income	55.01	67.94
Net cashflow from investing Activity (B)	4,531.46	(37,509.74)
C. Cash Flow arising from Finance Activities :		
(i) Inflow on account of Financing activity		
a) Shares & Warrants Issued at premium	0.00	0.00
b) Loans taken (net of repayment)	(7,270.40)	30,648.00
(ii) Outflow on account of Financing activity		
a) Dividend Paid	(722.84)	(558.00)
b) Interest on loan paid during the year	(3,113.53)	(2,529.57)
Net cashflow from financing Activity (C)	(11,106.77)	27,560.43
Net increase in cash / cash equivalent [A + B + C]	(92.97)	330.28
Add : Balance at the beginning of the year	1,187.59	857.31
Cash / Cash equivalents at the end of the year	1,094.62	1,187.59
Notes to cash flow statement :		
(1) Method of preparation of cash flow statement : Cash flow statement has been prepared under Indirect method as set out in the Accounting Standard 3 on Cash Flow Statement, issued by the Institute of Chartered Accountants of India.		
(2) Components of cash flow :		
Cash - On - Hand	10.66	32.08
Demand deposits with bank (Bank balances)	1,083.96	1,155.51
	1,094.62	1,187.59

As per our report of even date attached

For and on behalf of the board

For **RAMAN S. SHAH & ASSOCIATES**
Chartered Accountants
Firm Reg. No. 119891W

Ashok Garware
Executive Chairman

Aditya Garware
Vice Chairman &
Managing Director

A. K. Thanavala
Director

Santosh A. Sankhe
Partner
Membership No. 100976

P. S. Shah
GM - Finance & Accounts

S. P. Akolkar
President - Finance

A. C. Chandarana
Company Secretary

Place : Mumbai
Date : 21st May, 2010

Place : Mumbai
Date : 21st May, 2010

To,
The Board Of Directors,
GARWARE OFFSHORE SERVICES LIMITED,
Mumbai.

We have examined the attached consolidated cash flow statement of GARWARE OFFSHORE SERVICES LIMITED for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirement of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with corresponding profit and loss account and balance sheet of the company covered by our report of the even date, to the members of the company.

As per our report of even date attached
For **RAMAN S. SHAH & ASSOCIATES**
Chartered Accountants - Firm Reg. No. 119891W

Santosh A. Sankhe
Partner
Membership No. 100976

Place : Mumbai
Date : 21st May, 2010

BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE

I. Registration Details :

Registration Number

1	9	2	2	9
---	---	---	---	---

State Code

1	1
---	---

Balance Sheet

3	1	0	3	1	0
Date		Month		Year	

II. Capital raised during the year (Amount in Rs. Thousand) :

Public Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Right Issue

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Preferential Allotment

															N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

III. Position of mobilisation and deployment of fund (Amount in Rs. Thousand) :

Total Liabilities

				7	7	0	1	1	0	3
--	--	--	--	---	---	---	---	---	---	---

Total Assets

				7	7	0	1	1	0	3
--	--	--	--	---	---	---	---	---	---	---

Sources Of Fund :

Paid - Up Capital

				2	3	8	1	9	1
--	--	--	--	---	---	---	---	---	---

Application Of Fund :

