

To the Members,

Your Directors take pleasure in presenting the 11th Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2016.

FINANCIAL SUMMARY

(Rs. in lacs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Total Income	97,265	109,851	96,268	126,835
Expenses	72,731	70,854	74,876	81,188
Profit before Interest, Depreciation, Exceptional Items & Tax	24,534	38,997	21,392	45,647
Less: Depreciation	13,684	16,504	18,592	22,411
Less: Interest & Finance cost	22,993	24,140	39,109	39,212
Profit/ (Loss) before Exceptional Items & Tax	(12,143)	(1,647)	(36,309)	(15,976)
Less: Exceptional Items	72,263	-	34,646	-
Profit/ (Loss) before Tax	(84,406)	(1,647)	(70,955)	(15,976)
(Less)/ Add: Tax Expenses				
i. Current tax	390	(432)	370	(1,037)
ii. Deferred tax	459	800	1,232	(71)
iii. Prior year tax	-	-	11	(2)
Loss after Tax before Minority Interest	(83,557)	(1,279)	(69,342)	(17,086)
Minority Interest	-	-	-	680
Loss after Tax	(83,557)	(1,279)	(69,342)	(17,766)
Less: Transfer to Tonnage Tax Reserve	750	250	752	252
Add: Surplus brought forward from previous year	49,602	51,131	(7,542)	10,476
Amount available for appropriation	(34,705)	49,602	(77,636)	(7,542)
Appropriations:				
Transfer to General Reserve	-	-	-	-
Balance Carried Forward	(34,705)	49,602	(77,636)	(7,542)

FINANCIAL HIGHLIGHTS

During the financial year 2015-16, the Company, on a standalone basis, registered a total income of Rs. 97,265 lacs (Previous Year Rs. 1,09,851 lacs) and Profit before Interest, Depreciation, Exceptional Items & Tax of Rs. 24,534 lacs as against Rs. 38,997 lacs during the previous year.



MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN MARCH 31, 2016 AND DATE OF THIS REPORT

Strategic Debt Restructuring ("SDR")

The Lead Bankers of the Joint Lenders' Forum had invoked the SDR and decided the Reference Date as January 27, 2016. Pursuant to special resolution passed by the Shareholders of the Company by Postal Ballot on June 20, 2016 and in accordance with applicable provisions of the Companies Act, 2013 (hereinafter referred to "the Act"), guidelines specified by the Reserve Bank of India on Strategic Debt Restructuring scheme ("SDR") and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Board of Directors allotted 4,09,87,704 equity shares of face value of Rs. 10/- (Rupees Ten only) each, at an issue price of Rs. 43.81/- per share to the consortium of banks and financial institutions, as per SDR. Post-allotment, the paid-up share capital of the Company stands increased to Rs. 78,22,77,650/- consisting of 7,82,27,765 number of equity shares of Rs. 10/- each.

OPERATIONS

The oil industry, with its history of booms and busts, has been in its deepest downturn since the 1990s, if not earlier. Earnings are down for companies that made record profits in recent years, leading them to decommission more than two-thirds of their rigs and sharply cut investment in exploration and production (E&P).

To correlate our business perspective, marine logistic services business is directly proportional to offshore drilling activity by E&P operators and since offshore drilling is experiencing a steep downturn, the implications are on the same line for marine logistic services business. The primary cause is the plunging price of a barrel of oil, which at one point fell more than 70 percent compared with June 2014 levels. Prices have recovered a few times over the last year and lately Brent crude crossed \$50-a-barrel threshold for the first time in nearly seven months. But prices are still below what producers need to drill profitable wells.

But over the long term, demand for fuels is recovering in some countries and that could help in the recovery of crude prices in the next year or two. Hence a gradual uptick is expected in the business scenario for Offshore drilling, marine logistics & allied oilfield services in the next two years as oil prices stabilize in the range of USD 60-70 per barrel. As such, the business environment has been quite challenging for past couple of years, the drop in oil price has further aggravated the situation. Nevertheless, your Company has been able to manage its operations efficiently with existing resources. Your Company has ensured that most of the vessels remain available for employment in good sea worthy conditions.

