# GREATSHIP (INDIA) LIMITED

OFFSHORE LOGISTICS

DRILLING SERVICES


# ANNUAL REPORT 2012 - 2013

# CONTENTS




Naming Ceremony of Greatdrill Chaaya, UAE, January 2013

## 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

Registered Office : Ocean House
134/A, Dr. Annie Besant Road
Worli, Mumbai-400018

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

Corporate Identity Number : U63090MH2002PLC136326

Auditors : Kalyaniwalla & Mistry
Chartered Accountants
Kalpataru Heritage
127, Mahatma Gandhi Road
Mumbai- 400023

Company Secretary : Ms. Amisha Ghia

Web Site : www.greatshipglobal.com

# Key Performance Indicators (Consolidated)

## 5 YEARS AT A GLANCE

(₹ in Lacs)

| IN INR | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 |
|---|---|---|---|---|---|
| **Profit & Loss A/c** | | | | | |
| Revenues | 31,594 | 76,269 | 91,457 | 122,704 | 140,146 |
| Operating Profit (PBIDT) | 10,848 | 27,704 | 45,507 | 60,524 | 83,094 |
| Net Profit (PAT) | 4,472 | 10,563 | 21,571 | 22,023 | 43,072 |
| **Balance Sheet** | | | | | |
| **What the Company owned** | | | | | |
| Fixed Assets | 218,945 | 267,784 | 376,615 | 450,822 | 519,508 |
| Investments & Net Current Assets and long term portion of current liabilities and provisions | 27,695 | 34,672 | 60,613 | 48,048 | 80,698 |
| Deferred Taxation (Net) | - | 70 | 88 | 131 | 118 |
| **Total** | **246,640** | **302,526** | **437,316** | **499,001** | **600,324** |
| **What the Company owed** | | | | | |
| Loans | 118,264 | 170,127 | 234,160 | 253,424 | 311,360 |
| | **118,264** | **170,127** | **234,160** | **253,424** | **311,360** |
| Shareholders' Funds | | | | | |
| Equity Share Capital | 8,610 | 8,610 | 10,589 | 11,135 | 11,135 |
| Preference Share Capital | 8,800 | 8,800 | 14,862 | 14,862 | 14,862 |
| Application Money- Equity Warrants | 591 | 591 | - | - | - |
| Employee Stock Options Outstanding | 189 | 232 | 242 | 212 | - |
| Reserves & Surplus | 110,186 | 114,166 | 177,463 | 219,368 | 262,966 |
| | **128,376** | **132,399** | **203,156** | **245,577** | **288,963** |
| **Total** | **246,640** | **302,526** | **437,316** | **499,001** | **600,324** |

(US$ in '000s)

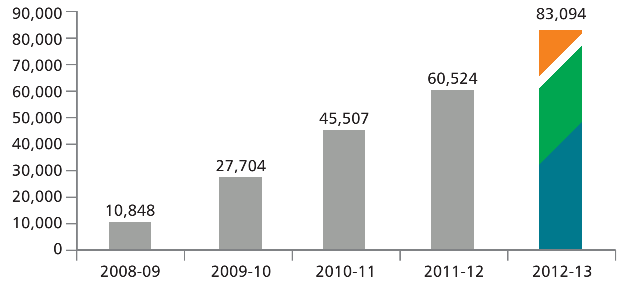
| IN US DOLLARS | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 |
|---|---|---|---|---|---|
| **Profit & Loss A/c** | | | | | |
| Revenues | 69,118 | 159,994 | 200,828 | 257,998 | 258,954 |
| Operating Profit (PBIDT) | 23,733 | 58,117 | 99,927 | 127,258 | 153,537 |
| Net Profit (PAT) | 9,783 | 22,159 | 47,367 | 46,305 | 79,586 |
| **Balance Sheet** | | | | | |
| **What the Company owned** | | | | | |
| Total Assets | 486,278 | 673,928 | 980,749 | 980,742 | 1,105,773 |
| **What the Company owed** | | | | | |
| Loans | 233,170 | 378,987 | 525,140 | 498,082 | 573,513 |
| Shareholders' Funds | 253,106 | 294,941 | 455,609 | 482,660 | 532,259 |

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

| | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 |
|---|---|---|---|---|---|
| Debt-equity Ratio | 1.42:1 | 1.85:1 | 1.76:1 | 1.61:1 | 1.56:1 |
| Return On Operating Networth (%) | 12.44 | 14.77 | 16.37 | 11.78 | 17.46 |
| Return On Operating Capital Employed (%) | 9.01 | 10.55 | 9.53 | 8.77 | 10.70 |
| Earning Per Share (in ₹) | 5.64 | 11.23 | 23.22 | 18.28 | 36.57 |

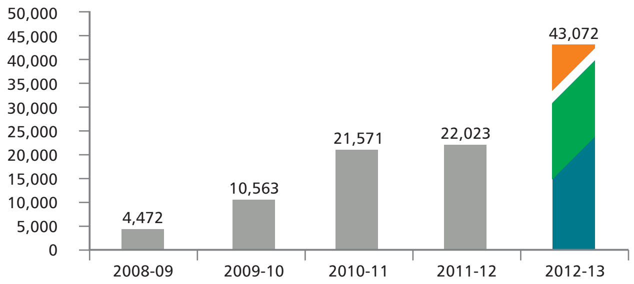
### Operating Profit (PBIDT)

(₹ in Lakhs)



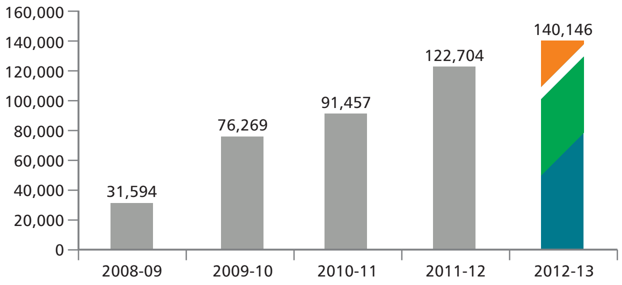

### Net Profit (PAT)

(₹ in Lakhs)

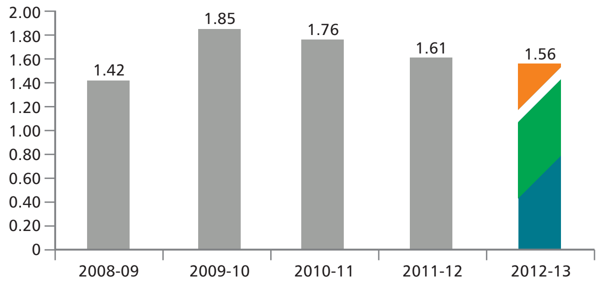



### Revenues

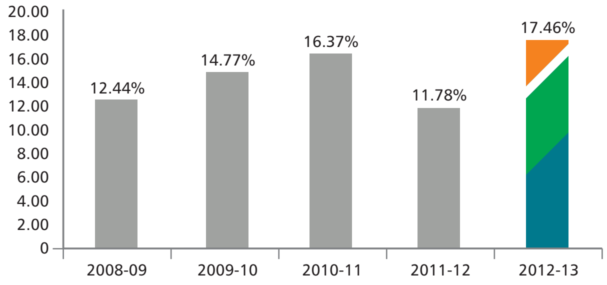
(₹ in Lakhs)



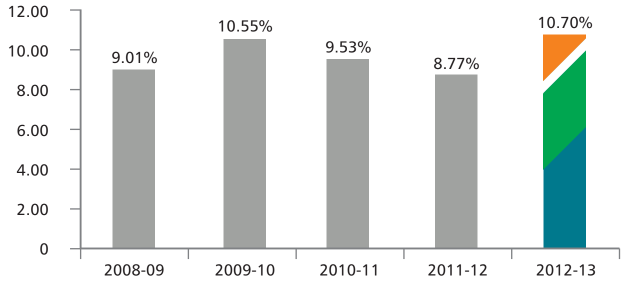

### Debt-equity Ratio




### Return On Operating Networth (%)

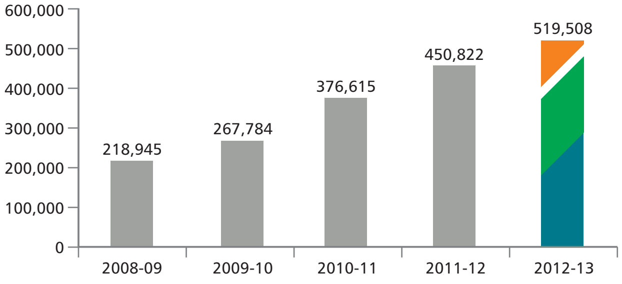



### Return On Operating Capital Employed (%)




### Fixed Assets

(₹ in Lakhs)




**Note:**

1. Debt Equity Ratio:
   Preference shares capital including premium payable on redemption of preference shares (₹ 39317 Lacs) 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 09 ₹ 79171 Lacs, FY 10 ₹ 38533 Lacs, FY 11 ₹ 33551 Lacs, FY 12 ₹ 41421 Lacs and FY 13 NIL.
3. Return on Operating Capital Employed:
   Total capital employed has been reduced by capital employed in ships under construction as follows: FY 09 ₹ 128340 Lacs, FY 10 ₹ 54732 Lacs, FY 11 ₹ 33551 Lacs, FY 12 ₹ 41421 Lacs and FY 13 NIL.

# Management Statement

Your Company had its best ever year since its inception in 2006. For the financial year 2012-13, consolidated revenue for the company stood at ₹ 140146 lacs, a 14% jump over the previous year. The consolidated net profit for the year has nearly doubled to ₹ 43072 lacs compared to ₹ 22023 lacs for the previous financial year.

Your Company (including its subsidiaries) strengthened its fleet with the addition of four new assets during the year, comprising Greatdrill Chaaya, a jack up rig, and three new ROV Support Vessels (ROVSVs) viz. Greatship Roopa, Greatship Rachna and Greatship Ragini. Greatdrill Chaaya, a mobile offshore self-elevating drilling cyber rig, immediately commenced a five year contract with ONGC on the west coast of India. The ROVSVs added to the fleet are modern vessels, capable of supporting offshore exploration and production and have been built in compliance with the latest SPS Code 2008. With these additions, the Greatship Group has approximately USD 1.1 billion invested in assets consisting of three jack-up rigs and a fleet of 21 modern offshore supply and support vessels.

The offshore logistics business recorded a strong performance for the year. The division penetrated newer markets in the Middle East, South Africa and Offshore Tonga thereby deepening its range of service offerings in niche areas such as well stimulation and geotechnical services for the first time. These qualitative services have helped your Company to move up the E&P value chain resulting in better earnings.

On the drilling front, the Company's three jack up rigs have operationally performed well with high levels of efficiency and safety records. Perhaps the most noteworthy events, were the British Gas (BG) award won by Greatdrill Chetna team for "Best HSSE Performer" and their Chairman's prestigious "HSSE performance award" on a worldwide basis. The winner for the Chairman's HSSE award is selected based on entries received from BG assets worldwide and selection of Greatdrill Chetna is a creditable achievement for your Company. Additionally, a London based committee of BG presented the "Gold Hard Hat" award to the Managing Director in recognition of the safety initiatives adopted by your Company.

Your Company has continued to leverage technology and adopt best practices to gain better insights and control on its business operations. The enhanced version of SAP ECC system complimented with other robust IT systems like Business Intelligence software have empowered your Company with additional features, functionalities and controls to further streamline its business operations and make informed decisions. We believe these tried and tested IT best practices will stand us in good stead and pave the way for a world class organization based on insights.

Overall, the Group's emphasis on modern assets, safety initiatives, investment in training and development and relentless emphasis on customer focus makes Greatship an employer of choice for aspiring Oil and Gas professionals worldwide. As on March 31, 2013, the Company and its subsidiaries employed 116 personnel onshore (including contractual) and around 1025 personnel offshore.

As we look ahead, the fundamentals of the oilfield service industry look healthy. There will, however, always be untoward developments which confront the industry, not the least being the recent shale gas/shale oil revolution which could change the demand parameters of the industry over the medium to long term. Your Company will continue to lean on its pillars of caution, its active risk management policy and excellent managerial team to navigate its growth in the years ahead.

With Regards,

Bharat K. Sheth

Ravi K. Sheth



*Mr. Ravi Sheth receiving the BG Group's Gold Hard Hat Award*

# Directors' Report

Your Directors have pleasure in presenting the Eleventh Annual Report for the year ended March 31, 2013.

## FINANCIAL HIGHLIGHTS

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

| PARTICULARS | STANDALONE | | CONSOLIDATED | |
|---|---|---|---|---|
| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
| Total Revenue | 107444 | 86343 | 140146 | 122704 |
| Total Expenses | 77294 | 67098 | 67433 | 75936 |
| Depreciation and amortisation expense | 10017 | 6669 | 22906 | 19119 |
| Impairment loss on non-current asset held for sale | -- | -- | 3178 | 1998 |
| **Profit before tax** | **20133** | **12576** | **46629** | **25651** |
| Less: Provision of tax | | | | |
| - Current tax | 3487 | 3600 | 3544 | 3671 |
| - Deferred Tax | 13 | (43) | 13 | (43) |
| **Profit for the year after tax** | **16633** | **9019** | **43072** | **22023** |
| Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income-tax Act, 1961 | 3000 | 1000 | 3000 | 1000 |
| Add: Balance brought forward from previous year | 19798 | 17520 | 44709 | 29427 |
| **Amount available for appropriation** | **33432** | **25539** | **84781** | **50450** |
| Transfer to General Reserve | 1700 | 700 | 1700 | 700 |
| Interim Dividend on 7.5% Preference Shares | 660 | 660 | 660 | 660 |
| Interim Dividend on 22.5% Preference Shares | 1364 | -- | 1364 | -- |
| Proposed Dividend on 22.5% Preference Shares | -- | 1450 | -- | 1450 |
| Proposed Dividend on Equity Shares | 4454 | 2227 | 4454 | 2227 |
| Dividend distribution tax on equity and preference dividends | 1085 | 704 | 1085 | 704 |
| **Balance at the end of the year** | **24168** | **19798** | **75518** | **44709** |

Your Company has achieved a profit after tax this year of ₹ 16633 lacs (previous year ₹ 9019 lacs) on a stand-alone basis and consolidated net profit of ₹ 43072 lacs (previous year ₹ 22023 lacs). The group recorded consolidated total revenue of ₹ 140146 lacs for this year as compared to ₹ 122704 lacs for the previous year. 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. The dividend will be paid after your approval at the ensuing Annual General Meeting. The aggregate outflow on account of the equity dividend for the year would be ₹ 5211 lacs including dividend distribution tax of ₹ 757 lacs. This represents a payout ratio of 31.33%.

Your directors declared and paid the following interim dividends on the Preference Shares of the Company for the financial year ended March 31, 2013, in accordance with the terms of issue of preference shares:

1) ₹ 767 lacs (including dividend distribution tax of ₹ 107 lacs) on 88,000,000 fully paid preference shares of face value of ₹ 10 each at the rate of 7.50% and

2) ₹ 1585 lacs (including dividend distribution tax of ₹ 221 lacs) 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 ₹ 2352 lacs (including dividend distribution tax of ₹ 328 lacs).

## SHARE CAPITAL

There was no allotment of fresh shares during the year under review.

On April 2, 2013, 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 ₹ 5930 lacs (including the redemption premium of ₹ 4480 lacs).

During the year under review, upon transfer of shares held by Mr. Ravi K. Sheth, Managing Director jointly with Mrs. Amita R. Sheth, to 'The Great Eastern Shipping Co. Ltd.', your Company became wholly owned subsidiary of 'The Great Eastern Shipping Co. Ltd.'.

The total paid up capital of your Company as on date is ₹ 24547 lacs comprising of 111,345,500 equity shares of ₹ 10 each and 134,124,000 preference shares of ₹ 10 each.

## EMPLOYEE STOCK OPTIONS

The Company has five different employee stock option schemes ("Schemes") covering the employees of the Company, the parent company and the subsidiaries. During the year under review, your Company has granted 136,800 stock options as the last grant under the current Schemes. Your Company also 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. A total of 765,940 options were encashed under the said encashment scheme. With forfeiture of 56,900 options during the year, the total options outstanding as on March 31, 2013 were 969,560. The details of the Schemes are included in the Annexure 3 of this Report.

## NEW OFFICE PREMISES

During the year under review, the corporate office of your Company shifted to the new office premises, acquired on leave and license basis, located at Indiabulls Finance Centre, Mumbai.

## SUBSIDIARIES

The Company has 7 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 Subsea Solutions Singapore Pte. Ltd., Singapore

e) Greatship Subsea Solutions Australia Pty. Limited, Australia

f) Greatship (UK) Limited, United Kingdom

g) Greatship Global Offshore Management Services Pte. Ltd., Singapore

Your Company has till date invested ₹ 103780 lacs in its Subsidiaries. Subsidiaries of your Company are making substantial contribution to the overall growth for the Group.

Subsequent to the end of the year under review, Greatship Subsea Solutions Australia Pty. Limited has made an application to Australian Securities & Investments Commission for voluntary deregistration of the company.

## 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, the Board of Directors of your Company has, by passing a resolution, given consent for not attaching the balance sheets, profit and loss accounts, reports of the

Board of Directors, reports of the Auditors, etc. of the Subsidiaries with the Balance Sheet of your Company as required under section 212 of the Companies Act, 1956.

Accordingly, copies of the balance sheets, profit and loss accounts, reports of the Board of Directors, reports of the Auditors, etc. of the subsidiary companies have not been attached to the Balance Sheet of your Company as at March 31, 2013. 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, 2013 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 corporate office 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 alongwith the Auditors' Report thereon form part of the Annual Report.