Net Fixed Assets

				7	0	3	0	4	4	6
--	--	--	--	---	---	---	---	---	---	---

Reserves & Surplus

				2	4	3	4	8	7	5
--	--	--	--	---	---	---	---	---	---	---

Investments

								4	3	8	9
--	--	--	--	--	--	--	--	---	---	---	---

Secured Loan

				5	0	2	8	0	3	7
--	--	--	--	---	---	---	---	---	---	---

Foreign Exchange Hedge Reserve

								3	7	2	6	4
--	--	--	--	--	--	--	--	---	---	---	---	---

Net Current Assets

								6	2	2	0	7	2
--	--	--	--	--	--	--	--	---	---	---	---	---	---

Foreign Currency Translation Reserve

													6	9	3	2
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---	---

Accumulated Losses

																N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

IV. Performance of company (Amount in Rs. Thousand) :

Turnover

				2	1	9	6	0	0	4
--	--	--	--	---	---	---	---	---	---	---

Total Expenditure

				1	7	5	8	0	4	0
--	--	--	--	---	---	---	---	---	---	---

Profit/ Loss before tax

				4	3	7	9	6	4
--	--	--	--	---	---	---	---	---	---

Profit/ Loss after tax

				4	1	4	9	2	0
--	--	--	--	---	---	---	---	---	---

Earning Per Share

								1	7	.	4	2
--	--	--	--	--	--	--	--	---	---	---	---	---

Dividend Rate (in %)

																		2	3
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code No. (ITC Code)

																			N	A
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---

Product Description

O	F	F	S	H	O	R	E	S	E	R	V	I	C	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Note : For ITC Code of products please refer to the Publication India Trade Classification based on harmonized commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics, Calcutta - 700 001.



REPORT OF THE DIRECTORS

The directors present their report to the member together with the audited financial statements of the company for the financial year ended 31 March 2010.

DIRECTORS

The directors in office at the date of this report are:

Ashok Bhalchandra Garware

Aditya Ashok Garware

Loke Kum Hee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

SHARE OPTIONS

No option to take up unissued shares of the company was granted during the financial year.

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

There were no unissued shares of the company under option as at the end of the financial year.

AUDITORS

Chong, Lim & Partners have expressed their willingness to accept re-appointment as auditors.

On behalf of the directors,

Ashok B Garware
Director

Aditya A Garware
Director

Singapore, 4 May 2010

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2010 and of the results of the business, the changes in equity and cash flows of the company for the financial year then ended and, at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 4 May 2010.

On behalf of the directors,

Ashok B Garware
Director

Aditya A Garware
Director

Singapore, 4 May 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.**

We have audited the accompanying financial statements of Garware Offshore International Services Pte. Ltd. which comprise the balance sheet as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We are unable to attend the annual stock take attendance to determine the actual quantity of the consumable stocks amounting to \$359,686 included in the financial statements due to the impracticality to attend the stock take after year end. However, the directors of the company have given us the assurance of the existence of the consumable stocks as at year end.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the actual quantity of the consumable stocks and as described in the Basis for Qualified Opinion paragraph,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2010 and the results, changes in equity and cash flows of the company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Public Accountants and Certified Public Accountants
Singapore

4 May 2010



BALANCE SHEET
31 MARCH 2010

	NOTE	2010 US\$	2009 US\$
ASSETS			
Property, plant and equipment	4	711,662	—
Current assets			
Consumable stocks	5	359,686	—
Trade receivables	6	3,399,983	796,500
Other receivables	7	1,780,307	1,204,609
Cash and cash equivalents	8	601,920	15,292
		<u>6,141,896</u>	<u>2,016,401</u>
TOTAL ASSETS		<u>6,853,558</u>	<u>2,016,401</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	500,001	150,001
Retained earning		693,268	586,725
		<u>1,193,269</u>	<u>736,726</u>
Current liabilities			
Trade payables	10	2,930,551	1,257,249
Other payables	11	2,729,738	6,669
Current tax payable		—	15,757
		<u>5,660,289</u>	<u>1,279,675</u>
TOTAL EQUITY AND LIABILITIES		<u>6,853,558</u>	<u>2,016,401</u>

See accompanying notes to the financial statements

**STATEMENT OF COMPREHENSIVE INCOME
31 MARCH 2010**

	NOTE	2010 US\$	2009 US\$
Service income		10,939,636	3,521,420
Purchase of raw materials and consumables		(457,243)	—
Changes in stocks		359,686	—
Charter and related expenses		(8,613,076)	(3,309,770)
Depreciation		(78,878)	—
Employee benefits		(951,994)	—
Other operating expenses	12	(1,071,571)	(23,296)
Finance income - interest		2	574
Finance cost – loan interest		(20,019)	—
Profit from operations		<u>106,543</u>	188,928
Income tax	13	—	(20,428)
Net profit from continuing operations		<u>106,543</u>	168,500
Other comprehensive income		—	—
Total comprehensive income		<u><u>106,543</u></u>	<u><u>168,500</u></u>

