GREATSHIP (INDIA) LIMITED

OFFSHORE LOGISTICS I DRILLING SERVICES

ANNUAL REPORT 2013- 2014

CONTENTS


GREATSHIP DHWANI

CORPORATE INFORMATION

Directors

Chairman
Mr. Bharat K. Sheth

Managing Director
Mr. Ravi K. Sheth

Executive Director
Mr. P. R. Naware

Mr. Keki Mistry
Mr. Berjis Desai
Mr. Vineet Nayyar
Mr. Shashank Singh
Mr. Anil Singhvi
Mr. Mathew Cyriac

Registered Office
Indiabulls Finance Center
Tower 3, 23rd Floor, Senapati Bapat Marg
Elphinstone Road (West), Mumbai- 400013

Corporate Identity Number
U 63090 MH 2002 PLC 136326

Auditors
Kalyaniwalla & Mistry
Chartered Accountants
Kalpataru Heritage
127, Mahatma Gandhi Road
Mumbai- 400001

Chief Financial Officer
G. Shivakumar

Company Secretary
Ms. Amisha Ghia

Web Site
www.greatshipglobal.com

KEY PERFORMANCE INDICATORS (CONSOLIDATED)

5 YEARS AT A GLANCE

(₹ in Crores)

	FY 10	FY 11	FY 12	FY 13	FY 14
Profit & Loss A/c					
Revenues	762.69	914.57	1,227.04	1,401.46	1,604.43
Operating Profit (PBIDT)	277.04	455.07	605.24	862.72	990.89
Net Profit (PAT)	105.63	215.71	220.23	430.72	463.79
Balance Sheet					
What the Company owned					
Fixed Assets	2,677.84	3,766.15	4,508.22	5,195.08	5,617.29
Investments & Net Current Assets and long term portion of current liabilities and provisions	346.72	606.13	480.48	806.98	660.06
Deferred Taxation (Net)	0.70	0.88	1.31	1.18	1.95
TOTAL	**3,025**	**4,373**	**4,990**	**6,003**	**6,279.30**
What the Company owed					
Loans	1,701.27	2,341.60	2,534.24	3,113.60	2,806.98
TOTAL	**1,701**	**2,342**	**2,534**	**3,114**	**2,806.98**
Shareholders' Funds					
Equity Share Capital	86.10	105.89	111.35	111.35	111.35
Preference Share Capital	88.00	148.62	148.62	148.62	134.12
Application Money- Equity Warrants	5.91	-	-	-	-
Employee Stock Options Outstanding	2.32	2.42	2.12	-	-
Reserves & Surplus	1,141.66	1,774.63	2,193.68	2,629.66	3,226.85
TOTAL	**1,323.99**	**2,031.56**	**2,455.77**	**2,889.63**	**3,472.32**

(US$ in 000s)

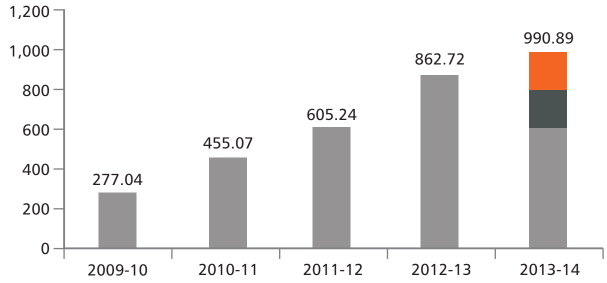
IN US DOLLARS	FY 10	FY 11	FY 12	FY 13	FY 14
Profit & Loss A/c					
Revenues	159,994	200,828	257,998	258,954	266,075
Operating Profit (PBIDT)	58,117	99,927	127,258	153,537	164,327
Net Profit (PAT)	22,159	47,367	46,305	79,586	76,913
Balance Sheet					
What the Company owned					
Fixed Assets	596,534	844,618	886,049	956,914	937,465
TOTAL Assets	673,928	980,749	980,742	1,105,773	1,047,946
What the Company owed					
Loans	378,987	525,140	498,082	573,513	468,454
Shareholders' Funds	294,941	455,609	482,660	532,259	579,493

Figures in US$ are arrived by converting Rupee figures of each year at corresponding average conversation rate for all P&L items and at corresponding closing rate for all Balance Sheet items.

	FY 10	FY 11	FY 12	FY 13	FY 14
Debt-equity Ratio	1.85:1	1.76:1	1.48:1	1.46:1	1.05:1
Return On Operating Networth (%)	14.77	16.37	11.78	17.46	15.09
Return On Operating Capital Employed (%)	10.55	9.53	8.77	10.70	10.44
Earning Per Share (in ₹)	11.23	23.22	18.28	36.57	39.64

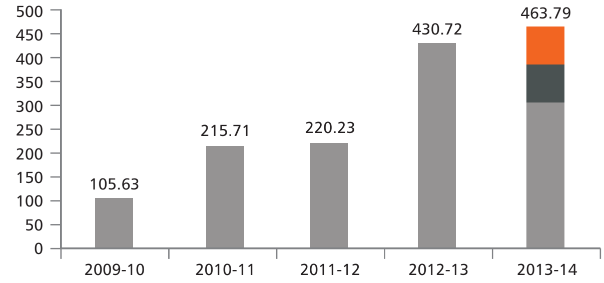
Operating Profit (PBIDT)

(₹ in Crores)



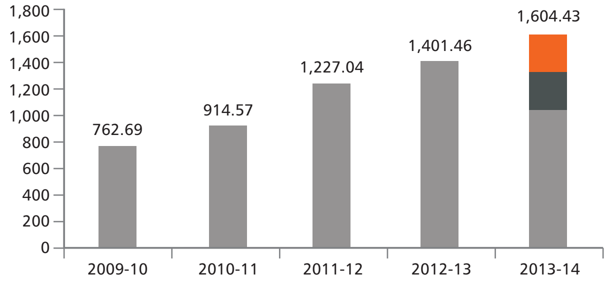
Net Profit (PAT)

(₹ in Crores)

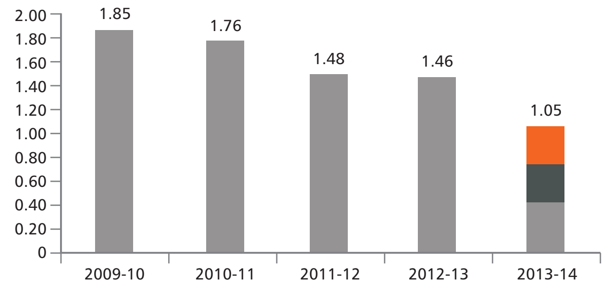


Revenues

(₹ in Crores)

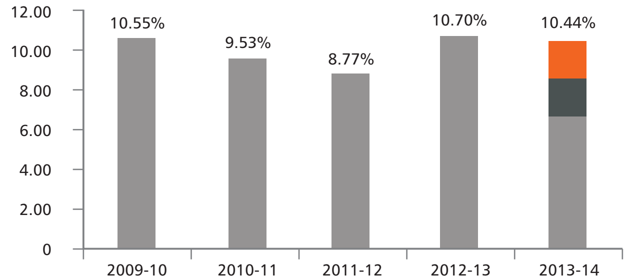


Debt-equity Ratio



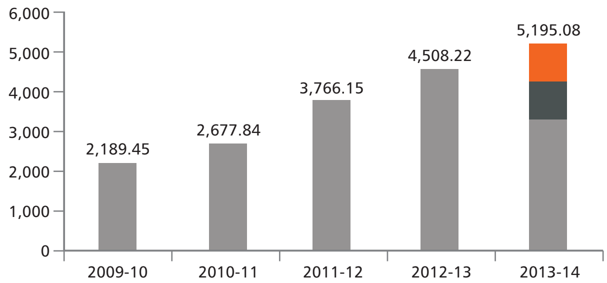
Return On Operating Networth (%)

Return On Operating Capital Employed (%)



Fixed Assets

(₹ in Crores)



Note:

1. Debt Equity Ratio:
   Preference shares capital including premium on issue of preference shares (₹ 402.37 Crores) have been considered under Debt instead of Equity.
2. Return on Operating Networth:
   Shareholders' Funds has been reduced by equity employed in ships under construction as follows: FY 10 ₹ 385.33 Crores, FY 11 ₹ 335.51 Crores, FY 12 ₹ 414.21 Crores, FY 13 NIL, FY 14 ₹ 217.04 Crores.
3. Return on Operating Capital Employed:
   Total capital employed has been reduced by capital employed in ships under construction as follows: FY 10 ₹ 547.32 Crores, FY 11 ₹ 335.51 Crores, FY 12 ₹ 414.21 Crores, FY 13 NIL, FY 14 ₹ 217.04 Crores.

MANAGEMENT STATEMENT

Dear Shareholders,

Your Company had another rewarding year, with consolidated revenue for financial year 2013-14 of ₹ 1604.43 crores, a 14% jump over the previous year and consolidated net profit of ₹ 463.78 crores compared to ₹ 430.72 crores for the previous financial year.

During the year, the Company built on its drilling business by placing an order for a 350-foot jackup drilling rig with Lamprell Energy Ltd yard in U.A.E. This technologically sophisticated rig named the Greatdrill Chaaru, has already received an award for a five-year contract from ONGC, upon her delivery in March 2015. There was no change in the logistics fleet as it continued at 21 vessels, with no vessels on order.

The drilling business had another strong performance in the year with average utilization of 93%. During the year, one of the rigs successfully completed her first 5 yearly survey.

The offshore logistics business performance continued to be strong this year too, as average vessel utilisations stayed at elevated levels throughout the year. The Company marked its maiden entry into the West African market with the charter of a Platform Support Vessel (PSV) for operations in Angola and managed significant breakthroughs in specialised operations in the geotechnical and well stimulation space.

Though the company is well positioned in the near term, there are concerns on the possible slowing down of the upstream budgets of the oil industry. Oil companies are under pressure to generate free cash flow from production and thus are limiting their expenditures on exploration. This trend may well be temporary, but with the high newbuild order book of rigs, as well as offshore vessels, market weaknesses owing to oversupply cannot be ruled out. The current year may provide some direction in determining how these equations play out. Your company will continue to focus on securing term charters to ensure consistency in cash flows during this challenging period.

We take this opportunity to thank our customers, our bankers and our 1200 onshore and offshore employees for helping us build the Greatship group into one of the well respected brands in the industry.

With Regards,

Bharat K. Sheth

Ravi K. Sheth

Directors' Report

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twelfth Annual Report for the year ended March 31, 2014. In accordance with the Ministry of Corporate Affairs' General Circular 08/2014 No. 1/19/2013-CL-V dated April 4, 2014, the Financial Statements (and documents required to be attached thereto), Auditors' Report and the Board's Report for the financial year 2013-14 are governed by the relevant provisions, schedules, rules of the Companies Act, 1956.

FINANCIAL HIGHLIGHTS

The Financial Highlights of the Company for the current year and previous year on a standalone and consolidated basis are as under:

	STANDALONE		CONSOLIDATED	
PARTICULARS	Current Year ₹ in Crores	Previous Year ₹ in Crores	Current Year ₹ in Crores	Previous Year ₹ in Crores
Total Revenue	1384.17	1074.44	1604.43	1401.46
Total Expenses	981.65	772.94	779.34	674.33
Depreciation and amortisation expense	121.14	100.17	298.02	229.06
Impairment loss on fixed assets	-	-	8.12	31.78
Profit before tax	**281.38**	**201.33**	**518.95**	**466.29**
Less: Provision of tax				
- Current tax	47.50	33.35	50.49	33.92
- Taxes for earlier years	5.45	1.52	5.45	1.52
- Deferred Tax	0.20	0.13	(0.77)	0.13
Profit for the year after tax	**228.23**	**166.33**	**463.78**	**430.72**
Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act, 1961	35.00	30.00	35.00	30.00
Add: Reversal of excess provision for Dividend distribution tax	7.57	-	7.57	-
Add: Balance brought forward from previous year	241.68	197.98	755.18	447.09
Amount available for appropriation	**442.48**	**334.31**	**1191.53**	**847.81**
Transfer to General Reserve	23.00	17.00	23.00	17.00
Dividend on 7.5% Preference Shares	5.51	6.60	5.51	6.60
Dividend on 22.5% Preference Shares	13.64	13.64	13.64	13.64
Proposed Dividend on Equity Shares	44.54	44.54	44.54	44.54
Dividend distribution tax on equity and preference dividends	10.82	10.85	10.82	10.85
Balance at the end of the year	**344.97**	**241.68**	**1094.02**	**755.18**

The highlights of the performance/operations of the Company are included in detail in the report on 'Management Discussion and Analysis' which is annexed as Annexure 1 to this Report.

DIVIDEND

Your directors recommend a dividend of ₹ 4 per share on equity shares for the year ended March 31, 2014. The dividend will be paid after your approval at the ensuing Annual General Meeting to the members of the Company whose name appears on the Register of Members as at the date of the Annual General Meeting. The aggregate outflow on account of the equity dividend for the year would be ₹ 52.11 crores (including dividend distribution tax of ₹ 7.57 crores). This represents a payout ratio of 22.83%.

Your directors paid the following dividends on May 20, 2014 on the Preference Shares of the Company for the financial year ended March 31, 2014, in accordance with the terms of issue of preference shares:

1) ₹ 6.45 crores (including dividend distribution tax of ₹ 0.94 crores) on 73,500,000 fully paid preference shares of face value of ₹ 10 each at the rate of 7.50% and

2) ₹ 15.96 crores (including dividend distribution tax of ₹ 2.32 crores) on 60,624,000 fully paid preference shares of face value of ₹ 10 each at the rate of 22.50%.

The total outgo of the Company on account of dividend for the year on Preference Shares was ₹ 22.41 crores (including dividend distribution tax of ₹ 3.26 crores).

SHARE CAPITAL

As on March 31, 2014, the outstanding preference shares under the two series were as under:

i) 73,500,000 preference shares with dividend rate of 7.5% p.a. and

ii) 60,624,000 preference shares with dividend rate of 22.5% p.a.

Subsequent to the year end, your Company has revised the terms of issue of both the series of preference shares. The dividend for the financial year for both the series would now be payable on 20th May of the next financial year or immediate next working day (instead of 1st April). The redemption of 60,624,000 preference shares with the dividend rate of 22.5% p.a. which was scheduled to begin in April 2014, has been deferred by four years, i.e., the shares would now be redeemed in four equal annual installments of 15,156,000 shares commencing from April 2018 instead of April 2014. All other terms remain unchanged.

On April 2, 2014, your Company redeemed 14,500,000 Preference Shares with the dividend rate of 7.5% p.a. at ₹ 40.90/- per share (including the redemption premium of ₹ 30.90 per share) in accordance with the terms of issue, entailing a total outgo of ₹ 59.30 crores (including the redemption premium of ₹ 44.80 crores).

The total paid up capital of your Company as on date is ₹ 230.97 crores comprising of 111,345,500 equity shares of ₹ 10 each and 119,624,000 preference shares of ₹ 10 each.

EMPLOYEE STOCK OPTIONS

As on March 31, 2014, the total options outstanding were 844,420. The information on the Schemes as on March 31, 2014 is contained in Annexure 3 to this Report.

CHANGE IN THE REGISTERED OFFICE OF THE COMPANY

The registered office of the Company has changed from 'Ocean House, 134/A, Dr. Annie Besant Road, Worli, Mumbai 400 018' to 'Indiabulls Finance Centre, Tower 3, 23rd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai- 400 013' w.e.f. May 1, 2014, pursuant to the approval of the Board of Directors at their meeting held on April 29, 2014.

SUBSIDIARIES

As on March 31, 2014, the Company had 4 wholly owned subsidiaries as under (together referred to as 'Subsidiaries'):

a) Greatship Global Energy Services Pte. Ltd., Singapore

b) Greatship Global Offshore Services Pte. Ltd., Singapore

c) Greatship Global Holdings Ltd., Mauritius

d) Greatship (UK) Limited, United Kingdom

Your Company has till date invested ₹ 1037.80 crores in its Subsidiaries. Subsidiaries of your Company are making substantial contribution to the overall business of the Group.

During the year under review, the Company's wholly owned subsidiary in Australia - Greatship Subsea Solutions Australia Pty. Limited has been voluntarily de-registered w.e.f June 30, 2013. Also, the Company's wholly owned subsidiaries in Singapore - Greatship Subsea Solutions Singapore Pte. Ltd. and Greatship Global Offshore Management Services Pte. Ltd. have amalgamated with their parent company – Greatship Global Offshore Services Pte. Ltd. (w.e.f December 31, 2013).

Greatship Global Offshore Services Pte. Ltd. has incorporated a wholly owned subsidiary in Labuan, Malaysia on June 25, 2014 with the name 'GGOS Labuan Ltd.' with an intention of pursuing business in Malaysian markets.

SUBSIDIARIES FINANCIAL STATEMENTS

Ministry of Corporate Affairs, vide General Circular No: 2/2011 dated February 08, 2011, has granted a general exemption to companies under section 212(8) of the Companies Act, 1956. Pursuant to the said Circular and the consent of the Board of Directors, the balance sheets, profit and loss accounts, reports of the Board of Directors, reports of the Auditors, etc. of the Subsidiaries are not being attached with the Balance Sheet of your Company.

As per the terms of the said Circular, a statement containing brief financial details of the subsidiaries of the Company for the year ended March 31, 2014 is included in the Annual Report.

The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholder of the Company seeking such information and are also available for inspection at the registered office of the Company.

In accordance with the requirements of the Companies Act, 2013, the financials of subsidiaries will also be available on the website of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by your Company in accordance with the requirements of generally accepted accounting principles in India, the accounting standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 to the extent applicable. The audited consolidated financial statements of your Company and its Subsidiaries along with the Auditors' Report thereon form part of the Annual Report.

The consolidated net worth of the Group for this year was ₹ 3472.32 crores as compared to ₹ 2889.63 crores for the previous year.

DIRECTORS

In accordance with the provisions of section 152(6) of the Companies Act, 2013, the period of office of Mr. Bharat K. Sheth is proposed to be made liable to determination by retirement by rotation. Necessary changes have been made in the new Articles of Association placed before you for your approval. Accordingly, if Mr. Bharat K. Sheth is made liable to retire by rotation, he being the director who has been longest in office since his last appointment shall retire by rotation at the ensuing Annual General Meeting of the Company and be eligible for re-appointment.

Mr. Mathew Cyriac was appointed as an additional director w.e.f July 27, 2013 and shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member along with the deposit of requisite amount under section 160 of the Companies Act, 2013 proposing his appointment as Independent Director for a period of 2 years.

As per the provisions of section 149 of the Companies Act, 2013, Independent Directors are required to be appointed for a term of up to 5 consecutive years and shall not be liable to retire by rotation. Accordingly, all Independent Directors, namely, Mr. Keki Mistry, Mr. Berjis Desai, Mr. Vineet Nayyar, Mr. Shashank Singh, and Mr. Anil Singhvi, shall retire at the ensuing Annual General Meeting and being eligible are proposed for appointment for a period of 2 years. Necessary resolutions for their re-appointment have been included in the Notice convening the Annual General Meeting. The Company has received the necessary declarations from the said Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

The various details about the Board of Directors and the Committees are given in Annexure 2 to this Report.

DEBT FUND RAISING

During the current financial year, the amount of debt of the Company went up from ₹ 989.16 crores at the end of FY 13 to ₹ 1050.88 crores at the end of FY 14; however the consolidated debt went down from ₹ 3113.60 crores for FY 13 to ₹ 2806.98 crores for FY 14. The gross debt:equity ratio as on March 31, 2014 was 0.47 on standalone basis and 0.81 on consolidated basis.

DIRECTORS' RESPONSIBILITY STATEMENT: –

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 (the "Act") the Board of Directors hereby state that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

2. they have selected accounting policies and applied them consistently and made judgements 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 financial year and of the profit or loss of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. they have prepared the annual accounts on a going concern basis.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

As per the Notification No. GSR 1029 dated December 31, 1988; the Company is not required to furnish information in relation to conservation of energy under clause (e) of sub-section (1) of section 217 of the Act. The Company has no particulars to furnish in Form B as regards technology absorption.

The details of Foreign Exchange Earnings and Outgo are:

a)	Foreign Exchange earned and saved (on account of charter hire earnings, etc.)	₹ 1332.34 crores
b)	Foreign Exchange used (including operating expenses, capital repayment, down payment for acquisition of assets, interest payment, etc.)	₹ 929.50 crores

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, is annexed to this Report.

AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. As per the provisions of section 139 of the Companies Act, 2013, and the rules framed thereunder, as M/s. Kalyaniwalla & Mistry, Chartered Accountants have been functioning as Auditors of the Company for more than 10 years, they can be appointed for maximum term of 3 years.

The Company has received the necessary certificate as required under the provisions of the Companies Act, 2013 read with the relevant Rules thereunder confirming that they are not disqualified for re-appointment. Proposal for re-appointment of M/s. Kalyaniwalla & Mistry, Chartered Accountants as the statutory auditors of the Company to hold office for the period of three years i.e from the conclusion of 12th Annual General Meeting of the Company up to the conclusion of the 15th Annual General Meeting of the Company has been included in the Notice convening the Annual General Meeting for your approval.