The consolidated net worth of the group for this year was ₹ 288963 lacs as compared to ₹ 245577 lacs for the previous year.

## DIRECTORS

Mr. Shashank Singh and Mr. Keki Mistry retire by rotation and being eligible offer themselves for re-appointment. Proposals for their re-appointment have been included in the Notice of the Annual General Meeting for your approval.

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

## DEBT FUND RAISING

Over last few financial years, the Company has been raising debt for its expansion programme. During the current financial year, the amount of debt went up from ₹ 78299 lacs at the end of FY 12 to ₹ 98916 lacs at the end of FY 13. The consolidated debt went up from ₹ 253273 lacs for FY 12 to ₹ 311360 lacs for FY 13. The gross debt: equity ratio as on March 31, 2013 was 0.47 on standalone basis and 1.08 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.) | ₹ 100006 lacs |
| b) | Foreign Exchange used (including operating expenses, capital repayment, down payment for acquisition of assets, interest payment, etc.) | ₹ 86615 lacs |

## 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

Messrs Kalyaniwalla & Mistry, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1B) of the Act and that they are not disqualified for such reappointment within the meaning of section 226 of the Act.

## 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, May 1, 2013

## ANNEXURE 1

# Management Discussion And Analysis

### COMPANY PERFORMANCE

In FY 13, your Company recorded a total income of ₹ 107444 lacs (previous year ₹ 86343 lacs) on a standalone basis and ₹ 140146 lacs (previous year ₹ 122704 lacs) on consolidated basis. The Company earned a PBIDT of ₹ 34890 lacs (previous year ₹ 26647 lacs) on a standalone basis and ₹ 83094 lacs (previous year ₹ 60524 lacs) on a consolidated basis.

### OFFSHORE LOGISTICS

**Market trend and analysis**

With a second straight year of Brent Crude averaging above US$ 100 per barrel, activity in the upstream sector continued at healthy levels during FY13. On a global basis, E&P expenditure is estimated to have grown by about 10% during the year. As a result, FY13 proved to be another year of overall demand growth for most offshore asset classes, with market performance capped by the continuously increasing newbuilding supply.

The effect of this supply was most markedly felt in the North Sea market (and in South East Asia), where uncommitted vessels getting delivered from the yards in these regions hung around seeking spot employment. With Petrobras in Brazil reevaluating its OSV contracting process and its overall requirements, the number of awards shrunk sharply absorbing only a limited number of vessels, putting further supply pressure on the North Sea market, which resultantly had a disappointing year. In Africa, the west coast market experienced an uptick in charter rates for modern, DP2 vessels, while East Africa cemented its place as an emerging oil and gas province with discoveries in offshore Mozambique, Tanzania and Kenya during the year. Nigeria though, continued to be beset with operational risks as declarations of force majeure proved all too common and piracy events ensured that security remained a concern in this region.

As in West Africa, a similar move towards higher specification vessels was also seen in the Middle East with NOCs (National Oil Companies) in Saudi Arabia, U.A.E., and Qatar demanding modern, DP2 vessels, especially for term charters of AHTSVs. Further east, the South East Asian market was relatively steady during the first half of the year but showed signs of improvement in the second half as requirements, especially out of Malaysia, started accelerating. In contrast, the other major regional market, Indonesia, had an unremarkable year as requirements stayed flat and the sudden dissolution of its upstream regulator, BPMIGAS, did not help sentiment either. Overall though, the region handled the aforementioned local yard supply somewhat better than the North Sea, and the year ended with this market being in somewhat better shape than at the start; more markedly so for the PSV sector.

This year the activity in Indian market was pretty much restricted to replacement demand as tenders were given out for charters due for roll over. There was some incremental demand for larger AHTSVs as a result of mobilisation of semi-submersible rigs to the deepwater locations on the east coast. Expectedly, ONGC topped the list of charterers tendering for 25 vessels during the year, while private operators such as Cairn India and BG (British Gas) maintained a steady level of demand. ONGC, for the first time, introduced age norms, whereby it capped the age of vessels it would charter to 27 years and tapering down to 21 years by 2015. Construction activity related to offshore well development programs provided another leg, albeit at low rate levels generally, to the offshore vessel demand picture in the Indian market.

**Company Performance**

During the year under review, the Company expanded its footprint in new markets. The Company was able to leverage its modern, high-spec vessels to service the growing requirements in the Middle East and employed its AHTSVs in Abu Dhabi and Saudi Arabia. The Company achieved deeper penetration in the South East Asian market and also returned to the South African market after a hiatus. Our vessels in the Indian market continued to operate to a high level of client satisfaction for ONGC, GSPC, BG and others. The Company also qualitatively expanded its offerings in niche service markets such as well stimulation and geotechnical services.

After a tumultuous beginning during FY12, the Petrobras ROVSV contract operation settled down during FY13 marked by good efficiency (higher than 98% for the two Vessels). This should be considered as a good achievement considering the difficult operational environment. However, the specific challenges of local Brazilian crew, unpredictable operational expenditures and contract specific issues are likely to persist as the Company moves into the third year of Brazilian operations.

The year started with twelve of the Company's (including subsidiaries') fleet of nineteen employed on longer term charters with the remaining seven chartered out on shorter term durations. The year ended with the fleet having grown to twenty one vessels with seventeen vessels currently serving long term charters, though some of these charters will end during the first half of FY14.

**Fleet Changes**

As on March 31, 2013, the operating fleet of the Company (including subsidiaries) 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). During the year under review, your Company (including subsidiaries) took delivery of the following new built vessels:

1. ROVSV 'Greatship Roopa' in July, 2012
2. ROVSV 'Greatship Rachna' in October, 2012
3. ROVSV 'Greatship Ragini' in January, 2013

One AHTSV 'Greatship Aditi', which was on bareboat charter under the sale and leaseback arrangement, was purchased in end August 2012 with the termination of the bareboat charter.

One MPSSV 'Greatship Mamta', which was being operated in support of the subsea projects business, was sold in early August 2012.

During the year under review, your Company acquired three ROVSVs – 'Greatship Ramya', 'Greatship Roopa' and 'Greatship Rachna' from its subsidiary in Singapore, Greatship Global Offshore Services Pte. Ltd.

There are currently no further vessels on order.

**Outlook for offshore logistics market**

The consensus outlook is for Brent Crude to stay above US$100 / barrel for the coming year. With this outlook the offshore market is expected to be sustained at healthy levels and we should continue to see expansion of deepwater E&P, marginal field development and Enhanced Oil Recovery. It needs to be noted though that market analysts no longer believe that macro fundamentals warrant a continuous rise in the price of oil as seen in the past few years.

Analyst forecasts for E&P spending percentage growth for the coming year range between high single digits to low double digits. If these forecasts were to pan out, one can expect another year of healthy demand growth in our business. Recent success in licensing rounds in areas such as the North Sea, Malaysia etc. further underpin this cautious optimism regarding potential vessel demand. The African and Middle Eastern markets are likely to continue to draw in modern, DP2 tonnage while the Brazilian market might see a somewhat higher level of activity in FY14.

The market could experience headwinds though from the continuing supply of newbuilding vessels. The increasingly pervasive theme of local content and local flag / owner participation across markets also presents challenges to market access for vessel owners.

## DRILLING SERVICES

**Market Trend and Analysis**

This year was characterised by high activity in the drilling market as rates and utilisations improved across market segments and new rig ordering continued at high levels.

The day rates for modern jack- up rigs in the Asian markets continued in the US$100,000 - US$ 160,000 per day range, depending on the type/age of the rig, duration of the contract and the operating costs/taxes in different jurisdictions. Overall, the rates displayed a slight firming trend with high-spec, modern asset utilisations averaging above the 90% mark for the year with rates at the higher end of the range.

The general health of the market was further underlined by the fact that the rates and utilisations were maintained even as another 12-15 new jackup rigs joined the global fleet this year. Though the overall fleet size was relatively constant as an almost equal number of jackup rigs exited the market; it has to be noted that most of the exiting rigs were not a part of the active market. In fact, the tight market resulted in some owners bring their stacked rigs back into service.

There was an increasing number of long term requirements for jackup rigs coming out of the Mexican and Middle Eastern markets this year. Other markets such as Latin America, Africa continued to provide their traditional support to the deepwater drilling market.

The jackup rig orderbook continued to swell as the positive sentiment drove contractors to place another 33 rig orders during the year, mostly with Singapore and Chinese yards. These new orders, could, in the longer term create distorted market dynamics.

**Company Performance**

With the timely delivery of the newbuild jackup rig Greatdrill Chaaya, the Company's operating rig fleet now comprises three drilling rigs, the Greatdrill Chetna, the Greatdrill Chitra and the Greatdrill Chaaya. The fleet operated at maximum utilisations during the year, thanks to continuous long term contract cover for all the rigs.

After successfully completing its maiden HPHT Drilling contract with ONGC in May 2012, the Greatdrill Chetna was mobilised for a term charter to BG India .

On 28th Feb 2013, Greatdrill Chetna completed 3 years of operations without any recordable incident and ended the year with 1128 days Incident Free Operations.

The rig's performance was appreciated by the client with the Greatdrill Chetna and her team receiving a number of accolades. The Greatdrill Chetna team was adjudged winner of the "Best HSSE Performer" by BG. Further a London based committee of BG awarded Mr Ravi Sheth, Managing Director, the 'Gold Hard Hat' award in recognition of his efforts as a safety ambassador who exemplifies promotion and real demonstration of safety excellence.

Greatdrill Chitra continued her 5 year contract with ONGC and achieved 83 days Incident Free Operations as at the end of the year, post an incident on the rig in Jan 2013, when the Incident Free Record was reset.

After her delivery in Jan 2013, Greatdrill Chaaya was mobilised to west coast India to commence her long term charter with ONGC. The rig ended the year without any incident during the first three months of her operation.

**Fleet Changes**

Your Company's subsidiary in Singapore took delivery of one drilling rig 'Greatdrill Chaaya' in January 2013, thereby making the total operating rig fleet to stand at three drilling rigs at the end of the year.

**Outlook for Drilling Market**

As mentioned in the previous section, given the outlook for high oil prices and steady E&P spending growth, the demand side picture for the rig market is likely to look healthy for FY-14. The traditional jack-up markets of U.S. Gulf, North Sea and Asia are all set to take in incremental rigs next year while additional support is likely to continue from the Middle Eastern and Mexican markets.

However, the next couple of years are likely to see a spate of rig deliveries at a pace higher than that witnessed in recent years. While it is likely that most of these deliveries would be absorbed, of all the drilling rig segments, the jack-up market is the one, more susceptible to an unanticipated slowdown given the higher proportion of uncommitted rigs in the orderbook.

## SUBSEA SOLUTIONS

With the sale of the sole subsea asset, 'Greatship Mamta', in the early part of FY13, the Company did not have any presence in the subsea space for most of this year. As a result of this, the subsea part of the Company's business stands dormant at the moment.

Subsequent to the end of the year under review, the Australian subsidiary of the Company, Greatship Subsea Solutions Australia Pty Limited, has made an application to Australian Securities & Investments Commission for voluntary deregistration of the Company.

## 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.

Additional Company DOC Audit, due to change in Company operating address, was also completed.

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 fleet vessels are in compliance of the International Safety Management (ISM) Code. All fleet vessels and rigs are in compliance of International Ships and Port Facility Security (ISPS) 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 | 03 |
| LTIF (Loss Time Incident Frequency Rate) | 0.00 | 0.00 | 1.34 |
| TRIF (Total Recordable Incident Frequency Rate) | 0.00 | 0.61 | 1.34 |

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 was imparted in specialized courses such as SAP / ISM / ISPS / IMS.

## 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 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:

- IT infrastructure at the new office premise located at Indiabulls Finance Centre has been setup with a state of the art LAN and voice network integrating offices and fleet over VOIP.
- The SAP system has been upgraded by incorporating several new features in Human Resources and Finance & Controlling and other modules.
- A new performance appraisal system has been implemented for Shore Staff as well as Floating Staff using the SAP platform.
- Several new applications for monitoring various tasks and activities have been developed and implemented.
- Business intelligence and Consolidation systems have been enhanced to provide various inputs to management information system.

## HUMAN RESOURCES

Your Company's focus has been on establishing world-class HR practices for delivering sustained performance through its people. During the year under review, a comprehensive new manual of employment and HR policies in line with leading practices was adopted by your Company. With further expansion and stabilization of the asset fleet, your Company worked on establishing effective and efficient organization structures and internal deployment of personnel.

During the year under review, your Company has revamped the employee performance management system for shore staff. This new system defines clear role-based accountabilities and goals for employees, and detailed set of behaviors expected from staff at different managerial levels encoded in a competency dictionary. The process is conducted through an online SAP ERP based tool.

With a view to establish focus on employee development, your Company has invested in conducting psychometric and 360 degree assessments for shore staff. All employees participated in developmental programs in key areas of leadership and functional development applicable for their roles. Your Company now has well-integrated systems for performance and development.

As on March 31, 2013, the Company and its subsidiaries employed 116 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, 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 eight directors and the Chairman is a Non-Executive Director. The majority of the Board, six out of eight, are Non-Executive Directors. The Board of Directors 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.

### 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 Corporate Office of the Company at Indiabulls Finance Centre, Tower 3, 23rd Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai – 400013 or at the Registered Office of the Company. 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 April 27, 2012, July 27, 2012, November 2-4, 2012, February 4, 2013 and March 15, 2013. The Offsite board meeting was held at Bangkok on November 2-4, 2012.

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 passes resolution 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 Meetings during the year and at the last Annual General Meeting and also number of other Directorships and Memberships of Committees as on March 31, 2013 are as follows:

| | | Attendance | | As on March 31, 2013 | | |
|---|---|---|---|---|---|---|
| Name of Director | Nature of Directorship | Board Meetings | Last Annual General Meeting | Number of other directorships* | Other Committee Memberships** | Committee Chairmanships** |
| Mr. Bharat K. Sheth | Non Executive Chairman | 5 | Yes | 1 | 1 | NIL |
| Mr. Ravi K. Sheth | Managing Director | 5 | Yes | 2 | NIL | NIL |
| Mr. P. R. Naware | Executive Director | 5 | Yes | NIL | NIL | NIL |
| Mr. Keki Misty | Non Executive Director | 4 | Yes | 13 | 9 | 3 |
| Mr. Berjis Desai | Non Executive Director | 4 | No | 9 | 7 | 1 |
| Mr. Vineet Nayyar | Non Executive Director | 3 | No | 9 | 1 | NIL |
| Mr. Shashank Singh | Non Executive Director | 5 | No | 1 | NIL | NIL |
| Mr. Anil Singhvi | Non Executive Director | 5 | No | 7 | 4 | 1 |

1. *The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
2. ** Memberships/Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all Public Limited Companies have been considered. Membership includes Chairmanship of Committees.

## 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 placed before the Board of Directors for discussions/noting.

### A) AUDIT COMMITTEE

i. The Audit Committee comprises of three members with any two forming the quorum. The composition of the Audit Committee meets the requirements of section 292A of the Companies Act, 1956 and the Listing Agreement of the Stock Exchanges.

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

iii. During the year under review, five meetings of the Audit Committee were held on April 27, 2012, July 27, 2012, November 02, 2012, January 04, 2013 and February 04, 2013.

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 FY13 |
|---|---|
| Mr. Keki Mistry (Chairman) | 5 |
| Mr. Berjis Desai | 4 |
| Mr. Ravi K. Sheth | 5 |

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 terms of reference of the Audit Committee are broadly as under:

a. Overseeing the Company's financial reporting process and disclosure of its financial information;

b. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;

c. Approval of payments to the statutory auditors for any other services rendered by them;

d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

ii. Changes, if any, in accounting policies and practices and reasons for the same;

iii. Major accounting entries involving estimates based on the exercise of judgment by management;

iv. Significant adjustments made in the financial statements arising out of audit findings;

v. Compliance with listing and other legal requirements relating to financial statements;

vi. Compliance with accounting standards;

vii. The going concern assumption;

viii. Any related party transactions i.e transactions of the Company of material nature, with the promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large; and

ix. Qualifications in the draft audit report.

e. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

h. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

i. Discussion with internal auditors any significant findings and follow up there on;

j. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

k. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

l. Reviewing the Company's financial and risk management policies.

m. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;

n. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

o. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and

p. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## B) REMUNERATION COMMITTEE

The 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 Remuneration Committee was held on April 27, 2012, which was attended by all the members of the Committee.

The terms of reference of the Remuneration Committee are broadly as under:

1. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any other compensation related matters and issues.

2. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), as and when amended from time to time.

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.

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

The 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.

Mr. Ravi K. Sheth and Mr. P.R. Naware were reappointed as Managing Director and Executive Director, respectively, w.e.f November 7, 2011 (together referred to as Whole Time Directors)

Details of Remuneration paid/to be paid to Whole Time Directors for FY 2012-13:

(Amt. in ₹)

| Name of Director | Salary* | Benefits | Commission |
|---|---|---|---|
| Ravi K. Sheth | 19,500,000 | 6,694,122 | 26,000,000 |
| P. R. Naware | 11,517,808 | 6,581,971 | 7,200,000 |

*Salary includes contribution to provident fund and superannuation fund and does not include contribution to Retirement Benefit Scheme for Whole Time Directors

Details of Remuneration of Non - Executive Directors for FY 2012-13:

| Name of Director | Commission |
|---|---|
| Keki Mistry | 825,000 |
| Berjis Desai | 675,000 |
| Vineet Nayyar | 625,000 |
| Shashank Singh | 550,000 |
| Anil Singhvi | 550,000 |
| **Total** | **3,225,000** |

Commission to Executive Directors is paid as determined by the 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.