**STATEMENT OF CHANGES IN EQUITY
31 MARCH 2010**

	NOTE	Share capital US\$	Retained earnings US\$	Total US\$
At 31 March 2008		1	418,225	418,226
Issue of share capital		150,000	—	150,000
Total comprehensive income		—	168,500	168,500
At 31 March 2009		<u>150,001</u>	<u>586,725</u>	<u>736,726</u>
Issue of share capital	9	350,000	—	350,000
Total comprehensive income		—	106,543	106,543
At 31 March 2010		<u><u>500,001</u></u>	<u><u>693,268</u></u>	<u><u>1,193,269</u></u>

See accompanying notes to the financial statements



CASH FLOW STATEMENT 31 MARCH 2010

	2010 US\$	2009 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	106,543	188,928
Adjustment for:		
Depreciation	78,878	—
Interest income	(2)	(574)
Operating profit before working capital changes	<u>185,419</u>	<u>188,354</u>
Changes in working capital:		
Stocks	(359,686)	—
Receivable	(3,179,181)	(1,327,618)
Payables	4,396,371	1,046,058
Cash generated from/(used in) operations	<u>1,042,923</u>	<u>(93,206)</u>
Interest income	2	574
Income tax paid	(15,757)	(79,171)
Net cash generated from/(used in) operating activities	<u>1,027,168</u>	<u>(171,803)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(790,540)	—
Net cash used in investing activities	<u>(790,540)</u>	<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares capital	350,000	150,000
Net cash generated from financing activities	<u>350,000</u>	<u>150,000</u>
Net increase/(decrease) in cash & cash equivalents	<u>586,628</u>	<u>(21,803)</u>
Cash & cash equivalents at beginning of year	15,292	37,095
Cash & cash equivalents at end of year	<u>601,920</u>	<u>15,292</u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

The financial statements were authorised for issue on 4 May 2010 by the board of directors.

The company (Reg. No. 200711883H), which is domiciled and incorporated in Singapore, has its registered office at 1 Jalan Kilang Timor, #07-06 Pacific Tech Centre, Singapore 159303.

The principal activity of the company is to charter, operate, lease and brokerage of vessels.

2. STATEMENT OF ACCOUNTING STANDARD

a) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements, expressed in United States dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The adoption of new or revised FRS and INT FRS in 2009 did not result in substantial changes to the company's financial statements.

b) FRS AND INT FRS NOT YET EFFECTIVE

Certain new FRS and INT FRS have been issued as of the balance sheet date but are not yet effective. The company has assessed those standards and interpretations issued. The initial application of these standards and interpretations are not expected to have material impact on the company's financial statements.

c) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognised an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at bank, bank overdrafts and deposits at call with banks, unless pledged.

e) INCOME TAXES

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

f) TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost using the effective interest method.

g) REVENUE RECOGNITION

Revenue from the services rendered is recognised when the services are performed and accepted by the customer.

h) CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in United States dollars, which is the functional and presentation currency of the company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

i) PROVISION

A provision is recognised when the company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

j) STOCKS

Stocks consisting of manuals, guides, acts and charts, stores and spares and lube oil are stated at the lower of cost (first in, first out method) and net realisable value. The net realisable value is the estimated selling price in the ordinary courses of business, less the cost of completion and selling expenses.

k) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

Depreciation of property, plant and equipment is calculated on a straight line method to write off cost of the assets over their estimated useful lives as follows:

Computer and software	3 years
Equipment	3 to 10 years
Furniture and fittings	3 years
Books and manuals	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. All other repair and maintenance expense is recognised as expense when incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the 'profit or loss within other (losses)/gains-net'. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Estimated useful lives and residual values of property, plant and equipment

The company reviews the appropriateness of the estimated useful lives and residual values of property, plant and equipment at each balance sheet date. Changes in the expected level of usage and technological advancements could impact the economic useful lives and residual values of these assets. Where there is a material change in the estimated useful lives and residual values of property, plant and equipment, such a change will impact the future depreciation charges in the financial period in which the change arises.