APPRECIATION

Your Directors express their sincere thanks to the Government of India, Ministry of Shipping, Ministry of Petroleum & Natural Gas, Ministry of Finance, Directorate General of Shipping, Port Authorities, Mercantile Marine Department and various other authorities, all customers, charterers, partners, vendors, bankers, insurance companies, P&I Clubs, consultants and advisors for their continued support throughout the year. Your Directors also acknowledge and appreciate the significant contributions made by all the employees of the Company.

Your Directors look forward to the continued support, guidance and fellowship of various authorities and agencies in the years to come.

For and on behalf of the
Board of Directors

Bharat K. Sheth
Chairman

Mumbai, August 7, 2014

ANNEXURE 1

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PERFORMANCE

In FY 14, your Company recorded a total income of ₹ 1384.17 crores (previous year ₹ 1074.44 crores) on a standalone basis and ₹ 1604.43 crores (previous year ₹ 1401.46 crores) on consolidated basis. The Company earned a PBIDT of ₹ 455.16 crores (previous year ₹ 348.90 crores) on a standalone basis and ₹ 982.77 crores (previous year ₹ 830.94 crores) on a consolidated basis.

OFFSHORE LOGISTICS

Market trend and analysis

Even as Brent crude continued to average above US$100 per barrel during FY14, the inexorable price increases witnessed in recent years seemed to have flattened out. Thus, while global E&P expenditure stayed at healthy levels, the annual percentage growth has tapered to a certain extent and is estimated to have dropped into the single digits. These upstream price and capex developments have not had a discernable impact on various offshore support markets across the globe.

The market for offshore vessels in the North Sea during the year exceeded initial market expectations. With the vessel supply expected to grow, the initial consensus outlook for the year suggested that the market would broadly be in line with previous year. However, even as the year ended with the OSV (Offshore Support Vessel) fleet in the North Sea having increased, the higher-than-expected exodus of North Sea tonnage to areas like West Africa capped the net supply growth in the region to around 5% for the year. With a significant number of additional rigs, both floaters and jackups, entering the market, it is estimated that the number of wells drilled this year is about 10% higher compared to last year, thereby boosting vessel demand strongly. The combined impact of these market circumstances was a strong “busy” season with many OSV market segments experiencing the highest spot rates witnessed in the last three years. Even during the traditionally weaker winter season, the average day rates managed to comfortably outperform the levels of the previous year.

As mentioned above, the West African market continued to draw tonnage from outside the region as increasing drilling and development activity, both in deep and shallow water, continued to draw in vessels. With the demand for modern DP2 vessels expanding faster, the older vessel fleet, traditionally available in the region, suffered low utilization.

In the busy Middle East market, the most prominent tendering activity came in the form of two large tenders from Saudi Aramco; one for a 16-vessel requirement in the middle of the year and the second one for a 24-vessel requirement towards the end of the year. In addition, the increasing offshore activity in Qatar and U.A.E drove demand higher with the execution of key drilling, construction and inspection, repair and maintenance (IRM) programs. However, the region also experienced a considerable acceleration in supply growth as compared to previous years resulting in rates and utilisation stagnating around last year’s levels.

The average dayrate levels in the South East Asian market was volatile, rising in the first quarter, reaching a peak in the second before the weight of the newbuilding supplies softened charter rates, and the 12-month period ended with market conditions similar to that at the beginning of the year.

The Indian market was characterised by a lower degree of activity, and the limited tenders that were awarded demonstrated that dayrates continued to meander at low levels. While ONGC awarded lower number of vessel contracts than last year, RIL (Reliance) returned to the market after a prolonged hiatus taking in 4 PSVs (Platform Support Vessels) to support its deepwater drilling activity on the east coast of the country.

Company Performance

During the year under review, the Company consolidated its position in its existing markets while also making its first foray into the West African market with the induction of Greatship Roopa, supporting oil major, Total for its operations in Angola.

The operations of the two ROV Support Vessels working with Petrobras in Brazil, an otherwise challenging working environment for offshore service companies, went off relatively smoothly during this year.

During the year, the Company has also employed vessels outside the traditional logistics mode in more unconventional segments such as in the well stimulation and geotechnical space.

The Company also achieved a long-term contract with ONGC for Greatship Vimla, which is a 150T BP AHTSV (Anchor

Handling Tug cum Supply Vessel).

As a result of the above, the logistics segment of the Company's business will have a significant proportion of its fleet covered under firm contracts for FY15.

Fleet Changes

As on March 31, 2014, the operating fleet of the Group stood at twenty one vessels which includes four Platform Supply Vessels (PSVs), nine Anchor Handling Tug cum Supply Vessels (AHTSVs), two Multipurpose Platform Supply and Support Vessels (MPSSVs) and six ROV Support Vessels (ROVSVs). There were no additions or deletions to the fleet during the year under review.

There are currently no vessels on order.

Outlook for Offshore Logistics Market

Even with an oil price outlook of around, or in excess of, US$ 100 / barrel for the coming year, E&P spending growth is likely to come under pressure. Large IOCs (International Oil Companies) have indicated that they are likely to trim, or even cut outright in certain cases, growth in upstream capital expenditure, though NOCs (National Oil Companies) could sustain their recent E&P spending growth rates. The net effect of these trends could be an abatement of E&P spending growth levels in the coming year.

One of the factors behind the FY14 market exceeding initial expectations was delayed vessel deliveries from shipyards thus restricting supply. While we could expect deliveries to lag in the coming twelve months too, an improvement in yard performance could soften markets. However, the continued strong growth in the rig fleet may help to compensate for the rising vessel supply.

Overall, we could expect the recent balance of the market to be broadly maintained in the coming year. Though there are factors that ascribe uncertainty to this market outlook, the Company's revenue visibility provides a useful hedge against any such uncertainty.

DRILLING SERVICES

Market Trend and Analysis

The FY14 jackup rig market, especially at the modern end, continued to benefit from the persistent focus of oil and gas companies on maximizing production from their shallow water assets; be it for Greenfield appraisal, marginal field development or workover jobs for existing production wells.

The modern jackup fleet utilisation levels improved further this year and the utilisation levels ran close to 100%, which also pulled up the utilisation of the older jackup fleet riding on its coattails. While dayrates varied across different regional markets, there was general improvement in average rates by 10% to 25% as compared to last year, with the demand growth being particularly strong in the South East Asia, Middle East and Mexico. The day rates for modern jack- up rigs in the Asian markets averaged in the US$130,000 - US$ 170,000 per day range, depending on the type /age of the rig, duration of the contract and the operating costs/taxes in different jurisdictions.

This market behaviour was rather encouraging given that the 12-month period ending March-2014 saw 35-40 new building jackups delivered, a record in recent years, even as only 5-7 jackups exited the market. Notwithstanding this spate of deliveries, ordering continued unabated resulting in the jackup rig order book swelling by another 30-40 units.

Company Performance

During the year, the Company placed an order with Lamprell Energy Ltd for the construction of a 350-ft jack up rig, to be named the "Greatdrill Chaaru" (see cover page).

The Company's operating rig fleet comprising three drilling rigs, the Greatdrill Chetna, the Greatdrill Chitra and the Greatdrill Chaaya continued to operate under long term contracts and achieved close to full utilisation during the year, save for the time spent on scheduled drydocking and mobilisation time between two contracts for the Greatdrill Chetna.

During the first half of FY14, the Greatdrill Chetna was awarded a 3-year term contract with ONGC for carrying out HPHT

(High Pressure High Temperature) drilling operations off the west coast of India. The rig completed her existing contract with BG India in the second half and was then mobilised for the execution of this ONGC contract after efficient completion of its 5-yearly special survey and equipment overhaul.

Later in the year, the newbuilding rig Greatdrill Chaaru, was also awarded a 5-year contract by ONGC that will see her employed under this contract immediately on delivery from the yard.

Fleet Changes

With the new order for construction of the Greatdrill Chaaru with Lamprell yard, the total number of rigs in the Group's fleet stands at four, with three operating rigs and one newbuilding rig under construction.

Outlook for Drilling Market

As mentioned in the previous section, the consensus outlook for E&P spending is one of slowing growth for the coming year even as the number of uncommitted jackup rigs continues to swell. While the jackup market has held up admirably so far, symptoms of weakness have already appeared in the floater market, with both mid-water and deep-water rates coming off in the last few months. While this development in the floater market does not necessarily entail corresponding weakness in the jackup market, our market outlook for the coming year would be to treat the ongoing bullish conditions in the jackup market with caution. As in the logistics space, any potential tapering of this market strength would not significantly affect our short-term financials given that the majority of the revenue days are covered under existing contracts.

QUALITY, HEALTH, SAFETY & ENVIRONMENT

During the year under review, the Company completed the Annual DOC Audit for verification of compliance towards the ISM (International Safety Management) Code. The audit was carried out by Directorate General of Shipping, Mumbai.

Annual audits for verification of compliance towards ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) for office, vessels and rigs were completed. These audits were carried out by Det Norske Veritas (DNV), Mumbai.

Greatship Global Offshore Services Pte. Ltd. also completed annual audits for verification of compliance towards the ISM code, ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards. These audits were carried out by Det Norske Veritas (DNV), Singapore.

All vessels are in compliance of the International Safety Management (ISM) Code, International Ships and Port Facility Security (ISPS) Code and Maritime Labour Convention (MLC) 2006 Code. Rigs are operating in the Indian Exclusive Economic Zone and are complying with the applicable Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008.

The safety statistics for our fleet – Vessels and Rigs for the year under consideration is as under:

	GIL - Vessels	GGOS - Vessels	RIGS
Fatality	Nil	Nil	Nil
Pollution Incidents	Nil	Nil	Nil
Security Incidents	Nil	Nil	Nil
LTI (Loss Time Incident)	Nil	Nil	Nil
LTIF (Loss Time Incident Frequency Rate)	0.00	0.00	0.00
TRIF (Total Recordable Incident Frequency Rate)	1.16	2.02	0.00

All Fleet vessels & rigs carry out on board safety, environment and security training in the form of drills, safety movies and computer based training modules.

Onboard on job training is carried out. Onshore training has been imparted in specialized courses such as SAP / ISM / ISPS / IMS / DP MAINTENANCE.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has in place adequate control systems commensurate with the nature of its business and the size of its operations. In the beginning of the year, the internal control procedures are tailored to match the organisation's pace of growth and increasing complexity of operations. The internal audit covering the key business processes of the company was carried out by a firm of external Chartered Accountants. All audit reports with significant observations, if any and follow up actions thereon are reported to the Audit Committee.

IT INITIATIVES

During the year under review, your Company has undertaken the following IT activities to effectively meet the business requirements:

- The mailing solutions of Greatship group has been migrated to the Microsoft Office 365 cloud platform with improved functionalities and cost benefits.
- The SAP system has been enhanced to implement budgetary controls using customized fund management solution.
- SAP Fleet Management module has been strengthened.
- A new application frame work for Non-SAP applications have been architected using the .Net platform and new applications for Vessels operations management and Compliance management have been implemented.
- Business intelligence and Consolidation systems have been upgraded to the latest releases incorporating new and efficient reports apart from delivering dashboards to Mobile devices.

HUMAN RESOURCES

During the year under review, for more effective compliance and in line with new legislations, General Employment and Code of Conduct policies at the group level have been revised.

Your Company conducted and documented a review of succession plans by identifying critical positions, internal successors to current incumbents and alternate plans. Further, internal reorganizations and hiring for new positions were conducted in readiness for business expansion and for strengthening our internal processes. Your Company commenced a Drilling Fast-Track-Rig-Trainee program for recruitment and development of fresh Engineering graduates into offshore operations and maintenance roles.

Your Company developed and adopted a competency dictionary detailing expected behaviors from all shore-personnel at different levels of management. Personnel assessment along the competency dictionary is integrated with the appraisal and rewards process, laying the foundation for employee developmental processes.

As on March 31, 2014, the Company and its subsidiaries employed 127 personnel onshore (including contractual) and around 1025 personnel offshore.

ANNEXURE 2

CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited ("Stock Exchanges") ("Listing Agreement") with respect to corporate governance are not applicable to your Company as your Company is not listed with the Stock Exchanges. However, as a measure of good corporate governance practice we present the following report. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board in compliance with the Companies Act, 2013 and the rules made thereunder which functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

BOARD OF DIRECTORS

Composition of the Board

As on date, the Board of Directors consists of nine directors and the Chairman is a Non-Executive Director. The majority of the Board, seven out of nine, are Non-Executive Directors. The Board is strengthened with higher number of independent directors which enables separation of the board function of governance and management. We believe that an active, well-informed and independent Board is necessary to ensure the high standards of corporate governance. All independent directors are persons of eminence and bring a wide range of expertise and experience to the Board. The composition of the Board is in line with clause 49 of the Listing Agreement.

Attention is invited to the relevant items of notice of Annual General Meeting seeking approval for re-appointment of directors.

Meetings of the Board

Dates for Board meetings in the ensuing year are decided in advance by the Board. The Meetings of the Board are generally held at the Company's office located at Indiabulls Finance Centre, Tower 3, 23rd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400013 (registered office of the Company w.e.f May 1, 2014). Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The Board Meetings were held on May 01, 2013, July 27, 2013, November 8-10, 2013, February 3, 2014 and March 14, 2014. The Offsite board meeting was held at Jaipur on November 8-10, 2013.

Agenda and Notes on Agenda are circulated to the Board of Directors, in advance, in the defined Agenda format generally seven days prior to the meeting of the Board of Directors. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. The Board Members in consultation with the Chairman may bring up any matter for the consideration of the Board of Directors. The Board of Directors also pass resolutions by Circulation, if required. The Company Secretary records the minutes of the proceedings of each Board of Directors and Committee meeting which are entered in the Minutes Book within 30 days from the conclusion of that meeting.

The Composition of the Board of Directors and their attendance at the Board Meetings held during the year and also number of other Directorships and Memberships of Committees as on March 31, 2014 are as follows:

Name of Director	Nature of Directorship	No. of Board Meetings Attended	As on March 31, 2014		
			Number of other directorships*	Other Committee Memberships**	Chairperson of other Committees**
Mr. Bharat K. Sheth (DIN: 00022102)	Non Executive Chairman	5	1	1	NIL
Mr. Ravi K. Sheth (DIN: 00022121)	Managing Director	5	1	NIL	NIL
Mr. P. R. Naware (DIN: 00041519)	Executive Director	5	NIL	NIL	NIL
Mr. Keki Mistry (DIN: 00008886)	Independent Director	5	13	9	3
Mr. Berjis Desai (DIN: 00153675)	Independent Director	3	7	6	1
Mr. Vineet Nayyar (DIN: 00018243)	Independent Director	3	6	1	NIL
Mr. Shashank Singh (DIN: 02826978)	Independent Director	3	1	NIL	NIL
Mr. Anil Singhvi (DIN: 00239589)	Independent Director	4	6	5	2
Mr. Mathew Cyriac# (DIN: 01903606)	Independent Director	3	6	NIL	NIL

1. *Excludes Directorships in Private Limited Companies, Foreign Companies and Section 25 Companies.
2. **Includes memberships of Audit and Shareholders'/Investors' Grievance Committees of other companies. Membership includes Chairmanship of Committees.
3. #Was appointed on July 27, 2013.

COMMITTEES OF THE BOARD OF DIRECTORS

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board of Directors has constituted several Committees with specific terms of reference/scope. The minutes of the meetings of all Committees of the Board of Directors are circulated to the directors or placed before the Board meetings for noting.

A) AUDIT COMMITTEE

i. On April 21, 2014, the Audit Committee was re-constituted and the terms of reference of the Audit Committee were revised in accordance with the provisions of section 177 of the Companies Act, 2013 read with the Companies (Meetings and Powers of Board) Rules, 2014. The composition of the Audit Committee remained unchanged, which meets the requirements of the section 177 of the Companies Act, 2013.

ii. The members of the Audit Committee as on date comprises of Independent Directors, Mr. Keki Mistry (Chairman) and Mr. Berjis Desai and Managing Director, Mr. Ravi K. Sheth.

iii. During the year under review, six meetings of the Audit Committee were held on May 01, 2013, July 04, 2013, July 27, 2013, November 08, 2013, January 27, 2014 and February 03, 2014.

Details of attendance of the members at the Committee meetings held during the year are as under:

Name of the Member	Number of meetings attended during FY14
Mr. Keki Mistry (Chairman)	5
Mr. Berjis Desai	5
Mr. Ravi K. Sheth	6

iv. The Audit Committee meetings are attended by the Executive Director, Chief Financial Officer, representatives of Internal Audit Firm and Statutory Auditors. Ms. Amisha Ghia, Company Secretary is the Secretary of the Committee.

v. The revised terms of reference of the Audit Committee as approved by the Board of Directors on April 21, 2014 are as under:

1) recommending to the Board the appointment, re-appointment, removal, remuneration and terms of appointment of auditors of the company;
2) review and monitor the auditor's independence and performance, and effectiveness of audit process;
3) examination of the financial statement and the auditors' report thereon;
4) approval or any subsequent modification of transactions of the company with related parties;
5) scrutiny of inter-corporate loans and investments;
6) valuation of undertakings or assets of the company, wherever it is necessary;
7) evaluation of internal financial controls and risk management systems;
8) monitoring the end use of funds raised through public offers and related matters;
9) overseeing the vigil mechanism established in accordance with the requirements of the Companies Act, 2013; and
10) such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee and carry out any other function as maybe required in relation to the above terms of reference.

B) NOMINATION AND REMUNERATION COMMITTEE

I. On April 21, 2014, the Remuneration Committee was re-constituted as the 'Nomination and Remuneration Committee' and the terms of reference of the Committee were revised in accordance with the provisions of section 178 of the Companies Act, 2013 read with the Companies (Meetings and Powers of Board) Rules, 2014. The composition of the Nomination and Remuneration Committee remains unchanged, which meets the requirements of the section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee comprises of three Independent Directors, namely, Mr. Vineet Nayyar (Chairman), Mr. Keki Mistry and Mr. Berjis Desai.

During the year under review, one meeting of the Committee was held on May 01, 2013, which was attended by Mr. Vineet Nayyar and Mr. Keki Mistry.

The revised terms of reference of the Nomination & Remuneration Committee as approved by the Board of Directors on April 21, 2014 are as under:

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
2. Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and any other compensation related matters and issues; and
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee and carry out any other function as maybe required in relation to the above terms of reference.

   Ms. Amisha Ghia, Company Secretary is the Secretary of the Committee.

Directors Remuneration:

The Nomination & Remuneration Committee is empowered to frame remuneration packages for the Executive Directors and review the same from time to time on certain performance parameters, growth in business as well as profitability and also align the remuneration with the best practices prevailing in the industry.

Details of Remuneration paid to Whole Time Directors for FY 2013-14:

(Amt. in ₹)

Name of Director	Salary*	Benefits	Commission**
Ravi K. Sheth, Managing Director	2,09,00,000	26,38,879/-	3,12,00,000/-
P. R. Naware, Executive Director	1,20,00,000	5,64,764/-	92,00,000/-

*Salary includes contribution to provident fund and superannuation fund and does not include contribution to Retirement Benefit Scheme for Managing Director

**Commission which is performance linked incentive for FY 2012-13 was paid during FY 2013-14

The Board has approved a Retirement Benefit Scheme for its Managing Director w.e.f April 1, 2012. The Scheme provides for provision of pension, medical reimbursement and other benefits to the retiring Managing Director, on the basis of actuarial valuation.

Details of Remuneration to Non - Executive Directors for FY 2013-14:

(Amt. in ₹)

Name of Director	Commission
Keki Mistry	9,95,000
Berjis Desai	8,45,000
Vineet Nayyar	7,95,000
Shashank Singh	7,20,000
Anil Singhvi	7,20,000
Mathew Cyriac *	3,60,000
Total	**44,35,000**

**Was appointed on July 27, 2013*

Commission to Executive Directors is paid as determined by the Nomination & Remuneration Committee based on certain performance parameters and profitability of the Company and is within the overall limit fixed by the members.

Commission to Non Executive Directors is determined after taking into account time spent by the Directors for the Company, profitability of the Company, the valuable guidance of the Directors for the various business initiatives and decisions at the Board level & membership/chairmanship of various committees of Directors.

C) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

On April 29, 2014, the Board of Directors constituted a Committee of Directors - Corporate Social Responsibility (CSR) Committee in accordance with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Corporate Social Responsibility Committee comprises of Independent Directors, namely, Mr. Shashank Singh and Mr. Mathew Cyriac and Executive Director, Mr. P. R. Naware.