## ANNEXURE 3

# Information on Employee Stock option Schemes

## AS ON MARCH 31, 2013

| Particulars | Employee Stock Option Scheme 2007 ("ESOP 2007") | Employee Stock Option Scheme 2007 - II ("ESOP 2007-II") | Employee Stock Option Scheme 2008 - I ("ESOP 2008-I")# | Employee Stock Option Scheme 2008 - II ("ESOP 2008-II") | Employee Stock Option Scheme 2010 ("ESOP 2010") |
|---|---|---|---|---|---|
| Options granted | 656,300 | 99,700 | 85,000 | 925,900 | 565,300 |
| The pricing formula | These options were granted at a price of Rs. 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 Rs. 100, which is the price at which certain Equity Shares were allotted to GESCO | These options were granted at a price of Rs. 100, which is the price at which certain Equity Shares were allotted to GESCO | These options were granted at a price of Rs. 135, which is above the price at which certain Equity Shares were allotted to GESCO | These options were granted at a price of Rs. 135, which is above the price at which certain Equity Shares were allotted to GESCO |
| Exercise price of options | Rs. 100 | Rs. 100 | Rs. 100 | Rs. 135 | Rs. 135 |
| Total Options vested | 426,060 | 89,100 | 60,000 | 414,760 | 96,020 |
| Options exercised | 106,700* | Nil | Nil | Nil | Nil |
| Options encashed | 338,980 | 63,500 | 60,000 | 270,600 | 32,860 |
| Total number of Equity Shares arising as a result of exercise of options | Nil | Nil | Nil | Nil | Nil |
| Options forfeited/lapsed/ cancelled | 114,200 | 10,600 | 25,000 | 225,040 | 115,160 |
| Variation in terms of options @ | Please see Note 1 below | Please see Note 2 below | Nil | Nil | Nil |
| Money realised by exercise of options | Nil | Nil | Nil | Nil | Nil |
| Options outstanding (in force) | 96,420 | 25,600 | Nil | 430,260 | 417,280 |
| Person wise details of options granted (net of options encashed) to : | | | | | |
| (i) Senior Managerial Personnel | P.R. Naware-21,340<br>G Shivakumar - 14,000<br>KSS Kowshik-8,500<br>Amisha Ghia-2,320 | Nil | Nil | Satish Sinha-56,000<br>Alok Mahajan-42,000<br>Nisha Nath Jain-18,680<br>Ajith Karunakaran-37,360 | Nil |

| Particulars | Employee Stock Option Scheme 2007 ("ESOP 2007") | Employee Stock Option Scheme 2007 - II ("ESOP 2007-II") | Employee Stock Option Scheme 2008 - I ("ESOP 2008-I")# | Employee Stock Option Scheme 2008 - II ("ESOP 2008-II") | Employee Stock Option Scheme 2010 ("ESOP 2010") |
|---|---|---|---|---|---|
| (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, 2013 | Nil | Nil | Nil | Nil | Please see Note 3 below |
| (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 | Nil |
| Fully diluted EPS on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share' | Rs. 12.82 | Rs. 12.82 | Rs. 12.82 | Rs. 12.82 | Rs. 12.82 |
| 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 | NA |

*# With the encashment of all outstanding stock options, the scheme stands closed as on March 31, 2013*

** Upon resignation by an employee, 106,700 stock options were settled by payment of cash in accordance with the Scheme.*

*@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 upto the previous year. 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 the year, the cost of the options encashed at the fair value as determined under the scheme amounting to Rs.250 lacs (net of Rs.212 lacs transferred from Share Options Outstanding Account) has been recognized in the statement of profit and loss as compensation expense. 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.

**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:**

a) 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: Any other employee who received a grant of options amounting to 5% or more of the options granted during the year ended March 31, 2013:**

**ESOP 2010**

| Name of Employee | No. of options granted |
|---|---|
| Narinder Bhavnani | 70,000 |
| Apurva Barbhaya | 11,600 |
| Nirja Sheth | 7,900 |
| Prasanjit Kshirsagar* | 7,900 |
| Shilpa Meshram | 7,900 |

**Options have been cancelled upon resignation by the employee*

**Note 4:** ESOPs were granted to employees on completion of one year of continued employment. It was decided that no further grants under the existing Schemes would be made to the employees who complete one year of service post March 31, 2012. During the year under review, an encashment scheme was introduced by the Company 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 provides for another window to be opened in March 2015 to encash stock options that would vest till March 31, 2015.

# Fleet as on March 31, 2013

## 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 | 3,229 | 2005 | |
| 3 | m.v. Greatship Dhriti | GIL | 3,318 | 2008 | |
| 4 | m.v. Greatship Dhwani | GIL | 3,315 | 2008 | |
| **4** | | | **12,958** | | **8** |
| **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 Aditi | GGOS | 2,045 | 2009 | |
| 9 | m.v. Greatship Vimla | GGOS | 3,310 | 2012 | |
| **9** | | | **19,443** | | **3.6** |
| **Multi-purpose Platform Supply and Support Vessels** | | | | | |
| 1 | m.v. Greatship Maya | GGOS | 4,356 | 2009 | |
| 2 | m.v. Greatship Manisha | GGOS | 4,362 | 2010 | |
| **2** | | | **8,718** | | **3.5** |
| **ROV Support Vessels** | | | | | |
| 1 | m.v. Greatship Ramya | GIL | 3,700 | 2010 | |
| 2 | m.v. Greatship Rohini | GIL | 3,684 | 2010 | |
| 3 | m.v. Greatship Rashi | GIL | 3,684 | 2011 | |
| 4 | m.v. Greatship Roopa | GIL | 3,656 | 2012 | |
| 5 | m.v. Greatship Rachna | GIL | 3,629 | 2012 | |
| 6 | m.v. Greatship Ragini | GGOS | 3,628 | 2013 | |
| **6** | | | **21,981** | | **1.7** |

**TOTAL OFFSHORE SUPPORT VESSELS**

| | |
|---|---|
| Number | **21** |
| Total Tonnage (dwt) | **63,100** |
| Average Age (years) | **3.9** |

| 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** | | | | | **2.7** |

**TOTAL DRILLING UNITS**

| | |
|---|---|
| Number | **3** |
| Average Age (years) | **2.7** |

# 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.'

# Transactions During FY 2012-13

## GREATSHIP (INDIA) LIMITED AND ITS SUBSIDIARIES

| Category | Vessel Name | Company | DWT (MT) | Year Built | Month of Aquisition/Sale |
|---|---|---|---|---|---|
| **ACQUISITIONS** | | | | | |
| **Offshore Support Vessels** | | | | | |
| ROV Support Vessels | | | | | |
| 1 | m.v. Greatship Roopa | GIL | 3,656 | 2012 | Jul-12 |
| 2 | m.v. Greatship Rachna | GIL | 3,629 | 2012 | Oct-12 |
| 3 | m.v. Greatship Ragini | GGOS | 3,628 | 2013 | Jan-13 |
| **Drilling Unit** | | | | | |
| 350′ Jackup Rig | | | | | |
| 1 | Greatdrill Chaaya | GGES | N.A. | 2013 | Jan-13 |
| **SALE** | | | | | |
| **Offshore Support Vessel** | | | | | |
| Multi-purpose Platform Supply and Support Vessel | | | | | |
| 1 | m.v. Greatship Mamta | GGOS | 4,068 | 2010 | Aug-12 |

# Independent Auditor's Report

## TO THE MEMBERS OF GREATSHIP (INDIA) LIMITED

### 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, 2013, 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"). 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. 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, 2013;

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 Companies Act, 1956.

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
**Kalyaniwalla & Mistry**
Chartered Accountants
Registration No. 104607W

**Viraf R. Mehta**
Partner
Membership No: 32083
Place : Mumbai
Date: May 1, 2013

## 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, 2013:

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, there was no substantial disposal of fixed assets during the year.

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 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, 2013 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 | 2724 | FY 2009-10 | Commissioner Service Tax |
| The Central Excise and Customs Act, 1962 | Customs Duty | 72 | FY 2009-10 till FY 2012-13 | Asst. Commissioner of Customs |
| The Central Excise and Customs Act, 1962 | Service Tax | 22 | FY 2007-08 | Waiting for hearing |

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 and on behalf of
**Kalyaniwalla & Mistry**
Chartered Accountants
Registration No. 104607W

**Viraf R. Mehta**
Partner
Membership No: 32083

Place : Mumbai
Date: May 1, 2013

# Balance Sheet

## AS AT 31ST MARCH 2013

| | Notes | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholder's funds** | | | |
| Share capital | 3 | 25,997 | 25,997 |
| Reserves and surplus | 4 | 184,983 | 178,088 |
| | | **210,980** | **204,085** |
| **Non current liabilities** | | | |
| Long term borrowings | 5 | 73,783 | 68,011 |
| Long term provisions | 6 | 707 | 14 |
| | | **74,490** | **68,025** |
| **Current liabilities** | | | |
| Trade payables | 7 | 6,263 | 5,504 |
| Other current liabilities | 8 | 29,068 | 14,744 |
| Short term provisions | 9 | 10,868 | 8,781 |
| | | **46,199** | **29,029** |
| **Total** | | **331,669** | **301,139** |
| **ASSETS** | | | |
| **Non current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 10 | 166,020 | 120,229 |
| Intangible assets | 11 | 277 | 337 |
| Non-current investments | 12 | 103,780 | 103,780 |
| Deferred tax assets (net) | 13 | 118 | 131 |
| Long-term loans and advances | 14 | 7,562 | 37,301 |
| Other non-current assets | 15 | 602 | 717 |
| | | **278,359** | **262,495** |
| **Current assets** | | | |
| Current investments | 16 | 8,651 | 6,760 |
| Inventories | 17 | 5,714 | 3,882 |
| Trade receivables | 18 | 22,082 | 13,376 |
| Cash and bank balances | 19 | 15,302 | 13,521 |
| Short-term loans and advances | 20 | 1,447 | 991 |
| Other current assets | 21 | 114 | 114 |
| | | **53,310** | **38,644** |
| **Total** | | **331,669** | **301,139** |

| | | | |
|---|---|---|---|
| Significant accounting policies | 2 | | |

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

As per our report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Statement of Profit and Loss

## FOR THE YEAR ENDED 31ST MARCH 2013

| | Notes | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **Revenue :** | | | |
| Revenue from operations | 22 | 101,662 | 82,660 |
| Other income | 23 | 5,782 | 3,683 |
| **Total Revenue** | | **107,444** | **86,343** |
| **Expenses :** | | | |
| Employee benefit expenses | 24 | 15,861 | 12,549 |
| Finance cost | 25 | 4,740 | 7,402 |
| Depreciation and amortisation expenses | 10/11 | 10,017 | 6,669 |
| Other expenses | 26 | 56,693 | 47,147 |
| **Total expenses** | | **87,311** | **73,767** |
| **Profit before tax** | | **20,133** | **12,576** |
| Tax expenses : | | | |
| - Current tax | | 3,335 | 3,600 |
| - Taxes for earlier years | | 152 | - |
| - Deferred tax | | 13 | (43) |
| | | **3,500** | **3,557** |
| **Profit for the year** | | **16,633** | **9,019** |
| Earnings per equity share: | 27 | | |
| [Nominal value per share ₹ 10 : previous year ₹ 10] | | | |
| - Basic | | 12.83 | 6.20 |
| - Diluted | | 12.82 | 6.19 |

Significant accounting policies 2

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

As per our report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Cash Flow Statement

## FOR THE YEAR ENDED 31ST MARCH 2013

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| **PROFIT BEFORE TAX :** | 20,133 | 12,576 |
| Adjustment for : | | |
| Depreciation | 10,017 | 6,669 |
| Interest income | (1,046) | (923) |
| Interest expense | 4,740 | 7,402 |
| Dividend income | (389) | (828) |
| Provision for Doubtful Debts and Advances | 87 | - |
| Employee stock option scheme expense | - | (16) |
| (Profit) / Loss on sale of assets (net) | (7) | - |
| Loss on liquidation of subsidiary | - | 1 |
| Foreign Exchange (gain) / loss | (4,883) | (1,183) |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :** | **28,652** | **23,698** |
| Adjustment for : | | |
| Inventories | (1,832) | 350 |
| Trade & Other Receivables | (8,902) | (2,451) |
| Trade Payables | 1,770 | (2,428) |
| | **(8,964)** | **(4,529)** |
| **CASH GENERATED FROM OPERATIONS :** | **19,688** | **19,169** |
| Taxes paid | (3,357) | (3,493) |
| **NET CASH FROM/(USED IN) OPERATING ACTIVITIES :** | **16,331** | **15,676** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| Purchase of Fixed Assets | (51,686) | (16,826) |
| Proceeds from sale of Fixed Assets | 388 | 5 |
| Repayment of Loans by subsidiaries | 31,997 | - |
| Loans to Subsidiaries | - | (15,448) |
| Purchase of Current Investments | (816) | - |
| Interest received | 1,011 | 1,009 |
| Dividend received | 389 | 828 |
| **NET CASH FROM/(USED IN) INVESTING ACTIVITIES :** | **(18,717)** | **(30,432)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| Proceeds from issue of Share Capital | - | 9,814 |
| Deposit with banks in margin / reserve account against long term borrowings | (628) | (655) |
| Proceeds from Long Term Borrowings | 27,553 | 13,322 |
| Repayment of Long Term Borrowings | (12,468) | (8,465) |
| Interest Paid | (4,540) | (3,509) |

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Dividend paid | (5,040) | (2,461) |
| **NET CASH FROM/(USED IN) FINANCING ACTIVITIES :** | **4,877** | **8,046** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :** | **2,491** | **(6,710)** |
| CASH AND CASH EQUIVALENTS AS AT April 1, 2012 | 19,626 | 25,794 |
| Effect of exchange rate changes (Loss / (Gain)) | (263) | 542 |
| CASH AND CASH EQUIVALENTS AS AT Mar 31, 2013 (See note below) | 21,854 | 19,626 |
| | - | - |

| **Components of Cash and Cash equivalents** | **March 31, 2013** | **March 31, 2012** |
|---|---|---|
| Cash & Cash equivalents as per Note 19 | 14,019 | 12,866 |
| Short term higly liquid investment ( included in Other Current Investments ) | 7,835 | 6,760 |
| | **21,854** | **19,626** |

As per our Report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Notes to Financial Statements

## FOR THE YEAR ENDED 31ST MARCH 2013

### 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), 7 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. 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 :**

The financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

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 and rigs and stores & spares on rigs 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 payable under operating leases are charged to 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<br>- 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:**<br>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 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 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.

**(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 Lacs | No. of Shares | ₹ in Lacs |
| **Authorised** | | | | |
| Equity Shares of par value ₹ 10/- | 135,000,000 | 13,500 | 135,000,000 | 13,500 |
| Preference Shares of par value ₹ 10/- | 229,000,000 | 22,900 | 229,000,000 | 22,900 |
| **Issued, subscribed and paid up** | | | | |
| Equity Shares of par value ₹ 10/- fully paid up | 111,345,500 | 11,135 | 111,345,500 | 11,135 |
| 7.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up | 88,000,000 | 8,800 | 88,000,000 | 8,800 |
| 22.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up | 60,624,000 | 6,062 | 60,624,000 | 6,062 |
| **Total** | | **25,997** | | **25,997** |

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

| | Current Year | | Previous Year | |
|---|---|---|---|---|
| **Details** | No. of Shares | ₹ in Lacs | No. of Shares | ₹ in Lacs |
| **Equity Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 111,345,500 | 11,135 | 105,885,500 | 10,589 |
| Add: Issued during the year | - | - | 5,460,000 | 546 |
| Outstanding at the end of the year | **111,345,500** | **11,135** | **111,345,500** | **11,135** |
| **7.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 88,000,000 | 8,800 | 88,000,000 | 8,800 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | **88,000,000** | **8,800** | **88,000,000** | **8,800** |
| **22.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 60,624,000 | 6,062 | 60,624,000 | 6,062 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | **60,624,000** | **6,062** | **60,624,000** | **6,062** |

**(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 Company had issued 88,000,000 7.5% Cumulative Convertible Redeemable Preference Shares of the face value of ₹ 10/- each at a premium of ₹ 20/- each on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd". The Holding Company had in October 2009 decided not to opt for conversion of the preference shares into equity shares. Consequently, the terms of the Preference Shares was modified with the consent of the Preference shareholders. As per the revised terms, the said Preference shares would be redeemed at a premium of ₹ 30.90 per share, payable on redemption, in six annual installments, as under:

i. 14,500,000 Preference Shares on April 1, 2013

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

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

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

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

vi 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 lacs 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 Company has also issued 60,624,000 22.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each at a premium of ₹ 20/- each on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd". The said Preference shares would be redeemed at a premium of ₹ 20/- per share, payable on redemption, in four annual installments as, under:

i. 15,156,000 Preference Shares on April 1, 2014

ii. 15,156,000 Preference Shares on April 1, 2015

iii. 15,156,000 Preference Shares on April 1, 2016

iv. 15,156,000 Preference Shares on April 1, 2017

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 lacs shares at a time.

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

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Equity Shares<br>111,345,500 ( Previous year 109,242,000 ) shares | 11,135 | 10,924 |
| Preference Shares<br>7.5% Cumulative Redeemable Preference Shares<br>88,000,000 ( Previous year 88,000,000 ) shares | 8,800 | 8,800 |
| 22.5% Cumulative Redeemable Preference Shares<br>60,624,000 ( Previous year 60,624,000 ) shares | 6,062 | 6,062 |

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

| Name of Shareholder | Current Year % of Holding | Current Year No. of Shares held | Previous Year % of Holding | Previous Year No. of Shares held |
|---|---|---|---|---|
| **Equity Shares** | | | | |
| The Great Eastern Shipping Company Limited | 100% | 111,345,500 | 98.11% | 109,242,000 |
| **7.5% Cumulative Redeemable Preference Shares** | | | | |
| The Great Eastern Shipping Company Limited | 100% | 88,000,000 | 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 five different Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries. All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one equity share.