Malaviya Seven, the Platform Support Vessel ("PSV"), continues to remain in spot market in North Sea, at much reduced rates and lesser job opportunities.

Malaviya Nine, the Anchor Handling Tug Supply Vessel ("AHTSV"), continues to be employed with Petrobras, Brazil. The contract, which commenced in July 2012, is for 4 years with the extension option of another 4 years with reduction in charter hire w.e.f. July 19, 2015.

Malaviya Ten, AHTSV, completed her 3 years contract in August 2015. Subsequently, vessel was mobilized for anchor handling, towing and supply duties to East Coast of India for 5 years contract with Oil and Natural Gas Corporation Limited ("ONGC") that commenced in September 2015.

Malaviya Sixteen, PSV, completed her 3 years contract in January 2016 for ONGC (as end client) from Vision Projects Technologies Pvt. Ltd. that commenced in January 2013 for supply duties on the East Coast of India.

PSV Malaviya Eighteen continues to be employed with ONGC for 3 years contract for supply duties on the West Coast of India that commenced in February 2015.

PSV Malaviya Twenty continues to remain in spot market in North Sea, at much reduced rates and lesser job opportunities.



Malaviya Twenty Three, the Fire Fighting Supply Vessel (“FFSV”), continues the operation for ONGC with 3 years contract that commenced in September 2013, carrying out fire fighting, safety standby, riser deck inspection and emergency support duties in West Coast of India.

FFSVs Malaviya Twenty Five and Malaviya Twenty Seven which were employed for operations by Eastern Naval Command, Visakhapatnam, through Shipping Corporation of India completed their 4 years contracts (with extensions) on March 18, 2016 and March 25, 2016 respectively.

Malaviya Twenty Eight, AHTSV, continues the operation for ONGC with 3 years contract that commenced in June 2013 for anchor handling, towing and supply duties on the East Coast of India.

PSV Malaviya Twenty Nine completed its contract with Petrobras on September 16, 2015 which commenced in May 2012.

PSV Malaviya Thirty continues the operation for ONGC with 3 years contract that commenced in May 2013 for supply duties on the West Coast of India.

Malaviya Thirty Six, the Multipurpose Support Vessel (MSV), continues its operation for ONGC under the 5 years term contract which commenced in September 2014 for underwater maintenance of platforms & SPMs, fire fighting, safety standby and emergency support duties in West Coast of India.

Jack-Up Drilling Rig Kedarnath completed her 5 years contract with ONGC in December 2015 on West Coast of India.

Floater Drilling Rig Badrinath hired by Deep Water Services (India) Ltd., the wholly owned subsidiary of the Company, completed her 3 years contract with ONGC on the West Coast of India in May 2015 and has received Letter of Award from ONGC on March 1, 2016 for firm contract period of 3 years. Rig is to be mobilized on or before October 15, 2016 in West Coast for contract commencement.

Construction Barge Gal Installer completed her 6 months contract on May 28, 2015 with Supreme Hydro Engineering Pvt. Ltd. (end client BGEPIIL) that commenced its operation in West coast of India in November 2014.

Construction Barge Gal Constructor, Accommodation Vessel Malaviya Thirty Three, Work Boat Malaviya Three, Anchor Handling Tugs Sangita & Bharati S, Offshore Supply Vessels Malaviya One & Malaviya Two were utilized in-house by Engineering Services department for the BPA-BPB project of ONGC.

Remaining 11 Harbour Tugs of the Company remained effectively utilized throughout the year in various ports across the coast of India.

DIVIDEND

In view of the losses incurred during the financial year 2015-16, your Directors have decided not to recommend any dividend on the equity shares for the said year.

LISTING AGREEMENT

During the year, the Securities and Exchange Board of India (“SEBI”) notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”) and the same were effective December 1, 2015. The Listing Regulations aim to consolidate and streamline the provisions of the erstwhile listing agreement for different segments of capital markets to ensure better enforceability. In terms of the Listing Regulations, all listed entities were required to enter into a new listing agreement with the stock exchanges. In compliance with the requirements, new listing agreement was executed with the BSE Limited and the National Stock Exchange of India Limited in February 2016.