(ii) Depreciation of property, plant and equipment (Note 4)

The company exercises their judgement in estimating the useful lives of the depreciable assets. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method.

4. PROPERTY, PLANT AND EQUIPMENT

	Computer and software	Furniture and fittings	Books and manuals	Tools, equipment and installation	Total
	US\$	US\$	US\$	US\$	US\$
Cost:					
At 1.4.2009	—	—	—	—	—
Additions	41,158	13,381	24,874	711,127	790,540
At 31.3.2010	<u>41,158</u>	<u>13,381</u>	<u>24,874</u>	<u>711,127</u>	<u>790,540</u>
Accumulated depreciation:					
At 1.4.2009	—	—	—	—	—
Depreciation	8,314	372	4,798	65,394	78,878
At 31.3.2010	<u>8,314</u>	<u>372</u>	<u>4,798</u>	<u>65,394</u>	<u>78,878</u>
Carrying amount:					
At 31.3.2010	<u>32,844</u>	<u>13,009</u>	<u>20,076</u>	<u>645,733</u>	<u>711,662</u>
At 31.3.2009	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

5. CONSUMABLE STOCKS

It consists of consumables such as stores and spares, lube oils, manuals, guides and charts.

The cost of stocks recognised as expense and included in "cost of sales" amounted to US\$186,609 (2009: nil).

6. TRADE RECEIVABLES

Trade receivables are denominated in the following currencies:

	2010	2009
	US\$	US\$
United States dollar	3,399,567	796,500
Singapore dollar	416	—
	<u>3,399,983</u>	<u>796,500</u>

7. OTHER RECEIVABLES

	2010	2009
	US\$	US\$
Prepayments	1,734,431	1,202,605
Advances paid	43,872	—
Deposit	2,004	2,004
	<u>1,780,307</u>	<u>1,204,609</u>

8. CASH AND CASH EQUIVALENTS

	2010	2009
	US\$	US\$
Cash at bank	601,920	10,992
Fixed deposit	—	4,300
	<u>601,920</u>	<u>15,292</u>

The effective interest rate of fixed deposit is nil (2009: 0.125%) per annum with maturity date of nil (2009: 29) days from balance sheet date.

Cash and cash equivalents are denominated in the following currencies:

	2010	2009
	US\$	US\$
United States dollar	598,270	15,292
Singapore dollar	3,650	—
	<u>601,920</u>	<u>15,292</u>

9. SHARE CAPITAL

	2010	2009
	US\$	US\$
Issued and fully paid – 500,001 (2009: 150,001) ordinary shares	500,001	150,001

During the year, the company issued 350,000 ordinary shares with cash of US\$350,000 and the proceeds were used as working capital.

10. TRADE PAYABLES

	2010	2009
	US\$	US\$
Holding company (Note 14)	2,483,060	1,257,249
Other parties	447,491	—
	<u>2,930,551</u>	<u>1,257,249</u>

GARWARE OFFSHORE INTERNATIONAL SERVICES PTE. LTD.

Trade payables are denominated in the following currencies:

	2010	2009
	US\$	US\$
Indian rupee	9,836	—
Malaysia ringgit	13,720	—
United States dollar	2,612,168	1,257,249
Singapore dollar	294,827	—
	<u>2,930,551</u>	<u>1,257,249</u>

11. OTHER PAYABLES

	2010	2009
	US\$	US\$
Holding company (Note 14)	2,320,979	999
Other creditor	6,655	—
Accruals	402,104	5,670
	<u>2,729,738</u>	<u>6,669</u>

12. OPERATING EXPENSES

	2010	2009
	US\$	US\$
Fuel oil and diesel	112,317	—
Legal & professional fee	21,143	9,167
Towage cost	423,610	—
Travelling expenses	133,167	4,072
Others	381,334	10,057
	<u>1,071,571</u>	<u>23,296</u>