During the year under review, the Company has granted 136,800 options under ESOP 2010 as the last grant of options under the current Schemes. During the year, an encashment scheme was introduced by the Company 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, a total of 765,940 options were encashed under the said encashment scheme and 56,900 options were forfeited, making the total options outstanding as on March 31, 2013 to 969,560.With the encashment of all the outstanding stock options under the Scheme ESOP 2008-I, the Scheme stands closed as on March 31, 2013.

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-I | ESOP 2008-II | ESOP 2010 |
|---|---|---|---|---|---|---|
| 1. | Date of Grant | 10/08/07<br>28/01/08<br>05/05/09 | 28/01/08 | 12/02/08 | 23/10/08<br>19/03/09<br>05/05/09<br>24/07/09<br>23/10/09<br>28/12/09<br>18/03/10<br>30/04/10 | 23/09/10<br>30/04/11<br>24/10/11<br>27/04/12 |
| 2. | Date of Board Approval | 23/01/07 | 20/11/07 | 28/01/08 | 28/01/08 | 18/03/10 |
| 3. | Date of Shareholders' Approval | 27/03/07 | 21/11/07 | 31/01/08 | 31/01/08 | 23/04/10 |

| Sr. No. | PARTICULARS | ESOP 2007 | ESOP 2007-II | ESOP 2008-I | ESOP 2008-II | ESOP 2010 |
|---|---|---|---|---|---|---|
| 4. | Options approved | 1,000,000 | 200,000 | 100,000 | 1,710,000 | 1,028,900 |
| 5. | Options outstanding at the beginning of the year | 435,400 | 89,100 | 60,000 | 705,600 | 365,500 |
| 6. | Options granted during the year | -- | -- | -- | -- | 27/04/12- 136,800 |
| 7. | Options cancelled/forfeited during the year | -- | -- | -- | 4,740 | 52,160 |
| 8. | Options Exercised during the year | -- | -- | -- | -- | -- |
| 9. | Options encashed during the year | 338,980 | 63,500 | 60,000 | 270,600 | 32,860 |
| 10. | Options outstanding at the end of the year | 96,420 | 25,600 | NIL | 430,260 | 417,280 |
| 11. | Exercise Price/Weighted Average Exercise Price | 100 | 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 | 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 | Equity/Cash | Equity |
| 15. | Vesting period from the date of grant | 20% equally over a period of five years | One year | 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 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) |

The employee stock options schemes have been accounted based on the intrinsic value method upto the previous year.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 the year, the cost of the options encashed at the fair value as determined under the scheme amounting to ₹ 250 lacs (net of ₹ 212 lacs transferred from Share Options Outstanding Account) has been recognized in the statement of profit and loss as compensation expense. 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, 2013 of ₹ 243 lacs is included in long term provisions (Previous year ₹ 212 lacs was included in Share Options Outstanding Account).

## 4 RESERVES & SURPLUS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| **CAPITAL RESERVE** | | |
| Balance at the beginning and at the end of the year | 295 | 295 |
| **PREFERENCE SHARE CAPITAL REDEMPTION RESERVE** | | |
| Balance at the beginning of the year | 16,819 | 9,645 |
| Add: Transfer from securities premium reserve | 7,154 | 7,174 |
| Balance at the end of the year | **23,973** | **16,819** |
| **SECURITIES PREMIUM RESERVE** | | |
| Balance at the beginning of the year | 131,580 | 129,472 |
| Add: Premium on equity shares issued during the year | - | 9,282 |
| Less: Transfer to preference share capital redemption reserve | (7,154) | (7,174) |
| Balance at the end of the year | **124,426** | **131,580** |
| **SHARE OPTIONS OUTSTANDING ACCOUNT** | | |
| Balance at the beginning of the year | 212 | 242 |
| Add: Compensation for options granted during the year | - | 12 |
| Less: Reversal on account of options encashed | (212) | - |
| Less: Reversal on account of lapsed stock options | - | (42) |
| Balance at the end of the year | **-** | **212** |
| **FOREIGN CURRENCY TRANSLATION RESERVE** | | |
| Balance at the beginning of the year | 3,158 | - |
| Add: Additions during the year | 477 | 3,158 |
| Less: Transfer to statement of profit & loss on realisation | (2,873) | - |
| Balance at the end of the year | **762** | **3,158** |
| **GENERAL RESERVE** | | |
| Balance at the beginning of the year | 1,900 | 1,200 |
| Add: Transfer from statement of profit and loss | 1,700 | 700 |
| Balance at the end of the year | **3,600** | **1,900** |
| **HEDGING RESERVE** | | |
| Balance at the beginning of the year | (2,359) | 214 |
| (Less) / Add : Fair value (loss) / gain on derivative contracts designated as cash flow hedges (net) | 433 | (2,573) |
| Balance at the end of the year | **(1,926)** | **(2,359)** |
| **TONNAGE TAX RESERVE** | | |
| Balance at the beginning of the year | 6,685 | 5,685 |
| Add: Transfer from statement of profit and loss | 3,000 | 1,000 |
| Balance at the end of the year | **9,685** | **6,685** |

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| **SURPLUS IN STATEMENT OF PROFIT AND LOSS** | | |
| Balance at the beginning of the year | 19,798 | 17,520 |
| Add: Profit for the year | 16,633 | 9,019 |
| Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income Tax Act, 1961 | 3,000 | 1,000 |
| Profit available for appropriation | **33,431** | **25,539** |
| Less: Appropriations: | | |
| Transfer to general reserve | 1,700 | 700 |
| Interim dividend on 7.5% preference shares | 660 | 660 |
| Interim dividend on 22.5% preference shares | 1,364 | - |
| Proposed dividend on 22.5% preference shares | - | 1,450 |
| Proposed dividend on equity shares | 4,454 | 2,227 |
| Dividend distribution tax on equity and preference dividends | 1,085 | 704 |
| Balance at the end of the year | **24,168** | **19,798** |
| | **184,983** | **178,088** |

## 5 LONG TERM BORROWINGS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Secured : | | |
| Foreign currency term loans from banks | 73,783 | 68,011 |
| | **73,783** | **68,011** |

The 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 ₹ 10,880 lacs (previous year ₹ 12,106 lacs). The loans carry interest at the rate LIBOR plus 100 to 600 bps and are repayable in quarterly / half yearly installments over 4-10 years.

The Company has swapped the loans taken in JPY currency as a condition precedent to the loan agreements.

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

| | | 1-2 years | 2-3 years | 3-4 years | 4-5 years | ₹ in Lacs Beyond 5 years |
|---|---|---|---|---|---|---|
| Foreign currency term loans from banks | CY | 12,579 | 15,586 | 15,521 | 10,478 | 19,619 |
| | PY | (10,606) | (10,606) | (13,425) | (10,718) | (22,656) |

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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Provision for employee benefits | | |
| - Provision for compensated absences | 93 | 14 |
| - Director's Retirement Benefit Plan | 371 | - |
| - Employee Stock Options Scheme (refer note 3 (e)) | 243 | - |
| | **707** | **14** |

## 7 TRADE PAYABLES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Dues of micro, small and medium enterprises | - | - |
| Dues of other creditors (includes ₹ 3,749 Lacs; previous year ₹ 4,378 Lacs due to subsidiaries) | 6,263 | 5,504 |
| | **6,263** | **5,504** |

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, 2013 is ₹ NIL (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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Current maturities of long term borrowings* | 25,133 | 10,288 |
| Interest Accrued but not due on long term borrowings | 694 | 608 |
| Employee benefits payable | 969 | 938 |
| Statutory Liabilities | 1,567 | 1,287 |
| Creditors for capital expenses | 2 | 1,006 |
| Other liabilities | 703 | 617 |
| | **29,068** | **14,744** |

* Current maturities of long term borrowings include ₹ 11,197 lacs ( previous year Nil), 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Provision for employee benefits | | |
| - Provision for compensated absences | 22 | 68 |
| - Others | 848 | 670 |
| | **870** | **738** |
| Provision for income tax (net of advance payment of tax and tax deducted at source ₹ 10,397 Lacs; previous year ₹ 7,006 Lacs) | 138 | 44 |
| Provision for foreign taxes | 425 | 421 |
| Provision for mark to market losses / (gains) on derivative contracts | 1,872 | 2,537 |
| Interim preference dividend | 2,024 | 660 |
| Proposed preference dividend | - | 1,450 |
| Proposed equity dividend | 4,454 | 2,227 |
| Provision for dividend distribution tax | 1,085 | 704 |
| | **10,868** | **8,781** |

## 10 TANGIBLE ASSETS

**₹ in Lacs**

| PARTICULARS | GROSS BLOCK As at April 1, 2012 | Additions | Disposals | Other Adjustment * | As at March 31, 2013 | DEPRECIATION Upto April 1, 2012 | For the year | Disposals | Upto March 31, 2013 | NET BLOCK As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fleet | 138,555 | 48,720 | - | 5,532 | 192,807 | 18,865 | 9,502 | - | 28,367 | 164,440 | 119,690 |
| Leasehold improvements | 53 | 530 | 53 | | 530 | 40 | 82 | 43 | 79 | 451 | 13 |
| Furniture & fixtures | 159 | 66 | 124 | | 101 | 125 | 20 | 100 | 45 | 56 | 34 |
| Computers | 212 | 51 | 25 | | 238 | 159 | 36 | 25 | 170 | 68 | 53 |
| Office equipments | 145 | 251 | 117 | | 279 | 116 | 48 | 107 | 57 | 222 | 29 |
| Vehicles | 310 | 210 | 72 | | 448 | 158 | 101 | 59 | 200 | 248 | 152 |
| Plant & equipment | 812 | 696 | 322 | | 1,186 | 554 | 97 | - | 651 | 535 | 258 |
| **Total** | **140,246** | **50,524** | **713** | **5,532** | **195,589** | **20,017** | **9,886** | **334** | **29,569** | **166,020** | **120,229** |
| Previous Year - Total | 114,040 | 21,732 | 20 | 4,494 | 140,246 | 13,469 | 6,563 | 15 | 20,017 | | |

* 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 ₹ 5,532 Lacs (previous year loss ₹ 4,469 Lacs) and borrowing cost ₹ NIL (previous year ₹ 25 Lacs).

## 11 INTANGIBLE ASSETS

**₹ in Lacs**

| PARTICULARS | GROSS BLOCK As at April 1, 2012 | Additions | Disposals | As at March 31, 2013 | DEPRECIATION Upto April 1, 2012 | For the year | Disposals | Upto March 31, 2013 | NET BLOCK As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Software | 563 | 72 | 13 | 622 | 226 | 131 | 12 | 345 | 277 | 337 |
| **Total** | **563** | **72** | **13** | **622** | **226** | **131** | **12** | **345** | **277** | **337** |
| Previous Year - Total | 436 | 127 | - | 563 | 120 | 106 | - | 226 | | |

## 12 NON CURRENT INVESTMENT

| Name of Shareholder | Face Value | No. of Shares | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|---|
| Trade Investments (valued at cost) | | | | |
| Unquoted Equity instruments - fully paid up | | | | |
| Investments in subsidiaries | | | | |
| Greatship Global Energy Services Pte. Ltd., Singapore | USD 64 | 282,252 | 8,093 | 8,093 |
| Greatship Global Energy Services Pte. Ltd., Singapore | USD 1 | 1 | - * | - * |
| Greatship Global Holdings Ltd., Mauritius | USD 1 | 222,201,774 | 95,461 | 95,461 |
| Greatship (UK) ltd. | USD 1 | 500,000 | 226 | 226 |
| **Aggregate amount of unquoted investments** | | | **103,780** | **103,780** |

* indicates amount less than ₹ 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Difference in depreciation as per books and tax | 112 | 119 |
| Expenditure allowable for tax purposes on payment basis | 6 | 12 |
| **Total** | **118** | **131** |

## 14 LONG TERM LOANS & ADVANCES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured considered good | | |
| Capital advances | 384 | 297 |
| Security deposits | 121 | 116 |
| Loans and advances to related parties * | 7,057 | 36,888 |
| | **7,562** | **37,301** |

| | | |
|---|---|---|
| * Loans and advances to related parties include loans to subsidiaries as under : | | |
| Greatship Global Holdings Limited | 7,057 | 36,379 |
| Greatship (UK) Limited | - | 509 |
| | **7,057** | **36,888** |

## 15 OTHER NON CURRENT ASSETS

| Particulars | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unamortised finance charges | 602 | 717 |
| | **602** | **717** |

## 16 CURRENT INVESTMENTS

| Particulars | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Valued at lower of cost and fair value - fully paid up | | |
| **Quoted** | | |
| Canara Robeco Interval Series 2 Quarterly Plan 2 - Inst Dividend Fund | - | 500 |
| Kotak Quarterly Interval Plan Series 2 - Dividend | - | 200 |
| Kotak Quarterly Interval Plan Series 4 - Dividend | - | 600 |
| UTI Fixed Income Interval Fund Quaterly Plan Series III DDP | 303 | - |
| UTI Fixed Term Income Fund Series XIV VI (366 days) | 513 | - |
| **Unquoted** | | |
| Birla Sun Life Floating Rate Fund-STP-Daily Div -Reinvestment | - | 804 |
| Canara Robeco Liquid Fund regular Daily Dividend Reinvestment Fund | 184 | - |
| Canara Robeco Floating Rate Short Term Daily Dividend Reinvestment Fund | - | 1,005 |
| Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund | - | 513 |
| ICICI Prudential Ultra Short Term Regular Plan DDR | 1,506 | - |
| ICICI Prudential Blended Plan B Institutional Daily Dividend Option - II | - | 511 |
| IDFC Cash Fund Daily Dividend Regular Plan | 601 | - |
| IDFC Ultra Short Term Fund Daily Dividend | - | 208 |
| Birla Sunlife Cash Plus DD Regular Plan Reinvestment | 1,116 | - |
| Birla Sunlife Floating Rate Fund LTP DD Regular Plan Reinvestment | 2,069 | - |
| Kotak Liquid Scheme Plan A Daily Dividend | 202 | - |
| Reliance - Treasury Plan - Institutional Option - Daily Dividend Option | 718 | - |
| Reliance Liquidity Fund-Daily Dividend Reinvestment Option | - | 556 |
| Reliance Liquid Fund - Treasury Plan-Liquid Floater Regular Plan - Daily Dividend | - | 202 |
| SBI Magnum Insta Cash Fund | 603 | - |
| Sundaram Money Fund Regular Daily Dividend Reinvestment | 836 | 309 |
| TATA Liquidity Management Fund - Daily Dividend | - | 603 |
| UTI Money Market Fund - Institutional Daily Dividend - Re-Investment | - | 749 |
| **Total of quoted & unquoted investments** | **8,651** | **6,760** |
| **Aggregate amount of quoted Investments** | 816 | 1,300 |
| **Market Value of quoted Investments** | 816 | 1,300 |
| **Aggregate amount of unquoted Investments** | 7,835 | 5,460 |

## 17 INVENTORIES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| (Valued at lower of cost and net realisable value) | | |
| Stores & spares on board rigs | 4,747 | 3,433 |
| Fuel Oils | 967 | 449 |
| | **5,714** | **3,882** |

## 18 TRADE RECEIVABLES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured, considered good unless stated otherwise<br>Outstanding for a period exceeding six months from the date they are due for payment | | |
| - Considered good | 205 | 81 |
| - Considered doubtful | 1,811 | 1,723 |
| | 2,016 | 1,804 |
| - Provision for doubtful receivables | (1,811) | (1,723) |
| | 205 | 81 |
| Outstanding for a period less than six months from the date they are due for payment | | |
| - Considered good<br>(includes ₹ 879 Lacs; previous year ₹ 2,514 Lacs due from subsidiaries) | 21,877 | 13,295 |
| | **22,082** | **13,376** |

## 19 CASH AND BANK BALANCES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Cash and Cash Equivalents | | |
| Balances with banks | | |
| - Current accounts | 14,019 | 12,866 |
| Cash in hand | - * | - * |
| | 14,019 | 12,866 |
| Other bank balances : | | |
| Balances with banks in margin / reserve accounts | 1,283 | 655 |
| | 15,302 | 13,521 |

* indicates amount less than ₹ 1 lac.