SUBSIDIARY COMPANIES

During the financial year under consideration, DWS Offshore Drilling Limited and DWS Offshore Services Limited were incorporated as wholly-owned subsidiaries of Deep Water Services (India) Limited, a wholly-



owned subsidiary of the Company. Accordingly these two companies became step-down subsidiaries of the Company.

As required under Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiaries in the prescribed form AOC-1 is annexed to the Financial Statements.

In accordance with Section 136 of the Act, the separate accounts of the subsidiary companies will be available on the website of the Company and the Members desirous of obtaining the accounts of the Company's subsidiaries may obtain the same upon request.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with the Listing Regulations, can be accessed on the Company's website at http://goloffshore.com/investors_statpol.php.

Highlights of operational and financial performance of direct subsidiaries are given below.

DOMESTIC SUBSIDIARIES

Deep Water Services (India) Limited ("DWS India")

Rig Badrinath continued to work with Oil and Natural Gas Corporation Limited (ONGC) on three year contract, which commenced in April 2012. During the year under review, Rig has successfully completed one well in Mumbai High. Rig was dehiored on May 8, 2015. Thereafter ONGC issued Letter of Award (LOA) for Charter Hire of Badrinath for a firm period of 3 years commencing from October 15, 2016.

During the year under consideration, DWS India earned a total income of Rs. 2,353.52 lacs (previous year: Rs. 14,353.12 lacs) with Loss of Rs. 1,628.43 lacs (previous year: Profit Rs. 1,151.07 lacs).

KEI-RSOS Maritime Limited ("KRML")

During financial year 2015-16, KRML has been able to maintain its pace of business, in spite of various challenges faced by the industry and successfully completed the Operation and Maintenance of SPM Contract with Bharat Petroleum Corporation Limited (BPCL), Kochi.

During the reporting year, KRML was awarded a mega project by Mangalore Refinery and Petrochemicals Limited for providing services of Operation, Maintenance, Inspection & Security of SPM facility for period of five years. During financial year 2015-16, KRML managed to clinch both long term and short term contracts from esteemed customers customer like Cairn India Limited for its SPM terminal operation at Ravva Oil Field, contract from Coastal Marine Construction & Engineering Limited for SPM operations at Mangalore and short term contract from Essar Offshore Subsea Limited for providing Transportation services at Mumbai. Benefits of all these contracts will be reflected in the financials of coming years.

During the financial year 2015-16, KRML earned a total revenue of Rs. 3,843.44 lacs (previous year: Rs. 4,561.09 lacs). The Company suffered a loss after tax of Rs. 3,853.84 lacs (previous year: Rs. 1,878.37 lacs). The loss was mainly on account of idling of some of the vessels due to overdue repairs and dry docking which could not be undertaken due to paucity of funds.

GOL Salvage Services Limited ("GOSSL")

During the financial year 2015-16, GOSSL entered an agreement with Cairn India Limited for chartering of Tug "Josh" for its SPM at Ravva Field, for a period of 18 months.

During the year under consideration, not many salvage jobs came on the horizon. GOSSL did bid for the ones that were available, but were not successful due to commercial reasons and/ or technical specifications of the job being not suitable for the vessels.

GOSSL disposed off Tug "Noor" with a profit of Rs. 25.62 lacs. GOSSL earned total revenue of Rs. 124.75 lacs, (previous year: Rs. 111.68 lacs). The Company earned profit after tax of Rs. 8.94 lacs (previous year: Loss of Rs. 122.85 lacs).



GOL Ship Repairs Limited ("GOSRL")

During the financial year 2015-16, GOSRL carried out major repair jobs of various nature such as Engine overhaul, Aqua master overhaul, Tail End Shaft repairs and other mechanical repairs. GOSRL carried out 74 jobs as compared to 44 jobs done in previous year. Out of total repairs attended, 51 jobs were carried out in Mumbai and rest 23 jobs were carried out outside Mumbai.

During the year under consideration, GOSRL achieved landmark of major main engine overhauls of three vessels pertaining to the Company and handled two in-house dry docking jobs.