13. INCOME TAX

	2010	2009
	US\$	US\$
Current year	—	15,757
Prior year under charged	—	4,671
	<u>—</u>	<u>20,428</u>

The income tax expense varied from the amount determined by applying the Singapore Income Tax rate of 17% (2009: 17%) to profit before income tax as a result of the following differences:

	2010	2009
	US\$	US\$
Income tax expenses at statutory rate	18,112	32,118
Tax exemption, rebate and allowance claimed	(18,112)	(16,361)
	<u>—</u>	<u>15,757</u>

14. HOLDING COMPANY

The company is a wholly-owned subsidiary of Garware Offshore Services Limited, incorporated in India, which is the ultimate holding company.

The balances are unsecured, interest-free and repayable on demand.

During the financial year, transactions with holding company on terms agreed between the companies were as follows:

	2010	2009
	US\$	US\$
Holding company		
Charter and related expenses	4,326,382	3,309,770
Reimbursement of expenses	62,031	4,899
	<u>4,388,413</u>	<u>3,314,669</u>

15. FINANCIAL RISK MANAGEMENT

The company is exposed to the following financial risks arising in the normal course of business:

Capital risk

The company manages its capital to safeguard its ability to continue as a going concern in order to provide return to its shareholders and benefits for any other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The company is not subject to externally imposed capital requirements.

Credit risk

The company's exposure to credit risk arises from the failure of a counterparty to settle its financial and contractual obligations to the company, as and when they fall due. The company manages this risk by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The company places its cash with banks and financial institutions which are regulated.

One debtor represents 88% (2009: 100%) of total trade receivable.

The credit risk for receivables is as follows:

i) Financial asset that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Receivables that are neither past due nor impaired are substantially companies with a good collection track record with the company.

ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except trade receivables.

Credit risk

The age analysis of trade receivables at the reporting date is:

	2010		2009	
	Gross	Impairment losses	Gross	Impairment losses
	US\$	US\$	US\$	US\$
Not past due	1,245,496	—	418,500	—
Past due 0 – 30 days	839,164	—	378,000	—
Past due 31 – 60 days	580,965	—	—	—
Past due 61 – 90 days	579,639	—	—	—
Past due more than 90 days	154,719	—	—	—
	3,399,983	—	796,500	—

Liquidity risk

In the management of liquidity risk, the company monitors and maintains a level of cash and bank balances to finance the company's operations and mitigates the effects of fluctuations on cash flows.

Market risk

i) Currency risk

The company has minimal exposure to foreign currency risk as most of the financial assets and liabilities are denominated in United States dollars, which is the functional currency of the company.

ii) Interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on the interest bearing bank deposits. The sensitivity analysis for changes in interest rate is not disclosed as the effect on the profit or loss is considered not significant.

iii) Price risk

The company has no exposure to price risk.

16. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the financial assets and liabilities in financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments.

**INCOME STATEMENT
31 MARCH 2010**

	2010 US\$	2009 US\$
REVENUE		
Vessel charter income	10,654,845	3,361,500
Rechargeable Income	284,791	159,920
	<u>10,939,636</u>	<u>3,521,420</u>
LESS: COST OF SERVICES		
Opening stock	—	—
Purchases	457,243	—
Vessel charter costs	8,328,285	3,149,850
Rechargeable expenses	284,791	159,920
	<u>9,070,319</u>	<u>3,309,770</u>
LESS: CLOSING STOCK	<u>(359,686)</u>	—
	<u>8,710,633</u>	<u>3,309,770</u>
GROSS PROFIT	<u>2,229,003</u>	211,650
Interest expense	(20,019)	—
Interest income	2	574
	<u>2,208,986</u>	<u>212,224</u>
LESS: STATEMENT OF EXPENSES (See attached)	<u>(2,102,443)</u>	<u>(23,296)</u>
PROFIT FROM OPERATIONS	<u>106,543</u>	<u>188,928</u>