## 20 SHORT TERM LOANS & ADVANCES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured, considered good, unless stated otherwise | | |
| Advances recoverable in cash or in kind | 317 | 242 |
| Agents current accounts | 28 | 28 |
| Deposits | - | 385 |
| Loans and advances to related parties * | 543 | - |
| Prepayments | 559 | 336 |
| | **1,447** | **991** |

| | | |
|---|---|---|
| * Loans and advances to related parties include loans to subsidiaries as under : | | |
| Greatship (UK) limited | 543 | - |
| | **543** | **-** |

## 21 OTHER CURRENT ASSETS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unamortised finance charges | 114 | 114 |
| | **114** | **114** |

## 22 REVENUE FROM OPERATIONS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Charter hire (refer note 34) | 101,662 | 82,660 |
| | **101,662** | **82,660** |

## 23 OTHER INCOME

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest income | | |
| - on deposits with banks | 7 | 8 |
| - on inter company loans | 1,004 | 910 |
| - Income tax refund | 35 | 5 |
| Dividend on current investments | 389 | 828 |
| Profit on sale of current investments | 1 | - |
| Profit on sale of fixed assets | 7 | - |
| Agency income | 110 | 256 |
| Miscellaneous income | 14 | 83 |
| Gain on foreign currency transactions (net) | 4,215 | 1,593 |
| | **5,782** | **3,683** |

## 24 EMPLOYEE BENEFIT EXPENSES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Salaries & wages | 14,007 | 11,324 |
| Contribution to provident & other funds | 508 | 686 |
| Employee stock option scheme expense | 493 | (16) |
| Staff welfare expenses | 853 | 555 |
| | **15,861** | **12,549** |

## 25 FINANCE COST

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest on term loans from banks | 4,503 | 3,530 |
| Finance charges | 237 | 162 |
| Exchange difference to the extent, considered as an adjustment to borrowing cost | - | 3,735 |
| | **4,740** | **7,427** |
| Less : Pre-delivery interest and finance charges capitalised | - | 25 |
| | **4,740** | **7,402** |

## 26 OTHER EXPENSES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Fuel, oil & water | 2,011 | 1,928 |
| Hire of chartered rigs, vessels and equipments | 40,801 | 34,969 |
| Consumption of stores and spares | 4,757 | 3,996 |
| Technical management fees | 48 | 15 |
| Agency fees | 161 | 108 |
| Port Dues | 34 | 29 |
| Repairs and maintenance | | |
| - Rigs and vessels | 1,611 | 909 |
| - Buildings | 8 | 2 |
| - Others | 149 | 71 |
| Insurance | | |
| - Fleet insurance | 2,495 | 1,753 |
| - Others | 80 | 60 |
| Travelling and conveyance expenses | 862 | 770 |
| Communication expenses | 734 | 511 |
| Rent | 572 | 470 |

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| Rates and taxes | | 3 | 56 |
| Brokerage and commission | | (58) | 7 |
| Payment to Auditors (refer note 28) | | 36 | 49 |
| Provision for doubtful debts and advances | | 87 | - |
| Miscellaneous expenses | | 2,302 | 1,444 |
| | | **56,693** | **47,147** |

## 27 EARNINGS PER SHARE

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Profit for the period | | 16,633 | 9,019 |
| Less : Dividend on Cumulative Preference Shares | | 2,024 | 2,024 |
| Less : Dividend distribution tax on preference dividend | | 328 | 328 |
| Profit attributable to Equity share holders | | **14,281** | **6,667** |
| Number of Equity Shares as on April 1 | | 111,345,500 | 105,885,500 |
| 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 | 107,586,156 |
| Face value of per Equity Share | ₹ | 10 | 10 |
| Basic earnings per share | ₹ | 12.83 | 6.20 |

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **Diluted earnings per share** | | | |
| Profit for the year | | 16,633 | 9,019 |
| Less : Dividend on Cumulative Preference Shares | | 2,024 | 2,024 |
| Less : Dividend distribution tax on preference dividend | | 328 | 328 |
| Profit attributable to Equity share holders | | **14,281** | **6,667** |
| Weighted average number of Equity shares outstanding during the year | | 111,345,500 | 107,586,156 |
| Add : Potential Equity shares on exercise of options | | 21,520 | 153,657 |
| Weighted average number of Equity shares outstanding during the year | | 111,367,020 | 107,739,813 |
| Face value of per Equity Share | ₹ | 10 | 10 |
| Diluted earnings per share | ₹ | 12.82 | 6.19 |

## 28 CONTINGENT LIABILITIES

a) Guarantees given by banks ₹ 10,993 Lacs (previous year ₹ 12,454 Lacs).

b) Corporate guarantees given on behalf of subsidiary companies ₹ 230,499 Lacs (previous year ₹ 204,725 Lacs).

c) Customs duty in respect of vessel provisionally cleared against security bond furnished by the company ₹ NIL (previous year ₹ 882 Lacs). The vessel is finally assessed on 2nd April 2013.

d) 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 ₹ 2,724 Lacs (previous year ₹ 2,724 Lacs). However, the Company is of the view that in the unforeseen circumstances that the demand is sustained, the same would be recoverable from the service receiver under the terms of contract. 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.

e) Custom duty demand for Marine Gas Oil to be treated as Light Diesel Oil during conversions of the vessels from a foreign-run vessels to a coastal-run vessels. While the notices do not specify the demand amount and is disputed by the company, it is estimated to be around ₹ 72 Lakhs (previous year ₹ 12 lacs) cumulatively.

f) The company has received a Show Cause Notice from Service Tax Dept demanding a sum of ₹ 22 Lacs (previous year ₹ NIL) in relation to excess utilized Cenvat Credit i.e. more than 20% during the period Aug'07 to Feb'08.

g) The company has received a draft assessment order for the year ended 31 March 2009 proposing a total income adjustment of ₹ 3,351 lacs. While the order is disputed and an appeal has been filed before the Dispute Resolution Panel, in case, the demand is raised the same is estimated to be around 258 lacs.

## 29 CAPITAL COMMITMENTS

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - ₹ 1,500 Lacs (previous year ₹ NIL).

## 30 AUDITORS REMUNERATION

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| a) Audit Fees | 15 | 15 |
| b) In Other Capacity | | |
| - Tax Audit | 3 | 3 |
| - Taxation Matters | 11 | 9 |
| - Certification & Other Services | 7 | 22 |
| | **36** | **49** |

## 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Contribution to Provident Fund | 151 | 72 |
| Contribution to Superannuation Fund | 20 | 14 |
| Contribution to Seamens' Providend Fund | 46 | 37 |
| Contribution to Seamens' Pension Annuity Fund | 58 | 49 |
| Contribution to Seamens' Gratuity Fund | 15 | 12 |

**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:

| Actuarial Assumption for the Year | Gratuity Current Year | Gratuity Previous Year | Pension Plan Current Year | Pension Plan Previous Year | Compensated Absences Current Year | Compensated Absences Previous Year |
|---|---|---|---|---|---|---|
| a) Discount Rate (per annum) | 8.5% | 8.5% | 8.5% | - | 8.5% | 8.5% |
| b) Rate of Return on Plan Assets | NA | NA | - | - | NA | NA |
| c) Salary Escalation Rate | 10.0% | 9.0% | - | - | 10.0% | 9.0% |
| d) Mortality | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 | - | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 |
| e) Attrition rate - Shore Staff | 8.0% | 5.0% | - | - | 8.0% | 5.0% |
| f) Attrition rate - Rig Staff | 10.0% | 5.0% | - | - | - | - |
| g) Expected average remaining service - Shore Staff | 7.03 | 11.41 | - | - | 8.43 | 11.46 |
| h) Expected average remaining service - Rig Staff | 8.41 | 10.75 | - | - | - | - |

₹ in Lacs

| i) Change in Benefit Obligation : | 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 beginning of the year | 177.45 | 104.70 | - | - | 15.54 | 15.21 |
| Interest Cost | 15.02 | 8.38 | - | - | 1.23 | 1.19 |
| Current Service Cost | 177.32 | 72.54 | - | - | 56.14 | 42.75 |
| Benefits Paid | (1.54) | - | - | - | (2.16) | (0.77) |
| Actuarial (Gain) / loss on Obligation | 66.08 | (8.17) | 371 | - | (40.60) | (42.85) |
| Liability at the end of the year | 434.33 | 177.45 | 371 | - | 30.15 | 15.54 |

₹ in Lacs

| ii) Fair Value of Plan Assets : | Gratuity Current Year | Gratuity Previous Year | Pension Plan Current Year | Pension Plan Previous Year | Compensated Absences Current Year | Compensated Absences Previous Year |
|---|---|---|---|---|---|---|
| Fair Value of Plan Assets at the beginning of the year | 178.15 | - | - | - | - | - |
| Expected Return on Plan Assets | 22.26 | 6.33 | - | - | - | - |
| Employer's Contribution | 238.90 | 168.74 | - | - | 2.16 | 0.77 |
| Benefits Paid | (1.54) | - | - | - | (2.16) | (0.77) |
| Actuarial Gain / (loss) on Plan Assets | (3.49) | 3.09 | - | - | - | - |
| Fair Value of Plan Assets at the end of the year | (434.29) | (178.15) | - | - | - | - |
| Funded Status (including unrecognised past service cost) | (0.04) | 0.70 | (371) | - | (30.15) | (15.86) |

₹ in Lacs

| 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 | 22.26 | 6.33 | - | - | - | - |
| Actuarial Gain/(Loss) for the period (Obligation) | (66.08) | 8.17 | (371) | - | 40.60 | 42.85 |
| Actuarial Gain / (loss) on Plan Assets | (3.49) | 3.09 | - | - | - | - |
| Actual Return on Plan Assets | 18.78 | 9.41 | - | - | - | - |

₹ in Lacs

| 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 | 434.33 | 177.45 | 371 | - | 30.15 | 15.86 |
| Fair Value of Plan Assets at the end of the year | 434.29 | 178.15 | - | - | - | - |
| Funded Status | (0.04) | 0.70 | (371) | - | (30.15) | (15.86) |
| Unrecognised past Service Cost | - | - | - | - | - | - |
| Amount Recognised in Balance Sheet | (0.04) | 0.70 | 371 | - | (30.15) | (15.86) |

₹ in Lacs

| 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 | 177.3 | 272.54 | - | - | 56.14 | 42.75 |
| Interest Cost | 15.02 | 8.38 | - | - | 1.23 | 1.19 |
| Acturial return on Plan Assets | (22.26) | (6.33) | - | - | - | - |
| Net Acturial (Gain) / Loss to be recognised | 69.57 | (11.25) | (371) | - | (40.60) | (42.85) |
| Expenses recognised in the profit and loss | 239.64 | 63.34 | (371) | - | 16.78 | 1.09 |

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

Gratuity — ₹ in Lacs

| vii) Other disclosures | 2012 - 13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| Present Value of Defined benefit obligation | 434 | 177 | 105 | 59 | 15 |
| Fair value of plan assets | 434 | 178 | - | - | - |
| Surplus or (Deficit) in the plan | (0) | 1 | - | - | - |

Compensated Absences — ₹ in Lacs

| vii) Other disclosures | 2012 - 13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| Present Value of Defined benefit obligation | 30 | 16 | 15 | 14 | 6 |
| Fair value of plan assets | - | - | - | - | - |
| Surplus or (Deficit) in the plan | - | - | - | - | - |

Gratuity — ₹ in Lacs

| viii) Experience History | 2012 - 13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| (Gain)/Loss on obligation due change in Assumption | (15) | (9) | 16 | 9 | - |
| Experience (Gain)/Loss on obligation | 81 | 1 | (28) | 1 | 18 |
| Acturial Gain/(Loss) on plan assets | (3) | 3 | - | - | - |

Compensated Absences — ₹ in Lacs

| viii) Experience History | 2012 - 13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| (Gain)/Loss on obligation due change in Assumption | 1 | (1) | 1 | 3 | - |
| Experience (Gain)/Loss on obligation | (42) | (42) | (28) | (19) | 9 |
| Acturial 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 ₹ 75 lakhs 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 ₹ 50 lakhs 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 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 Subsea Solutions Singapore Pte. Ltd., Singapore

Greatship Subsea Solutions Australia Pty. Ltd., Australia

Greatship (UK) Ltd., UK

Greatship Global Offshore Management Services Pte. Ltd., Singapore

c) **Fellow Subsidiaries :**

The Great Eastern Chartering LLC (FZC), Sharjah

The Great Eastern Shipping Company (London) Ltd., London

The Greatship (Singapore) Pte. Ltd., Singapore

d) **Key Management Personnel :**

Mr. Bharat K. Sheth - Chairman

Mr. Ravi K. Sheth - Managing Director

Mr. P.R. Naware - Executive Director

e) **Relative of Key Management Personnel :**

Ms. Nirja B. Sheth - Daughter of Chairman

**Transactions with related parties**

₹ in Lacs

| Nature of transaction | Holding Company Current Year | Holding Company Previous Year | Subsidiary Companies Current Year | Subsidiary Companies Previous Year | Fellow Subsidiaries Current Year | Fellow Subsidiaries Previous Year | Key Management Personnel and Relatives Current Year | Key Management Personnel and Relatives Previous Year |
|---|---|---|---|---|---|---|---|---|
| Corporate Guarantees Given / (Received) | (12,930) | - | | | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | 39,393 | 13,229 | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 74,106 | - | | | | |
| Loan Given and (Returned) | | | | | | | | |
| Greatship Global Holdings Ltd. | | | (27,235) | 15,448 | | | | |
| Purchase of vessels including bunker, stores and spares, etc on board | | | | | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | 48,594 | - | | | | |
| Transfer of inventory on incharter of rig | | | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 1,076 | - | | | | |
| Delivery and redelivery of inventory on onhire and offhire of rig | | | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 1,927 | - | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | (1,927) | - | | | | |
| Redelivery of inventory on offhire of vessels | | | | | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd. | | | 214 | - | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd. | | | (49) | - | | | | |
| Agency Income | | | | | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | 110 | 172 | | | | |
| Greatship Subsea Solutions Australia Pty Ltd. | | | - | 84 | | | | |
| Interest Income on Loan | | | | | | | | |
| Greatship Global Holdings Ltd. | | | 982 | 890 | | | | |
| Greatship (UK) Ltd. | | | 22 | 19 | | | | |
| Dividend Paid | | | | | | | | |
| The Great Eastern Shipping Company Ltd. | 4,337 | 2,076 | | | | | | |
| Ravi K Sheth | | | | | | | - | 42 |
| Inchartering Expenses | | | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 34,693 | 33,881 | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | 386 | 173 | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd. | | | 4,609 | 851 | | | | |
| Inchartering Income | | | | | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd. | | | 508 | 2,645 | | | | |
| Greatship (UK) Ltd. | | | 6,438 | 4,291 | | | | |
| Remuneration Paid | | | | | | | | |
| Ravi K Sheth | | | | | | | 514 | 400 |
| P R Naware | | | | | | | 243 | 107 |
| Relative of Key Management Personnel Remuneration Paid | | | | | | | | |
| Nirja B Sheth | | | | | | | 14 | 13 |
| Finance Provided | | | | | | | | |
| Equity | - | 9,828 | | | | | | |
| Re-imbursement of Expenses Paid/(Received) | (24) | 62 | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | - | 901 | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | - | (1,952) | | | | |
| Greatship (UK) Ltd. | - | - | 1,011 | - | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd | | | (12) | (48) | | | | |
| Outstanding Balance as on 31.03.2013 | | | | | | | | |
| Receivables | | | | | | | | |
| Greatship (UK) Ltd. | | | 879 | 1,742 | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd | | | - | 681 | | | | |
| Payables | | | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 2,119 | 1,957 | | | | |
| Greatship (UK) Ltd. | | | 1,008 | 1,795 | | | | |
| Greatship Subsea Solutions Singapore Pte. Ltd. | | | 621 | 101 | | | | |
| Corporate Guarantees Given / (Received) | (179,448) | (290,395) | | | | | | |
| Greatship Global Energy Services Pte. Ltd. | | | 173,688 | 111,909 | | | | |
| Greatship Global Offshore Services Pte. Ltd. | | | 56,811 | 92,816 | | | | |

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:

| | Current Year | | Previous Year | |
|---|---|---|---|---|
| **Details** | Purchase | Sale | Purchase | Sale |
| Total no. of Contracts | - | 24 | - | 12 |
| Notional amount of Foreign Currency (USD in Million) | - | 18 | - | 6 |
| Amount recognised in Hedging reserve (loss) / gain (₹ in Lacs) | - | 20 | - | (266) |
| Maturity Period | - | upto 12 months | - | upto 12 months |

(ii) Forward exchange option contracts:

| | Current Year | | Previous Year | |
|---|---|---|---|---|
| **Details** | Purchase | Sale | Purchase | Sale |
| Total no. of Contracts | - | - | - | 60 |
| Foreign Currency Value (USD in Million) | - | - | - | 24 |
| Amount recognised in Hedging reserve (loss) / gain (₹ in Lacs) | - | - | - | (1027) |
| Maturity Period | - | - | - | upto 12 months |

(iii) Interest rate swap contracts:

| **Details** | Current Year | Previous Year |
|---|---|---|
| Total No. of contracts | 2 | 2 |
| Principal Notional Amount (USD million) | 15 | 17 |
| Amount recognised in Hedging Reserve (loss) / gain (₹ in Lacs) | (703) | (762) |
| Maturity Period | Upto 53 Months | Upto 65 Months |

(iv) Currency cum interest rate swap contracts:

| Details | Current Year | Previous Year |
|---|---|---|
| Total No. of contracts | 5 | 5 |
| Principal Notional Amount (USD million) | 45 | 53 |
| Principal Notional Amount (JPY million) | (4799) | (5712) |
| Amount recognised in Hedging Reserve (loss) / gain (` In Lacs) | (1242) | (303) |
| Maturity Period | Upto 68 Months | Upto 80 Months |

**b) Un-hedged foreign currency exposures as on March 31, 2013 :**

| Details | Current Year | Previous Year |
|---|---|---|
| Loan liabilities and Payables | | |
| (USD in millions) | 193 | 164 |
| (GBP in millions) | 1 | 1 |
| (JPY in millions) | 1 | - |
| Receivables | | |
| (USD in millions) | 12 | 25 |
| Bank Balances | | |
| (USD in millions) | 25 | 25 |

**c)** 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, 2013 amounting to (₹ 1,926 lacs) (Previous year ₹ (2,359) lacs) has been recorded in the hedging reserve account as on March 31, 2013.

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.

## 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Revenue from customers outside India | 12,814 | 9,595 |
| Revenue from customers within India | 88,848 | 73,065 |
| Total | **101,662** | **82,660** |

(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, 2013 geographical segment wise reporting is not applicable.