The terms of reference of the Corporate Social Responsibility Committee as approved by the Board of Directors on April 29, 2014 are as under:

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and make any modifications or amendments to the policy, as may be required;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

(c) monitor the Corporate Social Responsibility Policy of the Company from time to time and institute monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;

(d) carry out such other function as may be required, from time to time, to comply with the section 135 of the Companies Act, 2013 read with the rules prescribed thereunder or in relation to the above terms of reference.

Ms. Amisha Ghia, Company Secretary is the Secretary of the Committee.

ANNEXURE 3

INFORMATION ON EMPLOYEE STOCK OPTION SCHEMES AS ON MARCH 31, 2014

Particulars	Employee Stock Option Scheme 2007 ("ESOP 2007")	Employee Stock Option Scheme 2007 - II ("ESOP 2007-II")	Employee Stock Option Scheme 2008 - II ("ESOP 2008-II")	Employee Stock Option Scheme 2010 ("ESOP 2010")
Options granted	656,300	99,700	925,900	565,300
The pricing formula	These options were granted at a price of ₹ 100, which is the price at which certain Equity Shares were allotted to The Great Eastern Shipping Company Limited ("GESCO")	These options were granted at a price of ₹ 100, which is the price at which certain Equity Shares were allotted to GESCO	These options were granted at a price of ₹ 135, which is above the price at which certain Equity Shares were allotted to GESCO	These options were granted at a price of ₹ 135, which is above the price at which certain Equity Shares were allotted to GESCO
Exercise price of options	₹ 100	₹ 100	₹ 135	₹ 135
Total Options vested	435,400	89,100	545,020	144,660
Options exercised	106,700*	Nil	6,960*	Nil
Options encashed	338,980	63,500	270,600	32,860
Total number of Equity Shares arising as a result of exercise of options	Nil	Nil	Nil	Nil
Options forfeited/lapsed/ cancelled	114,200	10,600	225,040	233,340
Variation in terms of options @	Please see Note 1 below	Please see Note 2 below	Nil	Nil
Money realised by exercise of options	Nil	Nil	Nil	Nil
Options outstanding (in force)	96,420	25,600	423,300	299,100
Person wise details of options granted (net of options encashed) to				
(I) Senior Managerial Personnel	P.R. Naware-21,340 G Shivakumar -14,000 KSS Kowshik-8,500 Amisha Ghia-2,320	Nil	Satish Sinha- 56,000 Alok Mahajan -42,000 Nisha Nath Jain-18,680 Ajith Karunakaran-37,360	Nil
(ii) Any other employee who received a grant of options amounting to 5% or more of the options granted during the year ended March 31, 2014	Nil	Nil	Nil	Nil
(iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil	Nil	Nil

Particulars	Employee Stock Option Scheme 2007 ("ESOP 2007")	Employee Stock Option Scheme 2007 - II ("ESOP 2007-II")	Employee Stock Option Scheme 2008 - II ("ESOP 2008-II")	Employee Stock Option Scheme 2010 ("ESOP 2010")
Fully diluted EPS on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	₹ 18.48	₹ 18.48	₹ 18.48	₹ 18.48
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA	NA	NA	NA

** were settled by payment of cash in accordance with the Scheme upon resignation by employee*

@Deputation or interim discontinuation of service of an employee at the discretion of the Company, is to be considered as continued employment under the various ESOP Schemes, as approved by the Remuneration Committee of the Board of Directors.

The employee stock options schemes have been accounted based on the intrinsic value method up to the year ended March 31, 2012. The compensation expense amount which is the difference between the exercise price of the option and the intrinsic value of the shares is amortised over the vesting period.

Pursuant to the encashment scheme for Employee Stock Options (ESOPs) introduced by the Company during 2012, 765,940 options were encashed at the fair value determined under the scheme. Since the encashment scheme also provides for another window to be opened in March 2015 to encash stock options that have vested till such date, the liability in respect of the outstanding options has also been measured at the fair value determined in accordance with the encashment scheme and the difference in the fair value and the exercise price is amortised over vesting period.

The Cumulative amount of employee stock option expense amortised up to March 31, 2014 of ₹ 9.30 crores is included in long term provisions (Previous year ₹ 2.43 crores).

Note 1: Variation in terms of options – ESOP 2007:

a) The provisions of ESOP 2007 relating to the exercise of the vested options by settlement in cash prior to listing of the shares of our Company were modified with effect from August 18, 2008, to be settled at a value to be determined at five times the EPS as per the latest audited consolidated financial statements of our Company instead of determining the value as per the latest audited financial statements of our Company.

b) Under ESOP 2007, vesting conditions relating to continued employment with our Company were modified with effect from August 18, 2008 to provide for the transfer of employment within the Group Companies.

Note 2: Variation in terms of options – ESOP 2007-II:

Under ESOP 2007 – II, vesting conditions relating to continued employment with our Company was modified with effect from November 5, 2008, to provide for transfer of employment within the group companies.

Note 3: During the year under review, no grant of stock options was made under the four existing Employee Stock Option Schemes to the employees of the Company, the parent company and the subsidiaries, in line with the Company's decision to not make any further grants under the existing Schemes.

Fleet as on March 31, 2014

GREATSHIP (INDIA) LIMITED AND ITS SUBSIDIARIES

Category	Vessel Name	Company #	DWT (MT)	Year Built	Average Age (Years)
OFFSHORE SUPPORT VESSELS					
Platform Supply Vessels					
1	m.v. Greatship Disha	GIL	3,096	1999	
2	m.v. Greatship Dipti	GIL	3,228	2005	
3	m.v. Greatship Dhriti	GIL	3,330	2008	
4	m.v. Greatship Dhwani	GIL	3,330	2008	
4			**12,984**		**9.00**
Anchor Handling Tug cum Supply Vessels					
1	m.v. Greatship Anjali	GIL	2,188	2008	
2	m.v. Greatship Amrita	GIL	2,045	2008	
3	m.v. Greatship Akhila	GIL	1,639	2009	
4	m.v. Greatship Asmi	GIL	1,634	2009	
5	m.v. Greatship Ahalya	GIL	1,643	2009	
6	m.v. Greatship Aarti	GIL	1,650	2009	
7	m.v. Greatship Vidya	GIL	3,289	2012	
8	m.v. Greatship Vimla	GIL	3,310	2012	
9	m.v. Greatship Aditi	GGOS	2,045	2009	
9			**19,443**		**4.56**
Multi-purpose Platform Supply and Support Vessels					
1	m.v. Greatship Maya	GGOS	4,350	2009	
2	m.v. Greatship Manisha	GGOS	4,221	2010	
2			**8,571**		**4.50**
ROV Support Vessels					
1	m.v. Greatship Ramya	GIL	3,676	2010	
2	m.v. Greatship Rohini	GIL	3,700	2010	
3	m.v. Greatship Rashi	GIL	3,700	2011	
4	m.v. Greatship Roopa	GIL	3,600	2012	
5	m.v. Greatship Rachna	GIL	3,600	2012	
6	m.v. Greatship Ragini	GGOS	3,600	2013	
6			**21,876**		**2.67**

TOTAL OFFSHORE SUPPORT VESSELS

Number	**21**
Total Tonnage (dwt)	**62,874**
Average Age (years)	**4.86**

Category	Vessel Name	Company #	DWT (MT)	Year Built	Average Age (Years)
DRILLING UNITS					
350′ Jack Up Rig					
1	Greatdrill Chitra	GGES	N.A.	2009	
2	Greatdrill Chetna	GGES	N.A.	2009	
3	Greatdrill Chaaya	GGES	N.A.	2013	
3					**3.67**

TOTAL DRILLING UNITS

Number	**3**
Average Age (years)	**3.67**

GIL stands for 'Greatship (India) Limited';
GGOS stands for 'Greatship Global Offshore Services Pte. Ltd.' and
GGES stands for 'Greatship Global Energy Services Pte. Ltd.'

Order Book as on August 7, 2014

GREATSHIP (INDIA) LIMITED AND ITS SUBSIDIARIES

Category	Type	Shipyard	Month of Contracting	Expected Delivery
New Building Order Book Position				
Drilling units in Greatship Global Energy Services Pte. Ltd., Singapore				
	Jack Up Rig	Lamprell Energy Ltd.	Mar-13	Q4 FY15

Independent Auditor's Report

TO THE MEMBERS OF GREATSHIP (INDIA) LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Greatship (India) Ltd. ("the Company"), which comprise of Balance Sheet as at March 31, 2014, Statement of Profit and Loss Account and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, 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 auditor considers 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2003("the Order"), as amended, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Kalyaniwalla & Mistry
Chartered Accountants
Registration No. 104607W

Roshni R. Marfatia
Partner
Membership No: 106548

Place: Mumbai
Date: April 29, 2014

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in our report of even date to the members of Greatship (India) Ltd. for the year ended March 31, 2014:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were reported on such verification.

   (c) In our opinion, the fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

2. (a) The management has conducted physical verification of inventory at reasonable intervals.

   (b) In our opinion, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the Company and nature of its business.

   (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the accounts.

3. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b), (c), (d) and (e) of sub-para (iii) of para 4 of the Order are not applicable.

   (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.Therefore, the provisions of sub-clause (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. Further, on the basis of our examination of the books and records and the information and explanation given to us, we have not come across any continuing failure to correct any major weaknesses in the internal control system.

5. (a) In our opinion and according to the information and explanations provided by the management, the transactions that need to be entered in the register maintained under section 301 of the Act have been so entered.

   (b) In our opinion and according to the information and explanations given to us, having regard to the explanation that many of the items are of a special nature and their prices cannot be compared with alternative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

9. (a) According to the information and explanations given to us and the books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess, and other statutory dues with the appropriate authorities, where applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.

   (b) According to the books of account and records as produced and examined by us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Excise duty or cess which have not been deposited on account of any dispute, other than the following;

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period for which the amount relates	Forum where dispute is pending
The Central Excise and Customs Act, 1962	Service Tax	2,724	FY. 2009-10	CESTAT, Mumbai
The Central Excise and Customs Act, 1962	Customs Duty	96	FY. 2009-10 till FY.2013-14	Various Forums
The Central Excise and Customs Act, 1962	Service Tax	22	FY. 2007-08	Pending adjudication
The Central Excise and Customs Act, 1962	Service Tax	13,814	FY. 2008-09 till FY.2012-13	Pending adjudication
Maharashtra Value Added Tax Act, 2002	VAT	8,352	FY 2008-09	MVAT Tribunal
The Central Excise and Customs Act, 1962	Service Tax	3,560	2008 – 2013	Show Cause Notice received
The Income Tax Act, 1961	Income Tax	963	FY. 2009-10	Dispute Resolution Panel

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts of investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Act.
15. According to the information and explanations given to us and the records examined by us, the Company has given guarantees for loans taken by its subsidiaries from banks or financial institutions, however, in our opinion, the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
16. As informed to us, the term loans were applied by the Company 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. According to the information and explanations given to us, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the period covered by our audit.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issues.
21. Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Kalyaniwalla & Mistry
Chartered Accountants
Registration No. 104607W

Roshni R. Marfatia
Partner
Membership No: 106548

Place: Mumbai
Date: April 29, 2014

BALANCE SHEET
AS AT 31ST MARCH 2014

	Notes	Current Year ₹ in Crores	Previous Year ₹ in Crores
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	245.47	259.97
Reserves and surplus	4	1,978.50	1,849.83
		2,223.97	**2,109.80**
Non current liabilities			
Long term borrowings	5	881.49	737.83
Long term provisions	6	14.05	7.07
		895.54	**744.90**
Current liabilities			
Trade payables	7	92.06	62.63
Other current liabilities	8	209.82	290.68
Short term provisions	9	107.22	108.68
		409.10	**461.99**
Total		**3,528.61**	**3,316.69**
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	10	1,872.93	1,660.20
Intangible assets	11	1.57	2.77
Capital work-in-progress		4.80	-
Non-current investments	12	1,037.80	1,037.80
Deferred tax assets (net)	13	0.98	1.18
Long-term loans and advances	14	88.81	75.62
Other non-current assets	15	4.08	6.02
		3,010.97	**2,783.59**
Current assets			
Current investments	16	59.64	86.51
Inventories	17	66.18	57.14
Trade receivables	18	192.59	220.82
Cash and bank balances	19	186.40	153.02
Short-term loans and advances	20	11.74	14.47
Other current assets	21	1.09	1.14
		517.64	**533.10**
Total		**3,528.61**	**3,316.69**

Significant accounting policies — 2

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

As per our report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29, 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	Current Year ₹ in Crores	Previous Year ₹ in Crores
Revenue :			
Revenue from operations	22	1,308.53	1,016.62
Other income	23	75.64	57.82
Total Revenue		**1,384.17**	**1,074.44**
Expenses :			
Employee benefits expense	24	203.43	158.61
Finance cost	25	52.64	47.40
Depreciation and amortisation expenses	10/11	121.14	100.17
Other expenses	26	725.58	566.93
Total expenses		**1,102.79**	**873.11**
Profit before tax		**281.38**	**201.33**
Tax expenses :			
- Current tax		47.50	33.35
- Deferred tax		0.20	0.13
- Taxes for earlier years		5.45	1.52
		53.15	35.00
Profit for the year		**228.23**	**166.33**
Earnings per equity share:	27		
[Nominal value per share ₹10 : previous year ₹10]			
- Basic		18.48	12.83
- Diluted		18.48	12.83

Significant accounting policies 2

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

As per our report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29, 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2014

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX :	281.38	201.33
Adjustments for :		
Depreciation	121.14	100.17
Interest income	(3.50)	(10.46)
Interest expense	52.64	47.40
Dividend income	(49.06)	(3.89)
Provision for doubtful debts and advances (net)	0.72	0.87
(Profit) / Loss on sale of assets (net)	0.06	(0.07)
Profit on sale of investments	(0.48)	(0.01)
Unrealised Foreign Exchange (gain) / loss	10.93	(48.83)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**413.83**	**286.51**
Adjustment for :		
(Increase)/Decrease in inventories	(9.04)	(18.32)
(Increase)/Decrease trade receivables	21.17	(88.29)
(Increase)/Decrease loans and advances	(2.57)	(0.73)
Increase/(Decrease) trade payables, other liabilities and provisions	37.29	17.70
	46.85	**(89.64)**
CASH GENERATED FROM OPERATIONS :	**460.68**	**196.87**
Taxes paid	(50.34)	(33.57)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES :	**410.34**	**163.30**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets including capital advances	(236.24)	(516.86)
Proceeds from sale of fixed assets	0.48	3.88
Repayment of loans by subsidiaries	-	319.97
Purchase of current investments	(192.50)	(354.29)
Proceeds from sale of current investments	219.85	335.39
Interest received	3.41	10.11
Dividend received	49.06	3.89
(Increase)/Decrease in earmarked bank balances	2.62	(6.28)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(153.32)**	**(204.19)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Redemption of preference shares	(59.31)	-
Proceeds from long term borrowings	250.21	275.53
Repayment of long term borrowings	(290.72)	(124.68)
Interest paid	(50.99)	(45.40)
Dividend paid	(64.78)	(43.36)
Dividend tax paid	(3.28)	(7.04)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES :	**(218.87)**	**55.05**

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :	**38.15**	**14.16**
Cash and cash equivalents as at April 1, 2013	140.19	128.66
Effect of exchange rate changes [Loss / (Gain)] on cash and cash equivalents	(2.16)	(2.63)
Cash and cash equivalents as at Mar 31, 2014 (See note below)	176.18	140.19

Note: Components of Cash and Cash equivalents	**March 31 2014**	**March 31 2013**
Balances with banks		
- Current accounts	92.29	140.19
- Deposits with maturity less than 3 months	83.88	-
- Cash in hand	0.01	-
	176.18	**140.19**

As per our Report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29 , 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2014

1 Background

Greatship (India) Limited (the Company) is a public company domiciled in India and incorporated in the year 2002 under the provisions of the Companies Act,1956. The company is providing offshore oilfield services with the principal activity of offshore logistics and drilling services. The company presently owns & operates 4 Platform Supply Vessels (PSVs), 8 Anchor Handling Tug cum Supply Vessels (AHTSVs) and 5 Remotely Operated Vehicle Support Vessels (ROVSVs) in the Indian and International markets. The company also operates 3 Jack up Drilling Rigs. There has been no significant changes in the nature of these activities during the financial year. The company is a subsidiary of The Great Eastern Shipping Company Limited (GESCO) which is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and at the Luxemburg Stock Exchange.

2 Significant Accounting Policies

(a) Basis of Preparation :

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards notified under the Companies Act, 1956 ,which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs.

All assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act,1956. Based on the nature of services rendered and the time between the rendering of the services and their realization in cash and cash equivalent, the company has ascertained it's operating cycle as twelve months for the purpose of current - non current classification of assets & liabilities.

(b) 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 at the date of the financial statements and reported amounts of income and expenses during the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. However, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

(c) Tangible Fixed Assets :

Tangible Fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses related to acquisition and borrowing costs during construction period and any fair value gains or losses on qualifying cash flow hedges related to acquisition of depreciable capital assets that are transferred from hedging reserve. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable capital assets are adjusted to the carrying cost of the assets.

(d) Intangible Fixed Assets :

Intangible Fixed assets are stated at acquisition cost less accumulated amortisation and accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over the estimated useful lives.

(e) Asset Impairment :

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

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

(f) Borrowing Costs :

Borrowing costs that are directly attributable to the acquisition or construction of the qualifying assets are added to the cost of the asset, upto the date of acquisition or completion of construction. Other borrowing costs are recognised as expense in the period in which they are incurred.

(g) Investments :

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.Current investments are stated at lower of cost and fair value on an individual basis and the resultant decline, if any, is charged to revenue. Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.

(h) Inventories :

Inventories of fuel oil on vessels, rigs, stores & spares on rigs and at warehouse are carried at lower of cost or net realizable value. Stores and spares delivered on board the vessels are charged to revenue. Stores and spares of Rigs are charged to revenue on consumption basis. Cost is ascertained on first-in-first-out basis for fuel oil and on weighted average basis for stores and spares on Rigs.

(i) Revenue Recognition :

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Income from services : Revenue from Charter hire contracts are recognised pro rata over the period of the contract as and when services are rendered.

(b) Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

(c) Dividends : Dividend income is recognised when the right to receive dividend is established.

(j) Operating lease:

Lease of assets in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payables under operating leases are charged to the statement of profit and loss on a straight line basis over the period of lease.

(k) Employee Benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and compensated absences in respect of all eligible employees.

(a) Defined Contribution Plan

Employee benefits in the form of Superannuation Fund, Provident Fund and other Seamen's Welfare Contributions are considered as defined contribution plans and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are due.

(b) Defined Benefit Plan

Retirement benefits in the form of Gratuity is considered as a defined benefit obligation. The Company's liability in respect of gratuity is provided for, on the basis of actuarial valuations, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial losses / gains are recognised in the statement of profit and loss in the period in which they arise.

(c) Other Long Term Benefits

Accumulated compensated absences, which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The expected costs of such absences is measured as the additional amount that is expected to be paid as a result of the unused entitlements as at the reporting date.

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined using the projected unit credit method at the end of each year. Actuarial gains / losses, comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

(l) Employee share based payments:

Equity settled stock options granted under the Company's Employee stock option (ESOP) schemes are accounted as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 and the Guidance Note on Accounting for Employee Share based payments issued by ICAI. Consequent to the introduction of the encashment scheme, the liability in respect of outstanding options is measured at fair value as per the scheme and the difference in the fair value and the exercise price is amortized over the vesting period as employee compensation with a credit to long term provisions.

(m) Depreciation and Amortisation :

Depreciation is provided on the straight line method, prorata to the period of use, so as to write off the original cost of the asset over the remaining estimated useful life (as per technical evaluation by the Management at the time of acquisition) or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher, on the following basis :

	Method	Estimated useful life
Tangible Fixed Assets:		
Fleet - Offshore Supply Vessels	Straight line over balance useful life or 5%, whichever is higher	20 years
Furniture & Fixtures, Office Equipment	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Leasehold Improvements	Straight line over lease period	5 years
Plant & Equipment	Straight line	3 to 10 years
Intangible Fixed Assets:		
Software	Straight line	5 years

(n) Foreign Exchange Transactions :

Transactions in foreign currency are recorded at standard exchange rates determined monthly. Non monetary items, which are measured in terms of historical costs denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the year end are translated at closing rates. The difference in translation of long-term monetary items and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of asset and depreciated over the balance life of the asset and in other cases accumulated in a Foreign Currency Translation Reserve and amortised over the balance period of such long term asset / liability, but not beyond March 31, 2020 by recognition as income or expense. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non integral foreign operation is accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment. The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognised in the statement of profit & loss .

Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the statement of profit and loss, except in case of contracts relating to the acquisition of depreciable capital assets, in which case they are added to or deducted from the cost of the asset. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.

Currency swaps which form an integral part of the loans are translated at closing rates and the resultant gains and losses are dealt with in the same manner as the translation differences of long term monetary items.