During financial year 2015-16, GOSRL earned total revenue of Rs. 209.75 lacs (previous year Rs. 489.00 lacs) and loss after tax of Rs. 14.30 lacs (previous year profit: Rs. 54.78 lacs).

FOREIGN DIRECT SUBSIDIARIES

Great Offshore (International) Limited, Cayman Islands ("GOIL")

During financial year 2015-16, GOIL earned an income of USD 1,687,711 and suffered a loss of USD 25,657,696 as against the income of USD 2,031,584 and a loss of USD 2,127,503 in the previous year. During the year under consideration, the Company has not carried out any operations. The loss is on account of Impairment and interest.

GOL Offshore Fujairah L.L.C. – FZE ("GOL Fujairah")

During financial year 2015-16, GOL Fujairah incurred a loss of USD 52,531,218 as against loss of USD 18,978,357 in the previous year. The Company has not carried out any operations during the year under consideration. The loss is mainly on account of Impairment and Finance cost.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance of the provisions of Section 129(3) of the Act, the Consolidated Financial Statements of the Company and its subsidiaries for the financial year 2015-16, prepared in accordance with Accounting Standard-21 read with Accounting Standard-23, form part of this Annual Report.

PUBLIC DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT

During the Financial Year 2015-16, no loans were granted, no investments were made and no guarantees were given by the Company in connection with loan granted to any body corporate, as envisaged under Section 186 of the Act.

EXTRACT OF ANNUAL RETURN

As prescribed in Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is annexed with this report as **Annexure – I**.

SECRETARIAL AUDIT REPORT

M/s. Makarand M. Joshi and Co., Practicing Company Secretaries, carried out the Secretarial Audit for financial year 2015-16 under Section 204 of the Act. The Secretarial Audit Report in prescribed Form MR-3 is annexed to this report as **Annexure – II**. The Secretarial Auditor has made an observation in their report that the Company did not have the Policy for Preservation of Documents during financial year ended on March 31, 2016. In this connection, the Board of Directors would like to state that the Archival Policy on Preservation of documents was adopted by the Board of Directors with effect from September 2, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis, as required by the Listing Regulations, is attached hereto as **Annexure – III** and forms an integral part of this Annual Report.



CORPORATE GOVERNANCE REPORT

A report on Corporate Governance along with a certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance, as stipulated under the Listing Regulations, is attached as **Annexure – IV** and forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company, as on the date of this Report, has seven Directors, out of these five are Independent Directors and two are Non-Independent Directors.

1. Independent Directors

Dr. Percy Adi Doctor was appointed as an Additional Independent Director of the Company with effect from May 28, 2015 who was confirmed as a Director at the Annual General Meeting (“AGM”) held on September 23, 2015.

All Independent directors have furnished declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Act.

2. Retirement by Rotation

Mr. Vijay Kumar retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment as the Director of the Company.

3. Meetings of the Board and Committees thereof

The details of the meetings of the Board of Directors and the Committees thereof are included in the Corporate Governance Report which forms part of this Annual Report.

4. Performance Evaluation

The Board has carried out the evaluation of its own performance, its committees and individual directors during the financial year 2015-16.

The Board of Directors evaluated its performance and the performance of its committees on the basis of criteria relating to Board functioning such as optimum composition of the Board & its committees; experience & competencies of the Directors; correctness and completeness of the information submitted; attendance of Board members and Management; freedom of participation and expression of views including recording of dissent, if any; effectiveness of Board processes and recording of decisions in the minutes.

A structured exercise was carried out to evaluate the performance of Directors on the parameters of ethics and values, knowledge and proficiency, diligence, behavioural traits and personal development. Each of these parameters was further sub-divided in to five sub-parameters. Every Director was evaluated on these parameters individually by each of his fellow Directors.

5. Policy on Appointment and Remuneration

The Nomination and Remuneration Committee of the Board formulated Nomination and Remuneration Policy which, inter alia, prescribes criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company and criteria for determining qualifications, positive attributes and independence of the Directors. The Policy was recommended by the Committee to the Board of Directors and approved by the Board. The Policy is available on the website of the Company www.goloffshore.com and the link for the same is provided below: http://goloffshore.com/investors_statpol.php



6. Key Managerial Personnel (KMP)

The Board of Directors at its meeting held on November 6, 2015, appointed Mr. Prakash Chandra Kapoor, Chairman, as the Chief Executive Officer of the Company w.e.f. October 30, 2015. Mr. Kailash Gupta, was appointed as the Chief Financial Officer w.e.f. May 1, 2015.