## 35 OPERATING LEASE

Operating Lease Commitments - where the company is lessee

The Company has taken two Rigs on operating lease for 5 years and one Rig on operating lease for 1.5 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| a) Total Future Minimum Lease payments | | |
| - Not later than 1 year | 36,424 | 31,899 |
| - Later than 1 year and not later than 5 years | 57,032 | 87,297 |

b) Lease payments recognised in the statement of profit and loss for the period ₹ 35,265 Lacs (previous year ₹ 34,351 Lacs)

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

**36** Ministry of Corporate Affairs, Government of India vide circular dated 9th August,2012 clarified that para 6 of Accounting Standard (AS 11) and para 4(e) of Accounting Standard (AS 16) shall not apply to a Company which is applying para 46 A of AS 11.

Consequent thereto, no adjustment has been made during the year for exchange differences on foreign currency loans to the extent regarded as adjustment to interest cost as per para 4(e) of AS 16. Had the Company followed the same accounting treatment as in the previous year i.e. prior to receipt of the above clarification, interest expense for the year would have been higher by ₹ 4,767 lacs and the profit before tax as well as the related cost of fixed assets would have been lower to that extent.

**37** The company has changed the estimated useful life for two of its second hand Platform Supply Vessels (PSVs) so as to depreciate the asset over 20 years from date of building as against date of acquisition. The depreciation charge for the year is higher by ₹ 572 lacs consequent to change.

**38 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Incharter Expenses | 38,437 | 33,418 |
| Fuel Expenses | 1,960 | 1,720 |
| Stores & Spares | 2,681 | 2,484 |
| Repairs and Maintenance | 560 | 504 |
| Other Operating Expenses | 4,253 | 3,609 |
| Interest | 4,740 | 3,713 |

**c)** Earnings in foreign currency

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Charter Hire | 98,887 | 82,660 |
| Agency Income | 110 | 256 |
| Interest Income | 1,005 | 917 |
| Miscellaneaous Income | 4 | 23 |

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

**39** 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 Subsea Solutions Singapore Pte. Ltd. * | Greatship Subsea Solutions Australia Pty Limited ** | Greatship (UK) Limited + | Greatship Global Offshore Management Services Pte. Ltd. * |
|---|---|---|---|---|---|---|---|
| Financial Year ended | March 31, 2013 | March 31, 2013 | March 31, 2013 | March 31, 2013 | March 31, 2013 | March 31, 2013 | March 31, 2013 |
| Date from which it became a Subsidiary | May 30, 2007 | May 8, 2007 | October 23, 2006 | August 12, 2010 | August 17, 2010 | October 29, 2010 | December 9, 2010 |
| Extent of interest of the Holding Company in the Capital of the Subsidiary | 100% | 100% | 100% | 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 | ₹ (913,972) | ₹ 922,791,941 | ₹ 1,868,299,632 | ₹ (176,439,188) | ₹ 518,210,537 | ₹ 53,234,548 | ₹ (20,841,822) |
| (ii) Previous Year since it became Subsidiary | ₹ (8,024,641) | ₹ 297,799,522 | ₹ 3,312,435,959 | ₹ (165,049,378) | ₹ (607,624,478) | ₹ (69,782,429) | ₹ 41,472,695 |
| 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 | - | - | - | - | - | - | - |

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 May 1, 2013

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

$Greatship Global Offshore Services Pte. Ltd. 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. are wholly owned subsidiaries of Greatship Global Offshore Services Pte. Ltd.

**Greatship Subsea Solutions Australia Pty Limited, the wholly owned subsidiary of Greatship Subsea Solutions Singapore Pte. Ltd., has made an application to Australian Securities & Investments Commission for voluntary deregistration on April 26, 2013.

For and on behalf of the Board

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

**Amisha M. Ghia**
Company Secretary

Mumbai, May 1, 2013

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

**₹ in Lacs**

| Name of Subsidiary | Greatship Global Holdings Ltd. | Greatship Global Offshore Services Pte. Ltd. | Greatship Global Energy Services Pte. Ltd. | Greatship Subsea Solutions Singapore Pte. Ltd. | Greatship Subsea Solutions Australia Pty Limited | Greatship (UK) Limited | Greatship Global Offshore Management Services Pte. Ltd. |
|---|---|---|---|---|---|---|---|
| Capital | 120,633 | 65,724 | 64,586 | 1,629 | 1,520 | 271 | 60 |
| Reserves* | (95) | 10,713 | 51,341 | (3,526) | (1,301) | (212) | 234 |
| Total Assets | 127697 | 133,536 | 293,618 | 8,977 | 1,759 | 5,020 | 940 |
| Total Liabilities | 127697 | 133,536 | 293,618 | 8,977 | 1,759 | 5,020 | 940 |
| Investments (except in case of investment in subsidiaries) | - | - | - | - | - | - | - |
| Turnover | 986 | 27,182 | 33,430 | 21,234 | 7,125 | 12,636 | 7,285 |
| Profit/(Loss) before taxation* | (9) | 9,415 | 18,689 | (1,747) | 5,182 | 532 | (208) |
| Provision for taxation | - | 187 | 6 | 18 | - | - | - |
| Profit/(Loss) after taxation* | (9) | 9,228 | 18,683 | (1,764) | 5,182 | 532 | (208) |
| Dividend proposed/paid | - | - | - | - | - | - | - |

* Figures include foreign currency translation adjustment.

# 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, 2013, 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, 2013;

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 the group's share of total assets of ₹ 419,515 lakhs as at March 31, 2013, and the group's share of total revenues of ₹ 40,793 lakhs and net cash outflows amounting to ₹ 18,376 lakhs 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 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.

For and on behalf of
**Kalyaniwalla & Mistry**
Chartered Accountants
Registration No. 104607W

**Viraf R. Mehta**
Partner
Membership No: 32083
Place : Mumbai
Date: May 1, 2013

# Consolidated Balance Sheet

## AS AT 31ST MARCH 2013

| | Notes | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholder's funds** | | | |
| Share capital | 5 | 25,997 | 25,997 |
| Reserves and surplus | 6 | 262,966 | 219,580 |
| | | **288,963** | **245,577** |
| **Non current liabilities** | | | |
| Long term borrowings | 7 | 252,841 | 216,772 |
| Long term provisions | 8 | 775 | 14 |
| | | **253,616** | **216,786** |
| **Current liabilities** | | | |
| Trade payables | 9 | 7,468 | 11,428 |
| Other current liabilities | 10 | 65,714 | 43,369 |
| Short term provisions | 11 | 16,159 | 14,305 |
| Liability associated with non current asset held for sale | 14 | - | 2,288 |
| | | **89,341** | **71,390** |
| **Total** | | **631,920** | **533,753** |
| **ASSETS** | | | |
| **Non current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 519,226 | 404,280 |
| Intangible assets | 13 | 282 | 350 |
| Capital work-in-progress | | - | 41,294 |
| Non current asset held for sale | 14 | - | 4,899 |
| Deferred tax assets (net) | 15 | 118 | 131 |
| Long-term loans and advances | 16 | 1,248 | 1,298 |
| Other non-current assets | 17 | 2,554 | 2,965 |
| | | **523,428** | **455,217** |
| **Current assets** | | | |
| Current Investments | 18 | 8,651 | 6,760 |
| Inventories | 19 | 5,893 | 4,281 |
| Trade receivables | 20 | 25,762 | 24,595 |
| Cash and bank balances | 21 | 65,571 | 34,663 |
| Short-term loans and advances | 22 | 1,611 | 7,638 |
| Other current assets | 23 | 1,004 | 599 |
| | | **108,492** | **78,536** |
| **Total** | | **631,920** | **533,753** |

Significant accounting policies 4

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

As per our report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Consolidated Statement of Profit and Loss

## FOR THE YEAR ENDED 31ST MARCH 2013

| | Notes | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **Revenue :** | | | |
| Revenue from operations | 24 | 127,058 | 120,907 |
| Other income | 25 | 13,088 | 1,797 |
| **Total Revenue** | | **140,146** | **122,704** |
| **Expenses :** | | | |
| Employee benefit expenses | 26 | 24,929 | 26,599 |
| Finance cost | 27 | 13,559 | 15,754 |
| Depreciation and amortisation expense | 12/13 | 22,906 | 19,119 |
| Impairment loss on certain assets | | 3,178 | 1,998 |
| Other expenses | 28 | 28,945 | 33,583 |
| **Total expenses** | | **93,517** | **97,053** |
| **Profit before tax** | | **46,629** | **25,651** |
| Tax expenses : | | | |
| - Current tax | | 3,392 | 3,671 |
| - Taxes for earlier years | | 152 | - |
| - Deferred tax | | 13 | (43) |
| | | **3,557** | **3,628** |
| **Profit for the year** | | **43,072** | **22,023** |
| Earnings per equity share: | 29 | | |
| [Nominal value per share ₹ 10 : previous year ₹ 10] | | | |
| - Basic | | 36.57 | 18.28 |
| - Diluted | | 36.56 | 18.26 |
| Significant accounting policies | 4 | | |

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

As per our report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Consolidated Cash Flow Statement

## FOR THE YEAR ENDED ON 31ST MARCH 2013

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| | **PROFIT BEFORE TAX:** | **46,629** | **25,651** |
| | Adjustment for: | | |
| | Depreciation | 22,906 | 19,119 |
| | Impairment loss on non current asset classified as held for sale | 3,178 | 1,998 |
| | Interest income | (231) | (59) |
| | Interest Expense | 13,559 | 15,754 |
| | Dividend income | (389) | (828) |
| | Provision for Bad and Doubtful Debts | 87 | 27 |
| | Employee stock option scheme expense | - | (16) |
| | Profit/Loss on sale of Fixed Assets / Vessels | (6,131) | 649 |
| | (Profit) / Loss on cancellation of Vessel/Finance Lease | (1,800) | - |
| | Loss on liquidation of subsidiary | - | 1 |
| | Foreign Exchange (gain) / loss | (4,067) | 3,337 |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :** | **73,741** | **65,633** |
| | Adjustment for: | | |
| | Inventory | (1,584) | 56 |
| | Trade & Other Receivables | 2,258 | (9,836) |
| | Trade payables | 1,196 | 7,130 |
| | | **1,870** | **(2,650)** |
| | **CASH GENERATED FROM OPERATIONS :** | **75,611** | **62,983** |
| | Taxes paid | (3,431) | (3,537) |
| | **NET CASH FROM/(USED IN) OPERATING ACTIVITIES :** | **72,180** | **59,446** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| | Purchase of Fixed Assets | (101,250) | (59,860) |
| | Proceeds from sale of Fixed Assets | 36,312 | 5,903 |
| | Purchase of Current Investments | (816) | - |
| | Placement fof fixed deposit | (9,403) | - |
| | Interest received | 1,735 | 143 |
| | Dvidend received | 389 | 828 |
| | **NET CASH FROM/(USED IN) INVESTING ACTIVITIES :** | **(73,033)** | **(52,986)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| | Proceeds from issue of Share Capital | - | 9,814 |
| | Deposit with banks in margin / reserve account against long term borrowings | (773) | (655) |
| | Proceeds from Long Term Borrowings | 113,092 | 26,043 |
| | Repayment of Long Term Borrowings | (63,910) | (38,232) |
| | Repayment of Finance Leases | (8,164) | (581) |

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest paid | (13,484) | (13,405) |
| Dividend paid | (5,040) | (2,461) |
| **NET CASH FROM/(USED IN) FINANCING ACTIVITIES :** | **21,721** | **(19,477)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :** | **20,868** | **(13,017)** |
| CASH AND CASH EQUIVALENTS AS AT April 1, 2012 | 38,733 | 48,055 |
| Exchange difference on translation of foreign currency cash and cash equivalents | 802 | 3,695 |
| CASH AND CASH EQUIVALENTS AS AT Mar 31, 2013 (See note below) | 60,403 | 38,733 |

| **Components of Cash and Cash equivalents** | **March 31, 2013** | **March 31, 2012** |
|---|---|---|
| Cash & Cash Equivalents as per Note 21 | 52,568 | 31,973 |
| Short term highly liquid investment ( included in Current Investment ) | 7,835 | 6,760 |
| | **60,403** | **38,733** |

As per our Report attached hereto

For and on behalf of
**KALYANIWALLA & MISTRY**
Chartered Accountants

For and on behalf of the Board

**Viraf R. Mehta**
Partner
Mumbai, May 1, 2013

**Amisha M. Ghia**
Company Secretary

**Ravi K. Sheth**
Managing Director

**P.R.Naware**
Executive Director

# Notes to Consolidated Financial Statements

## FOR THE YEAR ENDED 31ST MARCH 2013

### 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, drilling services and subsea 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. 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 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, 2013.

### 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) (subsidiary of GGOS) (Incorporated on August 12, 2010) | Singapore | 100% | 100% |
| 5. Greatship Subsea Solutions Australia Pty. Ltd. (GSSA) (subsidiary of GSSS) (Incorporated on August 17, 2010) (Refer Note 39) | Australia | 100% | 100% |
| 6. Greatship (UK) Ltd. (GUK) (Incorporated on October 29, 2010) | UK | 100% | 100% |
| 7. Greatship Global Offshore Management Services Pte. Ltd., (GGOMS) (subsidiary of GGOS) (Incorporated December 09, 2010) | Singapore | 100% | 100% |

## 4 SIGNIFICANT ACCOUNTING POLICIES

**(a) Basis of Preparation:**

The financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

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 and rigs and stores & spares on rigs are carried at lower of cost or net realizable value. Stores and spares delivered on board the vessel are charged to revenue. Stores & spares on board the Rig 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:**

(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 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 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.

**(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 | |
|---|---|---|---|---|
| **Details** | **No. of Shares** | **₹ in Lacs** | No. of Shares | ₹ in Lacs |
| **Authorised** | | | | |
| Equity Shares of par value ₹ 10/- | 135,000,000 | 13,500 | 135,000,000 | 13,500 |
| Preference Shares of par value ₹ 10/- | 229,000,000 | 22,900 | 229,000,000 | 22,900 |
| **Issued, subscribed and paid up** | | | | |
| Equity Shares of par value ₹ 10/- fully paid up | 111,345,500 | 11,135 | 111,345,500 | 11,135 |
| 7.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up | 88,000,000 | 8,800 | 88,000,000 | 8,800 |
| 22.5% Cumulative Redeemable Preference Shares of par value ₹ 10/- fully paid up | 60,624,000 | 6,062 | 60,624,000 | 6,062 |
| **Total** | | **25,997** | | **25,997** |

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

| Details | Current Year No. of Shares | Current Year ₹ in Lacs | Previous Year No. of Shares | Previous Year ₹ in Lacs |
|---|---|---|---|---|
| **Equity Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 111,345,500 | 11,135 | 105,885,500 | 10,589 |
| Add: Issued during the year | - | - | 5,460,000 | 546 |
| Outstanding at the end of the year | **111,345,500** | **11,135** | **111,345,500** | **11,135** |
| **7.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 88,000,000 | 8,800 | 88,000,000 | 8,800 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | **88,000,000** | **8,800** | **88,000,000** | **8,800** |
| **22.5% Cum Redeemable Preference Shares of par value ₹ 10/- fully paid up** | | | | |
| Outstanding at the beginning of the year | 60,624,000 | 6,062 | 60,624,000 | 6,062 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the year | **60,624,000** | **6,062** | **60,624,000** | **6,062** |

**(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 Company had issued 88,000,000 7.5% Cumulative Convertible Redeemable Preference Shares ("Preference shares") of the face value of ` 10/- each at a premium of ` 20/- each on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd". The Holding Company had in October 2009 decided not to opt for conversion of the preference shares into equity shares. Consequently, the terms of the Preference Shares was modified with the consent of the Preference shareholders. As per the revised terms, the said Preference shares would be redeemed at a premium of ` 30.90 per share, payable on redemption, in six annual installments, as under:

i. 14,500,000 Preference Shares on April 1, 2013
ii. 14,500,000 Preference Shares on April 1, 2014
iii. 14,500,000 Preference Shares on April 1, 2015
iv. 14,500,000 Preference Shares on April 1, 2016
v. 15,000,000 Preference Shares on April 1, 2017
vi. 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 Lacs 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 Company has also issued 60,624,000 22.5% Cumulative Redeemable Preference Shares of face value ₹ 10/- each at a premium of ₹ 20/- each on preferential basis to the Holding Company, "The Great Eastern Shipping Company Ltd". The said Preference shares would be redeemed at a premium of ₹ 20/- per share, payable on redemption, in four annual installments, as under:

i. 15,156,000 Preference Shares on April 1, 2014
ii. 15,156,000 Preference Shares on April 1, 2015
iii. 15,156,000 Preference Shares on April 1, 2016
iv. 15,156,000 Preference Shares on April 1, 2017

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 lacs shares at a time.

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

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Equity Shares 111,345,500 ( Previous year 109,242,000 ) shares | 11,135 | 10,924 |
| Preference Shares 7.5% Cumulative Redeemable Preference Shares 88,000,000 ( Previous year 88,000,000 ) shares | 8,800 | 8,800 |
| 22.5% Cumulative Redeemable Preference Shares 60,624,000 ( Previous year 60,624,000 ) shares | 6,062 | 6,062 |

**(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 | 98.11% | 109,242,000 |
| **7.5% Cumulative Redeemable Preference Shares** | | | | |
| The Great Eastern Shipping Company Limited | 100% | 88,000,000 | 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 five different Employee Stock Option Schemes ('Scheme/s') to the employees of the Company, the parent company and the subsidiaries. All the ESOPs are in respect of the Company's shares where each stock option is equivalent to one equity share.