(o) Derivative Financial Instruments and Hedging :

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions and interest rate risk. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company documents at the inception of the transaction, the relationship between the hedging instrument and hedged items as well as its risk management objective and strategies for undertaking various hedged transactions. The carrying amount of a derivative designated as a hedge is presented as a mark - to - market gain / (loss) on derivative contracts under provisions. The company does not enter into any derivatives for trading purposes.

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 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 gains or losses on designated hedging instruments that qualify as effective hedges are recorded in the Hedging Reserve and are recognised in the statement of profit and loss in the same period or periods during which the hedged transaction affects profit or loss or are transferred to the cost of the hedged non-monetary asset upon acquisition.

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

(p) Provision for Taxation :

Tax expense comprises both current and deferred tax.

Current income-tax is recognised at the amount expected to be paid to the tax authorities, using the tax rates and tax laws, enacted or substantially enacted as at the balance sheet date. 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. Deferred Tax Assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

(q) Provisions and Contingent Liabilities :

Provisions are recognised in the financial statement in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

(r) Cash and Cash Equivalents :

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with maturities of three months or less, which are subject to an insignificant risk of change in value. For the purpose of presentation in the standalone statement of cash flows, the cash and cash equivalents is net of short term fixed deposit collateralised for bank guarantees.

(s) Earnings per share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events, such as bonus issue, bonus element in a rights issue and shares split that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3 SHARE CAPITAL

	Current Year		Previous Year	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Authorised				
Equity Shares of par value ₹ 10/-	135,000,000	135.00	135,000,000	135.00
Preference Shares of par value ₹ 10/-	229,000,000	229.00	229,000,000	229.00
		364.00		**364.00**
Issued, subscribed and paid up				
Equity Shares of par value ₹ 10/- fully paid up	111,345,500	111.35	111,345,500	111.35
7.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up	73,500,000	73.50	88,000,000	88.00
22.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up	60,624,000	60.62	60,624,000	60.62
Total		**245.47**		**259.97**

(a) Reconciliation of shares outstanding at the end of the year :

	Current Year		Previous Year	
Details	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Equity Shares of par value ₹ 10/- fully paid up				
Outstanding at the beginning of the year	111,345,500	111.35	111,345,500	111.35
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**111,345,500**	**111.35**	**111,345,500**	**111.35**
7.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up				
Outstanding at the beginning of the year	88,000,000	88.00	88,000,000	88.00
Less: Redeemed during the year	14,500,000	14.50	-	-
Outstanding at the end of the year	**73,500,000**	**73.50**	**88,000,000**	**88.00**

Details	Current Year No. of Shares	Current Year ₹ in Crores	Previous Year No. of Shares	Previous Year ₹ in Crores
22.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up				
Outstanding at the beginning of the year	60,624,000	60.62	60,624,000	60.62
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**60,624,000**	**60.62**	**60,624,000**	**60.62**

(b) Rights, preferences and restrictions attached to shares

Equity Shares :

The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.

Preference Shares :

(a) The 7.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each issued at a premium of ₹ 20/- per share on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd" are to be redeemed at a premium of ₹ 30.90 per share in six annual installments. The following installments are outstanding as on March 31,2014.

i. 14,500,000 Preference Shares on April 1, 2014

ii. 14,500,000 Preference Shares on April 1, 2015

iii. 14,500,000 Preference Shares on April 1, 2016

iv. 15,000,000 Preference Shares on April 1, 2017

v. 15,000,000 Preference Shares on April 1, 2018

The Company also has an option of early redemption by providing one month's notice to the Holding Company. The redemption can be in part or in full subject to a minimum of 25 lakhs shares at a time. In case of early redemption, the premium on redemption would be determined at such time so as to provide an effective yield to maturity of 7% to the Holding Company.

(b) The 22.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each, issued at a premium of ₹ 20/- per share on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd", were to be redeemed at a premium of ₹ 20/- per share in four annual installments from April 1,2014 to April 1,2018 as per the original terms of the issue. The terms of said preference shares have been revised during the year, with the consent of the preference shareholders and the shares are now redeemable at a premium of ₹ 20/- per share in four annual installments as under:

i. 15,156,000 Preference Shares on April 1, 2018

ii. 15,156,000 Preference Shares on April 1, 2019

iii. 15,156,000 Preference Shares on April 1, 2020

iv. 15,156,000 Preference Shares on April 1, 2021

The Company has an option of early redemption by providing one month's notice to the Holding Company. Early redemption can be in part or in full subject to a minimum of 25 lakhs shares at a time.

(c) Shares held by The Great Eastern Shipping Company Limited, the holding company :

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Equity Shares 111,345,500 (Previous year 111,345,500) shares	111.35	111.35
Preference Shares 7.5% Cumulative Redeemable Preference Shares 73,500,000 (Previous year 88,000,000) shares	73.50	88.00
22.5% Cumulative Redeemable Preference Shares 60,624,000 (Previous year 60,624,000) shares	60.62	60.62

(d) Details of the Shareholders holding more than 5 % of the shares in the Company:

	Current Year		Previous Year	
Name of Shareholder	% of Holding	No. of Shares held	% of Holding	No. of Shares held
Equity Shares				
The Great Eastern Shipping Company Limited	100%	111,345,500	100%	111,345,500
7.5% Cumulative Redeemable Preference Shares				
The Great Eastern Shipping Company Limited	100%	73,500,000	100%	88,000,000
22.5% Cumulative Redeemable Preference Shares				
The Great Eastern Shipping Company Limited	100%	60,624,000	100%	60,624,000

The company's immediate and ultimate Holding Company is "The Great Eastern Shipping Company Limited", a company incorporated in India, as defined under AS-21 Consolidated Financial Statements and AS-18 Related Party Disclosures.

(e) Employee Stock Option Scheme :

The employee stock options of the Company were granted under 5 different Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries. ESOP 2008 - I scheme was closed on March 31,2013 with the encashment of all the options under the scheme. All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one equity share.

In the year 2012, the Company had introduced an encashment scheme granting an opportunity to the option grantees under all Schemes to encash all or part of their stock options vested upto March 31, 2012. The encashment scheme also provides for another window to be opened to encash stock options that would have vested as on March 31, 2015, if there is no IPO by that date.

During the year under review, no grant of stock options were made under any of the Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries, in line with the Company's decision to not make any further grants under the existing Schemes. A total of 118,180 options were forfeited and 6,960 options were exercised,during the year under review on resignation of employees, making the total options outstanding as on March 31, 2014 to 844,420.

The particulars of the various Schemes and movements during the year under review are summarized as under:

Sr. No.	PARTICULARS	ESOP 2007	ESOP 2007-II	ESOP 2008-II	ESOP 2010
1.	Date of Grant	10/08/07 28/01/08 05/05/09	28/01/08	23/10/08 19/03/09 05/05/09 24/07/09 23/10/09 28/12/09 18/03/10 30/04/10	23/09/10 30/04/11 24/10/11 27/04/12
2.	Date of Board Approval	23/01/07	20/11/07	28/01/08	18/03/10
3.	Date of Shareholders' Approval	27/03/07	21/11/07	31/01/08	23/04/10
4.	Options approved	1,000,000	200,000	1,710,000	1,028,900
5.	Options outstanding at the beginning of the year	96,420	25,600	430,260	417,280
6.	Options granted during the year	--	--	--	--
7.	Options cancelled/forfeited during the year	--	--	--	118,180
8.	Options Exercised during the year	--	--	6,960*	--
9.	Options encashed during the year	--	--	--	--
10.	Options outstanding at the end of the year	96,420	25,600	423,300	299,100
11.	Exercise Price/Weighted Average Exercise Price	100	100	135	135
12.	Exercise period from the date of vesting	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later
13.	Exercisable at end of the year	--	--	--	--
14.	Method of Settlement	Equity/Cash	Equity	Equity/Cash	Equity
15.	Vesting period from the date of grant	20% equally over a period of five years	One year	20% equally over a period of five years	20% equally over a period of five years
16.	Vesting conditions	Continued employment with the Company (includes transfer within group companies)	Continued employment with the holding Company "The Great Eastern Shipping Co. Ltd." (includes transfer within group companies)	Continued employment with the Company or subsidiaries (includes transfer within group companies)	Continued employment with the Company or subsidiaries (includes transfer within group companies)

*upon resignation of an employee, 6,960 stock options were settled by payment of cash in accordance with the Scheme.

The employee stock options schemes had been accounted on the intrinsic value method upto the year ended March 31,2012.The compensation expense amount which is the difference between the exercise price of the option and the intrinsic value of the shares was amortised over the vesting period.

Pursuant to the encashment scheme for Employee Stock Options (ESOPs) introduced by the Company during 2012, 765,940 options were encashed at the fair value determined under the scheme. Since the encashment scheme also provides for another window to be opened in March 2015 to encash stock options that have vested till such date, the liability in respect of the outstanding options has also been measured at the fair value determined in accordance with the encashment scheme and the difference in the fair value and the exercise price is amortised over vesting period.

The cumulative amount of employee stock option expense amortised upto March 31, 2014 of ₹ 9.30 crores is included in long term provisions (Previous year ₹ 2.43 crores).

4 RESERVES & SURPLUS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
CAPITAL RESERVE		
Balance at the beginning and at the end of the year	**2.95**	**2.95**
CAPITAL REDEMPTION RESERVE		
Transfer from General reserve on redemption of preference shares	14.50	-
Balance at the end of the year	**14.50**	-
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
Balance at the beginning of the year	239.73	168.19
Add: Transfer from securities premium reserve	61.22	71.54
Less: Utilised for redemption of preference shares	(44.81)	-
Balance at the end of the year	**256.14**	**239.73**
SECURITIES PREMIUM RESERVE		
Balance at the beginning of the year	1,244.26	1,315.80
Less: Transfer to preference share capital redemption reserve	(61.22)	(71.54)
Balance at the end of the year	**1,183.04**	**1,244.26**
SHARE OPTIONS OUTSTANDING ACCOUNT		
Balance at the beginning of the year	-	2.12
Less: Reversal on account of options encashed	-	(2.12)
Balance at the end of the year	-	-
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the year	7.62	31.58
Add: Exchange difference on monetary items	7.89	4.77
Less: Transfer to statement of profit & loss on realisation	-	(28.73)
Balance at the end of the year	**15.51**	**7.62**
GENERAL RESERVE		
Balance at the beginning of the year	36.00	19.00
Add: Transfer from statement of profit and loss	23.00	17.00
Add: Transfer from Tonnage tax reserve account	24.85	-
Less: Transfer to Capital redemption reserve	(14.50)	-
Balance at the end of the year	**69.35**	**36.00**
HEDGING RESERVE		
Balance at the beginning of the year	(19.26)	(23.59)
(Less) / Add : Fair value (loss) / gain on derivative contracts designated as cash flow hedges (net)	4.30	4.33
Balance at the end of the year	**(14.96)**	**(19.26)**
TONNAGE TAX RESERVE		
Balance at the beginning of the year	96.85	66.85
Add: Transfer from statement of profit and loss	35.00	30.00
Less: Transfer to General reserve account	(24.85)	-
Balance at the end of the year	**107.00**	**96.85**

	Current Year ₹ in Crores	Previous Year ₹ in Crores
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	241.68	197.98
Add: Profit for the year	228.23	166.33
Add: Reversal of excess provision for Dividend distribution tax	7.57	-
Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income Tax Act, 1961	(35.00)	(30.00)
Profit available for appropriation	**442.48**	**334.31**
Less: Appropriations:		
Transfer to general reserve	23.00	17.00
Dividend on preference shares	19.15	20.24
Proposed dividend on equity shares	44.54	44.54
Dividend distribution tax on equity and preference dividends	10.82	10.85
Balance at the end of the year	**344.97**	**241.68**
	1,978.50	**1,849.83**

5 LONG TERM BORROWINGS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Secured :		
Foreign currency term loans from banks	881.49	737.83
	881.49	**737.83**

Foreign currency term loans are secured by mortgage of the vessels, assignment of earnings, charge on earnings account assignment of swap contracts and insurance contracts/policies of respective vessels. Additionally, The Great Eastern Shipping Company Limited, the holding company has issued corporate guarantees as security for some loans to the extent of ₹ 97.58 crores (previous year ₹ 108.80 crores). The loans carry interest at the rate LIBOR plus 100 to 500 bps and are repayable in quarterly / half yearly installments over 4-10 years

Loans taken in JPY currency have been swapped into USD as a condition precedent to the loan agreements.

The maturity profile of foreign currency term loans from banks is as below:

₹ In Crores

	1-2 years	2-3 years	3-4 years	4-5 years	Beyond 5 years
Foreign currency term loans from banks CY	201.99	201.26	145.60	86.18	246.46
PY	(125.79)	(155.86)	(155.21)	(104.78)	(196.19)

The Company does not have any continuing default in repayment of loans and interest as at the reporting date.

6 LONG TERM PROVISIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Provision for employee benefits		
- Provision for compensated absences	0.96	0.93
- Director's Retirement Benefit Plan	3.79	3.71
- Employee Stock Options Scheme (refer note 3(e))	9.30	2.43
	14.05	**7.07**

7 TRADE PAYABLES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Dues of micro, small and medium enterprises	0.76	-
Dues of other creditors (includes ₹ 67.88 crores; previous year ₹ 37.48 crores due to subsidiaries)	91.30	62.63
	92.06	**62.63**

Disclosure of amounts due to Micro, Small and Medium enterprises is based on information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006' (MSMED). Amounts overdue on account of principal amount and interest thereon as on March 31, 2014 is ₹ 0.16 crores (previous year ₹ NIL). No interest has been paid during the year to suppliers registered under the MSMED Act.

8 OTHER CURRENT LIABILITIES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Current maturities of long term borrowings*	169.39	251.33
Interest accrued but not due on long term borrowings	6.51	6.94
Employee benefits payable	12.19	9.69
Statutory Liabilities	19.65	15.67
Creditors for capital expenses	-	0.02
Other liabilities	2.08	7.03
	209.82	**290.68**

* Current maturities of long term borrowings include ₹ NIL (previous year ₹ 111.97 crores), relating to a long term borrowing reclassified as current as on the balance sheet date due to a proposed refinancing arrangement.

9 SHORT TERM PROVISIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Provision for employee benefits		
- Provision for compensated absences	0.23	0.22
- Others	9.78	8.48
	10.01	**8.70**

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Provision for income tax (net of advance payment of tax and tax deducted at source ₹154.32 crores; previous year ₹103.97 crores)	7.74	1.38
Provision for foreign taxes	-	4.25
Provision for mark to market losses on derivative contracts	14.96	18.72
Preference dividend	19.15	20.24
Proposed equity dividend	44.54	44.54
Provision for dividend distribution tax	10.82	10.85
	107.22	**108.68**

10 TANGIBLE ASSETS

₹ in Crores

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 1, 2013	Additions	Disposals	Other Adjustments*	As at March 31, 2014	Upto April 1, 2013	For the year	Disposals	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Fleet	1,928.07	205.03	-	102.21	2,235.31	283.67	114.68	-	398.35	1,836.96	1,644.40
Leasehold improvements	5.30	-	-		5.30	0.79	1.06	-	1.85	3.45	4.51
Furniture & fixtures	1.01	0.01	-		1.02	0.45	0.14	-	0.59	0.43	0.56
Computers	2.38	0.18	0.11		2.45	1.70	0.41	0.11	2.00	0.45	0.68
Office equipments	2.79	0.06	0.03		2.82	0.57	0.55	0.02	1.10	1.72	2.22
Vehicles	4.48	1.51	0.96		5.03	2.00	1.04	0.57	2.47	2.56	2.48
Plant & equipment	11.86	23.99	0.05		35.80	6.51	1.96	0.03	8.44	27.36	5.35
Total	**1,955.89**	**230.78**	**1.15**	**102.21**	**2,287.73**	**295.69**	**119.84**	**0.73**	**414.80**	**1,872.93**	**1,660.20**
Previous Year - Total	1,402.46	505.24	7.13	55.32	1,955.89	200.17	98.86	3.34	295.69		

* Other adjustment includes foreign currency loss on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable capital assets adjusted to carrying cost of assets ₹ 102.21 crores (previous year ₹ 55.32 crores).

11 INTANGIBLE ASSETS

₹ in Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2013	Additions	Disposals	As at March 31, 2014	Upto April 1, 2013	For the year	Disposals	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Software	6.22	0.22	0.42	6.02	3.45	1.30	0.30	4.45	1.57	2.77
Total	**6.22**	**0.22**	**0.42**	**6.02**	**3.45**	**1.30**	**0.30**	**4.45**	**1.57**	**2.77**
Previous Year - Total	5.63	0.72	0.13	6.22	2.26	1.31	0.12	3.45		

12 NON CURRENT INVESTMENT

	Face Value	No. of Shares	Current Year ₹ in Crores	Previous Year ₹ in Crores
Trade Investments (valued at cost)				
Investments in subsidiaries				
Unquoted Equity instruments - fully paid up - valued at cost				
Greatship Global Energy Services Pte. Ltd., Singapore	USD 64	282,252	80.93	80.93
Greatship Global Energy Services Pte. Ltd., Singapore	USD 1	1	- *	- *
Greatship Global Holdings Ltd., Mauritius	USD 1	222,201,774	954.61	954.61
Greatship (UK) ltd.	USD 1	500,000	2.26	2.26
Aggregate amount of unquoted investments			**1,037.80**	**1,037.80**

* indicates amount less than Rs. 1 lac.

13 DEFERRED TAX

Pursuant to the introduction of Section 115 VA under the Indian Income Tax Act, 1961, the Company has opted for computation of it's income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships is assessed on the basis of deemed Tonnage Income of the Company and no deferred tax is applicable to such income as there are no timing differences.

Deferred tax asset in respect of the non-tonnage income of the company is comprised of:

Particulars	Current Year ₹ in Crores	Previous Year ₹ in Crores
Difference in depreciation as per books and tax	0.88	1.12
Expenditure allowable for tax purposes on payment basis	0.10	0.06
Total	**0.98**	**1.18**

14 LONG TERM LOANS & ADVANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured considered good		
Capital advances	3.71	3.84
Security deposits	1.21	1.21
Loans and advances to related parties *	83.89	70.57
	88.81	**75.62**
* Loans and advances to related parties include loans to subsidiaries as under :		
Greatship Global Holdings Limited	77.90	70.57
Greatship (UK) Limited	5.99	-
	83.89	**70.57**

15 OTHER NON CURRENT ASSETS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unamortised finance charge	4.08	6.02
	4.08	**6.02**

16 CURRENT INVESTMENTS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Investments in mutual funds		
Valued at lower of cost and fair value - fully paid up		
Quoted		
UTI Fixed Income Interval Fund Quarterly Plan Series III DDP	-	3.03
UTI Fixed Term Income Fund Series XIV VI (366 days)	-	5.13
Unquoted		
Birla Sun Life Cash Plus - Growth - Regular Plan	45.00	-
Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend	2.51	-
ICICI Prudential Liquid Regular Plan Daily Dividend	3.01	-
Sundaram Ultra Short Term Fund Regular Daily Dividend Reinvestment	4.02	-
Canara Robeco Liquid Fund regular Daily Dividend Reinvestment Fund	-	1.84
ICICI Prudential Ultra Short Term Regular Plan DDR	-	15.06
IDFC Cash Fund Daily Dividend Regular Plan	-	6.01
Birla Sunlife Cash Plus DD Regular Plan Reinvestment	5.10	11.16
Birla Sunlife Floating Rate Fund LTP DD Regular Plan Reinvestment	-	20.69
Kotak Liquid Scheme Plan A Daily Dividend	-	2.02
Reliance - Treasury Plan - Institutional Option - Daily Dividend Option	-	7.18
SBI Magnum Insta Cash Fund	-	6.03
Sundaram Money Fund Regular Daily Dividend Reinvestment	-	8.36
Total of quoted & unquoted investments	**59.64**	**86.51**
Aggregate amount of quoted Investments	-	8.16
Market value of quoted Investments	-	8.16
Aggregate amount of unquoted Investments	59.64	78.35

17 INVENTORIES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
(Valued at lower of cost and net realisable value)		
Stores & spares on board rigs	54.53	47.47
Fuel Oils	11.65	9.67
	66.18	**57.14**

18 TRADE RECEIVABLES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	0.60	2.05
- Considered doubtful	18.20	18.11
	18.80	20.16
- Provision for doubtful receivables	(18.20)	(18.11)
	0.60	2.05
Outstanding for a period less than six months from the date they are due for payment		
- Considered good (includes ₹ 6.69 crores; previous year ₹ 8.79 crores due from subsidiaries)	191.99	218.77
	192.59	**220.82**

19 CASH AND BANK BALANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Cash and Cash Equivalents		
Balances with banks		
- Current accounts	92.29	140.19
- Deposits with maturity less than 3 months	83.88	-
Cash in hand	0.01	- *
	176.18	140.19
Other bank balances :		
Balances with banks in margin / reserve accounts	10.22	12.83
	186.40	**153.02**

* indicates amount less than ₹ 1 lac.