This page does not form part of the statutory financial statements



STATEMENT OF EXPENSES
31 MARCH 2010

	2010 US\$	2009 US\$
Accounting fee	5,387	2,456
Agency fee	32,743	—
Bank charges	27,238	6,591
Communication expenses	37,582	—
Custom duty	5,944	—
Depreciation	78,878	—
Food, gifts and entertainment	40,351	—
Foreign exchange difference	2,288	(329)
Freight charges	5,617	—
Fresh water	(825)	—
Fuel oil and diesel	112,317	—
General expenses	6,419	1,339
Handling charges	1,260	—
Hiring costs	22,096	—
Insurance	85,484	—
Launch services	5,422	—
Legal & professional fees	21,143	9,167
License fee	2,629	—
Medical expense	5,691	—
Pilotages and shifting	33,755	—
Port dues	33,131	—
Port wharfage	1,630	—
Printing, stationery and postage	9,082	—
Repair and maintenance	7,068	—
Salary	951,994	—
Security charge	1,276	—
Towage cost	423,610	—
Transportation	8,064	—
Travelling expenses	133,167	4,072
Withholding tax	2,002	—
TOTAL EXPENSES	2,102,443	23,296

This page does not form part of the statutory financial statements



ATTENDANCE SLIP

GARWARE OFFSHORE SERVICES LIMITED

Registered Office: Chander Mukhi, Nariman Point, Mumbai - 400 021

Please complete this attendance slip and hand it over at the entrance of the auditorium. Joint shareholders may obtain additional attendance slips at the entrance.

Regd. Folio No./ Client ID No.
Name of the Member
Name of the Proxy
No. of Shares held

I hereby record my/our presence at the 32nd Annual General Meeting at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034 on Monday, 28th June, 2010 at 9.30 a.m.

Signature of the Member/Proxy

(TEAR HERE)

PROXY FORM



GARWARE OFFSHORE SERVICES LIMITED

Registered Office: Chander Mukhi, Nariman Point, Mumbai - 400 021.

I/We
of
a Member/Members of GARWARE OFFSHORE SERVICES LIMITED hereby appoint
of
or failing him/her
of
or failing him/her
of

as my/our Proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034 on Monday, 28th June, 2010 at 9.30 a.m. and at any adjournment thereof.

Signed this day of 2010.