During the year under review, the Company has granted 136,800 options under ESOP 2010 as the last grant of options under the current Schemes. During the year, an encashment scheme was introduced by the Company 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, a total of 765,940 options were encashed under the said encashment scheme and 56,900 options were forfeited, making the total options outstanding as on March 31, 2013 to 969,560.With the encashment of all the outstanding stock options under the Scheme ESOP 2008-I, the Scheme stands closed as on March 31, 2013.

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-I | ESOP 2008-II | ESOP 2010 |
|---|---|---|---|---|---|---|
| 1. | Date of Grant | 10/08/07<br>28/01/08<br>05/05/09 | 28/01/08 | 12/02/08 | 23/10/08<br>19/03/09<br>05/05/09<br>24/07/09<br>23/10/09<br>28/12/09<br>18/03/10<br>30/04/10 | 23/09/10<br>30/04/11<br>24/10/11<br>27/04/12 |
| 2. | Date of Board Approval | 23/01/07 | 20/11/07 | 28/01/08 | 28/01/08 | 18/03/10 |
| 3. | Date of Shareholders' Approval | 27/03/07 | 21/11/07 | 31/01/08 | 31/01/08 | 23/04/10 |
| 4. | Options approved | 1,000,000 | 200,000 | 100,000 | 1,710,000 | 1,028,900 |
| 5. | Options outstanding at the beginning of the year | 435,400 | 89,100 | 60,000 | 705,600 | 365,500 |
| 6. | Options granted during the year | -- | -- | -- | -- | 27/04/12 - 136,800 |
| 7. | Options cancelled/forfeited during the year | -- | -- | -- | 4,740 | 52,160 |
| 8. | Options Exercised during the year | -- | -- | -- | -- | -- |
| 9. | Options encashed during the year | 338,980 | 63,500 | 60,000 | 270,600 | 32,860 |
| 10. | Options outstanding at the end of the year | 96,420 | 25,600 | NIL | 430,260 | 417,280 |
| 11. | Exercise Price/Weighted Average Exercise Price | 100 | 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 | 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 | Equity/Cash | Equity |
| 15. | Vesting period from the date of grant | 20% equally over a period of five years | One year | 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 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) |

The employee stock options schemes have been accounted based on the intrinsic value method upto the previous year. 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 the year, the cost of the options encashed at the fair value as determined under the scheme amounting to ₹ 250 lacs (net of ₹ 212 lacs transferred from Share Options Outstanding Account) has been recognized in the statement of profit and loss as compensation expense.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, 2013 of ₹ 243 lacs is included in long term provisions (Previous year ₹ 212 lacs was included in Share Options Outstanding Account).

## 6 RESERVES & SURPLUS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| **CAPITAL RESERVE** | | |
| Balance at the beginning and the end of the year | **295** | **295** |
| **PREFERENCE SHARE CAPITAL REDEMPTION RESERVE** | | |
| Balance at the beginning of the year | 16,819 | 9,645 |
| Add: Transfer from securities premium reserve | 7,154 | 7,174 |
| Balance at the end of the year | **23,973** | **16,819** |
| **SECURITIES PREMIUM RESERVE** | | |
| Balance at the beginning of the year | 131,580 | 129,472 |
| Add: Premium on equity shares issued during the year | - | 9,282 |
| Less: Transfer to preference share capital redemption reserve | (7,154) | (7,174) |
| Balance at the end of the year | **124,426** | **131,580** |
| **SHARE OPTIONS OUTSTANDING ACCOUNT** | | |
| Balance at the beginning of the year | 212 | 242 |
| Add: Compensation for options granted during the year | - | 12 |
| Less: Reversal on account of options encashed | (212) | |
| Less: Reversal on account of lapsed stock options | - | (42) |
| Balance at the end of the year | **-** | **212** |
| **FOREIGN CURRENCY TRANSLATION RESERVE** | | |
| Balance at the beginning of the year | 23,985 | 3,157 |
| Add: Additions during the year | 10,662 | 20,828 |
| Less: Transfer to statement of profit & loss on realisation | (2,873) | - |
| Balance at the end of the year | **31,774** | **23,985** |
| **GENERAL RESERVE** | | |
| Balance at the beginning of the year | 1,900 | 1,200 |

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Add: Transfer from statement of profit and loss | 1,700 | 700 |
| Balance at the end of the year | **3,600** | **1,900** |
| **HEDGING RESERVE** | | |
| Balance at the beginning of the year | (6,605) | (1,418) |
| (Less) / Add : Fair value (loss) / gain on derivative contracts designated as cash flow hedges (net) | 300 | (5,187) |
| Balance at the end of the year | **(6,305)** | **(6,605)** |
| **TONNAGE TAX RESERVE** | | |
| Balance at the beginning of the year | 6,685 | 5,685 |
| Add : Transfer from statement of profit and loss | 3,000 | 1,000 |
| Balance at the end of the year | **9,685** | **6,685** |
| **SURPLUS IN STATEMENT OF PROFIT AND LOSS** | | |
| Balance at the beginning of the year | 44,709 | 29,427 |
| Add : Profit for the year | 43,072 | 22,023 |
| Less: Transfer to Tonnage Tax Reserve Account under section 115VT of the Income Tax Act, 1961 | 3,000 | 1,000 |
| Profit available for appropriations | **84,781** | **50,450** |
| Less: Appropriations: | | |
| Transfer to general reserve | 1,700 | 700 |
| Interim dividend on 7.5% preference shares | 660 | 660 |
| Interim dividend on 22.5% preference shares | 1,364 | - |
| Proposed dividend on 22.5% preference shares | - | 1,450 |
| Proposed dividend on equity shares | 4,454 | 2,227 |
| Dividend distribution tax on equity and preference dividends | 1,085 | 704 |
| Balance at the end of the year | **75,518** | **44,709** |
| | **262,966** | **219,580** |

## 7 LONG TERM BORROWINGS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Secured | | |
| Foreign currency term loans from banks | 252,841 | 209,308 |
| Finance lease obligations | - | 7,586 |
| Deferred loss on sale and leaseback transaction | - | (122) |
| | **252,841** | **216,772** |

**(a) Loans:**

The 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 ₹ 10,880 lacs (previous year ₹ 12,106 lacs). The loans carry interest at the rate LIBOR plus 100 to 600 bps and are repayable in quarterly / half yearly installments over 4-10 years.

The Company has swapped the loans taken in JPY currency as a condition precedent to the loan agreements.

Maturity profile of foreign currency term loan from banks

| | | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | ₹ in Lacs<br>Beyond 5 years |
|---|---|---|---|---|---|---|
| Foreign currency term loans from banks | CY | 56,999 | 66,168 | 28,914 | 61,432 | 39,328 |
| | PY | (37,143) | (47,484) | (56,077) | (21,163) | (47,441) |

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 ₹ 10,098 Lacs (previous year ₹ 9,464 Lacs) 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 current 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.

The obligation under finance lease is secured by irrevocable and unconditional bareboat charter guarantee from the bareboat charter guarantor. The obligations in respect of the vessel taken under finance lease arrangement for a period of eight years are as under:

| Details | Current Year<br>₹ in Lacs | Previous Year<br>₹ in Lacs |
|---|---|---|
| Due within one year | - | 1,208 |
| Due within two to five years | - | 4,458 |
| Due over five years | - | 6,581 |
| | **-** | **12,247** |
| Interest on finance charges allocated to future periods | - | (4,266) |
| Total | **-** | **7,981** |
| Representing finance lease liabilities | | |
| Current portion | - | 395 |
| Non-current portion | - | 7,586 |
| | **-** | **7,981** |

The finance lease bears an effective interest rate of 10.30% (previous year 10.30%) per annum.

(c) **The (loss) on the above sale and lease back transactions is deferred and amortised as under :**

| Details | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Deferred (loss) | (151) | (180) |
| Transfer to statement of profit and loss | 151 | 29 |
| | **-** | **(151)** |
| Current portion | - | (29) |
| Non current portion | - | (122) |
| | **-** | **(151)** |

## 8 LONG TERM PROVISIONS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Provision for employee benefits | | |
| - Provision for compensated absences | 131 | 14 |
| - Director's Retirement Benefit Plan | 371 | - |
| - Gratuity | 30 | - |
| - Employee Stock Options Scheme (refer note 5(e)) | 243 | - |
| | **775** | **14** |

## 9 TRADE PAYABLES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Dues of micro, small and medium enterprises | - | - |
| Dues of other creditors | 7,468 | 11,428 |
| | **7,468** | **11,428** |

## 10 OTHER CURRENT LIABILITIES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Current maturities of long term borrowings* | 58,519 | 36,135 |
| Current maturities of finance lease obligations | - | 395 |
| Current portion of deferred (loss) on lease transaction | - | (29) |
| Interest accrued but not due on long term borrowings | 1,560 | 1,317 |
| Income received in advance | 166 | - |
| Deposit received from customers | 1,086 | - |
| Employee benefits payable | 970 | 1,039 |
| Statutory liabilities | 1,578 | 1,782 |
| Creditors for capital expenses | 1,085 | 2,020 |
| Other liabilities | 750 | 710 |
| | **65,714** | **43,369** |

* Current maturities of long term borrowings includes ₹ 11,197 lacs (previous year Nil) 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Provision for employee benefits | | |
| - Provision for compensated absences | 100 | 237 |
| - Gratuity | 2 | 23 |
| - Others | 1,172 | 943 |
| | **1,274** | **1,203** |
| Provision for income tax (net of advance payment of tax and tax deducted at source ₹ 10,397 Lacs;previous year ₹ 7,006 Lacs) | 185 | 104 |
| Provision for foreign taxes | 442 | 421 |
| Provision for mark to market losses / (gains) on derivative contracts | 6,695 | 7,536 |
| Interim preference dividend | 2,024 | 660 |
| Proposed preference dividend | - | 1,450 |
| Proposed equity dividend | 4,454 | 2,227 |
| Provision for dividend distribution tax | 1,085 | 704 |
| | **16,159** | **14,305** |

## 12 TANGIBLE ASSETS

**₹ in Lacs**

| **PARTICULARS** | **GROSS BLOCK** | | | | | | **DEPRECIATION** | | | | | | **NET BLOCK** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2012 | Additions | Disposals | Translation Exchange Difference | Other Adjustments* | As at March 31, 2013 | Upto April 1, 2012 | For the year | Disposals | Translation Exchange Difference | Impairment | Upto March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| Fleet | 246,578 | 50,761 | 31,518 | 7,453 | 7,516 | 280,790 | 26,824 | 14,104 | 3,036 | 640 | 595 | 39,127 | 241,663 | 219,754 |
| Rigs | 181,354 | 91,784 | - | 12,154 | - | 285,292 | 11,094 | 7,269 | - | 766 | - | 19,129 | 266,163 | 170,260 |
| Leased Vessel | 9,564 | - | 9,564 | - | - | - | 1,337 | - | 1,337 | - | - | - | - | 8,227 |
| Leasehold Improvements | 53 | 530 | 53 | - | - | 530 | 40 | 82 | 43 | - | - | 79 | 451 | 13 |
| Furniture & Fixtures | 247 | 65 | 140 | 6 | - | 178 | 175 | 37 | 103 | 3 | - | 112 | 66 | 72 |
| Computers | 287 | 71 | 25 | 6 | - | 339 | 192 | 60 | 25 | 3 | - | 230 | 109 | 95 |
| Office Equipments | 161 | 251 | 131 | 2 | - | 283 | 123 | 51 | 117 | 1 | - | 58 | 225 | 38 |
| Vehicles | 311 | 210 | 73 | - | - | 448 | 158 | 101 | 59 | - | - | 200 | 248 | 153 |
| Plant & Equipment | 8,472 | 5,662 | 322 | 513 | - | 14,325 | 2,804 | 1,066 | - | 154 | - | 4,024 | 10,301 | 5,668 |
| **Total** | **447,027** | **149,334** | **41,826** | **20,134** | **7,516** | **582,185** | **42,747** | **22,770** | **4,720** | **1,567** | **595** | **62,959** | **519,226** | **404,280** |
| Previous Year - Total | 364,464 | 42,777 | 20 | 35,312 | 4,494 | 447,027 | 21,722 | 19,009 | (15) | 2,031 | - | 42,747 | | |

* 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 ₹ 5,532 Lacs (previous year ₹ 4,469 Lacs) and borrowing cost ₹ 1,984 Lacs (previous year ₹ 25 Lacs).

## 13 INTANGIBLE ASSETS

₹ in Lacs

| PARTICULARS | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2012 | Additions | Disposals | Translation Exchange Difference | As at March 31, 2013 | Upto April 1, 2012 | For the year | Disposals | Translation Exchange Difference | Upto March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| Software | 584 | 72 | 26 | 1 | 631 | 234 | 136 | 22 | 1 | 349 | 282 | 350 |
| **Total** | **584** | **72** | **26** | **1** | **631** | **234** | **136** | **22** | **1** | **349** | **282** | **350** |
| Previous Year - Total | 445 | 138 | - | 1 | 584 | 124 | 110 | - | - | 234 | | |

## 14 NON CURRENT ASSETS HELD FOR SALE

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Non current assets classified as asset held for sale (refer note no. 13) | 4,899 | 7,036 |
| Impairment loss for the year | (2,585) | (2,137) |
| Disposed off during the year | (2,314) | - |
| | **-** | **4,899** |

Subsequent to the termination of shipbuilding contracts in financial year ended 31st March 2012 relating to the two vessels under construction and approval of the group's management, the related equipments designed for the said vessels were reclassified to non current assets classified as held for sale.

Details of liabilities directly associated with non-current asset held for sale is as follows :

| | | |
|---|---|---|
| Accrued Cost | - | 2,288 |

## 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Difference in depreciation as per books and tax | 112 | 119 |
| Expenditure allowable for tax purposes on payment basis | 6 | 12 |
| **Total** | **118** | **131** |

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 UK and Mauritian subsidiaries 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured, considered good | | |
| Capital Advances | 1,101 | 1,158 |
| Security deposits | 147 | 140 |
| | **1,248** | **1,298** |

## 17 OTHER NON CURRENT ASSETS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unamortised finance charges | 2,554 | 2,965 |
| | **2,554** | **2,965** |

## 18 CURRENT INVESTMENTS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Valued at lower of cost and fair value - fully paid up | | |
| **Quoted** | | |
| Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst Dividend Fund | - | 500 |
| Kotak Quarterly Interval Plan Series 2 - Dividend | - | 200 |
| Kotak Quarterly Interval Plan Series 4 - Dividend | - | 600 |
| UTI Fixed Income Interval Fund Quaterly Plan Series III DDP | 303 | - |
| UTI Fixed Term Income Fund Series XIV VI (366 days) | 513 | - |
| **Unquoted** | | |
| Birla Sun Life Floating Rate Fund-STP-Daily Div -Reinvestment | - | 804 |
| Canara Robeco Liquid Fund regular Daily Dividend Reinvestment Fund | 184 | - |
| Canara Robeco Floating Rate Short Term Daily Dividend Reinvestment Fund | - | 1,005 |
| Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund | - | 513 |
| ICICI Prudential Ultra Short Term Regular Plan DDR | 1,506 | - |
| ICICI Prudential Blended Plan B Institutional Daily Dividend Option - II | - | 511 |
| IDFC Cash Fund Daily Dividend Regular Plan | 601 | - |
| IDFC Ultra Short Term Fund Daily Dividend | - | 208 |
| Birla Sunlife Cash Plus DD Regular Plan Reinvestment | 1,116 | - |
| Birla Sunlife Floating Rate Fund LTP DD Regular Plan Reinvestment | 2,069 | - |
| Kotak Liquid Scheme Plan A Daily Dividend | 202 | - |

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Reliance - Treasury Plan - Institutional Option - Daily Dividend Option | 718 | - |
| Reliance Liquidity Fund-Daily Dividend Reinvestment Option | - | 556 |
| Reliance Liquid Fund - Treasury Plan-Liquid Floater Regular Plan - Daily Dividend | - | 202 |
| SBI Magnum Insta Cash Fund | 603 | - |
| Sundaram Money Fund Regular Daily Dividend Reinvestment | 836 | 309 |
| TATA Liquidity Management Fund - Daily Dividend | - | 603 |
| UTI Money Market Fund - Institutional Daily Dividend - Re-Investment | - | 749 |
| **Total quoted and unquoted Investments** | **8,651** | **6,760** |
| **Aggregate amount quoted Investments** | 816 | 1,300 |
| **Market Value of quoted Investments** | 816 | 1,300 |
| **Aggregate amount unquoted Investments** | 7,835 | 5,460 |

## 19 INVENTORIES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| (Valued at lower of cost and net realisable value) | | |
| Stores & spares on board rigs | 4,747 | 3,433 |
| Fuel Oils | 1,146 | 848 |
| | **5,893** | **4,281** |

## 20 TRADE RECEIVABLES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured, considered good unless stated otherwise | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| - Considered good | 205 | 453 |
| - Considered Doubtful | 1,811 | 1,753 |
| | **2,016** | **2,206** |
| - Provision for doubtful receivables | (1,811) | (1,753) |
| | **205** | **453** |
| Outstanding for a period less than six months from the date they are due for payment | | |
| - Considered good | 25,557 | 24,142 |
| | **25,762** | **24,595** |

## 21 CASH & BANK BALANCES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Cash and Cash Equivalents | | |
| Balances with banks | | |
| - Current accounts | 43,336 | 29,425 |
| - Deposits with original maturity less than 3 months | 9,226 | 2,544 |
| Cash in hand | 6 | 4 |
| | **52,568** | **31,973** |
| Other bank balances | | |
| Balances with banks in margin / reserve accounts | 3,600 | 2,690 |
| Deposits with banks having original maturity more than 3 months but less than 12 months | 9,403 | - |
| | **65,571** | **34,663** |