20 SHORT TERM LOANS & ADVANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured, considered good, unless stated otherwise		
Advances recoverable in cash or in kind	4.71	3.17
Agents current accounts	0.46	0.28
Deposits	0.02	-
Loans and advances to related parties *	-	5.43
Prepayments	6.55	5.59
	11.74	**14.47**
* Loans and advances to related parties include loans to subsidiaries as under :		
Greatship (UK) limited	-	5.43
	-	**5.43**

21 OTHER CURRENT ASSETS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest accrued on bank deposits	0.09	-
Unamortised finance charges	1.00	1.14
	1.09	**1.14**

22 REVENUE FROM OPERATIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Charter hire (refer note 34)	1,308.53	1,016.62
	1,308.53	**1,016.62**

23 OTHER INCOME

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest income		
- on deposits with banks	0.40	0.07
- on inter company loans	3.09	10.04
- Income tax refund	-	0.35
Dividend from foreign subsidiary	48.01	-
Dividend on current investments	1.05	3.89
Profit on sale of current investments	0.48	0.01
Profit / (loss) on sale of fixed assets	(0.06)	0.07
Agency income	-	1.10
Miscellaneous income	0.24	0.14
Gain on foreign currency transactions (net)	17.88	42.15
Excess provision written back	4.55	-
	75.64	**57.82**

24 EMPLOYEE BENEFIT EXPENSES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Salaries, wages & allowances	184.57	140.07
Contribution to provident & other funds	4.22	5.08
Employee stock option encashment scheme expense	6.88	4.93
Staff welfare expenses	7.76	8.53
	203.43	**158.61**

25 FINANCE COST

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest on term loans from banks	47.96	45.03
Finance charges	4.68	2.37
	52.64	**47.40**

26 OTHER EXPENSES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Fuel, oil & water	22.15	20.11
Hire of chartered rigs, vessels and equipments	501.86	408.01
Consumption of stores and spares	84.01	47.57
Technical management fees	0.22	0.48
Agency fees	2.62	1.61
Port Dues	0.44	0.34
Repairs and maintenance		
- Rigs and vessels	31.29	16.11
- Buildings	0.16	0.08
- Others	1.95	1.49
Insurance		
- Fleet insurance	29.74	24.95
- Others	1.06	0.80
Travelling and conveyance expenses	11.30	8.62
Communication expenses	8.16	7.34
Rent	5.10	5.72
Rates and taxes	0.02	0.03
Brokerage and commission	0.70	(0.58)
Payment to Auditors (refer note 30)	0.78	0.36
Provision for doubtful debts and advances (net)	0.72	0.87
Miscellaneous expenses	23.30	23.02
	725.58	**566.93**

27 EARNINGS PER SHARE

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Basic and Diluted earnings per share		
Profit for the year	228.23	166.33
Less : Dividend on Cumulative Preference Shares	19.15	20.24
Less : Dividend distribution tax on preference dividend	3.26	3.28
Profit attributable to Equity share holders	**205.82**	**142.81**

		Current Year ₹ in Crores	Previous Year ₹ in Crores
Number of Equity Shares as on April 1		111,345,500	111,345,500
Number of Equity shares as on March 31		111,345,500	111,345,500
Weighted average number of Equity shares outstanding during the year		111,345,500	111,345,500
Face value of per Equity Share	₹	10	10
Basic earnings per share	₹	18.48	12.83
Diluted earnings per share	₹	18.48	12.83

28 CONTINGENT LIABILITIES

a) Guarantees given by banks ₹ 175.91 crores (previous year ₹ 109.93 crores) and Letter of credit ₹ 8.60 crores (previous year ₹ NIL)

b) Corporate guarantees given on behalf of subsidiary companies ₹ 1942.96 crores (previous year ₹ 2304.99 crores).

c) Claims against the Company not acknowledged as debt:

i) Service tax claimed for services provided by drilling units under the head "Supply of Tangible Goods for use" and the services being consumed by the seabed of the Continental Shelf of India, amounting to ₹ 27.24 crores (previous year ₹ 27.24 crores). For the similar period the company has also received notice from The Assistant Commissioner of Service Tax in relation to the Central Excise Revenue Audit (CERA) objection for payment of service tax on the services provided by the drilling units.

ii) Show Cause Notice / Demand received from Service Tax Department amounting to ₹ 0.22 crores (previous year ₹ 0.22 crores) in relation to excess utilized Cenvat Credit i.e. more than 20% during the period Aug'07 to Feb'08.

iii) Service tax claimed for nonpayment of service tax under reverse charge mechanism in respect of supply of tangible goods and services,etc availed from overseas input service providers amounting to ₹ 138.14 crores (previous year ₹ NIL) along with interest and penalty.

iv) Custom duty demand for Marine Gas Oil to be treated as Light Diesel Oil during conversion of the vessel from a foreign run vessel to a coastal run vessel estimated to be around 0.96 crores cumulatively (previous year ₹ 0.72 crores).

v) MVAT claimed wherein the Department has sought to classify the activity of charter hire of Vessels as "sale" liable for MVAT along with interest and penalty, all totaling to ₹ 83.52 crores (previous year NIL).

vi) Service tax claimed for value of free supply of fuel by the charterers for the period 2008 to 2013 amounting to ₹ 35.60 crores (previous year ₹ NIL) along with interest and penalty.

The Company is of the opinion that all the above demands are unsustainable and the company is taking appropriate steps to defend these demands.

vii) Income tax demands disputed by the Company and against which it has preferred appeals - ₹ 9.63 crores (previous year ₹ 2.58 crores). Based on the interpretation of the relevant provisions, the Company has been advised that the demand is likely to be either deleted or substantially reduced .

29 CAPITAL COMMITMENTS

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - ₹ 8.42 crores (previous year ₹ 15.00 crores).

30 AUDITORS REMUNERATION

	Current Year ₹ in Crores	Previous Year ₹ in Crores
a) Audit Fees	0.18	0.15
b) In Other Capacity		
- Tax Audit	0.04	0.03
- Taxation Matters	0.39	0.11
- Certification & Other Services	0.18	0.07
	0.78	**0.36**

31 EMPLOYEE BENEFITS

a) Defined Contribution Plans :

The Company has recognised the following contributions in the statement of profit and loss. The contributions payable to these plans are at the rates specified in the rules of the respective schemes.

Particulars	Current Year ₹ in Crores	Previous Year ₹ in Crores
Contribution to Provident Fund	2.16	1.51
Contribution to Superannuation Fund	0.21	0.20
Contribution to National Pension Scheme	0.11	-
Contribution to Seamens' Provident Fund	0.28	0.24
Contribution to Seamens' Pension Annuity Fund	0.64	0.58
Contribution to Seamens' Gratuity Fund	0.18	0.15

b) Defined Benefit Plans and Other Long-Term Employee Benefits :

Valuations in respect of Gratuity, Pension Plan for whole time director and Compensated Absences have been carried out by an independent actuary, as at the Balance Sheet date under the Projected Unit Credit Method, based on the following assumptions:

(₹ in Crores)

	Gratuity		Pension Plan		Compensated Absences	
i) Change in Benefit Obligation :	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability at the beginning of the year	4 .34	1.77	3 .71	-	0.30	0.16
Interest Cost	0 .36	0.15	0 .32	-	0.02	0.01
Current Service Cost	2 .05	1.77	-	-	0 .58	0.56
Benefits Paid	(0.11)	(0.02)	-	-	(0.05)	(0.02)
Actuarial (Gain) / loss on Obligation	(1.52)	0 .66	(0.23)	3.71	(0.52)	(0.41)
Liability at the end of the year	5 .13	4.34	3 .79	3 .71	0 .33	0.30

	Gratuity		Pension Plan		Compensated Absences	
ii) Fair Value of Plan Assets :	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fair Value of Plan Assets at the beginning of the year	4 .34	1.78	-	-	-	-
Expected Return on Plan Assets	0 .37	0.22	-	-	-	-
Employer's Contribution	0 .70	2.39	-	-	0 .05	0.02
Benefits Paid	(0.11)	(0.02)	-	-	(0.05)	(0.02)
Actuarial Gain / (loss) on Plan Assets	(0.10)	(0.03)	-	-	-	-
Fair Value of Plan Assets at the end of the year	5 .20	(4.34)	-	-	-	-
Funded Status (including unrecognised past service cost)	0 .07	(0.00)	(3.79)	(3.71)	(0.33)	(0.30)

iii) Actual Return on Plan Assets :	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Expected Return on Plan Assets	0 .37	0.22	-	-	-	-
Actuarial Gain / (loss) on Plan Assets	(0.10)	(0.03)	-	-	-	-
Actual Return on Plan Assets	0 .28	0.19	-	-	-	-

iv) Amount Recognised in the Balance Sheet	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Liability at the end of the Year	5 .13	4.34	3 .79	3 .71	0 .33	0.30
Fair Value of Plan Assets at the end of the year	5 .20	4.34	-	-	-	-
Funded Status	0 .07	(0.00)	(3.79)	(3.71)	(0.33)	(0.30)
Unrecognised past Service Cost	-	-	-	-	-	-
Amount Recognised in Balance Sheet	0 .07	(0.00)	(3.79)	(3.71)	(0.33)	(0.30)

v) Expenses Recognised in the Statement of Profit & Loss	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Current Service Cost	2 .05	1.77	-	-	0 .58	0.56
Interest Cost	0.36	0.15	0.32	-	0.02	0.01
Actuarial return on Plan Assets	(0.37)	(0.22)	-	-	-	-
Net Acturial (Gain) / Loss to be recognised	(1.42)	0.70	(0.23)	3 .71	(0.52)	(0.41)
Expenses recognised in the profit and loss	0 .62	2.40	0 .09	3.71	0 .08	0.17

vi) Investment Details (% invested)	Gratuity Current Year	Gratuity Previous Year
HDFC Life Defensive Management Fund II	100%	100%

vii) Other disclosures	Gratuity 2013 - 14	2012-13	2011 - 12	2010 - 11	2009 - 10
Present Value of Defined benefit obligation	5 .13	4.34	1 .77	1.05	0 .59
Fair value of plan assets	5 .20	4.34	1 .78	-	-
Surplus or (Deficit) in the plan	0 .07	(0.00)	0 .01	-	-

vii) Other disclosures	Compensated Absences 2013 - 14	2012-13	2011 - 12	2010 - 11	2009 - 10
Present Value of Defined benefit obligation	0 .33	0.30	0 .16	0.15	0 .14
Fair value of plan assets	-	-	-	-	-
Surplus or (Deficit) in the plan	-	-	-	-	-

viii) Experience History	2013 - 14	2012-13	Gratuity 2011 - 12	2010 - 11	2009 - 10
(Gain)/Loss on obligation due change in Assumption	(0.58)	(0.15)	(0.09)	0.16	0 .09
Experience (Gain)/Loss on obligation	(0.94)	0.81	0 .01	(0.28)	0 .01
Actuarial Gain/(Loss) on plan assets	(0.10)	(0.03)	0 .03	-	-

viii) Experience History	2013 - 14	2012-13	Compensated Absences 2011 - 12	2010 - 11	2009 - 10
(Gain)/Loss on obligation due change in Assumption	(0.01)	0.01	(0.01)	0.01	0 .03
Experience (Gain)/Loss on obligation	(0.51)	(0.42)	(0.42)	(0.28)	(0.19)
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

General Description:

i) Gratuity :

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

ii) Pension Plan :

Under the Company's Pension Scheme for the whole-time Directors as approved by the Shareholders, all the wholetime Directors are entitled to the benefits of the scheme only after attaining the age of 62 years, except for retirement due to physical disability, in which case, the benefits shall start on his retirement. The benefits are in the form of monthly pension @ 50% of his last drawn monthly salary subject to maximum of Rs. 0.75 crores p.a. during his lifetime. If he predeceases the spouse, she will be paid monthly pension @ 50% of his last drawn pension during her lifetime. Benefit also include reimbursement of medical expense for self and spouse, overseas medical treatment upto Rs. 0.50 crores per illness, office space including telephone in the Company's office premises and use of Company's car including reimbursement of driver's salary and other related expenses during his lifetime.

iii) Compensated Absences :

Eligible employees can carry forward and encash leave upto superannuation, death, permanent disablement and resignation subject to maximum accumulation allowed at 15 days. The leave over and above 15 days for all employees is encashed and paid to employees, subject to maximum of 20 days on June 30, every year.

32 RELATED PARTY DISCLOSURE

a) Holding Company :

The Great Eastern Shipping Company Ltd.

b) Subsidiary Companies :

Greatship Global Holdings Ltd., Mauritius

Greatship Global Energy Services Pte. Ltd., Singapore

Greatship Global Offshore Services Pte. Ltd., Singapore

Greatship (UK) Ltd., UK

Greatship Subsea Solutions Singapore Pte. Ltd., Singapore *

Greatship Global Offshore Management Services Pte. Ltd., Singapore *

Greatship Subsea Solutions Australia Pty. Ltd., Australia #

Deregistered on June 30,2013

* Amalgamated with Greatship Global Offshore Services Pte. Ltd as on December 31,2013.

c) **Fellow Subsidiaries :**

The Great Eastern Chartering LLC (FZC), Sharjah

The Great Eastern Shipping Company London Ltd., London

The Greatship (Singapore) Pte. Ltd., Singapore

The Great Eastern Chartering (Singapore) Pte. Ltd., Singapore

d) **Key Management Personnel :**

Mr. Ravi K. Sheth - Managing Director

Mr. P.R. Naware - Executive Director

e) **Relative of Director :**

Ms. Nirja B. Sheth - Daughter of Chairman

Transactions with related parties

₹ in Crores

Nature of transaction	Holding Company		Subsidiary Companies		Key Management Personnel and Relatives	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Corporate Guarantees Given / (Received)	-	(129.30)				
Greatship Global Offshore Services Pte. Ltd.			-	393.93		
Greatship Global Energy Services Pte. Ltd.			362.78	741.06		
Loan Given and (Returned)						
Greatship Global Holdings Ltd.			-	(272.35)		
Purchase of vessels including bunker, stores and spares, etc. on board						
Greatship Global Offshore Services Pte. Ltd.			207.98	485.94		
Transfer of inventory on incharter of rig						
Greatship Global Energy Services Pte. Ltd.			0.77	10.76		
Delivery and redelivery of inventory on onhire and offhire of rig						
Greatship Global Energy Services Pte. Ltd.			26.55	19.27		
Greatship Global Energy Services Pte. Ltd.			(26.55)	(19.27)		
Delivery and redelivery of inventory on offhire of vessels						
Greatship Subsea Solutions Singapore Pte. Ltd.			(0.96)	1.65		
Agency Income						
Greatship Global Offshore Services Pte. Ltd.			-	1.10		
Interest Income on Loan						
Greatship Global Holdings Ltd.			2.87	9.82		
Greatship (UK) Ltd.			0.23	0.22		
Dividend Paid						
The Great Eastern Shipping Company Ltd.	64.78	43.37				
Dividend Received						
Greatship Global Holdings Ltd.			48.01	-		
Inchartering Expenses						
Greatship Global Energy Services Pte. Ltd.			450.79	346.93		
Greatship Global Offshore Services Pte. Ltd.			2.51	3.86		
Greatship Subsea Solutions Singapore Pte. Ltd.			22.16	46.09		
Inchartering Income						
Greatship Subsea Solutions Singapore Pte. Ltd.			-	5.08		
Greatship (UK) Ltd.			73.43	64.38		
Remuneration Paid						
Ravi K Sheth					5.61	5.14
P R Naware					2.33	2.43

₹ in Crores

Nature of transaction	Holding Company		Subsidiary Companies		Key Management Personnel and Relatives	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Relative of Director						
Remuneration Paid						
Nirja B Sheth					0.15	0.14
Shares redeemed						
Preference	59.31	-				
Purchase of Motor Car	0.06	0.25				
Sale of Motor Car	(0.17)	(0.02)				
Re-imbursement of Expenses Paid/(Received)	1.24	(0.47)				
Greatship (UK) Ltd.			12.24	10.11		
Greatship Subsea Solutions Singapore Pte. Ltd			(0.04)	(0.12)		
Outstanding Balance as on 31.03.2014						
Payables	0.36					
Receivables						
Greatship (UK) Ltd.			6.69	8.79		
Payables						
Greatship Global Energy Services Pte. Ltd.			61.43	21.19		
Greatship (UK) Ltd.			6.45	10.08		
Greatship Subsea Solutions Singapore Pte. Ltd.			-	6.21		
Loans and Advances						
Greatship Global Holdings Ltd.			77.90	70.57		
Greatship (UK) Ltd.			5.99	5.43		
Corporate Guarantees Given / (Received)	(1,621.11)	(1,794.48)				
Greatship Global Energy Services Pte. Ltd.			1,622.61	1,736.88		
Greatship Global Offshore Services Pte. Ltd.			320.35	568.11		

Note : The significant related party transactions are disclosed separately under each transaction.

33 HEDGING CONTRACTS

The Company uses foreign exchange forward contracts, currency & interest swaps and options to hedge its exposure to movements in foreign exchange rates. The Company does not use the foreign exchange forward contracts, currency & interest swaps and options for trading or speculation purposes.

The Company has identified certain derivative contracts entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and interest swaps as hedge instruments that qualify as effective cash flow hedges. The mark to market gain / (loss) on such derivative contracts is recorded in the hedging reserve.

a) Derivative instruments outstanding:

(i) Forward exchange contracts:

Details	Current Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total no. of Contracts	-	-	-	24
Notional amount of Foreign Currency (USD in Million)	-	-	-	18
Amount recognised in Hedging reserve (loss) / gain (₹ in Crores)	-	-	-	0.20
Maturity Period	-	-	-	upto 12 months

(ii) Forward exchange option contracts:

Details	Current Year Purchase	Current Year Sale	Previous Year Purchase	Previous Year Sale
Total no. of Contracts	-	25	-	-
Foreign Currency Value (USD in Million)	-	17	-	-
Amount recognised in Hedging reserve (loss) / gain (Rs. in Crores)	-	0.63	-	-
Maturity Period	-	Upto 12 months	-	-

(iii) Interest rate swap contracts:

Details	Current Year	Previous Year
Total No. of contracts	4	3
Principal Notional Amount (USD million)	40	24
Amount recognised in Hedging Reserve (loss) / gain (₹ in Crores)	(7.09)	(10.60)
Maturity Period	Upto 78 months	Upto 53 Months

(iv) Currency swap contracts:

Details	Current Year	Previous Year
Total No. of contracts	5	5
Principal Notional Amount (USD million)	36	45
Principal Notional Amount (JPY million)	(3886)	(4799)
Amount recognised in Hedging Reserve (loss) / gain (₹ In Crores)	(8.50)	(8.86)
Maturity Period	Upto 56 months	Upto 68 Months

b) The above mentioned derivative contracts having been entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and the interest rate risk, have been designated as hedge instruments that qualify as effective cash flow hedges. The mark-to-market (loss) / gain on the foreign exchange derivative contracts outstanding as on March 31, 2014 amounting to (₹ 14.96 Crores) (Previous year ₹ (19.26) Crores) has been recorded in the hedging reserve account as on March 31, 2014.

The interest rate swaps are entered to hedge floating semi-annual interest payments on borrowings. Fair value gains and losses on the interest rate swaps recognised in Hedging Reserve are transferred to the statement of Profit and Loss as part of interest expense over the period of borrowings.

The currency forward and option contracts were entered to hedge highly probable forecast transactions denominated in foreign currency. The currency forwards and options have maturity dates that coincide with the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to occurrence of these transactions are transferred to the statement of profit and loss, except for forwards used to hedge highly probable forecast foreign currency purchases relating to construction of new vessels / rig, whose gains and losses are included in the cost of the assets and recognised in the statement of profit and loss over the estimated useful lives as part of depreciation expense.

c) Un-hedged foreign currency exposures as on March 31, 2014 :

Details	Current Year	Previous Year
Loan liabilities and Payables		
(USD in millions)	189	193
(GBP in millions)	-	1
(JPY in millions)	6	1
(ZAR in millions)	1	-
Receivables		
(USD in millions)	33	12
Bank Balances		
(USD in millions)	30	25

34 SEGMENT REPORTING

a) Primary segment reporting by business segment:

The Company is engaged only in Offshore Oilfield Services segment and there are no separate reportable segments as per Accounting Standard (AS) 17 'Segment Reporting.'

b) Secondary segment reporting by geographical segment:

i) Segment-wise Revenue from Operations and Sales:

Particulars	Current Year ₹ in Crores	Previous Year ₹ in Crores
Revenue from customers outside India	156.02	128.14
Revenue from customers within India	1,152.51	888.48
Total	**1,308.53**	**1,016.62**

(ii) Substantial assets of the company are ships/rigs, which are operating across the world, in view of which they cannot be identified by any particular geographical segment.

(iii) In view of (ii) above the total cost incurred during the year ended March 31, 2014 geographical segment wise reporting is not applicable.