Mr. Navin Joshi ceased to be the Company Secretary and Chief Compliance Officer of the Company w.e.f. April 29, 2016. The Board at its meeting held on May 30, 2016 appointed Mrs. Varika Rastogi as the Company Secretary and Chief Compliance Officer of the Company w.e.f. May 16, 2016.

COMMITTEES OF THE BOARD

Your Company has duly constituted the Committees required under the Act read with applicable Rules made there under and the Listing Regulations.

The Company has an Audit Committee with the constitution, powers and role as are prescribed under Section 177 of the Act and Regulation 18 of the Listing Regulations. The Constitution of the Audit Committee and its powers & role are mentioned in the Report on Corporate Governance which is a part of this Annual Report.

The other statutory committees of the Board are given below:

- i) Stakeholders' Relationship Committee
- ii) Nomination and Remuneration Committee
- iii) Corporate Social Responsibility Committee

Details with regard to composition, powers, role, meetings held and attendance of members at such meetings of the relevant Committee are provided in the Report on Corporate Governance which forms part of this Annual Report.

Directors' Responsibility Statement

In compliance of Section 134(5) of the Act, your Directors confirm that:

- (a) in preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed and there is no material departure from the same;
- (b) they have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss suffered by the Company for the said year;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) they have laid down internal financial controls which are followed by the Company and such internal financial controls are adequate and operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees are required to be provided in the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report,



excluding the aforesaid particulars, is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining these particulars will be provided with the same, upon receipt of a written request delivered at the Registered Office of the Company.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

In accordance with Section 135 of the Act, the Board of Directors of the Company has constituted a CSR committee of the Board, composition of which is as follows:

Mr. Prakash Chandra Kapoor – Chairman of the Committee

Mr. Vijay Kumar – Member

Mr. Vinesh Davda – Member

CSR Committee has framed the policy on Corporate Social Responsibility (CSR) which is available on the Company’s website, the link for the same is provided below:

http://goloffshore.com/investors_statpol.php

Due to liquidity mismatch the Company is not upto date on its obligations relating to the repayment of loans to the banks, certain statutory and contractual dues etc. This was one of the reasons due to which the Board of Directors has been compelled not to declare any dividend to shareholders for the two previous years. In the light of these facts and also in light of the loss suffered by the Company during the financial year 2015-16, the Board of Directors, after due deliberation, have decided that the Company cannot contribute to the CSR activity and thus no amount has been spent on the CSR activities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The Company’s main business activity is to provide Offshore Oilfield Services. Since, the Company is not engaged in any manufacturing or production activity, information pertaining to energy conservation and technology absorption is not applicable to the Company.

The details of foreign exchange earnings and outgo are as under:

Particulars	FY 2015-16 (Rs. in lacs)	FY 2014-15 (Rs. in lacs)
Foreign Exchange earned (on account of freight, charter hire earnings)	64,464	82,712
Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of vessels and interest payment	37,379	47,684

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered in to by the Company during the financial year 2015-16, were at arm’s length and in the ordinary course of business, accordingly, the disclosure pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, in Form AOC-2 is not applicable. There were no materially significant related party transactions entered in to by the Company with any Related Parties which may have a potential conflict with the interest of the Company at large.

The Policy on Related Party transaction as approved by the Board is uploaded on the website of the Company www.goloffshore.com and the link for the same is provided below:

http://goloffshore.com/investors_statpol.php



The details of related parties transactions as required under Accounting Standard-18 are set out in the notes to the Financial Statements.