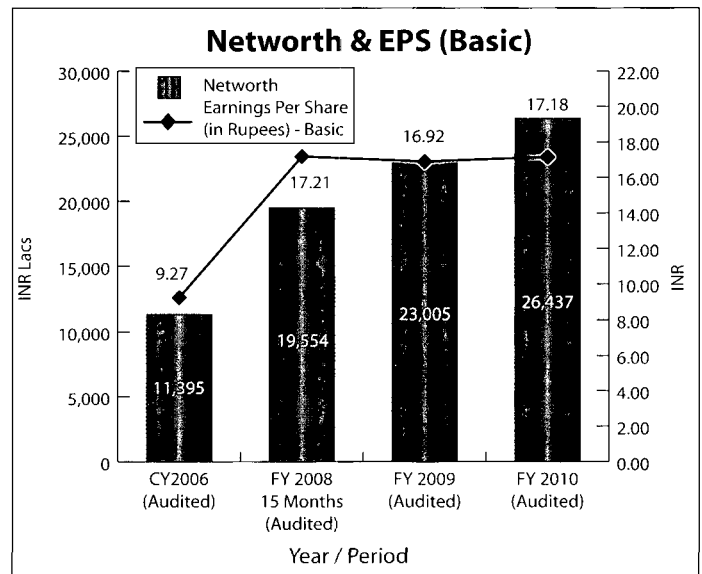
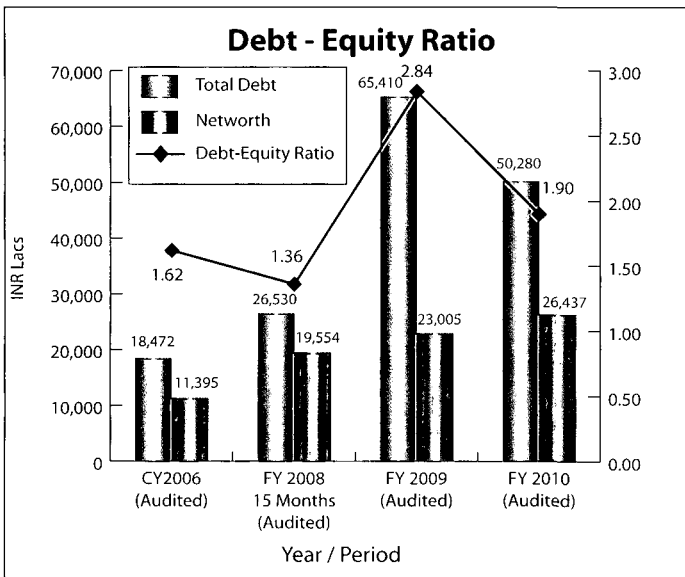
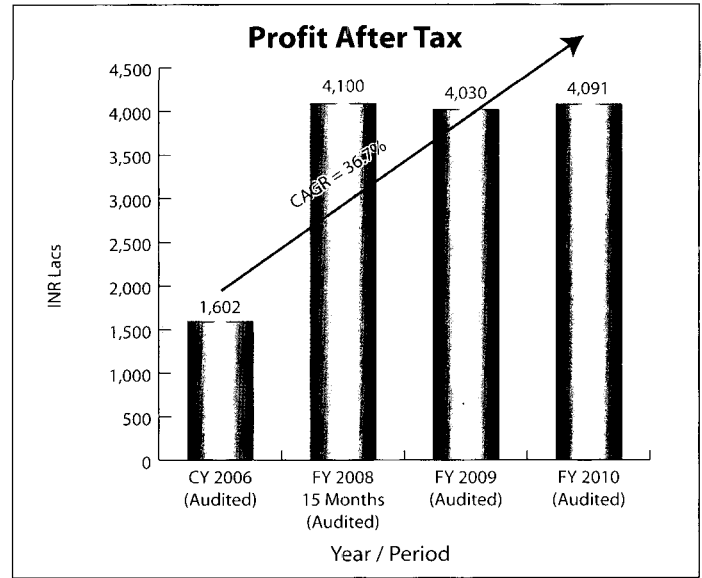
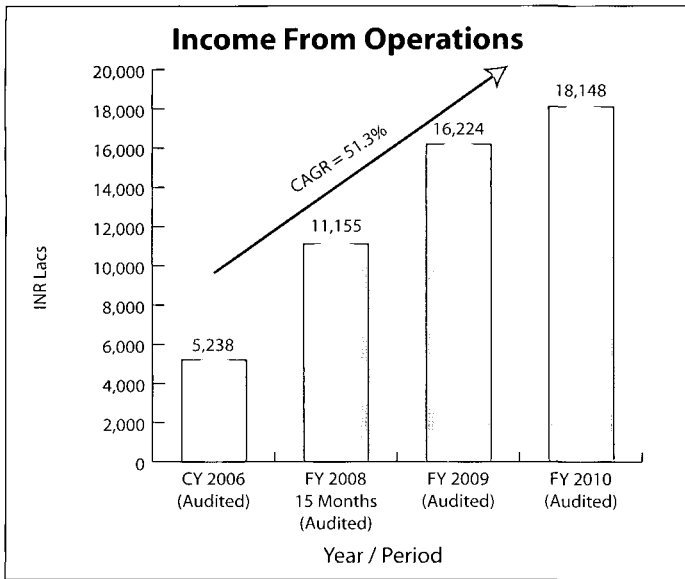
Regd. Folio No. / Client ID No. No. of Shares

Signed by the said

Affix One Rupee Revenue Stamp

Note: The proxy form must be deposited at the Registered Office of the Company at Chander Mukhi, Nariman Point, Mumbai 400 021, not less than 48 hours before the time of holding the Meeting.

PROXY NO.



Book - Post

If Undelivered please return to :
Garware Offshore Services Limited
Chander Mukhi, Nariman Point, Mumbai - 400 021.