35 OPERATING LEASE

Operating Lease Commitments - where the company is lessee

The Company has taken three Rigs on operating lease for periods ranging between 5 to 0.5 years. Premises taken on leave & license basis which is similar in substance to an operating lease are also included in the leasing arrangements here under:

Details	Current Year ₹ in Crores	Previous Year ₹ in Crores
a) Total Future Minimum Lease payments		
- Not later than 1 year	355.89	364.24
- Later than 1 year and not later than 5 years	570.65	570.32

b) Lease payments recognised in the statement of profit and loss for the period ₹ 455.89 crores (previous year ₹ 352.65 crores)

c) Vessels taken/given on time charter hire are not considered as operating lease.

36 **a)** Considering the nature of the Company's business, where capital goods in the nature of vessels & rigs are imported under essentiality certificate with a condition to re-export and stores & spares are consumed in India & abroad depending on the location of the assets at the time of consumption, it is not feasible to provide the information relating to imports calculated on C.I.F basis as prescribed under revised schedule VI.

b) Expenditure in foreign currency

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Incharter Expenses	476.93	384.37
Fuel Expenses	19.30	19.60
Stores & Spares	53.65	26.81
Repairs and Maintenance	9.97	5.60
Other Operating Expenses	40.74	42.53
Interest	52.39	47.40

c) Earnings in foreign currency

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Charter Hire	1,280.82	988.87
Dividend received from foreign subsidiary	48.01	-
Agency Income	-	1.10
Interest Income	3.50	10.05
Miscellaneous Income	0.01	0.04

d) The Company did not have any non resident shareholders and has not remitted any dividend amount in foreign currencies during the year.

37 The company has changed the estimated useful life of certain Plant and Machinery items between 3 to 10 years. The depreciation charge for the year is lower by ₹ 0.54 crores consequent to change.

38 Previous year figures have been regrouped wherever necessary to confirm to current year classification.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary	Greatship Global Holdings Ltd.+	Greatship Global Offshore Services Pte. Ltd. $*	Greatship Global Energy Services Pte. Ltd. #	Greatship (UK) Limited +
Financial Year ended	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
Date from which it became a Subsidiary	May 30, 2007	May 8, 2007	October 23, 2006	October 29, 2010
Extent of interest of the Holding Company in the Capital of the Subsidiary	100%	100%	100%	100%
Net aggregate amount of the Subsidiary's profits less losses not dealt with in the Holding Company's Accounts (Standalone)				
(i) Current Year	₹ 492,582,367	₹ 476,017,423	₹ 2,160,543,469	₹ (15,261,444)
(ii) Previous Year since it became Subsidiary	₹ (9,476,428)	₹ 1,185,691,627**	₹ 5,402,736,506	₹ (21,224,730)
Net aggregate amount of the Subsidiary's profits less losses dealt with in the Holding Company's Accounts (Standalone)				
(i) Current Year	-	-	-	-
(ii) Previous Year since it became Subsidiary	-	-	-	-

+ Greatship Global Holdings Ltd. and Greatship (UK) Limited are wholly owned subsidiaries of Greatship (India) Limited.

$ Greatship Global Offshore Services Pte. Ltd. (GGOS) is a wholly owned subsidiary of Greatship Global Holdings Ltd.

The entire share capital of Greatship Global Energy Services Pte. Ltd. is held by Greatship (India) Limited and Greatship Global Holdings Ltd.

* Greatship Subsea Solutions Singapore Pte. Ltd. and Greatship Global Offshore Management Services Pte. Ltd., which were wholly owned subsidiaries of GGOS were amalgamated with GGOS w.e.f December 31, 2013

** Restated based on the merger accounting used for the aforesaid amalgamation

The Company's subsidiary in Australia - Greatship Subsea Solutions Australia Pty Limited was voluntarily de-registered with the Australian Securities & Investments Commission w.e.f June 30, 2013

For and on behalf of the Board

Ravi K. Sheth	**P.R.Naware**	**G. Shivakumar**	**Amisha M. Ghia**
Managing Director	Executive Director	Chief Financial Officer	Company Secretary

Mumbai, April 29, 2014

STATEMENT PURSUANT TO GENERAL CIRCULAR NO. 2/2011 DATED FEBRUARY 8, 2011 ISSUED BY MINISTRY OF CORPORATE AFFAIRS

(₹ in crores)

Name of Subsidiary	Greatship Global Holdings Ltd.	Greatship Global Offshore Services Pte. Ltd.	Greatship Global Energy Services Pte. Ltd.	Greatship (UK) Limited
Capital	1,331.43	425.79	1,012.43	3.00
Reserves*	0.28	110.78	806.66	(3.87)
Total Assets	1,411.18	875.00	3,351.83	58.23
Total Liabilities	1,411.18	875.00	3,351.83	58.23
Investments (except in case of investment in subsidiaries)	-	-	-	-
Turnover	53.86	228.59	448.59	136.62
Profit/(Loss) before taxation *	50.75	49.08	216.05	(2.49)
Provision for taxation	1.50	1.48	-	(0.97)
Profit/(Loss)after taxation*	49.26	47.60	216.05	(1.53)
Dividend proposed/paid	47.94	50.93	-	-

*Fiqures include foreign currency translation adjustment.

Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs, the Board of Directors of the Company has given consent for not attaching the balance sheet of the subsidiaries with the balance sheet of the Company as required under Section 212 of the Companies Act, 1956 by passing a resolution at its meeting held on April 29, 2014.

Independent Auditor's Report On Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF GREATSHIP (INDIA) LIMITED

We have audited the accompanying consolidated financial statements of Greatship (India) Limited and its subsidiaries ("the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated 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 the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b. in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 4,208.41 crores as at March 31, 2014, total revenues of Rs. 344.36 crores and net cash out flows amounting to Rs. 121.24 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors. Our opinion is not qualified in respect of this matter.

For Kalyaniwalla & Mistry
Chartered Accountants
Registration No. 104607W

Roshni R. Marfatia
Partner
Membership No: 106548

Mumbai
Date : April 29, 2014

Consolidated Balance Sheet

AS AT 31ST MARCH 2014

	Notes	Current Year ₹ in Crores	Previous Year ₹ in Crores
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	5	245.47	259.97
Reserves and surplus	6	3,226.85	2,629.66
		3,472.32	**2,889.63**
Non current liabilities			
Long term borrowings	7	2,171.02	2,528.41
Long term provisions	8	14.55	7.75
		2,185.57	**2,536.16**
Current liabilities			
Trade payables	9	80.27	74.68
Other current liabilities	10	691.67	657.14
Short term provisions	11	131.60	161.57
		903.54	**893.39**
Total		**6,561.43**	**6,319.18**
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	12	5,398.68	5,192.26
Intangible assets	13	1.57	2.82
Capital work-in-progress		217.04	-
Non current asset held for sale	14	-	-
Deferred tax assets (net)	15	1.95	1.18
Long-term loans and advances	16	12.88	12.48
Other non-current assets	17	26.36	25.54
		5,658.48	**5,234.28**
Current assets			
Current Investments	18	59.64	86.51
Inventories	19	68.25	58.93
Trade receivables	20	232.51	257.62
Cash and bank balances	21	516.28	655.71
Short-term loans and advances	22	19.84	16.09
Other current assets	23	6.43	10.04
		902.95	**1,084.90**
Total		**6,561.43**	**6,319.18**

Significant accounting policies 4

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

As per our report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29, 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	Current Year ₹ in Crores	Previous Year ₹ in Crores
Revenue :			
Revenue from operations	24	1,568.59	1,270.58
Other income	25	35.84	130.88
Total Revenue		**1,604.43**	**1,401.46**
Expenses :			
Employee benefits expense	26	297.85	249.29
Finance cost	27	165.80	135.59
Depreciation and amortisation expense	12/13	298.02	229.06
Impairment loss on fixed assets		8.12	31.78
Other expenses	28	315.69	289.45
Total expenses		**1,085.48**	**935.17**
Profit before tax		518.95	466.29
Tax expenses :			
- Current tax		50.49	33.92
- Deferred tax		(0.77)	0.13
- Taxes for earlier years		5.45	1.52
		55.17	**35.57**
Profit for the year		**463.78**	**430.72**
Earnings per equity share:	29		
[Nominal value per share ₹ 10 : previous year ₹ 10]			
- Basic		39.64	36.57
- Diluted		39.64	36.57

Significant accounting policies 4

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

As per our report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29, 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

Consolidated Cash Flow Statement

FOR THE YEAR ENDED ON 31ST MARCH, 2014

	Current Year ₹ in Crores	Previous Year ₹ in Crores
A. CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX:	518.95	466.29
Adjustments for:		
Depreciation	298.02	229.06
Impairment loss on non current asset classified as held for sale	8.12	31.78
Interest income	(3.17)	(2.31)
Interest Expense	165.80	135.59
Dividend income	(1.05)	(3.89)
Provision for bad and doubtful debts (net)	1.76	0.87
(Profit) / Loss on sale of assets (net)	(1.72)	(61.31)
(Profit) / Loss on cancellation of Vessel/Finance Lease	-	(18.00)
Profit on sale of investments	(0.48)	(0.01)
Unrealised foreign exchange (gain) / loss	(3.88)	(40.67)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**982.35**	**737.40**
Adjustment for:		
(Increase) / Decrease Inventory	(9.12)	(15.84)
(Increase) / Decrease Trade receivables	(85.10)	(40.18)
(Increase) / Decrease Loans and advances	(4.07)	62.76
Increase / (Decrease) Trade payables, other liabilities and provisions	111.28	11.96
	12.99	**18.70**
CASH GENERATED FROM OPERATIONS :	**995.34**	**756.10**
Taxes paid	(52.37)	(34.31)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES :	**942.97**	**721.79**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets including capital advances	(254.80)	(1,012.50)
Proceeds from sale of fixed assets	2.28	363.12
Purchase of current investments	(192.50)	(354.29)
Proceeds from sale of current investments	219.85	335.39
Interest received	3.69	17.35
Dvidend received	1.05	3.89
Bank deposits not considered as cash and cash equivalents		
- placed	-	(94.03)
- matured	103.78	-
(Increase) / Decrease in earmarked bank balances	2.62	(7.73)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**(114.03)**	**(748.80)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Redemption of preference shares	(59.31)	-
Proceeds from long term borrowings	250.21	1,130.92
Repayment of long term borrowings	(879.36)	(639.10)
Repayment of finance lease	-	(81.64)

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest paid	(155.49)	(134.84)
Dividend paid	(64.78)	(43.36)
Dividend tax paid	(3.28)	(7.04)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES :	**(912.01)**	**224.94**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :	**(83.07)**	**197.93**
Cash and Cash Equivalents as at April 1, 2013	525.68	319.73
Effect of exchange rate changes [Loss / (Gain)] on cash and cash equivalents	37.89	8.02
Cash and Cash Equivalents as at Mar 31, 2014 (See note below)	480.50	525.68
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :	**(83.07)**	**197.93**

Note: Components of Cash and Cash equivalents	**March 31 2014**	**March 31 2013**
Cash & Cash Equivalents as		
Balances with banks		
- Current accounts	254.83	433.36
- Deposits with original maturity less than 3 months	225.60	92.26
Cash in hand	0.07	0.06
	480.50	**525.68**

As per our Report attached hereto

For **KALYANIWALLA & MISTRY**
Chartered Accountants
Registration No.: 104607W

Roshni R. Marfatia
Partner
Membership No.:106548
Mumbai, April 29 , 2014

For and on behalf of the Board

Ravi K. Sheth
Managing Director

P.R.Naware
Executive Director

G. Shivakumar
Chief Financial Officer

Amisha M. Ghia
Company Secretary

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2014

1 Background

Greatship (India) Limited (the Company) is a public company domiciled in India and incorporated in the year 2002 under the provisions of the Companies Act,1956. The Greatship Group is providing offshore oilfield services with the principal activity of offshore logistics and drilling services. The group presently owns and operates 4 Platform Supply Vessels (PSVs), 9 Anchor Handling Tug cum Supply Vessels (AHTSVs), 2 Multipurpose Platform Supply and Support Vessels (MPSSVs) and 6 Remotely Operated Vehicle Support Vessels (ROVSVs) in the Indian and International markets. The group also owns and operates 3 Jack up Drilling Rigs. There has been no significant changes in the nature of these activities during the financial year. The company is a subsidiary of The Great Eastern Shipping Company Limited (GESCO) which is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and at the Luxemburg Stock Exchange.

2 Basis of Consolidation

The consolidated financial statements relate to Greatship (India) Limited and its wholly owned subsidiaries (collectively referred to as Group). The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements'. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and intra group unrealised profits or losses are fully eliminated.

In case of foreign subsidiaries, revenue items are consolidated at the average rates of exchange prevailing during the period. All assets and liabilities are converted at the exchange rates prevailing at the end of the period. Exchange gain / (loss) arising on conversion are recognised under foreign currency translation reserve.

The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2014.

3 Information on Subsidiaries

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Percentage of Voting power Current Year	Previous Year
1. Greatship Global Holdings Ltd. (GGHL) (Incorporated on May 30, 2007)	Mauritius	100%	100%
2. Greatship Global Energy Services Pte. Ltd. (GGES) (subsidiary of GGHL) (Incorporated on October 23, 2006)	Singapore	100%	100%
3. Greatship Global Offshore Services Pte. Ltd. (GGOS) (subsidiary of GGHL) (Incorporated on May 8, 2007)	Singapore	100%	100%
4. Greatship Subsea Solutions Singapore Pte. Ltd (GSSS) (Amalgamated with GGOS on December 31,2013) (Incorporated on August 12, 2010)	Singapore	-	100%
5. Greatship Subsea Solutions Australia Pty. Ltd. (GSSA) (subsidiary of GSSS) (Incorporated on August 17, 2010) (De registered on June 30,2013)	Australia	-	100%
6. Greatship (UK) Ltd. (GUK) (Incorporated on October 29, 2010)	UK	100%	100%
7. Greatship Global Offshore Management Services Pte. Ltd., (GGOMS) (Amalgamated with GGOS on December 31,2013) (Incorporated December 09, 2010)	Singapore	-	100%

Greatship Subsea Solutions Singapore Pte. Ltd and Greatship Global Offshore Management Services Pte. Ltd which were wholly owned subsidiaries of Greatship Global Offshore Services Pte. Ltd were amalgamated with Greatship Global Offshore Services Pte. Ltd w.e.f. December 31, 2013 (also a wholly owned subsidiary of the Company).All the entities being under common control throughout the financial year, there is no impact on the Consolidated Financial Statements.

Greatship Subsea Solutions Australia Pty. Ltd. a wholly owned subsidiary of Greatship Subsea Solutions Singapore Pte. Ltd. was deregistered on June 30, 2013 inaccordance with the approval received from Australia Securities & Investment Commission. The results of operation of Greatship Subsea Solutions Australia Pty. Ltd. are included in the Consolidated Financial Statements upto the date of deregistration namely 30th June, 2013.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation:

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards notified under the Companies Act, 1956, which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs.

All assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act,1956. Based on the nature of services rendered and the time between the rendering of the services and there realization in cash and cash equivalent, the company has ascertained it's operating cycle as twelve months for the purpose of current - non current classification of assets & liabilities.

(b) 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 at the date of the financial statements and reported amounts of income and expenses during the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. However, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

(c) Tangible Fixed Assets :

Tangible Fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses related to acquisition and borrowing costs during construction period and any fair value gains or losses on qualifying cash flow hedges related to acquisition of depreciable capital assets that are transferred from hedging reserve. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable capital assets are adjusted to the carrying cost of the assets.

(d) Intangible Fixed Assets

Intangible Fixed assets are stated at acquisition cost less accumulated amortisation and accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over the estimated useful lives.

(e) Asset Impairment:

The carrying amounts of the Company s tangible and intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset s recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognised in the statement of profit and loss in the period in which impairment takes place.

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

(f) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of the qualifying assets are added to the cost of the asset, upto the date of acquisition or completion of construction. Other borrowing costs are recognised as expense in the period in which they are incurred.

(g) Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

Current investments are stated at lower of cost and fair value on an individual basis and the resultant decline, if any, is charged to revenue. Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.

(h) Inventories:

Inventories of fuel oil on vessels, rigs, stores & spares on rigs and at warehouse are carried at lower of cost or net realizable value. Stores and spares delivered on board the vessels are charged to revenue. Stores and spares of Rigs are charged to revenue on consumption basis. Cost is ascertained on first-in-first-out basis for fuel oil and on weighted average basis for stores and spares on Rigs.

(i) Revenue Recognition:

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

(a) Income from services : Revenue from Charter hire contracts are recognised pro rata over the period of the contract as and when services are rendered.

(b) Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

(c) Dividends : Dividend income is recognised when the right to receive dividend is established.

(j) Lease:

Company is the Lessee

(a) Finance lease :

Lease of assets where the company assumes substantially the risk and rewards of ownership are classified as finance leases. Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor (net of finance charges) is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Gain / (loss) arising from sale and finance leaseback of the vessel is determined based on fair values. Sale proceeds in excess of fair values and the excess of fair value over sale proceeds are deferred and amortised over the minimum lease terms.

(b) Operating lease :

Lease of assets in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payables under operating leases are charged to the statement of profit and loss on a straight line basis over the period of lease.

(k) Employee Benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and compensated absences in respect of all eligible employees.

(a) Defined Contribution Plan :

Employee benefits in the form of Superannuation Fund, Provident Fund and other Seamen s Welfare Contributions are considered as defined contribution plans and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are due.

(b) Defined Benefit Plan :

Retirement benefits in the form of Gratuity is considered as a defined benefit obligation. The Company's liability in respect of gratuity is provided for on the basis of actuarial valuations, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial losses / gains are recognised in the statement of profit and loss in the period in which they arise.

(c) Other Long Term Benefits :

Accumulated compensated absences, which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The expected costs of such absences is measured as the additional amount that is expected to be paid as a result of the unused entitlements as at the reporting date.

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the period end are treated as other long term employee benefits. The Company's liability is actuarially determined using the projected unit credit method at the end of each year. Actuarial gains / losses, comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

(l) Employee Share based payments:

Equity settled stock options granted under the Company's Employee stock option (ESOP) schemes are accounted as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 and the Guidance Note on Accounting for Employee Share based payments issued by ICAI. Consequent to the introduction of the encashment scheme, the liability in respect of outstanding options is measured at fair value as per the scheme and the difference in the fair value and the exercise price is amortized over the vesting period as employee compensation with a credit to long term provisions.

(m) Depreciation and Amortisation :

Depreciation is provided on the straight line method, prorata to the period of use, so as to write off the original cost of the asset over the remaining estimated useful life (as per technical evaluation by the Management at the time of acquisition) or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Depreciation on Tangible Fixed Assets of foreign subsidiaries is determined using the straight line method over the useful life of the assets based on technical evaluation of the expected useful life.

The estimated useful lives are as under :-

	Method	Estimated Useful life
Tangible Fixed Assets:		
Fleet		
- Offshore Supply Vessels	Straight line over balance useful life or 5%, whichever is higher	20 years
- Modern Rig	Straight line	30 years
Furniture & Fixtures, Office Equipment	Straight line	5 years
Computers	Straight line	3 years
Vehicles	Straight line	4 years
Leasehold Improvements	Straight line over lease period	5 years
Plant & Equipment	Straight line	3 to 10 years
Intangible Fixed Assets:		
Software	Straight line	5 years

(n) Foreign Exchange Transactions:

Transactions in foreign currency are recorded at standard exchange rates determined monthly. Non monetary items, which are measured in terms of historical costs denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the year end are translated at closing rates. The difference in translation of long-term monetary items and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of asset and depreciated over the balance life of the asset and in other cases accumulated in a Foreign Currency Translation Reserve and amortised over the balance period of such long term asset / liability, but not beyond March 31, 2020 by recognition as income or expense. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non integral foreign operation is accumulated in the Foreign Currency Translation Reserve until the disposal of the Net Investment. The difference in translation of all other monetary assets and liabilities and realised gains and losses on other foreign currency transactions are recognised in the statement of profit & loss.

Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the statement of profit and loss, except in case of contracts relating to the acquisition of depreciable capital assets, in which case they are added to or deducted from the cost of the assets. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.

Currency swaps which form an integral part of the loans are translated at closing rates and the resultant gains and losses are dealt with in the same manner as the translation differences of long term monetary items.

(o) Derivative Financial Instruments and Hedging:

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions and interest rate risk. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company documents at the inception of the transaction, the relationship between the hedging instrument and hedged items as well as its risk management objective and strategies for undertaking various hedged transactions. The carrying amount of a derivative designated as a hedge is presented as a mark - to - market gain / (loss) on derivative contracts under provisions. The company does not enter into any derivatives for trading purposes.

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 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 gains or losses on designated hedging instruments that qualify as effective hedges are recorded in the Hedging Reserve and are recognised in the statement of profit and loss in the same period or periods during which the hedged transaction affects profit or loss or are transferred to the cost of the hedged non-monetary asset upon acquisition.

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

(p) Provision for Taxation:

Tax expense comprises both current and deferred tax.