INTERNAL FINANCIAL CONTROLS

Your Company has an established Internal Financial Control System with policies and procedures for operations, accounting and financial reporting and compliances. An effective Internal Audit function adds the element of completeness to the system of Internal Control. The Internal Auditors are an independent firm who present their findings and reports to the Audit Committee. During the year under review, effectiveness of internal financial controls was evaluated. Internal financial controls with reference to the Financial Statements are adequate, in all material respects and commensurate with the size and nature of business of the Company.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a vigil mechanism, to enable the Directors and Employees to report their genuine concerns in the manner prescribed. The Whistle Blower policy in this regard is posted on the website of the Company www.goloffshore.com and the link for the same is provided below:

http://goloffshore.com/investors_statpol.php.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has put in place an "Anti Sexual Harassment Policy". Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year 2015-16, there were no complaints of sexual harassment received and/ or disposed off by the Committee.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act read with relevant rules of the Companies (Audit and Auditors) Rules, 2014, M/s. Varma & Varma, Chartered Accountants (Registration No. 004532S) and M/s. Motilal & Associates, Chartered Accountants (Registration No. 106584W) were appointed as Joint Statutory Auditors of the Company at the AGM held on August 14, 2014. The Statutory Auditors hold office for a period of three years i.e. until the conclusion of the AGM to be held in the year 2017. As per the provisions of the Section 139, the appointment of the Statutory Auditors needs to be ratified by the members at every AGM. Accordingly, a resolution for the ratification of the appointment of Statutory Auditors has been incorporated in the Notice convening the ensuing AGM for the approval of members. Both the auditors have confirmed that the consents given by them at the time of their appointment and the certificates issued by them at that time to the effect that their appointment, if made, will be in accordance with the conditions prescribed under Rule 4 of the Companies (Audit and Auditors) Rules, 2014, are still valid and in effect.

AUDITORS' REPORT

The Auditors have qualified their report on the annual accounts of the Company for the year ended March 31, 2016. The qualification is with respect to the non-provision in the Financial Statements for the diminution in the value of investments, trade receivables and amount of loans & advances made/ given by the Company to its wholly-owned subsidiary KEI-RSOS Maritime Ltd. ("KRML"). In this regard, the Board of Directors would like to state that the said investment is strategic and long term in nature with a long term outlook. The management is confident of turning around KRML and as such, in the opinion of the management, no provision is considered necessary for diminution, if any, in the value of investments, receivables and loans & advances made/ granted by the Company in/ to KRML.

The Qualified Audit Report Review Committee (QARC) of the SEBI passed an order advising the Company to restate the accounts for certain earlier years, with respect to qualification mentioned above. The Company preferred an appeal to the Securities Appellate Tribunal (SAT) against the order of QARC. The SAT has quashed the order of QARC and set aside with liberty to the SEBI to pass fresh orders on merit. Thereafter, the SEBI



has changed the procedure in this regard and consequently pending cases relating to restatement of accounts stands closed.

The Auditors have made observation in their report in the Emphasis of Matter regarding continuing default in repayment of loans to lenders, corporate guarantees invoked/ recovery and winding up petitions initiated by the lenders, the going concern concept and basis for making provisions against investments in & loans to subsidiaries and provision for impairment of fixed assets. The Directors would like to state here that the explanations provided in this regard in Note nos. 34, 36, 38 and 39 to the standalone financial statements are self-explanatory and hence the observation does not require any further clarification.

INTERNAL AUDITOR

As required under Section 138 of the Act and Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Audit function is carried out by M/s. Ashok Kapadia & Associates, Chartered Accountants. The Internal Auditors present their report to the Audit Committee. The scope, functioning, periodicity and methodology for conducting the internal audit has been formulated in consultation with the Audit Committee and the Board of Directors.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there were no significant and material orders passed by the regulators, courts or tribunals, which would impact the going concern status and operations of the Company in future.

RISK MANAGEMENT FRAMEWORK

The Company has in place an Enterprise Risk Management framework, commensurate with the size of its operations. This includes a well documented Enterprise Risk Management Policy and procedures for assessing risks. The risk identification and assessment process is comprehensive, dynamic and pro-active. As per the policy, the functional heads prepare a quarterly report giving the risks perceived in their functions and the response plan to deal with and mitigate the risks. The report, post audit and verification, is presented to the Board of Directors of the Company. The Company has constituted Risk Management Committee.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Prakash Chandra Kapoor
Chairman

Date: September 2, 2016

Place: Mumbai