## 22 SHORT TERM LOANS & ADVANCES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Unsecured, considered good, unless stated otherwise | | |
| Advances recoverable in cash or in kind | 403 | 6,452 |
| Agents current accounts | 28 | 28 |
| Deposits | 25 | 411 |
| Prepayments | 1,155 | 747 |
| | **1,611** | **7,638** |

## 23 OTHER CURRENT ASSETS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest accrued on bank deposits | 82 | 5 |
| Unamortised finance charges | 922 | 594 |
| | **1,004** | **599** |

## 24 REVENUE FROM OPERATIONS

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Charter hire (refer note 35) | 126,910 | 120,907 |
| Other operating income | | |
| - Insurance claims | 148 | - |
| | **127,058** | **120,907** |

## 25 OTHER INCOME

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest income | | |
| - on deposits with banks | 196 | 54 |
| - Income tax refund | 35 | 5 |
| Dividend on current investments | 389 | 828 |
| Profit on sale of current investments | 1 | - |
| Gain of cancellation of finance lease | 190 | - |
| Gain of cancellation of vessel construction contract | 1,610 | - |
| Profit/(Loss) on sale of vessels/ other fixed assets | 6,131 | (649) |
| Miscellaneous income | 221 | 177 |
| Gain on foreign currency transactions (net) | 4,315 | 1,382 |
| | **13,088** | **1,797** |

## 26 EMPLOYEE BENEFIT EXPENSES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Salaries & wages | 21,986 | 24,063 |
| Contribution to provident & other funds | 567 | 741 |
| Employee stock option scheme expense | 493 | (16) |
| Staff welfare expenses | 1,883 | 1,811 |
| | **24,929** | **26,599** |

## 27 FINANCE COST

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Interest on term loans from banks | 13,928 | 11,354 |
| Finance charges | 1,609 | 690 |
| Exchange difference to the extent, considered as an adjustment to borrowing cost | - | 3,735 |
| | **15,537** | **15,779** |
| Less : Pre-delivery interest and finance charges capitalised | 1,978 | 25 |
| | **13,559** | **15,754** |

## 28 OTHER EXPENSES

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Fuel, oil & water | 2,772 | 3,303 |
| Hire of chartered rigs, vessels and equipments | 5,424 | 6,956 |
| Consumption of stores and spares | 5,914 | 5,889 |
| Technical management fees | 1,038 | 3,038 |
| Agency fees | 345 | 571 |
| Port Dues | 173 | 213 |
| Repairs and maintenance | | |
| - Rigs and vessels | 2,414 | 2,131 |
| - Buildings | 9 | 6 |
| - Others | 167 | 112 |
| Insurance | | |
| - Fleet | 2,896 | 2,109 |
| - Others | 118 | 121 |
| Travelling and conveyance expenses | 1,490 | 2,083 |
| Communication expenses | 1,070 | 824 |
| Rent | 766 | 729 |
| Rates and taxes | 3 | 58 |
| Brokerage and commission | 141 | 212 |
| Payment to Auditors | 73 | 141 |
| Provision for doubtful debts and advances | 87 | 27 |
| Miscellaneous expenses | 4,045 | 5,060 |
| | **28,945** | **33,583** |

## 29 EARNINGS PER SHARE

| **Basic earnings per share** | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Profit for the period | 43,072 | 22,023 |
| Less : Dividend on Cumulative Preference Shares | 2,024 | 2,024 |
| Less : Dividend distribution tax on preference dividend | 328 | 328 |
| Profit attributable to Equity share holders | **40,720** | **19,671** |
| Number of Equity shares as on April 1 | 111,345,500 | 105,885,500 |
| 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 | 107,586,156 |

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| Face value of Equity share | ₹ | 10 | 10 |
| Basic earnings per share | ₹ | 36.57 | 18.28 |

| | | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|---|
| **Diluted earnings per share** | | | |
| Profit for the year | | 43,072 | 22,023 |
| Less : Dividend on Cumulative Preference Shares | | 2,024 | 2,024 |
| Less : Dividend distribution tax on preference dividend | | 328 | 328 |
| Profit attributable to Equity share holders | | **40,720** | **19,671** |
| Weighted average number of Equity shares outstanding during the period | | 111,345,500 | 107,586,156 |
| Add : Potential Equity shares on exercise of options | | 21,520 | 153,657 |
| Weighted average number of Equity shares outstanding during the year | | 111,367,020 | 107,739,813 |
| Face value of Equity share | ₹ | 10 | 10 |
| Diluted earnings per share | ₹ | 36.56 | 18.26 |

## 30 CONTINGENT LIABILITIES

a) Guarantees given by banks ₹ 10,993 Lacs (previous year ₹ 12,454 Lacs).

b) Customs duty in respect of vessel provisionally cleared against security bond furnished by the company ₹ NIL (previous year ₹ 882 Lacs). The vessel is finally assessed on 2nd April 2013.

c) 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 ₹ 2,724 Lacs (previous year ₹ 2,724 Lacs). However, the Company is of the view that in the unforeseen circumstances that the demand is sustained, the same would be recoverable from the service receiver under the terms of contract. 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.

d) Custom duty demand for Marine Gas Oil to be treated as Light Diesel Oil during conversions of the vessels from a foreign-run vessels to a coastal-run vessels. While the notices do not specify the demand amount and is disputed by the company, it is estimated to be around ₹ 72 Lakhs (previous year ₹ 12 lacs) cumulatively.

e) The company has received a Show Cause Notice from Service Tax Dept demanding a sum of ₹ 22 Lacs (previous year NIL) in relation to excess utilized Cenvat Credit i.e. more than 20% during the period Aug’07 to Feb’08.

f) The company has received a draft assessment order for the year ended 31 March 2009 proposing a total income adjustment of ₹ 3,351 lacs. While the order is disputed and an appeal has been filed before the Dispute Resolution Panel, in case, the demand is raised the same is estimated to be around 258 lacs.

## 31 CAPITAL COMMITMENTS

Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for - ₹ 1,500 Lacs (previous year ₹ 121,094 Lacs).

## 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Contribution to Provident Fund | 209 | 127 |
| Contribution to Superannuation Fund | 20 | 14 |
| Contribution to Seamens' Providend Fund | 46 | 37 |
| Contribution to Seamens' Pension Annuity Fund | 58 | 49 |
| Contribution to Seamens' Gratuity Fund | 15 | 12 |

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:

| | 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) | 8.5% | 8.5% | 8.5% | - | 8.5% | 8.5% |
| b) Rate of Return on Plan Assets | NA | NA | - | - | NA | NA |
| c) Salary Escalation Rate | 10.0% | 9.0% | - | - | 10.0% | 9.0% |
| d) Mortality | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 | - | LIC-Ultimate 94-96 | LIC-Ultimate 94-96 |
| e) Attrition rate - Shore Staff | 8.0% | 5.0% | - | - | 8.0% | 5.0% |
| f) Attrition rate - Rig Staff | 10.0% | 5.0% | - | - | - | - |
| g) Expected average remaining service - Shore Staff | 7.03 | 11.41 | - | - | 8.43 | 11.46 |
| h) Expected average remaining service - Rig Staff | 8.41 | 10.75 | - | - | - | - |
| i) Expected average remaining service - Subsidiary Staff | 7.85 | - | - | - | 10.92 | - |

₹ in Lacs

| | 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 | 177.45 | 104.70 | - | - | 15.54 | 15.21 |
| Interest Cost | 15.02 | 8.38 | - | - | 1.23 | 1.19 |
| Current Service Cost | 187.67 | 72.54 | - | - | 128.70 | 42.75 |
| Benefits Paid | (1.54) | - | - | - | (21.40) | (0.77) |
| Actuarial (Gain) / loss on Obligation | 88.44 | (8.17) | 371 | - | (55.59) | (42.85) |
| Liability at the end of the year | 467.03 | 177.45 | 371 | - | 68.47 | 15.54 |

₹ in Lacs

| | 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 | 178.15 | - | - | - | - | - |
| Expected Return on Plan Assets | 22.26 | 6.33 | - | - | - | - |
| Employer's Contribution | 238.90 | 168.74 | - | - | 21.40 | 0.77 |
| Benefits Paid | (1.54) | - | - | - | (21.40) | (0.77) |
| Actuarial Gain / (loss) on Plan Assets | (3.49) | 3.09 | - | - | - | - |
| Fair Value of Plan Assets at the end of the year | (434.29) | (178.15) | - | - | - | - |
| Funded Status (including unrecognised past service cost) | (32.75) | 0.70 | (371) | - | (68.47) | (15.86) |

₹ in Lacs

| 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 | 22.26 | 6.33 | - | - | - | - |
| Actuarial Gain/(Loss) for the period (Obligation) | (88.44) | 8.17 | (371) | - | 55.59 | 42.85 |
| Actuarial Gain / (loss) on Plan Assets | (3.49) | 3.09 | - | - | - | - |
| Actual Return on Plan Assets | 18.78 | 9.41 | - | - | - | - |

₹ in Lacs

| 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 | 467.03 | 177.45 | 371 | - | 68.47 | 15.86 |
| Fair Value of Plan Assets at the end of the year | 434.29 | 178.15 | - | - | - | - |
| Funded Status | (32.75) | 0.70 | (371) | - | (68.47) | (15.86) |
| Unrecognised past Service Cost | - | - | - | - | - | - |
| Amount Recognised in Balance Sheet | (32.75) | 0.70 | 371 | - | (68.47) | (15.86) |

₹ in Lacs

| 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 | 187.67 | 72.54 | - | - | 128.70 | 42.75 |
| Interest Cost | 15.02 | 8.38 | - | - | 1.23 | 1.19 |
| Acturial return on Plan Assets | (22.26) | (6.33) | - | - | - | - |
| Net Acturial (Gain) / Loss to be recognised | 91.92 | (11.25) | (371) | - | (55.59) | (42.85) |
| Expenses recognised in the profit and loss | 272.35 | 63.34 | (371) | - | 74.33 | 1.09 |

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

Gratuity — ₹ in Lacs

| vii) Other disclosures | 2012-13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| Present Value of Defined benefit obligation | 467 | 177 | 105 | 59 | 15 |
| Fair value of plan assets | 434 | 178 | - | - | - |
| Surplus or (Deficit) in the plan | (33) | 1 | - | - | - |

Compensated Absences — ₹ in Lacs

| vii) Other disclosures | 2012-13 | 2011-12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| Present Value of Defined benefit obligation | 68 | 16 | 15 | 14 | 6 |
| Fair value of plan assets | - | - | - | - | - |
| Surplus or (Deficit) in the plan | - | - | - | - | - |

| viii) Experience History | 2012-13 | 2011-12 | Gratuity 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| (Gain)/Loss on obligation due change in Assumption | (15) | (9) | 16 | 9 | - |
| Experience (Gain)/Loss on obligation | 104 | 1 | (28) | 1 | 18 |
| Acturial Gain/(Loss) on plan assets | (3) | 3 | - | - | - |

| viii) Experience History | 2012-13 | 2011-12 | Compensated Absences 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---|---|---|---|---|---|
| (Gain)/Loss on obligation due change in Assumption | 1 | (1) | 1 | 3 | - |
| Experience (Gain)/Loss on obligation | (57) | (42) | (28) | (19) | 9 |
| Acturial 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 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 ₹ 75 lakhs 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 ₹ 50 lakhs 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 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

c) **Key Management Personnel :**

Mr. Bharat K. Sheth - Chairman

Mr. Ravi K. Sheth - Managing Director

Mr. P.R. Naware - Executive Director

d) **Relative of Key Management Personnel :**

Ms. Nirja B. Sheth - Daughter of Chairman

**Transactions with related parties**

₹ in Lacs

| 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) | **(12,930)** | - | | | | |
| Dividend Paid | | | | | | |
| The Great Eastern Shipping Company Ltd. | **4,337** | 2,076 | | | | |
| Ravi K Sheth | | | | | **-** | 42 |
| Remuneration Paid | | | | | | |
| Ravi K Sheth | | | | | **514** | 400 |
| P R Naware | | | | | **243** | 107 |
| Relative of Key Management Personnel | | | | | | |
| Remuneration Paid | | | | | | |
| Nirja B Sheth | | | | | **14** | 13 |
| Rent Received | | | | | | |
| The Greatship (Singapore) Pte. Ltd. | | | **18** | 19 | | |
| Finance Provided | | | | | | |
| Equity | **-** | 9,828 | | | | |
| Re-imbursement of Expenses Paid/(Received) | | | | | | |
| The Great Eastern Shipping Company Ltd. | **(24)** | 62 | | | | |
| Outstanding Balance as on 31.03.2013 | | | | | | |
| Corporate Guarantees Given / (Received) | **(179,448)** | (339,498) | | | | |

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 Purchase | Current Year Sale | Previous Year Purchase | Previous Year Sale |
|---|---|---|---|---|
| Total no. of Contracts | - | 24 | - | 12 |
| Notional amount of Foreign Currency (USD in Million) | - | 18 | - | 6 |
| Amount recognised in Hedging reserve (loss) / gain (₹ in Lacs) | - | 20 | - | (266) |
| Maturity Period | - | upto 12 months | - | upto 12 months |

(ii) Cross currency forward exchange contracts:

| Details | Current Year | Previous Year |
|---|---|---|
| Total No. of contracts | - | 1 |
| Cross currency AUD to US Dollars (in millions) | - | 1 |
| Cross currency Singapore Dollars to US Dollars (SGD Million) | - | - |
| Amount recognised in Hedging Reserve (loss) / gain (₹ in Lacs) | - | 6 |
| Maturity Period | - | Upto 3 Months |

(iii) Forward exchange option contracts:

| Details | Current Year Purchase | Current Year Sale | Previous Year Purchase | Previous Year Sale |
|---|---|---|---|---|
| Total no. of Contracts | - | - | - | 60 |
| Notional amount of Foreign Currency (USD in Million) | - | - | - | 24 |
| Amount recognised in Hedging reserve (loss) / gain (₹ in Lacs) | - | - | - | (1027) |
| Maturity Period | - | - | - | upto 12 months |

(iv) Interest rate swap contracts:

| Details | Current Year | Previous Year |
|---|---|---|
| Total No. of contracts | 14 | 10 |
| Principal Notional Amount (USD million) | 298 | 251 |
| Amount recognised in Hedging Reserve (loss) / gain (₹ in Lacs) | (5082) | (5015) |
| Maturity Period | Upto 88 Months | Upto 100 Months |

(v) Currency cum interest rate swap contracts:

| Details | Current Year | Previous Year |
|---|---|---|
| Total No. of contracts | 5 | 5 |
| Principal Notional Amount (USD million) | 45 | 53 |
| Principal Notional Amount (JPY million) | (4799) | (5712) |
| Amount recognised in Hedging Reserve (loss) / gain (₹ In Lacs) | (1243) | (303) |
| Maturity Period | Upto 68 Months | Upto 80 Months |

**b) Un-hedged foreign currency exposures as on March 31, 2013 :**

| Details | Current Year | Previous Year |
|---|---|---|
| **Loan liabilities and Payables** | | |
| (USD in millions) | 585 | 520 |
| (GBP in millions) | 0 | 1 |
| (JPY in millions) | 1 | - |
| (SGD in millions) | 2 | 3 |
| (AUD in millions) | 0 | 7 |
| (BRL in millions) | 21 | 7 |
| **Receivables** | | |
| (USD in millions) | 16 | 46 |
| (AUD in millions) | 0 | 3 |
| (BRL in millions) | 14 | 6 |
| **Bank Balances** | | |
| (USD in millions) | 116 | 63 |
| (SGD in millions) | 1 | - |
| (AUD in millions) | 1 | 3 |

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

**c)** 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, 2013 amounting to loss of (₹ 6,305 Lacs) (previous year loss of ₹ 6,605 Lacs) has been recorded in the hedging reserve as on March 31, 2013.

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.

## 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Revenue from customers outside India | 38,062 | 47,842 |
| Revenue from customers within India | 88,848 | 73,065 |
| **Total** | **126,910** | **120,907** |

(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, 2013 geographical segment wise reporting is not applicable.

## 36 OPERATING LEASE

**a) Operating Lease Commitments – where the Group is a lessee**

The Group has taken premises and equipments 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 Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| i) Total Future Minimum Lease payments | | |
| - Not later than 1 year | **631** | 710 |
| - Later than 1 year and not later than 5 years | **1,362** | 1,926 |

ii) Lease payments recognised in the statement of profit and loss for the year ₹ 766 Lacs (previous year ₹ 730 Lacs)

**b) Operating Lease Commitments – where the Group is a lessor**

The future minimum lease receipts of the Group under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows :

| Details | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---|---|
| Due within 1 Year | - | - |

37 Ministry of Corporate Affairs, Government of India vide circular dated 9th August,2012 clarified that para 6 of Accounting Standard (AS 11) and para 4(e) of Accounting Standard (AS 16) shall not apply to a Company which is applying para 46 A of AS 11.

Consequent thereto, no adjustment has been made during the year for exchange differences on foreign currency loans to the extent regarded as adjustment to interest cost as per para 4(e) of AS 16. Had the Company followed the same accounting treatment as in the previous year i.e. prior to receipt of the above clarification, interest expense for the year would have been higher by ₹ 4,767 Lacs and the profit before tax as well as the related cost of fixed assets would have been lower to that extent.

38 The company has changed the estimated useful life for two of its second hand Platform Supply Vessels (PSVs) so as to depreciate the asset over 20 years from date of building as against date of acquisition.The depreciation charge for the year is higher by ₹ 572 Lacs consequent to change.

39 Greatship Subsea Solutions Australia Pty Limited has made an application to Australian Securities & Investments Commission for voluntary deregistration on April 26,2013.

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

## NOTES

**Greatship (India) Limited**

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