Current income-tax is recognised at the amount expected to be paid to the tax authorities, using the tax rates and tax laws, enacted or substantially enacted as at the balance sheet date. Income from shipping activities in India is assessed on the basis of deemed tonnage income of the Company. Foreign tax is recognised on accrual basis in accordance with the respective laws.

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. Deferred Tax Assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

(q) Provisions and Contingent Liabilities:

Provisions are recognised in the financial statements in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

(r) Cash and Cash Equivalents :

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with maturities of three months or less, which are subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated statement of cash flows, the cash and cash equivalents is net of short term fixed deposit collateralised for bank guarantees.

(s) Earnings per share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events, such as bonus issue, bonus element in a rights issue and shares split that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

5 SHARE CAPITAL

	Current Year		Previous Year	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Authorised				
Equity Shares of par value Rs.10/-	135,000,000	135.00	135,000,000	135.00
Preference Shares of par value Rs.10/-	229,000,000	229.00	229,000,000	229.00
		364.00		**364.00**
Issued, subscribed and paid up				
Equity Shares of par value Rs.10/- fully paid up	111,345,500	111.35	111,345,500	111.35
7.5% Cumulative Redeemable Preference Shares of par value Rs.10/- fully paid up	73,500,000	73.50	88,000,000	88.00
22.5% Cumulative Redeemable Preference Shares of par value Rs.10/- fully paid up	60,624,000	60.62	60,624,000	60.62
Total		**245.47**		**259.97**

(a) Reconciliation of shares outstanding at the end of the year :

Details	Current Year No. of Shares	Current Year ₹ in Crores	Previous Year No. of Shares	Previous Year ₹ in Crores
Equity Shares of par value Rs.10/- fully paid up				
Outstanding at the beginning of the year	111,345,500	111.35	111,345,500	111.35
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**111,345,500**	**111.35**	**111,345,500**	**111.35**
7.5% Cum Redeemable Preference Shares of par value Rs.10/- fully paid up				
Outstanding at the beginning of the year	88,000,000	88.00	88,000,000	88.00
Less: Redeemed during the year	14,500,000	14.50	-	-
Outstanding at the end of the year	**73,500,000**	**73.50**	**88,000,000**	**88.00**
22.5% Cum Redeemable Preference Shares of par value Rs.10/- fully paid up				
Outstanding at the beginning of the year	60,624,000	60.62	60,624,000	60.62
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**60,624,000**	**60.62**	**60,624,000**	**60.62**

(b) Rights, preferences and restrictions attached to shares :

Equity Shares :

The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.

Preference Shares :

(a) The 7.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each issued at a premium of ₹ 20/- per share on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd" are to be redeemed at a premium of ₹ 30.90 per share in six annual installments. The following installments are outstanding as on March 31,2014.

   i. 14,500,000 Preference Shares on April 1, 2014

   ii. 14,500,000 Preference Shares on April 1, 2015

   iii. 14,500,000 Preference Shares on April 1, 2016

   iv. 15,000,000 Preference Shares on April 1, 2017

   v. 15,000,000 Preference Shares on April 1, 2018

   The Company also has an option of early redemption by providing one month's notice to the Holding Company. The redemption can be in part or in full subject to a minimum of 25 lakhs shares at a time. In case of early redemption, the premium on redemption would be determined at such time so as to provide an effective yield to maturity of 7% to the Holding Company.

(b) The 22.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each, issued at a premium of ₹ 20/- per share on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd", were to be redeemed at a premium of ₹ 20/- per share in four annual installments from April 1,2014 to April 1,2018 as per the original terms of the issue. The terms of said preference shares have been revised during the year, with the consent of the preference shareholders and the shares are now redeemable at a premium of ₹ 20/- per share in four annual installments as under:

i. 15,156,000 Preference Shares on April 1, 2018

ii. 15,156,000 Preference Shares on April 1, 2019

iii. 15,156,000 Preference Shares on April 1, 2020

iv. 15,156,000 Preference Shares on April 1, 2021

The Company has an option of early redemption by providing one month's notice to the Holding Company. Early redemption can be in part or in full subject to a minimum of 25 lakhs shares at a time.

(c) Shares held by The Great Eastern Shipping Company Limited, the holding company :

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Equity Shares 111,345,500 (Previous year 111,345,500) shares	111.35	111.35
Preference Shares 7.5% Cumulative Redeemable Preference Shares 73,500,000 (Previous year 88,000,000) shares	73.50	88.00
22.5% Cumulative Redeemable Preference Shares 60,624,000 (Previous year 60,624,000) shares	60.62	60.62

(d) Details of the Shareholders holding more than 5 % of the shares in the Company :

	Current Year		Previous Year	
Name of Shareholder	% of Holding	No. of Shares held	% of Holding	No. of Shares held
Equity Shares				
The Great Eastern Shipping Company Limited	100%	111,345,500	100%	111,345,500
7.5% Cumulative Redeemable Preference Shares				
The Great Eastern Shipping Company Limited	100%	73,500,000	100%	88,000,000
22.5% Cumulative Redeemable Preference Shares				
The Great Eastern Shipping Company Limited	100%	60,624,000	100%	60,624,000

The company's immediate and ultimate Holding Company is "The Great Eastern Shipping Company Limited", a company incorporated in India, as defined under AS-21 Consolidated Financial Statements and AS-18 Related Party Disclosures.

(e) Employee Stock Option Scheme :

The employee stock options of the Company were granted under 5 different Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries. ESOP 2008 - I scheme was closed on March 31,2013 with the encashment of all the options under the scheme. All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one equity share.

In the year 2012, the Company had introduced an encashment scheme granting an opportunity to the option grantees under all Schemes to encash all or part of their stock options vested upto March 31, 2012. The encashment scheme also provides for another window to be opened to encash stock options that would have vested as on March 31, 2015, if there is no IPO by that date.

During the year under review, no grant of stock options were made under any of the Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries, in line with the Company's decision to not make any further grants under the existing Schemes. A total of 118,180 options were forfeited and 6,960 options were exercised,during the year under review on resignation of employees, making the total options outstanding as on March 31, 2014 to 844,420.

The particulars of the various Schemes and movements during the year under review are summarized as under:

Sr. No.	PARTICULARS	ESOP 2007	ESOP 2007-II	ESOP 2008-II	ESOP 2010
1.	Date of Grant	10/08/07 28/01/08 05/05/09	28/01/08	23/10/08 19/03/09 05/05/09 24/07/09 23/10/09 28/12/09 18/03/10 30/04/10	23/09/10 30/04/11 24/10/11 27/04/12
2.	Date of Board Approval	23/01/07	20/11/07	28/01/08	18/03/10
3.	Date of Shareholders' Approval	27/03/07	21/11/07	31/01/08	23/04/10
4.	Options approved	1,000,000	200,000	1,710,000	1,028,900
5.	Options outstanding at the beginning of the year	96,420	25,600	430,260	417,280
6.	Options granted during the year	--	--	--	--
7.	Options cancelled/forfeited during the year	--	--	--	118,180
8.	Options Exercised during the year	--	--	6,960*	--
9.	Options encashed during the year	--	--	--	--
10.	Options outstanding at the end of the year	96,420	25,600	423,300	299,100
11.	Exercise Price/Weighted Average Exercise Price	100	100	135	135
12.	Exercise period from the date of vesting	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later	One year from the date of vesting/listing whichever is later
13.	Exercisable at end of the year	--	--	--	--
14.	Method of Settlement	Equity/Cash	Equity	Equity/Cash	Equity
15.	Vesting period from the date of grant	20% equally over a period of five years	One year	20% equally over a period of five years	20% equally over a period of five years
16.	Vesting conditions	Continued employment with the Company (includes transfer within group companies)	Continued employment with the holding Company "The Great Eastern Shipping Co. Ltd." (includes transfer within group companies)	Continued employment with the Company or subsidiaries (includes transfer within group companies)	Continued employment with the Company or subsidiaries (includes transfer within group companies)

*upon resignation of an employee, 6,960 stock options were settled by payment of cash in accordance with the Scheme.

The employee stock options schemes had been accounted on the intrinsic value method upto the year ended March 31,2012.The compensation expense amount which is the difference between the exercise price of the option and the intrinsic value of the shares was amortised over the vesting period.

Pursuant to the encashment scheme for Employee Stock Options (ESOPs) introduced by the Company during 2012, 765,940 options were encashed at the fair value determined under the scheme. Since the encashment scheme also provides for another window to be opened in March 2015 to encash stock options that have vested till such date, the liability in respect of the outstanding options has also been measured at the fair value determined in accordance with the encashment scheme and the difference in the fair value and the exercise price is amortised over vesting period.

The cumulative amount of employee stock option expense amortised upto March 31, 2014 of ₹ 9.30 crores is included in long term provisions (Previous year ₹ 2.43 crores).

6 RESERVES & SURPLUS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
CAPITAL RESERVE		
Balance at the beginning and the end of the year	**2.95**	**2.95**
CAPITAL REDEMPTION RESERVE		
Transfer from General reserve on redemption of preference shares	14.50	-
Balance at the end of the year	**14.50**	**-**
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
Balance at the beginning of the year	239.73	168.19
Add: Transfer from securities premium reserve	61.22	71.54
Less: Utilised for redemption of preference shares	(44.81)	-
Balance at the end of the year	**256.14**	**239.73**
SECURITIES PREMIUM RESERVE		
Balance at the beginning of the year	1,244.26	1,315.80
Less: Transfer to preference share capital redemption reserve	(61.22)	(71.54)
Balance at the end of the year	**1,183.04**	**1,244.26**
SHARE OPTIONS OUTSTANDING ACCOUNT		
Balance at the beginning of the year	-	2.12
Less: Reversal on account of options encashed	-	(2.12)
Balance at the end of the year	-	-
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the year	317.74	239.85
Add: Exchange difference on net investment in subsidiaries	207.21	106.62
(Less): Transfer to statement of profit & loss on realisation	-	(28.73)
Balance at the end of the year	**524.95**	**317.74**
GENERAL RESERVE		
Balance at the beginning of the year	36.00	19.00
Add: Transfer from statement of profit and loss	23.00	17.00
Add: Transfer from Tonnage tax reserve account	24.85	-
Less: Transfer to Capital redemption reserve	(14.50)	-
Balance at the end of the year	**69.35**	**36.00**

	Current Year ₹ in Crores	Previous Year ₹ in Crores
HEDGING RESERVE		
Balance at the beginning of the year	(63.05)	(66.05)
(Less) / Add : Fair value (loss) / gain on derivative contracts designated as cash flow hedges (net)	37.95	3.00
Balance at the end of the year	**(25.10)**	**(63.05)**
TONNAGE TAX RESERVE		
Balance at the beginning of the year	96.85	66.85
Add : Transfer from statement of profit and loss	35.00	30.00
Less : Transfer to General Reserve	(24.85)	-
Balance at the end of the year	**107.00**	**96.85**
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	755.18	447.09
Add : Profit for the year	463.78	430.72
Add: Reversal of excess provision for dividend distribution tax	7.57	-
Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income Tax Act, 1961	(35.00)	(30.00)
Amount available for appropriation	**1,191.53**	**847.81**
Less: Appropriations:		
Transfer to general reserve	23.00	17.00
Dividend on preference shares	19.15	20.24
Proposed dividend on equity shares	44.54	44.54
Dividend distribution tax on equity and preference dividends	10.82	10.85
Balance at the end of the year	**1,094.02**	**755.18**
	3,226.85	**2,629.66**

7 LONG TERM BORROWINGS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Secured		
Foreign currency term loans from banks	2,171.02	2,528.41
	2,171.02	**2,528.41**

(a) Loans:

Foreign currency term loans are secured by mortgage of the vessels, assignment of ship building contracts, assignment of earning, charge on earnings account, assignment of swap contracts and insurance contracts / policies of respective vessels. Additionally, The Great Eastern Shipping Company Limited, the holding company has issued guarantees as security for some loans to the extent of ₹ 97.58 crores (previous year ₹ 108.80 crores). The loans carry interest at the rate LIBOR plus 100 to 500 bps and are repayable in quarterly / half yearly installments over 4-10 years.

Loans taken in JPY currency have been swapped into USD as a condition precedent to the loan agreements.

Maturity profile of foreign currency term loan from bankss

₹ In Crores

		1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Beyond 5 years
Foreign currency term loans from banks	CY	736.56	325.38	684.29	127.08	297.71
	BY	(569.99)	(661.68)	(289.14)	(614.32)	(393.28)

The Group does not have any continuing default in repayment of loans and interest as at the reporting date.

(b) Finance Lease:

In 2009, the group entered into lease agreement whereby a vessel with net book value of ₹ NIL (previous year ₹ 100.98 Crores) was sold and leased back. The loss arising from this sale and lease back transaction is deferred and amortised over the lease period of 8 years commencing from 10 September 2009. During the previous financial year the remaining finance lease liabilities relating to the said motor vessel were repaid in full and the deferred loss balance charged to profit and loss as under:

Details	Current Year ₹ in Crores	Previous Year ₹ in Crores
Deferred (loss)	-	(1.51)
Transfer to statement of profit and loss	-	1.51
	-	-

8 LONG TERM PROVISIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Provision for employee benefits		
- Provision for compensated absences	1.09	1.31
- Director's Retirement Benefit Plan	3.79	3.71
- Gratuity	0.37	0.30
-Employee Stock Options Encashment Scheme (refer note 5(e))	9.30	2.43
	14.55	**7.75**

9 TRADE PAYABLES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Sundry creditors	80.27	74.68
	80.27	**74.68**

10 OTHER CURRENT LIABILITIES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Current maturities of long term borrowings*	635.96	585.19
Interest accrued but not due on long term borrowings	16.52	15.6
Income received in advance	-	1.66
Deposit received from customers	3.62	10.86
Employee benefits payable	12.19	9.70
Statutory liabilities	19.65	15.78
Creditors for capital expenses	1.20	10.85
Other liabilities	2.53	7.50
	691.67	**657.14**

* Current maturities of long term borrowings includes ₹ 270.55 crores (previous year ₹111.97 crores) relating to a long term borrowing reclassified as current as on the balance sheet date due to proposed refinancing arrangement.

11 SHORT TERM PROVISIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Provision for employee benefits		
-Provision for compensated absences	0.29	1.00
-Others	13.05	11.72
	13.34	**12.72**
Provision for income tax	9.40	1.85
(net of advance payment of tax and tax deducted at source ₹154.32 crores; previous year ₹ 103.97 crores)		
Provision for foreign taxes	-	4.42
Provision for mark to market losses on derivative contracts	34.35	66.95
Preference dividend	19.15	20.24
Proposed equity dividend	44.54	44.54
Provision for dividend distribution tax	10.82	10.85
	131.60	**161.57**

12 TANGIBLE ASSETS

₹ in Crores

PARTICULARS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	As at April 1, 2013	Additions	Deductions/ Adjustments **	Translation Exchange Difference	Other Adjustments*	As at March 31, 2014	Upto April 1, 2013	For the year	Deductions / Adjustments	Translation Exchange Difference	Impairment	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Fleet	2,807.90	0.40	7.16	108.23	102.21	3,011.58	391.27	159.92	6.57	11.96	-	556.58	2,455.00	2,416.63
Rigs	2,852.92	-	2.23	295.86	-	3,146.55	191.29	108.02	(2.32)	19.13	4.30	325.06	2,821.49	2,661.63
Leasehold Improvements	5.30	-	-	-	-	5.30	0.79	1.06	-	-	-	1.85	3.45	4.51
Furniture & Fixtures	1.78	0.01	0.06	0.08	-	1.81	1.12	0.21	0.03	0.07	-	1.37	0.44	0.66
Computers	3.39	0.36	0.80	0.10	-	3.05	2.30	0.58	0.55	0.06	-	2.39	0.66	1.09
Office Equipments	2.83	0.05	0.05	-	-	2.83	0.58	0.55	0.02	-	-	1.11	1.72	2.25
Vehicles	4.48	1.51	0.96	-	-	5.03	2.00	1.04	0.57	-	-	2.47	2.56	2.48
Plant & Equipment	143.25	26.92	0.05	13.63	-	183.75	40.24	25.34	2.34	3.33	3.82	70.39	113.36	103.01
Total	**5,821.85**	**29.25**	**11.31**	**417.90**	**102.21**	**6,359.90**	**629.59**	**296.72**	**7.76**	**34.55**	**8.12**	**961.22**	**5,398.68**	**5,192.26**
Previous Year - Total	4,470.27	1,493.34	418.26	201.34	75.16	5,821.85	427.47	227.70	47.20	15.67	5.95	629.59		

* Other adjustment includes foreign currency loss on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable capital assets adjusted to the carrying cost of assets ₹ 102.21 Crores (previous year ₹ 55.32 Crores).

** Deductions/Adjustments from fleet includes Equipment related to two vessels amounting to ₹ 4.81 crores and impairment provision thereon ₹ 4.81 crores transferred to non-current asset held for disposal (Refer Note 14) .

13 INTANGIBLE ASSETS

₹ in Crores

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at April 1, 2013	Additions	Disposals	Translation Exchange Difference	As at March 31, 2014	Upto April 1, 2013	For the year	Disposals	Translation Exchange Difference	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Software	6.31	0.22	0.52	0.01	6.02	3.49	1.30	0.34	-	4.45	1.57	2.82
Total	**6.31**	**0.22**	**0.52**	**0.01**	**6.02**	**3.49**	**1.30**	**0.34**	**-**	**4.45**	**1.57**	**2.82**
Previous Year - Total	5.84	0.72	0.26	0.01	6.31	2.34	1.36	0.22	0.01	3.49		

14 NON CURRENT ASSETS HELD FOR SALE

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Balance at the beginning of the year	-	48.99
Transferred from Fleet (refer Note 12)	4.81	-
Accumulated Impairment transferred from fleet	(4.81)	-
Impairment loss for the year	-	(25.85)
Disposed off during the year	-	(23.14)
	-	**-**

Subsequent to the termination of ship building contracts in financial year of March 31, 2012 of two vessels under construction , the related equipment designed for the said vessels was reclassified to non-current assets held-for-sale. As at March 31, 2014, the company had entered into a Sale and Purchase contract with a third party to dispose the assets.

15 DEFERRED TAX

Pursuant to the introduction of Section 115 VA under the Indian Income Tax Act, 1961, the Indian Company has opted for computation of it's income from shipping activities under the Tonnage Tax Scheme. Thus income from the business of operating ships is assessed on the basis of deemed Tonnage Income of the Company and no deferred tax is applicable to such income as there are no timing differences.

Deferred tax asset in respect of the non-tonnage income of the group for the period is comprised of:

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Difference in depreciation as per books and tax	0.88	1.12
Losses for set off	0.97	-
Expenditure allowable for tax purposes on payment basis	0.10	0.06
Total	**1.95**	**1.18**

Charter hire income of the Singapore subsidiaries is exempt from income tax under section 13A of Singapore Income Tax Act as income is derived from rigs / vessels operating outside the limits of the port of Singapore. Future tax benefits arising from excess of tax written down value over book value of assets have not been recognised since there is no reasonable certainty of their recovery in future years.

No deferred tax asset has been recognised for Mauritian subsidiary as it is not probable that future taxable profit will be available against which the unused tax losses can be utilized

16 LONG TERM LOANS & ADVANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured, considered good		
Capital Advances	11.39	11.01
Security deposits	1.49	1.47
	12.88	**12.48**

17 OTHER NON CURRENT ASSETS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unamortised finance charges	26.36	25.54
	26.36	**25.54**

18 CURRENT INVESTMENTS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Investments in mutual funds		
Valued at lower of cost and fair value - fully paid up		
Quoted		
UTI Fixed Income Interval Fund Quarterly Plan Series III DDP	-	3.03
UTI Fixed Term Income Fund Series XIV VI (366 days)	-	5.13
Unquoted		
Birla Sun Life Cash Plus Growth - Regular Plan	45.00	-
Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend	2.51	-
ICICI Prudential Liquid Regular Plan Daily Dividend	3.01	-
Birla Sunlife Cash Plus DD Regular Plan Reinvestment	4.02	-
Canara Robeco Liquid Fund regular Daily Dividend Reinvestment Fund	-	1.84
ICICI Prudential Ultra Short Term Regular Plan DDR	-	15.06
IDFC Cash Fund Daily Dividend Regular Plan	-	6.01
Birla Sunlife Cash Plus DD Regular Plan Reinvestment	5.10	11.16
Birla Sunlife Floating Rate Fund LTP DD Regular Plan Reinvestment	-	20.69
Kotak Liquid Scheme Plan A Daily Dividend	-	2.02
Reliance - Treasury Plan - Institutional Option - Daily Dividend Option	-	7.18
SBI Magnum Insta Cash Fund	-	6.03
Sundaram Money Fund Regular Daily Dividend Reinvestment	-	8.36
Total quoted and unquoted Investments	**59.64**	**86.51**
Aggregate amount quoted Investments	-	8.16
Market Value of Quoted Investments	-	8.16
Aggregate amount unquoted Investments	**59.64**	**78.35**

19 INVENTORIES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
(Valued at lower of cost and net realisable value)		
Stores & spares on board rigs	55.67	47.47
Fuel Oils	12.58	11.46
	68.25	**58.93**

20 TRADE RECEIVABLES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
-Considered good	1.80	2.05
-Considered Doubtful	18.20	18.11
	20.00	20.16
-Provision for doubtful receivables	(18.20)	(18.11)
	1.80	2.05
Outstanding for a period less then six months from the date they are due for payment		
-Considered good	230.71	255.57
	232.51	**257.62**

21 CASH & BANK BALANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Cash and Cash Equivalents		
Balances with banks		
-Current accounts	254.83	433.36
-Deposits with original maturity less than 3 months	225.60	92.26
Cash in hand	0.07	0.06
	480.50	**525.68**
Other bank balances		
Balances with banks in margin / reserve accounts	35.78	36.00
Deposits with banks having original maturity more than 3 months but less than 12 months	-	94.03
	516.28	**655.71**

22 SHORT TERM LOANS & ADVANCES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Unsecured, considered good, unless stated otherwise		
Advances recoverable in cash or in kind	8.26	4.01
Agents current accounts	0.46	0.28
Deposits	0.14	0.25
Prepayments	10.98	11.55
	19.84	**16.09**

23 OTHER CURRENT ASSETS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Iinterest accrued on bank deposits	0.37	0.82
Unamortised finance charges	6.06	9.22
	6.43	**10.04**

24 REVENUE FROM OPERATIONS

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Charter hire (refer note 35)	1,568.59	1,269.10
Other operating income		
- Insurance claims	-	1.48
	1,568.59	**1,270.58**

25 OTHER INCOME

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest income		
- on deposits with banks	3.17	1.96
- Income tax refund	-	0.35
Dividend on current investments	1.05	3.89
Profit on sale of current investments	0.48	0.01
Gain of cancellation of finance lease	-	1.90
Gain of cancellation of vessel construction contract	-	16.10
Profit/(Loss) on sale of vessels/ other fixed assets	1.72	61.31
Miscellaneous income	2.71	2.21
Gain on foreign currency transactions (net)	22.16	43.15
Excess provision written back	4.55	-
	35.84	**130.88**

26 EMPLOYEE BENEFIT EXPENSES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Salaries, wages & allowances	263.50	219.86
Contribution to provident & other funds	4.79	5.67
Employee stock option encashment scheme expense	6.88	4.93
Staff welfare expenses	22.68	18.83
	297.85	**249.29**

27 FINANCE COST

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Interest on term loans from banks	134.49	139.28
Finance charges	31.31	16.09
	165.80	**155.37**
Less : Pre-delivery interest and finance charges capitalised	-	19.78
	165.80	**135.59**

28 OTHER EXPENSES

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Fuel, oil & water	22.03	27.72
Hire of chartered rigs, vessels and equipments	40.33	54.24
Consumption of stores and spares	93.61	59.14
Technical management fees	2.91	10.38
Agency fees	3.07	3.45
Port Dues	3.58	1.73
Repairs and maintenance		
- Rigs and vessels	36.22	24.14
- Buildings	0.16	0.09
- Others	2.06	1.67
Insurance		
- Fleet	32.98	28.96
- Others	1.36	1.18
Travelling and conveyance expenses	15.59	14.90
Communication expenses	11.44	10.70
Rent	6.13	7.66
Rates and taxes	0.02	0.03
Brokerage and commission	4.78	1.41
Payment to Auditors	1.18	0.73
Provision for doubtful debts and advances	1.76	0.87
Miscellaneous expenses	36.48	40.45
	315.69	**289.45**

29 EARNINGS PER SHARE

Basic and Diluted earnings per share		Current Year ₹ in Crores	Previous Year ₹ in Crores
Profit for the year		463.78	430.72
Less : Dividend on Cumulative Preference Shares		19.15	20.24
Less : Dividend distribution tax on preference dividend		3.26	3.28
Profit attributable to Equity share holders		**441.37**	**407.20**
Number of Equity shares as on April 1		111,345,500	111,345,500
Number of Equity shares as on March 31		111,345,500	111,345,500
Weighted average number of Equity shares outstanding during the year		111,345,500	111,345,500
Face value of Equity share	₹	10	10
Basic earnings per share	₹	39.64	36.57
Diluted earnings per share	₹	39.64	36.57

30 CONTINGENT LIABILITIES

a) Guarantees given by banks ₹ 179.17 crores (previous year ₹ 109.93 crores) and Letter of credit ₹ 8.60 crores (previous year ₹ NIL).

b) Claims against the Company not acknowledged as debts:

i) Service tax claimed for services provided by drilling units under the head "Supply of Tangible Goods for use" and the services being consumed by the seabed of the Continental Shelf of India, amounting to ₹ 27.24 crores (previous year ₹ 27.24 crores). For the similar period the company has also received notice from The Assistant Commissioner of Service Tax in relation to the Central Excise Revenue Audit (CERA) objection for payment of service tax on the services provided by the drilling units.

ii) Show Cause Notice / Demand received from Service Tax Department amounting to ₹ 0.22 crores (previous year ₹ 0.22 crores) in relation to excess utilized Cenvat Credit i.e. more than 20% during the period Aug'07 to Feb'08.

iii) Service tax claimed for nonpayment of service tax under reverse charge mechanism in respect of supply of tangible goods and services, etc availed from overseas input service providers amounting to ₹ 138.14 crores (previous year ₹ NIL) along with interest and penalty.

iv) Custom duty demand for Marine Gas Oil to be treated as Light Diesel Oil during conversion of the vessel from a foreign run vessel to a coastal run vessel estimated to be around 0.96 crores cumulatively (previous year ₹ 0.72 crores).

v) MVAT claimed wherein the Department has sought to classify the activity of charter hire of Vessels as "sale" liable for MVAT along with interest and penalty, all totaling to ₹ 83.52 crores (previous year NIL).

vi) Service tax claimed for value of free supply of fuel by the charterers for the period 2008 to 2013 amounting to ₹ 35.60 crores (previous year ₹ NIL) along with interest and penalty.

The Company is of the opinion that all the above demands are unsustainable and the company is taking appropriate steps to defend these demands.

vii) Income tax demands disputed by the Company and against which it has preferred appeals - ₹ 9.63 crores (previous year ₹ 2.58 crores). Based on the interpretation of the relevant provisions, the Company has been advised that the demand is likely to be either deleted or substantially reduced.

31 CAPITAL COMMITMENTS

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - ₹ 842.50 crores (previous year ₹ 15.00 crores).

32 EMPLOYEE BENEFITS

a) Defined Contribution Plans :

The Company has recognised the following contributions in the statement of profit and loss. The contributions payable to these plans are at the rates specified in the rules of the respective schemes.

	Current Year ₹ in Crores	Previous Year ₹ in Crores
Contribution to Provident Fund	2.72	2.09
Contribution to Superannuation Fund	0.21	0.20
Contribution to National Pension Scheme	0.11	-
Contribution to Seamens' Provident Fund	0.28	0.24
Contribution to Seamens' Pension Annuity Fund	0.64	0.58
Contribution to Seamens' Gratuity Fund	0.18	0.15

b) Defined Benefit Plans & Other Long-Term Employee Benefits :

Valuations in respect of Gratuity, Pension Plan for whole time director and Compensated Absences have been carried out by an independent actuary, as at the Balance Sheet date under the projected Unit Credit Method, based on the following assumptions:

₹ in Crores

	Gratuity		Pension Plan		Compensated Absences	
Actuarial Assumption for the Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a) Discount Rate (per annum)	9.0%	8.5%	9.0%	8.5%	9.0%	8.5%
b) Rate of Return on Plan Assets	NA	NA	-	-	NA	NA
c) Salary Escalation Rate	10.0%	10.0%	-	-	10.0%	10.0%
d) Mortality	IALM (2006-08) Ult.	LIC-Ultimate 94-96	IALM (2006-08) Ult.	LIC-Ultimate 94-96	IALM(2006-08)Ult.	LIC-Ultimate 94-96
e) Attrition rate - Shore Staff	8.0%	8.0%	-	-	8.0%	8.0%
f) Attrition rate - Rig Staff	20.0%	10.0%	-	-	-	-
g) Expected average remaining service - Shore Staff	8.29	7.03	-	-	8.27	8.43
h) Expected average remaining service - Rig Staff	3.60	8.41	-	-	-	-
i) Expected average remaining service - Subsidiary Staff	7.63	7 .85	-	-	10.92	10.92

	Gratuity		Pension Plan		Compensated Absences	
i) Change in Benefit Obligation :	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability at the beginning of the year	4 .67	1.77	3 .71	-	0.68	0.16
Interest Cost	0 .39	0.15	0 .32	-	0.02	0.01
Current Service Cost	2 .15	1.88	-	-	0.58	1.29
Benefits Paid	(0.11)	(0.02)	-	-	(0.05)	(0.21)
Actuarial (Gain) / loss on Obligation	(1.57)	0.88	(0.23)	3.71	(0.52)	(0.56)
Liability at the end of the year	5 .53	4.67	3 .79	3.71	0.71	0.68

	Gratuity		Pension Plan		Compensated Absences	
ii) Fair Value of Plan Assets :	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fair Value of Plan Assets at the beginning of the year	4.34	1.78	-	-	-	-
Expected Return on Plan Assets	0.37	0.22	-	-	-	-
Employer's Contribution	0.70	2.39	-	-	0.05	0.21
Benefits Paid	(0.11)	(0.02)	-	-	(0.05)	(0.21)
Actuarial Gain / (loss) on Plan Assets	(0.10)	(0.03)	-	-	-	-
Fair Value of Plan Assets at the end of the year	5.20	4.34	-	-	-	-
Funded Status (including unrecognised past service cost)	(0.32)	(0.33)	(3.79)	(3.71)	(0.71)	(0.68)

iii) Actual Return on Plan Assets :	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Expected Return on Ran Assets	0.37	0.22	-	-	-	-
Actuarial Gain/(Loss) on Ran Assets	(0.10)	(0.03)	-	-	-	-
Actual Return on Plan Assets	0.28	0.19	-	-	-	-

iv) Amount Recognised in the Balance Sheet	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Liability at the end of the Year	5 .53	4.67	3 .79	3.71	0 .71	0.68
Fair Value of Plan Assets at the end of the year	5 .20	4.34	-	-	-	-
Funded Status	(0.32)	(0.33)	(3.79)	(3.71)	(0.71)	(0.68)
Unrecognised past Service Cost	-	-	-	-	-	-
Amount Recognised in Balance Sheet	(0.32)	(0.33)	(3.79)	(3.71)	(0.71)	(0.68)

v) Expenses Recognised in the Statement of Profit & Loss	Gratuity Current Year	Gratuity Previous Year	Pension Plan Current Year	Pension Plan Previous Year	Compensated Absences Current Year	Compensated Absences Previous Year
Current Service Cost	2 .15	1.88	-	-	0 .58	1.29
Interest Cost	0.39	0.15	0.32	-	0.02	0.01
Acturial return on Plan Assets	(0.37)	(0.22)	-	-	-	-
Net Actuarial (Gain) / Loss to be recognised	(1.48)	0.92	(0.23)	3.71	(0.52)	(0.56)
Expenses recognised in the profit and loss	0 .69	2.72	0 .09	3.71	0 .08	0.74

vi) Investment Details (% invested)	Gratuity Current Year	Gratuity Previous Year
HDFC Life Defensive Management Fund II	100%	100%

vii) Other disclosures	Gratuity 2013-14	2012-13	Gratuity 2011 - 12	2010 - 11	2009 - 10
Present Value of Defined benefit obligation	5 .53	4.67	1 .77	1.05	0 .59
Fair value of plan assets	5.20	4.34	1.78	-	-
Surplus or (Deficit) in the plan	(0.32)	(0.33)	0 .01	-	-

vii) Other disclosures	Compensated Absences 2013-14	2012-13	2011 - 12	2010 - 11	2009 - 10
Present Value of Defined benefit obligation	0 .33	0.68	0.16	0.15	0.14
Fair value of plan assets	-	-	-	-	-
Surplus or (Deficit) in the plan	-	-	-	-	-

viii) Experience History	Gratuity				
	2013-14	2012-13	2011 - 12	2010 - 11	2009 - 10
(Gain)/Loss on obligation due change in Assumption	(0.59)	(0.15)	(0.09)	0.16	0.09
Experience (Gain)/Loss on obligation	(0.98)	1.04	0 .01	(0.28)	0 .01
Actuarial Gain/(Loss) on plan assets	(0.10)	(0.03)	0 .03	-	-

viii) Experience History	Compensated Absences				
	2013-14	2012-13	2011 - 12	2010 - 11	2009 - 10
(Gain)/Loss on obligation due change in Assumption	0 .01	0.01	(0.01)	0.01	0 .03
Experience (Gain)/Loss on obligation	(0.51)	(0.57)	(0.42)	(0.28)	(0.19)
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

General Description:

i) Gratuity :

Gratuity is payable to eligible employees on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn basic salary. This benefit is applicable only to the employees of the parent company and the figures given above are in respect of the parent company only.

ii) Pension Plan :

Under the Company's Pension Scheme for the whole-time Directors as approved by the Shareholders, all the whole time Directors are entitled to the benefits of the scheme only after attaining the age of 62 years, except for retirement due to physical disability, in which case, the benefits shall start on his retirement. The benefits are in the form of monthly pension @ 50% of his last drawn monthly salary subject to maximum of ₹ 0.75 Crores p.a. during his lifetime. If he predeceases the spouse, she will be paid monthly pension @ 50% of his last drawn pension during her lifetime. Benefit also include reimbursement of medical expense for self and spouse, overseas medical treatment upto ₹ 0.50 Crores per illness, office space including telephone in the Company's office premises and use of Company's car including reimbursement of driver's salary and other related expenses during his lifetime.

iii) Compensated Absences :

Eligible employees can carry forward and encash leave upto superannuation, death, permanent disablement and resignation subject to maximum accumulation allowed at 15 days. The leave over and above 15 days for all employees is encashed and paid to employees, subject to maximum of 20 days on June 30, every year.

33 RELATED PARTY DISCLOSURE

List of Related Parties

a) Holding Company :

The Great Eastern Shipping Company Ltd.

b) Fellow Subsidiaries :

The Great Eastern Chartering LLC (FZC), Sharjah

The Great Eastern Shipping Company London Ltd., London

The Greatship (Singapore) Pte. Ltd., Singapore

The Great Eastern Chartering (Singapore) Pte. Ltd., Singapore

c) **Key Management Personnel :**

Mr. Ravi K. Sheth - Managing Director

Mr. P.R. Naware - Executive Director

d) **Relative of Director :**

Ms. Nirja B. Sheth - Daughter of Chairman

Transactions with related parties

₹ in Crores

Nature of transaction	Holding Company		Fellow Subsidiaries		Key Management Personnel and Relatives	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Corporate Guarantees Given / (Received)	-	(129.30)				
Dividend Paid						
The Great Eastern Shipping Company Ltd.	**64.78**	43.37				
Remuneration Paid						
Ravi K Sheth					**5.61**	5.14
P R Naware					**2.33**	2.43
Relative of Director						
Remuneration Paid						
Nirja B Sheth					**0.15**	0.14
Rent Received						
The Greatship (Singapore) Pte. Ltd.			**0.20**	0.18		
Shares redeemed						
Preference	**59.31**	-				
Purchase of Motor Car	**0.06**	0.25				
Sale of Motor Car	**(0.17)**	(0.02)				
Re-imbursement of Expenses Paid/(Received)						
The Great Eastern Shipping Company Ltd.	**1.24**	(0.47)				
Outstanding Balance as on 31.03.2014						
Payables	**0.36**					
Corporate Guarantees Given / (Received)	**(1,621.11)**	(1,794.48)				

Note : The significant related party transactions are disclosed separately under each transaction.

34 HEDGING CONTRACTS

The Group uses foreign exchange forward contracts, currency & interest swaps and options to hedge its exposure to movements in foreign exchange rates. The Group does not use the foreign exchange forward contracts, currency & interest swaps and options for trading or speculation purposes.

The Group has identified certain derivative contracts entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and interest swaps as hedge instruments that qualify as effective cash flow hedges. The mark to market gain / (loss) on such derivative contracts is recorded in the hedging reserve.

a) Derivative instruments outstanding:

(i) Forward exchange contracts:

Details	Current Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total no. of Contracts	-	-	-	24
Notional amount of Foreign Currency (USD in Million)	-	-	-	18
Amount recognised in Hedging reserve (loss) / gain (₹ in crores)	-	-	-	0.20
Maturity Period	-	-	-	upto 12 months

(ii) Forward exchange option contracts:

Details	Current Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total no. of Contracts	-	25	-	-
Notional amount of Foreign Currency (USD in Million)	-	17	-	-
Amount recognised in Hedging reserve (loss) / gain (₹ in crores)	-	0.63	-	-
Maturity Period	-	Upto 12 months	-	

(iii) Interest rate swap contracts:

Details	Current Year	Previous Year
Total No. of contracts	18	15
Principal Notional Amount (USD million)	320	307
Amount recognised in Hedging Reserve (loss) / gain (₹ in crores)	(17.23)	(54.39)
Maturity Period	Upto 78 months	Upto 88 Months

(iv) Currency swap contracts:

Details	Current Year	Previous Year
Total No. of contracts	5	5
Principal Notional Amount (USD million)	36	45
Principal Notional Amount (JPY million)	(3886)	(4799)
Amount recognised in Hedging Reserve (loss) / gain (₹ In crores)	(8.50)	(8.86)
Maturity Period	Upto 56 months	Upto 68 Months

b) The above mentioned derivative contracts having been entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions and the interest rate risk, have been designated as hedge instruments that qualify as effective cash flow hedges. The mark-to-market (loss) / gain on the foreign exchange derivative contracts outstanding as on March 31, 2014 amounting to loss of (₹ 25.10 crores) (previous year loss of (₹ 63.05 crores)) has been recorded in the hedging reserve as on March 31, 2014.

The interest rate swaps are entered to hedge floating semi-annual interest payments on borrowings. Fair value gains and losses on the interest rate swaps recognised in hedging reserve are transferred to the statement of profit and loss as part of interest expense over the period of borrowings

The currency forward and option contracts were entered to hedge highly probable forecast transactions denominated in foreign currency. The currency forwards and options have maturity dates that coincide with the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to occurrence of these transactions are transferred to the statement of profit and loss, except for forwards used to hedge highly probable forecast foreign currency purchases relating to construction of new vessels / rig, whose gains and losses are included in the cost of the assets and recognised in the statement of profit and loss over the estimated useful lives as part of depreciation expense.

c) Un-hedged foreign currency exposures as on March 31, 2014 :

Details	Current Year	Previous Year
Loan liabilities and Payables		
(USD in millions)	465	585
(JPY in millions)	6	1
(SGD in millions)	1	2
(BRL in millions)	33	21
(ZAR in millions)	1	0
Receivables		
(USD in millions)	27	16
(BRL in millions)	22	14
Bank Balances		
(USD in millions)	84	116
(SGD in millions)	1	1
(AUD in millions)	-	1

The un-hedged foreign currency exposures have been given in respect of currencies other than reporting currency of the respective enterprise.

35 SEGMENT REPORTING

a) Primary segment reporting by business segment:

The Group is engaged only in Offshore Oilfield Services segment and there are no separate reportable segments as per Accounting Standard (AS) 17 'Segment Reporting.'

b) Secondary segment reporting by geographical segment:

(i) Segment-wise Revenue from Operations and Sales:

Particulars	Current Year ₹ in Crores	Previous Year ₹ in Crores
Revenue from customers outside India	416.08	380.62
Revenue from customers within India	1,152.51	888.48
Total	**1,568.59**	**1,269.10**

(ii) Substantial assets of the Group are ships / rigs, which are operating across the world, in view of which they cannot be identified by any particular geographical segment.

(iii) In view of (ii) above the total cost incurred during the year ended March 31, 2014 geographical segment wise reporting is not applicable.

36 OPERATING LEASE

Operating Lease Commitments – where the Group is a lessee

The Group has taken premises on leave & license basis which is similar in substance to an operating lease. The lease has varying terms and renewal rights. The particulars of leasing arrangement are as under :

Details	Current Year ₹ in Crores	Previous Year ₹ in Crores
a) Total Future Minimum Lease payments		
- Not later than 1 year	5.24	6.31
- Later than 1 year and not later than 5 years	8.42	13.62
- Later than 5 years	-	-

b) Lease payments recognised in the statement of profit and loss for the year ₹ 6.13 crores (previous year ₹ 7.66 crores)

c) Vessels taken/given on time charter hire are not considered as operating lease.

37 The company has changed the estimated useful life of certain Plant and Machinery items between 3 to 10 years. The depreciation charge for the year is higher by ₹ 5.25 crores consequent to change.

38 Previous year figures have been regrouped wherever necessary to confirm to current year classification.

NOTES

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